



# Daifuku Report 2025

Driving Innovative Impact 2030



# Contents

- 1 Contents
- 2 Editorial Policy/Disclosure Framework
- 3 Corporate Policies
- 4 Driving Innovative Impact 2030

## Chapter 01

### Message from Top Management

Top management discusses Daifuku's purpose and the path toward its envisioned future.

- 6 CEO Message
- 10 COO Message
- 14 Roundtable Talk  
—the President and Outside Directors
- 19 Message from Chair of Advisory Committee

## Chapter 02

### Value Creation Story

This section outlines Daifuku's value creation rooted in its history, the achievements of the first year of the four-year business plan, and the challenges ahead.

- 22 Path of Value Creation
- 24 Daifuku Value Creation Process
- 26 Progress of Four-Year Business Plan for 2027
- 27 Daifuku's Priority Topics
- 34 CFO Message
- 37 Enhancing Human Capital to Support Innovation:  
Dialogue between the CHRO and the CTO
- 39 A Management Platform that Supports Rapid Growth:  
Dialogue between the CFO and the CPO/CIO

## Chapter 03

### Growth Strategies

This section explains Daifuku's core strengths, strategies by business, and the human resource strategy that supports their execution.

- 42 Our Business
- 44 Global Reach
- 45 At a Glance
- 46 Strategies by Business
- 56 CHRO Message

## Chapter 04

### Strengthening of Operational Framework

This section highlights initiatives aimed at strengthening the management foundation that supports sustainable growth.

- 60 Sustainability Management
- 61 Environmental Initiatives
- 69 Social Initiatives
- 73 Compliance
- 74 Risk Management
- 77 Corporate Governance
- 86 Management

## Chapter 05

### Data Section

This section presents key financial and non-financial data that underpin Daifuku's performance.

- 89 Eleven-Year Financial Summary
- 90 Five-Year Non-Financial Summary
- 91 Company Profile



The central horizontal line blends Daifuku Blue, our corporate color, with green representing non-financial information and blue representing financial information. This design symbolizes the unity and harmony of integrated reporting.

The four images illustrate forward-looking and innovative solutions that are envisioned to bring transformation to society.

# Editorial Policy

This report presents a brief summary of material information particularly relevant to the Daifuku Group's value creation in line with international frameworks, including IFRS Foundation and Global Reporting Initiative (GRI) standards. See the Company website for more detailed information: [www.daifuku.com](http://www.daifuku.com)

The report covers the parent company and 66 consolidated subsidiaries (as of December 31, 2024).

## Period covered: Fiscal 2024 (April 2024–December 2024)

Whenever it is appropriate to include historical background information and data or recent case studies, reporting may include matters outside this time period. The Group changed the closing date of the fiscal year to December 31 starting in fiscal 2024. Accordingly, fiscal 2024 an irregular accounting period to implement the change in the fiscal year-end, with consolidation covering a 9-month period in Japan (from April to December 2024) and 12-month period outside of Japan (from January to December 2024).

## About this PDF

Icons on each page link to related pages and websites.

## Upper menu

**Chapter title** Jump to each chapter

≡ Contents

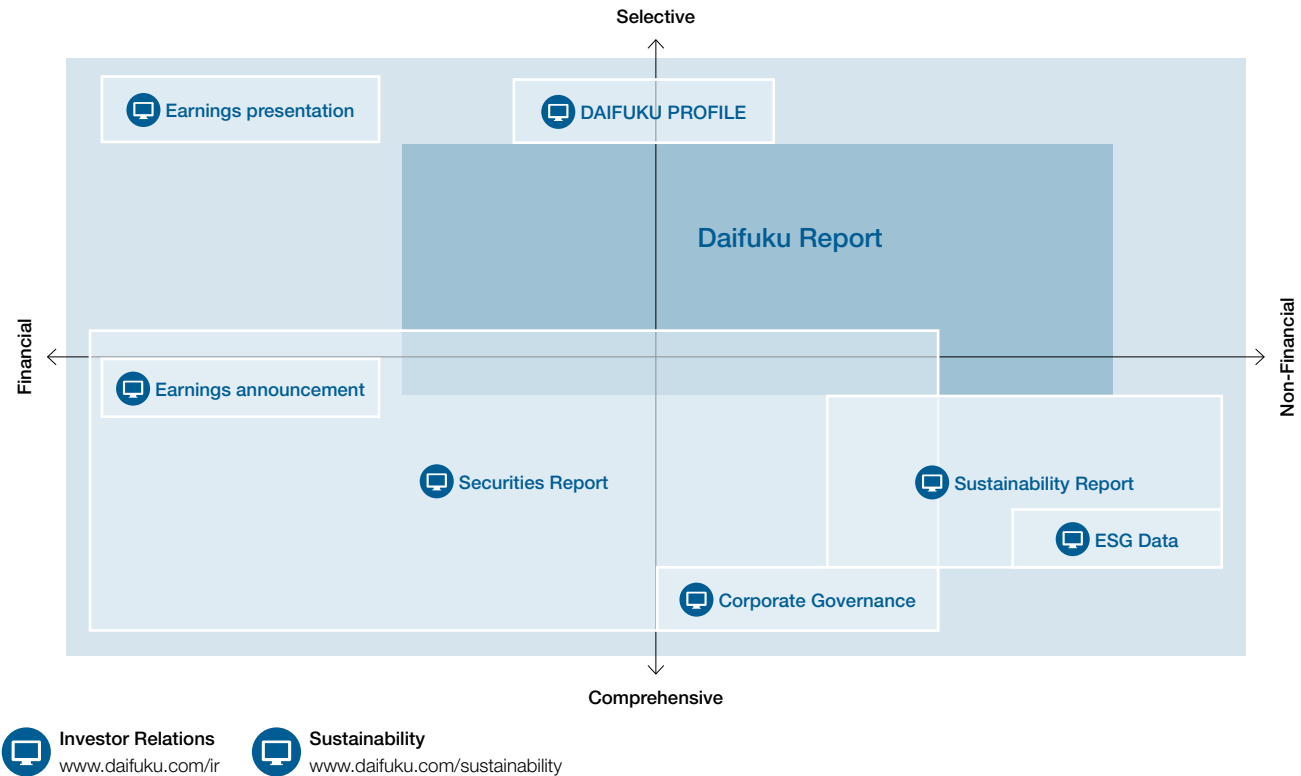
▶ **Go to next page** ◀ **Back to previous page**

**Page XX** Link to related pages

🖥️ Link to related websites

# Disclosure Framework

For details about Daifuku, see the following.



## Cautionary statement with respect to forward-looking statements

The strategies, belief, and plans related to future business performance as described in this report are not established facts. They are business prospects based on the assumptions and beliefs of the management team judging from the most current information at the time this report was prepared, and, therefore, these prospects are subject to potential risks and uncertainties. Due to various crucial factors, actual results may differ substantially from these forward-looking statements. These crucial factors that may adversely affect performance include 1) consumer trends and economic conditions in the Daifuku Group's operating environment; 2) the effect of yen exchange rates on sales, assets, and liabilities denominated in U.S. dollars and other currencies; 3) the tightening of laws and regulations regarding safety and other matters that may lead to higher costs or sales restrictions; and 4) the impact of natural disasters and intentional threats, war, acts of terrorism, strikes, and/or plagues. Moreover, there are other factors that may adversely affect the Group's performance.

Issued by the Investor Relations Department, Daifuku Co., Ltd.

# Corporate Policies

## 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.



# Driving Innovative Impact 2030

## Social Value

Using our automated material handling technology, we will

- support social infrastructure such as logistics and production sites.
- contribute to the resolution of social issues in new areas such as food and the environment.

## Driving Innovative Impact 2030 Vision

### Four-year business plan for 2027

#### Targets

Consolidated sales

**800.0** billion yen

Operating margin

**11.5%**

ROE

**13.0%**

Operating margin

**12.5%**

ROE

**13.0%**

Consolidated sales

**1** trillion yen

Sales CAGR  
**+7.7%**

Sales CAGR  
for four years  
**+7.0%**

Sales CAGR\*  
**+8.9%**

2023

2020

Consolidated sales  
**473.9** billion yen

Operating margin  
**9.4%**

ROE  
**13.2%**

Consolidated sales  
**611.4** billion yen

Operating margin  
**10.2%**

ROE  
**13.2%**

## Economic Value

\* Compound annual growth rate

# Message from Top Management

Chapter

01

- 6 CEO Message
- 10 COO Message
- 14 Roundtable Talk  
—the President and Outside Directors
- 19 Message from Chair of Advisory Committee



# CEO Message



## Hiroshi Geshiro

President and CEO

### The appeal of material handling

I joined Daifuku in 1983, a time when economics majors were flocking to financial and trading companies as potential places of employment. I was a bit different. Since I was a child, I have loved building plastic models and miniatures; as a boy, I would draw up blueprints by myself, carve out the materials, put them together, buy engines with money I made delivering newspapers, then install them and tune them. So, when it came time for me to look for work as an adult, I also considered manufacturers as a potential option.

At the time, industrial machinery was starting to come into the spotlight, and I learned of a material handling company called Daifuku, so I made a visit to the Nishiyodogawa Ward of Osaka, where their headquarters and several local factories are located. My first impression was that the Company's building seemed a bit weathered and worn. It was not exactly spick and span, if I'm being honest.

That being said, what shocked me was that Daifuku had supplied conveyor systems to Toyota's first passenger automobile factory in Japan in 1959, as well as automated warehouse systems and automated guided vehicles to FANUC factories, which enabled automated machining at night.

## CEO Message

It was a strange contrast—on the outside it looked like a run-of-the-mill local factory, but inside it was producing systems that were at the forefront of their time. The magic was in the explanation. They told me that “we make the means to transport and store things” and that “machining equipment is tailored for the best machining, pressing machines are tailored for the best pressing, but our material handling equipment can be applied to any number of industries—that’s why our business is so broad and capable of addressing so many different needs.” It was then I knew that there were so many dreams within Daifuku’s walls and that this was the company for me.

Also, material handling unshackles people from heavy labor such as carrying bulky objects, as well as from repetitive tasks on manufacturing and logistics lines, giving them the means to engage in more free and creative work. This made working in this field seem highly appealing to me.

Almost all things, such as the everyday items you purchase at the supermarket or online, the cars that drive on the road, and the various electronics that incorporate semiconductors, have passed through one of our systems in one way or another during their manufacturing and distribution. That’s the appeal of material handling—it helps everyone in some way.

Material handling systems make many things possible, allowing half-imagined ideas to become reality. In the late 1990s, a foreign company approached us about building a logistics center as they went forward with expansion into Japan. Up to that point, Daifuku was known for factory automation,

with its core business focused on automated systems for different factories, and its services for logistics centers were limited to providing conveyors and some automated sorting systems. After repeated discussions with customers in the United Kingdom and the United States, we came up with the novel idea of combining the automated warehouse systems typically used in factories to meet their needs. After a lively back and forth with the production site, we developed an automated warehouse system and other products geared to logistics, and ultimately produced what was thought to be the most state-of-the-art logistics center in Asia at the time.

Later, when supermarkets and hardware stores began operating their own logistics centers, the advanced centers that Daifuku had helped create caught their eye, leading to orders from a wide range of customers. I believe that this period is when Daifuku planted its flag as a material handling manufacturer for the distribution industry.

### ■ Honing our technology, building the future

It is because of experiences like these that we are so committed to in-house production. While we do purchase some products from other companies, such as lifting machinery, one thing that sets us apart is that our main products are developed and manufactured in-house. On the other hand, most of our competitors purchase various products from countries around the world and combine them into a single system, which they then offer to customers.

As a company that develops and manufactures its own products, our strength is that we offer systems that are

optimized for our customer’s specific needs. In addition, material handling equipment needs to operate stably over a long period of time, but when a breakdown or problem does occur, we can deal with it immediately and restore operations because we are working with our own products. Since we make our products, we can also modify them to adapt to the needs of our customers as they change over time.

We can think of this as a source of added value, and in fact, the after-sales services for our systems account for approximately 25% of Group net sales and nearly half of our profits. Customers use these facilities for 10 or 20 years, so there is demand for maintenance and modifications, which then leads to orders for new projects, such as building new logistics centers in the future. As a result, one of Daifuku’s defining features is the long-standing relationships we have built with customers across a wide range of industries.

The point I want to drive home is that if we relied on products from other companies, we would lose our in-house production technology. In contrast, continuing to produce in-house fosters a mindset of wanting to refine what we have and make it better. By consistently doing this, we have made ourselves even more competitive. In Europe, more and more material handling companies are returning to in-house production after previously making the shift toward integration. On our end, I would like us to continue our focus on in-house production to the greatest extent possible.

Of course, with technological innovation moving as quickly as it is, there will always be the question of whether this is the right thing to do in every single case, even in areas such



## CEO Message



as AI. However, when it comes to cases such as these, we will work actively to collaborate with external parties.

### Changes in the business environment and reforms since becoming president

When I was appointed president in 2018, our current major businesses were already established. However, while the number of businesses might have remained the same, each individual business has changed significantly. The Intralogistics business, for instance, has entered the age of e-commerce. To date, we have focused on developing the Japanese market, but it will become increasingly important to expand to the U.S. and other markets outside Japan in the future.

Looking at the Automotive business, there has been an increase in the production of hybrid vehicles and battery

electric vehicles over the past five to six years. When batteries are loaded into these vehicles, the vehicles become too heavy for conventional overhead transport systems, so assembly lines are switching over to automated guided vehicles. I also believe that in the future companies will adopt new lines, such as self-propelled assembly lines.

However, the biggest change has been in the Cleanroom business. Compared to when I first became president, the scale of investment has grown dramatically due to increased demand for semiconductors and advances in technology. In addition, investment has shot up not only in Taiwan, South Korea, and the United States but also in China and Japan. With the recent rise in demand for semiconductors for AI, new material handling equipment is needed for advanced packaging in the back end, in addition to existing front-end processes.

Since becoming president, I have dedicated myself to promoting collaboration between business units. As a business matures, it tends to silo itself off as if it were a separate company, without any interest or stance on the success or failure of other businesses. By introducing C-suite roles, we are working to break down these barriers and build a system that encourages collaboration and mutual assistance.

In addition, our operating margin, which was previously in the 7–8% range, improved to 12.7% in fiscal 2024. Over the past few years, we have been working to ensure that subsidiaries outside of Japan develop and implement their own strategies to achieve an operating margin of 10% or higher.

This prompted top executives at each company to think about how they could earn profits. Unfortunately, up to this point we have been so focused on net sales that we have not given enough thought to profit.

Whether it's the number of employees or the cost of production, we began thinking about how to make the entire company run leaner and better with optimal performance. Alternatively, if profits were low at the point of securing an order, it called for an updated approach to sales. As a result, we realized the need to change our structures and systems to more efficient ones, which set in motion a virtuous cycle of improved profit margins.

### Taking on future challenges and creating social value

Amid these changes and reforms, we need to give more attention toward what is needed to reach our next level of growth. Companies tend to become more conservative as they grow, with a broader consensus in favor of the status quo. Once a company's line of thinking becomes "Our sales are good enough," "Our profits are fine as is," or "There is no point in growing much further," that is when it begins to decline.

To avoid this, it is important to take risks and take on new challenges. As part of this strategy, we set up the Business Innovation Division in April 2024. As we train data scientists, which includes training in AI, we also recruit internally for new businesses and the development of new technologies. It is our hope that this tactic will cultivate new business pillars. While Daifuku has produced many products and systems



## CEO Message

that were the first of their kind both within and outside Japan, as our business grows in scale there is now a growing sense that failure is no longer acceptable, and that any product that is not absolutely perfect will never reach the market. Conversely, start-ups outside Japan are constantly trying new things and bringing their products to market early. This can naturally lead to some initial problems, but these can be remedied quickly. There needs to be a shared sense of urgency across the entire organization, and work needs to take place with an awareness of what needs to be done and by when.

To date, we have played a supporting role in the industrial world, helping our customers to carry out their work smoothly. I believe that the significance of Daifuku going forward will lie in us taking a more proactive role and taking the lead for our customers by talking to them about the direction society is taking and showing them how to make things even more convenient. This will support sustainability while enabling society to develop further. Take airports, for example. Airports have introduced automated systems, primarily for handling checked baggage, but self-service bag drops using automated baggage drop machines can go one step further and reduce long waiting times at check-in counters. Alternatively, introducing automated warehouse systems to temporarily store checked baggage would allow for early check-ins, allowing passengers to spend the time before departure empty-handed and free, while minimizing the risk of lost baggage.

When we first started proposing these ideas, they were not well received, but more and more airports have been introducing them in recent years, and the fundamental airport experience is changing as a result. I want us to maintain a spirit of bringing creative change to the world, since this will bring our long-term vision, Driving Innovative Impact 2030, to life. We have always been involved with businesses that are useful to people and contribute to society. Our goal is to continue moving forward as a company that helps make the world a better place.

Previously, we believed that we didn't need recognition, since Daifuku works behind the scenes, but as the competition for talent becomes more intense, we need to step out from behind the curtain. There is also a growing number of younger generations who want to do work that contributes to society. Regardless of whether we hire new graduates or experienced employees, we are focusing on PR activities that will raise awareness of Daifuku and let people know more about what we do, and how our business brings us closer to a sustainable society.

### ■ A management structure for the next generation

After being president for seven years, it's time to start thinking about the next generation. Approximately 70% of Daifuku's net sales are outside Japan, so the next head of management must be someone who can lead our business outside of Japan. This year, Mr. Tomoaki Terai was appointed as COO, a man who worked diligently to graduate from a U.S. university and spent a long time working in the United States in the Cleanroom business.

In addition, during his time as chairman of the Company's Taiwan-based subsidiary, he was also involved in the Intralogistics business. He is well-versed in technology, having served as general manager of Production Operations for the Cleanroom business, and is also a versatile individual who is adept at sales.

More important than any of that, however, is his stellar character—honest in all that he does, and kind. For these reasons, and after discussing the matter with the Outside Directors on the Advisory Committee, I asked that Mr. Terai, someone 10 years younger than me, take on the role of COO so that he could serve as a leader for the next generation.

### ■ The unshakable pursuit of the new

For any company, the end of innovation is the start of decline. The thought that runs through my mind is "Take on challenges, again and again." It's a mantra I've repeated to myself even as I encounter obstacles in my life. Unless I am marching forward with a dream in my soul, and unless I am willing to try something new, something no one has done before, it's all rather dull. I believe that new technologies, different perspectives, and the determination to take on new challenges without fear of failure are the driving forces that will build the society of the years to come.

*H. Geshiro*

President and CEO

## Tomoaki Terai

Executive Vice President  
and Chief Operating Officer



# COO Message

Enhance driving force behind

our growth strategy,

and move swiftly to realize our vision

### Career summary

April 1994	Joined Daifuku Co., Ltd.
April 2011	Director of Daifuku Webb Holding Company (now Daifuku North America, Inc.)
April 2015	Chairman of Taiwan Daifuku Co., Ltd.
April 2017	General Manager of the Production Division, eFA Operations
April 2021	Corporate Officer, General Manager of the Production Operations, Cleanroom Division
April 2023	Cleanroom Division Manager
April 2024	Managing Officer, Cleanroom Global Business Head (to present)
June 2024	Director, member of the Board, Managing Officer
January 2025	Representative Director (to present) Executive Vice President and COO (to present)



## COO Message

We are currently advancing a growth strategy to reach the consolidated sales target under our four-year business plan for 2027 (hereinafter, “the 2027 Plan”) of 800.0 billion yen, which is on the way to the larger target of 1 trillion yen put forth under Driving Innovative Impact 2030, our long-term vision for 2030. Although we are working to expand sales figures through our existing businesses, it may be difficult to reach our targets by following the same trajectory as before, since these targets were set via a backcasting approach and there is a gap between what we can currently achieve and what we are trying to achieve. I believe my mission is to bridge this gap as the driving force that puts our growth strategy into action. Doing so will require a variety of resources, such as technology, human resources, and time, but we will communicate with those in

the field to better understand our exact needs, put them into feasible form, and take swift action to deliver results. I believe three points of particular importance are expanding global business, pursuing technological innovation, and venturing into new fields.

### ■ Expanding global business

In fiscal 2024, the first year of the 2027 Plan, profits reached record highs for the third consecutive year, despite the irregular fiscal year in Japan of just nine months. Our operating margin was 12.7%, exceeding the target of 11.5% set in the 2027 Plan. This was a result of efforts initiated in the previous business plan to reduce costs in each business unit, which includes improving productivity. Additionally, project management improved considerably, and we have been able to curb the occurrence of additional costs, so I believe that we achieved positive results in terms of profitability.

However, there are still areas we need to improve in terms of growth potential. Sales outside Japan already account for approximately 70% of our total sales, and expanding outside Japan is a key aspect of future growth. In particular, we have highlighted the United States and India as priority regions over the medium to long term and will work to reinforce our value chain to further solidify our foundation for global growth. To accomplish this, we will promote local production for local consumption as well as product development and services tailored to meet local needs, among other efforts.

In the United States, rising labor costs are driving demand for investment into automation in industries such as manufacturing and distribution. In response, the Intralogistics business, which has ample room to grow its market share, is expanding its factories to roughly double its production capacity. Additionally, trade policies put forward by the Trump administration are expected to stimulate investment in the U.S. automotive and semiconductor industries, creating new growth opportunities for both the Automotive and Cleanroom businesses. There are also several renovation projects being planned in the airport sector. We will make every effort to capture this demand and use it to expand sales.

India, on the other hand, is expected to achieve long-term growth and is starting to ramp up mass production in line with its economic development. Currently, demand for automated warehouse systems that efficiently store mass-produced goods is on the rise, so we opened a new factory for our Intralogistics business in April 2025 to strengthen our supply system for supporting a local production for local consumption model. Going forward, we will continue to work on initiatives that address emerging needs within cold chains, such as the need for refrigerated and frozen warehouses, as well as needs related to e-commerce, helping to accommodate the changes in lifestyles that accompany economic development. From the perspective of economic security, there are plans in India for investment aimed at domestic production of semiconductors and for Japanese



## COO Message

automobile manufacturers to build new factories. In light of these developments, we will promptly allocate management resources toward our Cleanroom and Automotive businesses.

In growth markets outside of Japan, there are more opportunities to score new large-scale projects, but profitability management is also more difficult. What is more, the quality of project management has a major impact on profitability, both positively and negatively. For these reasons, we will hone in on visualization as the key to more precise management and work to make these projects more profitable.

However, overreliance on new projects will add volatility to our business performance. To ensure we have a stable business foundation in place, we will also boost our highly profitable after-sales services, which includes the sale of spare parts and small-scale modification work. In particular, we will emphasize a more assertive approach to our services, such as proposing parts replacements based on advance inspections. We hope to automate certain services as well. As an example, systems could determine whether or not parts need to be replaced and then do the replacement work traditionally done by humans.

As we expand globally, one of the challenges we face is that many of our employees have no experience outside Japan. If you take a method used in Japan—even a tried and tested one—and transplant it to a different location, it will not be easy to reproduce the same success.

For example, if you were to expand your business into India, even if you proposed using an advanced logistics system popular in Japan, you would likely be told to “skip the machines and stick with people.” No matter how excellent your technology is, it will not be accepted locally unless you accurately understand the ins and outs of the market and the needs of your customers. A crucial element of expanding outside Japan is experiencing the local culture and business practices firsthand. In the future, we will make an active effort to give young employees the chance to gain experience outside of Japan.

### Technological innovation with a sense of urgency

As a manufacturing company, we should always be in pursuit of advanced technology. Changes in the market are occurring with greater and greater speed, making it essential to establish a system for developing this technology that is quick and agile in response to these changes. At the same time, we must also develop core technologies to support future growth. Such future-facing technologies need to be developed from a Groupwide and long-term perspective that transcends business units.

In the Cleanroom business, which is my background, customers have an extremely rapid development cycle, particularly in the field of semiconductors. This means our development cycle must always be fast and flexible in kind. The baseline requirements for technology become more advanced with each passing year, and if we are not constantly adapting with agile development, we will be left in the dust. I have been in the field and made numerous

proposals at these junctures, and I have come to understand firsthand the importance of both speed and precision.

To date, when it has come to developing advanced technology in fields such as AI, image processing, and robotics, each business unit has worked separately, meaning there has not been sufficient consolidation and horizontal deployment of technology. Therefore, with the cooperation of the Chief Technology Officer, we are planning to bring together personnel capable of developing these advanced technologies to form a dedicated team that will operate on a Groupwide level. This team will act as the nexus for the rapid development of AI, image recognition, robotics, and other core technologies and will create systems for each business unit to strategically apply these technologies, dramatically increasing the speed of development. [Page 37](#) Dialogue Between the CHRO and the CTO

Another method is M&A. We can leverage M&A to acquire new technology and to pursue scale. We emphasize both and approach deals from all angles. With regard to the former, we will focus on areas that show promise of synergizing with material handling and on M&A that bring added value to our technology. We also started our Airport business through M&A, which has since grown into one of our core businesses. I would like to utilize M&A in these ways should the need arise.

## COO Message

### New challenges to create social value

Under our 2030 long-term vision, we aim to create not only economic value, which is a financial outcome, but also social value, which comes from finding solutions to social issues using the technologies and services unique to us. Addressing sustainability issues is now a prerequisite for any business activity. One approach we are taking is the development of technology to respond to climate change and reduce CO<sub>2</sub> emissions. In addition to making each product more energy efficient, we are focusing on developing solutions that optimize the energy efficiency of an entire system. For example, progress is being made toward AI-driven technology that could reduce unnecessary power consumption by optimizing transport routes in cleanrooms, as well as technology for storage systems that consume less energy. In terms of biodiversity, we began disclosing information based on the Taskforce on Nature-related Financial Disclosures framework in June 2025.

We will also work to create social value in new areas, namely food and the environment.

Looking at the area of food, there has long been a system for distributing agricultural products that has gotten us to this point. However, the declining birthrate and aging population have put food—the very foundation of life—under threat, as the number of people working in primary industries continues to decrease. Therefore, we are taking on the challenge of applying our technology to develop a cultivation system capable of producing crops even in limited indoor spaces.

As for the environment, we have begun sales of specialized equipment that automates washing the inside of waste collection vehicles, a task that was previously done manually, shortening cleaning time and reducing water consumption. Additionally, at landfills where manual sorting is the norm, we plan to develop automated equipment that uses image processing and AI to increase the efficiency of recycling.

These are efforts in areas of great social significance that we also see as opportunities for future growth.

### New possibilities for material handling that can support everyday life and transform society

Material handling fundamentally supports the way people live and work, and has the power to transform society. We have harnessed automation to bring safety and security to workplaces that require heavy lifting or working at dangerous heights, while also helping to reduce working hours. As declining birthrates, aging populations, and labor shortages pose social issues, our role will grow ever more vital.

We will explore new possibilities in material handling from the perspectives of expanding global business, pursuing technological innovation, and venturing into new fields, with the goal of making our long-term vision a reality.



Executive Vice President and COO





# Roundtable Talk —the President and Outside Directors

## Creating Innovation and Bringing About Social Change



Hiroshi Geshiro  
President and CEO

Keiko Kaneko  
Outside Director

Kaku Kato  
Outside Director

Gideon Franklin  
Outside Director

The Daifuku Group has set a goal of 1 trillion yen in consolidated sales in its long-term vision Driving Innovative Impact 2030. How will the Group create innovation and achieve growth in pursuit of this goal? We asked Daifuku's president and three outside directors to share how the Board of Directors is working to achieve this goal.

## Roundtable Talk—the President and Outside Directors

### ■ Daifuku's current position on the path toward the 2030 long-term vision

**Geshiro:** It's been a year since we announced the long-term vision Driving Innovative Impact 2030 (hereinafter, "2030 Long-Term Vision"). Instead of focusing on short-term goals based on the previous incremental approach, we have been shifting to a backcasting approach, in which we set a challenging goal and then work back from it to reach it. We have drawn up a future vision for business expansion, reviewed our strategy for global growth, and restructured our organization and its systems. On the ground, however, we tend to get preoccupied with the tasks at hand, so it will take some time for a long-term, backcasting-oriented approach to firmly take root.

**Kato:** There is a certain contradiction between each business unit working tooth and nail on their own present tasks and promoting Groupwide initiatives with an eye to the future. Even so, the idea of moving forward with grand challenges is gradually gaining ground. I can sense a positive attitude from everyone in the field as they come together to achieve the ambitious goals that Daifuku has set.

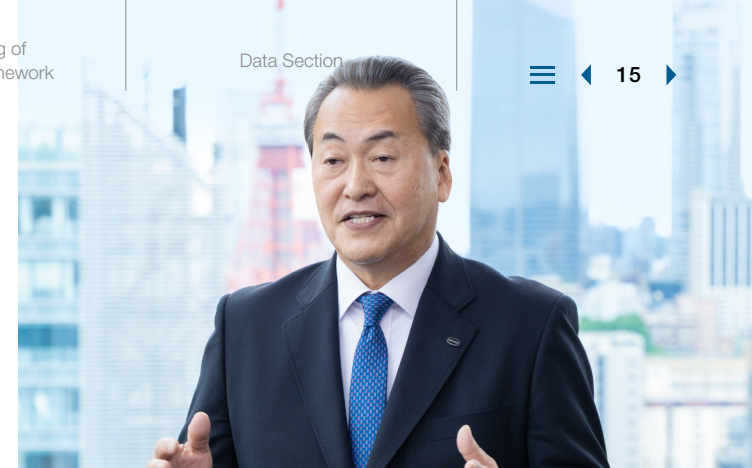
**Franklin:** The first thing to catch your eye when you see the 2030 Long-Term Vision is the numerical targets, specifically the consolidated sales target of 1 trillion yen. However, the vision also tries to communicate how the Company can contribute to society. We had the opportunity to discuss this new vision at the Global Sustainability Meeting held in February 2025, which brought together Daifuku Group managers from both

within and outside Japan. I was particularly impressed by how the topic of the Group's technology contributing to society was discussed with the same enthusiasm as the numerical targets.

**Kaneko:** With the success Daifuku has seen over the past few years, I feel that employees are confident and comfortable with what the Company is trying to do. The 2030 Long-Term Vision emphasizes creativity and technology, and I think there is a growing awareness that the Company will not thrive in this day and age unless it embraces these elements.

However, there needs to be a sense of urgency in making the move from where Daifuku is now to its next step. The Company has a solid and reliable corporate culture, but there are also times when I feel that this urgency is missing. I believe that Daifuku could be even better if there was a certain vigor to decide what to do and when to do it by, and then to get working on it.

**Kato:** I agree, a sense of urgency is important. However, the speed that you want to move will depend on whether you are running the 100-meter dash or a marathon. Unless management sets specific goals and a timeline, and indicates the pace at which things should progress, your runners won't be able to run with conviction or determination. It is also the role of management to clearly communicate the intention behind the speed.



**Geshiro:** Over the past few years, we have asked all Group companies to come up with specific measures to achieve an operating margin of 10% or more and to share the details of those measures with us. With each update, new measures have been implemented, along with shifts in thinking. This is relevant for our 2030 Long-Term Vision and four-year business plan for 2027, since I believe we need to enable each Group company to report on their strategies and progress across a variety of topics. Over the past year, our focus has been on raising awareness of what the vision aims to achieve, but now it is time to specify how we will implement it and by when.

### ■ Creating innovation

**Geshiro:** While it is important for each business unit to conduct R&D to achieve growth, they will inevitably focus on their current business activities. We believed that without dedicated teams, there would be no attempts to establish new businesses or enter new business domains. Therefore, we established the Business Innovation Division and set up a system to organize efforts to develop advanced technologies and venture into new domains. We recruit motivated personnel who want to take on new challenges in new fields as part of this division through



## Roundtable Talk—the President and Outside Directors

internal job postings, while also actively recruiting mid-career talent to ensure the division is equipped with people who have expertise in a wide range of specialized fields.

**Kaneko:** Daifuku hires and trains a steady stream of specialized human resources. However, I believe that in order to truly bring about innovation, the Company must also have people with that rare kind of genius to come up with out-of-the-box ideas. It is important to foster a corporate culture where these people are not excluded and are able to express their opinions freely, and for these opinions to be actively taken up by their superiors.



**Kato:** Of course, Daifuku needs talented people, but it is also important to bring together individuals with diverse values and to use the disagreements that arise between

them to spark discovery. If the set of values are homogeneous, then so are the discussions, no matter how talented the people in an organization may be. Daifuku brings people with different values and backgrounds from all over the world together to engage in passionate—sometimes heated—discussions. It is from this kind of environment that new ideas can be created.

**Franklin:** Attracting and training talented personnel is a challenge for any company. In particular, when innovation is the matter at hand, it is important to bring in talented people from both within and outside Japan, as well as to move people within the Company through internal recruitment. All it takes is one great mind to change an entire company, which is especially true in software fields. We live in a time when people are valued for having interesting ideas.

**Geshiro:** Each business unit has its own characteristics, which are worth mentioning. The Automotive unit has to date enjoyed a stable business environment, but the industry is now facing a once-in-a-century transformation, and we are being called upon to bring innovative ideas. The Cleanroom unit must constantly strive to lead the pack as the semiconductor industry pushes the limits of technology. The Airport unit, a growing division that has acquired multiple companies outside Japan, will need to keep expanding by recruiting talented personnel internationally while remaining mindful of how to manage its business across different regions. The Intralogistics unit has been expanding its business within Japan but will need to take its strategy to the next level in order to compete more

effectively outside the country. Although each business unit operates amid different circumstances, we plan to create an environment in which each can generate new value without being bound by existing frameworks. This will include reviving unique ideas that were previously set aside.

M&A is also an important strategy for promoting innovation. During the roundtable talk we had in 2024, it was pointed out that there was a “loose grip” over companies acquired outside Japan. To remedy this, we are building a system that will allow us to keep track of project management in real time, and we are also trying to raise awareness of the issue among project managers.

**Kaneko:** In 2024, we conducted a review of past M&A transactions. Even when it becomes clear that a deal did not pan out as expected, many companies hesitate to examine the failure, worried that it might be viewed as assigning blame after the fact. However, Daifuku reviews its successes and failures without bias, and the insights gained from these reviews are used in discussions at Board of Directors meetings. This practice is truly commendable.

A common concern for Japanese companies when acquiring firms outside of Japan is that they show too much deference to the local company and fail to implement proactive reforms. However, if a company is up for sale, it usually means there is an underlying issue—something it won't improve without change. Any acquisition needs a clear strategy to deliver early results, and the most effective time to begin is from the moment of acquisition.

## Roundtable Talk—the President and Outside Directors

**Franklin:** Post-merger integration is important, but preacquisition preparations are also crucial. Japanese companies are often reserved and do not fully discuss important points with the target company in advance, such as what reforms will be implemented post-acquisition and who will take the lead. The key to successful M&A is to discuss and clarify these points thoroughly prior to the acquisition.

### ■ Toward true global management

**Franklin:** The Intralogistics business derives strength from the Japanese market where there has been the need to move goods efficiently within limited available space. However, this strength may not carry over to larger countries such as the United States, which present a different set of challenges. While Japan has excellent technology, there is a need to understand the different local priorities in overseas markets.

**Geshiro:** Well said. Technological capabilities developed in Japan are certainly a strength, but once we step outside Japan's borders we need to adapt them to the specific characteristics of each region. First, we must develop a deep understanding of local issues and needs, and only then should we think about how best to apply our technology.

**Kato:** On the topic of global expansion, U.S. policies are expected to make free trade more difficult than before, but Daifuku's long-standing strategy of local production for local consumption may become even more valuable in this

geopolitical climate. We are shifting from an era in which countries shared responsibilities and developed together to an era in which each will likely become more self-reliant and independent. In this context, one option for Daifuku looking to expand is to build a new base and organization from scratch, but another effective strategy is to acquire a company with a proven track record and use that foundation to establish operations in the area.

**Franklin:** There are two main approaches to global expansion: one is to follow Japanese customers as they expand outside Japan, and the other is to gain new customers in local markets outside Japan. For true, long-term globalization, it is important to build up operations outside Japan and win orders directly with local customers. Daifuku has abundant advanced technological capabilities and competitive products, so if we can understand what is needed in local markets and build strong relationships with local companies, we shall be well positioned to outperform the competition.

I recently visited one of Daifuku's factories in the United States and was struck by how deeply the Company's values were embedded, whilst at the same time being local to the region. Daifuku's philosophy that "safety supersedes all else" is consistently emphasized at Board meetings in Japan, and so I was pleased to see it treated as a top priority in the United States as well. Within the factory I also noticed a strong emphasis on the visualization of information, which is an important feature of Japanese culture. If Daifuku can establish its unique corporate culture



and management philosophy around the world, while staying true to the principle of local production for local consumption, we have the potential to blossom into a truly global company.

**Kaneko:** As the Company works to spread its corporate culture and have it take root, it also needs to think in terms of winning on a global scale. Even as it develops approaches tailored to each market, it cannot forget that this is a global competition. In that sense, the key to winning is human resources. If Daifuku can further cultivate a culture where personnel outside of Japan are promoted to management positions because of their abilities, rather than simply to meet obligations set by the Tokyo Stock Exchange and other organizations, it will be easier to develop strategies for succeeding globally, while still keeping track of the situations specific to each area.

**Kato:** Ideally, there would be a clear path for managers of companies joining the Group through M&A to serve as

## Roundtable Talk—the President and Outside Directors



directors of Daifuku. They would come to see management of the entire Group as their own responsibility, and Daifuku would promote diversity among internal officers just as it does among outside directors. As we discussed when talking about innovation, if clashes of opinion occur at this high level, I would expect Board meetings to become a more active platform for creativity.

**Geshiro:** I want employees outside of Japan who join us through M&A to feel proud to be part of the Daifuku Group. I also want all employees to be imbued with a certain spirit that makes them proud to be working to improve the entire Group and inspires them to become officers of Daifuku one day.

### ■ Evolution for the Board of Directors

**Kato:** Two new outside directors have joined the fold. If outside directors have longer tenures, they would be able to acquire more intimate knowledge of the Company. However, this advantage is balanced by the concern that they might lose some objectivity, an important quality that outside directors bring to the table. I hope the appointment of new directors will set off a chain reaction within the Board of Directors. Instead of the kind of harmony that comes from decisions being determined ahead of time, I would like the Board to advance the 2030 Long-Term Vision through discourse and debate among people with differing values and perspectives, while remaining dedicated to the thorough oversight that will help make this vision a reality.

**Franklin:** Members of the Board have specialized knowledge and experience, and at Board meetings we bring these together to engage in lively discussions and exchange of differing opinions to manage the risks facing the Company. There is no point in having discussions if the friendly relationships within the Board preclude someone voicing an opposing view. Members of the Board are not expected to act as auditors—we are here to support management, ask questions from an objective standpoint and offer ideas.

**Kaneko:** They say that the function of the Board of Directors is not limited to risk management and management oversight, but also includes active support for innovative initiatives. It is up to us as directors to support the Group

as it takes on the challenge of putting innovation into practice.

### ■ Our corporate philosophy in practice

**Kaneko:** I have heard that you chose to work at Daifuku because you believed that material handling could free people from repetitive and monotonous work. That belief lies at the very heart of the Company and represents a philosophy closely tied to the advancement of society itself. Ideals and philosophies grounded in such aspirational thinking are sure to resonate with young people.

**Geshiro:** Our mission is to reduce the workload of people in a variety of situations using automated material handling technology. Food, for instance, is something people need to live, but as the workforce in the agricultural industry ages, we face the challenge of reducing the burden of agricultural labor. Resolving issues such as this is where material handling shines. That is also why we have highlighted food and the environment as new domains in our 2030 Long-Term Vision. In terms of the environment, we have recently been conducting verification trials for a cleaning robot that collects plastic bottles and other debris from rivers and lakes. It is unclear whether these trials will bear fruit immediately, but they represent a new challenge for us.

We aspire to create new value through innovation and evolve into a company that is essential to the global market. We will keep working steadily to make the changes needed to achieve this goal.



# Message from Chair of Advisory Committee

**By fostering a deep understanding of Daifuku's business operations and corporate culture, and actively engaging in meaningful dialogue, Daifuku contributes to the development of a management structure that supports sustainable value creation and long-term corporate growth.**



**Yoshiaki Ozawa**  
Outside Director  
Chair of Advisory Committee

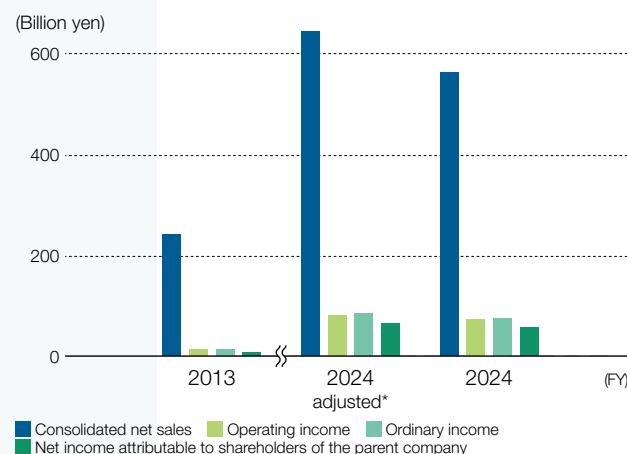
I understand that corporate governance is a framework for corporate operations for the purpose of optimizing returns to shareholders while maintaining transparency. Any system for strict monitoring and controls that Daifuku designs and implements will be meaningless if it does not help increase corporate value. In other words, a management system for monitoring only would be a mere obstacle to smooth business execution. It would not help create corporate innovations and new value. This suggests that Daifuku will be unable to earn the trust of investors and other stakeholders if Daifuku's governance structure fails to keep up with a rapidly changing entity environment and technological innovations. Always keeping this in mind, I have been serving as an outside director for 11 years. Let me take a look at the trend in Daifuku's financial results in the past 11 years.

The fiscal year ended December 2024 was a nine-month period. On the assumption that the figures for this fiscal year are converted into 12-month data, net sales increased 2.7 times, operating income 6.5 times, ordinary income 6.4 times and net income attributable to shareholders of the parent company 8.3 times in the past 11 years. Each of

these figures showed constant growth during the period. The operating margin increased 2.4 times from 5.2% to 12.6%. Total assets have increased 2.8 times and net assets have increased 4 times. Daifuku is a long-established company that has been operating for nearly 90 years. Not many companies have achieved this level of improvement in income, which is the basis of corporate value.

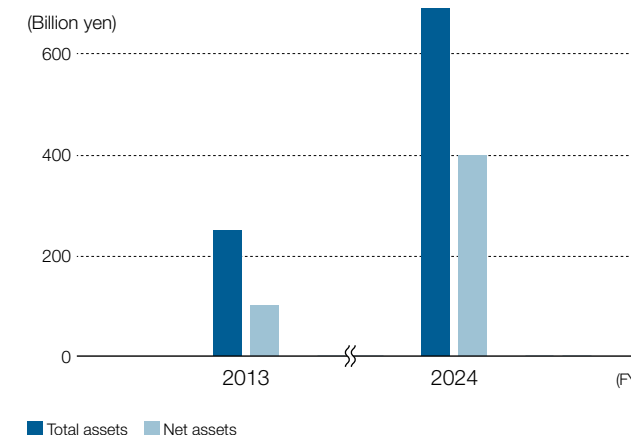
These factors helped Daifuku's share price reach 3,300 yen at the end of December 2024. In the year when I assumed my present post, Daifuku's lowest share price was 1,076 yen. When the three-for-one share split conducted in April 2023 is taken into consideration, the share price has climbed by a factor of 9.2 times over the period. I believe the following factors contributed to this growth.

## Financial summary



\* The results for January to March 2024 in Japan are added to FY2024 results.

## Total assets/Net assets



## Message from Chair of Advisory Committee

I have been aware of the Daifuku's businesses and reputation since long before I became an outside director. According to its principal customers, Daifuku has long possessed capabilities for state-of-the-art material handling technologies and the ability to provide outstanding installation, maintenance and other services. However, there were some weaknesses in cost management, and cost estimates were somewhat inaccurate. Personnel exchange between business units was limited and barriers between them were high. It was the previous chairman Akio Tanaka and the current CEO Hiroshi Geshiro who worked hard to resolve these problems. Mr. Tanaka took an active leadership role in cost management. He worked to improve the cost system of the Intralogistics Business Unit. That made



accurate costs readily visible. With progress in cost visualization, the manufacturing functions will strive to cut costs and the sales functions will not take action on projects that cannot maintain profitability. I believe this resulted in an improvement in Daifuku's financial results. Mr. Geshiro worked on organizational changes and on mindset reforms. Mr. Geshiro helped develop a system of cooperation between business units. In addition, they helped advance the development of cost management systems in the Cleanroom Business Unit and other business units. It is of course true that the Daifuku's business environment improved considerably due to external factors, such as a rise in cargo volume following growth in online transactions, labor shortages in the logistics industry, and an increase in semiconductor production following progress in digital technologies. More importantly, however, the improvements in cost management systems and a more open atmosphere between business units undoubtedly played role in the income growth over the past 11 years. I have endeavored, as an outside director, to increase transparency, ensure fairness and minimize risks within and outside Daifuku, while supporting the corporate reforms I have just described.

Now let me move on to speak about the process of electing Tomoaki Terai as executive vice president at the Advisory Committee. Sales outside of Japan account for around 70% of Daifuku's net sales. More than 60% of its staff members are employed by subsidiaries and other entities outside of Japan. It can be said that Daifuku is a truly global company with bases in 24 countries and regions around the world. Mr. Terai graduated from a university in the United States. After joining Daifuku in

Japan, he spent a large portion of his career in the United States, Taiwan and other countries outside Japan. He is not only fluent in English but also familiar with business outside of Japan. He has good knowledge about corporate cultures within and outside of Japan. In addition, he has a proven track record as the person in charge of the Cleanroom Business Unit, which attained rapid growth. Led by the CEO, the Advisory Committee held deliberations and decided to appoint Mr. Terai as executive vice president and COO.

Finally, I would like to express my personal opinion about what roles the Advisory Committee should play in the future. Daifuku has a Company Creed of Hini Arata. This spirit lies in a phrase of "Tomorrow we will be growing ahead of where we are today." It pursues an attitude of always taking on challenges in a free and open-minded corporate culture that respects diversity. During my eleven years with Daifuku, the Company has worked on technological innovations, accomplished the reforms described above and secured the achievements Daifuku sees today. For the previous fiscal year, the Advisory Committee held seven meetings in the nine-month period to enable an active exchange of opinions and deliberations on the nomination of directors and others and their remuneration. In the future, individual outside directors will each continue to make remarks actively on the basis of their full understanding of the Daifuku's businesses, corporate culture and organization and in full consideration of the standpoint of shareholders as a third party, aiming to achieve continuous growth and higher corporate value.

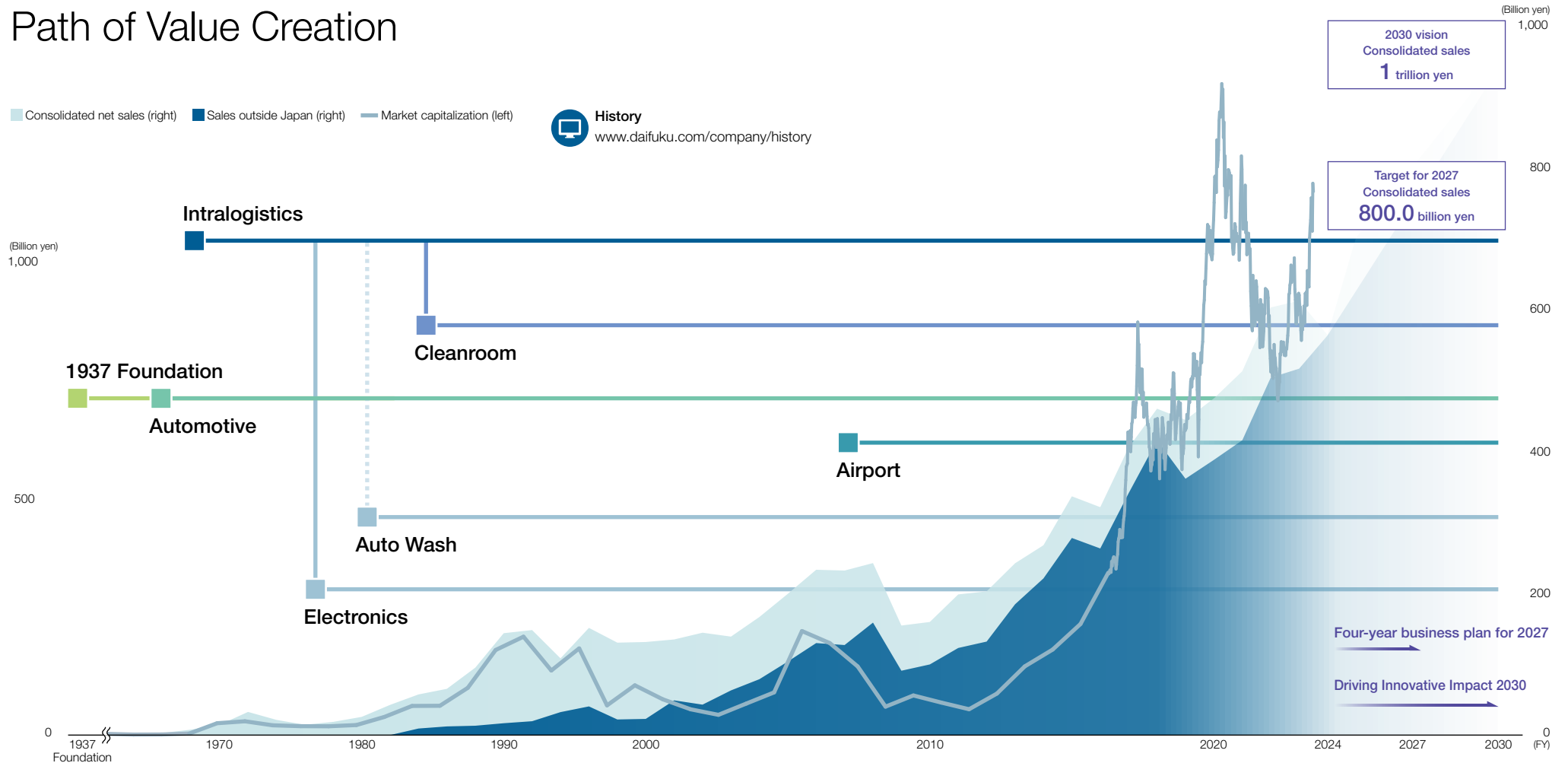
# Value Creation Story

## Chapter

# 02

- 22 Path of Value Creation
- 24 Daifuku Value Creation Process
- 26 Progress of Four-Year Business Plan for 2027
- 27 Daifuku's Priority Topics
- 34 CFO Message
- 37 Enhancing Human Capital to Support Innovation:  
Dialogue between the CHRO and the CTO
- 39 A Management Platform that Supports Rapid Growth:  
Dialogue between the CFO and the CPO/CIO

# Path of Value Creation



## Path of innovation

- 1937** Founded as a forge rolling machinery and crane manufacturer
- 1939** Establishes Mitejima Factory (now Osaka Headquarters)
- 1957** Forms a technical alliance with U.S.-based material handling system manufacturer (dissolved in 1997)
- 1959** Delivers chain conveyor systems to Japan's first passenger automobile factory
- 1964** Enacts the company creed, "Hini Arata"
- 1966** Delivers Japan's first automated warehouse systems to a manufacturer
- 1969** Delivers Japan's first computer-controlled automated warehouse systems

- 1975** Inaugurates Hino Plant (now Shiga Works)
- 1978** Delivers Japan's first book conveying system to a library
- 1983** Establishes the first subsidiary outside of Japan in the United States
- 1984** Develops cleanroom automated material handling systems for semiconductor factories
- 1994** Inaugurates Hini Arata Kan, a material handling and logistics demo center
- 2006** Shiga Works becomes the world's largest material handling production site
- 2007** U.S.-based material handling system manufacturer joins the Group to enter the airport sector

- 2011** Formulates the Daifuku Environmental Vision
- 2014** Joins the United Nations Global Compact
- 2019** Assents to the TCFD recommendations
- 2021** Revises the management philosophy to "Automation that Inspires"
- 2024** Changes the Company's fiscal year-end from March to December  
Formulates our long-term vision, "Driving Innovative Impact 2030"
- 2025** Assents to the TNFD recommendations

## Path of Value Creation

### ■ From founding to material handling company—**Founding era**

Daifuku was founded on May 20, 1937, under the name Sakaguchi Kikai Seisakusho Ltd. The Company primarily manufactured rolling mills, air hammers, forging machinery for ironworks, and various hoisting cranes. In 1947, while seeking a future direction, the Company decided to focus on modernizing material handling. Producing equipment such as cranes, lifts, transport machines, and various types of conveyors—machinery that would become the backbone of the Company. This marked the first year of material handling for Daifuku.



### ■ Conveyors develop into systems with advanced functions—**Automotive**

“In the future, conveyors will not simply move or carry goods. They will develop into systems with advanced functions. Although they do not sell now, the day will surely come when they will be needed.” With this belief in 1957, the then president sought advanced conveyor system technologies for automobile factories from Jervis B. Webb Company, a U.S. material handling system company, and we delivered chain conveyor systems to Japan’s first passenger automobile factory in 1959.



### ■ Breaking into FA\*1 field, expanding business to DA\*2 fields—**Intralogistics**

In Japan, during the period of rapid economic growth in the 1960s, mass production and mass consumption led to a demand in the manufacturing sector for more efficient product storage, mechanized warehousing, and accurate inventory location management. In response, the Company became the first company in Japan to develop and deliver automated storage systems featuring computer-based online control, positioning itself at the forefront of factory automation. The Company continued to advance technologies such as sorting and picking systems, ultimately entering the distribution industry in earnest in the 1990s.



### ■ Developed from the system for hospitals, libraries, and offices—**Cleanroom**

Daifuku launched Japan’s first 3D transport system in 1973, by introducing the technology from Europe. The system was used for transporting medical records within hospitals, books at libraries, and documents at airports and offices, and our market share was about 90% until the 1980s. Also, the 1980s saw a rapid increase in demand for semiconductors, along with the rapid spread of personal computers. The core product for cleanroom was developed with an upgrade from the 3D transport system.



### ■ Expanding business based on material handling—**Airport**

In 2007, Jervis B. Webb (now Daifuku Airport America Corporation) joined the Group, enabling us to enter the airport sector. Since then, companies in the same sector based in Europe and Oceania, as well as an operation and maintenance company based in the United States, and airport software companies, have joined the Group.



### ■ Spin-offs from material handling **Electronics**

In 1975, Daifuku spun off its automated warehouse systems control and software units, with the aim of leveraging its expertise beyond material handling and driving the development of new technologies and products.

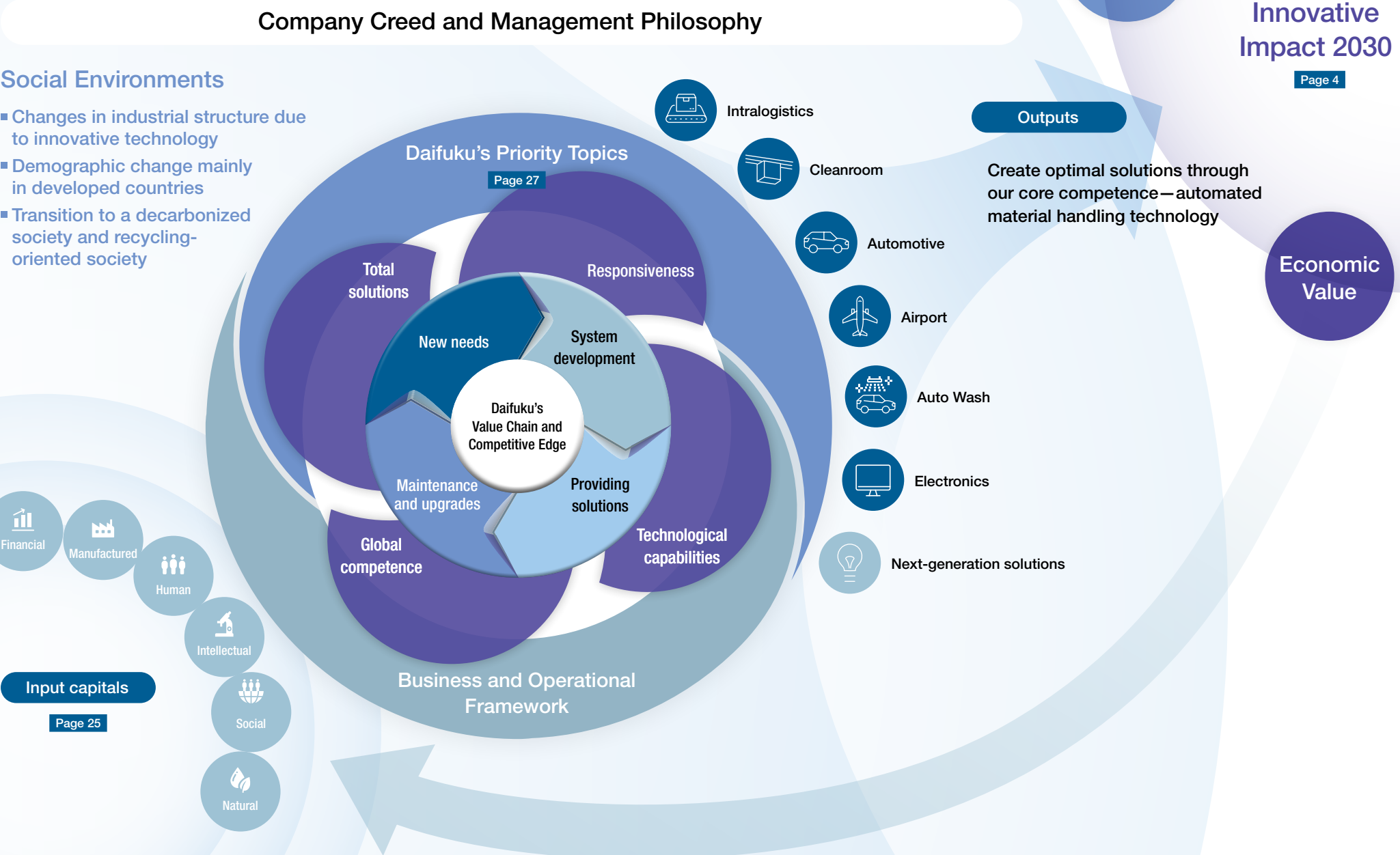
### **Auto Wash**

In 1977, Daifuku entered the car wash machine sector with material handling technology.

\*1 Factory Automation \*2 Distribution Automation



# Daifuku Value Creation Process



## Daifuku Value Creation Process

## Input capitals (FY2024 results)



## Financial

Total assets

688.7 billion yen

Cash and cash equivalents

220.3 billion yen

Interest-bearing liabilities

63.3 billion yen

Shareholders' equity

348.7 billion yen



## Human

Employees (consolidated)

11,042

Non-consolidated

3,691

Japan subsidiaries

541

Outside of Japan

6,810



## Social

Major suppliers (non-consolidated)

700 or more\*

\* Annual transaction value of more than 10 million yen

Extensive installation records since we entered the material handling business

78 years



## Manufactured

Production sites (ISO-certified)

27

(10 countries and regions)

Capital investment

15.5 billion yen



## Intellectual

Investments in areas of growth

26.4 billion yen

(capital investment, R&amp;D expenses, investment in human capital, etc.)

Patents held

4,498



## Natural

Energy consumption

801,278 GJ

Water consumption

183,492 m³

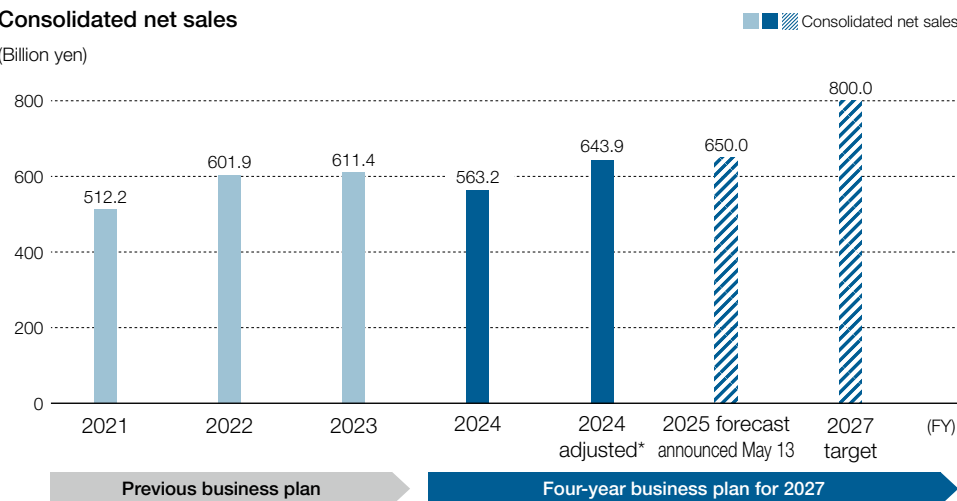
# Progress of Four-Year Business Plan for 2027

## Status of progress for fiscal 2024

In fiscal 2024, the first year of the four-year business plan for 2027 (hereinafter, “the 2027 Plan”), consolidated net sales were favorable, due to sales underpinned by an extensive order backlog. Operating margin greatly exceeded the target for the final fiscal year of the 2027 Plan, as income benefited from cost reduction efforts such as production efficiency improvements initiated during the period of the previous business plan, and sales in legacy semiconductors in China also increased. Return on shareholders’ equity (ROE) also exceeded the target for the final fiscal year of the 2027 Plan, as a result of factors such as significant profitability improvements and the purchase of 10.0 billion yen in treasury stock in order to improve our capital efficiency, despite the irregular nine-month accounting period within Japan.

### Consolidated net sales

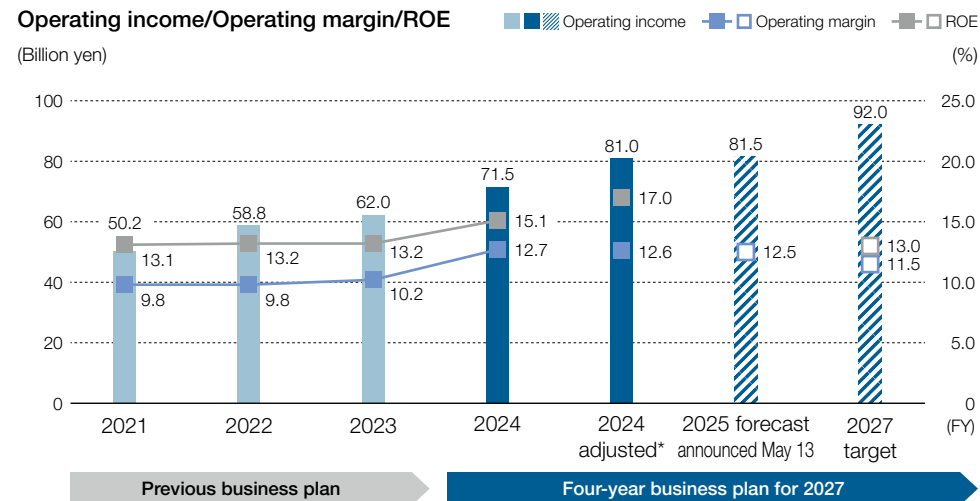
(Billion yen)



\* The results for January to March 2024 in Japan are added to FY2024 results.

### Operating income/Operating margin/ROE

(Billion yen)



\* The results for January to March 2024 in Japan are added to FY2024 results.

## Outcome for fiscal 2024 and next challenges

### Outcome

- Improved profitability through cost reduction efforts such as production efficiency improvements
- Acquired orders that accurately met the needs of the market, such as increases in generative AI semiconductor-related investment and investment demand for production lines in conjunction with the shift from gasoline-powered vehicles to xEVs\*
- Carried out capital investments in Japan, the United States, and India with the aim of realizing our growth strategies
- Appointed a new Representative Director and COO to build our next-generation management structure

\* A generic term for electric vehicles, including BEVs, HEVs, PHEVs, and FCEVs

### Next challenges

- Further improving profitability through more sophisticated project management outside of Japan
- Steadily implementing our global growth strategies, including M&As
- Responding to trade policies in the United States
- Fleshing out newly created business domains
- Accelerating development utilizing advanced technologies
- Expanding human capital such as digital transformation (DX) and AI human resources

# Daifuku's Priority Topics

## Materiality assessment

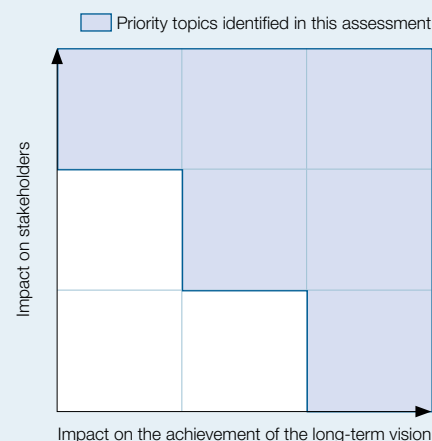


In response to recent changes in social demands and trends, we have reviewed and organized the information necessary to identify priority topics.

### Inputs used in the materiality assessment

- Consideration of the details of previous topics (FY2021–FY2023)
- The long-term vision, Driving Innovative Impact 2030
- Results of the examination of risks and opportunities
- Trends in other companies
- Items required by ESG rating agencies
- Results of business risk studies conducted in fiscal 2023
- Sustainability-related information disclosure standards and guidelines

Based on a variety of inputs, potential topics were selected by appointed persons from business units and the Corporate Functions unit (four corporate officers, nine members of the administrative office) and evaluated based on two criteria: impact on stakeholders and impact on the achievement of the long-term vision.



The topics identified, key performance indicators (KPIs), and targets were validated and approved by the Board of Directors.

Progress toward the target for each topic is reviewed by the Sustainability Management Committee and reported to the Board of Directors. We also regularly disclose our performance results externally through the Daifuku Report and our website.



## Daifuku's Priority Topics

### Priority topics

Framework	Priority topics	Desired outcome
<b>Evolving existing businesses, expanding into new areas, developing next-generation solutions</b>	Development utilizing advanced technologies including AI	Utilize cutting-edge technologies such as AI, IoT, and other digital technologies in pursuit of further automation and optimization through our products and services to engage in sustainability-oriented development.
	Expansion of service business	In order to maximize the value provided to customers throughout the entire life cycle of the system, from delivery to disposal, continuously create new services valuable to customers in addition to enhancing our service options and improving service standards.
	Development of new domains and creation of new businesses	Strengthen the marketing function to search for areas of growth, customer needs, and social issues, the function to search for application fields for proprietary technologies, and the planning function to formulate strategies; realize the development of new domains and the creation of new businesses originating from social issues and new technologies.
<b>Establishing a system to bolster growth</b>	Investment and platform fortification for innovation creation	Strategically invest management resources in areas of growth. Acquire and develop specialized personnel who will bring about innovation; establish and operate personnel and evaluation systems that encourage taking on challenges. In addition, create a mechanism to promote collaboration with external partners and open innovation to create higher value products, services, and technologies.
<b>Revamping overall business operations</b>	Social responsibility in the supply chain	Reform systems and mechanisms in order to strengthen cooperation with suppliers and substantially improve productivity. In addition to compliance with laws and regulations, also implement initiatives to address social demands such as labor, human rights, and the environment, and build long-term relationships of trust with stakeholders as well as a sound and sustainable supply chain.
	Pursuit of product quality and product safety	Maintain and improve the quality of products and services through operational innovation. Provide products that customers can handle safely and securely without accidents or problems.
<b>Safety reinforcement</b>	Ensure occupational safety and health	Safety is the foundation of our business activities and supersedes all else—based on this slogan, establish a corporate culture in all workplaces that prioritizes safety and health for all personnel.
<b>Eliminating environmental impact</b>	Addressing climate change	Achieve carbon neutrality by 2050 through the development and provision of products and services that contribute to the creation of a decarbonized society, the efficient use of energy at Group sites and suppliers, and the introduction of renewable energy.
	Promoting resource recycling	Contribute to the formation of a recycling-based society by reducing the amount of water and other resources used, extending the service life of products, minimizing the amount of waste generated at production sites, and expanding the recycling of used products and parts.
	Coexisting with nature	Based on an understanding of the impact of business activities on the global environment, minimize negative impacts on natural capital such as air, water, and soil through the sustainable use of ecosystem services and conservation of biodiversity.
<b>Strengthening management structure and refining business management</b>	Strengthening governance	Strengthen corporate governance and establish an effective Group governance and compliance system to ensure sound management of the Group and a foundation for medium- to long-term growth. Additionally, ensure the effectiveness of risk management by strengthening the system to properly manage and effectively monitor critical risks that may affect the achievement of management objectives throughout the Group.
	Fulfillment of stakeholder communication	Contribute to the realization of a sustainable society by understanding the demands of society and changes in the market environment through dialogue with internal and external stakeholders (customers, shareholders and investors, business partners, local communities, and employees).
<b>Organizational strengthening</b>	Staff recruitment, retention, and training	Attract and retain diverse talent with the expertise and skills necessary to realize our long-term vision. Establish and operate systems that enable each individual to achieve high performance and skill development.
	Respect for human rights	Recognize that respect for human rights is one of our most important responsibilities in terms of the sustainable growth of our business and organization, and identify, assess, correct, mitigate, and prevent any possible negative impacts on human rights occurring through our business activities.
	Diversity and inclusion	Cultivate a corporate culture in which the diversity of employees with a variety of different perspectives, values, and abilities is respected, and in which individual abilities can be maximized.
	Improvement of employee engagement	Increase employee engagement with the Company by continuously reviewing the human resource system and work environment; achieve work-life balance for employees.

## Daifuku's Priority Topics

## Priority topics and KPIs in the four-year business plan for 2027

Framework	Priority topics	KPIs	Scope	Targets			
				FY2024	FY2025	FY2026	FY2027
<b>Evolving existing businesses, expanding into new areas, developing next-generation solutions</b>	Development utilizing advanced technologies including AI	Introduction of cutting-edge technology to products and services	Global	<ul style="list-style-type: none"> <li>■ Improve system efficiency and energy-saving performance using AI and battery technologies</li> <li>■ Establish predictive maintenance using AI and IoT technologies</li> </ul>			
	Expansion of service business	Service sales		150 billion yen	160 billion yen	175 billion yen	190 billion yen
	Development of new domains and creation of new businesses	Penetration into new markets and new business areas; commercialization of new products		<ul style="list-style-type: none"> <li>■ Develop systems for new areas</li> <li>■ Cultivate new customers and expand business areas globally</li> <li>■ Develop next-generation solutions</li> </ul>			
<b>Establishing a system to bolster growth</b>	Investment and platform fortification for innovation creation	Investment in areas of growth*1	Global	<ul style="list-style-type: none"> <li>■ Invest approximately 160 billion yen (cumulative total for FY2024–FY2027)</li> </ul>			
		Cultivation of human resources proficient in AI and other digital skills		<ul style="list-style-type: none"> <li>■ Implement Companywide training, including e-learning (rolled out incrementally to all employees)</li> <li>■ Cultivate data scientists and other specialized human resources (cumulative total for FY2024–2027: 180 people)</li> </ul>			
		Promotion of industry-government-academia collaboration, M&A, alliances, etc.		<ul style="list-style-type: none"> <li>■ Continue consideration of M&amp;A and alliances</li> <li>■ Carry out development through joint research and collaboration with universities and companies</li> </ul>			
<b>Revamping overall business operations</b>	Social responsibility in the supply chain	Strengthening of supply chain management	Global	<ul style="list-style-type: none"> <li>■ Japan: identify supplier risks and implement audits</li> <li>■ Group companies outside of Japan: conduct visits, assess conditions, and address risks</li> </ul>			
	Pursuit of product quality and product safety	Number of serious accidents*2 related to product and system safety		0 occurrences	0 occurrences	0 occurrences	0 occurrences
<b>Safety reinforcement</b>	Ensure occupational safety and health	Frequency rate: Japan (outside of Japan)*3	Global	0.261 (0.6)	0.261 (0.5)	0.174 (0.4)	0.172 (0.3)
		Severity rate: Japan (outside of Japan)*3		0.006 (0.020)	0.004 (0.016)	0.003 (0.013)	0.001 (0.011)
		Number of serious accidents*3 *4		0 occurrences	0 occurrences	0 occurrences	0 occurrences
<b>Eliminating environmental impact</b>	Addressing climate change	Daifuku CO <sub>2</sub> emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	51%	52%	53%	54%
		Percentage of electricity derived from renewable energy sources		60%	66%	72%	78%
		Reduction rate of CO <sub>2</sub> emissions from purchased goods and services*5 (Scope 3 Category 1)		<ul style="list-style-type: none"> <li>■ Expand and disseminate CO<sub>2</sub> emission reduction programs*6 throughout the supply chain</li> </ul>			
		Reduction rate of CO <sub>2</sub> emissions from the use of sold products*5 (Scope 3 Category 11)		<ul style="list-style-type: none"> <li>■ Improve energy-saving performance of products and systems</li> </ul>			
	Promoting resource recycling	Landfill disposal rate	Global	Domestic: less than 1% Outside of Japan: less than 5%	Domestic: less than 1% Outside of Japan: less than 5%	Domestic: less than 1% Outside of Japan: less than 4%	Domestic: less than 1% Outside of Japan: less than 3%
		Reduction rate of waste emissions per unit sales*7 (compared to FY2023)		4%	7%	11%	14%
		Reduction rate of water consumption per unit sales*8 (compared to FY2018)		40%	44%	47%	50%
	Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites*9	Global	10%	50%	70%	90%
		Global expansion of Sustainability Action*10		<ul style="list-style-type: none"> <li>■ Expand and raise awareness of the program</li> </ul>			

## Daifuku's Priority Topics

Framework	Priority topics	KPIs	Scope	Targets			
				FY2024	FY2025	FY2026	FY2027
Strengthening management structure and refining business management	Strengthening governance	Improvement of the effectiveness of the Board of Directors	Daifuku Co., Ltd.	■ Conduct evaluations of the effectiveness of the Board of Directors and address issues			
		Dissemination of management philosophy and strategies	Global	■ Continue to implement awareness activities for officers and employees			
		Ensuring compliance		■ Implement education and training on key compliance risks			
		Implementation of countermeasures against major risks		■ Implement risk assessments and monitoring ■ Collect information on risk indicators, including emerging risks, and analyze their impact ■ Review crisis management systems and strengthen emergency response capabilities			
	Fulfillment of stakeholder communication	Number of dialogue meetings held with shareholders and investors (non-unique)	Global	More than 900 companies	More than 1,200 companies	More than 1,200 companies	More than 1,200 companies
		Enhancement of communication with stakeholders		■ Enhance information disclosure (financial and non-financial) ■ Ascertain management issues through dialogue with stakeholders ■ Implement measures to increase brand awareness across a broad spectrum ■ Actively participate in social contribution activities			
		Maintenance and improvement of evaluations from external rating agencies		■ CDP climate change: A- or higher ■ Continue as a constituent in FTSE4Good ■ MSCI ESG rating: AA or higher			
Organizational strengthening	Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	Global	■ Develop a pool of human resources (visualize experience and skills) ■ Prospective successor sufficiency rate of 100% by FY2027 (FY2023: 68%)			
		Compounding of the human resources system in response to securement of specialized human resources	Daifuku Co., Ltd.	■ Consider and implement new systems and measures (compensation, work systems, work locations, and recruitment measures for highly specialized personnel) ■ Improve adopted systems			
	Respect for human rights	Establishment of a human rights due diligence system	Global	■ Implement the human rights due diligence PDCA cycle ■ Implement risk assessments within and outside of Japan ■ Build grievance mechanisms			
		Implementation of human rights training		■ Establish education and training systems on human rights ■ Develop educational content for Group employees			
	Diversity and inclusion	Number of female managers (ratio)	Daifuku Co., Ltd.	■ 60 female managers (7.6%) by FY2027 (FY2023: 32 (4.3%))			
		Creation of an environment where diverse personnel can work effectively		■ Promote internal awareness of diversity ■ Create a work environment considerate of minorities			
	Improvement of employee engagement	Engagement survey score	Global	Score above the national average in each respective country	—	Japan: exceed 60% positive responses Outside of Japan: score above the national average in each respective country	—
		Implementation of engagement survey and issue response		■ Identify issues from survey results and implement countermeasures			

\*1 Capital investment, R&D expenses, investment in human capital, etc.

\*2 Accidents caused by the malfunction of our products or systems leading to death or serious illness and/or injury during operations (injury and/or illness requiring 30 or more days of treatment)

\*3 Calculations include installation contractors

\*4 Accidents resulting in death or permanent injury during work at Daifuku

\*5 For Scope 3 Category 1 and Category 11, pursue qualitative targets with the aim of a 30% reduction (compared to FY2018) by FY2030

\*6 Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO<sub>2</sub> emissions at suppliers

\*7 Waste generated (tons) divided by net sales (100 million yen)

\*8 Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

\*9 Sites with 100 or more employees

\*10 Daifuku's unique program for sustainability awareness and training

## Daifuku's Priority Topics

## Priority topics and KPIs in the four-year business plan for 2027 (FY2024 results)

Framework	Priority topics	KPIs	Scope	FY2024 results
Evolving existing businesses, expanding into new areas, developing next-generation solutions	Development utilizing advanced technologies including AI	Introduction of cutting-edge technology to products and services	Global	<ul style="list-style-type: none"> <li>■ Developed and delivered XY-picking robots</li> <li>■ Continued to develop a predictive maintenance system utilizing AI</li> <li>■ Developed an environmentally-friendly storage system by making effective use of regenerative energy</li> <li>■ Improved transport efficiency through AI-driven operation control</li> <li>■ Made proposals for next-generation assembly lines for EV production plants</li> <li>■ Developed new devices incorporating image recognition technology</li> <li>■ Provided transport systems equipped with high-efficiency motors</li> <li>■ Started developing an automatic baggage loading machine for aircraft containers</li> <li>■ Started basic development of a car wash machine that utilizes image recognition technology</li> </ul>
	Expansion of service business	Service sales		149.7 billion yen
	Development of new domains and creation of new businesses	Penetration into new markets and new business areas; commercialization of new products		<ul style="list-style-type: none"> <li>■ Continued development of picking robots and automated guided vehicles</li> <li>■ Made proposals for further automation solutions for refrigerated warehouses</li> <li>■ Expanded the scope of target processes for rechargeable battery and semiconductor manufacturing, and made proposals for automation solutions</li> <li>■ Provided automation solutions for back-end processes in semiconductor manufacturing, such as wafer stacking and direct bonding</li> <li>■ Developed solutions for cargo transportation and transfer utilizing various forms of mobility</li> <li>■ Constructed transport and automation equipment for next-generation car manufacturing</li> <li>■ Delivered TSA*<sup>1</sup> certified Smart Security Lanes to airports in North America</li> <li>■ Started delivery of digital airport systems to the Japanese market</li> <li>■ Delivered products for airport systems to the African market</li> <li>■ Launched and received orders for interior cleaning equipment for garbage trucks</li> </ul>
Establishing a system to bolster growth	Investment and platform fortification for innovation creation	Investment in areas of growth* <sup>2</sup>	Global	<ul style="list-style-type: none"> <li>■ Invested in areas of growth: 26.4 billion yen</li> </ul>
		Cultivation of human resources proficient in AI and other digital skills		<ul style="list-style-type: none"> <li>■ Implemented an e-learning course on AI and DX, with 2,400 employees having begun (the course is being rolled out over three terms; 800 employees have completed the course so far)</li> <li>■ Implemented a training program for data scientists and data engineers with 62 participants (rolled out in Shiga, Tokyo, and Osaka; 13 participants in Shiga completed the program.)</li> </ul>
		Promotion of industry-government-academia collaboration, M&A, alliances, etc.		<ul style="list-style-type: none"> <li>■ Considered and conducted research and development on next-generation technologies with multiple universities, research institutes, and companies</li> <li>■ Participated in the Semiconductor Assembly Test Automation and Standardization Research Association (SATAS)</li> </ul>
Revamping overall business operations	Social responsibility in the supply chain	Strengthening of supply chain management	Global	<ul style="list-style-type: none"> <li>■ Conducted a questionnaire for 66 domestic suppliers based on the Sustainable Procurement Guidelines and audited them based on the results</li> <li>■ Visited four global Group companies (in South Korea and Taiwan) to conduct interviews on procurement</li> </ul>
	Pursuit of product quality and product safety	Number of serious accidents* <sup>3</sup> related to product and system safety		0 occurrences
Safety reinforcement	Ensure occupational safety and health	Frequency rate: Japan (outside of Japan)* <sup>4</sup>	Global	0.460 (0.7)
		Severity rate: Japan (outside of Japan)* <sup>4</sup>		0.026 (0.009)
		Number of serious accidents* <sup>4</sup> * <sup>5</sup>		1 occurrence



## Daifuku's Priority Topics

## Priority topics and KPIs in the four-year business plan for 2027 (FY2024 results)

Framework	Priority topics	KPIs	Scope	FY2024 results
Eliminating environmental impact	Addressing climate change	Daifuku CO <sub>2</sub> emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	56.4%
		Percentage of electricity derived from renewable energy sources		66.6%
		Reduction rate of CO <sub>2</sub> emissions from purchased goods and services* <sup>6</sup> (Scope 3 Category 1)		<ul style="list-style-type: none"> <li>■ Held online briefings aimed at reducing CO<sub>2</sub> emissions for 150 major suppliers in Japan and started collecting CO<sub>2</sub> emissions data from suppliers</li> </ul>
		Reduction rate of CO <sub>2</sub> emissions from the use of sold products* <sup>6</sup> (Scope 3 Category 11)		<ul style="list-style-type: none"> <li>■ Implemented LCAs (Life Cycle Assessments) for all new product and system development</li> <li>■ Considered methods to investigate the status of introduction of renewable energy sources at customer sites</li> </ul>
	Promoting resource recycling	Landfill disposal rate	Global	Domestic: 0.9% Outside of Japan: 8.7%
		Reduction rate of waste emissions per unit sales* <sup>7</sup> (compared to FY2023)		6.8%
		Reduction rate of water consumption per unit sales* <sup>8</sup> (compared to FY2018)		37.6%
	Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites* <sup>9</sup> Global expansion of Sustainability Action* <sup>10</sup>	Global	36.4% <ul style="list-style-type: none"> <li>■ Held two types of events to raise environmental awareness at all Group sites with a total of 557 participants</li> </ul>
Strengthening management structure and refining business management	Strengthening governance	Improvement of the effectiveness of the Board of Directors	Daifuku Co., Ltd.	<ul style="list-style-type: none"> <li>■ Implemented initiatives to refine the business management by the Board of Directors (held review meetings on capital cost management, promoted initiatives for the application of IFRS, etc.)</li> <li>■ For the development of prospective successors for the CEO and other positions, we enhanced training for officers and executives in accordance with management strategies, and we intensively discussed succession plans for the CEO and other positions at the Advisory Committee</li> </ul>
		Dissemination of management philosophy and strategies	Global	<ul style="list-style-type: none"> <li>■ Conducted e-learning on the long-term vision and four-year business plan for all employees within and outside of Japan</li> <li>■ Expanded video content and delivered messages from C-suite roles</li> </ul>
		Ensuring compliance		<ul style="list-style-type: none"> <li>■ Held lectures on business-to-business transactions and customer harassment during the Compliance Awareness Month</li> <li>■ Implemented compliance training (total of 15 sessions, including three video training sessions) tailored to the needs of various ranks</li> <li>■ Established an organizational structure to promote compliance</li> </ul>
		Implementation of countermeasures against major risks		<ul style="list-style-type: none"> <li>■ Conducted management interviews, discussed recognized critical risks (themes: cybersecurity, human resource-related risks, etc.) at the Risk Management Committee, and determined how to address them</li> <li>■ Began refining each risk item and formulating potential scenarios</li> <li>■ Discussed BCM and BCP at the Risk Management Committee again, and began consideration of restructuring the crisis management systems</li> </ul>

## Daifuku's Priority Topics

## Priority topics and KPIs in the four-year business plan for 2027 (FY2024 results)

Framework	Priority topics	KPIs	Scope	FY2024 results
Strengthening management structure and refining business management	Fulfillment of stakeholder communication	Number of dialogue meetings held with shareholders and investors (non-unique)	Global	1,190 companies
		Enhancement of communication with stakeholders		<ul style="list-style-type: none"> <li>Promoted our growth story aimed at realizing our long-term vision through the Daifuku Report and other media</li> <li>Continuously created engagement opportunities by holding IR events for shareholders and institutional investors within and outside of Japan</li> <li>Ran YouTube ads to raise awareness among young people</li> <li>Promoted our business and philosophy via TV commercials and advertisements in newspapers and on trains</li> <li>Promoted our brand by participating in exhibitions such as Logis-Tech Tokyo</li> <li>Held press conferences to spread awareness through the media</li> <li>Continued to donate used clothing and books and conducted cleanup activities in the areas surrounding our business sites</li> </ul>
		Maintenance and improvement of evaluations from external rating agencies		<ul style="list-style-type: none"> <li>Received an A rating (the highest rating) for climate change from CDP</li> <li>Continued to be included in FTSE4Good</li> <li>Achieved an AA rating in the MSCI ESG Rating</li> </ul>
Organizational strengthening	Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	Global	<ul style="list-style-type: none"> <li>Considered items and methods for collecting experience and skills (begin collecting from FY2025)</li> <li>Group's Human Resources Committee: held twice; Business Unit Human Resources Committee: held 11 times</li> <li>Prospective successor sufficiency rate for key positions: 73%</li> </ul>
		Compounding of the human resources system in response to securing of specialized human resources	Daifuku Co., Ltd.	<ul style="list-style-type: none"> <li>Formed a project to establish a new base for securing technical personnel</li> <li>Began consideration of a region-specific employee system for certain job categories</li> </ul>
	Respect for human rights	Establishment of a human rights due diligence system	Global	<ul style="list-style-type: none"> <li>Continued to investigate the employment status of foreign national workers (technical intern trainees, specified skilled workers) in the supply chain</li> <li>Conducted impact assessments on three suppliers in Japan</li> <li>Launched the Grievance Mechanism Introduction Project under the Sustainability Promotion Committee to consider the introduction of a grievance mechanism system</li> </ul>
		Implementation of human rights training		<ul style="list-style-type: none"> <li>Held lectures and conducted group work on human rights and harassment in rank-based training in Japan</li> <li>Considered content for Group human rights training</li> </ul>
	Diversity and inclusion	Number of female managers (ratio)	Daifuku Co., Ltd.	40 female managers (5.4%)
		Creation of an environment where diverse personnel can work effectively		<ul style="list-style-type: none"> <li>Received the two-star Eruboshi certification (level two) from the Ministry of Health, Labour and Welfare as a company that promotes women's participation and advancement in the workplace</li> <li>The D&amp;I Subcommittee and Labor-Management Special Committee identified a need for childcare-related improvements, and we plan to revise our systems in accordance with amendments to the Child Care and Family Care Leave Act (April 2025)</li> </ul>
	Improvement of employee engagement	Engagement survey score	Global	In Japan <ul style="list-style-type: none"> <li>Job satisfaction 56% (Japan average 58%)</li> <li>Ease of work 51% (Japan average 58%)</li> </ul>
		Implementation of engagement survey and issue response		<ul style="list-style-type: none"> <li>Visited subsidiaries outside of Japan that conducted surveys in the previous fiscal year and followed up on the measures implemented (13 companies)</li> </ul>

\*1 Transportation Security Administration

\*2 Capital investment, R&amp;D expenses, investment in human capital, etc.

\*3 Accidents caused by the malfunction of Daifuku's products or systems leading to death or serious illness and/or injury during operations (injury and/or illness requiring 30 or more days of treatment)

\*4 Calculations include installation contractors

\*5 Accidents resulting in death or permanent injury during work at Daifuku

\*6 For Scope 3 Category 1 and Category 11, pursue qualitative targets with the aim of a 30% reduction (compared to fiscal 2018) by FY2030

\*7 Waste generated (tons) divided by net sales (100 million yen)

\*8 Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

\*9 Sites with 100 or more employees

\*10 Daifuku's unique program for sustainability awareness and training

# CFO Message

## Pursuing a proactive financial strategy that leverages a financial base at record levels to execute growth strategies

Tetsuya Hibi

Director and Managing Officer  
Chief Financial Officer  
Deputy Corporate Functions Head  
Finance and Accounting Division Manager



### Review of fiscal 2024

Fiscal 2024 was the first year of the four-year business plan for 2027 (hereinafter, “the 2027 Plan”). Because of the change in fiscal year, it was an irregular period consisting of nine months for Japan. Despite that, operating income, ordinary income, and net income attributable to shareholders of the parent company hit record highs for the third consecutive fiscal year. Profitability thus showed a major improvement. Our operating margin stood at 12.7%, surpassing the target of 11.5% under the 2027 Plan. The improvement in profitability was due mainly to cost savings achieved by streamlining production and other initiatives taken since the period of the previous three-year business plan, Value Transformation 2023, and to a rise in the sales share of highly profitable semiconductor production line systems in China. The gross profit margin was up 3.1 percentage points, from 19.1% to 22.2%. Buoyant results absorbed an increase in selling, general

and administrative expenses, especially the rise in human capital investment such as improving treatment for employees and bolstering education and training. I think this deserves high marks. On the other hand, I feel that the hike in orders received should have greater momentum. To reach the consolidated net sales target of 800.0 billion yen set by the 2027 Plan, it is essential that we increase orders received as a leading indicator. We will steadily invest in growth to support this.

### Outlook for fiscal 2025

For fiscal 2025, we need to keep a close eye on the impacts of U.S. trade policies on the world economy and on customers' investment decisions. However, the Company has long been following a basic strategy of local production for local consumption. The direct impact will be limited. The impact is estimated at an approximate maximum of 500 million yen in the full-year operating income forecast of

81.5 billion yen. Customers in the automotive and other sectors may reconsider their investment plans in Canada, Mexico, and elsewhere, but from a medium- and long-term perspective, it is also presumed that investments in the United States may gather momentum. The global spread of workforce shortage and labor cost hikes increases needs for the automation of operations in production and logistics. There is strong demand for semiconductor investments. We will pursue these opportunities with the aim of winning orders. For fiscal 2025, we will place an emphasis especially on the acquisition of more orders with a view to accelerating growth while maintaining the profitability that was increased in the previous fiscal year and earlier.

### Steady implementation of investments for growth

To execute the growth strategies aimed at achieving the targets set in the 2027 Plan and the long-term vision for 2030, it is essential to make proactive investments. In addition to our investment in ordinary

### Financial summary and management targets for the 2027 Plan

(Billion yen)

	Benchmark		Four-year business plan for 2027				Long-term vision for 2030
	FY2023 results	FY2023 adjusted*2	FY2024 results	FY2024 adjusted*3	FY2025 forecast (announced May 13)	FY2027 targets	FY2030 goals
Orders received	620.3	561.9	594.7	653.1	700.0	—	—
Consolidated net sales*1	611.4	530.6	563.2	643.9	650.0	800.0	1,000.0
Operating income	62.0	52.4	71.5	81.0	81.5	92.0	125.0
Operating margin*1	10.2%	9.9%	12.7%	12.6%	12.5%	11.5%	12.5%
Net income attributable to shareholders of the parent company	45.4	37.9	57.0	64.4	65.0	—	—
Net margin	7.4%	7.1%	10.1%	10.0%	10.0%	—	—
ROE*1	13.2%	—	15.1%	17.0%	—	13.0%	13.0%

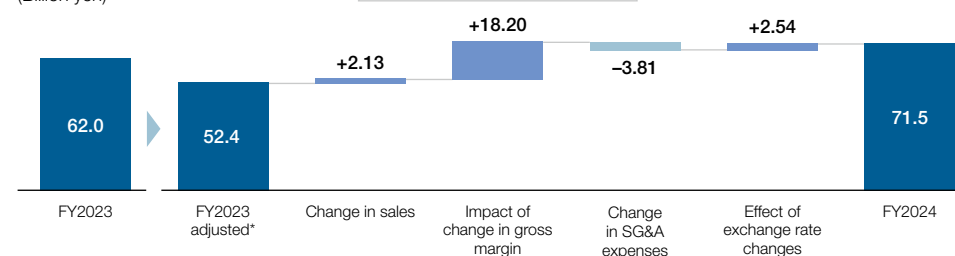
\*1 Management targets for the 2027 Plan

\*2 The results for January to March 2024 in Japan are excluded from FY2023 results.

\*3 The results for January to March 2024 in Japan are added to FY2024 results.

### Factors for change in operating income

(Billion yen)



\* The results for January to March 2024 in Japan are excluded from FY2023 results.



## CFO Message

maintenance and development and in research development, we will separately have a strategic investment fund of 80 billion yen. In the period of three years and nine months under the 2027 Plan, we will invest a total of 160 billion yen. Regarding capital investment for fiscal 2025, we will advance the redevelopment of our core plant, Shiga Works, to boost productivity and the internal production ratio for boosting cost competitiveness. We will also enhance our business continuity plan (BCP) for ongoing supply and disaster control measures. Outside Japan, a new plant in India for producing systems for general manufacturers and distributors was completed in April 2025. It will be followed by a new plant in the United States scheduled to reach completion in the fourth quarter.

As a result, capital investment is projected to increase by a large margin, from 15.5 billion yen in fiscal 2024 to 39.5 billion yen. Research and development expenses are a source of medium- and long-term competitiveness. We are planning to increase them from 9.3 billion yen for fiscal 2024 to 15.3 billion yen for fiscal

2025. Their ratio to consolidated net sales forecast of 650 billion yen for fiscal 2025 is 2.4%. We will also allocate funds to new business cultivation and human capital. To pursue inorganic strategies, we will make flexible decisions irrespective of the upper limit on strategic investment.

### Cash flow management with CCC adopted as a KPI

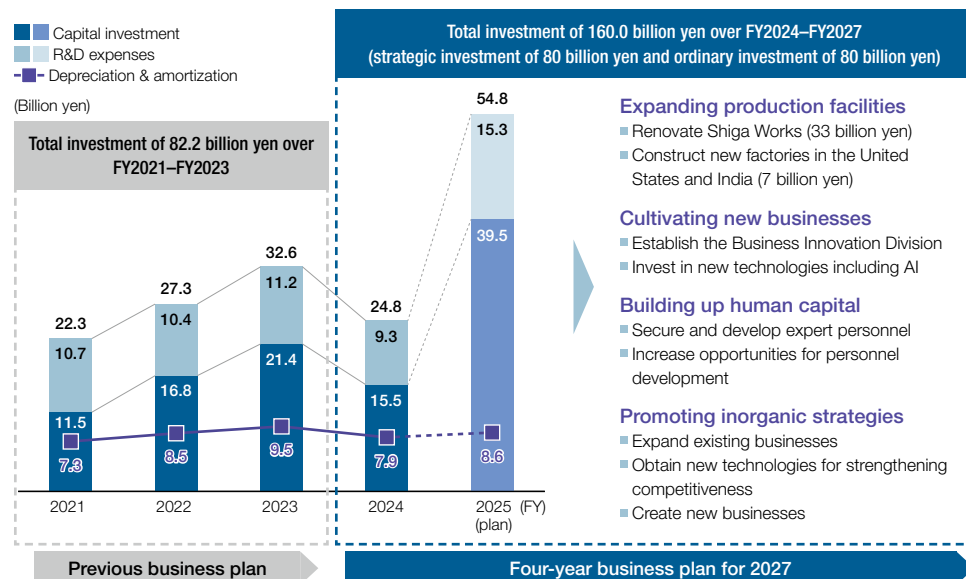
In our business, the lead time from receipt of an order to completion (and acceptance inspection) is long and our working capital tends to rise, especially when orders received are increasing. To address this, we will identify the characteristics and issues of individual business units, such as inventory levels and optimization of payment terms. In so doing, we will aim to shorten the cash conversion cycle (CCC) and to identify the financial resources to be appropriated to investment for growth. The 2027 Plan sets a CCC target of 75 days, and the actual CCC for fiscal 2024 was 99 days. It appears to remain almost unchanged from the fiscal 2023 level, when it was 100 days. This reflects the fact that net sales and cost of the sales

used for calculation were too low because of irregular nine-month fiscal year for domestic operations. Keeping accounts receivable and other figures unchanged, the real CCC based on net sales and cost of sales for 12 months, including the three months from January to March 2024 of companies whose fiscal years end on March 31, is estimated at 87 days. This shows that the CCC shortened by 13 days.

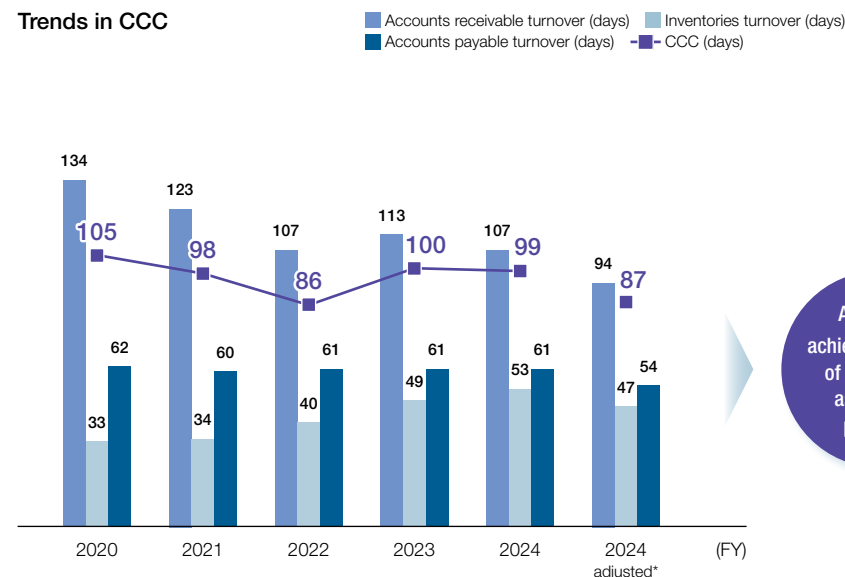
### Management with an awareness of capital efficiency

Under circumstances in which proactive investment and expansion of orders are expected to increase our working capital, we are taking steps to use return on invested capital (ROIC) as a method of internal management and for basing business assessments and analysis on this method. We are regularly sharing the balance sheets of individual business units and analyzing them in ROIC trees. We are taking systematic measures to address the problems identified using this approach. To bolster profitability, each business unit is working on cost reduction and increasing in-house production ratios. In addition,

### Investments for more growth



### Trends in CCC



\* The results for January to March 2024 in Japan are added to FY2024 results.

Aiming to achieve 75 days of CCC target as early as possible

## CFO Message

leveraging digital transformation (DX), we will be launching a mechanism for real-time monitoring of the actual costs and prospects of profitability of large projects involving multiple Group companies based in Japan and abroad on a consolidated basis in fiscal 2025. To increase capital efficiency, we will work to shorten the CCC and to prepare investment guidelines for carefully selecting investment destinations and for strict monitoring. These guidelines will come into force in fiscal 2025. For fiscal 2024, ROE stood at 15.1%. It was as high as 17.0% on a real basis, which reflected the adjustment of the impacts of the irregular fiscal year for nine months of domestic operations. Given that a rise in equity following steady income growth may lead to a lower ROE level, we have kept the target of 13% set in the 2027 Plan unchanged. We will carry out timely and appropriate capital measures in consideration of capital cost with a view to raising ROE to 15% or more.

### Shareholder return including flexible acquisition of treasury stock

We regard shareholder return as our most important management task and adopt a performance-based policy for cash dividends based on consolidated net income. The Company appropriates the remaining surplus to internal reserves for future growth. The 2027 Plan set a consolidated dividend payout ratio target of 35% or more for each fiscal year during its period. Under this policy, we increased annual dividends by 18 yen from the initial forecast of 37 yen, to 55 yen. This makes a consolidated dividend payout ratio of 35.7%. For fiscal 2025, we are planning to further increase our annual dividends by 9 yen to 64 yen, for a consolidated dividend payout ratio of 36.2%.

We are considering the possibility of continuing to acquire treasury stock flexibly, as part of an overall consideration that includes opportunities for strategic investment, such as M&A, our financial

standing, share price levels, and other factors. We acquired treasury stock for 20 billion yen in fiscal 2023 and for 10 billion yen in fiscal 2024.

### Supporting growth strategies with record-high financial foundations

In January 2025, Rating and Investment Information, Inc. (R&I) upgraded our issuer rating to A+. In addition to increasing profitability in all our businesses, we also made good progress in improving cash flows, which had been an issue. We are now expected to maintain solid financial foundations on the basis of considerable earnings and cash flows, even after building momentum for investment. This prospect resulted in the upgrading of our rating. Capitalizing on our record-high financial foundations, we will adopt a proactive financial strategy to provide strong support for the execution of our growth strategies.

## Refining business management with the use of ROIC

### Business evaluation and analysis using ROIC

#### Increase profitability

- Refine project management
- Cut costs through improved designs and reduced number of components
- Increase in-house production ratio
- Develop and launch new value-added products

#### Improve capital efficiency

- Improve CCC
- Select investments carefully and monitor them
- Reduce cross-shareholdings

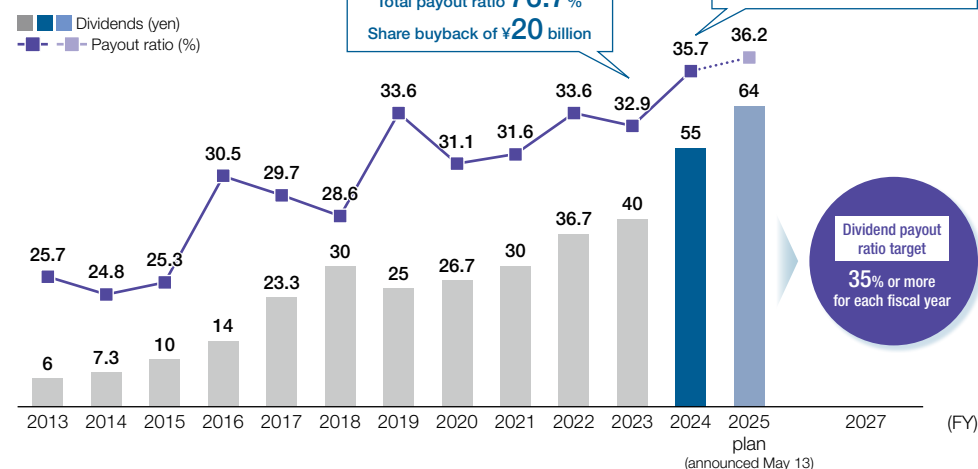
	2021	2022	2023	2024**
ROE (%)	13.1	13.2	13.2	15.1 <sup>*3</sup>
1) Net income margin (%)	7.00	6.85	7.43	10.14
2) Total asset turnover (times)	1.10	1.16	1.02	0.84
3) Financial leverage (times)	1.66	1.66	1.80	1.73
ROIC (%)	11.0	12.6	11.4	11.4
WACC <sup>*1</sup> (%)	6.4	6.7	6.6	5.9

<sup>\*1</sup> 1) Changed the expected rate of return from 5.5% to 6%. 2) Changed the calculation period for beta values from 36 months to 60 months. The figures for previous fiscal years have been recalculated due to changes in the figures used in the calculations.

<sup>\*2</sup> Following the changes to the fiscal year-end, fiscal 2024 reflects results for 9 months in Japan and 12 months outside Japan.

<sup>\*3</sup> Adjusted ROE is 17.0%, excluding the impact of the irregular fiscal year (9-month period for Japan and 12-month period outside Japan).

## Dividends and dividend payout ratio



Value Innovation 2017

Value Innovation 2020

Value  
Transformation 2023

Four-year business plan for 2027

Note: Dividends are calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of fiscal 2013.

# Enhancing Human Capital to Support Innovation

## Dialogue between the CHRO and the CTO

To realize our 2030 vision, we need people who can create new value and innovation. Daifuku's CHRO and CTO spoke about the human resources essential to creating this innovation.

Hideaki Takubo

Director and Senior Managing Officer  
Chief Human Resources Officer  
Corporate Functions Head

Takuya Gondoh

Senior Managing Officer  
Chief Technology Officer  
Business Innovation Division Manager

**Q In terms of creating innovation, what challenges does Daifuku face related to personnel as a management resource, and what specific measures is the Company working on?**

**Gondoh:** To date, Daifuku has grown through a catch-up business model that provides solutions to customer and market issues. To grow further, we need to be pioneers in new technological fields and markets—front-runners that can create innovation on our own. My role as Chief Technology Officer is to lay the groundwork for technological development that will increase our competitiveness over the next 10 years or more, and to cultivate opportunities for inorganic growth through the effective use of M&A and the creation of new businesses that go beyond the boundaries of existing businesses. In pursuing these goals, I believe there are three key issues we need to focus on: 1) revitalizing cross-business activities from a long-term perspective, 2) recruiting a wide range of talent,

assigning them effectively, and developing the skills of the people who will be driving these activities, and 3) encouraging a shift in attitudes to Daifuku's culture to bring about changes in the thinking and conduct of every Group employee.

**Takubo:** Technological capability is a critical part of each business unit. Determining how we can evolve both our human resources and technology in a way that drives inorganic growth is where our two roles intersect and where collaboration is essential. Daifuku's strength lies in the earnest attitude of its employees, who stick with their customers to the end, even when they face difficult challenges. This attitude has been the driving force behind our growth to date and is the product of over 30 years of individualized optimization, or business optimization, in which we pursue the best possible solution for each specific market and customer. However, business optimization alone has the drawback of locking human resources

and technology into a fixed state. In light of recent changes in the business environment and rapid technological advances, we now need to boost efforts for Groupwide optimization without losing the benefits of business optimization. I believe my mission as Chief Human Resources Officer is to promote ideal human resource management across the Group and maximize our human capital.

We are currently working on developing a talent portfolio to upgrade human resource allocation in a way that will realize our vision for 2030. We aim to collect the varying definitions of skills and experience that were previously set by each business unit and translate them into a common language shared across the entire Group. Our goal is to visualize the skills of our personnel, allocate them cross-functionally, identify the skills and talent needed in the future, and then actively develop and acquire them, accelerating growth as a result.



## Enhancing Human Capital to Support Innovation Dialogue between the CHRO and the CTO

**Gondoh:** In terms of improving the skills of our human resources, we are keyed in on raising the bar in areas such as data science and AI. Beyond simply acquiring the skills to use technology, our people also need the ability to identify problems in their own work and find solutions. To develop this ability, we also provide practical training that elicits change at a behavioral level, in addition to e-learning to acquire knowledge. For instance, D-Adapt\*, our data scientist training program, is aimed at cultivating the ability to identify on-site issues and seeing how these issues could turn into new value, without restricting trainees to a specific technology or business field. Thanks to these efforts, there is a growing number of cases in which trainees apply what they have learned to their actual work. What is important here is that opportunities for this kind of success are not limited to certain departments or personnel, but are available throughout the entire Group. It's easy to get caught up in the grind of day-to-day work, but opening the perspective of each employee, even in small incremental steps, and increasing the number of people willing to take on the challenge of forward-facing personal development is also essential to inorganic growth.

\* Daifuku AI & Data science Advanced Pursuit Training

**Takubo:** It is important to establish an organizational structure that encourages employees to take on new challenges. At the same time, it is also important to create a culture within the organization that praises and supports those who do take on challenges. To effect this kind of change within our own corporate culture, I believe it is important for each employee to have a deeper understanding of the type of company we aspire to be. Two pressing questions are “Does middle management understand the Company’s direction?” and “Can they share this understanding with their subordinates as part of their duties?” To deepen this understanding and get the desired “yes” to both of these questions, we are making a deliberate effort to create opportunities for dialogue between the CEO, management teams, and employees. We also conduct personnel exchanges between business units for this same purpose.

**Gondoh:** On that point, the Business Innovation Division, which I oversee, is made up of members with careers in different businesses. When observing them in their daily activities, I sense the feeling of satisfaction they derive from their work—it shows in the vibrant exchanges of ideas with other members and their desire to make new discoveries and incorporate new technologies into the Company’s business. Every new day breeds exhilaration as employees from each business unit assemble to share ideas and engage in in-depth discussion. This feeling of exhilaration encourages people to challenge themselves and is an important factor in maintaining high motivation.

**Takubo:** Another important mission for us is to find ways to stoke the interest of our employees and harness their potential. Building on the idea of “exhilaration,” and complementing the work we mentioned earlier on understanding our human resources portfolio, we have also implemented an internal secondment system. This enables employees to gain new knowledge, develop skills, broaden their perspectives, and build new personal connections. To date, there has been little cross-functional movement, so we introduced this in-house “study abroad system” so to speak, in which employees work in a different department for a certain period of time, and then return to their original department at the end of this period, giving them the chance to acquire a wide range of knowledge and skills to use in the future. Our goal in promoting these exchanges and utilizing our internal recruitment system is to give employees fuller experiences and foster a broader, more flexible manner of thinking, while reinvigorating human resources across the Company.

### **Q Are there any existing measures you would like to build upon to drive the growth of the organization in terms of both human resources and technology?**

**Gondoh:** On the topic of expanding our knowledge, I have high hopes for the R&D Center that we plan to open in Tokyo in fiscal 2025. The Group’s R&D functions are currently centralized in the Shiga Works. By moving them to Tokyo, we will naturally be better positioned to recruit talent in the Tokyo metropolitan area.

This move will also make it easier to engage in industry-academia collaboration and to work with external partners. All of these benefits will enhance business performance. The knowledge gained at the R&D Center can be brought back to each business unit and used to generate ideas for the next stage of development. I believe that the resulting knowledge loop will further enhance the quality of technology we can develop.

**Takubo:** If we can implement the initiatives we have talked about today across multiple locations, we will be able to attract a wider range of talent and improve the working environment for our employees. Many of our technology personnel are concentrated in Shiga, but in addition to the R&D Center in Tokyo, we are also taking steps to establish a development site in Kyoto. I hope that with these efforts we can overcome geographical limitations. I also hope to bring together different types of people and provide them with conditions in which they can thrive.

**Gondoh:** As I mentioned at the outset, we must become front-runners that create new markets, attract new customers, and propose new value to society, while never losing sight of the long term. To achieve this, we need to engage with human resources and make them more aware of the challenges—and opportunities—that new technologies present. This is not something that can be done overnight, but if we remain committed to our current efforts, Daifuku will be totally different in 10 years’ time, of that I have no doubt.

**Takubo:** Companies exist because of people. Members of the Daifuku Group have the strength to work in earnest toward set goals and see them through to the end. With such talented people around us, all it takes is for them to set an ambitious goal for themselves, in a direction that we can all agree upon, and support them in working on it. If we can do that, then major growth is in the cards. So, with that being said, we will continue to share our vision for the future, improve our organization and systems, and make every effort to encourage employees to find new challenges and tackle them.

# A Management Platform that Supports Rapid Growth

## Dialogue between the CFO and the CPO/CIO

Daifuku is implementing swift and flexible organizational reforms in management, production, and investment, aiming to establish a competitive advantage in the global market and to achieve sustainable growth. The CFO and CPO/CIO discussed the current issues being addressed, focusing on more sophisticated project management outside Japan, and strengthening production frameworks.

Tetsuya Hibi

Director and Managing Officer  
Chief Financial Officer  
Deputy Corporate Functions Head  
Finance and Accounting Division Manager

Yasuhisa Mishina

Senior Managing Officer  
Chief Production Officer  
Chief Information Officer  
General Manager of Shiga Works  
Production Innovation Division Manager  
DX Division Manager

**Q With approximately 70% of sales coming from outside Japan, the importance of project management—management of projects outside of Japan in particular—is increasing. Please tell us about Daifuku's current initiatives in this regard.**

**Hibi:** As business outside of Japan continues to expand, one initiative we are currently working on is building a visual representation of our projects outside Japan. Ten years ago, there might be one major project outside of Japan per year, but in recent years, it has become common for several projects to be in motion at the same time. There are also cases where a single project involves three companies—a Japanese subsidiary, a local subsidiary, and a subsidiary in another region—making project management all the more complicated. Although each company could manage their portion of the project, the consolidated profit

or loss of the project was not visible in a timely manner, which sometimes resulted in cost overruns. For this management-related issue, we have established an internal project team led by CPO/CIO Mishina and myself, and are currently working on building a system that can address the problem.

**Mishina:** In principle, the nuts and bolts of project management should stay connected to the business side, especially when it comes to the terms of an order. Even if it was known on-site that project costs were rising higher than expected, there was a time lag before that information reached headquarters in the form of quantitative data. We aim to complete development of the infrastructure for our system during fiscal 2025, and in the future, we plan to install a number of mechanisms, including an alert function, that will enable relevant departments to take preventive action.

As we develop this into an information platform, we will be able to not only manage projects but also allocate resources and make investment decisions in a timely manner across the Group, enabling us to course correct quickly should the need arise.

**Hibi:** I was previously in charge of the Information System Department, so I naturally understand the importance of IT. However, it was difficult to determine the kinds of systems that were needed to increase effectiveness on the ground. Furthermore, in an age when management transparency and speed are essential, it is not enough to just grasp the numbers; it is also necessary to consider ease of use in the field, such as generating graphs and analyzing data so that it can be understood at a glance. I feel that the momentum has increased in this regard by having something like yourself, who has expertise in both

## A Management Platform that Supports Rapid Growth Dialogue between the CFO and the CPO/CIO

business in the field and IT, take on the role of CPO/CIO and lead the Company across all business units.

**Mishina:** Rather than simply building databases, we are shifting toward building data warehouses that integrate all of a company's data and make it easier to analyze and parse for decision-making. In the future, I hope to use this information infrastructure to improve the quality of decision-making on a global level.

**Q Please tell us about the progress of the manufacturing transformation initiative currently being emphasized to help achieve Daifuku's vision of 1 trillion yen in consolidated sales by 2030.**

**Mishina:** In terms of consolidated net sales, the capacity of our existing production system is at the 600–700 billion yen level. To increase this to the 800 billion–1 trillion yen level, we need to strengthen our production system through investment. One of Daifuku's strengths is its ability to manufacture in-house in pursuit of greater productivity, and enhancing that strength through targeted investment will be essential. One notable example of this strategy is the Shiga Works, which was reaching its capacity. As a result, Daifuku had to rely on external warehouses to handle higher sales temporarily, but this stopgap measure ultimately reduced productivity. Driven by a strong desire to do something about the problem, we decided to undertake a radical redevelopment of the Shiga Plant, investing 33 billion yen in total.

**Hibi:** Large-scale investments such as this one are possible thanks to our efforts over the past few years to reinforce our financial standing. In fiscal 2024, our debt-to-equity (D/E) ratio is 0.16 times, and our ratio of interest-bearing liabilities to cash flows is also low, which means that if an investment with a clear return appears, we can raise the funds needed to make that investment happen.

**Mishina:** The main purpose of the Shiga Works investment is to improve productivity across the works as a whole, and includes a variety of measures, such as increasing the in-house production rate, reducing lost time in moving between processes, and

reducing the cost of renting the external warehouses. I believe that this investment will be highly effective. Factories need space—not only to assemble products but also to store and distribute materials, and to ship the assembled products. At production sites, technological innovations are simultaneously reducing labor and improving accuracy by shortening processing steps and eliminating the need for manual painting. To be perfectly honest, we have been so engaged in automation for our customers, that automation for our own production framework has been sitting on the back burner. People who come to tour our factories are often surprised and remark that they had imagined Daifuku would be equipped with fully automated warehouse systems, but the actual factory is much more conventionally laid out. Going forward, we plan to introduce our own automated warehouse systems, AGVs, and the latest machine tools to improve productivity and transportation efficiency, and increase the ability of our factories to address risks such as disasters and supply constraints. I expect these changes to add to our performance, starting from fiscal 2026.

**Hibi:** Our next growth drivers will be the United States and India. In the short term, we are increasing our production capacity in order to capture the expanding U.S. market, primarily in the Intralogistics business, which has a rather wide scope. In India, development of social infrastructure is still in its early stages, but we are making strategic investments in anticipation of growth over the medium to long term. While increasing orders and sales outside Japan is important, another issue for management is improving profitability. This means that investment projects outside Japan need to achieve a higher return on investment than those in Japan.

**Mishina:** Our investments in the United States and India are also focused on automating our own production framework. Automation at our own factories will serve to improve production efficiency while also reducing risks in the supply chain. Normally, it is difficult to procure materials and parts in a short time, but in Japan, they can be obtained quickly and reliably. In other countries, such as the United States, we do not have suppliers located near our factories. Since we cannot utilize the same type

of supply chain that we have in Japan, and materials must be procured from locations sometimes hundreds of kilometers away, which takes a long time, we have installed a production framework that handles the entire process within own facilities.

However, another aspect of Japan's supply chain that makes short delivery times possible is that it is supported by small and medium-sized enterprises with strong technological capabilities. In recent years, supply chains have become less secure due to a lack of successors at these suppliers and the increasing complexity of managing environmental impact and other facets of risk management. That means that even in Japan, we need to consider the balance between procurement and in-house production more than ever as we move forward with our efforts.

**Hibi:** In today's world, where speed is of the essence, supply chains that depend on external parties are subject to constraints. Naturally, in-house production requires capital investment, which reduces short-term capital efficiency. We will rigorously verify the effectiveness of our investments using our investment guidelines, a Groupwide standard for investment-related decision-making that will soon be put into operation. To increase our corporate value in a sustainable way, we also need to make the results of our investments visible and be fully accountable both within and outside the Company, so we are also working to establish a strong monitoring system.

The goal of achieving consolidated sales of 1 trillion yen is no small mountain to climb, but I feel that each of these initiatives serves as a foothold toward reaching this goal.

**Mishina:** You said it best. We will combine our various capital resources, such as technology, manufacturing facilities, human resources, information, and software, to seek out new forms of manufacturing that exemplify Daifuku.

# Growth Strategies

Chapter

03

- 42 Our Business
- 44 Global Reach
- 45 At a Glance
- 46 Strategies by Business
- 56 CHRO Message

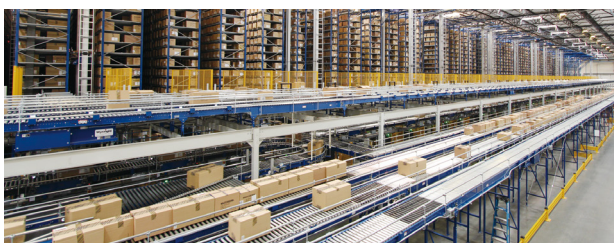


# Our Business

We provide material handling systems to a wide range of industries, including manufacturing, transportation, warehousing, automobiles, electronics, pharmaceuticals, food, clothing, and daily necessities, around the world. To provide higher-value material handling systems, we are deepening business activities with six operations.

## Intralogistics

Manufacturing and distribution systems



## Airport

Airport technologies



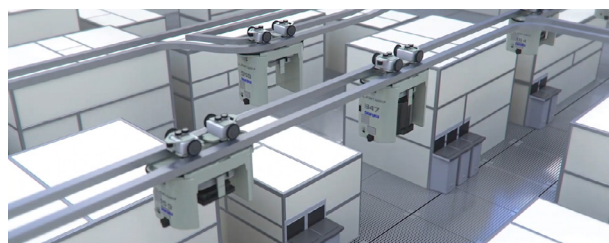
## Auto Wash

Car wash machines and related products



## Cleanroom

Cleanroom production line systems



## Automotive

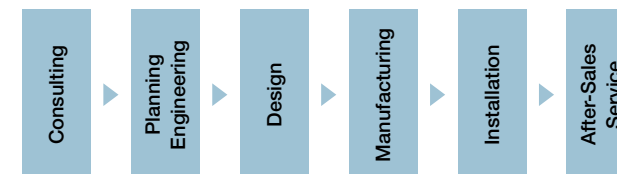
Automobile production line systems



## Electronics

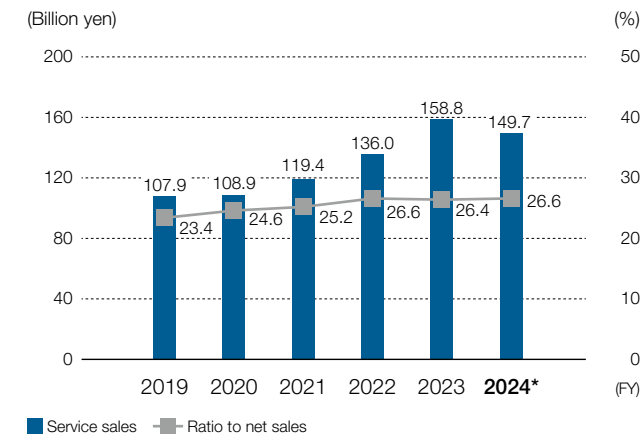


## Total solutions



We provide total support encompassing consulting to reflect customer requirements, planning and engineering, design and manufacturing, installation, and after-sales services. With an abundant delivery record, we have an extensive servicing menu to ensure stable operation of our products after delivery for years. In cases of unfunctional systems, facility aging, and a change in customers' products or handling volume, we offer full support, which includes upgrades of previously supplied equipment and retrofits. By building trust with our customers through after-sales services, we identify business opportunities to win new orders.

## Service sales

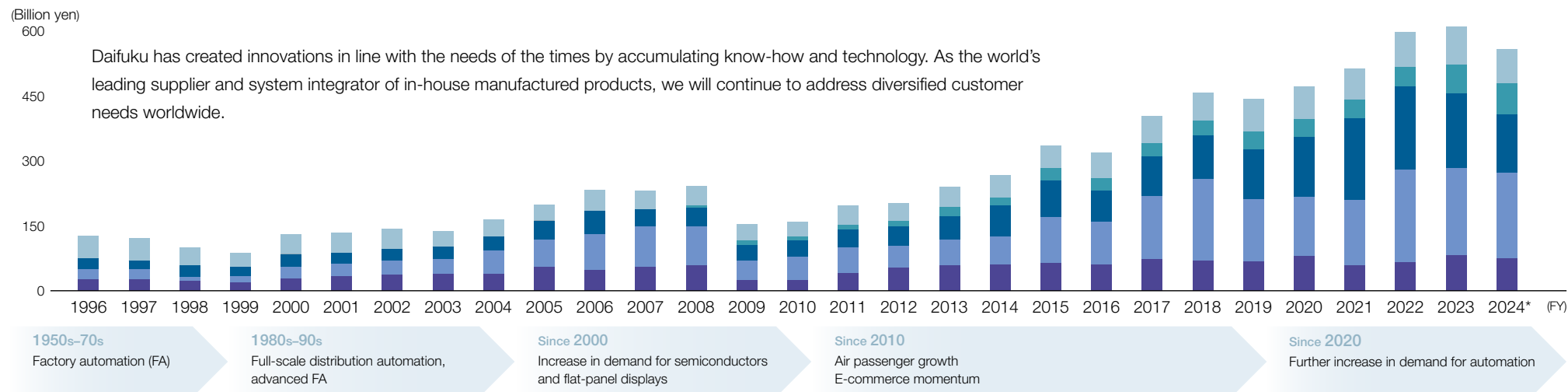


\* Following the changes to the fiscal year-end, fiscal 2024 reflects results for 9 months in Japan and 12 months outside Japan.

## Our Business

### Sales by industry

■ Automobile, auto parts ■ Electronics ■ Commerce, retail, transportation, warehousing ■ Airport ■ Manufacturing and other



\* Following the changes to the fiscal year-end, fiscal 2024 reflects results for 9 months in Japan and 12 months outside Japan.

### Market environment and growth expectation for 2027

To achieve the targets in 2027, we set the direction of our businesses by considering the various changes in markets as opportunities for business growth.

Industry	Value Transformation 2023 sales CAGR*1	Market environment outlook	Growth expectation*2
Automobile, auto parts	0.6%	<ul style="list-style-type: none"> <li>Gradual increase in automobile production volume over the medium to long term</li> <li>Continuous capital investment in line with the global xEV shift</li> </ul>	☆☆
Electronics	14.1%	<ul style="list-style-type: none"> <li>Robust demand in the long term, even under the highly volatile semiconductor market</li> <li>Increased demand for the construction of semiconductor factories in various countries</li> </ul>	☆☆☆
Commerce, retail, transportation, warehousing	7.4%	<ul style="list-style-type: none"> <li>Further streamlining of logistics in line with the growth of the B2C market</li> <li>Accelerated investment in automation due to labor shortages, rising labor expenses, and the 2024 logistics problem in Japan</li> <li>Changes in the supply chain caused by environmental impact consideration</li> </ul>	☆☆☆
Airport	16.8%	<ul style="list-style-type: none"> <li>Expansion in both the number and size of airports due to a continually increasing number of air passengers</li> <li>Continuous automation and labor-saving needs due to labor shortages, as well as security upgrades</li> </ul>	☆☆
Manufacturing and other	4.9%	<ul style="list-style-type: none"> <li>Repatriation of manufacturing</li> <li>Accelerated investment in automation due to labor shortages and rising labor expenses</li> </ul>	☆☆☆

\*1 Average annual growth rate of sales over the period of the previous three-year business plan, based on sales in fiscal 2020

\*2 Estimated sales CAGR through fiscal 2027 based on sales in fiscal 2023

3% or below ☆  
Over 3%, 7% or below ☆☆  
Over 7% ☆☆☆

# Global Reach

(As of December 31, 2024)

The Daifuku Group has sites in 24 countries and regions. While strengthening our optimal production and procurement framework to drive next-generation growth, we will continue to strive as a unified Group to expand sales and increase profitability.



## Group companies/branches

**67** companies  
(including the parent company)

**5** branches

**27** production sites (ISO-certified)



## Installation record

**54** countries

## Ratio of sales outside Japan

**67** % (FY2023)

Intralogistics

Cleanroom

Automotive

Airport

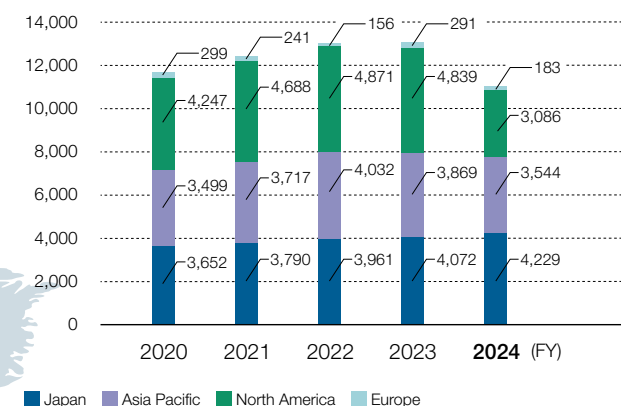
Auto Wash

Electronics



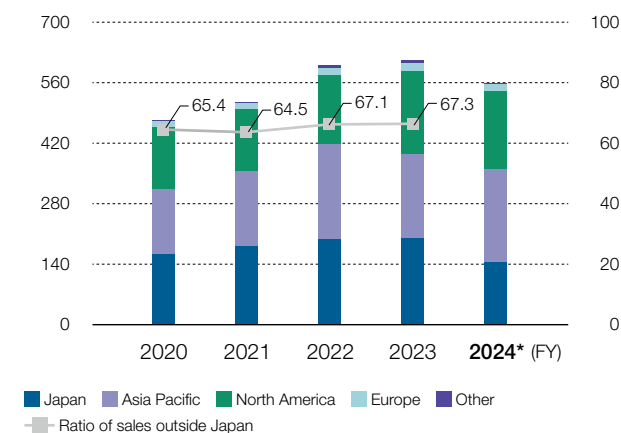
## Employees by region

(People)



## Sales by destination

(Billion yen)



\* Fiscal 2024 reflects results for 9 months in Japan and 12 months outside Japan. Accordingly, ratio of sales outside Japan is not shown.

# At a Glance

Page 88

Data Section

## Financial



### Earning power (FY2024)

Orders received

594.7 billion yen

Operating income

71.5 billion yen

Net income attributable to  
shareholders of the parent  
company

57.0 billion yen

ROE

15.1%

Net sales

563.2 billion yen

Operating margin

12.7%

Net income margin  
attributable to shareholders  
of the parent company

10.1%

ROIC

11.4%



### Shareholder value (FY2024)

Market capitalization

1,253.4 billion yen  
(as of December 31, 2024)

PER

21.4 times  
(as of December 31, 2024)

PBR

3.0 times  
(as of December 31, 2024)Cash dividends  
per share

55 yen

Dividend payout ratio

35.7%

Total return ratio

53.1%

## Non-financial



### Environmental initiatives (FY2024)

Daifuku CO<sub>2</sub> emissions  
(Scopes 1 + 2)56.4% reduction  
(compared to FY2018)Percentage of electricity  
derived from renewable  
energy sources

66.6%

Recycling rate of waste  
(including valuable wastes)

93.0%



### Financial foundation (FY2024)

Equity ratio

57.8%

Credit rating (R&amp;I)

A+ (Stable)\*

\* Upgraded in January 2025

D/E Ratio

0.16 times



### Daifuku's competitive edge

#### After-sales services

Service sales

149.7 billion yen  
(FY2024)

Ratio to net sales

26.6%  
(FY2024)

#### Global reach

Global expansion

From 1983

Ratio of sales  
outside Japan67%  
(FY2023)Ratio of employees  
outside Japan61.7%  
(FY2024)

Note: Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for 9 months in Japan and 12 months outside Japan.

The ratio of sales outside Japan is based on fiscal 2023 results, as it is difficult to calculate the fiscal 2024 results due to differences in the target periods for Japan and outside Japan.



### ESG ratings

- CDP rating
  - Climate change A
  - Water security A-
- FTSE Russell 4.0
- MSCI AA



### ESG index inclusion status

- MSCI Japan  
ESG Select Leaders Index

2025 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX

- FTSE4Good  
Index Series



FTSE4Good

- FTSE Blossom  
Japan Index

FTSE Blossom  
Japan Index

- FTSE Blossom  
Japan Sector Relative Index

FTSE Blossom  
Japan Sector  
Relative Index

- Sompo Sustainability Index

2025



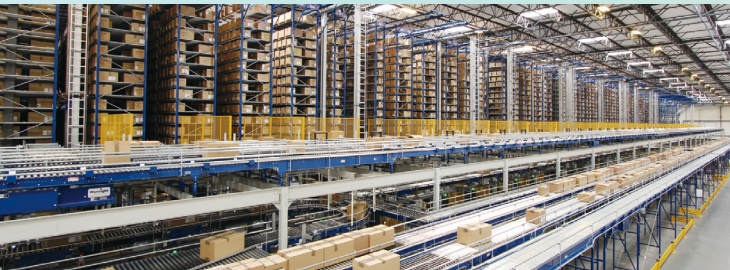
Sompo Sustainability Index

- Notes: 1. The inclusion of Daifuku Co., Ltd. in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index name herein, do not constitute a sponsorship, endorsement, or promotion of Daifuku Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.
2. FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Daifuku Co., Ltd. has been independently assessed according to the index criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index.





## Strategies by Business Intralogistics



### Outline of business

We provide logistics solutions that meet customer needs across a wide range of distribution and manufacturing sectors, including food and beverage, pharmaceuticals, machinery and metal processing, electrical products, and daily consumer goods. Building on our abundant experience and know-how, we are actively developing new technologies to push automation and labor-saving to the highest level.

### Industry



Commerce,  
retail,  
transportation,  
warehousing



Manufacturing  
and other

### Production (countries and regions)

Japan, U.S.A., China, India, Thailand



#### Website:

[www.daifuku.com/solution/intralogistics](http://www.daifuku.com/solution/intralogistics)

#### Find movies:

[www.youtube.com/playlist?list=PLyboEi4fi0FQ4KtfQX6QBm9vhomUEMsYs](https://www.youtube.com/playlist?list=PLyboEi4fi0FQ4KtfQX6QBm9vhomUEMsYs)

Amid logistics challenges, such as the 2024 logistics problem in Japan and labor costs and workforce shortages globally, logistics-related investment is showing signs of recovery. In fiscal 2024, in order to strengthen our global production system, we started the construction of a new manufacturing plant in India and initiated plant expansions in Shiga and North America.

To achieve the four-year business plan for 2027 (hereinafter, “the 2027 Plan”) and our long-term vision, we will continue building an optimized global production and procurement framework and offering new solutions that incorporate advanced technologies.



Norihito Toriya

Managing Officer  
Intralogistics Global Business Head

### Market environment

#### Opportunities

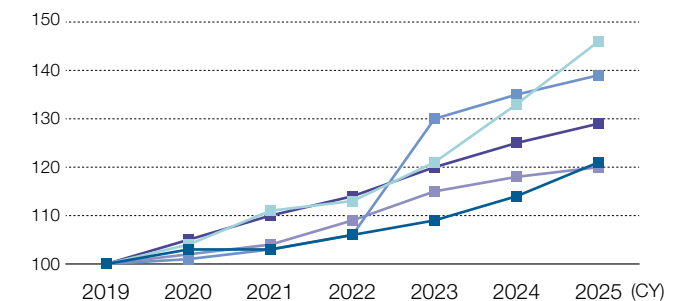
- Increased need for mechanization and automation due to rising wages and labor shortages
- Growing demand for systems that offer greater efficiency and flexibility through the effective use of DX and AI
- Rising demand for systems that tackle environmental issues
- Initiatives within Japan that respond to the 2024 logistics problem
- Expansion of material handling markets in India and ASEAN countries
- Reshoring of manufacturing to the United States driven by U.S. trade policy

#### Risks

- Rising raw material and labor costs
- Collaboration between Japanese competitors and global manufacturers, along with the independent entry of global firms into the Japanese market
  - Increase in competing companies and product offerings
- Intensification of global competition, and growing momentum for collaboration among established and emerging companies in the industry
- Decline in consumer spending and capital investment following an economic slowdown linked to U.S. trade policy

#### Changes in minimum wage

(Index number)



Legend: Japan\*1 U.K. Germany South Korea India\*2

Source: Labor ministries and statistical bureaus of each country

The graph was created by Daifuku.

Note: The ratio for each year is calculated based on the 2019 value.

Values of each year are calculated based on the minimum wage amount as of January 1.

\*1 Weighted average of the minimum wage by region

\*2 Minimum wage for unskilled labors in the National Capital Territory of Delhi

#### Advantages

- End-to-end solutions backed by a diverse product lineup
- Comprehensive support from initial consulting, and design to manufacturing, installation, and ongoing maintenance
- Strong in-house development and manufacturing capabilities allow Daifuku to deliver an array of solutions



## Strategies by Business **Intralogistics**

### Business strategy in the four-year business plan for 2027

#### ▶ Expanding business areas

- Provide complete automation solutions
- Identify new areas of FA
- Develop next-generation solutions using material handling technologies

#### ▶ Improving profitability of the business globally

- Increase production capacity through factory expansion (North America, India)
- Expand variety of systems produced through capital investment (North America, Thailand, India)
- Improve profitability through project progress visualization

#### ▶ Innovating productivity using cutting-edge technologies

- Streamline business operations using AI
- Automate production processes by creating drawings from 3D layouts
- Increase product quality through virtual testing

#### ▶ Pursuing quality from the customers' point of view

- Provide systems that do not stop and/or can be easily restored
- Use cutting-edge technologies for equipment monitoring
- Realize stable operations by enhancing after-sales services including predictive and preventive measures

### ▶▶▶ Initiatives in FY2024

- Expanding market reach with new solutions, including automated picking and conveyorless transport systems
- Construction of a new plant in India
- Initiated expansion of plants in Japan (Shiga Works) and North America
- Cultivation of partner companies in the ASEAN region
- Expansion of virtual validation to a wider range of Daifuku systems

### ▶▶▶ Initiatives in the future

- Construction of an optimal production and procurement framework in North America, India, and the ASEAN region
- New product development and enhancement of existing solutions to meet evolving market demands
- Increasing competitiveness through in-house production initiatives aimed at improving efficiency and reducing costs
- Fostering stronger global collaboration within the Daifuku Group through remote learning support led from Japan
- Broadening our service offerings and expanding our network of service hubs
- Operational innovation using AI and digital technologies

## Topics

### Examples of initiatives in FY2024

#### Expansion of existing plants and construction of new facilities around the world to boost production capacity

Capital investment initiatives are underway to support the expansion of sales outside Japan. In fiscal 2024, we began construction of a new plant in Hyderabad, India, which became fully operational in April 2025. Also in fiscal 2024, we commenced expansion work at our Shiga Works and a plant in North America.

The launch of operations at the new plant in India has increased the production space of the local subsidiary to nearly four times its original capacity. With a view to future sales growth, the extension will further double the production space. We will expand our product lineup while establishing an efficient production system to bolster cost competitiveness.

To achieve the targets of the 2027 Plan, it is essential to expand global sales and improve profitability. Alongside enhancing production capacity, we aim to expand our business in the Indian market by shortening lead times and reinforcing localized product development and service operations.



An external view of the new plant

#### Expanding sales of products that meet emerging market needs

We are continuously innovating to meet the dynamic needs of the market. In Japan, initiatives to tackle the 2024 logistics problem are gathering pace, and needs for labor-saving solutions are growing. Fiscal 2024 saw rising sales of new products, including the SOTR series —a range of conveyorless sorting transfer robots.

The SOTR-S is a transfer robot that sorts and transports piece items. Capable of accurately, quickly, and gently sorting items of various shapes, it enhances order fulfillment efficiency and supports labor-saving efforts.

We will continue to conduct research into AI and other advanced technologies integrating them into our products to meet evolving market needs and to achieve the full automation of logistics facilities.



SOTR-S



## Strategies by Business Cleanroom



### Outline of business

We provide cleanroom automated material handling systems that automate semiconductor production to users across the globe. We boast incredible technical prowess in the industry, and our unique technologies such as non-contact power supply and nitrogen purging have allowed manufacturers to miniaturize their semiconductors, enhancing the production of the world's most advanced digital products.

### Industry



Electronics

### Production (countries and regions)

Japan, China, South Korea, Taiwan



Website:

[www.daifuku.com/solution/cleanroom](http://www.daifuku.com/solution/cleanroom)

Cleanroom Automation

[www.daifuku.com/pro/cr](http://www.daifuku.com/pro/cr)

For fiscal 2024, we received healthy orders and attained steady sales. In China, investment in legacy semiconductors continued at a high level. At the same time, demand for semiconductors for generative AI increased sharply. Accordingly, investment in advanced semiconductors rallied earlier than expected. In addition, we have taken steps to reduce costs by cutting the number of parts through design revisions made over several years. These initiatives resulted in higher profitability.

Going forward, we will develop systems equipped with advanced technologies to attain the targets under the four-year business plan for 2027 and in pursuit of entry into new fields and into India and other markets.



Tomoaki Terao

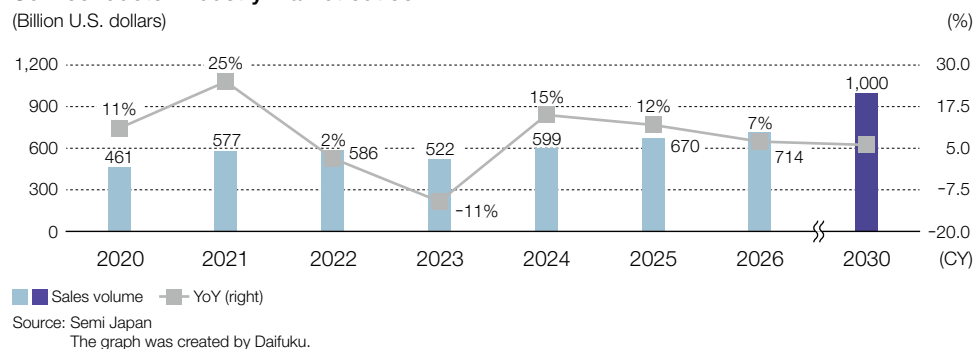
Executive Vice President and COO  
Cleanroom Global Business Head

### Market environment

#### Opportunities

- Medium- and long-term rise in semiconductor demand amid progress of generative AI, autonomous driving, and other digitalization
- Trend toward the domestic production of semiconductors based on the economic security policies of the United States, South Korea, Japan, India, China, and other countries in Europe
- Government support through subsidies for achieving a stable supply of semiconductors
- Growing demand for automation in the back-end process of laminated semiconductor manufacturing

#### Semiconductor industry market outlook



#### Risks

- Major policy changes by different national governments following U.S. trade policy and other factors
- High polarity in equipment demand in the semiconductor demand cycle
- Rise of emerging competitors in China and South Korea

#### Advantages

- High-efficiency operational control of vehicles with the use of AI
- High reliability with 24/7 operation
- Technological capabilities to construct a large-scale transport system linking several "GigaFab" facilities
- A global structure with production facilities in major countries and regions



## Strategies by Business **Cleanroom**

### Business strategy in the four-year business plan for 2027

#### ▶ Creating value for customers

- Optimize maintenance through dynamic and static analyses
- Reduce power consumption by energy-saving and operational control

#### ▶ Improving profitability

- Improve profitability through production sophistication and visualization of productivity
- Make effective use of our four global production sites (Japan, China, South Korea, Taiwan)
- Strengthen production capacity by building a new facility within Shiga Works

#### ▶ Deepening existing business; expanding into new areas and developing next-generation solutions

- Enter an emerging market
- Contribute to resolving social issues using non-contact power supply technology
- Provide transport systems optimized for the increasingly complex back-end process of semiconductor packaging technology
- Develop highly efficient and high-capability software that incorporates AI and other cutting-edge technologies to maximize the capabilities of overhead transport vehicles

### ▶▶▶ Initiatives in FY2024

- Cost cutting to boost profitability
- Capital investment at the production site in China to increase production capacity
- Display of products at exhibitions in India, Germany, and elsewhere with a view to winning orders in new regions

### ▶▶▶ Initiatives in the future

- Initiatives for new development without limitation to existing businesses and fields
- Development and sales expansion of products for the growing market of back-end semiconductor packaging
- Operation of proactive proposal-type services aimed at an expansion of service businesses
- Business management with greater emphasis on cash flows and the CCC
- Construction of a system for a series of processes from product development to manufacturing on a site-by-site basis for Japan-level quality and costs

## Topics

### Examples of initiatives in FY2024

#### Display at SEMICON India 2024, the first SEMICON event held in India

Daifuku participated as an exhibitor in SEMICON India 2024, which took place in the suburbs of Delhi in September 2024. In India, semiconductor demand is expanding significantly as the government carries out nationwide policies for accelerating digitalization. Global semiconductor companies and the country's local manufacturers steadily announce their investment plans to establish new factories. India is expected to become one of the largest semiconductor markets in the world. We will be joining exhibitions in a number of countries in Europe and other regions during fiscal 2025. We will strive to make the Daifuku brand more broadly known with a view to gaining orders in new regions.



Daifuku's booth

#### Participation in the SATAS

Daifuku joined the Semiconductor Assembly Test Automation and Standardization Research Association (SATAS) as a founding member. SATAS was established by 15 companies and organizations, including leading semiconductor manufacturers, manufacturers of semiconductor manufacturing equipment and automated transport systems, and standardization organizations in the semiconductor industry.

With increasing demand for generative AI and the like, technologies for continuously miniaturizing semiconductor chips are expected to evolve, as are advanced packaging technologies. In this environment, SATAS aims to achieve automation and standardization of the back-end process of semiconductor manufacturing by 2028. Daifuku will press ahead with continued automation and technological innovation in the domains of storage and transport, aiming to create a supply chain with higher efficiency, sustainability and flexibility.





## Strategies by Business Automotive



### Outline of business

We have provided automated systems for the entire manufacturing process in automobile factories—from pressing, welding, painting, assembly, parts storage and supply, through to engine testing for more than half a century. Motorization is expanding on a global scale, including a worldwide increase in eco-friendly cars and locally oriented models. We support this expansion with our cutting-edge logistics technologies and solutions.

### Industry



Automobile, auto parts

### Production (countries and regions)

Japan, U.S.A., Canada, China, India, South Korea, Thailand



Website:

[www.daifuku.com/solution/automotive](http://www.daifuku.com/solution/automotive)

For fiscal 2024, orders received and net sales were buoyant, following an increase in investments in lines for the mixed production of gasoline-powered vehicles and xEVs amid an expansion of demand for HEVs and PHEVs. We have taken steps to reduce costs, including the standardization of products and adjustment of operation levels, since the period of the previous plan. These initiatives have led to a rise in profitability.

Going forward, we will actively expand our operations in India as a growth market and will strive to launch our operations in in-house logistics and other new domains to attain the targets under the four-year business plan for 2027.



Akihiko Nishimura

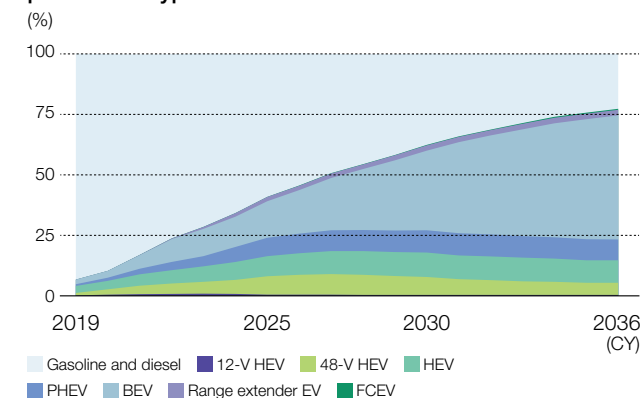
Managing Officer  
Deputy Automotive and Airport Global Business Head

### Market environment

#### Opportunities

- Rising demand for xEVs
  - Prospect of a medium- and long-term shift to BEVs
  - While the growth of the BEV market is slowing slightly at the moment, sales of HEVs and PHEVs are rising.
- Economic growth and population increase in India, and elsewhere
- Eased constraints on the supply of automotive semiconductors
- Change in automobile production areas in association with U.S. trade policy

#### Projection on ratios to global passenger vehicle sales by power train type



Source: Cited from projection data as of December 2024 (to be updated every half year) created by MarkLines on the basis of GlobalData's sales volume forecast data

BEV: Battery-powered electric vehicle PHEV: Plug-in hybrid electric vehicle  
HEV: Hybrid electric vehicle FCEV: Fuel cell electric vehicle

#### Risks

- Contraction of overall systems in the case of production confined to BEVs
- Lowering of entry barriers for emerging equipment manufacturers following the simplification of systems
- Geopolitical changes in market conditions

#### Advantages

- Business structure with business offices and production sites in separate countries for closely serving customers
- High reliability on the basis of an extensive delivery track record
- A product lineup that covers not only automobile production line applications but also the domain of in-house logistics that requires automation



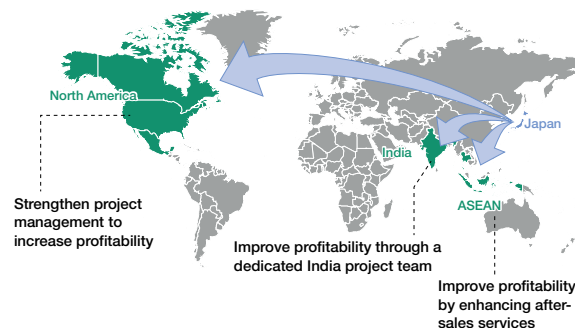
## Strategies by Business **Automotive**

### Business strategy in the four-year business plan for 2027

#### ▶ Expanding orders globally

- North America: Increase orders for xEV factories
- ASEAN: Expand service business
- China, South Korea: Stabilize order amount and profitability
- India: Increase orders for new factories

#### ▶ Proactively allocating business resources to growth areas



#### ▶ Evolving existing businesses and expanding into new areas

- Develop conveyor systems and automation equipment tailored to next-generation automobile manufacturing
- Increase orders of in-house logistics and parts supply line systems
- Implement a modal shift in transportation and identify new business areas including environmental projects

### ▶▶▶ Initiatives in FY2024

- Improvement in profitability following cost cutting and other initiatives
- Launch of an India project team and implementation of a structure of local production for local consumption
- Development of the TRVS high load capacity automated guided vehicle (AGV)
- Expansion of labor-saving measures using 3D simulation to sites outside of Japan

### ▶▶▶ Initiatives in the future

- Widening of the product lineup with a view to entry into new fields
- Acceleration of sales expansion, local production for local consumption, and optimal procurement in the Indian market
- Sharing of know-how and the dispatch of support personnel to boost sales from services outside of Japan
- Toughening of project management (cost management)

## Topics

### Examples of initiatives in FY2024

#### Strengthening the production structure in India

In India, the number of automobiles sold in the country is rising amid an increase in personal incomes. Strong investment is being made to increase vehicle production. We see the Indian market as a growth driver for boosting net sales. We have launched a project team dedicated to projects in the country and it is working to improve the production structure.

For fiscal 2024, we worked to expand local production (by shifting from China and Thailand) and to cultivate local partners to respond to customers' requests for full turnkey\* operations and shorter delivery periods. We thus advanced our structure for local production for local consumption. We are also toughening project management. For example, we determine optimal locations for production and procurement on a project-by-project basis to win more orders and to secure profitability. We will continue considering strategies for business expansion in the Indian market, with an eye to future expansion of the service business.

\* Full turnkey: one-stop contract services ranging from plant design to construction and trial operation

#### Development of the TRVS AGV for automotive production lines

In today's mobility market, sales of BEVs are struggling while demand for HEVs and PHEVs is climbing. As a long-term trend, it is possible that a shift to BEVs may occur. It will be necessary to construct lines for mixed production, namely, single production lines for multiple models, and flexible production lines that enable production volumes and models to be adjusted. We have developed the TRVS in order to meet this demand. It is an AGV that tows a cart loaded with a vehicle body. Its load capacity surpasses six tons, which is nearly double that of our conventional models. Its form is so compact that it can easily be introduced to existing plants. Moving freely between processes, it helps create a production line that runs autonomously.

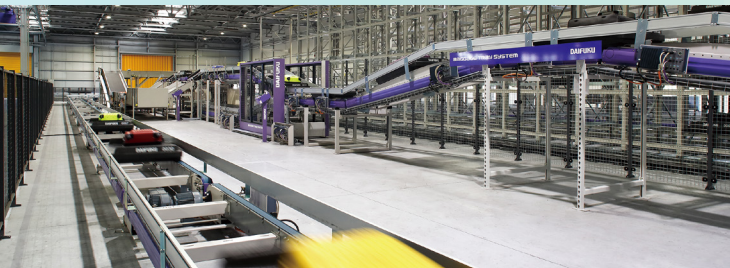


TRVS

We will continue to work on product development with a view to meeting changes in market needs and to stepping into new areas, and will thus expand our business scope.



## Strategies by Business Airport



### Outline of business

We provide end-to-end solutions, including self-service baggage check-in systems, baggage handling systems, airport terminal operating systems, and baggage screening systems across the globe. Our leading-edge solutions continue to revolutionize airport operations worldwide, enhancing the productivity, intelligence, accuracy, and passenger service levels of our partners.

### Industry



Airport

### Production (countries and regions)

U.S.A., U.K., Malaysia



Website:

[www.daifuku.com/solution/airport](http://www.daifuku.com/solution/airport)

For fiscal 2024, we achieved brisk orders received and net sales. A turnaround in air passengers led to strong investment in automation in North America and elsewhere. Going forward, we will continue our efforts to expand our business mainly in North America in a bid to fulfill the targets under the four-year business plan for 2027. We will also make good use of digital technologies for developing and offering equipment that will advance automation in airports.



**Takaya Uemoto**

Senior Managing Officer  
Automotive and Airport Global Business Head

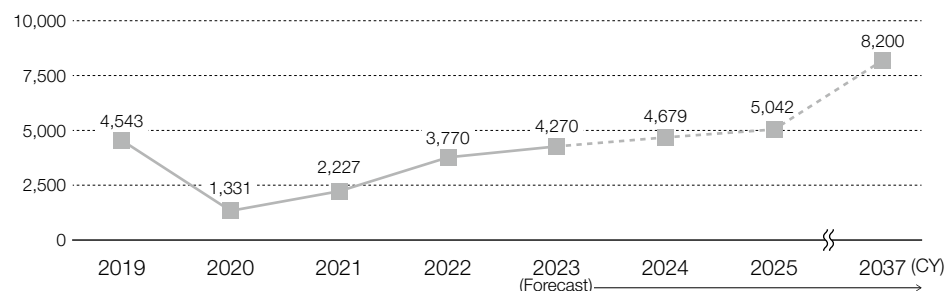
## Market environment

### Opportunities

- Increase and extension of airports after continuous growth in air passengers
- Demand for facility replacement and streamlining at airports for which the timing of replacement is approaching, mainly in North America and Asia
- Mounting needs for automation and labor savings amid the labor shortage
- Growing demand for tighter security

### Long-term forecast of the number of global air travelers

(Million people)



Source: International Air Transport Association (as of 2022)

### Risks

- Delays in installations in large projects and rises in raw material and labor expenses
- Restrictions on movement due to rapid changes in international circumstances

### Advantages

- Provision of comprehensive solutions that cover all aspects of the airport
- Extensive product lineup
- Independent development of digital products including airport operating management systems (AOS)
- Sales and production bases in the North American market



## Strategies by Business **Airport**

### Business strategy in the four-year business plan for 2027

#### ▶ Improving global profitability

- Enhance production sites in North America (two locations), United Kingdom, and Malaysia
- Expand production lineups at each factory and further promote cutting of costs
- Standardize product designs and centralize global procurement

#### ▶ Strengthening development and sales of digital systems

- Further develop and expand sales of airport AOS
- Expand sales of high-level 3D-visualization control software (Sym3)
- Expand sales of security lanes in North America, Europe, and Asia by extending product model lineup
- Expand sales of self-service bag drops through enhancing biometric authentication functions and increasing number of models

#### ▶ Providing added value to customers

- Expand capabilities and take measures against aging in airports
- Offer systems that do not stop and can be rapidly restored
- Provide maintenance services to ensure stable operation of systems
- Develop and supply labor-saving systems to address labor shortages

### ▶▶▶ Initiatives in FY2024

- Standardization of design and specifications for shortening installation periods
- Building of closer ties with subsidiaries outside of Japan that joined the Group through M&A, for instance by dispatching personnel
- Construction of a structure for establishing optimal production

### ▶▶▶ Initiatives in the future

- Spread of software and hardware technologies owned by companies within the Group
- Advancement in project and business management with the use of IoT technologies
- Strengthening of structure for expanding sales in Europe, Asia, and the Middle East, where new demand is anticipated
- Development of new products to answer new market needs and quality improvements in existing products

## Topics **Examples of initiatives in FY2024**

### Participation in Passenger Terminal Expo 2024, one of the world's largest exhibitions related to airports

In April 2024, Passenger Terminal Expo 2024 took place in Frankfurt, Germany, attracting approximately 1,600 participants from at least 120 countries.

Daifuku and five other group companies jointly displayed check-in systems including the Bag-UX system equipped with AI cameras to prevent trouble in the conveyance of checked baggage, the Drop-UX T self-service bag drop system, as well as flight information displays, the Sym3 3D software suite and other products. They also delivered video presentations of individual products on the touchscreen panel. Our booth enjoyed a large number of visitors from airport operators, airline operators, and industry specialists from different countries. The display that allowed them to directly touch real systems was well received. In an environment where global air passengers will continue to increase, we will provide solutions for smoother and more convenient travel.



Daifuku's booth



For details on each product, see our website:  
[www.daifuku.com/daifuku-square/article/001721](http://www.daifuku.com/daifuku-square/article/001721)

### Acceleration of product development with a view to smarter airports

Given a turnaround in passenger numbers after the COVID-19 pandemic and an increasingly serious staff shortage, airport congestion is now an issue in Japan and abroad. Realizing smart airports is a key challenge. We are widening our product lineup with a view to automation in different areas of airports. For example, the MIT AGV-based inspection table and other equipment ease the work burden on staff. Going forward, we will speed up product development in areas where automation is delayed, such as the loading of baggage onto baggage containers. We will also work to develop products and systems that incorporate facial and other biometric authentication technologies to achieve more efficient and more secure airport operations.

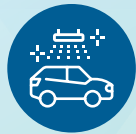


MIT AGV-based inspection table



For details on the MIT, see our website:  
[www.daifuku.com/daifuku-square/article/000941](http://www.daifuku.com/daifuku-square/article/000941)





## Strategies by Business

### Auto Wash



#### Outline of business

Our car wash machines make the most of the techniques and quality that we have accumulated over the years as a manufacturer of material handling systems. From tunnel-type car washes for passenger vehicles to drive-through car washes, gatetype car washes, and large-vehicle washes for trucks, buses, and semi-trailers, we offer a wide variety of car wash machines and related products.

#### Industry



Manufacturing and other

#### Production (countries and regions)

Japan, South Korea



Website:

[www.daifuku.com/solution/carwash](http://www.daifuku.com/solution/carwash)

Find movies (in Japanese only):

[www.youtube.com/](https://www.youtube.com/)

[playlist?list=PLrBf-TYde\\_cl8aMoHh6WwYluChF0JxMBJ](https://www.youtube.com/playlist?list=PLrBf-TYde_cl8aMoHh6WwYluChF0JxMBJ)

For fiscal 2024, demand for energy-efficient car wash machines increased amid mounting interest in environmental conservation. In addition, investments were increasingly made in the automation of car washing operations in response to the labor shortage in the car dealers industry. That provided a boost to our net sales. Going forward, we will seek to create human-friendly products based on IoT and AI technologies, in addition to washing, drying, and other fundamental functions of car wash machines, and to achieve a further reduction in the environmental impact. In so doing, we will aim to create unique car wash machines unavailable from any competitor and to continuously enlarge our business.



Takafumi Tanaka

Corporate Officer  
Auto Wash Global Business Head  
President of Daifuku Plusmore Co., Ltd.

#### Market environment

##### Opportunities

- Increase in self service-type service stations
- Increase in demand for car wash machines for reducing the workloads of truck drivers and car dealers
- Increase in car sharing and car rental outlets
- Entries of major capital holders into the car wash operation market

##### Risks

- Decrease in full service-type service stations
- Integration, scrapping, and reorganization in the service station industry

##### Advantages

- An extensive lineup of car wash machines to keep up with market changes
- Development of products with eco-friendly features, such as water conservation and low noise
- Manufacturing technologies cultivated with logistics systems

#### Business strategy in the four-year business plan for 2027

##### ▶ Evolving existing business and expanding into new areas

- Develop AI car wash machines that anyone can use safely and securely
- Expand into new areas using washing technologies

##### ▶ Improving profitability

- Strengthen sales capability by providing package deals with optional products and offering system upgrade proposals
- Standardize components
- Expand service business using a condition monitoring system

#### Initiatives in FY2024

- Sales promotion of energy-efficient car wash machines
- Release of washing system for waste collection vehicles
- Proposals for optional equipment to increase additional value
- Increase in activities for proposing repair, inspection, and other maintenance services

#### Initiatives in the future

- Sales expansion of remote support using IoT technologies (Smart Support)
- Introduction of a new model of washing system for waste collection vehicles and sales promotion performed by a dedicated organization operating independently of the car wash machines sales team
- Launch of an education center for encouraging young and mid-career employees to learn sales skills, which used to be tacit knowledge, for the purpose of building up sales capabilities



## Strategies by Business Electronics



### Outline of business

Mainly with our subsidiary Contec Co., Ltd., we manufacture and sell industrial computers, and IoT devices such as measuring/control and network-related products and provide solutions. Leveraging our core technologies cultivated in electronic devices for FA, which requires high reliability, we are expanding into various growth fields, such as environment and energy, medical care, and railway.

### Industry



Manufacturing and other

### Production (countries and regions)

Japan, U.S.A., Taiwan



Website:  
[www.contec.com](http://www.contec.com)

Find movies:  
[www.youtube.com/user/contecdtx](https://www.youtube.com/user/contecdtx)

In fiscal 2024, orders received dropped both within and outside of Japan. However, revenue grew in the U.S. market and that led to a rise in net sales. In the U.S. market, our mainstay industrial computer products thrived in the domain related to medical equipment. There are significant latent needs for electronic devices, including IoT devices, which are another group of mainstay products. However, the product lineup is still inadequate. We will work to respond swiftly to customer needs in order to gain market share outside of Japan.



Kazuyoshi Nishiyama

Corporate Officer  
Electronics Global Business Head  
President and CEO of Contec Co., Ltd.

### Market environment

#### Opportunities

- Change in auto parts manufacturing and increase in demand for testing after the shift to electric mobility
- Increase in capital investment in chips for generative AI and next-generation communication ICs
- Acceleration of digital investment for overcoming the labor shortage issue
- Expansion of the medical testing market and medical equipment-related markets

#### Risks

- Uncertainty of the U.S. economy due to trade policies
- Stagnation of the Chinese economy
- Prolongation of inventory and production adjustment in the manufacturing industry, and recurrence of the global semiconductor shortage

#### Advantages

- Overall technological strength in the domains of computers, AI, measurement control, telecommunications, and system integration
- A global structure that extends to Japan, the United States, China, Taiwan, Singapore, and elsewhere for sales, development, production, procurement, and services

### Business strategy in the four-year business plan for 2027

#### ▶ Expanding sales in the global market

- Enhance development and sales of products to expand business areas
- Identify new businesses including AI technology and service businesses
- Enter the growing market of India

#### ▶ Improving profitability

- Optimize functions of production and development sites in Japan and Taiwan
- Strengthen management through the visualization of cost structure; and promote in-house production
- Enhance value-added products and pricing strategy

#### Initiatives in FY2024

- Increase in the independence of development and production functions in Taiwan and concentration on the development of high-value-added products in Japan to improve development efficiency
- Focus on sales activities for industrial computers capable of performing high-speed processing and withstanding tough conditions, not only targeting the material handling industry but also many other sectors to achieve sales expansion

#### Initiatives in the future

- Product development and strengthening of sales efforts for new fields such as high performance computing (HPC), programmable logic controllers (PLC), and measuring devices
- Proposals of solutions with the use of AI image recognition technologies and remote monitoring technologies to boost the added value of products
- Strengthening of service business centering on the maintenance of FA computers to boost revenue

# CHRO Message

## Speeding up the expansion and strengthening of human capital to support our growth strategy and new initiatives

Hideaki Takubo

Director and Senior Managing Officer  
Chief Human Resources Officer  
Corporate Functions Head



People are a source of value creation to the Group. We are working to build an environment that harnesses the potential of every employee and that supports their growth and their initiative. In parallel with that, we are accelerating strategic investment in human capital to pass on the knowledge and expertise we have cultivated and for developing sustainable organizational capabilities in an area of change.

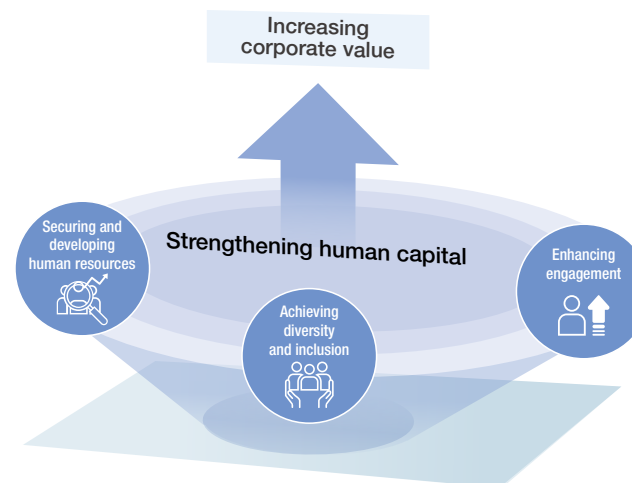
### Initiatives for realizing vision for 2030

With a view to increasing corporate value, our long-term vision Driving Innovative Impact 2030 (hereinafter, “the 2030 Long-Term Vision”) defines securing and developing human resources, achieving diversity and inclusion, and enhancing engagement as priority topics. To execute the growth strategy envisioned in the 2030 Long-Term Vision, it is important that we increase and strengthen human capital with a view to entering new domains and creating next-generation businesses in addition to developing our existing businesses. We have conducted a major shift to personnel management from a Companywide viewpoint for strategically acquiring and developing personnel with the necessary skills and expertise at the optimal time.

Specific actions include the activities of the Group’s Human Resources Committee, which is engaged in the management and development of executive personnel in a trans-organizational manner,

internal open calls, as well as an internal personnel loan scheme for the purpose of the optimal assignment and optimal deployment of personnel beyond the boundaries of business units. Through these initiatives to enhance the mobility of our people, we will build up our capacity to create innovation.

We are aware of the importance of developing a human resources portfolio, which is a result of analyzing and visualizing the Group’s



human capital, in the context of formulating human resource strategies. We will make clear the status of people in individual areas of business and use this information for recruitment, training, and career development to ensure they are linked to our business strategies. In April 2025, we harmonized human resources policies among the companies in the Group and drew up the Daifuku Group Employee Management Policy. Our aim was to enhance employee engagement and maximize human capital. In addition, to maintain and develop a corporate atmosphere with a sincere commitment to meeting customers’ needs and the ongoing pursuit of advanced technologies in an open and active corporate culture, we have stipulated the personal traits we seek and share them extensively. We will aim to provide a workplace atmosphere in which employees feel job satisfaction and sense of ease of work, to achieve career development for both personal and company growth. As one initiative in this area, we are working to launch a Daifuku Academy to offer learning opportunities. We will help every employee with career building and bolster the cycle of knowledge accumulation and learning throughout the Group as a way to support its growth.

We will continue to accelerate our investment in human capital and in innovation to cultivate the entire Group’s capacity to take on new initiatives. In doing so, we will look to make steady progress toward achieving the 2030 Long-Term Vision.

# Human Resource Strategies

## Securing and developing human resources

### Visualizing leaders for the future and strengthening the personnel development system

The Daifuku Group defines important posts that have a considerable impact on management as key positions. It is working to cultivate successors for these positions from a medium- and long-term perspective. To systematically secure and develop potential leaders of the future who will maintain our business growth and innovation, we assess the state of prospective successor sufficiency from two time perspectives. One is the period within the next two years, and the other is the period three years from now and beyond.

We have set up the Group's Human Resources Committee with the aim of speeding up this initiative. The committee performs regular monitoring of the development of prospective successors and designs strategic personnel assignments and development plans. As of fiscal 2024, the prospective successor sufficiency rate for key positions rose 5 percentage points year on year, to 73%.

Promoted to a higher position, personnel are required not only to complete their day-to-day duties but also to make decisions from a management standpoint and to have a cross-divisional perspective. Since 2025, we have been working on systematic training for executives and members of management. For instance, we have introduced theories on strategies, financial affairs, and organization based on master of business administration (MBA) programs into training for newly appointed department general managers.

### Improving the working environment and programs for securing personnel to drive innovation

Securing specialist personnel responsible for medium- and long-term growth and new value creation is one of the key management issues for the Group. We are making comprehensive revisions to the system, including personnel treatment and work styles with the goal of being an appealing organization that will be selected by

and retain personnel with high levels of work experience, qualifications, and skills.

For the purpose of increasing our competitiveness in recruitment and our employee retention rate, we are planning to launch a Kyoto Lab (tentatively named) as well as a Tokyo Lab (tentatively named) as a development base within fiscal 2025. With these initiatives, we aim to balance the needs of our employees with business growth, and provide robust support for recruiting and deploying people with the capacity to create innovation.

## Diversity and Inclusion

### Endeavoring to meet the target for number of female managers

In the context of stepping up its personnel strategy for women's advancement, the Daifuku Group recognizes problems of insufficiency in training female managers and in the number of female employees hired. To address these issues, we will increase opportunities to allow a wide variety of personnel to take part in recruitment and subsequent processes. We will also continuously strengthen the cultivation of personnel who will be candidates for future managers as well as career development support.

We have launched an internal community program to encourage the formation of networks beyond business units to meet needs for opportunities to share and discuss issues specifically relevant to female leaders.



We are also working intensively to expand job opportunities and to create a more worker-friendly working environment to help women demonstrate their capabilities and continue working actively over the long term. We have revised the childcare leave program and the shortened working hours program and improved their implementation. As a result of these efforts, we acquired two-star Eruboshi certification\* from the Ministry of Health, Labour and Welfare in recognition of achievements towards women's participation and advancement.

\* Eruboshi certification

A program for certifying companies with outstanding initiatives for encouraging women's participation and advancement launched in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life (or Women's Active Engagement Law). The program grants three different levels of certification based on five criteria, namely, recruitment, continuous employment, work styles including working hours, ratio of managers, and diverse career paths.

## Female managers

	FY2022	FY2023	FY2024	FY2025
Number of female managers (ratio to total number of managers)	26 (3.5%)	32 (4.3%)	40 (5.4%)	49 (6.2%)



FY2027  
target  
**60**  
(7.6%)



## Human Resource Strategies

### Strengthening the management base with people from diverse international backgrounds

The ratio of sales outside Japan increased year by year and reached approximately 70% on a Groupwide scale in fiscal 2024. In addition to swift intra-group communication, it is now essential that we deepen our understanding of different cultures and business practices in order to broaden the perspectives of individual employees and to help them display their potential. On the basis of this idea, we are actively hiring foreign national personnel and endeavoring to entrench a corporate culture that respects diversity. We continue recruiting new graduates from leading institutes of engineering in India, Thailand, Malaysia, Indonesia, Vietnam, and elsewhere. We are constructing a personnel base for value co-creation in global markets.

### Enhancing engagement

#### Improving engagement on the basis of employees' voices

The Daifuku Group conducts an engagement survey for the entire Group every other year. We quantitatively visualize the current state of the organization. This consists of job satisfaction and ease of work. Job satisfaction reflects the level of employees' loyalty to the company, their motivation, and their willingness to be proactive. Ease of work gauges how many opportunities employees have to demonstrate their skills and abilities in their work and the extent to which a worker-friendly working environment has been created.

The survey of Group companies outside of Japan in fiscal 2023 revealed inadequacies in training for the necessary skills and knowledge and limited opportunities for individuals to improve their skills. We will be launching a Daifuku Academy during the four-year business plan for 2027 as a new mechanism for building up the capabilities of the Group. With common values and direction irrespective of job types and regions, this academy will provide individuals with opportunities to learn systematically.

In fiscal 2024, we carried out a survey of Group companies based in Japan to learn that the job satisfaction score and the ease of work score were both below their respective goals. We take these results seriously. From the survey, we identified issues regarding inter-organizational collaboration, business resources, the dissemination of strategies, welfare, and a structure for responding to problems, and are taking steps to address them. We are pursuing an initiative of making a cycle of dialogues and improvements so that we can develop the engagement into advances in organizational culture, instead of letting it serve as a mere indicator.

## Topics

### Initiative to forge a culture of boosting capabilities and the spirit of a single, united group

To provide an environment where every employee feels pride in their own role and works independently, it is essential to forge a culture based on common values. The Daifuku Group is taking steps to foster a sense of unity throughout the Group by disseminating the company creed and the management philosophy.

One example is Kurumaza roundtable talk for encouraging trans-organizational communication. At this event, the management and working-level employees freely exchange opinions, as it functions as an opportunity for dialogue for deepening mutual understanding and trust. It was held in the United States in fiscal 2024. Through communication, we aim to build new relationships between the management and employees with diverse backgrounds through communication.



A scene from Kurumaza roundtable talk held in the United States

# Strengthening of Operational Framework

Chapter

04

- 60 Sustainability Management
- 61 Environmental Initiatives
- 69 Social Initiatives
- 73 Compliance
- 74 Risk Management
- 77 Corporate Governance
- 86 Management



# Sustainability Management

## Basic approach

In accordance with the Daifuku Group Basic Sustainability Policy, the Group will contribute to the realization of a sustainable society and aim to create long-term corporate value through management practices that emphasize a balance between economic and social value.

### Sustainability promotion system



We have established the Sustainability Management Committee, which reports on and submits critical matters regarding sustainability issues to the Board of Directors. This committee engages in important discussions regarding management strategies that emphasize the enhancement of corporate value over the medium to long term, as well as the confirmation of the progress and results of plans. Furthermore, the Sustainability Promotion Committee and the subcommittees under the jurisdiction of and in cooperation with the Sustainability Management Committee are responsible for investigating and implementing more concrete measures based in management strategies on a practical level. The Sustainability Management Committee, the Sustainability Promotion Committee, the Risk Management Committee, and the Group's Human Resources Committee will coordinate as necessary to monitor and appropriately respond to sustainability-related risks and opportunities that must be prioritized.

### FY2024 activities results

Conference unit	Main agenda items
Sustainability Management Committee	<ul style="list-style-type: none"> <li>Growth strategy for achieving the long-term vision, Driving Innovative Impact 2030</li> <li>Sharing of issues faced by subsidiaries outside of Japan (including ESG-related issues)</li> </ul>
Sustainability Promotion Committee	<ul style="list-style-type: none"> <li>Sustainability Action Plan Results Report</li> <li>ESG evaluation from outside the company</li> <li>Revision of the Daifuku Environmental Vision 2050</li> <li>Report on the progress of initiatives for achievement of carbon neutrality</li> <li>Report on human rights due diligence initiatives</li> </ul>
Environmental Management Subcommittee	<ul style="list-style-type: none"> <li>Energy and resource conservation and the introduction of renewable energy in our business activities</li> <li>Management of chemical substances in the supply chain</li> <li>Initiatives for the reduction of Scope 3 emissions</li> </ul>
Human Rights and Supply Chain Subcommittee	<ul style="list-style-type: none"> <li>Formulation of plans for the introduction of grievance mechanisms</li> </ul>
Human Capital Management Subcommittee	<ul style="list-style-type: none"> <li>Promotion of diversity and inclusion</li> </ul>



For details, see our website: **Sustainability Management**

[www.daifuku.com/sustainability/management/policy](http://www.daifuku.com/sustainability/management/policy)



# Environmental Initiatives

## Daifuku Environmental Vision 2050

In order to meet the demands of society at an even higher level, we revised the Daifuku Environmental Vision 2050 in May of 2023. In these revisions, we pledge to “realize a world where material handling systems have zero environmental impact” by 2050. In addition, we identified addressing climate change, promoting resource recycling, and coexisting with nature as crucial issue areas, and we set environmental targets for 2030. In order to achieve these targets, we are accelerating our initiatives while managing progress annually.

### Three crucial issue areas



#### Addressing Climate Change

Goal

**Cutting net CO<sub>2</sub> emissions to zero in the supply chain**

We will reduce net CO<sub>2</sub> emissions from our business operations throughout our supply chain to zero by developing and providing products and services that contribute to the creation of a decarbonized society, using energy efficiently and introducing renewable energy at our Group sites and suppliers.



#### Promoting Resource Recycling

Goal

**Achieving a recycling-based society**

We will endeavor to reduce the amount of water and other resources we use. We will also contribute to the formation of a recycling-based society by extending the service life of our products, minimizing the amount of waste generated at our production sites, and expanding the recycling of used products and parts.



#### Coexisting with Nature

Goal

**Zero negative impact on natural capital**

We will strive to sustainably use ecosystem services and conserve biodiversity based on an understanding of the impact of our business activities on the global environment. We will minimize negative impacts on natural capital such as air, water, and soil, and, together with our stakeholders, coexist in harmony with nature.

### Environmental targets for 2030

Crucial issue areas	Key Performance Indicators (KPIs)	2030 targets
Addressing climate change	Daifuku CO <sub>2</sub> emissions reduction rate (Scopes 1 + 2)	<b>60% (compared to FY2018)</b>
	Percentage of electricity derived from renewable energy sources	<b>80%</b> <b>Daifuku Japan is expected to achieve 100% by 2027</b>
	Reduction rate of CO <sub>2</sub> emissions from purchased goods and services (Scope 3 Category 1)	<b>30%*1 (compared to FY2018)</b>
	Reduction rate of CO <sub>2</sub> emissions from the use of sold products (Scope 3 Category 11)	
Promoting resource recycling	Landfill disposal rate	<b>Less than 1%</b>
	Reduction rate of water consumption per unit sales*2	<b>60%*3 (compared to FY2018)</b>
Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites*4	<b>100%</b>
	Global expansion of Sustainability Action	<b>Program expansion and awareness raising</b>

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

\*2 Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

\*3 Upwardly revised as initial target was met ahead of schedule (August 2024)

\*4 Sites with 100 or more employees



DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The CO<sub>2</sub> emissions reduction targets established in the Daifuku Environmental Vision 2050 have been recognized as near-term science-based targets in accordance with the Paris Agreement and have received official approval from the Science Based Targets initiative (SBTi).<sup>\*5</sup>

<sup>\*5</sup> The Science Based Targets initiative (SBTi) is a collaboration between CDP, the United Nations Global Compact, World Resources Institute (WRI) and the World Wide Fund for Nature (WWF). Approval is awarded to companies that are recognized as having set science-based targets in alignment with the criteria established by the Paris Agreement.



For details, see our website: [Environmental Management](https://www.daifuku.com/sustainability/environment/management)  
[www.daifuku.com/sustainability/environment/management](https://www.daifuku.com/sustainability/environment/management)



Environmental Initiatives

Addressing climate change crucial issue area

The Daifuku Group supports the Paris Agreement, the Act on Promotion of Global Warming Countermeasures, the Act on Rationalizing Energy Use, and other laws and regulations related to climate change, and we are advancing environmental management to help create a decarbonized society and realize the SDGs. We are actively working to reduce our energy consumption and contribute to the environment through manufacturing, and we file regular reports with the government on our energy consumption, CO<sub>2</sub> emissions, and other data.

The Daifuku Environmental Vision 2050 establishes addressing climate change as one of our crucial issue areas, and we are focused on reducing CO<sub>2</sub> emissions through our products and services, reducing CO<sub>2</sub> emissions throughout our entire supply chain, and introducing renewable energy.

In fiscal 2024, we achieved all of our CO<sub>2</sub> emissions reduction targets by moving forward with energy conservation activities, such as energy visualization initiatives at our production sites, and the introduction of renewable energy.

Addressing climate change

KPIs	Scope	FY2024 targets	FY2024 results	FY2030 targets
Daifuku CO <sub>2</sub> emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	51%	56.4%	60%
Percentage of electricity derived from renewable energy sources		60%	66.6%	80% Daifuku Japan is expected to achieve 100% by 2027
Reduction rate of CO <sub>2</sub> emissions from purchased goods and services* <sup>1</sup> (Scope 3 Category 1)		■ Expand and disseminate CO <sub>2</sub> emissions reduction programs* <sup>2</sup> throughout the supply chain	■ Held online briefings aimed at reducing CO <sub>2</sub> emissions for 150 major suppliers in Japan and started collecting CO <sub>2</sub> emissions data from suppliers	30%* <sup>3</sup> (compared to FY2018)
Reduction rate of CO <sub>2</sub> emissions from the use of sold products* <sup>1</sup> (Scope 3 Category 11)		■ Improve energy-saving performance of products and systems	■ Implemented LCAs (Life Cycle Assessments) for all new product and system development ■ Considered methods to investigate the status of introduction of renewable energy sources at customer sites	

\*1 For Scope 3 Category 1 and Category 11, pursue qualitative targets with the aim of a 30% reduction (compared to FY2018) by FY2030

\*2 Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO<sub>2</sub> emissions at suppliers

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

Initiatives for the introduction of renewable energy

We are working to introduce renewable energy at our Group locations both within and outside of Japan. In Japan, as of November 2022 at Shiga Works and November 2024 at all domestic locations, all electricity used has been converted to renewable energy sources. Outside of Japan, we installed a photovoltaic system at Hallim Machinery Co., Ltd. (South Korea) and switched to renewable energy sources for our electricity consumption at Daifuku Europe GmbH (Germany) and Daifuku Airport America Corporation (U.S.A.) in fiscal 2024. In fiscal 2025, we plan to begin operation of photovoltaic equipment in India, and we are also planning to introduce renewable energy in China, South Korea, and the United States.

Status and schedule of renewable energy procurement

FY2023	<ul style="list-style-type: none"><li>■ Installed a photovoltaic system at Taiwan Daifuku Co., Ltd.</li><li>■ Installed a photovoltaic system at Clean Factomation, Inc.</li><li>■ Installed a photovoltaic system at Daifuku (Suzhou) Cleanroom Automation Co., Ltd.</li><li>■ Installed a photovoltaic system at Daifuku (Thailand) Limited</li><li>■ Switched to a renewable energy electricity plan at Daifuku Airport America Corporation's headquarters</li></ul>
FY2024	<ul style="list-style-type: none"><li>■ Installed a photovoltaic system at Hallim Machinery Co., Ltd.</li><li>■ Switched to a renewable energy electricity plan at Daifuku Europe GmbH</li><li>■ Switched to a renewable energy electricity plan at Daifuku Airport America Corporation's Louisville plant</li></ul>
FY2025 (planned)	<ul style="list-style-type: none"><li>■ Install a photovoltaic system at Daifuku Intralogistics India Private Limited</li><li>■ Procure renewable energy certificates for all of our factories and offices in China</li><li>■ Daifuku (China) Co., Ltd.</li><li>■ Daifuku (China) Automation Co., Ltd.</li><li>■ Daifuku (Suzhou) Cleanroom Automation Co., Ltd.</li><li>■ Daifuku (China) Manufacturing Co., Ltd.</li><li>■ Sign an on-site PPA contract at Daifuku Korea Co., Ltd.</li><li>■ Switch to a renewable energy plan at Daifuku Automotive America Corporation</li></ul>

Environmental Initiatives

Disclosures based on TCFD recommendations

In May 2019, Daifuku expressed its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. Information is disclosed in accordance with the core elements of the TCFD recommendations for climate-related financial disclosure: governance, strategy, risk management, and metrics and targets. In fiscal 2023, we conducted an additional financial impact assessment and scenario analyses, and we updated our disclosures in fiscal 2024.

Governance

We have established the Sustainability Management Committee, which reports on and submits critical matters regarding sustainability issues, including climate-related issues, to the Board of Directors. This committee engages in important discussions regarding management strategies that emphasize the enhancement of corporate value over the medium to long term, as well as the confirmation of the progress and results of plans. Furthermore, the Sustainability Promotion Committee and the Environmental Management Subcommittee, under the jurisdiction of and in cooperation with the Sustainability Management Committee, are responsible for investigating and implementing more concrete measures based in management strategies on a practical level.

Climate-related agenda items at committee meetings (FY2024)

- Sustainability Promotion Committee (held 2 times)
- Sustainability Action Plan Progress Report
  - Revision of the Daifuku Environmental Vision 2050
  - Plans for the incorporation of renewable energy and energy conservation
  - CO<sub>2</sub> reduction throughout the supply chains, etc.

Strategy

Identifying climate-related risks and opportunities

Based on the nature of the Group's business operations, we have identified the climate-related transition risks, physical risks, and opportunities associated with each of these factors.

Primary factors impacting Daifuku's business operations

Decarbonization scenario  
1.5–2°C

3–4°C  
Business-as-usual scenario

**[A world progressing toward decarbonization]**

- Stricter regulations on greenhouse gas (GHG) emission reductions, introduction of carbon pricing
- Progress in technological development and social integration of carbon recycling
- Promotion of the development of low-carbon products
- Acceleration of the global EV shift

**[Shared changes]**

- Shift to automated factories and logistics warehouses due to Japan's declining population
- Increase in demand for semiconductors and industrial IoT-related products in emerging countries
- Changes in consumer behavior due to the sharing economy

**[A world with advancing global warming]**

- Increase in average temperature
  - Increased importance of cold chains
  - Reduced productivity in outdoor work due to increased heat stress
  - Increased air conditioning costs
- Frequency and severity of weather-related disasters resulting in damage to Daifuku facilities and those of our business partners

Assessment of climate-related risks and opportunities

We have assessed the level of impact, both qualitative and quantitative, on the Group's business for each identified transition risk, physical risk, and opportunity. These results have been categorized based on factors such as time period until risk manifestation or opportunity realization, likelihood of risk manifestation or opportunity realization, and financial impact. In response to our assessment, we are implementing appropriate countermeasures for each risk and opportunity.

The definitions for time period, likelihood, and impact are as shown in the chart below.

Time period	Short term: less than 3 years; medium term: 3 to 10 years; long term: more than 10 years
Likelihood	Low: somewhat uncertain; medium: intermediate; high: somewhat certain
Impact	<b>Sales</b> Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen
	<b>Income and costs</b> Small: less than 600 million yen; medium: 600 million to 6 billion yen; large: more than 6 billion yen

## Environmental Initiatives

### Significant risks and opportunities for the Group

Category		Climate change drivers	Major risks and opportunities	Time period	Likelihood	Impact	Main responses to risks and opportunities
Transition risks (1.5°C scenario)	Policy regulations	Tighter GHG emissions regulations, introduction of carbon pricing	Increase in operating costs due to the introduction of a carbon tax on GHG emissions from factories and business sites	Long term	High	Medium	Groupwide Scope 1 and Scope 2 reductions
			Increase in procurement costs due to the introduction of a carbon tax or GHG reduction measures for material procurement and transport	Long term	Medium	Medium	Reduction of environmental impact in the supply chain
	Market	Progress in decarbonization technology development	Increase in parts procurement costs due to higher demand for metal materials and rare metals	Medium to long term	Low	Medium	
	Reputation	Increasing stringency in the evaluation of initiatives to address climate change issues, rising demand for information disclosure	Decline in stock price due to deterioration of the Company's image and increase in financing costs due to exclusion from investment opportunities	Long term	Low	Medium to large	Enhancement of climate-related information disclosure
Physical risks (4°C scenario)	Acute	Increase and intensification of weather-related disasters such as floods, typhoons, and storm surges	Site damage and operation stoppages, operation stoppages due to supply chain disruptions, and procurement of substitute parts	Short to long term	High	Medium to large	Risk assessments and implementation of risk mitigation measures
	Chronic	Chronic rise in sea level	Relocation of sites due to rise in sea level	Long term	Low	Small	
		Heat waves and chronic temperature increases	Increased air conditioning costs and maintenance due to rising temperatures and reduced productivity due to heat stress	Short to long term	High	Medium	Maintenance and improvement of working environment
		Increasing water risk due to droughts	Decreased capacity utilization due to droughts	Short to long term	Medium	Small	Reduction of water use
Opportunities (1.5°C scenario)	Products and services	Increasing demand for power savings in electronic equipment due to tighter environmental regulations	Increase in sales of products for semiconductor lines due to higher demand for semiconductors	Medium term	High	Medium	Strategic response to semiconductor demand
		Shift to EVs (spread of EVs and FCVs)	Increase in sales of the Company's products due to the expansion of automobile production lines accompanying the shift to EVs	Medium to long term	Medium	Small	Adaptation to the shift to EVs
		Progress in low-carbon technologies using IoT	Increase in sales due to higher demand for AI and IoT-related products and cost reductions through their utilization	Medium to long term	Medium	Medium	Utilization of IoT, ICT, AI, and other advanced technologies in our business
		Growing demand for waste reduction including food loss	Increase in sales of products for logistics and warehouse facilities related to cold chain	Medium to long term	High	Medium	Response to cold chain and e-commerce demand
		Increasing demand for more efficient, labor-saving, and energy-saving work to achieve low carbon emissions	Increase in sales of products and services that contribute to more efficient and automated production and logistics	Medium to long term	High	Medium	Pursuit of environmental and social value in material handling systems

### Risk management

The Daifuku Group conducts regular risk assessments of all its domestic and international subsidiaries in order to identify and evaluate critical risks that could have a significant impact on business activities. The Risk Management Committee carries out Groupwide management for critical risks, formulating countermeasures and developing and enhancing policies, regulations, and systems. Any risk information identified in risk assessments is reported to and shared with the Board of Directors and other conference units as necessary and is reflected in management strategies. The Sustainability Management Committee and the Sustainability Promotion Committee will coordinate with the Risk Management Committee as necessary to monitor and appropriately respond to climate-related risks and opportunities that must be prioritized.

### Metrics and targets

The Group has identified addressing climate change as one of the crucial issue areas in the Daifuku Environmental Vision 2050, and we are aiming to reduce CO<sub>2</sub> emissions to zero throughout our entire supply chain by 2050. For details on our targets and results for fiscal 2024, please refer to [Page 62](#).

### Introduction of internal carbon pricing (ICP)

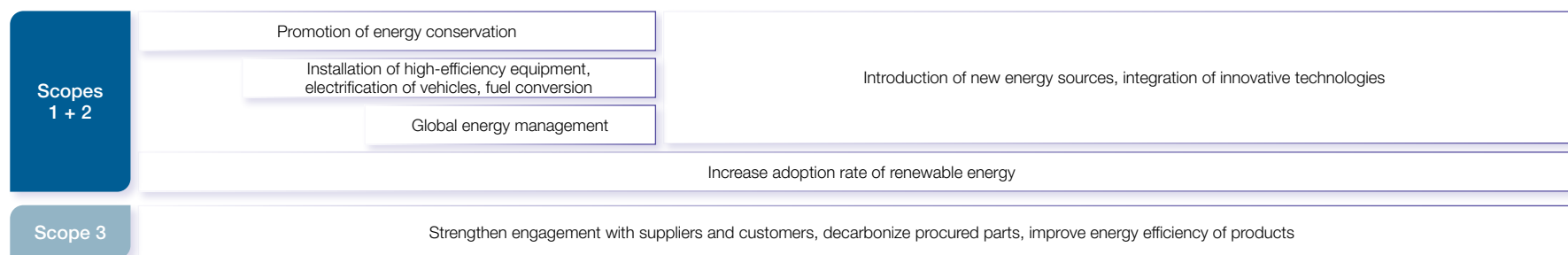
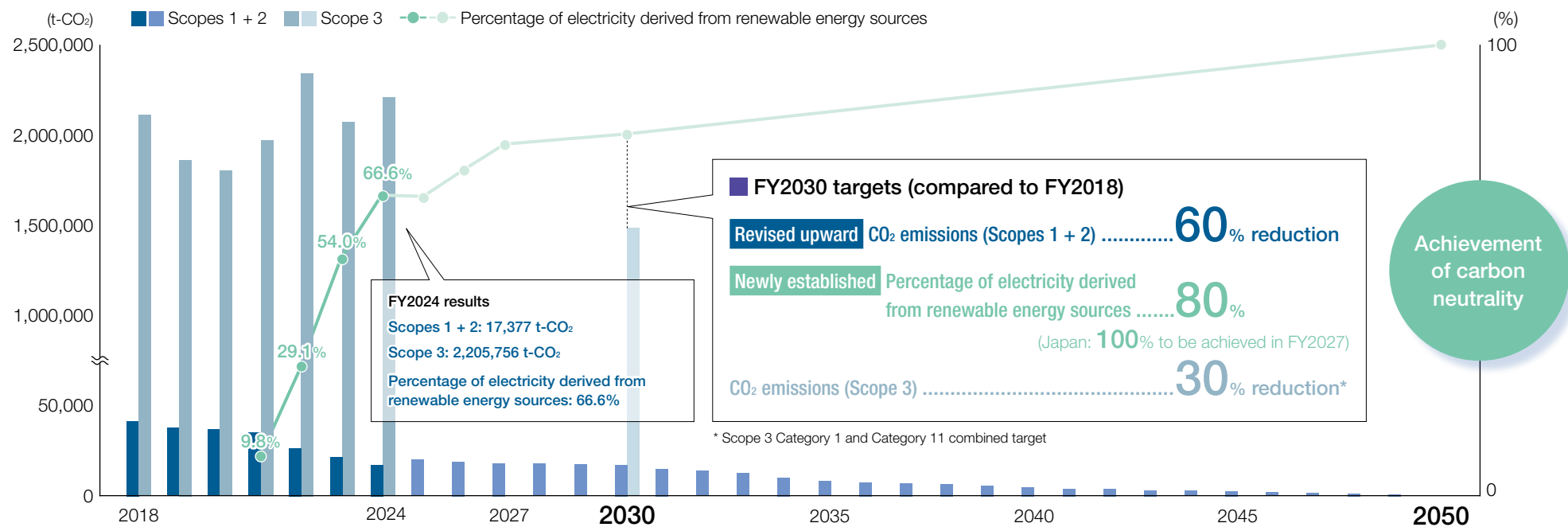
The Group introduced an ICP system in 2024, aiming to cultivate and raise awareness of energy conservation and decarbonization among employees. The system will be applied to domestic Group companies for Scopes 1, 2, and 3. Currently, carbon emissions and reduction are visualized in in-house reporting materials using internal carbon prices. Going forward, we plan to introduce internal carbon pricing into our investment decisions for large-scale investment projects. In light of risks such as predicted rises in carbon prices due to progress in decarbonization, the Group used the carbon price forecast for 2030 in the IEA World Energy Outlook 2023 and set our internal carbon price at 140 U.S. dollars (21,000 Japanese yen) per ton of CO<sub>2</sub>. We are also planning to introduce this system at our global subsidiaries in stages and expand it as a unified rule for the entire Group for globally addressing climate change.



For details, see our website: [Climate Change](https://www.daifuku.com/sustainability/environment/climate-change)  
www.daifuku.com/sustainability/environment/climate-change

## Environmental Initiatives

## Roadmap toward carbon neutrality





## Environmental Initiatives

### Promoting resource recycling crucial issue area

The Daifuku Group provides large-scale material handling systems that consist of a large number of parts and materials. Consequently, we promote activities for the efficient use of materials, such as waste reduction, recycling, and water consumption reduction. With regard to waste reduction and recycling, we promote the reduction and recycling of waste generated from manufacturing processes, such as defective products and packaging materials. We collect data on the amount of waste at all Group production sites, and we are working to reduce the amount of waste sent to landfills by enforcing separation during waste collection as well as to improve the recycling rate. In addition to waste generated from manufacturing processes, we are also working to improve our products from the design stage. We are reviewing materials and improving ease of disassembly so that resources can be utilized effectively when the equipment delivered to customers is eventually dismantled. Furthermore, we consider delaying the timing of disposal through long-term, stable operation of systems to be an important initiative, and we are enhancing after-sales services such as maintenance and repair.

We are striving to conserve water at our production sites and offices, and therefore installed meters on hydraulic equipment in plant buildings with particularly high water consumption in order to visualize water use. We are also promoting efficient water use by reviewing processes that use water.

In fiscal 2024, we did not achieve any of our targets except for the domestic landfill disposal rate. Going forward, however, we will unite as one Group and continue our initiatives toward the creation of a recycling-based society.

KPIs	Scope	FY2024 targets	FY2024 results	FY2030 targets
Landfill disposal rate	Global	Domestic: less than 1%	Domestic: 0.9%	Less than 1%
		Outside of Japan: less than 5%	Outside of Japan: 8.7%	
Reduction rate of waste emissions per unit sales*1 (compared to FY2023)		4%	6.8%	23%
Reduction rate of water consumption per unit sales*2 (compared to FY2018)		40%	37.6%	60%

\*1 Waste generated (tons) divided by net sales (100 million yen)

\*2 Water consumption (1,000 m<sup>3</sup>) divided by net sales (100 million yen)

### Responding to water risks

The Daifuku Group uses Aqeduct, an assessment tool developed by the World Resources Institute (WRI), to regularly assess water risks in countries and regions where we hold major operations (Japan, China, Taiwan, India, Thailand, South Korea, the United States, and the United Kingdom). In the analysis conducted in 2022, it was found that two sites in India and three sites in China were at a risk level of “high” or above. These sites were set as priority locations, and field surveys were conducted at each of them. In the results, it was found that the total amount of water withdrawn at the five sites in fiscal 2024 was 20,803 m<sup>3</sup>. The main use of water at all five sites was found to be employees’ daily use and watering plants, and the supply and quality of water from intake sources were stable. As such, no major risks have been identified at this time, but we are working to reduce water usage through measures such as conserving water in offices and reusing treated wastewater.

The Group’s main use of water in our production activities is the degreasing process prior to product coating, but this process does not require high quality or a large amount of water. However, we recognize that water is an important resource for Daifuku, and we will continue to implement appropriate measures related to water risks based on an understanding of the water usage at our production sites.

The results of the water risk assessment (overall water risk\*3) for our main sites are as shown to the right.

\*3 A comprehensive water-related risk assessment, as defined by Aqeduct, based on all factors including physical water quantity, water quality, regulatory and reputational risk

Water risk level	Number of sites
Low (0–1)	6
Low-Medium (1–2)	17
Medium-High (2–3)	2
High (3–4)	3 (China)
Extremely-High (4–5)	2 (India)

## Environmental Initiatives

### Coexisting with nature crucial issue area

#### Disclosures based on TNFD recommendations

##### ► Basic approach

The Daifuku Group recognizes that addressing biodiversity conservation is an important theme that must be addressed in order to realize a sustainable society, and we have established coexisting with nature as one of our crucial issue areas in the Daifuku Environmental Vision 2050. In February 2025, we joined the TNFD\*1 Forum, and we are disclosing information based on the TNFD framework.

\*1 Taskforce on Nature-related Financial Disclosures

##### ► Governance

The supervision and execution system for nature-related risks and opportunities is the same governance system as that for climate-related risks and opportunities. For details, please refer to [Page 63](#).

##### ► Strategy

In disclosing information, we identified and assessed nature-related risks and opportunities in line with the LEAP approach\*2 presented by the TNFD.

\*2 LEAP approach: an integrated assessment process for the management of nature-related risks and opportunities (an acronym for locate, evaluate, assess, prepare)

##### Setting the scope (scoping)

After organizing the value chain of Daifuku's business, we set the scope to encompass Daifuku Japan and our domestic Group companies. We determined the scope of our upstream value chain by selecting major suppliers and raw materials based on their importance to our business and their dependence and impacts on nature. With regard to major raw materials, we selected iron, aluminum, and copper, taking into consideration high-impact commodities,\*3 regulations on minerals, and minerals subject to responsible sourcing initiatives.

\*3 High-impact commodities: goods or products whose production is identified by SBTs for Nature as having a significant negative impact on nature

##### Identification of priority locations (locate)

As a result of the assessment, Daifuku Shiga Works and Daifuku Manufacturing Technology Headquarters were identified from among the Group's domestic production sites as priority locations due to their high water risk (flooding, water quality).

In addition, suppliers' production sites and the mining and processing sites of raw materials (iron, aluminum, and copper) were also identified as priority locations because of their high importance in

terms of one or more of the criteria listed above. Raw materials are presumed to be extracted and/or processed in Chile, Peru, Brazil, Mexico, South Africa, the Democratic Republic of Congo, Guinea, the United Arab Emirates, Nigeria, Qatar, China, South Korea, Taiwan, Thailand, India, Indonesia, Malaysia, Australia, New Zealand, the United States, Canada, Sweden, Austria, and Germany.

##### Evaluate dependencies and impacts (evaluate)

We used ENCORE\*4 to evaluate the dependence and impact on nature at each process stage in our business' value chain and organized the results into a heat map. As a result, we found that there is dependence and impact on nature in each process stage of the value chain, and that there is a particularly large dependence and impact on the mining of raw materials (iron, aluminum, copper). The details are as follows.

Dependencies	Impacts	
<ul style="list-style-type: none"> <li>Water-related functions (water supply, water purification, water flow adjustment)</li> <li>Prevention of natural disasters (flood and storm damage mitigation from plant life (e.g., windbreak forests, etc.))</li> <li>Climate regulation functions (rainfall and global temperature regulation from plant life)</li> </ul>	<ul style="list-style-type: none"> <li>Development in freshwater and marine areas</li> <li>Abiotic resource extraction (minerals)</li> <li>GHG emissions</li> </ul>	<ul style="list-style-type: none"> <li>Air, soil, and water pollution</li> <li>Generation of waste (slag)</li> <li>Noise and other disturbances</li> </ul>

Although the manufacturing, relocation, inspection, and repair work of the Group does not rely heavily on nature, the impact of soil and water pollution caused by harmful substances generated in the manufacturing process is increasing.

\*4 ENCORE: a tool to understand how business activities depend on and affect nature (<https://www.encorenature.org/en>)

##### Assess risks and opportunities (assess)

We organized the content that was evaluated as having a large degree of dependency and impact as "natural factor drivers," and from there we identified the nature-related risks and opportunities that the Daifuku Group could anticipate facing in the future. Based on the results of identifying priority locations, we qualitatively and quantitatively assessed the potential impacts of nature-related risks and opportunities on the Group's business. These were then organized along three dimensions: the time period until risk manifestation or opportunity realization, the likelihood of occurrence, and the potential financial impact. We will implement appropriate responses to each risk and opportunity.

The definitions of time period, likelihood, and impact are as shown below.

Time period	Short term: less than 3 years; medium term: 3 to 10 years; long term: more than 10 years
Likelihood	Low: somewhat uncertain; medium: intermediate; high: somewhat certain
Impact	<b>Sales</b> Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen <b>Profit and cost</b> Small: less than 600 million yen; medium: 600 million to 6 billion yen; large: more than 6 billion yen

## Environmental Initiatives

### Risks and opportunities for the Daifuku Japan and our domestic Group companies

Category		Natural factor drivers	Major risks and opportunities	Time period	Likelihood	Impact	Main responses to risks and opportunities
Transition risks	Policy regulations	<b>Mining and processing raw materials</b> Strengthening regulations on seabed use; mineral resource extraction; air, water and soil pollution; waste; noise; etc.	Increased procurement costs due to tighter nature-related regulations	Medium- to long-term	Small	Medium	■ Reduction of environmental impact in the supply chain
	Reputation	<b>Mining and processing raw materials</b> Negative impact on seabed use; mineral resource extraction; air, water and soil pollution; waste; noise; etc.	Deterioration of reputation due to the negative impacts from extracting and processing mineral resources	Medium- to long-term	Medium	Small	
	Policy regulations	<b>Internal production</b> Stricter regulations on air, water, and soil pollution	Increased operating costs due to tighter nature-related regulations	Medium- to long-term	Small	Small	■ Strengthening environmental pollution prevention
	Policy regulations	<b>Internal production, product use</b> Regulations concerning the reduction of environmental impact; growing market demand for reducing environmental impact	Decrease in sales due to delay in development and design of products with less environmental impact	Medium- to long-term	Small	Small	■ Balancing environmental and social value in material handling systems ■ Compliance with regulations related to hazardous substances
Physical risks	Acute and chronic	<b>Mining and processing raw materials</b> Increase and intensification of water shortages (drought) and flood and storm damage	Increase in raw material procurement costs due to water shortages and flood and storm damage	Medium- to long-term	Small	Medium	■ Reduction of environmental impact in the supply chain
Opportunities	Resource efficiency Market	<b>Mining and processing raw materials</b> Decline in mineral resources and transition to a recycling-based society	Improved procurement sustainability by reduction of virgin raw materials	Long-term	Medium	Small	■ Product design for resource conservation
	Resource efficiency	<b>Direct operations manufacturing</b> Improved resource efficiency (reduction of water consumption, waste generation, energy consumption, etc.)	Reduction of operation costs through resource efficiency	Long-term	High	Medium	■ Reduction of water consumption, waste generation, energy consumption, etc.
	Reputation	<b>Overall value chain</b> Stricter evaluation of nature-related initiatives and increased requests for information disclosure	Improved ESG evaluation and reputation through nature-related initiatives and information disclosure	Medium- to long-term	Small	Medium	■ Balancing environmental and social value in material handling systems ■ Promotion of nature conservation activities and participation in initiatives ■ Enhancing disclosure of nature-related information

### Risk management

The Sustainability Management Committee and the Sustainability Promotion Committee will coordinate with the Risk Management Committee as necessary to monitor and appropriately respond to climate-related risks and opportunities that must be prioritized.

### Metrics and targets

The Group has identified promoting resource recycling and coexisting with nature as crucial issue areas in the Daifuku Environmental Vision 2050, and we have set targets for 2030. For details on promoting resource recycling, please refer to [Page 66](#); for details on coexisting with nature, please refer to the table below.

KPIs	Scope	FY2024 targets	FY2024 results	FY2030 targets
Reduction rate of waste emissions per unit sales* <sup>1</sup> (compared to FY2023)	Global	10%	36.4%	100%
Global expansion of Sustainability Action* <sup>2</sup>		Program expansion and awareness raising	Held two types of events to raise environmental awareness at all Group sites with a total of 557 participants	Program expansion and awareness raising

\*1 Sites with 100 or more employees

\*2 Daifuku's unique program for sustainability awareness and training

### Conserved area certification

In September 2024, Yui no Mori was certified as a conserved area by the Ministry of Environment, Government of Japan. A conserved area refers to an area where biodiversity is being conserved through private or other initiatives; the favorable evaluations of Daifuku's biodiversity initiatives as well as our internal and external exchange activities led to this certification.



For details, see our website: Biodiversity

[www.daifuku.com/sustainability/environment/biodiversity](http://www.daifuku.com/sustainability/environment/biodiversity)



## Social Initiatives

### Occupational safety and health

Safety is the foundation of our business activities and supersedes all else—this slogan underpins our belief that establishing a corporate culture that prioritizes the safety and health of all personnel, including temporary staff, contractors, and suppliers, in each workplace is indispensable for sound business activities.

The Daifuku Group uses accident frequency rate and severity rate as safety management indicators. We share this information and provide appropriate guidance and safety awareness training to departments that need to improve their safety measures. We are working toward zero fatal accidents.

In fiscal 2024, the number of accidents resulting in lost time remained at the same level as the previous fiscal year both within and outside of Japan. For each occupational accident that occurs, we analyze the cause, create and disseminate new work plans, and eliminate unsafe actions and conditions. In the occupational accident management system that was introduced and implemented in fiscal 2023, information on occupational accidents that occur both within and outside of Japan as well as materials for safety and health training are shared in real time in order to ensure that measures are taken to prevent recurrence and to further strengthen safety training. In fiscal 2024, we moved forward with the multilingualization of this system, and we are establishing a framework that can be operated throughout the entire Group, including at subsidiaries outside of Japan.

For the following indicators, contractors in installation are included in calculations and target management.

Indicators*1	Scope	FY2024 targets	FY2024 results
Frequency rate	Japan (outside of Japan)	0.261 (0.6)	0.460 (0.7)
Severity rate		0.006 (0.020)	0.026 (0.009)
Number of serious accidents*2	Global	0	1

\*1 Data for the period from January to December. These indicators are calculated including installation contractors.

\*2 Accidental deaths or accidents resulting in permanent bodily injury occurring during work at Daifuku.

### Risk assessment of workplace safety and health

The Group conducts risk assessments in accordance with our own standards based on ISO 45001. We identify and manage risks that have a significant impact on safety and health, and we consider and implement risk mitigation measures according to the level of risk. The scope of application covers regular and irregular activities in our business operations, as well as the activities of all persons entering and leaving our premises. Risks are identified and assessed at the beginning

of each fiscal year, during the construction planning stage of new projects, as well as any time circumstances change, such as when new processes are introduced or new materials are used.

### Safety and health training

At the Safety Simulation Center at Shiga Works, we cultivate human resources with a high awareness of safety and the ability to take appropriate actions through yearly programs that simulate the real-life dangers of production, installation, and operations. The training is for not only our employees, but also for temporary workers and contractors.



Hands-on accident training

### Safety training worldwide

The same as in Japan, we conduct annual training for supervisors in installation departments at Group companies. This training focuses on the importance of safety management, methods, risk assessment, and work safety standards and aims to raise the standards of safety management. Training facilities that simulate dangerous situations have also been installed at some of our global subsidiaries in China, South Korea, Indonesia, and North America.



Safety training facility installed at Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

### Working with contractors and suppliers

We monitor the safety and health conditions at the workplaces of our contractors and suppliers through visits and surveys. Depending on the results, we visit them again to reassess the situation and provide advice on how to resolve any issues.

In addition, we regularly conduct safety and health training for manufacturing and installation personnel, including those from contractors and suppliers. As part of this training, we share information on any changes in laws and regulations related to safety and health as well as on occupational accidents that have occurred in the workplaces of our Group and other contractors and suppliers.

Furthermore, as a safety seminar for our suppliers, we hold a Management and Safety Policy and Production Trends Presentation each year for the top management at each company. At this presentation, we strive to foster safety awareness by informing our suppliers of the safety policies of each of our business divisions as well as presenting awards to suppliers who have actively implemented safety and health initiatives.



For details, see our website: **Occupational Safety and Health**  
[www.daifuku.com/sustainability/society/safety](http://www.daifuku.com/sustainability/society/safety)

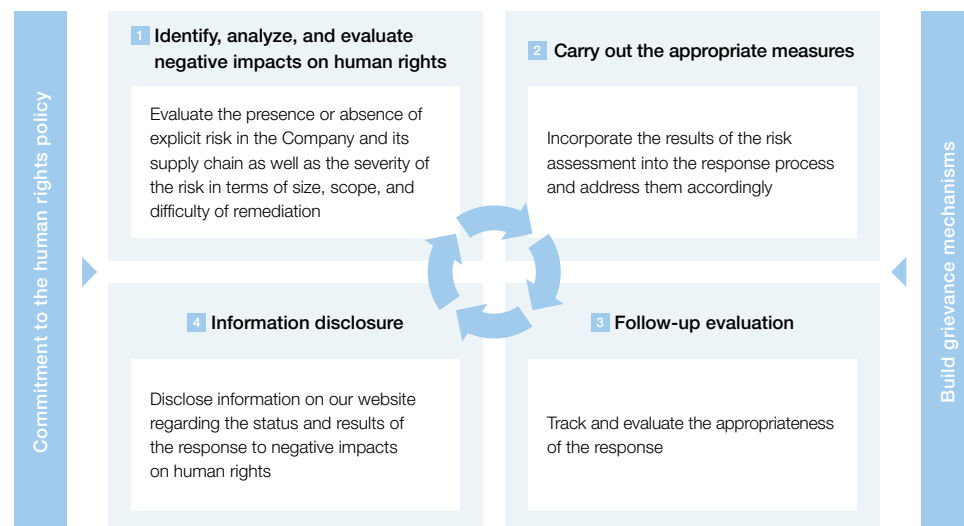


## Social Initiatives

### Human rights due diligence initiatives

In accordance with the Daifuku Group Human Rights Policy, the Group has been working on building and operating a system to identify, analyze, and evaluate negative impacts on human rights related to our overall business activities, including our supply chain, and to correct, mitigate, and prevent such impacts, as well as risk assessment for the ongoing implementation of human rights due diligence. As part of these efforts, we conducted a human rights risk assessment (potential risk assessment) to evaluate the negative impact on human rights and identify human rights issues. From these results, we identified foreign personnel in the supply chain in Japan, including contractors, and personnel at raw material suppliers as high-priority human rights issues to be addressed by the Group.

#### Human rights due diligence process



The risk assessment was conducted with the advice of external experts (the NPO Caux Round Table (CRT) Japan) to evaluate potential risks as human rights due diligence in line with the UN Guiding Principles (UNGPs) on Business and Human Rights. Specifically, we identified priority issues by uncovering the relevant value chains and impacted rights holders based on internal questionnaires, surveyed high-risk countries within the Group's business activities using the results of the human rights risk assessment conducted by CRT Japan, and conducted internal workshops and interviews with subsidiaries in high-risk areas. Additionally, we are conducting interviews within our supply chain, and we will take appropriate and effective remedial measures if and when negative human rights impacts or facilitating factors come to light.



For details, see our website: **Daifuku Group Human Rights Policy**  
<https://www.daifuku.com/sustainability/assets/human%20rights%20policy.pdf>

### Results of identifying, analyzing, and evaluating negative impacts on human rights

The Group considers domestic foreign workers in the supply chain, including contractors, a high-priority human rights issue. In order to identify any negative impacts on their human rights, we are conducting on-site interviews with employees of our business partners and global subsidiaries (Thailand, Taiwan) as well as foreign workers at those business partners. Additionally, in order to ascertain the employment status of foreign workers (especially technical intern trainees) in the supply chain, we conducted a survey of employment conditions and confirmed that a total of approximately 1,200 technical intern trainees (of nationalities including Vietnam, the Philippines, Myanmar, Indonesia, Thailand, Cambodia, China, and India) are currently enrolled at 96 business partners. Based on the information we obtained from the results of this survey, we conducted potential risk analyses before deciding on which locations to visit. These analyses take into consideration the number of employees, the amount of business with Daifuku, an SAQ evaluation in regards to the Daifuku Sustainable Procurement Guidelines, and other factors.

## Social Initiatives

### Summary of the human rights impact assessment

In cooperation with CRT Japan to ensure objectivity and neutrality, we conducted on-site interviews with foreign workers and their managers employed at our business partners. These interviews were based on the Dhaka Principles for Migration with Dignity and focused on topics such as appropriate working hours, fair wages, employment contracts, workplace health and safety, freedom of association and the right to collective bargaining, and communication.

#### ▶ Total interviewees (nationality)

**Within Japan:** 27 foreign workers at 7 business partners  
(Vietnam, China, Indonesia, Thailand)

**Outside of Japan:** 39 employees of Daifuku subsidiaries (Thailand, Myanmar, Taiwan) and 24 employees of business partners (Myanmar, Vietnam, Philippines)

#### ▶ Total number of interviews conducted

**Within Japan:** 7 times **Outside of Japan:** 2 times

#### ▶ Format

In-person group interviews

#### ▶ Interview topics

- Appropriate working hours and fair wages
- Health and safety
- Freedom of association and the right to collective bargaining
- Forced labor, etc.



### Assessment results

- Neither long working hours nor forced overtime were observed at the Daifuku subsidiaries or their business partners. At the subsidiaries, when shifts in addition to regular working hours are required in order to accommodate customers, it is advisable to ensure that employees are not overworked, the treatment for overtime and night work is appropriate, and that appropriate countermeasures against overwork are taken.
- It was confirmed that the companies provide safety training for employees upon entry into the company and require employees to undergo periodic safety training. No work under hazardous conditions was observed.
- It was confirmed that there are organizations that allow workers to express their opinions to the company through representatives. It is advisable that the purpose of these organizations and specific methods of their utilization be thoroughly communicated throughout each company.

### Future actions

Based on the interview assessment results, we will implement measures for improvement beginning with the items of the highest priority in order to prevent and reduce negative impacts on human rights.



For details, see the following website: The Dhaka Principles for Migration with Dignity  
dhakaprinciples.org

### Personnel Consultation Office

We have established a confidentiality-guaranteed Personnel Consultation Office that can be used by all domestic Group employees to handle consultation regarding personnel systems, evaluations and benefits, workplace environment, working hours, harassment, health management, etc. Our consultants receive regular training from externally trained instructors to ensure that they can appropriately respond to a wide range of consultations, and they work to improve their listening skills through group work and role-playing based on specific cases.

### Introduction of grievance mechanisms

In order to build a framework that ensures access to appropriate and effective remedial measures in the event of a human rights violation in our corporate activities, we launched the Grievance Mechanism Introduction Project in fiscal 2024, and we are working to optimize complaint and consultation services. We are aiming to complete the introduction of grievance mechanisms by fiscal 2026; in fiscal 2024, we conducted surveys to assess the status of our company as well as that of other companies and external partners.



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

## Social Initiatives

### Supply chain management

The Daifuku Group will contribute to the creation of a sustainable society by engaging in sound business practices in accordance with our company creed, management philosophy, and Group Code of Conduct. In procurement, we shall select business partners based on appropriate criteria, comprehensively evaluating quality, technological development capabilities, economic rationality in terms of price and delivery time, as well as the status of environmental and social initiatives.

#### Sustainable Procurement Guidelines

In fiscal 2023, the Daifuku Group formulated the Sustainable Procurement Guidelines as a new standard for sustainable procurement activities. These guidelines are a complete revision of the CSR Procurement Standards, established in 2017, to promote further initiatives throughout the entire supply chain to solve a variety of social issues. We are striving to disseminate these guidelines throughout the entire supply chain and strengthen initiatives to identify and mitigate risks in the supply chain and with our business partners.

Our specific efforts include distributing videos explaining the Group's sustainable procurement goals as well as obtaining agreement from all business partners (80% agreement rate as of July 2025). In addition, we request that our business partners complete a self-assessment questionnaire (SAQ) to confirm their compliance with our guidelines (the SAQ confirms the status of compliance with laws and regulations, labor standards, health and safety, quality and safety, the environment, information security, business continuity plans, and appropriate information disclosure). In fiscal 2024, based on the results of the SAQ we conducted a trial visit to one domestic supplier, during which we confirmed the status of their compliance and thoroughly examined methods of correction. Furthermore, we visited four global Group companies (South Korea, Taiwan) to conduct factual investigations and discuss the schedule for SAQ implementation as well as various issues. In fiscal 2025, we will expand the scope of the SAQ, and we are planning proactive audit visits.

#### Engagement with suppliers

Daifuku hosts the Management and Safety Policy and Production Trends Presentation to which we invite our major business partners, from manufacturers and trading companies to processing, installation, service, design, and software development.



This event is held to report on production trends and safety and health initiatives in each of the Group's business divisions as well as to request cooperation in addressing environmental and social issues throughout the Group's supply chain. In fiscal 2003, we established the Supplier Evaluation System, and each year we present the S.Q.D. Award to commend outstanding materials (production outsourcing and goods purchasing), design, and installation contractors. In fiscal 2025, six out of 235 eligible companies selected from across all of our business partners received this award at the Management and Safety Policy and Production Trends Presentation. The candidates were evaluated based on quality and environmental criteria, and we support our suppliers' development by sharing the best practices of the award-winning companies.

#### Supply chain CO<sub>2</sub> reduction program

In order to reduce Scope 3 emissions (CO<sub>2</sub> emissions associated with the procurement of products and services and the operation of our products) throughout the entire supply chain, we are promoting initiatives in collaboration with our suppliers. In fiscal 2024, we held online briefing sessions about CO<sub>2</sub> reduction for 150 major domestic business partners and began collecting CO<sub>2</sub> emissions data from suppliers. Going forward, we will promote engagement activities such as information sharing and reduction support in order to achieve our targets for 2030.

#### Green Procurement Project

In fiscal 2023, we launched the Green Procurement Project under the jurisdiction of the Sustainability Promotion Committee, and, in cooperation with our business partners, we began investigating the chemical substances contained in our products in order to reduce our impact on the environment throughout the entire supply chain. In fiscal 2024, we invited external lecturers to conduct in-house training on chemical substances and the laws and regulations in various countries. We have also begun building an internal system for the centralized management of chemical substances contained in products.



For details, see our website: **Supply Chain Management**  
[www.daifuku.com/sustainability/society/supply-chain](http://www.daifuku.com/sustainability/society/supply-chain)



# Compliance

## Basic stance

The Daifuku Group has established the Group Code of Conduct that defines the fundamental principles all officers and employees of the Group should follow with the aim of realizing its company creed and management philosophy. To enhance the effectiveness of the Group Code of Conduct, in addition to establishing various internal regulations under the philosophy system, we clarify the definition of compliance and share values within the Group. Compliance at the Group is defined as “acting in good faith and complying with all applicable laws, rules, and regulations and social norms and ethics of each country in all aspects of our business activities.” The Group aims to continue to meet the expectations and trust of society by ensuring that each and every officer and employee acts responsibly and with integrity.

## Promotion system

The Compliance Committee, chaired by the Representative Directors, was established to strengthen compliance in the entire Group. The committee, an advisory body to the Board of Directors, comprises all directors and corporate officers and serves as a headquarters for investigating and responding to serious compliance violations, through the Legal Department serving as the committee administrative office. Specifically, the committee exams measures and systems to resolve and settle compliance-related issues, and reflects the results of the examination in their respective responsible organizations.

## Whistleblowing system

We have established a whistleblowing system for the early detection of illicit activities and misconduct that may lead to violations of the law or our internal regulations, and to take appropriate action. In addition to the internal reporting desk, we have set up an external reporting desk (outsourced by a neutral company) that provides multi lingual support. This reporting desk allows anonymous reporting and is available not only to officers and employees of Daifuku and its Group companies but also to former employees within one year of leaving the Company and business partners with ongoing dealings.

The Internal Reporting Secretariat is responsible for the administration of the system, verifies the facts of the report, determines the course of action to take, and handles investigations, among other duties. Investigations differ depending on the severity of the reported case, the degree of urgency, and whether or not there is involvement of upper management. Should a compliance problem be identified through the investigation, corrective action and measures to prevent a recurrence are taken. Critical problems are reported to the Compliance Committee and the Audit & Supervisory Board.

In fiscal 2024, the whistleblowing system was used in 12 incidents, of which these reports were related to labor (four incidents), workplace environment (two incidents), and illicit conduct (six incidents).



For details, see our website: **Compliance**  
[www.daifuku.com/sustainability/governance/compliance](http://www.daifuku.com/sustainability/governance/compliance)

## Initiatives for strengthening compliance

The CEO sends out messages to all officers and employees via the Company intranet to thoroughly disseminate and promote our approach to compliance. We also provide in-house training for employees at each level. As business transactions with various countries and regions continue to increase, complying with the security export control, competition law, and anti-bribery regulation of each country, including anticorruption laws, we are making efforts to establish and spread an awareness of compliance by holding lectures.

### Compliance Guidebook

This guidebook defines the Group's compliance, explains each item of the Group Code of Conduct, and describes how each item relates to the SDGs, and is distributed throughout the Group in multiple languages.



### Compliance education

We conduct compliance education for all levels of employees, from new hires to management, every year. This compliance education is implemented through position-based training and training opportunities held by business units, and utilizes the Compliance Guidebook and materials that were created during the Compliance Enhancement Month.

In fiscal 2024, we held an online seminar on the theme of inter-company transactions and customer harassment, targeting our executives and procurement personnel, and invited an outside lecturer. The participants deepened their understanding of the requirements and legal responsibilities regarding customer harassment in order to prevent customer harassment from the procurement department to business partners in transactions. In addition, we have uploaded archived videos of the seminar to our internal portal site to raise compliance awareness throughout the Company.

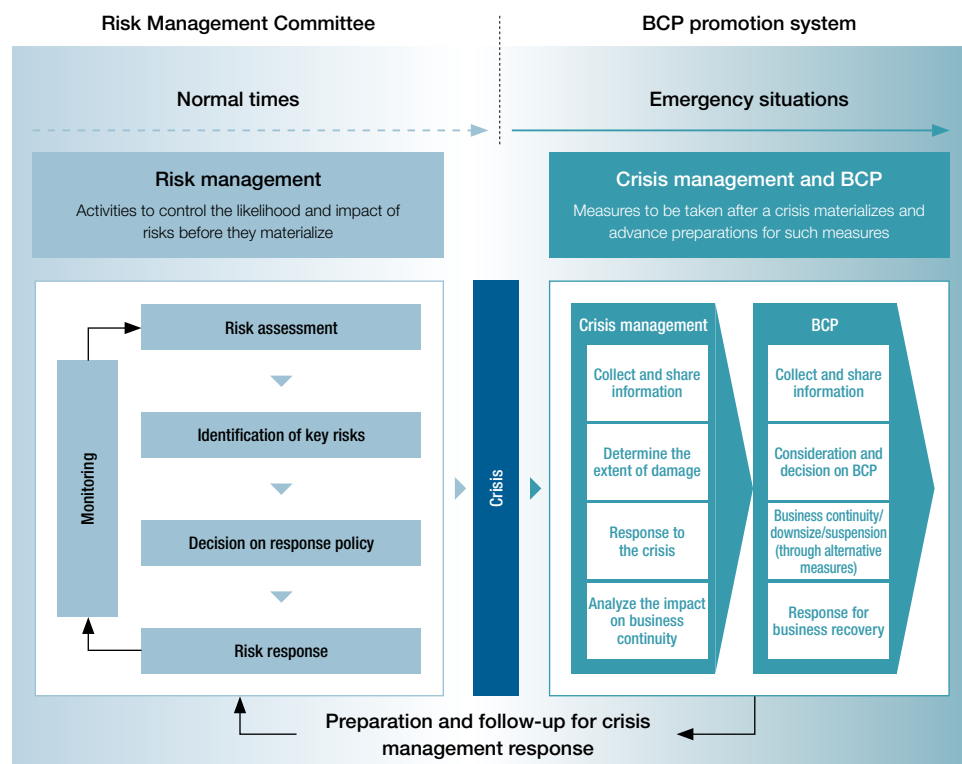




# Risk Management

Daifuku conducts risk assessments for the entire Group on a regular basis. We specifically target risks that may affect achievement of the Group's management targets. The Risk Management Committee reviews and implements necessary measures for any key risks that are identified in an effort to minimize the possibility of such risks and any damage caused by them before they manifest. In the event of an emergency, the BCP promotion system is in place to respond to crises after risks have emerged. The BCP promotion system works with the Risk Management Committee to consider and prepare for crises starting from normal operations. When faced with a crisis such as a large-scale disaster, we will quickly establish a system and take initial actions to prevent secondary disasters, placing the highest priority on human lives.

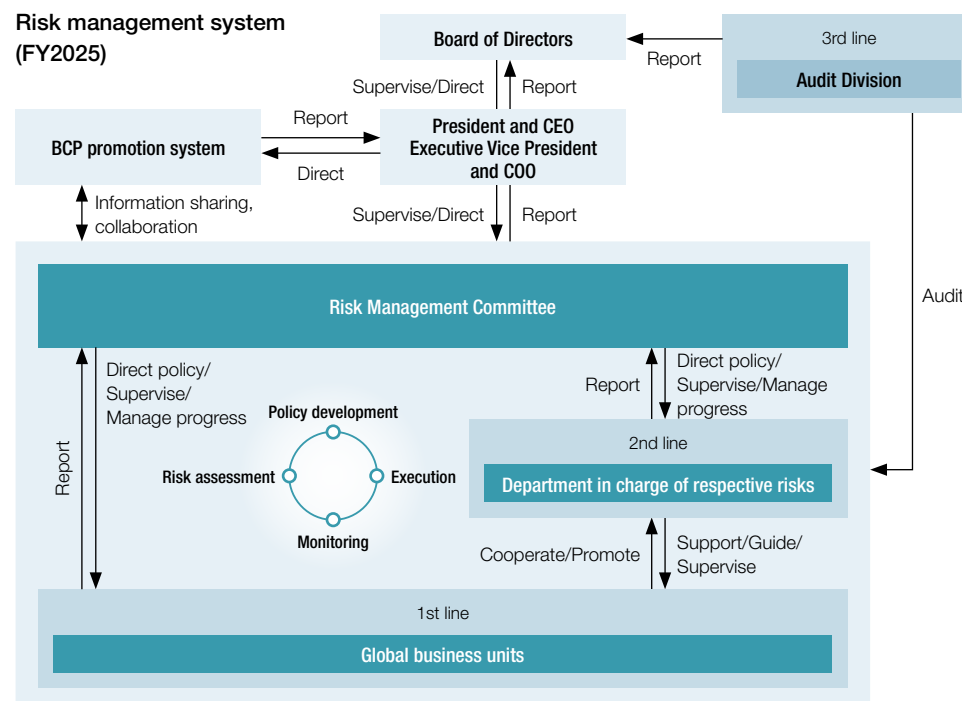
## Management systems for normal times and for emergency



## Risk management system

With the Representative Directors as the chief officer, the Group has established a risk management system based on a three-line model as shown in the figure below. Corporate Functions and other units in charge of risk management (2nd line) support, provide guidance for, and supervise the risk management conducted by the global business units (1st line), which are responsible for implementing risk response. In addition, the Audit Division (3rd line) inspects the risk management initiatives of the 1st and 2nd lines.

The Group has established the Risk Management Committee, chaired by the Representative Directors and comprised of the Corporate Functions Head, Global Business Heads, C-suite, and others. The Committee is intended to monitor, provide instructions for action, and manage the progress of these initiatives from a Groupwide perspective. The Committee met three times during fiscal 2024. The Committee reports to the Board of Directors on the status of the committee's initiatives and other matters, as necessary.



## Risk Management

### Risk assessment process

#### 1. Risk assessment

- The Risk Management Committee's administrative office identifies the risks that could affect the Group's management.
- Impact and likelihood of the risks will be evaluated through questionnaires and management interviews.

#### 5. Monitoring and review of responses

- The committee supervises the efforts, manages the progress, and gives improvement instructions of the business unit in charge of the risk.
- The committee reports the response status to the Board of Directors as necessary.

#### 4. Severe risk response

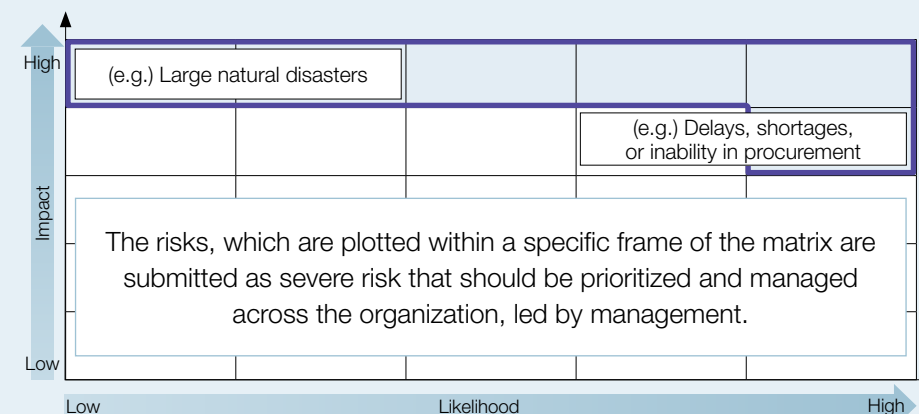
- The business unit in charge of the risk assigned by the committee formulates and executes a severe risk response plan.

#### 3. Identifying and approving severe risks, and reporting to the Board of Directors

- The committee identifies and approves severe risks.
- The committee's administrative office reports the results of risk assessment and identified severe risks to the Board of Directors.

#### 2. Creating a risk matrix

- The committee's administrative office creates a risk matrix based on the results of risk assessment and knowledge of external experts.



#### Key risks (severe risks)

Risk themes	Risk items
1 Changes in the business environment	Changes in the market environment
	Economic crises and business fluctuation
	Loss of important customers
	Political upheaval, revolution, war, civil war, conflict, riots, terrorism
2 Procurement/supply chain	Delays, shortages, or inability to procure raw materials, parts, purchased goods, etc.
3 Growth strategy	New domain creation and technology development
	Lack of human resources development initiatives
	Shortage of employees (workforce)
	Education of successors (management positions)
4 Human resources-related	Securing human resources: employee turnover
	Inadequate management of subsidiaries
	Scandals involving Group companies
5 Group governance	Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)
6 Natural disasters	Leakage of confidential information due to human factors
7 Information security	Cyberattacks

## Risk Management



For details, see our website: Risk Management  
www.daifuku.com/sustainability/governance/risk-management

### Risk assessment

Key risk factors that significantly affect the business activities of the Daifuku Group are extracted, and those factors are mapped with two assessment axes of likelihood and impact to grasp and manage risks.

According to the results of a risk assessment, the following items are the current risks we recognize as having the potential to significantly affect the Group's management performance. However, this is not an exhaustive list of all risks facing the Group, and there are unforeseeable risks other than those listed.

#### Key risks (severe risks)

Risk themes	Risk items	Risk assessment			Countermeasures
		Impact	Likelihood	Likely timing of risk materialization	
1 Changes in the business environment	<ul style="list-style-type: none"> <li>Changes in the market environment</li> <li>Economic crises and business fluctuation</li> <li>Loss of important customers</li> <li>Political upheaval, revolution, war, civil war, conflict, riots, terrorism</li> </ul>	Large	High	Within one year	<ul style="list-style-type: none"> <li>Monitor economic conditions, the market environment, customer needs, and investment trends, and reflect them flexibly in our management and business plans</li> </ul>
		Large	Medium	Within one year	
		Large	Relatively high	No specific timing	
		Large	Low	Within one year	
2 Procurement/supply chain	<ul style="list-style-type: none"> <li>Delays, shortages, or inability to procure raw materials, parts, purchased goods, etc.</li> </ul>	Relatively large	High	Within one year	<ul style="list-style-type: none"> <li>Introduce a system that allows us to understand the status of procurement price discussions with suppliers and visualize supplier-related information</li> <li>Ensure compliance while also implementing measures for sustainable procurement activities and supply chain optimization across our businesses with the Supply Chain Management Committee as the core</li> </ul>
3 Growth strategy	<ul style="list-style-type: none"> <li>New domain creation and technology development</li> </ul>	Large	High	Within five years	<ul style="list-style-type: none"> <li>Promote new business development and technological development in cutting-edge fields such as AI, centered on the Business Innovation Division headed by the Chief Technology Officer</li> <li>Recruit internal submissions of ideas for new technologies and businesses</li> </ul>
4 Human resources-related	<ul style="list-style-type: none"> <li>Lack of human resources development initiatives</li> <li>Shortage of employees (workforce)</li> <li>Education of successors (management positions)</li> <li>Securing human resources: employee turnover</li> </ul>	Relatively large	High	Within three years	<ul style="list-style-type: none"> <li>Establish our prospective successor plans and work to cultivate successor candidates systematically</li> <li>Consider and implement measures to address issues based on the analysis results of the engagement survey (research on job satisfaction and ease of work)</li> <li>Expand the target of the job return entry system</li> </ul>
		Relatively large	High	Within three years	
		Large	Medium	Within five years	
		Relatively large	High	Within one year	
5 Group governance	<ul style="list-style-type: none"> <li>Inadequate management of subsidiaries</li> <li>Scandals involving Group companies</li> </ul>	Large	Relatively high	No specific timing	<ul style="list-style-type: none"> <li>Distribute the Compliance Guidebook in multiple languages, which explains each item of the Group Code of Conduct</li> <li>Conduct compliance education such as e-learning courses and training programs</li> <li>Plan and implement measures to reduce the risk of losses, especially in large-scale projects outside Japan</li> </ul>
		Large	Medium	No specific timing	
6 Natural disasters	<ul style="list-style-type: none"> <li>Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)</li> </ul>	Large	Low	No specific timing	<ul style="list-style-type: none"> <li>Establish a system that will enable us to promptly set up an on-site disaster headquarters preparation team within the Company in the event that a Nankai Trough earthquake alert is announced</li> <li>Conduct various drills such as safety confirmation</li> <li>Increase emergency stockpile reserves</li> <li>Review the system table of each business unit</li> </ul>
7 Information security	<ul style="list-style-type: none"> <li>Leakage of confidential information due to human factors</li> <li>Cyberattacks</li> </ul>	Large	Medium	No specific timing	<ul style="list-style-type: none"> <li>Promote the global expansion of information security audits to confirm and evaluate whether information security management is appropriately established and operated</li> <li>Operate the Computer Security Incident Response Team, which deals with computer security incidents such as information leakage due to cyberattacks, centered on the Information Security Committee</li> <li>Identify the extent of impact and damage in the event of a cyberattack and provide initial responses to prevent the spread of damage and examine measures to prevent recurrence</li> <li>Conduct regular education and drills for employees</li> </ul>
		Large	Medium	No specific timing	



# Corporate Governance

## Basic stance

As a company with an Audit & Supervisory Board, the Daifuku Group is flexibly introducing and expanding systems to enhance management transparency, monitoring, and supervision functions.

We strive to improve our effectiveness by continuously following the plan-do-check-act (PDCA) cycle, establishing the Daifuku Group Basic Policy for Corporate Governance.

## Enhancement of corporate governance

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Management policies, Group Code of Conduct, and other											2021: Revises the Group's management philosophy				
										2019: Reorganizes conventional corporate code of conduct to formulate the Group Code of Conduct					
Basic policy and other						2016: Establishes Daifuku Corporate Governance Guidelines					2021: Revises the Guidelines to a basic policy				
Separation of supervision and execution functions, delegation of authority and enhancement of monitoring	2011: Introduces a corporate officer system						2017: Revises the rules to accelerate decision-making by the management and subsidiaries and clarify authority and responsibility						2023: Establishes new C-suite roles for our chief officers		
Outside director		2012: An outside director elected (resulting in 11 directors in total)		2014: Two outside directors (resulting in 11 directors in total)				2018: Three outside directors (resulting in 10 directors in total)		2019: Four outside directors (resulting in 11 directors in total)			2023: Five outside directors (resulting in 10 directors in total)		2025: Six outside directors (resulting in 11 directors in total)
Gender/Nationality										2019: A female outside director elected					2025: Two female outside directors elected
													2023: A foreign national outside director elected		
Improvement of the effectiveness of the Board of Directors					2015: Conducts evaluation of Board of Directors' effectiveness for the first time		2017: Implements evaluation of the Board of Directors' effectiveness through an external organization								
Strengthening of supervisory function										2019: Establishes an audit officer position and the Audit Division					
										2020: Establishes the Audit & Supervisory Board Office					
Advisory Committee						2016: Establishes the Advisory Committee for nomination and remuneration									
Other						2016: Reviews the appropriateness of cross-shareholdings and clarifies exercising voting rights standards									
								2018: Establishes the Pension Assets Management Committee							
								2018: Abolishes takeover defense measures							
													2022: Delists Contec Co., Ltd. due to making it a wholly owned subsidiary		



For details, see our website:

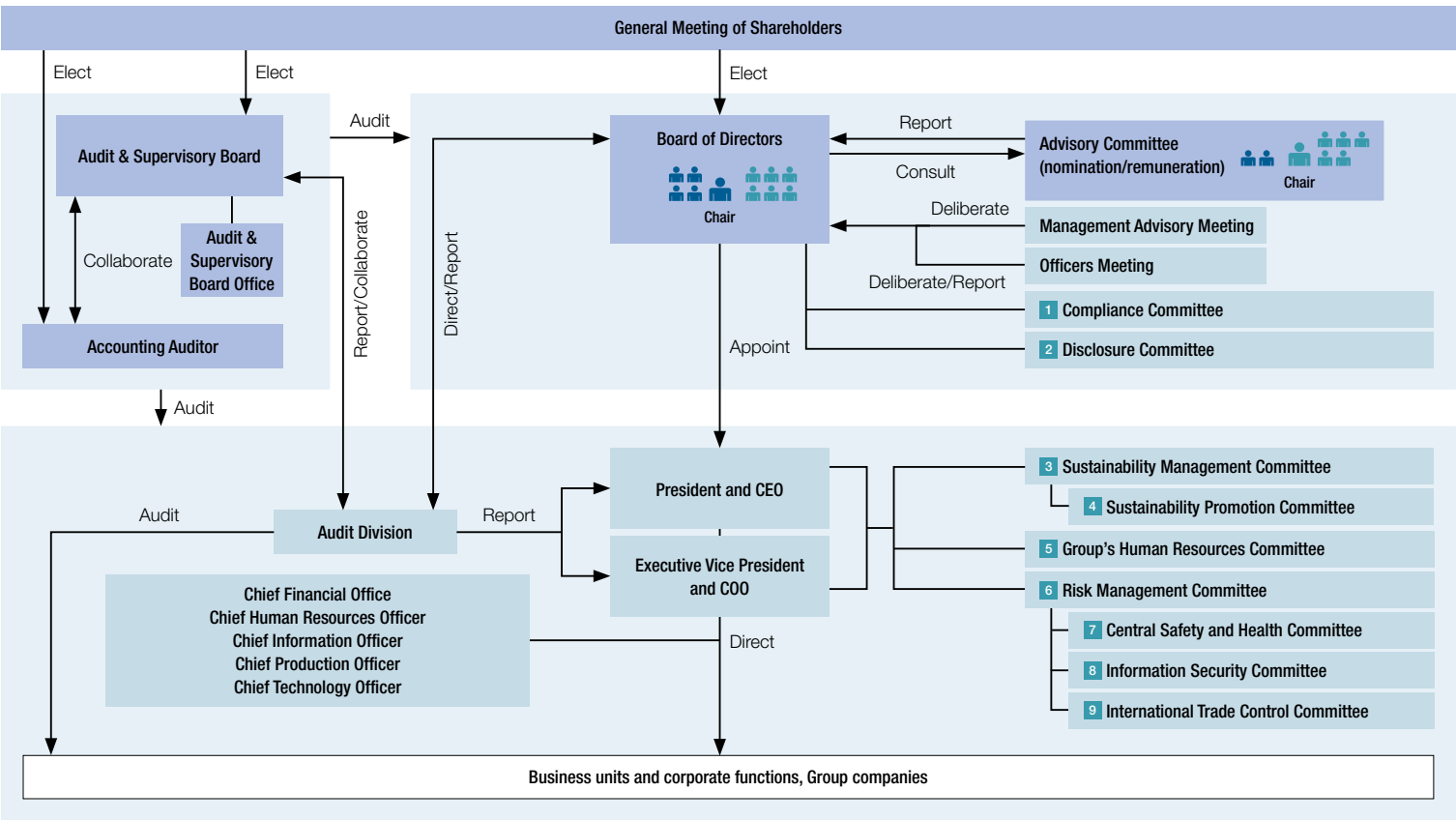
Daifuku Group Basic Policy for Corporate Governance  
[www.daifuku.com/ir/assets/governance\\_policy\\_e.pdf](http://www.daifuku.com/ir/assets/governance_policy_e.pdf)

Disclosure Based on the Principles of Japan's Corporate Governance Code  
[www.daifuku.com/ir/assets/governance\\_initiative\\_e.pdf](http://www.daifuku.com/ir/assets/governance_initiative_e.pdf)

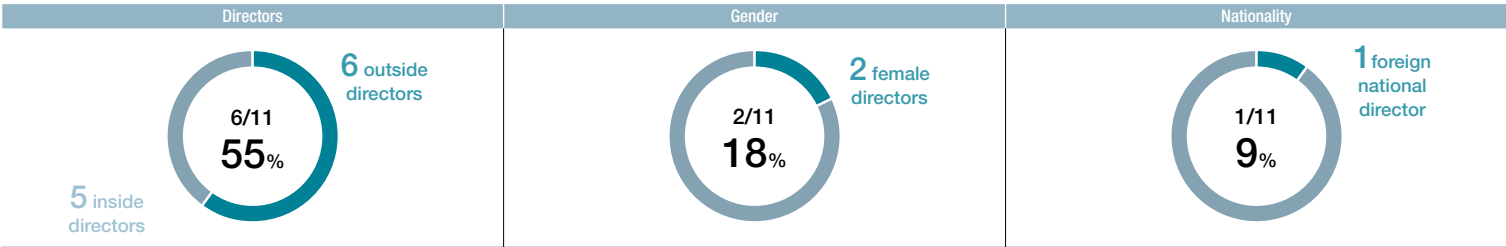


Corporate Governance

Corporate governance system



As of March 31, 2025



- 1 Compliance Committee**

The committee works to strengthen compliance in the entire Daifuku Group by the committee members' sharing potential or newly emerging issues related to compliance, examining measures and systems to resolve and settle such issues, and reflecting the results of the examination in their respective responsible organizations.
- 2 Disclosure Committee**

The committee works to develop and enhance the timely disclosure system to timely disclose appropriate information in accordance with the Financial Instruments and Exchange Act and other related laws and regulations.
- 3 Sustainability Management Committee**

The committee discusses important management strategies for the Group and confirms the progress and results of business plans to achieve more sophisticated management. The aim is to achieve management from the perspective of management that takes both business and sustainability perspectives into account, with an emphasis on creating corporate value over the medium to long term based on a future-oriented approach.
- 4 Sustainability Promotion Committee**

To meet increasing demands to address a wider range of ESG, the SDGs, and other social issues, as a subordinate committee of the Sustainability Management Committee, the committee promotes Groupwide initiatives for the Group's ESG-related issues on a practical level based on management strategies.
- 5 Group's Human Resources Committee**

The committee aims to promote the visualization of the experience and skills of the Group's human resources, and to also revitalize human resources and assign the right people to the right positions by implementing systematic training and promoting the sufficiency, training status, and appointment of prospective successors to key positions (officers and executives) on a Groupwide, cross-sectional basis.
- 6 Risk Management Committee**

The committee promotes Groupwide risk management activities for critical risks that would significantly affect the Group's corporate activities and works to design countermeasures for risks and develop and enhance policies, regulations, systems, etc., based on critical risks identified and assessed through risk assessments regularly conducted.
- 7 Central Safety and Health Committee**

The committee promotes and makes employees aware of efforts for compliance with relevant laws and regulations, elimination of industrial accidents and transport disasters as the Group's supreme deliberative body for safety and health control matters.
- 8 Information Security Committee**

The committee establishes and revises regulations and reviews and implements measures for information security to ensure and maintain information security risk management for the entire Group based on its understanding of potential information security risks within and outside the Group. Upon occurrence of an incident, the committee will promptly respond in cooperation with relevant units.
- 9 International Trade Control Committee**

The committee develops and enhances systems for managing compliance in international transactions to ensure compliance with laws and regulations including those for security, related to import, export, intermediate trade, and other general international transactions.

## Corporate Governance

### Activity status of the Board of Directors and the Advisory Committee

#### Board of Directors

Daifuku's Board of Directors makes decisions on important matters stipulated in the Rules of the Board of Directors, such as the determination of management policies, management plans, and corporate governance system. The Board delegates matters other than these important matters to directors and corporate officers. The Board of Directors meetings are attended by all directors and Audit & Supervisory Board members, with senior managing officers, managing officers, and an audit officer joining as observers. The president and CEO serves as Chair of the Board of Directors. The Company holds regular monthly meetings of the Board of Directors, with extraordinary meetings convened, as necessary.

##### ▶ Main agenda items during fiscal 2024

- Purchase of treasury stock and reduction of cross-shareholdings
- Personnel matters related to changes in directors
- Progress in management plans
- Measures related to growth strategies
- Activities of Advisory Committee and others
- Promotion of sustainability management, and other

##### ▶ Number of meetings held in fiscal 2024

13 times (9 regular meetings and 4 extraordinary meetings)

#### Attendance

Title	Name	Attendance rate (times attended/times held)
Representative Director President and CEO	Hiroshi Geshiro	100% (13/13)
Director	Seiji Sato	
	Hiroshi Nobuta	
	Hideaki Takubo	
	Toshiaki Hayashi	
Outside Director	Tomoaki Terai	100% (5/5)
	Yoshiaki Ozawa	100% (8/8)
	Mineo Sakai	100% (13/13)
	Kaku Kato	
	Keiko Kaneko	
	Gideon Franklin	
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	100% (5/5)
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	
	Tsukasa Miyajima	
	Nobuo Wada	
	Eiko Hakoda	

#### Audit & Supervisory Board

With an awareness of their fiduciary responsibilities to shareholders and with a view to continuous corporate growth and medium- and long-term improvement in corporate value, Audit & Supervisory Board members and the Audit & Supervisory Board carry out auditing activities for fulfilling their duties, including auditing of directors' execution of duties, auditing of the internal control system, and assessment of the appropriateness of auditing conducted by the accounting auditor, in accordance with the Rules of the Audit & Supervisory Board, the Standards for Company Auditor Audit, and the Standards on Audit Concerning the Internal Control System.

##### ▶ Main agenda items during fiscal 2024

**Resolution:** Audit plans, reappointment of accounting auditors, consent to audit compensation for accounting auditors, audit reports by the Audit & Supervisory Board, consent to proposals for election of Audit & Supervisory Board members, types of non-assurance services subject to pre-approval to be contracted to accounting auditors, and other

**Reporting:** Reports on the activities of the full-time Audit & Supervisory Board member and the Audit & Supervisory Board Office, reports on the implementation of audits, reports on the results of on-site audits of business units, audit plans of the Audit Division, and other

**Deliberation and discussion:** Draft audit reports of Audit & Supervisory Board members and the Audit & Supervisory Board, the remuneration for Audit & Supervisory Board members, and other

##### ▶ Number of meetings held in fiscal 2024

6 times

#### Attendance

Title	Name	Attendance rate (times attended/times held)
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	100% (6/6)
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	100% (2/2)
	Tsukasa Miyajima	100% (6/6)
	Nobuo Wada	
	Eiko Hakoda	100% (4/4)

- Notes: 1. Following the changes to the fiscal year-end, the number of meetings of the Board of Directors, Audit & Supervisory Board, and Advisory Committee during fiscal 2024 is stated for the nine-month period from April 1, 2024 to December 31, 2024.
2. Mr. Tomoaki Terai and Ms. Eiko Hakoda assumed the office of director and the office of Audit & Supervisory Board member, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.
3. Mr. Toshiaki Hayashi and Mr. Ryosuke Aihara resigned from the office of director and the office of Audit & Supervisory Board Member, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on June 21, 2024.
4. Mr. Hiroshi Nobuta and Mr. Mineo Sakai resigned from the office of director and the office of outside director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.

#### Advisory Committee

The Company has established a voluntary Advisory Committee to strengthen the independence, objectivity, and accountability of the functions of the Board of Directors regarding the nomination, dismissal, and remuneration of directors and corporate officers. The committee is chaired by an outside director and the majority of members are outside directors.

##### ▶ Main agenda items during fiscal 2024

**Nomination:** Personnel matters for the General Meeting of Shareholders, successor training plan, personnel matters for officers, corporate governance system, and other

**Remuneration:** Setting up of ESG indicators for executive remuneration system, evaluation of performance bonuses for officers and Board Benefit Trust (BBT), verification of levels of executive remuneration, and other

##### ▶ Number of meetings held in fiscal 2024

7 times (5 times for nomination, 2 times for remuneration)

#### Attendance

Title	Name	Attendance rate (times attended/times held)
Outside Director	Yoshiaki Ozawa (Chair)	100% (7/7)
	Mineo Sakai	
	Kaku Kato	
	Keiko Kaneko	
	Gideon Franklin	
Representative Director President and CEO	Hiroshi Geshiro	

## Corporate Governance

### Skills of the Board of Directors

The Company appoints directors by considering the optimal composition of the Board of Directors in terms of expertise, experience, diversity, etc., taking into account changes in the business environment and the management policies and business plans of the Group. Skill matrix showing the expertise and experience of each director is as follows.

#### Skills of the Board of Directors

As of March 31, 2025

Name	Expertise, experience							Gender	Foreign national	Independence	Advisory Committee
	Corporate management	Technology	Finance, accounting	Legal affairs, risk management	Sales marketing	Global	ESG				
Hiroshi Geshiro	✓			✓		✓		Male			✓
Tomoaki Teraï	✓	✓				✓		Male			✓
Seiji Sato	✓				✓	✓		Male			
Hideaki Takubo	✓			✓			✓	Male			
Tetsuya Hibi	✓		✓			✓		Male			
Yoshiaki Ozawa			✓			✓	✓	Male		✓	✓ Chair
Kaku Kato				✓		✓	✓	Male		✓	✓
Keiko Kaneko				✓		✓	✓	Female		✓	✓
Gideon Franklin	✓		✓			✓		Male	✓	✓	✓
Haruyuki Yoshida	✓		✓			✓		Male		✓	✓
Yuki Kanzaki	✓	✓					✓	Female		✓	✓

Note: In "Expertise, experience," up to three skills of individuals are marked with "✓". The above table does not represent all of the knowledge, experience, and abilities of individuals.

Corporate Governance

Reasons for election of directors and Audit & Supervisory Board members

Directors

As of March 31, 2025

Name	Title	Reasons for election
Hiroshi Geshiro	Representative Director President and CEO	He has abundant experience and a good track record both within and outside Japan. He is qualified to serve as a Director of the Company because he will be able to play an important role in decision-making in the management of the entire Group, as well as in the realization of Group strategies to achieve business growth and improve corporate performance.
Tomoaki Terai	Representative Director Executive Vice President and COO Cleanroom Global Business Head	He has abundant experience and a good track record in business management concerning the material handling systems for semiconductor factories at the Company and its subsidiaries outside Japan. He oversees Groupwide business execution as Chief Operating Officer. The Company determined that he is qualified as a Director for the above reasons.
Seiji Sato	Director, Senior Managing Officer President and CEO of Daifuku North America, Inc.	He has abundant experience and a good track record in business management concerning material handling systems for semiconductor factories both within and outside Japan. Since April 2023, he has been serving as president and CEO of a subsidiary in North America. The Company determined that he is qualified as a Director for the above reasons.
Hideaki Takubo	Director, Senior Managing Officer Chief Human Resources Officer, Corporate Functions Head	He has extensive experience and a good track record in the field of human resources and general affairs both within and outside Japan. As the Corporate Functions Head, he is responsible for promoting sustainability management, including ESG. The Company determined that he is qualified as a Director for the above reasons.
Tetsuya Hibi	Director, Managing Officer, Chief Financial Officer, Deputy Corporate Functions Head, Finance and Accounting Division Manager	He has considerable knowledge in accounting and financial fields. He serves as the Group Chief Financial Officer by leveraging his experience working abroad. The Company determined that he is qualified as a Director for the above reasons.
Yoshiaki Ozawa	Outside Director	He has considerable knowledge in financial and accounting matters and teaches accounting as a university professor by leveraging his experience working abroad. At meetings of the Board of Directors, he offers professional advice and counsel to secure the transparency of management and enhance the supervision thereof based on his abundant experience and extensive knowledge, as well as to help us promote globalization of the Group. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective. The Company determined that he is qualified as a Director for the above reasons.
Kaku Kato	Outside Director	He has abundant experience and extensive knowledge in corporate management, particularly in the fields of safety and ESG as well as compliance and internal control, cultivated through the positions as executive officer at a trading company and an energy-related company. At meetings of the Board of Directors, he offers advice and counsel to secure the transparency of management and enhance the supervision thereof largely from the viewpoint of corporate legal affairs. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective. The Company determined that he is qualified as a Director for the above reasons.
Keiko Kaneko	Outside Director	She has experience working at a trading company and as an associate professor at a graduate school. As a lawyer, she is actively involved in areas such as business acquisition, transactions and management of business enterprises, and regulations in the field of natural resources. At meetings of the Board of Directors, she offers advice and counsel to secure the transparency of management and enhance the supervision thereof from her professional viewpoint. In addition, she works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective. The Company determined that she is qualified as a Director for the above reasons.
Gideon Franklin	Outside Director	He has abundant experience and extensive knowledge in corporate management as an analyst, M&A advisor, and management executive in international financial institutions and other organizations. He provides advice and recommendations based on his extensive knowledge on global business management, to enhance the diversity of the Board of Directors and to secure the transparency of management and enhance the supervision from an unconventional perspective. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective. The Company determined that he is qualified as a Director for the above reasons.
Haruyuki Yoshida	Outside Director	He has global experience and extensive knowledge as a corporate manager, having served as the corporate officer of Kubota Corporation and the head of its group U.S. company for many years. The Company would like him to provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the supervision thereof. The Company determined that he is qualified as a Director for the above reasons.
Yuki Kanzaki	Outside Director	She has served in positions such as an officer of Kirin Holdings Company, Limited and a head of its group company. She has consistently worked in <i>monozukuri</i> (workmanship) onsite in the manufacturing industry while playing a primary role in advancing business restoration, structural reform, and the reformation of organizational culture in acquired companies. Based on such abundant experience and knowledge, the Company would like her to provide advice and counsel at meetings of the Board of Directors, not to mention the production departments, to secure the transparency of management and enhance the supervision thereof. The Company determined that she is qualified as a Director for the above reasons.

Audit & Supervisory Board members

Name	Title	Reasons for election
Tsukasa Saito	Audit & Supervisory Board Member (full-time)	He has abundant practical experience in finance and accounting and a high level of knowledge in the accounting and financial fields. He has also supported the duties of the Audit & Supervisory Board Office. He is well versed in the Group's business operation. The Company determined that he is qualified as an Audit & Supervisory Board member for the above reasons.
Tsukasa Miyajima	Audit & Supervisory Board Member (outside)	He is a university professor specializing in law and has deep insight and extensive experience as an academic expert and a legal expert. He has given us professional advice and counsel to ensure the transparency of management and enhance the functions of management supervision and auditing thereof.
Nobuo Wada	Audit & Supervisory Board Member (outside)	He had long been a professor at Nagoya University as a scientist majoring in physics. He has deep insight and extensive experience as an academic expert. He has given us professional advice and counsel to ensure the transparency of management and enhance the functions of management supervision and auditing thereof.
Eiko Hakoda	Audit & Supervisory Board Member (outside)	She has long been engaged in global business as a lawyer and has a proven track record and a high level of expertise in finance, international commerce, and corporate governance. She has given us professional advice and counsel to ensure the transparency of management and enhance the functions of management supervision and auditing thereof.



## Corporate Governance

### Evaluation of the Board of Directors' effectiveness

#### Results for fiscal 2024

The Company regularly examines the composition and operational status of the Board of Directors and evaluates its effectiveness. The Company works to continuously strengthen functions and improve effectiveness by addressing issues identified from the evaluation results.

In the effectiveness evaluation conducted in fiscal 2024 as well, the Company ensures objectivity and independence of the effectiveness evaluation by obtaining support from an external evaluation body at key points in the process, such as conducting questionnaires and analyzing survey results.

#### ▶ Method

- Anonymous questionnaire for all directors and all Audit & Supervisory Board members

#### ▶ Survey items

- 1 How the Board of Directors should be
- 2 Composition of the Board of Directors
- 3 Operation of the Board of Directors
- 4 Discussions at the Board of Directors
- 5 The Board of Directors' monitoring function
- 6 Performance of outside directors
- 7 Support system for directors and Audit & Supervisory Board members
- 8 Training
- 9 Dialogues with shareholders and investors
- 10 Subjects' own actions
- 11 Operation of the Advisory Committee

#### Initiatives and evaluation for fiscal 2024

##### Recognition of issues as a result of the FY2023 effectiveness evaluation

**Reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital**



##### Initiatives for FY2024

Reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital



##### Evaluation results of the questionnaire for FY2024

The majority of respondents evaluated that they were adequately overseen. On the other hand, with regard to periodic review of the Group's overall business portfolio, some respondents indicated a need for continued consideration, such as increasing the time spent discussing medium- to long-term corporate strategy and M&A.

##### Training of successor candidates



- Enhancement of executive training considering the skills of the Board of Directors
- Resolution by the Board of Directors based on discussions and recommendations of the Advisory Committee regarding succession plans for the CEO and other positions



The improvement was appreciated.

We will continue to deepen our discussions on the ideal form of the Board of Directors and the systematic development of successor candidates to the next generation of management, based on our management strategy.

#### To improve effectiveness in the future

##### Recognition of issues as a result of the FY2024 effectiveness evaluation

**Reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital**



##### Future initiatives

The Board of Directors will seek more sophisticated management system, in light of the issues that need to be discussed with greater awareness of cost of capital and return on capital.

##### Support structure for the Board of Directors



We will continue to deepen our discussions on strengthening support systems and other measures to revitalize discussions at Board meetings.

## Corporate Governance

### Executive remuneration

The Company has established a policy for determining remuneration, etc., for individual directors by a resolution of the Board of Directors, through consideration and reporting by the Advisory Committee, which is chaired by an outside director and the majority of the members are outside directors, to enhance transparency and fairness decision-making.

Executive remuneration consists of basic remuneration (fixed remuneration), a bonus (short-term performance-linked remuneration that fluctuates based on performance), and the Board Benefit Trust (medium- to long-term performance-linked equity remuneration, BBT). Outside directors are not eligible for bonuses and BBT from the standpoint of their functions and independence.

The annual remuneration for each director, including the amounts of basic remuneration and bonuses, and points awarded under the BBT, is determined by a resolution of the Board of Directors based on deliberations and reporting by the Advisory Committee.

### Results for fiscal 2024

#### Remuneration for directors and Audit & Supervisory Board members

Type of officer	Total remuneration (million yen)	Total remuneration, etc., by type (million yen)			Number of target officers
		Basic remuneration	Performance-linked remuneration		
			Bonus	Non-monetary remuneration	
Directors (excluding outside directors)	498	173	284	40	6
Audit & Supervisory Board members (excluding outside members of the Audit & Supervisory Board)	27	27	—	—	1
Outside directors	56	56	—	—	5
Audit & Supervisory Board members (outside)	27	27	—	—	4

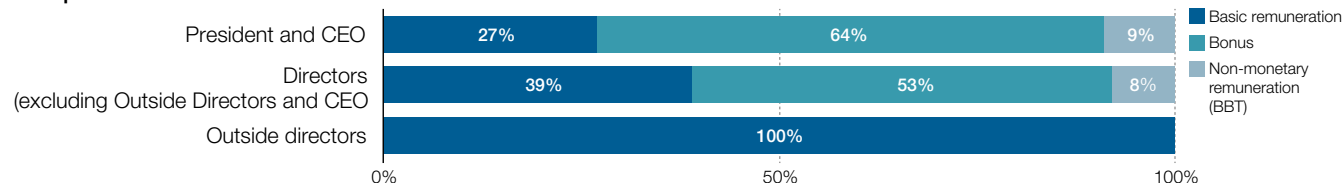
#### Those who received 100 million yen or more of total consolidated remuneration

Name	Total consolidated remuneration (million yen)	Title	Total consolidated remuneration, etc., by type (million yen)		
			Basic remuneration	Performance-linked remuneration	
				Bonus	Non-monetary remuneration
Hiroshi Geshiro	174	Representative Director President and CEO	47	112	15
Seiji Sato	106	Director and Senior Managing Officer President and CEO of Daifuku North America, Inc.	60	45	—

Notes: 1. Only lists those who received 100 million yen or more of consolidated remuneration in total.

2. Mr. Seiji Sato's principal place of residence and execution is in the United States. For income tax, the Company adjusts the tax amount as necessary to ensure consistency of tax burden with residents of the relevant country, and the amount of tax, etc., incurred as a result of such measures is included in the amount of basic remuneration.

#### Composition of remuneration



Note: Based on results for fiscal 2024

## Corporate Governance

### Structure of executive remuneration

The executive remuneration system, which was reviewed in fiscal 2024, defines the following payment criteria for basic remuneration (fixed) and performance-linked remuneration (variable): bonus (short-term assessment) and the BBT (medium- to long-term assessment), as follows.

Type of remuneration		Payment criteria					Payment method			
Basic remuneration (fixed)		Determined according to positions and roles					Monthly Monetary remuneration			
Performance-linked remuneration (variable)*	Short-term assessment	Bonus	Method of calculation of bonus resources [Total bonus resources = Consolidated net income x (1.5±0.06)%]					Annually Monetary remuneration		
			Financial indicator: 1.5% of consolidated net income		Non-financial indicators: 1) Zero serious accidents: ±0.03% (positive evaluation only if the target is achieved for five consecutive years) 2) CO <sub>2</sub> emissions reduction rate (progress rate toward 2030 target and initiatives in a single year) ±0.03%					
			Description						By type	
			Basic component	Quantitative evaluation	Consolidated net income	Calculated according to positions and roles			50%	
			Performance-linked evaluation component	Quantitative evaluation	Growth potential (rate of increase of consolidated net sales)	Growth potential: rate of increase of consolidated net sales compared to the previous fiscal year			30%	
					Profitability (margin)	Profitability: margin (business evaluation coefficient) Rate of improvement of margin compared to the previous fiscal year				
		Qualitative evaluation	Roles and contributions	Calculated based on roles and contributions concerning medium- to long-term targets and strategic challenges		20%				
	Medium- to long-term assessment	Non-monetary remuneration (BBT)	Points to be granted are determined by calculating the points according to positions and roles and the scores based on the target achievement rates (margin target achievement rate + income amount target achievement rate).					Annually Stock compensation		
			Description						By type	
			Target achievement rate for each fiscal year	Financial indicator	Consolidated net income	Rate of achievement of the initial plan: (margin target achievement rate + income amount target achievement rate) /2			100%	
		Three- or four- year business plan achievement rate	Financial indicators	Points to be granted are determined by calculating the points according to positions and roles and the scores based on the target achievement rates (number of items) for management target items of the business plan announced before the end of the previous fiscal year.					Upon completion of the business plan Stock compensation	
				Description						By type
				Consolidated net sales	800 billion yen			25%		
			Consolidated operating margin	11.5%			25%			
			ROE (each fiscal year)	13.0%			25%			
Non-financial indicators			ESG indicators	1) MSCI ESG rating: AA or higher 2) FTSE: continued inclusion in FTSE4Good Index 3) A– or higher score for climate change from CDP 4) CO <sub>2</sub> emissions reduction rate: 54.0% (achievement rate against the target for the final year of the four-year business plan for 2027)		25%				

\* Outside directors and outside members of the Audit & Supervisory Board are not eligible for performance-linked remuneration (variable).

## Corporate Governance

## Cross-shareholding strategy

Our basic policy is to limit shareholdings, including shares held as cross-shareholdings, to the minimum necessary and to reduce them, and the Board of Directors confirms the status of individual holdings every year. In principle, we will no longer hold new shares for strategic purposes. Circumstances including trade relations will also be taken into consideration when the economic rationale of cross-shareholdings, such as market capitalization, book value, transaction amounts, dividends, ROE, and risk of shareholdings, is examined. Shares which the Board of Directors regards as having no significance will be sold on a timely basis.

With respect to the voting rights attached to cross-shareholdings, we will make decisions individually with an emphasis on improving the corporate value of the cross-shareholding partners over the medium to long term.

At the time of the assessment, special attention will be paid to whether the cross-shareholding partner has been tarnished by scandals or has committed an antisocial act. If the

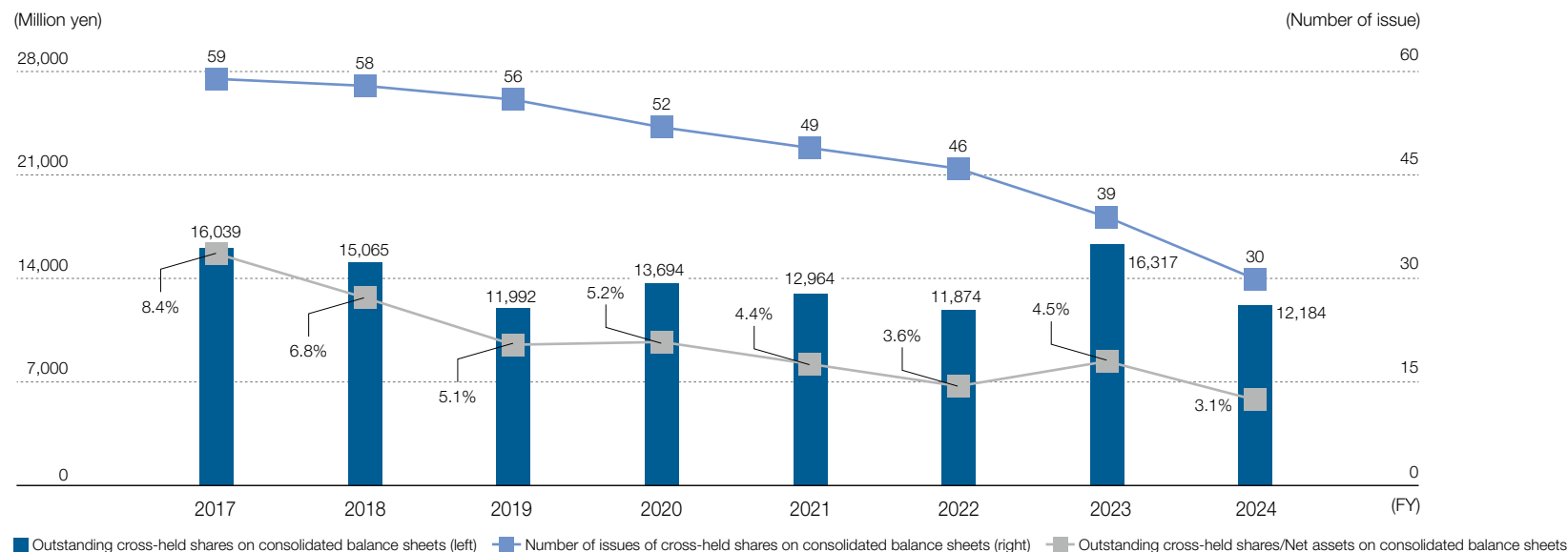
cross-shareholding partner has been involved in such circumstances, its managerial approach to improvement shall be scrutinized.

When a cross-shareholder indicates its intention to sell the Company's shares, Daifuku shall not hinder the sale of the cross-held shares.

With respect to the shares held as of December 31, 2024, the Board of Directors discussed "examination of whether to continue to hold shares as cross-shareholdings," and approved the holding of the shares at its meeting held on January 29, 2025.

In fiscal 2024, the Company reduced the holding of 16 issues of shares, including nine issues of shares sold entirely. The Company will decide to sell some issues of shares flexibly, keeping a close watch on the prices of the shares.

## Cross-shareholdings on consolidated balance sheets



# Management

(As of March 31, 2025)

## Representative Directors



**Hiroshi Geshiro**

President and CEO

## Directors



**Seiji Sato**

Senior Managing Officer

President and CEO of  
Daifuku North America, Inc.



**Hideaki Takubo**

Senior Managing Officer

Chief Human Resources Officer  
Corporate Functions Head



**Tetsuya Hibi**

Managing Officer

Chief Financial Officer  
Deputy Corporate Functions Head  
Finance and Accounting Division Manager

## Audit & Supervisory Board Members



**Tsukasa Saito**

Audit & Supervisory Board Member  
(full-time)



**Tsukasa Miyajima**

Audit & Supervisory Board Member  
(outside)



**Tomoaki Terai**

Executive Vice President and COO  
Cleanroom Global Business Head



**Yoshiaki Ozawa**

Outside Director



**Kaku Kato**

Outside Director



**Keiko Kaneko**

Outside Director



**Nobuo Wada**

Audit & Supervisory Board Member  
(outside)



**Eiko Hakoda**

Audit & Supervisory Board Member  
(outside)



**Gideon Franklin**

Outside Director



**Haruyuki Yoshida**

Outside Director



**Yuki Kanzaki**

Outside Director



Management

Officers

1

 Expertise, knowledge, experience

2

 Global (\* including management experience)

3

 Gender

Corporate Officers			Audit Officer	
<div>Senior Managing Officers</div> <div>Yasuhisa Mishina</div> <div>Chief Production Officer Chief Information Officer General Manager of Shiga Works Production Innovation Division Manager DX Division Manager</div> <div><div>1</div> Software, design, production</div> <div><div>2</div> —</div> <div><div>3</div> Male</div>				
<div>Managing Officers</div> <div>Akihiko Nishimura</div> <div>Deputy Automotive and Airport Global Business Head</div> <div><div>1</div> Installation, service, sales</div> <div><div>2</div> Canada, U.S.A.*</div> <div><div>3</div> Male</div>				
<div>Managing Officers</div> <div>Norihito Toriya</div> <div>Intralogistics Global Business Head Intralogistics Division Manager</div> <div><div>1</div> Sales</div> <div><div>2</div> —</div> <div><div>3</div> Male</div>				
<div>Managing Officers</div> <div>Atsushi Sonoda</div> <div>Cleanroom Division Manager General Manager of Komaki Works</div> <div><div>1</div> Sales</div> <div><div>2</div> South Korea</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Hiroaki Kita</div> <div>Deputy Airport Division Manager President of Daifuku Airport Technologies Japan Co., Ltd. President of Scarabee Aviation Group - Japan Co., Ltd.</div> <div><div>1</div> Design, product development</div> <div><div>2</div> U.K., Germany, U.S.A., China*, New Zealand*</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Seiji Yamamoto</div> <div>General Manager of Installation and Service Operations, Intralogistics Division Safety and Health Management Division Manager</div> <div><div>1</div> Installation, service</div> <div><div>2</div> Thailand*</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Tsutomu Maeda</div> <div>Automotive Division Manager Deputy Safety and Health Management Division Manager</div> <div><div>1</div> Installation, service</div> <div><div>2</div> U.S.A., India*</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Hirobumi Akiba</div> <div>Corporate Communications Division Manager</div> <div><div>1</div> Sales, finance</div> <div><div>2</div> U.K.</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Masayuki Izutsu</div> <div>Airport Division Manager General Manager of Airport Operations, Airport Division</div> <div><div>1</div> Installation, service</div> <div><div>2</div> U.S.A., South Korea*, The Netherlands*</div> <div><div>3</div> Male</div>			<div>Audit Officer</div> <div>Toshikatsu Takahashi</div> <div>General Manager of Audit &amp; Supervisory Board Office</div> <div><div>1</div> Human resources and general affairs</div> <div><div>2</div> China*</div> <div><div>3</div> Male</div>	
<div>Corporate Officers</div> <div>Takafumi Tanaka</div> <div>Auto Wash Global Business Head Auto Wash Division Manager President of Daifuku Plusmore Co., Ltd.</div> <div><div>1</div> Production</div> <div><div>2</div> —</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Junji Yano</div> <div>General Manager of Production Operations, Intralogistics Division</div> <div><div>1</div> Design, production</div> <div><div>2</div> —</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Kazuyoshi Nishiyama</div> <div>Electronics Global Business Head President and CEO of Contec Co., Ltd.</div> <div><div>1</div> Engineering, design, sales</div> <div><div>2</div> Taiwan</div> <div><div>3</div> Male</div>				
<div>Corporate Officers</div> <div>Satoru Otani</div> <div>General Manager of Business Promotion Operations, Automotive Division</div> <div><div>1</div> Installation, service</div> <div><div>2</div> U.S.A.</div> <div><div>3</div> Male</div>				

Takaya Uemoto

Automotive and Airport Global Business Head

1

 Installation, service

2

 U.S.A.\*

3

 Male

Takuya Gondoh

Chief Technology Officer  
Business Innovation Division Manager

1

 Engineering, production

2

 —

3

 Male

# Data Section

Chapter

05

- 89 Eleven-Year Financial Summary
- 90 Five-Year Non-Financial Summary
- 91 Company Profile

# Eleven-Year Financial Summary (Daifuku Co., Ltd. and consolidated subsidiaries)

(Million yen)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Operating results</b>											
Orders received	¥305,567	¥359,427	¥356,518	¥487,976	¥503,399	¥483,184	¥451,065	¥589,069	¥737,475	¥620,312	¥594,769
Net sales	267,284	336,184	320,825	404,925	459,486	443,694	473,902	512,268	601,922	611,477	563,228
Gross profit	51,642	63,351	64,407	83,089	101,255	85,824	88,157	94,299	109,799	116,628	124,760
Gross profit margin (%)	19.3	18.8	20.1	20.5	22.0	19.3	18.6	18.4	18.2	19.1	22.2
Operating income	14,883	20,878	23,099	39,924	54,681	40,497	44,566	50,252	58,854	62,079	71,546
Operating margin (%)	5.6	6.2	7.2	9.9	11.9	9.1	9.4	9.8	9.8	10.2	12.7
Income before income taxes	15,211	20,650	23,942	41,059	55,329	39,808	45,109	50,978	55,052	63,287	74,488
Net income attributable to shareholders of the parent company	9,810	13,652	16,746	29,008	39,567	28,063	32,390	35,877	41,248	45,461	57,086
Net income margin (%)	3.7	4.1	5.2	7.2	8.6	6.3	6.8	7.0	6.9	7.4	10.1
Consolidated dividend payout ratio (%)	24.8	25.3	30.5	29.7	28.6	33.6	31.1	31.6	33.6	32.9	35.7
<b>Cash flows</b>											
Cash flows from operating activities	¥ 6,295	¥ 7,206	¥ 26,683	¥ 11,497	¥ 8,559	¥ 13,706	¥ 38,229	¥ 56,691	¥ 20,034	¥ 37,117	¥116,129
Cash flows from investing activities	(5,846)	(2,099)	(5,393)	(5,600)	5,937	(14,791)	(6,132)	(9,828)	(11,874)	(29,582)	(2,393)
Free cash flows	448	5,107	21,289	5,897	14,496	(1,084)	32,097	46,862	8,159	7,534	113,736
Cash flows from financing activities	(509)	(8,702)	(4,404)	13,444	(6,893)	(18,354)	(8,932)	(27,550)	(30,187)	22,732	36,820
Cash and cash equivalents at end of period	54,081	49,084	64,790	85,152	90,903	70,883	94,079	118,672	102,389	136,445	220,395
Capital investment	7,532	4,210	5,905	6,348	7,920	13,220	7,462	11,565	16,811	21,410	15,532
Depreciation	4,157	4,587	4,202	4,419	4,598	5,667	6,401	7,326	8,522	9,569	7,911
R&D expenses	6,945	7,009	7,489	8,123	8,615	8,936	9,165	10,735	10,496	11,264	9,340
<b>Financial position (at fiscal year-end)</b>											
Total assets	¥271,011	¥296,055	¥303,540	¥373,013	¥409,982	¥410,887	¥445,456	¥483,322	¥551,552	¥646,154	¥688,707
Net assets	111,521	130,116	142,340	191,474	222,885	237,356	262,012	292,059	332,323	358,755	398,424
Interest-bearing liabilities	60,547	40,904	39,770	37,967	40,001	33,418	35,143	26,356	11,459	70,616	63,370
Shareholders' equity	98,469	123,669	136,694	181,454	214,656	231,714	255,282	279,264	308,240	319,723	348,767
<b>Amounts per share of common stock</b>											
Dividend per share (Yen)	¥7.3	¥10.0	¥14.0	¥23.3	¥30.0	¥25.0	¥26.7	¥30.0	¥36.7	¥40.0	¥55.0
Net income per share (Yen)	29.53	39.57	45.86	78.54	104.85	74.32	85.71	94.90	109.11	121.63	154.21
Net assets per share (Yen)	324.25	348.13	380.71	497.90	579.40	616.76	680.02	769.13	878.24	966.98	1,082.71
<b>Financial indicator</b>											
ROIC (%)	—	—	—	—	—	—	—	11.0	12.6	11.4	11.4
ROE (%)	9.6	11.6	12.6	17.7	19.5	12.4	13.2	13.1	13.2	13.2	15.1
Total assets turnover (Times)	1.0	1.2	1.1	1.2	1.2	1.1	1.1	1.1	1.2	1.0	0.8
D/E ratio (Times)	0.56	0.32	0.29	0.20	0.18	0.14	0.14	0.09	0.03	0.20	0.16
CCC (Days)	—	—	—	—	—	—	105	98	86	100	99

Notes: 1. Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for 9 months in Japan (from April to December 2024) and 12 months outside Japan (from January to December, 2024). Prior to fiscal 2023, the fiscal year was a 12-month period from April 1 to March 31 of the following year.

2. The amount of capital investment in fiscal 2014 includes goodwill generated from acquisition of shares in companies outside Japan.

3. Per share information is calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of fiscal 2014.

4. In the calculation of net assets per share, the amount of non-controlling interests is subtracted from the amount of net assets.

5. In the calculation of ROE, shareholders' equity represents the amount of net assets less non-controlling interests (average of beginning and end of fiscal year).

6. D/E ratio = Interest-bearing liabilities/ (Net assets – Non-controlling interests – Bonds with stock acquisition rights)

Interest-bearing liabilities are short-term borrowings, long-term borrowings, and convertible-bond-type bonds with stock acquisition rights recorded in the consolidated balance sheets that pay interest.

7. For details, see the securities report on our website: [www.daifuku.com/ir/library/statements](http://www.daifuku.com/ir/library/statements)

# Five-Year Non-Financial Summary

	Unit	Scope	2020	2021	2022	2023	2024
<b>Environmental</b>							
CO <sub>2</sub> emissions (Scopes 1 + 2)	t-CO <sub>2</sub>	Global	36,936	34,823	26,408	20,926	<b>17,377</b>
Scope 1	t-CO <sub>2</sub>	Global	9,074	9,684	10,511	8,804	<b>8,853</b>
Scope 2	t-CO <sub>2</sub>	Global	27,862	25,139	15,897	12,122	<b>8,524</b>
Scope 3	t-CO <sub>2</sub>	Global	1,793,009	1,960,740	2,363,344	2,115,601	<b>2,205,756</b>
Energy consumption	GJ	Global	722,814	773,071	774,047	769,493	<b>801,278</b>
Production	GJ	Global	642,271	688,243	691,821	661,357	<b>698,542</b>
Non-production	GJ	Global	80,543	84,828	82,226	108,136	<b>102,736</b>
Electricity	GWh	Global	56	60	58	59	<b>62</b>
Electricity derived from renewable energy sources	GWh	Global	—	5.9	16.9	32.1	<b>41.3</b>
Percentage of electricity derived from renewable energy sources	%	Global	—	9.8	29.1	54.0	<b>66.6</b>
Water consumption	m <sup>3</sup>	Global	195,457	207,253	216,795	183,017	<b>183,492</b>
Water discharge	m <sup>3</sup>	Global	—	203,553	211,187	171,256	<b>167,217</b>
Waste generated (including valuable wastes)	t	Japan	4,519	5,782	4,775	4,778	<b>5,062</b>
Waste generated (including valuable wastes)*	t	Outside of Japan	—	4,035	2,749	5,903	<b>5,673</b>
Recycling rate of waste (including valuable wastes) *	%	Global	—	97.1	95.3	95.6	<b>93.0</b>

\* Figures for fiscal 2021 and fiscal 2022 do not include data for North American locations.

	Unit	Scope	2020	2021	2022	2023	2024
<b>Social</b>							
Number of employees	People	Global	11,697	12,436	13,020	13,071	<b>11,042</b>
Of which, Daifuku Co., Ltd.	People	Daifuku Co., Ltd.	3,042	3,202	3,375	3,509	<b>3,691</b>
Number of female employees	People	Daifuku Co., Ltd.	382	402	420	442	<b>511</b>
Number of female managers	People	Daifuku Co., Ltd.	18	20	26	32	<b>40</b>
Ratio of women in management positions	%	Daifuku Co., Ltd.	—	—	3.5	4.3	<b>5.4</b>
Employment rate of people with disabilities (as of June 1 of each fiscal year)	People	Daifuku Co., Ltd.	2.49	2.54	2.48	2.42	<b>2.34</b>
Average years of service	Years	Daifuku Co., Ltd.	16.0	15.1	15.0	15.3	<b>14.7</b>
Frequency rate*	—	Japan	0.37	0.21	0.45	0.55	<b>0.46</b>
Frequency rate*	—	Outside of Japan	0.98	0.65	0.90	0.58	<b>0.70</b>
Number of serious accidents*	People	Japan	0	0	0	0	<b>1</b>
Number of serious accidents*	People	Outside of Japan	0	0	1	0	<b>0</b>
Number of visitors to the Hini Arata Kan demo center	People	—	6,129	4,503	14,980	17,859	<b>16,990</b>

\* Data from January through December. These indicators are calculated including installation contractors.

	Unit	2020	2021	2022	2023	2024
<b>Governance*</b>						
Number of directors	People	8	9	9	10	<b>10</b>
Number of outside directors	People	4	4	4	5	<b>5</b>
Percentage of outside directors	%	50.0	44.4	44.4	50.0	<b>50.0</b>
Number of female directors	People	1	1	1	1	<b>1</b>
Percentage of female directors	%	12.5	11.1	11.1	10.0	<b>10.0</b>
Number of foreign national directors	People	0	0	0	1	<b>1</b>
Percentage of foreign national directors	%	—	—	—	10.0	<b>10.0</b>
Whistleblowing cases	Cases	6	6	17	14	<b>12</b>

\* Figures for directors are as of the General Meeting of Shareholders held each fiscal year.

Note: Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for 9 months in Japan (from April to December 2024) and 12 months outside Japan (from January to December 2024). Prior to fiscal 2023, the fiscal year was a 12-month period from April 1 to March 31 of the following year.

# Company Profile (As of December 31, 2024)

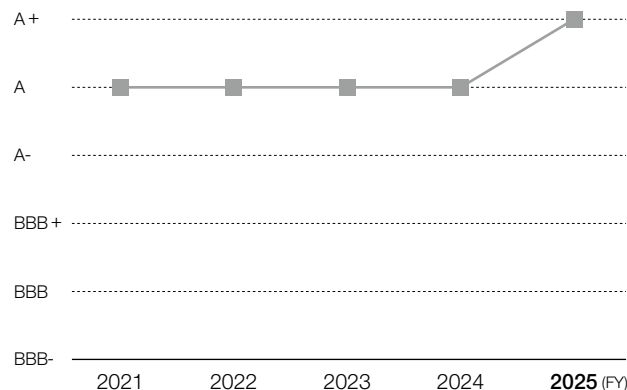
## Company profile

<b>Company name</b>	Daifuku Co., Ltd.
<b>Established</b>	May 20, 1937
<b>Paid-in capital</b>	31,865.3 million yen
<b>Employees</b>	11,042 (consolidated)
<b>Osaka Headquarters</b>	3-2-11 Mitejima, Nishiyodogawa-ku, Osaka 555-0012 Japan

## Stock information

<b>Securities code</b>	6383
<b>Stock exchange listing</b>	Prime Market of Tokyo Stock Exchange
<b>Total number of shares issued</b>	379,830,231 shares
<b>Number of shareholders</b>	35,206
<b>Stock transfer agent</b>	Sumitomo Mitsui Trust Bank, Limited

## Changes in credit rating (Rating and Investment Information, Inc.)

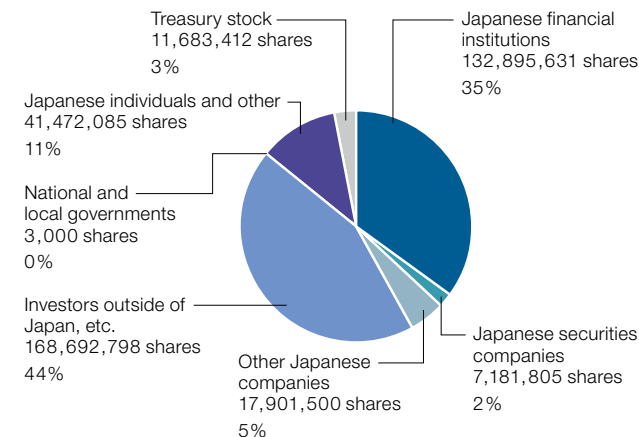


## Major shareholders

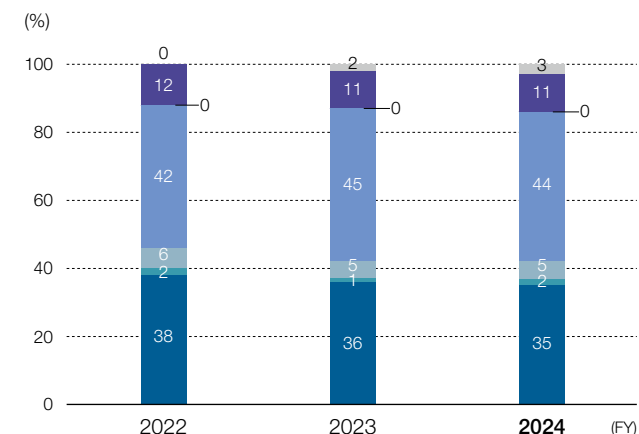
Name	Percentage of shares held to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14.35
Custody Bank of Japan, Ltd. (Trust Account)	8.83
STATE STREET BANK AND TRUST COMPANY 505025	3.50
Mizuho Bank, Ltd.	2.52
Daifuku Supplier Shareholder Association	2.36
Nippon Life Insurance Company	2.24
STATE STREET BANK WEST CLIENT - TREATY 505234	1.94
Chuo-Nittochi Co., Ltd.	1.82
Sumitomo Mitsui Banking Corporation	1.66
STATE STREET BANK AND TRUST COMPANY 505001	1.57

Note: The Company holds 11,683,412 shares of treasury stock, but the shareholding ratio is calculated after deducting treasury stock from number of shares issued.

## Shareholder distribution



■ Japanese financial institutions  
 ■ Japanese securities companies  
 ■ Other Japanese companies  
 ■ Investors outside of Japan, etc.  
 ■ National and local governments  
 ■ Japanese individuals and other  
 ■ Treasury stock

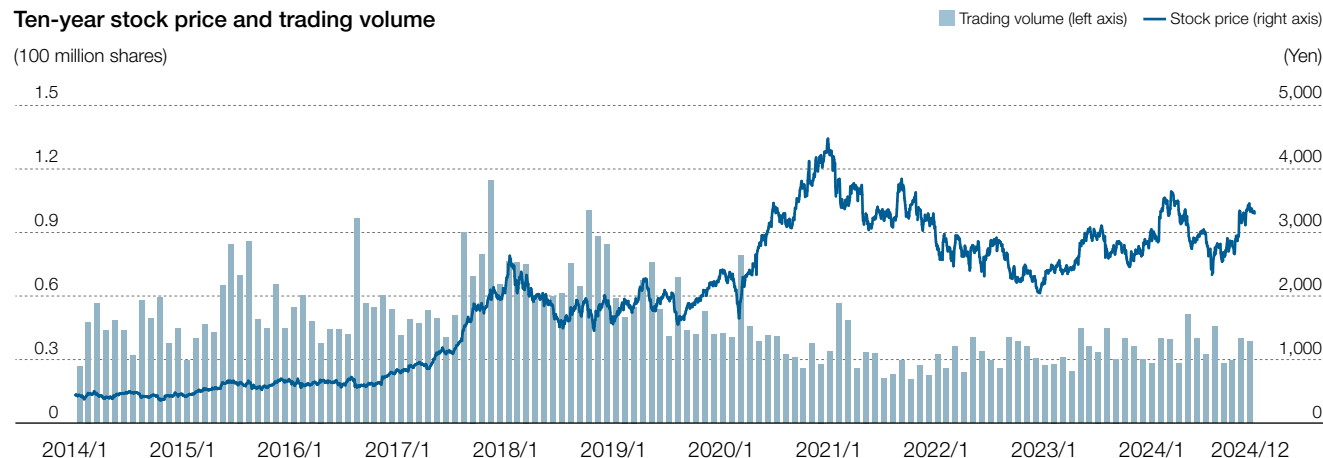


■ Japanese financial institutions  
 ■ Japanese securities companies  
 ■ Other Japanese companies  
 ■ Investors outside of Japan, etc.  
 ■ National and local governments  
 ■ Japanese individuals and other  
 ■ Treasury stock



## Company Profile

### Ten-year stock price and trading volume



### Highest and lowest stock price for the year

	2019	2020	2021	2022	2023	2024
Year-end stock price (Yen)	2,283	3,613	2,930	2,443	3,584	3,300
Highest stock price (Yen)	2,413	4,476	3,850	2,459	3,678	3,630
Lowest stock price (Yen)	1,553	2,113.3	2,470	2,412	2,349	1,954.5

### Stock-related data

	2019	2020	2021	2022	2023	2024
Year-end market capitalization (Billion yen)	867.2	1,372.4	1,112.9	927.9	1,361.3	1,253.4
Price book-value ratio (Times)	3.7	5.3	3.8	2.8	3.7	3.0
Price earnings ratio (Times)	30.7	42.2	30.9	22.4	29.5	21.4

### Total shareholder return (including dividends)

	2019	2020	2021	2022	2023	2024
Daifuku Co., Ltd. (%)	120.2	190.9	156.9	133.4	194.9	183.0
TOPIX (%)	90.5	128.6	131.2	138.8	196.2	200.0
TOPIX Machinery (%)	88.8	142.0	136.7	148.4	217.0	215.2

Notes: 1. Figures are calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of fiscal 2013.

2. Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for 9 months in Japan (from April to December 2024) and 12 months outside Japan (from January to December 2024).

### On publication of this integrated report



In 2024, the Daifuku Group adopted its long-term vision, Driving Innovative Impact

2030. Its key feature is that it integrates social value with economic value. Accordingly, Daifuku has been approaching its business with the aim of attaining new growth.

The purposes of this report are to inform our shareholders, investors, and other stakeholders about our initiatives for creating innovations through the use of our material handling technologies, and to deepen their understanding of the Daifuku Group.

Reflecting feedback received from the capital markets, the 2025 edition focuses on executing growth strategies and strengthening the management resources needed to do this.

As the person in charge of publication of this report, I confirm that the process of preparing it was appropriate and that the information in this report is accurate.

We will continue expanding our dialogue with you and incorporating your feedback into our management as we seek to continue to improve corporate value.

Hirobumi Akiba

Corporate Officer  
Corporate Communications Division Manager

**DAIFUKU CO., LTD.**

[www.daifuku.com](http://www.daifuku.com)