DAIFUKU
Automation that Inspires

Daifuku Report 2026

Driving Innovative Impact 2030

Report Navigator

Daifuku is steadily shaping the future by pursuing initiatives with a sense of speed to realize its long-term vision. In Daifuku Report 2026, under the leadership of the new CEO, we present Daifuku's current efforts to create value that exceeds societal expectations in a timely and continuous manner, as well as the growth we envision going forward.

This section guides readers to the relevant pages organized around six themes of particular interest to shareholders and investors.

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Structure of this report

Report Navigator/Editorial Policy/ Disclosure Framework/Corporate Policies
Outlines the report's objectives and how to read it, as well as the fundamental concepts that form the starting point of value creation.

Chapter 01 Message from Top Management
Presents the key principles guiding management decision-making toward achieving our long-term vision.

Chapter 02 Value Creation Story
1. Organizes Daifuku's value creation process and strengths.
2. Explains strategies related to human capital, technology capital, and manufacturing capital.

Chapter 03 Growth Strategies
1. Provides an overview of the progress and updates of the four-year business plan for 2027, along with priority topics.
2. Presents business-specific strategies toward achieving the four-year business plan for 2027.

Chapter 04 Strengthening of Operational Framework
Explains sustainability and reliability through sustainability initiatives, risk management, and governance.

Chapter 05 Data Section
Organizes financial and non-financial data, as well as corporate information.

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

The report covers the parent company and 61 consolidated subsidiaries (as of December 31, 2025).

Period covered:
Fiscal 2025 (January 2025–December 2025)
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. Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for nine months in Japan (from April to December 2024) and 12 months outside Japan (from January to December, 2024).

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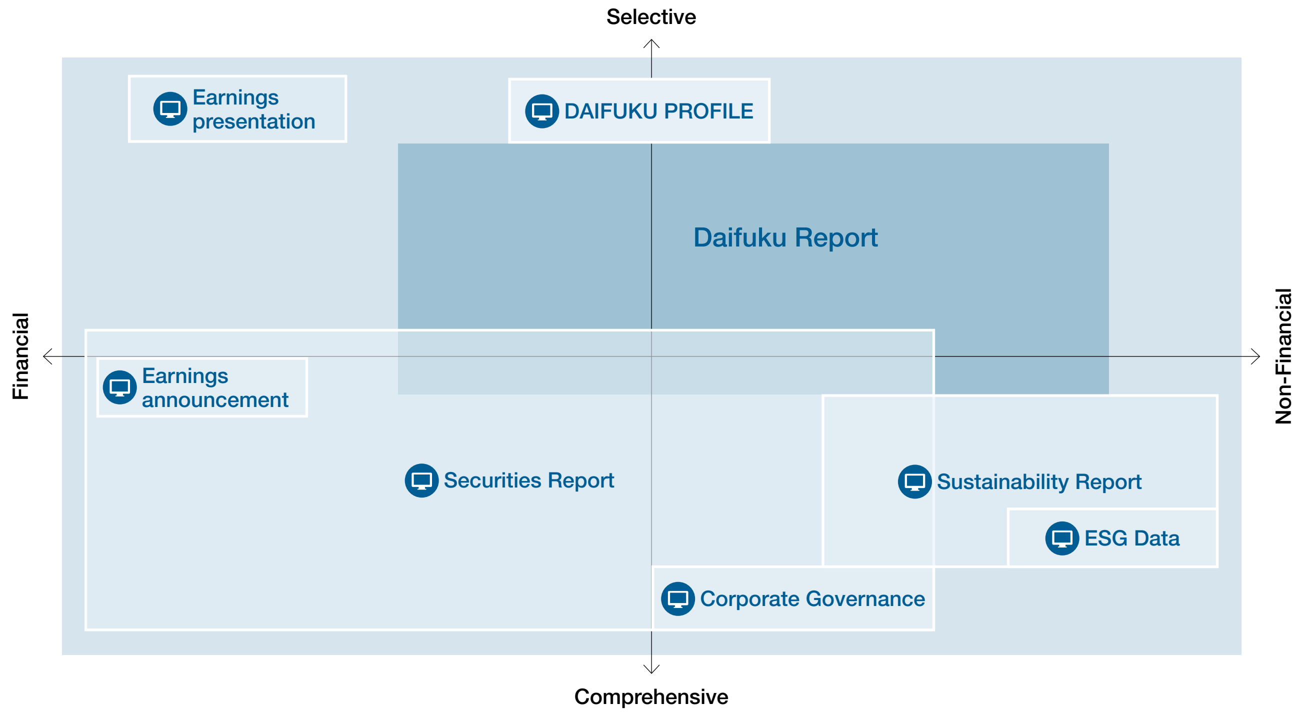
Disclosure Framework

For details about Daifuku, see the following.



Investor Relations
www.daifuku.com/ir

Sustainability
www.daifuku.com/sustainability

Cautionary statement with respect to forward-looking statements
The strategies, beliefs, 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

Hini Arata

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.

Page 32 SPOTLIGHT I Preserving Daifuku’s values for the future

Chapter 01

Message from Top Management

Message from the Chairman

Toward a new stage of growth under the next generation of leadership

In January 2026, Tomoaki Terai assumed the post of President and CEO/COO, after serving as Executive Vice President and COO in 2025. Daifuku updated its management structure with a view towards a new stage of growth.

Mr. Terai has extensive experience of working outside of Japan, as he was stationed in the United States and in Taiwan for years. He has built relationships of trust through direct communication with corporate customers operating globally. For a long time, he worked in the semiconductor industry, where technological innovation is always needed. He has profound knowledge of manufacturing.

In a rapidly changing business environment, we will develop high-value-added material handling systems incorporating advanced technologies. And under the new generation of leaders that will drive global business expansion, we will move steadily forward to attain our long-term vision, which encompasses our goals for 2030 and continued growth beyond that date, increasing our corporate value.

We look forward to your continued support.

H. Geshiro

Chairman

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

Economic Value

2030		
Consolidated sales	Operating margin	ROE
1 trillion yen	15.0%	17.0%

Based on actual results and progress through fiscal 2025, we updated the 2030 Long-Term Vision and management targets for 2027 on February 12, 2026.

Page 41 Revision of Driving Innovative Impact 2030 and Four-Year Business Plan for 2027

CEO/COO Message

Pursuing future-oriented growth strategies with a sense of speed on the basis of *Driving*

Tomoaki Terai
President and CEO/COO

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
June 2024	Director, member of the Board, Managing Officer
January 2025	Representative Director, Executive Vice President and COO
January 2026	Representative Director, President and CEO/COO (to present)

CEO/COO Message

Assumption: Turning growth potential into real growth

I was appointed president and CEO/COO in January 2026. If you ask me what special changes it has brought me, I would say that my responsibility remains the same as last year, when I was involved in management as executive vice president and COO. Rather, I now feel more strongly that there are things I want to do and things I must do.

We are now at a halfway point of our four-year business plan. The test for us is how we manage the remaining two years. Under the plan, we seek both economic value and social value. For economic value, we must meet our targets for net sales, operating income, and other indicators without fail. This is a core policy, and it is unwavering.

Based on that, we have maintained two options. One is organic growth, or the expansion of existing businesses. The other is inorganic growth. This includes M&A and other initiatives. At the moment, I feel that the potential for the growth of our existing businesses is now in sight. It is quite significant.

I can say that Daifuku on a consolidated basis is among the leading material handling manufacturers in the global market. However, when it is broken down into business units and regional units, not all of them hold leading positions. For example, one business that has the largest market share in Japan is only in fourth or fifth place in the United States. In other words, there are still significant new challenges we can pursue. It is possible that a business with this position in the U.S. market could double or triple in size, depending on its approach. When we see individual businesses from this perspective, I feel they are still exciting. Imagine an extreme situation in which Daifuku held a dominant position in all markets with shares of 60% or 70%. Had I become president and been expected to achieve further growth in that situation, that would be quite tough. In fact, in some markets our share is around 5%. It is realistic to aim for 10% or 15%. When we think this way, we see that there are many things we can do. The first thing I realized at the time of my appointment was this enormous potential for growth. This makes the job a rewarding one, with a real sense of possibility when I picture Daifuku's future growth.

To identify the scale of this potential and attain solid growth as quickly as possible, we need to move to manufacturing that is tailored to local needs.

Traditionally, our Intralogistics business for manufacturing and distribution operations in the United States took the approach of transporting products designed and developed in Japan and localizing them in terms of dimensions, electrical equipment, and components procured. This inevitably had limitations on speed. Products offered in the United States should be designed and developed in the States. Products should be designated in inches from the beginning and assembled from locally available components. This approach will produce a much higher speed. To advance the shift to local production for local consumption into a form that includes development, we dispatch development staff from Japan in order to build up our local capabilities.

Keys to decision-making: Objectivity, trend, and speed

Management means continuously making judgments and decisions. On each occasion, I pay close attention to trying to see things as objectively as possible. When you focus too much on immediate issues, you run the risk of losing sight of your surroundings. To avoid this, I usually try to take a step backward and see the whole picture.

Another point is the trend. Today, things change so fast that you will miss the right time to act if you fail to accurately identify the trend. Therefore, I first look at the facts objectively and then try to understand the trend. In this process, I also try to think about what will happen in the future and what we should be doing. These are the questions to think about. Here, what matters is the speed. I ask myself if now is the time to start something, to change something, or to stop something, depending on the situation. Delaying decision-making and missing the right time may result in an irreparable situation. That is why I will look to approach management with objectivity, trend, and speed always kept in mind.

It is difficult to look to a future moving at an ever greater speed, but we now live in a world where we must do so if we are not to fall behind. With the use of AI and other tools, I will minimize the time spent considering things, and carry out verification and improvement quickly. I believe that the extent to which we can shorten the cycle will be decisive to our results.

CEO/COO Message

The seriousness of top management's views can be attenuated in the process of communicating them. That is why I say the word "speed" repeatedly. Suppose that you have three years left. If you regard this as sufficient, your action will be slow. If you think of the same period as too short, your actions will be different. I will first establish a uniform sense of time in the organization for the purpose of increasing our speed.

Experience that serves as a basis: Acting proactively

A major turning point that shaped my stance on working is my experience in the Cleanroom business for semiconductor manufacturing lines. I had been engaged in that business since I joined the Company. In the semiconductor industry, changes take place quickly and customer expectations are high. If you fail to meet them, you will immediately lose ground in the market. That naturally developed my proactive stance of making customers' requests a reality, shortening timelines and improving accuracy. This stance was tested when I received a development request from a customer during my time in the United States. The customer wanted a system that would inject nitrogen into containers (FOUPs designed to house silicon wafers in process) to prevent oxidation. That was an area in which we had no experience. When I asked the Japan side, it responded that there was no precedent for this, and so there was a risk. Nonetheless, the customer told me that it would be necessary for next-generation systems and that it would be beneficial to gain experience. Saying to myself that I should take action if no one else does, I decided to take on the challenge. I contacted partner companies in Taiwan and in the United States myself. Involving engineers in the Company, I slowly gave shape to the idea. The process was not at all smooth. The customer worked with us and we made several improvements. Finally, we created a tangible system. Subsequently, this system underwent continued improvements. It continues to be used as part of our core systems. Nothing begins unless we take action ourselves. Looking back, I can see clearly that this experience was the starting point of my current activities.

Our company creed of Hini Arata exactly describes my action guideline. Each day, we try something new to broaden our perspective and see things differently. Failure is only a failure if you stop there. If you carry on, it will inevitably turn into success. So, I will minimize the time spent considering things and take the stance of swiftly repeating the cycle of verification and improvement by myself.

The future of material handling and advanced technologies

The world of material handling is beginning to change dramatically. In the past, conveyors and automated warehouse systems played central roles. In line with progress in the introduction of automated guided vehicles (AGVs), material handling operations have steadily changed. In just a couple of years, AI technologies for naturally judging the situation and for thinking and taking actions more autonomously will be seen in practical operations. And beyond that point, humanoid robots may take up tasks. I feel that the day is coming when the image of material handling we have traditionally held will be replaced with something different, as material handling becomes increasingly sophisticated. If we think of doing something in five years, it could be too late. We must make preparations on this assumption.

This change is accelerated by developments taking place in society. Our material handling developed mainly in the manufacturing sector, and has now spread to the distribution sector. More and more customers seek material handling in 24-hour operations, as in semiconductor plants. Areas where material handling naturally works on a 24/7 basis, even overnight and on weekends, will undoubtedly continue to expand. Meanwhile, the labor force is shrinking. In Japan, it is becoming extremely difficult to secure human resources. In the United States as well, the issue of labor shortages cannot easily be solved. With an eye to several years from now, a system ensuring that practical operations keep running despite a failure to secure personnel will be in increasing demand.

We will therefore take further steps toward the full automation of material handling. In distribution and manufacturing operations, there are still a large number of processes that depend on human labor. Creating a fully automated system that achieves 24/7 operation will not only solve a serious social issue, it will also be a major opportunity for growth. Combining AI, robotics, and

CEO/COO Message

software to provide value through the entire solution instead of mere machinery is what we are here for. And I believe that there is still ample room to expand this value, not only in Japan but around the world.

We set up Kyoto Lab and Tokyo Lab as bases for implementing these endeavors. Shiga Works remains engaged in development and manufacturing as in the past. Since it is close to the issues facing our customers, it unavoidably tends to focus on what must be done now. Kyoto Lab will pursue development of advanced technologies associated with individual businesses, whereas Tokyo Lab will build common foundations that transcend the boundaries of business units, such as AI and robotics.

We have changed our approach in human resources as well. We basically implement open calls for candidates for job positions in order to prioritize applicants' intent over the convenience of business units. I hope that talented personnel will gain experience for their future. And I truly hope that they will become outstanding, forward-looking people. I believe that we cannot make positive results in a short time without developing people with remarkable capabilities. It is also important that we don't stick too much to our proprietary products in the future. We offer value not from standalone products but from solutions. When it is necessary, we work with partners to develop optimal value as a whole. I feel that this method will more surely produce positive results in the era of fast changes.

Changing the future on the basis of *Driving*

The Group has adopted a long-term vision it calls Driving Innovative Impact 2030. To help me better understand it, I divide this title into separate words to understand the meaning of each word. *Driving* means taking proactive steps. *Innovative* means creating something new. And *Impact* means producing positive impacts on how we work.

I place a particular emphasis on the word "*Driving*." As a company grows, it tends to take a reactive stance more often, becomes less aware of the need to act autonomously, and is less likely to see problems as its own. I want to change this trend.

Under this vision, I aspire to change the future of material handling. Namely, I want us to create new value through solutions that combine AI and robotics and to have an impact on the market itself. And in 2030, I hope that our individual businesses will proudly take the world's number one positions. Everything starts by acting independently.

To build the foundations for that, I will first create an environment that encourages employees to pursue new challenges. This is, for example, an environment such as our Kurumaza roundtable talks, where management and employees meet in person to verbalize what they do not understand, sharing ideas and an awareness of issues.

In addition, employees should not only work hard on immediate tasks but also look one step ahead. I feel that the Company must encourage its people to practice this approach to work and time allocation.

Resolving social issues and achieving business growth

Operations regarding distribution, manufacturing, and other critical functions in society still have numerous processes that depend on human labor. As the labor shortage becomes more serious, the automated material handling technology that we have been developing have growing potential to produce value.

This value constitutes an area where resolving issues that confront global society and opportunities for business growth share the same direction. With our company creed of Hini Arata as an action guideline, we will take on new initiatives that look to the future with a sense of speed. We will work to both find solutions to social issues and achieve business growth, consistently increasing our corporate value.

President and CEO/COO

Roundtable Talk—the President and Outside Directors

What path should Daifuku take with a view toward sustainable growth? —Outside directors and the president discuss Daifuku's current position and its next stage of growth.

During this roundtable talk, outside directors frankly express their opinions regarding Daifuku's strengths, issues, and key points for its next stage of growth from their own perspectives.

Yuki Kanzaki
Outside Director

Tomoaki Terai
Representative Director
President and CEO/COO

Gideon Franklin
Outside Director

Haruyuki Yoshida
Outside Director

Roundtable Talk—the President and Outside Directors

Terai Today, I would like to exchange opinions with you, the outside directors, on the Company's current position and on the perspectives that will be significant in our next stage of growth. I hope to hear your impressions and honest opinions about Daifuku, especially yours, Mr. Yoshida and Ms. Kanzaki, because it has been one year since you two were appointed as outside directors.

Daifuku's appearance since they were appointed

Yoshida I have been engaged in the practical operations of a manufacturer for a long time. The first thing that struck me when I joined Daifuku was the power of its people. Daifuku has established a manufacturer's culture in which people do not shy away from difficult situations but face problems honestly and straightforwardly to meet customer needs. Discussions are constructive and people work to solve problems head-on, which makes Daifuku a good place to work. I couldn't have realized this just looking at Daifuku from the outside. I had always thought it was an automated warehouse and logistics company, but in reality, it is involved in several businesses, including a cleanroom solutions business. The potential for growth that all of these businesses have is also impressive.

Kanzaki I worked for a manufacturer and used Daifuku's material handling equipment before I was appointed as an outside director. Machinery installed about 30 years ago is still running smoothly. My impression was that Daifuku was a reliable manufacturer that was growing steadily. This perception remains intact. On the other hand, I had never experienced such rapid growth before. The past year has felt like a roller coaster racing straight to the top. I feel that corporate growth is more dependent on the performance of people than on the company's systems. New businesses have been supported by human resources with energy, expertise, and a can-do spirit. The success of individual projects is not a matter of chance, but rather the result of various conditions. Behind the scenes, there have been repeated small failures and withdrawals. The accumulation of decisions made at each stage has built up as organizational knowledge. Going forward, we must use this experience as a source of power for our organization. This is a significant issue that I should work on as a director.

Franklin I have been a non-executive director since 2023, and what has made a particularly strong impression has been the breadth and quality of the Daifuku customer base that includes leading companies in a wide range of industries around the world. This is a major strength, as Daifuku is not overly dependent on any specific customer or industry. Daifuku handles many large and complicated contracts, but its risk management functions effectively. There are not so many companies in the world that achieve a similar level of risk management. At some competitors problems in a few large projects have resulted in major losses that adversely impacted the entire company, but Daifuku has been able to mitigate such risks.

Terai Up until a decade ago or so, our project management activities were dependent on personal experience. As a result, we incurred losses in some cases. Today, we have an entrenched system for managing accumulated costs in detail and constantly monitoring progress. When any unexpected event happens, we adjust our course of action, which may include additional negotiations with customers. I believe that these efforts have led to an increase in the precision of our risk management.

Views on innovation creation and future issues

Terai Next, I would like to hear you discuss innovation creation. We have been working on trans-divisional initiatives, such as the Business Innovation Division we established and Kyoto Lab and Tokyo Lab we opened. What are your opinions on our current situation, including the state of these initiatives?

Kanzaki Daifuku's approach to innovation is multifaceted, and it includes the expansion of its R&D centers, joint research efforts with universities, and M&A. I believe that Daifuku's focus on subjects such as AI, robotics, and humanoid robots is appropriate. What matters most is not what technologies we have, but how we use them to deliver value to customers. We should envision what our future customers want and the value we can provide before working to develop technologies. I think that a key challenge moving forward is strengthening the capability to turn those creative ideas into tangible value.

Franklin When I visited Kyoto Lab I witnessed an environment that fosters easy interaction of people from different technical backgrounds, facilitating generation of new ideas. These days it is impossible to know where an idea might originate, and so places like this form a foundation for innovation. Just as Japanese manufacturing techniques have been globally acclaimed, there is no reason why Daifuku's unique innovations and expertise in the area of material handling should not blaze a trail.

Yoshida I view Daifuku's efforts in technology development positively. Looking ahead, I am concerned about whether we

Roundtable Talk—the President and Outside Directors

will have sufficient engineering talent, in both numbers and capabilities. In the past, customers themselves often had a clear idea of the solution they wanted, and value was provided in response to those needs. Now, we are in an era where companies must take the lead in transforming technology into concrete customer value and proposing it proactively. In such an era, I wonder who within our organization will be responsible for converting these technologies into value for our customers. Unless those roles and responsibilities are clearly defined, I feel that even excellent technologies will not be translated into value in a self-sustaining way.

Terai To date, our strengths have been in quickly transforming the wishes of our customers into a tangible form, and this has driven our growth. However, there is still room for improvement when it comes to independently defining markets and issues and proposing new value. Going forward, it will be vital that we not only solve the problems that customers present to us but also anticipate their needs and provide value. This is why I emphasize a can-do spirit and a feeling of urgency. I believe that the greatest challenge at the moment is the development of human resources that are not bound by conventional thinking.

Views on human resource strategies and future issues

Terai I would like to ask about our human resource strategies, which are a source of our growth. As our business expands, our workforce grows, but I am acutely aware that simply continuing along this same path may be insufficient.

Franklin While Daifuku does business globally, the mobility and diversity of its human resources has plenty of scope to improve. Daifuku has many employees with special expertise, but their backgrounds tend to be similar. Our customers are from a diverse range of industries and regions. To serve them we need to have an environment that enables human resources with diverse perspectives working effectively, irrespective of nationality, gender or specialisation.

In addition, as a global company we should ensure that cross-border mobility of our personnel is part of the culture. I think that establishing a system that enables our personnel to work effectively in a broader range of fields in line with their experience and skills, rather than confining them to specific countries or regions, will increase the flexibility of the organization as a whole.

Yoshida I sometimes feel that the human resources and business management systems are simply an extension of frameworks that were originally designed with a focus on Japan. For executives in particular, it is difficult to identify common global evaluation criteria and career paths. When people cannot predict what kind of experience will be necessary for them to take on their next role, their motivation to take on new challenges decreases. To elevate global management to the next level, it is necessary to establish a system for evaluating and developing executives using a universal set of global standards. Making it visible will encourage them to seek international experience and opportunities across multiple businesses. We must also strengthen the corporate functions to optimize the allocation of human resources and capital from a companywide perspective, rather than leaving such decisions solely to individual business units.

Kanzaki Looking back on my own career, I realize that having some sense of where I was headed in the future made a big difference. When people can see the kind of experience they need to gain to move closer to their next role, they feel more confident about taking on new challenges, and more satisfied when their efforts pay off. The same is true for diversity. Rather than leaving it up to the motivation or efforts of an individual, we need to clearly define the conditions that must be met to move on to the next stage. This is particularly important for women and people hired

mid-career. Increasing transparency of the system, including the approaches to the selection and promotion of employees, will energize the organization as a whole.

Terai Previously, our business divisions led the expansion into markets outside Japan to meet the needs of our customers, and our personnel grew professionally by gaining experience in these markets. While this approach has supported our growth to date, given the current scale of our business, I think it is no longer sufficient on its own. Going forward, we need to establish a system that enables us to clearly see our global talent pool, so that we can understand what human resources we have in which locations and systematically develop and promote them. This isn't simply a matter of being valued abroad but at a disadvantage in Japan. Rather, we will move forward with the development of human resources while carefully considering how the experience of each individual can be utilized in our future management and business operations. I believe that this will lay the foundation that will support our sustainable growth.

Issues to be addressed to grow as a global company

Terai Daifuku's share of sales generated outside Japan is increasing, and, effectively, we have already become a global company, but I feel that we are still facing challenges when we look at where we are functioning effectively as a global company.

Roundtable Talk—the President and Outside Directors

What are your thoughts on the key factors in our achievement of continued growth?

Yoshida To date, Daifuku's growth has been achieved by its business units acting on their own initiative, expanding outside Japan as needed and capturing business opportunities. In terms of speed, I think this approach was very effective. Moving forward, though, I believe that it will be increasingly important to move from optimizing individual business units to optimizing the company as a whole, discussing which business we need to expand in which markets from a companywide perspective, rather than leaving it to the discretion of the individual business units.

When making decisions in the future, I think it will be more important to look at the growth potential of the market and our competitive advantages, rather than focusing solely on short-term profits or the current order situation.

Franklin To continue to push forward with our global expansion, we need to evolve from simply having operations outside Japan to a state in which our teams function seamlessly, regardless of nationality. This would be closer to the idea of a multinational company than a global company. I believe the ideal is one in which activities move forward based on the content of deliberations, irrespective of the nationalities of the people engaged in them.

The reputation for reliability and quality that we have earned over the years as a Japanese company is a major strength outside Japan as well. The Japan brand is still highly regarded, and we can capitalise on this to attract talented personnel outside Japan. At the same time, it is essential that we respect local cultures and business practices and become integrated with them, rather than just imposing Japanese values on people without adapting.

Kanzaki I believe that it will be important to further clarify Daifuku's shared values, including what the Company values and the criteria it uses in decision-making, even when businesses and markets differ. If these values are shared, greater consistency can be achieved in decision-making across regions and businesses, and more consistent decisions should also be possible in growth strategies, including M&A. Positioning the Group companies outside Japan at the heart of the Group, not merely as local business sites, will increase the sense of unity across the Group.

Terai Listening to everyone's comments, I have realized again that the time has come to move from globalization as an outcome to intentional global management. While recognizing the importance of speed, I am also aware that selecting countries for business expansion, discussing our portfolio from a companywide perspective, and articulating our shared values will be key to our growth in the future.

Evaluation and issues regarding the business portfolio and management in consideration of the cost of capital

Kanzaki We have received reports regarding the capital efficiency of individual businesses, but we need to discuss our ideal future business portfolio in depth. However, if we focus too much on short-term metrics such as ROIC, this could lead to people arguing that our figures will improve if we reduce our investments. The point is to assess the value that businesses can be expected to generate over the medium to long term in light of the phase the business is in, the market environment, and our own capabilities. Indicators provide important information for making decisions, but it is essential that we do not allow them to become objectives.

Yoshida I also think that the Board of Directors should spend more time discussing our business portfolio. I believe it is more important to clarify the roles we expect individual businesses to play over the medium to long term than to evaluate their performance based just on the quantitative data for a single fiscal year. Particularly when formulating the next three- or four-year business plan, we must distinguish between high-growth "star" businesses and cash cows, and clearly define the objectives for each. At the same time, we must use capital efficiency as a common yardstick and coordinate timelines when deliberating. To do this, it is important that the Board of Directors continue deepening its discussion.

Franklin Looking at the ROIC figures of individual businesses, the ROIC of the Airport business, which was established through the acquisition of companies outside Japan, is low. However, airport projects can have long lead times of two to three years and unexpected additional costs have been incurred in previous long-term projects. The current figures are not an accurate reflection of the business's profitability potential. When visiting a trade show recently I appreciated major growth opportunities for the business, underpinning the necessity to make decisions from a medium- to long-term perspective rather than evaluating businesses only by short-term sales and profit.

It is difficult to value investments in AI and other new fields using conventional criteria. We need to look beyond current profitability

Roundtable Talk—the President and Outside Directors

when making decisions and consider the competitiveness and value the investment will create in the future. In so doing it is particularly important to have a narrative for investors to explain why we are investing now and how the investment will affect profitability in the future.

Terai ROIC is one key judgment criterion, but I do not intend to make business decisions based solely on it. Looking at growing businesses that will be a necessary part of the establishment of our future revenue base, for example, it is essential that we actively support necessary investments without overly fixating on short-term figures. If we focus only on the short-term improvement of ROIC, we may restrict investments, especially investments in businesses whose profitability is currently poor, that would otherwise lead to the enhancement of our competitiveness and our growth in the future. It is important to support investments that will lead to the creation of value in the future after carefully examining them in view of the risks that have been mentioned. Our current four-year business plan covers the period up to 2027. When creating the next three- or four-year business plan that will start in 2028, we will reexamine our business portfolio. Keeping capital efficiency in mind as a benchmark, we will carefully assess the status of individual businesses and their future potential to make investment decisions that result in the improvement of our corporate value over the long term. I understand that balancing these different factors will be a key challenge moving forward.

The Board of Directors and the roles of the outside directors

Terai To conclude, what are your thoughts on the ideal state of the Board of Directors and the roles that we should expect you, the outside directors, to play? How should we improve the Board of Directors to ensure that our corporate governance activities are not just making decisions regarding the current financial results and individual projects but also to support our medium- to long-term growth?

Franklin In my opinion the Daifuku Board of Directors regularly engages in substantive discussion, rather than functioning as merely a formal oversight body. In addition to the regular Board of Directors meetings throughout the year there are also other opportunities for the Directors to exchange opinions, which enables us to discuss issues based on a good understanding of the Company's situation and the background behind any particular issue. In the future there will be more of a requirement for the Board of Directors to allocate time to topics such as Daifuku's business portfolio and medium- to long-term strategies with in-depth strategic discussions. There are situations where short-term decisions are necessary, but I believe the Board of Directors will become increasingly important for its provision of a forum for discussing what Daifuku should choose not to do, and what it should focus on ten years from now.

Yoshida Through my own experience as an outside director, I have come to realize that the Board of Directors does not just make decisions. It also plays a crucial role in aligning the Company's fundamental principles and philosophies of management. As our business environment and circumstances are changing, I believe that sharing not only the conclusions reached but also the process of discussion that led to them ultimately improves the quality of decision-making. I think that the Board of Directors would not be able to fulfill its essential functions without the relationship that has been established between the executive team and the outside directors, which enables them to frankly exchange opinions from their own perspectives. In this respect, I feel it will become increasingly important to balance the depth of our discussions and maintain an open atmosphere in which people are comfortable expressing their opinions.

Kanzaki I feel that the Board of Directors is effectively performing its basic functions. That said, I believe that subjects that require advanced expertise, such as matters related to business, technology, or global management, call for flexible discussion. In some cases, it may be effective to have committees focused on specific themes deliberate issues and then share the details of their discussions with the Board of Directors. It is important to ensure that all directors share a common understanding of the underlying assumptions and the direction of the Company before making a final decision. I believe governance becomes more effective when directors with diverse backgrounds are able to express their views from their respective perspectives while maintaining a sense of unity across the Company.

Terai Listening to your opinions, I was once again reminded that it is more important than ever for the Board of Directors to fulfill both its supervisory and deliberative roles. From the executive side, we believe it is important to provide outside directors with sufficient information and create an environment that enables them to express their opinions and ask questions. For Daifuku to achieve sustainable growth, it is necessary to deepen our thinking in response to changes in the environment and continue building on our discussions. I see today's roundtable discussion as part of that ongoing process. We will continue our efforts to develop the Board of Directors so that it supports Daifuku's sustainable growth.

CFO Message

Further improving profitability and capital efficiency to accelerate the continuing creation of corporate value

Tetsuya Hibi

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

Q First, what is your opinion regarding Daifuku's performance in fiscal 2025?

In fiscal 2025, Daifuku posted operating income that exceeded 100 billion yen for the first time in its history. This was the fourth consecutive year that a new high was achieved, and our financial results have been record-breaking. However, I personally see them as reasonably good results. Our current situation is merely a milestone. Looking at the potential for further growth that we anticipate, I expect that we will take the next steps to build on this. The increased profitability is a result of our intensive efforts over the past few years to acquire orders with a focus on profitability, the reduction of costs at production sites, and the strict management of projects to minimize unexpected expenses. Particularly when securing orders, we continued patient negotiations to gain customers' understanding of pricing commensurate with the value we provide. The accumulation of initiatives like these enabled the Daifuku Group as a whole to move forward with its transition to a profitable structure, and the Group's operating margin reached 15% on a full-year basis. In addition to the operational-level efforts to improve the gross profit margin, a mindset of focusing on cost effectiveness and efficiency has spread throughout the Group, including within back-office departments. This helped reduce the selling, general and administrative (SG&A) expense ratio. Even as labor costs to improve the treatment of employees and R&D investments increased, we were able to control the increase in SG&A expenses as a whole, which I think is commendable. We have also steadily improved cash flows as well based on these profitability improvement efforts. Moving forward, we will address the issue of ensuring that our improvement of cash flows can become entrenched as something that is ongoing and structural, rather than a temporary event. We must then more clearly indicate how we allocate the cash we generate. In view of the expectations of the market, we will study the balance between investments for growth and shareholder returns, the ideal liquidity of the assets we have on hand to prepare for the expansion of business in the future, and other matters to formulate and announce the cash allocation policy within fiscal 2026.

Financial summary and management targets for the four-year business plan for 2027

(Billion yen)

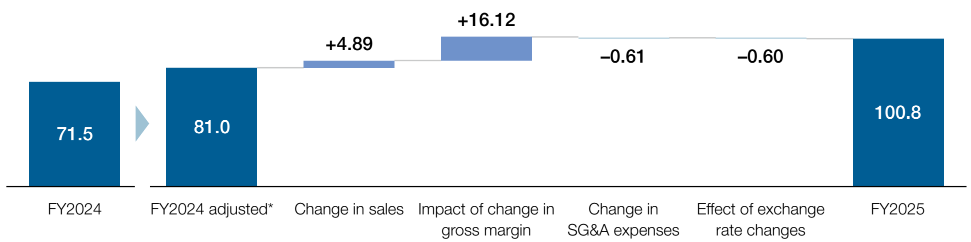
	Benchmark	Four-year business plan for 2027				2030 goals
	FY2023 results	FY2024 results	FY2024 adjusted*2	FY2025 results	FY2027 targets*1	Long-term vision for 2030*1
Orders received	620.3	594.7	653.1	672.6	–	–
Consolidated net sales	611.4	563.2	643.9	660.7	800.0	1,000.0
Operating income	62.0	71.5	81.0	100.8	92.0	125.0
Operating margin	10.2%	12.7%	12.6%	15.3%	11.5%	12.5%
Net income attributable to shareholders of the parent company	45.4	57.0	64.4	78.0	–	–
Net income margin	7.4%	10.1%	10.0%	11.8%	–	–
ROE	13.2%	15.1%	17.0%	18.4%	13.0%	13.0%

*1 At the time of formulating the goals for 2030 and the targets of the four-year business plan for 2027.
*2 Effective from fiscal 2024, the fiscal year-end of the Company has been changed from March to December every year. Accordingly, fiscal 2024 is an irregular accounting period covering nine months from April to December for Japan and 12 months from January to December outside of Japan. Therefore, as comparative information, figures that include results for January to March 2024 in Japan are presented as adjusted.

Factors for change in operating income

(Billion yen)

Gross profit margin improved by 2.3 percentage points, from 22.2% to 24.5%



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

CFO Message

Q Why was the four-year business plan for 2027 revised?

The background to this revision is that our earnings strength increased faster than we expected when we were formulating the four-year business plan for 2027 (hereinafter the "2027 Plan"). We exceeded our operating margin target of 11.5%, which was set in the 2027 Plan, for two consecutive years, and I saw this as an improvement of our real strength, not just a temporary factor. Looking at this progress, we thought it was necessary to revise the operating margin target to 15% and the ROE target to 17% and communicate our vision for the next phase of our business to people both inside and outside Daifuku. However, it is not easy to maintain and increase operating margin while also increasing sales. The 1 trillion yen net sales target for 2030 in particular is a challenging goal, and we will have to step into new areas to achieve it. As Daifuku is in a phase in which the accumulation of income increases equity, it is relatively difficult to maintain or increase ROE. Accordingly, we will continue our efforts to receive orders with a focus on profitability, the reduction of costs in production sites, the enhancement of project management, and other matters to further strengthen our earning capabilities in our core business. At the same time, with making growth investments our top priority, we will flexibly implement our capital policies, including shareholder returns, to optimally allocate capital.

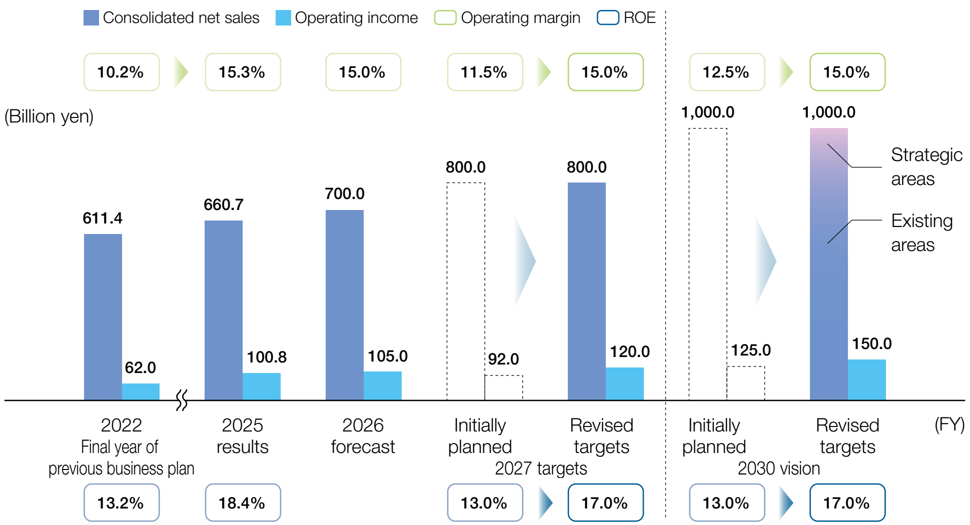
Q What is your outlook for fiscal 2026?

I have no major concerns about net sales and profit projections for fiscal 2026 because construction has progressed as planned based on the order backlog at the end of the previous fiscal year. We are forecasting net sales of 700 billion yen, an operating margin of 15%, and operating income of 105 billion yen. The key question is how much further we can increase these figures. The conditions for acquiring orders are generally favorable in all of our businesses. There are multiple factors aiding our performance, including the demand related to investments in automation in the manufacturing and distribution sectors amid the labor shortage and increasing labor costs, demand related to capital investments in the semiconductor industry due to the demand for AI technologies and economic security, and demand related to the replacement of equipment in airports. We expect to receive a total of 780 to 820 billion yen of orders in fiscal 2026. This figure is the foundation of our net sales in fiscal 2027, and we will closely monitor our ability to secure orders as planned. Risk factors include the possibility that customers will postpone or reduce capital investments due to sudden changes in the external environment, such as a global economic slowdown or geopolitical risks. Major changes in the external environment may affect our performance.

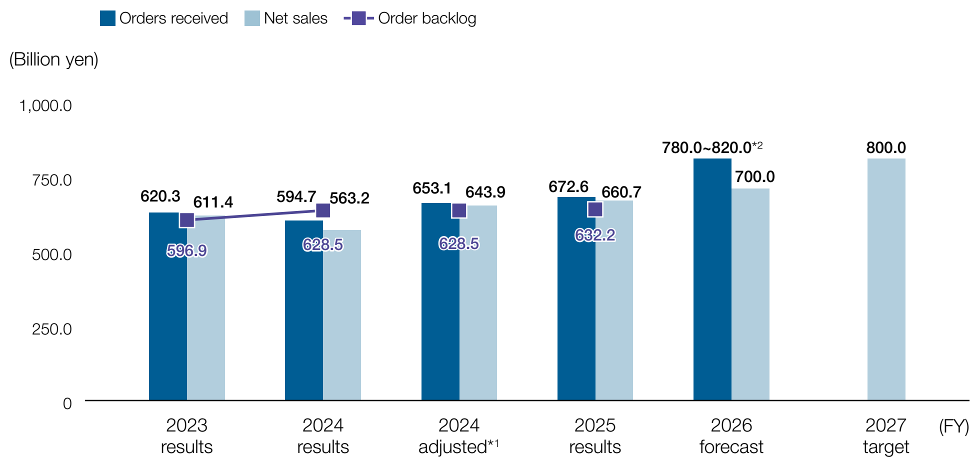
Q In the 2027 Plan, growth investments are prioritized. How have they progressed so far, and what plans do you have for the future?

We expect to invest a total of 160 billion yen in growth during the period of the 2027 Plan. This includes capital investments totaling 80 billion yen for regular maintenance and replacement and R&D, and 80 billion yen for strategic investments. In contrast, we invested a total of 71.3 billion yen in the two-year period of fiscal 2024 and 2025. This included capital investments of 48.8 billion yen, mainly for the redevelopment of Shiga Works and new factory construction in the United States and India, and 22.5 billion yen that was invested in R&D centered on robotics and AI-related technologies. In and after fiscal 2026, we will continue to make capital investments, mainly aiming to increase production capacity and efficiency by redeveloping Shiga Works, until fiscal 2028. We expect that the amount we will invest will rise from the initially planned 33 billion yen. We see these as being necessary investments in the foundation that will support our growth in the future. We will also be investing in production management, core system, and other software in Japan and overseas. In terms of R&D, we will be accelerating our investments in the acquisition of robotics, physical AI, and other advanced technologies. To increase the management resources allocated to strengthen our competitiveness over the medium to long term,

Revision of the 2030 Long-Term Vision and management targets for 2027



Trends in orders received, order backlog, and net sales



*1 The results for January to March 2024 in Japan are added to FY2024 results.
*2 The graph for FY2026 orders received forecast is based on median values.

CFO Message

we will work to increase the ratio of R&D expenses to net sales. Regarding M&A, we will continuously consider projects that will complement and strengthen our existing business and those that will aid our acquisition of new technologies. Recently, we made Eisenmann GmbH in Germany, which has strong relationships with European luxury car manufacturers, a subsidiary to increase our presence in the European automotive production line system market and strengthen our technical capabilities. As a result, our investments in fiscal 2026 are expected to increase from the initially planned 37 billion yen to approximately 50 billion yen. As the Chief Financial Officer, when considering M&A, I will carefully examine the return on investment in consideration of their alignment with our growth story, the viability of synergies, and governance following the acquisition.

Q What is your evaluation of Daifuku's current ability to generate cash and the progress it has achieved in the improvement of its cash flows?

I think Daifuku's cash creation capacity has significantly improved following the enhancement of its profitability and the improvement in working capital, as measured using the cash conversion cycle (CCC). The individual business units have steadily accumulated efforts, including improving collection terms and optimizing inventories. As a result, the CCC for fiscal 2025 decreased from 100 days in fiscal 2023 to 74 days, and we achieved our target of 75 days ahead of schedule. The CCC is a key indicator that directly reflects our ability to increase our capital efficiency and ability to generate cash. We will continue our improvement initiatives based on our CCC with a view toward achieving our next target, 70 days. We aim to achieve business operations in which working capital does not increase excessively even when orders and sales increase.

Q What is the capital efficiency initiative? And what is the balance sheet that should be sought after?

• Initiatives for increasing capital efficiency

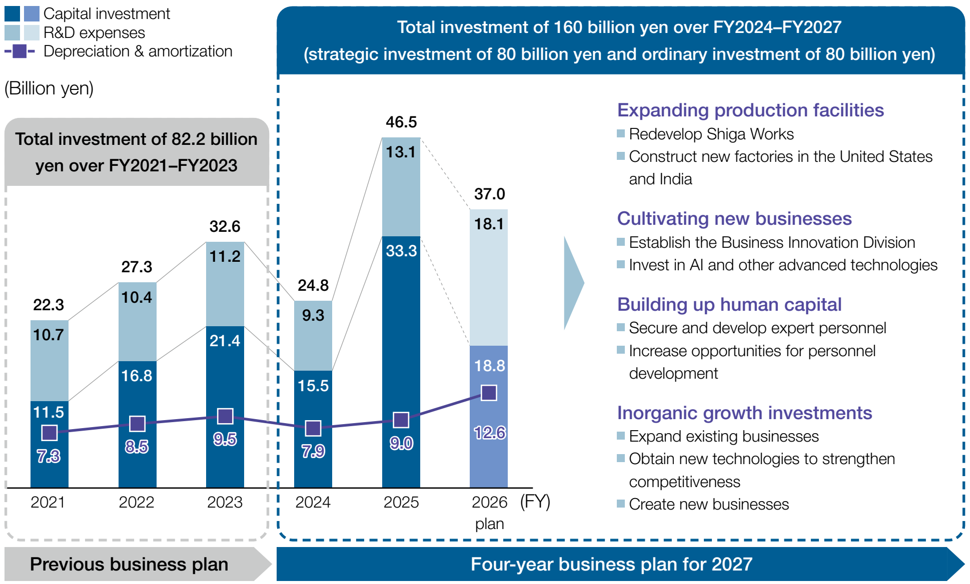
The improvement of capital efficiency is a result of a combination of an increase in profitability, an increase in asset efficiency (turnover), and the optimization of financial leverage. The most significant factor, however, is increasing profitability. In addition to providing high-value-added products and services, we will continue our activities to receive orders with a focus on profitability, the reduction of costs at production sites, strict project management, and the utilization of digital technologies to streamline work processes. Regarding asset efficiency, we will work to improve the CCC and reduce cross-shareholdings. We will steadily construct a mechanism for allocating the capital we generate through these initiatives to areas of growth and investments to increase our competitiveness. We view financial leverage as one factor in the improvement of our capital efficiency, but we are pursuing a basic policy of prioritizing steady efforts to increase profitability and asset efficiency through our business activities with a view toward the sustained increase of our ROE.

Page 91 Corporate Governance: Cross shareholding strategy

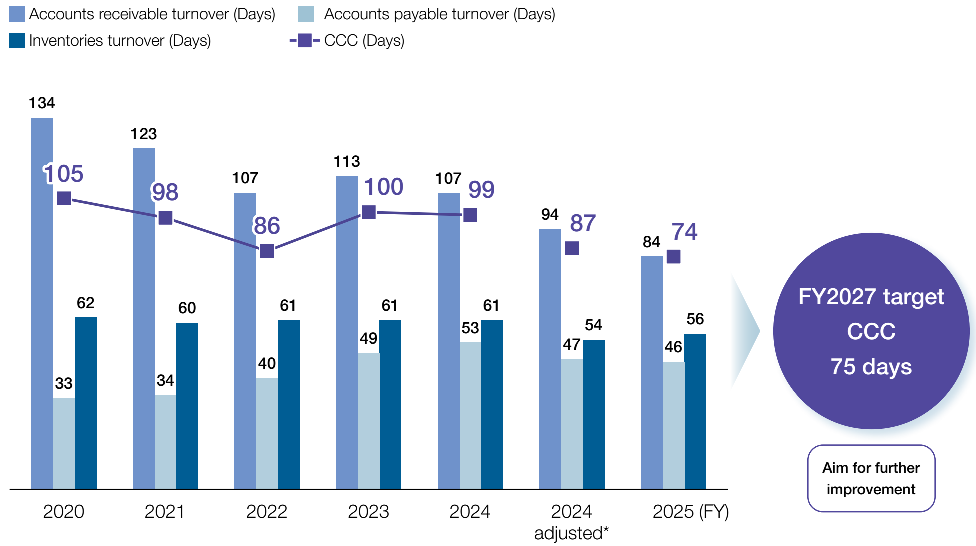
• Position on the balance sheet

I think that our current balance sheet is favorable in terms of our financial health. In fiscal 2025, our equity ratio stood at 59.9%, which is almost 60%. We are sufficiently resilient to fluctuations in external conditions. From the perspective of capital efficiency, however, I do not believe we should aim to continue to increase our equity ratio any further. Currently, our cash and deposits are temporarily high due to the phased progress in our investments

Investment for more growth



Trends in CCC



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

CFO Message

in the redevelopment of Shiga Works, which will continue until approximately fiscal 2028, potential M&A transactions, and the recent improvement of our cash flows. Rather than allowing this state to become an entrenched part of Daifuku, we will review the composition of our balance sheet in consideration of capital efficiency. Regarding working capital, we will strive to ensure our assets on hand are appropriately liquid, increasing them from the previous 1.5–2.0 months to approximately 2.0–2.5 months in light of the growing size of the projects that we anticipate we will receive. If we generate excessive surplus funds, we will appropriate these funds to growth investments and shareholder returns to ensure that funds are optimally allocated. Regarding financial leverage, our D/E ratio as of December 31, 2025 is a low 0.14, and we are sufficiently capable of procuring funding. Our view is that a D/E ratio of up to about 0.5 would be permissible and would not impair our financial health. In situations where we would need to make large-scale investments, we will study the best methods for procuring funding, including borrowings.

Q What is your shareholder return policy?

We have returned profit to shareholders in accordance with our performance-based dividend policy and through the flexible acquisition of treasury stock. In the 2027 Plan, we set a consolidated payout ratio target of at least 35% for each individual fiscal year. Currently, we are in a phase of growth in which it is necessary for us to increase production capacity, develop new technologies, step into new areas, and invest in human capital and other initiatives. We will allocate the cash we generate preferentially to growth investments for growth that will increase our competitiveness. We are aware that increasing our share price by increasing our corporate value, in other words, providing capital gains to shareholders, is also an important method of providing returns to shareholders. We also emphasize income gains through dividends, and aim to increase dividends stably and continuously by achieving the sustainable growth of income. We will flexibly acquire treasury stock in comprehensive consideration of the balance between strategic investment opportunities, including M&A, our financial position, our share price, and other factors.

Q What role do you think the CFO must play in the future in light of the changes in the new structure?

We have put a management structure in place that includes a new CEO, but we have not made any major changes to the goal of our 2030 long-term vision and the direction we are taking regarding our measures to achieve our 2027 Plan. For that reason, I believe that the fundamental aspects of the Chief Financial Officer's role have not changed. At the same time, the Company is entering a new phase of growth, and I recognize the increasing importance of more quickly implementing optimized financial measures. As the Chief Financial Officer, I think it is important to ensure that both Daifuku's accelerator, which actively implements growth investments, and its brake, which controls projects whose return on investment is unclear, function properly.

In line with this, we will formulate and implement financial strategies and continuously strengthen our back-office functions to support well-disciplined growth and the continuous enhancement of our corporate value.

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

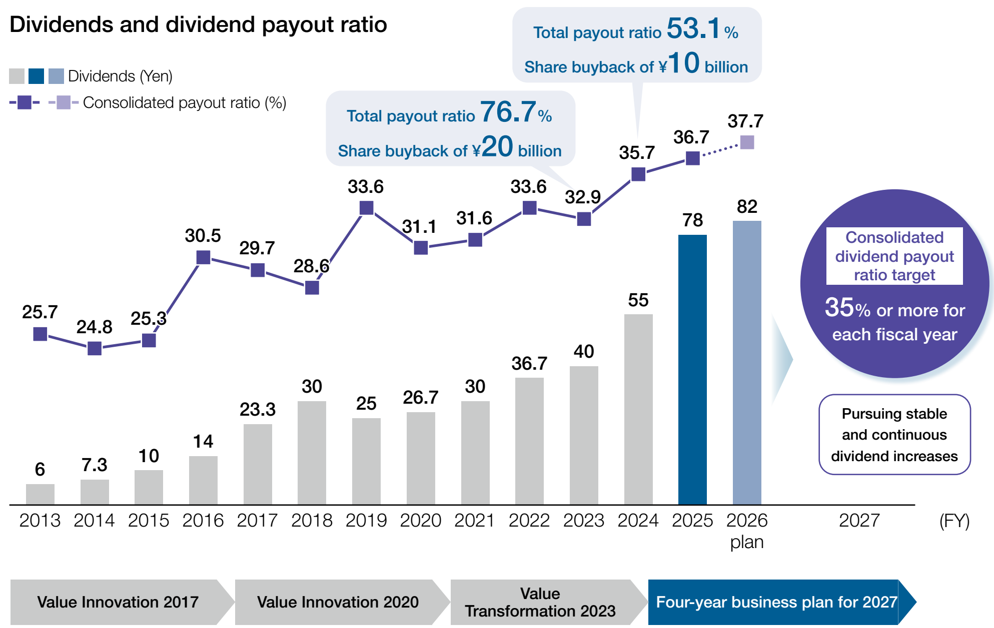
Improve capital efficiency
- Improve CCC
- Select investments carefully and monitor them
- Reduce cross-shareholdings

(FY)

	2021	2022	2023	2024*2	2025
ROE (%)	13.1	13.2	13.2	15.1*3	18.4
1) Net income margin (%)	7.00	6.85	7.43	10.14	11.82
2) Total asset turnover (Times)	1.10	1.16	1.02	0.84	0.92
3) Financial leverage (Times)	1.66	1.66	1.80	1.73	1.67
ROIC (%)	11.0	12.6	11.4	11.4	14.7
WACC*1 (%)	6.4	6.7	6.6	5.9	6.9

*1 1) The expected rate is 6%. 2) The beta calculation period is 60 months.
*2 Following the changes to the fiscal year-end, FY2024 reflects results for nine months in Japan and 12 months outside Japan.
*3 Adjusted ROE is 17.0%, excluding the impact of the irregular fiscal year (nine-month period for Japan and 12-month period outside Japan).

Dividends and dividend payout ratio



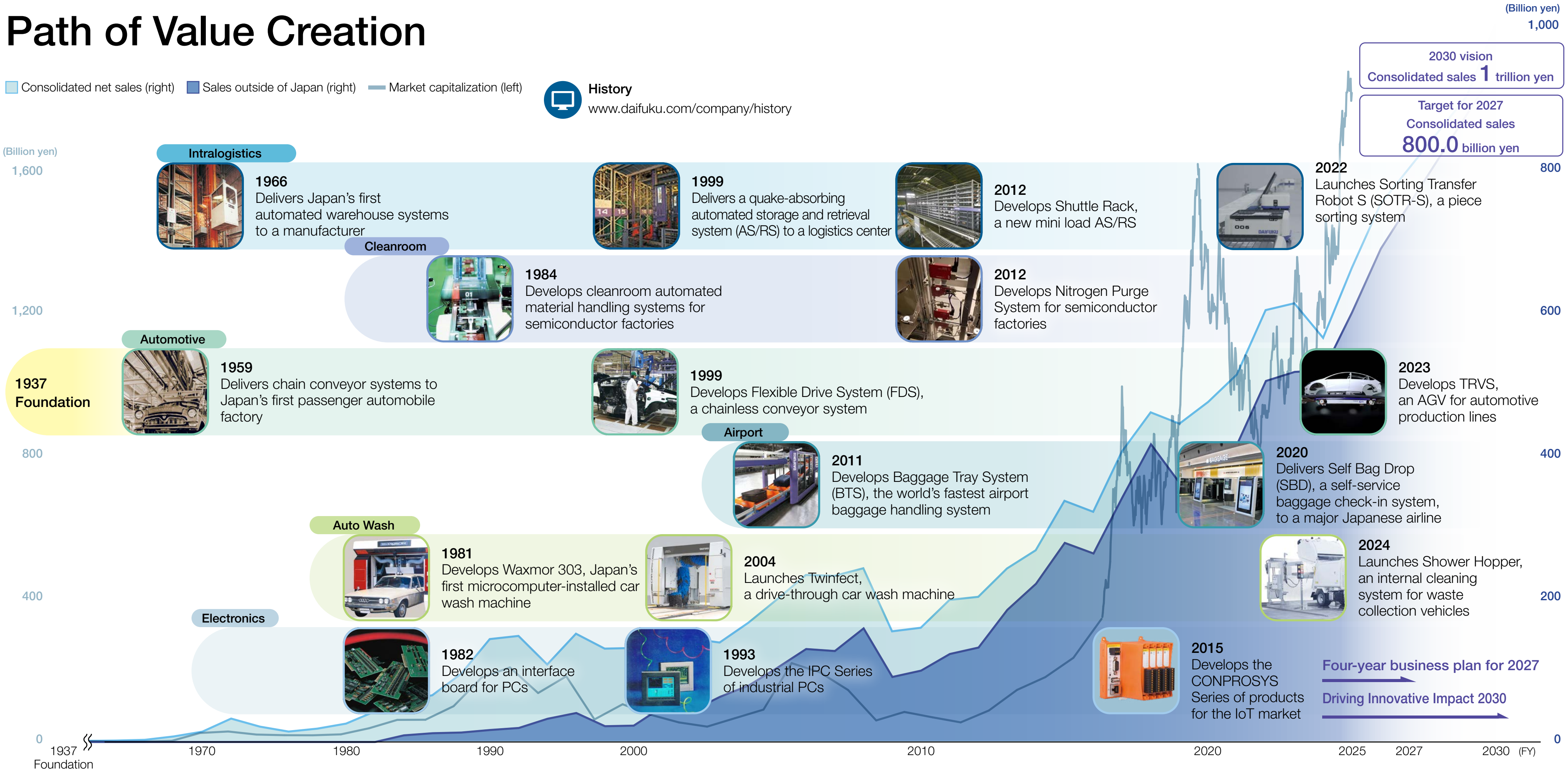
Note: Dividends are calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of FY2013.

Chapter

02

Value Creation Story

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)

1964 Enacts the company creed, "Hini Arata"

1968 Sets the company slogan as "Challenging for Automated Operations"

1975 Inaugurates Hino Plant (now Shiga Works)

1983 Establishes the first subsidiary outside of Japan in the United States

1994 Inaugurates Hini Arata Kan, a material handling 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"

2022 Lists on the Prime Market of the Tokyo Stock Exchange, shifting from the First Section

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
Establishes Kyoto Lab, a new R&D hub

2026 Establishes Tokyo Lab, a new R&D hub for advanced technologies

Path of Value Creation

From founding to material handling company—The early stage of growth

Daifuku was founded on May 20, 1937, under the name Sakaguchi Kikai Seisakusho Ltd. The Company primarily manufactured rolling machinery, air hammers, forging machines 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.

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

In Japan, during the period of rapid economic growth in the 1960s, demand for more efficient product storage and mechanized warehousing in the manufacturing sector emerged. In response, the Company developed and delivered Japan's first automated storage systems featuring computer-based online control. We evolved sorting systems and picking technologies, and entered the distribution industry in earnest in the 1990s. Amid the expansion of e-commerce and labor shortages, logistics-related investment is showing signs of recovery. Going forward, we will continue providing fully automated solutions, pursuing new fields, and taking on the challenge of next-generation businesses.

Developed from the systems for hospitals, libraries, and offices—Cleanroom

Daifuku launched a 3D transport system in 1973, by introducing the technology from Europe. The system was used at hospitals and libraries, and our market share was about 90% until the 1980s. Building on the technology, we developed and provided cleanroom transport systems for semiconductor factories. Today, as demand for semiconductors for generative AI increases and highly reliable transport becomes essential, we support "non-stop transport" through AI-based vehicle control and predictive maintenance. Going forward, we will respond to new needs, such as advanced packaging.

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." With this belief in 1957, the then president sought advanced conveyor system technologies 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. Today, investments in lines for the mixed production of gasoline-powered vehicles and electric vehicles (EVs) are expanding amid the advancement of vehicle electrification. Going forward, in the rapidly changing global mobility market, we will accelerate the evolution of our existing businesses and the pursuit of new fields by providing material handling solutions that meet diverse needs.

Expanding business based on material handling—Airport

In 2007, Jervis B. Webb joined the Group, enabling us to enter the airports 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, joined the Group, and the airport business has expanded. Today, airport investment is recovering, mainly in North America, and demand for baggage handling systems is increasing. Going forward, with a view to the realization of "smart airports," we will provide integrated transport and operation solutions and aim to create next-generation airport infrastructure.

Spin-offs from material handling—Electronics

In 1975, Daifuku spun off its electronics business. Today, demand for data collection and control is expanding in smart factories and AI-based warehouses. Going forward, we will leverage IoT and AI to achieve predictive maintenance and optimization, thereby accelerating our digital transformation (DX).

—Auto Wash

Amid growing concern for environmental preservation, demand for energy-saving car wash machines is expanding. In 2024, we applied existing washing technologies to achieve Japan's first automated washing system for waste collection vehicles. Going forward, we will continue taking on the challenge of new fields, leveraging our washing technologies as our core.

*1 Factory Automation *2 Distribution Automation

Daifuku Value Creation Process

Social Value

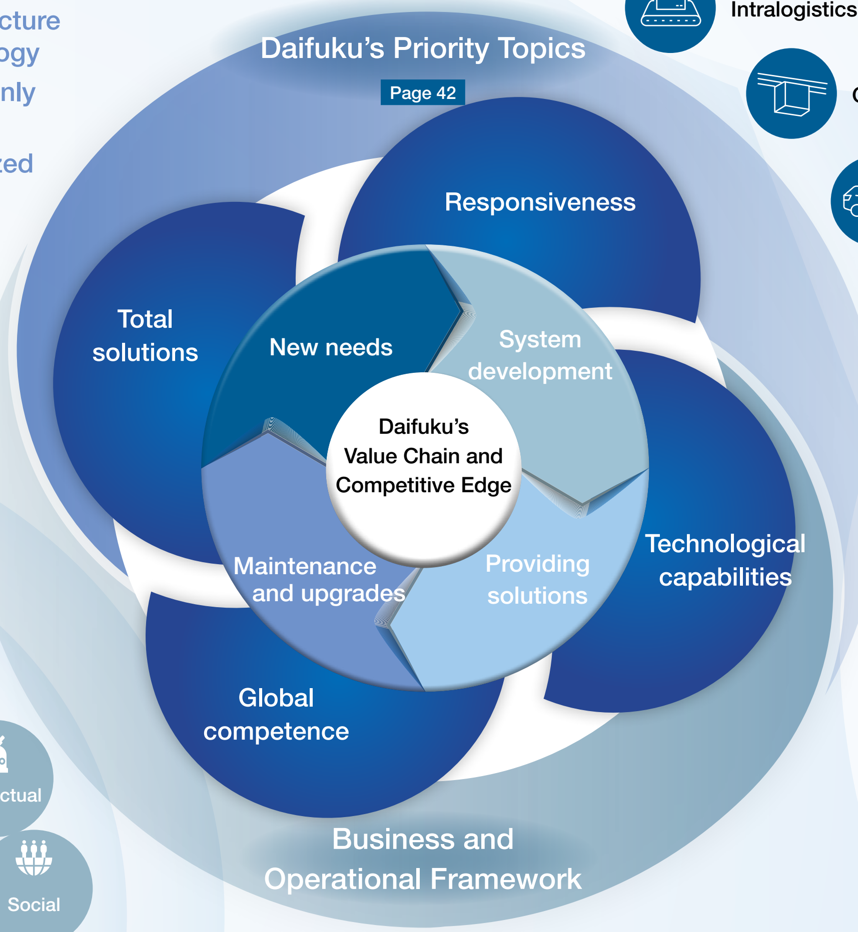
Driving Innovative Impact 2030

Page 7

Company Creed and Management Philosophy

Social Environments

- Changes in industrial structure due to innovative technology
- Demographic change mainly in developed countries
- Transition to a decarbonized society and recycling-oriented society



- Intralogistics
- Cleanroom
- Automotive
- Airport
- Auto Wash
- Electronics
- Next-generation solutions

Outputs

Create optimal solutions through our core competence—automated material handling technology

Economic Value

Input capitals

Page 25

- Financial
- Manufactured
- Human
- Intellectual
- Social
- Natural

Value Creation Drivers

Input capitals (FY2025)

Financial	Total assets: **754.2** billion yen	Cash and cash equivalents: **245.2** billion yen	Shareholders' equity: **402.5** billion yen
Human	Employees (consolidated): **11,417**	Employees outside of Japan: **7,017**	Training expenses: **0.75** billion yen
Social	Extensive installation records since we entered the material handling business: **79** years	Global locations: **24** countries and regions	
Manufactured	Production sites (ISO-certified): **24**	Capital investment: **33.3** billion yen	
Intellectual	R&D expenses: **13.1** billion yen	R&D sites (as of March 2026): **Shiga Works, Kyoto Lab, Tokyo Lab**	Patents registered: **4,773**
Natural	Energy consumption: **886,873** GJ	Water consumption: **206,230** m^3	

Competitive edge

Total solutions

We provide total support encompassing consulting to reflect customer needs, as well as planning and engineering, design and manufacturing, installation, and after-sales services. Leveraging our extensive installation base, we offer a wide range of services to ensure long-term stable operation.

Consulting → Planning Engineering → Design → Manufacturing → Installation → After-Sales Service

Responsiveness and technological capabilities

Along with our own in-house development, we have achieved firsts in Japan and even in the world through joint research with universities and partner companies, driving technological advances across the industry. We have standardized new technologies and products through advanced R&D, achieving cost reductions, shorter lead times, and stable quality. In addition to strengthening our existing businesses, we are actively exploring technologies that will lead to new business opportunities, accelerating innovation toward next-generation logistics.

Global competence

With a global network, we have built localized structures with design, manufacturing, and service capabilities, ensuring flexibility to respond to diverse regional needs. To accelerate product development for global markets, we leverage our second high-rise testing facility, which enables performance testing of the newest high-speed, high-rise AS/RS stacker cranes, thereby strengthening our global competitiveness.

Daifuku’s Value Chain

Daifuku’s value chain is designed to continuously address customers’ evolving needs over the long term, even after system delivery. Systems such as AS/RS operate for decades, and the end of their life cycle becomes the starting point for new value creation. Leveraging our experience and know-how, we continue to enhance our competitiveness by delivering solutions that support logistics worldwide.

New needs

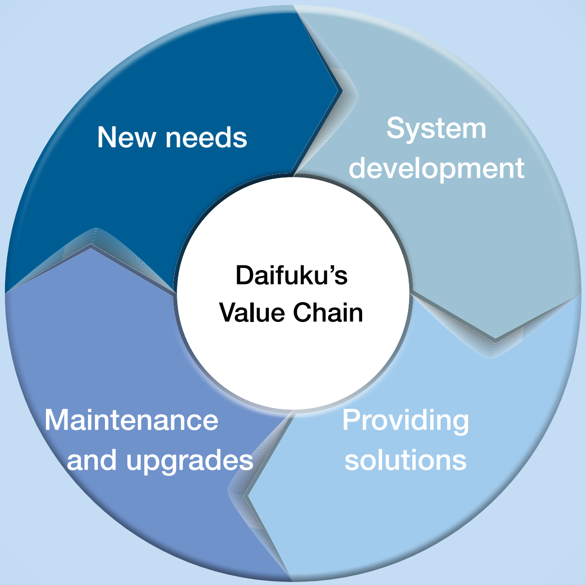
Turning challenges into value with a future-oriented perspective

We quickly identify new challenges arising from changes in society and the business environment and provide proposals that enhance customers’ competitiveness. By addressing needs such as logistics efficiency, labor-saving, and environmental sustainability, we transform future-oriented needs into valuable solutions.

System development

Delivering optimal solutions through technology and expertise

Leveraging the technological capabilities and expertise we have cultivated over many years, we design and develop material handling systems optimized for customers’ operations. By combining standardization with advanced technologies, we deliver systems that deliver cost efficiency, high quality, and speed.



Maintenance and upgrades

A starting point for creating new value

We provide after-sales services that support stable long-term operation after delivery. In response to system aging and changes in material handling volume, we propose upgrades and renewals to maintain and enhance customers’ competitiveness. These initiatives generate new needs and lead to the creation of further value.

Providing solutions

High reliability on a global scale

We provide comprehensive support from installation to operation through an integrated approach, accelerating customers’ business growth. Through our global network, we respond quickly and deliver flexible services tailored to on-site needs, ensuring highly reliable solutions in every region.

At a Glance (FY2025)

We are working to achieve sustainable growth while addressing social issues through our value creation process. This page highlights our key results, focusing on financial indicators and key performance indicators (KPIs) based on priority topics.

Earning power

Orders received **672.6** billion yen	Operating income **100.8** billion yen	Net income attributable to shareholders of the parent company **78.0** billion yen	ROE **18.4**%	Cash flows from operating activities **76.1** billion yen
Net sales **660.7** billion yen	Operating margin **15.3**%	Net income margin **11.8**%	ROIC **14.7**%	Free cash flows **51.8** billion yen

Shareholder value

Market capitalization **1,871.8** billion yen (as of December 31, 2025)	PER **23.2** times (as of December 31, 2025)	PBR **4.0** times (as of December 31, 2025)
Cash dividends per share **78** yen	Dividend payout ratio **36.7**%	Total shareholder return (including dividends) **227.5** (based on March 31, 2020)

Financial strength

Equity ratio **59.9**%	D/E ratio **0.14** times
Credit rating (R&I) **A+** (Stable)	

Strengthening human capital

Number of employees who completed e-learning programs to enhance AI and DX literacy
2,450 (3,500 cumulative)

Number of employees who completed the D-Adapt* program
107 (173 cumulative)

* A training program for data scientists and data engineers

Environmental initiatives

Daifuku CO_2 emissions reduction rate (compared to FY2018) (Scopes 1 + 2) **56.4**%	Percentage of electricity derived from renewable energy sources **73.9**%
Recycling rate of waste (including valuable wastes) **94.2**%	Reduction rate of water consumption per unit sales (compared to FY2018) **38.1**%

Page 46 Priority topics and KPIs in the four-year business plan for 2027
Page 95 Eleven-Year Financial Summary
Page 96 Five-Year Non-Financial Summary

CHRO Message

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

Optimally positioning personnel from a companywide perspective to strengthen the human capital that supports our growth strategy

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 will steadily implement initiatives to strengthen our human capital from a long-term perspective to pass on the knowledge and expertise we have cultivated and develop sustainable organizational capabilities in this era of change.

In recent years, the business environment has been changing dramatically, driven by rising global geopolitical risks, increasingly sophisticated and diverse market needs, and the rapid advancement and adoption of digital technologies such as AI. These changes significantly impact not only the structure of business itself, but also the ways in which each employee works and the skills they must have. This is why I believe that seeing human capital as a strategic investment and developing human capital that is able to adapt to changing environments is more critical than ever before.

Q What initiatives did you conduct in fiscal 2025, the second year of the four-year business plan for 2027 (hereinafter the "2027 Plan"), and what results did they achieve?

As a key challenge for increasing corporate value, our long-term vision, Driving Innovative Impact 2030 (hereinafter the "2030 Long-Term Vision"), defines staff recruitment, retention, and training, diversity and inclusion, and improvement of employee engagement as priority topics. I understand that to execute the growth strategy envisioned in the 2030 Long-Term Vision, we must increase and strengthen our human capital with a view to facilitating cross-divisional efforts to enter new domains and create next-generation businesses in addition to achieving the organic growth of existing businesses. In fiscal 2025, we focused on building a foundation for effectively developing and utilizing our internal talent and assigning them to the right positions. Daifuku's strong business division-based structure sometimes causes it to be a compartmentalized organization. However, this structure is also essential for ensuring that we reliably meet the needs of our customers. That is why I believe that one of my key roles as Chief Human Resources Officer is the establishment of an environment that makes it possible to assign human resources to the right positions throughout the Company by taking a cross-divisional approach to human resources matters while basing our operations on our division-based structure.

Cultivating successors for key positions:
Visualizing issues to deepen discussion

One of our key initiatives has been to strengthen succession planning for "key positions" that represent our future leadership pipeline. In our 2027 Plan, we set the prospective successor sufficiency rate for key positions as a KPI, and we started by visualizing our current situation, which showed us that we had far more positions without successors or with insufficient successors than we had thought.

In fiscal 2025, we had successors for only 72% of these positions, against our target of more than 80%, with an eye toward achieving 100% sufficiency in the final fiscal year of the 2027 Plan. However, setting specific quantifiable targets enabled us to establish a shared understanding, and it deepened our discussions about how to achieve a sufficient talent pool and develop candidates, including both the internal transfer of employees to different businesses within the Company and the recruitment of external candidates. This enabled us to achieve some success in cross-divisional employee promotions and other efforts. We view the emergence of this mindset within divisions thinking about human resources from a Companywide perspective as a clear achievement.

Improving the mobility of our people:
Cross-divisional talent mobility through an internal job posting system

To increase the mobility of our personnel, we operate an internal job posting system. Traditionally, we have had a career planning system that allowed employees to apply to transfer to positions they wanted. In practice, this required discussions with their supervisors, so these transfers were sometimes difficult to realize. The internal job posting system enables employees to apply for positions without consulting their supervisors. The divisions seeking to hire personnel interview applicants to consider the transfers. Three years into the operation of the program, the number of applicants is increasing, and its use is expanding to initiatives related to advanced technologies and the creation of new businesses. In fiscal 2025, the scope of the positions posted was expanded to include management positions. Going forward, we will improve the system's operation while also considering the burdens on the divisions that employees are transferred from. We will continue to optimize our allocation of employees from a companywide perspective.

CHRO Message

Promoting diversity:
Developing female managers and enhancing effectiveness
Regarding the promotion of women's participation and advancement, which is a diversity issue, we are systematically cultivating female personnel with a view toward achieving our fiscal 2027 target of 60 female managers (7.6%). Instead of merely increasing the number of managers, we emphasize establishing an environment that enables motivated and skilled employees to display their potential in management positions. As part of this initiative, we launched WING, a community program for female managers with the goal of enabling them to build closer horizontal relationships with one another. Additionally, we are pushing forward with an initiative to develop the young leaders who will be candidates for management positions in the future. We are working to strengthen our talent pool for the medium to long term.

Increasing employee engagement:
Using survey results to engage in ongoing dialogue and improvement
We conduct employee engagement surveys within and outside Japan. To implement improvements, we distinguish between Companywide issues and issues that individual divisions face based on the results of these surveys. Corporate Functions address Companywide issues, and action plans for the issues faced by specific divisions are independently formulated and implemented by those divisions.

To respond to the increasing diversity of the needs of employees in Japan regarding benefits, we launched a flexible benefit program (a cafeteria plan) in fiscal 2026. To address the need to enhance education and training, which was identified as an issue at bases outside of Japan, we provide the Daifuku Academy e-learning program to enable Group employees to systematically acquire knowledge that should be learned as a Group member. We are gradually expanding the scope of the Group employees who have access to this program, starting with employees who have most recently begun their careers with the Group. Outside Japan, conditions vary from country to country, and, considering this, we conduct follow-up monitoring to continue the improvement cycle.

Q What initiatives will you focus on under the new management team?

Our new CEO mentioned three key concepts, future-oriented, new initiatives, and speed. To enable individual Group employees to incorporate these concepts into their behaviors, it is essential to create an organizational culture that facilitates independent growth. We seek to improve the skills of individuals, and also to capitalize on their individual differences, aiming for both strong individuals and a strong organization.

I particularly emphasize the development of human resources in anticipation of the advancement of AI and the DX. The ways that we work are being significantly transformed by the rapid evolution and implementation of AI technologies. At the same time, the importance of planning and problem-solving skills that create value and the ability to combine technologies and business will continue to increase in the future. We view this change not as a threat but as an opportunity, and are working to establish an environment that facilitates reskilling and retraining to enable every employee to gain new skills and increase the quality of their work.

We are also organizing employee data, including information about their skills, experience, and aspirations, and using it in our talent management to increase the accuracy of our assignment of employees and their development. Since the granularity of engineering skills in particular varies depending on the business, I am working with the Chief Technology Officer to establish a single Companywide standard. We aim to start operating this standard in connection with the evaluation system within fiscal 2027.

Furthermore, we are working to collaborate more closely with our bases outside of Japan in accordance with the Daifuku Group Employee Management Policy with a view toward integrated global management. In January 2026, we held a global human resources meeting as an opportunity for human resources persons in charge from Group companies, who usually have few opportunities to meet, to discuss issues face-to-face. We will increase the number of opportunities to engage in dialogue with bases outside of Japan like this, and will establish a common Group foundation for education using e-learning and other programs to disseminate the DNA of Daifuku and realize local optimization.

Q What initiatives will you focus on in fiscal 2026 in view of the achievements up to fiscal 2025 and the change in the management structure?

In fiscal 2026, we will improve the precision of our assignment and development of employees step by step by referencing data about the individual employees. In this rapidly changing environment, we will support swift business operations by visualizing who possesses what skills and experience, and in what areas they can demonstrate their strengths to increase the accuracy of placing the right people in the right roles and selecting successors.

At the same time, we will increase the mobility of our personnel to create an environment in which we are able to flexibly redeploy human resources to areas of growth. We will also work to reform our mindset, not just to improve systems but also to benefit fully from them, and will enhance operations, including our mechanisms for supplementing and supporting divisions losing employees and strengthening successor development.

Regarding employee engagement, we will continue our improvement cycle based on the results of surveys. In fiscal 2026, we conducted our Group's first simultaneous survey of 26 companies around the world. Pushing ahead with streamlining and standardization, we will act flexibly in line with the conditions in individual countries.

Toward 2030:
Reinforcing human capital to support growth
Efforts to reinforce human capital do not achieve results in the short term, but we cannot secure a competitive advantage in the future without acting swiftly. Seeing human capital as a strategic investment that supports our growth strategies, we will carry out our initiatives steadily. Moving toward 2030, we aim for growth that is independent from any substantial increase in the number of employees based on the premise that we will use AI and implement DX to enhance productivity. We cannot do this without strengthening our business portfolio. We will deprioritize routine work and prioritize the allocation of human resources to areas where creativity and expertise are required to produce added value, and will expand the potential of our employees through reskilling programs. We will implement a data-driven employee assignment and development system to maximize their capabilities.

We will also improve the precision of employee assignment and development to increase employee engagement and the mobility of our personnel between businesses. This will enable us to establish a virtuous cycle of employee and business growth to ensure sustainable value creation.

Enhancement of Human Capital

The Daifuku Group is working to create an environment based on its management philosophy that enables its diverse personnel to display their capabilities and each employee to work with motivation to expand and strengthen the human capital driving the enhancement of the corporate value of the Group. In our management philosophy and the Group Code of Conduct, we confirm that respect for human rights is one of our most significant duties as we ensure the continued growth of our business and organization. We strive to minimize any negative impact our business activities may have on human rights, and we are strengthening the foundation that enables each individual to display their abilities to the maximum extent possible.

In our long-term vision, Driving Innovative Impact 2030, and our four-year business plan for 2027, we focus on three key initiatives, “staff recruitment, retention, and training,” “diversity and inclusion,” and “improvement of employee engagement.” We endeavor to expand and strengthen the human capital that is necessary to achieve continued growth and establish a worker-friendly environment where every employee can feel job satisfaction and sense of ease of work.

Progress of human capital initiatives*1

KPIs	Progress: FY2023 results	Progress: FY2024 results	Progress: FY2025 results	FY2027 targets
Number of participants in the data scientist training program		62 (cumulative)	173 (cumulative)	180 (cumulative)
Number of female managers	32 (4.3%)	40 (5.4%)	50 (6.9%)	60 (7.6%)
Prospective successor sufficiency rate	68%	73%	72%	100%
Engagement survey score	Ease of work 51% Job satisfaction 56%	Japan average 58% Japan average 58%	Implementation of improvement measures at the Companywide and department levels Page 31	Japan: exceed 60% positive response*2 Outside of Japan: score above the national average in each respective country*2

Expansion of human capital to achieve further growth

Creating an environment where each employee can work actively

Driving Innovative Impact 2030 goals

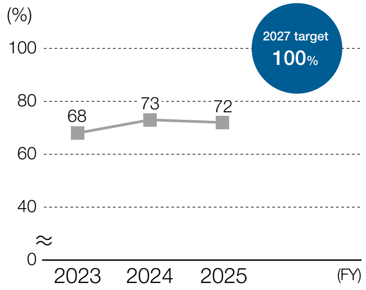
*1 Selected KPIs are shown. For progress on all KPIs, please refer to Page 42 Daifuku’s Priority Topics.
*2 Targets for FY2026 employee engagement survey

Staff recruitment, retention, and training

Visualizing leaders for the future and strengthening the personnel development system

The 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- to long-term perspective. To systematically secure and develop potential leaders of the future who will maintain our business growth and innovation, we continually assess the state of prospective successor sufficiency for key positions. Against the target of 100% to be met in fiscal 2027, sufficiency in fiscal 2025 was 72%, a decline from 73% in fiscal 2024. This was due to progress in the promotion of prospective successors. In an increasing number of cases, sufficient positions were found via the cross-divisional assignment of personnel.

Prospective successor sufficiency rate



Global initiatives to maximize human capital

To lay an educational foundation for the integrated management of the Group, we established Daifuku Academy, a Groupwide education program. We are rolling out a program for entry-level employees who have just joined the Group with the goal of ensuring that Daifuku’s core values are instilled, including a sincere commitment to meeting customers’ needs and the ongoing pursuit of advanced technologies in an open and active corporate culture.

We also held a global human resources meeting in January 2026. We strive to increase awareness of measures such as the utilization of the Daifuku Group Employee Management Policy, which was formulated in April 2025, and other initiatives to maximize the human capital of the Group as a whole.

Improving the working environment and programs for securing and developing human resources to drive innovation

To secure specialist personnel responsible for medium- to long-term growth and new value creation, we are developing our R&D structure and increasing our competitiveness in recruitment. As part of these efforts, we established Kyoto Lab in November 2025 and Tokyo Lab in March 2026.

As a part of our talent management activities, we are developing our human resources pool. In fiscal 2025, we began collecting data about the skills, experience, and other attributes of our human resources related to our development activities. We are also working to establish a Companywide unified standard for technical skills. We aim to start using this standard in connection with our evaluation system within fiscal 2027.

Kyoto Lab located on the fourth floor

Enhancement of Human Capital

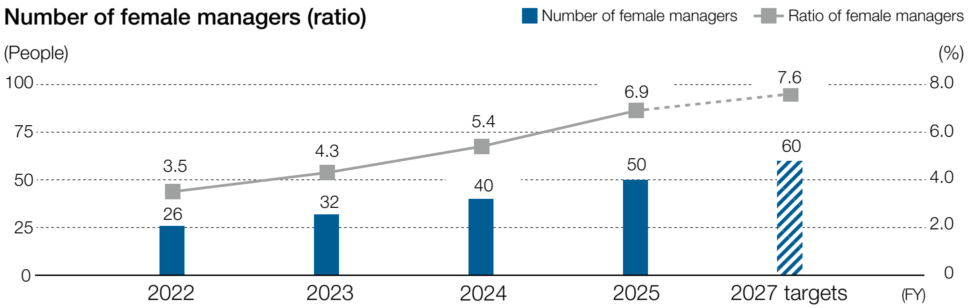
Diversity and inclusion

Facilitating women’s participation and advancement

Daifuku recognizes that it is currently facing two challenges in women’s participation and advancement. One is that we have not yet developed a sufficient number of female managers, and the other is that we are not hiring an adequate number of female employees. In light of these two issues, we are working not only to increase the percentage of women recruited and develop female managers but also to expand the job opportunities where women can work effectively and create a more worker-friendly working environment.

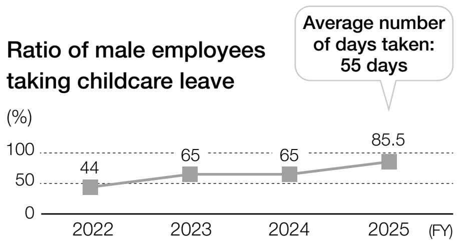
We are continuing our Women’s Leadership Development Program to train female candidates for managers. We are also providing the supervisors of the participants in this program with training on supporting the career development activities of female employees. In fiscal 2025, we established WING, a community program for female managers to facilitate connection beyond the boundaries between business units.

Number of female managers (ratio)



Furthermore, we produced a video explaining the program enabling male employees to take childcare leave and a Maternity and Childcare Leave Handbook for Fathers. Both are disclosed on the internal network. The Work-style Reforms Committee is also working to encourage male employees to take childcare leave through its members in each business unit.

Ratio of male employees taking childcare leave



Facilitating foreign national personnel working effectively for Daifuku

We are actively hiring foreign nationals and working to entrench a corporate culture that respects diversity. Beginning with graduate recruitment for those who joined in fiscal 2019, we have directly recruited from leading engineering universities outside Japan. As of fiscal 2025, a cumulative total of 38 foreign nationals have been hired through this graduate recruitment. We will continue to construct a personnel base for value co-creation in global markets.

Improvement of employee engagement

The Group defines employee engagement as job satisfaction, ease of work, and the achievement of career development for both personal and company growth. We conduct regular engagement surveys within and outside Japan to visualize our current situation and follow the plan-do-check-act (PDCA) cycle.

The survey of Group companies based in Japan conducted in fiscal 2024 indicated a job satisfaction score of 56% and an ease of work score of 51%. These scores are both below the averages in Japan, which we set as goals. The survey made us aware of welfare-related problems and issues regarding the poor communication of post-survey initiatives and other issues. In response, we published the results of the survey throughout the company in fiscal 2025. Individual divisions held workshops to clearly discuss issues. They then developed specific action plans, implemented their plans, and monitored their progress.

In May 2026, we conducted an engagement survey of 26 Group companies to increase global unity and accelerate the enhancement of engagement. This enables us to cross-regionally and cross-organizationally understand issues and share initiatives throughout the Group. We will continue to quantitatively assess the effect of measures and implement measures to improve job satisfaction and ease of work.

Issues identified by the survey and major response

Issues	Major response in fiscal 2025	Objectives
Welfare and diverse needs	Introduction of the cafeteria plan	Expansion of the a la carte-style benefits program matched to the diverse lifestyles of employees to increase their satisfaction
Structure for cross-divisional collaboration and cooperation	Development of programs for the cross-divisional sharing of information and personnel transfers (such as internal recruitment)	Strengthening of cross-divisional collaboration and advancement and continued improvement of operational processes
Feedback and utilization of the results of engagement surveys	Holding of workshops by divisions, formulation of action plans and monitoring of progress	Entrenchment of the PDCA cycle for improvement
Support and feedback from supervisors	Introduction and implementation of communication measures including one-on-one meetings	Increase in opportunities for growth and ease of work
(Outside Japan) Enhancement of training programs	Launch of the Daifuku Academy Groupwide training program	Systematic provision of knowledge to be learned about the Group

Strengthening organizational framework that respects human rights

For details, refer to Page 74 Social Initiatives

Enhancement of Human Capital

SPOTLIGHT

Preserving Daifuku's values for the future—ensuring the company creed, management philosophy, and long-term vision are put into practice

Kurumaza roundtable talk

Dialogue between the president and employees to share information about the company creed and the management philosophy, which are used as a common language

The Group has continued to organize Kurumaza roundtable talks since 2022. They are opportunities for the management team and employees to engage in dialogue, and 2025 is the fourth year of this project. To date, these talks have been held at our major sites in Tokyo, Shiga, Komaki, and Osaka, as well as in North America, to expand opportunities for dialogue.

The goal of Kurumaza roundtable talks is to ensure that the company creed (Hini Arata), the management philosophy (Automation that Inspires), the long-term vision, and the management strategies for achieving the vision are not only understood but that they also become entrenched as Groupwide values that people follow in their decisions and behaviors every day.

In fiscal 2025, 40 employees in their twenties and thirties selected from each department participated in the dialogue held on the theme of Daifuku's future in the next 10 to 20 years. They discussed the utilization of AI and DX technologies to enhance the sophistication of work, anticipating the decrease in the population. Daifuku's goal is not to replace humans with AI. We want to improve the work procedures to ensure that our employees can use their time to engage in decision-making and creative activities that only humans are capable of doing. This thinking is rooted in the DNA of Daifuku. It has enhanced the value we provide through repeated improvements in line with the company creed, Hini Arata. It is also consistent with the social value that we aspire to create through our automation solutions.

The talks are also opportunities to share a stance of asking questions, expressing opinions, and taking on challenges and the importance of cross-cultural communication. They have enabled participants to take ownership of the efforts to achieve the ideal human resources state that will support the future of Daifuku, a company that operates globally.

Participants brought the information and perspectives they gained during Kurumaza roundtable talks back to their workplaces, where they are utilized in everyday improvements and cross-divisional initiatives. In the post-event questionnaire survey, 95% of the participants said they appreciated Kurumaza roundtable talks. We will continue to engage in this dialogue to foster shared values and cultivate our corporate culture.

A scene from Kurumaza roundtable talk held in fiscal 2025

Hini Arata KAIZEN MEET

A mutual learning opportunity to integrate Hini Arata into employees' behaviors

The Group continues to hold Hini Arata KAIZEN MEET, a small group initiative that provides opportunities to present and share KAIZEN (improvement) activities, supporting the practice of the company creed, Hini Arata, in daily work. The goal of these activities is not just to share achievements, such as the reduction of costs or the streamlining of operations, but also to share the perspectives of people from other sites and departments to expand the insights gained on-site from individual or organizational experience so that the Group can learn from them. We also believe that it is important to enable employees to connect and build relationships with other employees within and outside Japan through these activities and presentation conferences to facilitate the development of business through KAIZEN and broaden participants' horizons.

Employees from Group companies outside Japan came to Japan to deliver presentations on their KAIZEN activities.

At these presentation conferences, participants share not only their results but also the backgrounds behind their challenges and the innovation process from the perspective of "why they will lead to business improvement" and "how they can be expanded to other locations." This process inspires participants to review their own work from a global perspective, transcending the boundaries between departments and sites. Hini Arata KAIZEN MEET are not activities where people compete based on their achievements. They are opportunities to share and learn about the background behind challenges and improvement processes.

In fiscal 2025, 1,712 employees on 242 teams from throughout the Group participated in Hini Arata KAIZEN MEET. Twelve of these teams were selected to represent their activities and give presentations at the main conference held at Shiga Works. Participants bring the things they have learned through Hini Arata KAIZEN MEET activities back to their workplaces to use them in future improvements. We facilitate this cycle with a view toward increasing all of our employees' problem-identification and improvement-implementation capabilities and develop unity throughout the organization.

CTO Message

Evolving Daifuku's technical foundation with AI and robotics as core technologies, and driving to the next stage of growth

Takuya Gondoh
Senior Managing Officer
Chief Technology Officer
Business Innovation Division Manager

Q What is your perspective on Daifuku's technical foundation? What are its competitive advantages?

I think that Daifuku has two major strengths.

One is our driving force to accurately understand the issues that our customers are facing and the changes in market conditions and act swiftly. In recent years, the business environment surrounding our customers has been rapidly changing. These changes include the transition to EVs and the increased sophistication of semiconductor processes. We have responded to these changes by examining operational requirements and implementing them as part of a system. This ability to understand changes and achieve tangible results quickly is one of our competitive advantages.

The other is that we play two roles, solution provider and system integrator. Material handling systems comprise combinations of various devices and equipment. In some cases, our systems incorporate devices from other companies. Given these conditions, our ability to go beyond partial optimization and achieve the optimization of the system as a whole in consideration of all of our customers' operations is another of our strengths.

These strengths are supported by Daifuku's technical foundation. They are based on our structure for handling all processes from engineering to design, manufacturing, installation, and maintenance internally. This structure makes it possible to design and verify systems in consideration of the characteristics of the entire system based on the preconditions and constraints that vary at each site, such as the materials being transported, the workers, and existing equipment. I believe this ensures that systems smoothly go into operation after delivery, and also, through the support we provide after delivery, contributes to the creation of the value that supports our customers' business activities over the medium to long term. This also gives us a competitive advantage.

Q What vision is Daifuku aiming to achieve by 2030? How will this vision reshape its business and competitiveness?

To date, Daifuku has taken a catch-up approach to growth. We have provided solutions to customers' issues and the challenges they are facing in the market in view of changes. This approach is a key element that has supported our growth so far, and I believe that it will remain indispensable in the future. However, to move on to our next stage of growth, it will be vital for us to transition to a front-runner approach. We must create value by examining the changes in social issues based on medium- to long-term trends affecting markets and our customers and identifying latent needs.

Factories and distribution centers are transitioning to fully automated and autonomous operations because of the labor shortage and other issues. By leveraging the material handling technologies and on-site expertise that we have cultivated over many years, we can shape the future of factories and distribution centers. By sharing our proposals with our customers, we can further increase our competitive edge. Technology supports this approach. Technological innovation is the cornerstone of our growth strategy.

Q What issues are Daifuku currently facing, and what is your roadmap for resolving them?

I think it is vital that we promptly introduce AI, robotics, and other advanced technologies and use them to expand our business and create value amid the acceleration of technological innovation. Our technology strategy is two-pronged. We use physical AI for practical operations and digital AI to advance decision-making. To achieve this, we face two main challenges.

The first one is the establishment of a system that enables us to focus on the development of advanced technology, and on cultivating and utilizing specialized personnel. I think that in the future our competitiveness will depend on how we build a technology development structure with an eye toward the use of technology in business and at worksites in the future, not just exploring it.

Accordingly, we have established Kyoto Lab and Tokyo Lab as hubs for our technical development activities, including the verification of technologies and their applications in business. They are bases for exploring and validating advanced technologies and their applications in business, but they are also places for us to cultivate the personnel that will support our technological foundation in the future.

The second challenge is utilizing AI to advance products and systems and reshape operational processes. In addition to implementing AI in areas such as improving the efficiency of overhead transport systems, predictive maintenance in the Cleanroom business, and the picking robots in the Intralogistics business, we have also been advancing its application to operations such as know-how exploration and chatbots.

CTO Message

Moving forward, we are taking steps to increase the sophistication of our everyday operations and decision-making processes. We are shifting beyond a simple “plus AI” approach to an “AI first” approach in which we redesign operational processes, assuming that AI will be one of their fundamental components. Instead of merely using AI as a streamlining tool, we will steadily work to build a foundation for changing operations and the very nature of value creation.

A specific measure for achieving this is our use of AI agents to handle both internal and external data across various domains, so that these agents autonomously organize and execute a series of business processes from the gathering of information to its analysis and implementation, in line with specific objectives and constraints. This will enable our personnel to concentrate on final decision-making. We aim to switch to a system in which our human resources have more time for high-value-added operations that require their judgment and creativity.

In addition, we provide classes to develop data scientists throughout the Company. Our target is to develop 10% of our employees in Japan into data scientists by 2030. It is important for initiatives like this to reach all the employees, instead of confining them to a limited group. In addition to acquiring new skills, by promoting a shift to foster a mindset of embracing AI, we aim to ensure that all our employees share this AI-first mindset. Even as we are often swamped with daily work, we are committed to increasing the knowledge and awareness necessary for the AI literacy of all of our employees as an organization.

Q What initiatives will you implement to solve issues in and after fiscal 2026?

In and after fiscal 2026, we will elevate AI and robotics to the next level.

There are always site-specific uncertainties at every factory, distribution center, and other worksite, such as the differences between items to be transported, the movements of workers, and the characteristics of equipment. To ensure that we consistently deliver value in these environments, we must possess technologies that enable AI to accurately understand its surroundings, make decisions autonomously based on that understanding, and act on these decisions in a consistent manner.

This is a significant part of realizing physical AI systems that are an integration of recognition, judgment, and action in the physical world. Specifically, this is done by the vision-language-model (VLM)*1 and the vision-language-action (VLA)*2 model, which understand environments and translate that understanding into decision-making and actions. We position them as the core technologies of our foundational robotic platform. We will push forward with the transition to autonomous and advanced operations at worksites.

The foundational robotic platform is an integration of multiple VLA features, and it can be applied to our material handling equipment. By incorporating the industry-specific expertise we have cultivated in our businesses, including in the automotive and semiconductor industries, we will continue to develop it into a system that provides unique value.

We see this foundational robotic platform as a common platform to be used for many purposes, similar to an operating system. Our goal is to build the foundation for it during the period of the current four-year business plan for 2027 and then transition to the implementation phase involving specific applications and equipment during the period of the next business plan.

At the same time, we are also leveraging generative AI and AI agents in internal operations to enhance our utilization of information and decision-making. These initiatives are outside the realm of our foundational robotic platform, but they share the common idea of connecting decision-making to implementation.

We will expand the utilization of AI both in virtual and physical environments and connect workers and operations to create value.

*1 Vision-Language Model (VLM): AI technology for understanding visual information such as images
*2 Vision-Language-Action (VLA): AI technology that autonomously acts in line with its understanding

Q How will Daifuku’s material handling services change due to progress in the utilization of advanced technologies?

As we move forward to full automation, the use of robots and automated equipment will become ubiquitous at worksites, and people will take on monitoring, decision-making, and improvement roles. I think this will dramatically change the operations of factories and distribution centers. In the past, we commonly provided material handling equipment and systems, and the customer handled staffing, shift management, and other operational tasks.

However, when robots are a major part of worksites, the core value will be connecting and integrating equipment and robots to achieve the optimal operation of the entire system. As a result, the scope of our responsibilities will expand beyond simply providing equipment to include overall scheduling and the design of operational systems that make it possible to achieve optimization of operations. As these integration and optimization efforts progress, I expect that, across the entire industry, the focus will shift from how individual devices perform to how entire systems operate stably and efficiently.

We see future advancements in automation as opportunities for growth. By continuing to strengthen our technologies and our organizational structure, we will remain a stable partner supporting our customers’ business activities over the medium to long term.

Q As CTO, what is the value you want to create in line with the new CEO’s motto, future-oriented, new initiatives, and speed?

I understand that the message that Tomoaki Terai, our President and CEO, published clearly indicated the orientation of our technology strategy from the perspective of management. “Future-oriented” and “new initiatives” are there to express the idea that we are transforming into a front-runner that envisions the future for markets and its customers and becomes the first to propose value.

As the pace of technological innovation accelerates even further, speed is also a significant element. Here, “speed” means acting quickly to experiment with and learn technologies and to quickly make decisions and swiftly implement plans by sharing results with businesses and worksites.

Our missions are to help resolve social issues and to enable people to live fulfilling lives. To do this, we must continue to innovate through technological advancements.

Positioning AI, robotics, and other advanced technologies at the foundation of our strategy, we will leverage our technical foundation and personnel at our worksites to create and provide new value.

Enhancement of Advanced Technologies

SPOTLIGHT

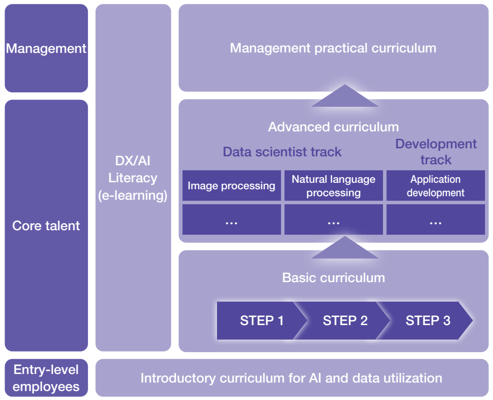
D-Adapt data scientist training program: Creating a personnel base to make AI a core technology

Daifuku defines AI and data utilization as core technologies that will support our future competitive advantage. This will not happen if we confine these technologies to a limited number of experts. We need to make AI and data utilization ubiquitous throughout the organization, as tools that facilitate decision-making and enhance operations. In line with this, we are implementing the Companywide D-Adapt* data scientist training program.

Instead of merely helping trainees acquire basic AI and data analysis skills, D-Adapt emphasizes people thinking about what they can use AI and data analysis skills to accomplish and how they use them to create value in connection with their own duties. D-Adapt participants are selected from departments, and they spend about one year participating in the training program, which includes practical training. They are supported by outside experts that partner with Daifuku and gradually master the program's materials, from the basics to practical applications. Our goal is to develop specialized human resources, such as data scientists, to account for 10% of our employees in Japan by 2030. As of the end of fiscal 2025, approximately 100 employees have completed the program.

Our goal is not to replace people with AI. The program is not designed to promote DX or AI as goals in and of themselves. Rather, its purpose is to evolve the way we work, so we can spend more time on the work we should be doing, such as making decisions and creating. This idea is in line with Daifuku's corporate spirit, which has driven us to continuously improve and transform the value we provide in line with our company creed, Hini Arata. Program participants will use the challenges they encounter in their everyday work to learn how to handle data and think analytically. They will bring the insight they gain through their participation in the program back to their workplaces and use it to improve everyday operations and take on new challenges.

Overview of DX and AI talent development under D-Adapt



Based on DX/AI literacy as a common foundation, we have systematically structured development programs tailored to employees' positions and roles.

* D-Adapt (Daifuku AI & Data science Advanced Pursuit Training): Companywide DX and AI talent development program

The opening of Kyoto Lab and Tokyo Lab: Establishing a R&D structure that connects the exploration and implementation of advanced technologies

To establish AI and robotics as the core technologies that will support the competitive advantage that we will have in the future, we must go beyond concepts and research and develop these technologies so that we are able to provide value in real-world operations and on the front lines of business. Based on this thinking, we opened Kyoto Lab and Tokyo Lab as hubs for the development of technologies.

Kyoto Lab is a technical development hub that collaborates with Shiga Works. Starting with the foundation of the engineering rooted in practical operations and the expertise cultivated in practical operations, Kyoto Lab explores matters that will lead to businesses and products several years in the future. Focusing on real-world manufacturing processes, Kyoto Lab repeats the cycle of designing, prototyping, and evaluation to refine technologies with an eye toward their commercialization in the future.

In contrast, Tokyo Lab works on common themes that transcend our business units. It will research fundamental technologies such as AI, software, and robot control from a medium- to long-term perspective to cultivate the seeds of technologies that can be used in business in the future.
A characteristic of Tokyo Lab is that its research is not limited by the current state of business.
It conducts research anticipating medium- to long-term trends in technologies and social issues.

Rather than being the final locations where perfected technologies are produced, these labs are engaged in experiments. They formulate hypotheses, test them, and learn from their results. The knowledge and insight gained through this process are shared with our business units to explore new possibilities for future products and services.

Tokyo Lab entrance

CPO/CIO Message

Integrating manufacturing and digital technologies to strengthen competitiveness through agile initiatives

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

Q How does strengthening production systems and the IT foundation lead to the improvement of profitability?

The key to improving profitability is to not see costs as a whole, but instead identify the unnecessary tasks and processes that are concealed in manufacturing processes. By reducing processes, we increase productivity. Transitioning from manual labor to automated processes while maintaining the quality level will directly result in the enhancement of productivity.

The production volume of Shiga Works has increased sharply. The sheer volume of goods it handles has changed dramatically. The greatest challenge is ensuring that automated equipment handles the increase in the workload rather than humans. In parallel with this, we have reviewed manufacturing processes and are working to shorten production cycles and reduce costs, for example, by changing designs or processing methods so that coating processes can be omitted. I think it is important to establish an environment in which we can leverage our own design capabilities, production technologies, and capital investments to improve rather than merely asking our suppliers to reduce costs.

These initiatives are supported by the breadth of our product lineup, which is one of our strengths. Rather than selling standalone products, Daifuku provides customers with systems composed of multiple products. We are able to independently revise or automate processes, change designs, and implement other improvements because we develop, design, and manufacture these products in-house. For this reason, we have worked to construct a platform for digitally integrating information about all of our processes from design to manufacturing and shipment. Since we have completed this platform, productivity and profitability have both risen steadily.

Q What competitive advantage does Daifuku gain from the redevelopment of Shiga Works?

The essence of the redevelopment of Shiga Works is not the mere reconstruction of the building. It is the construction of a core plant that will house functions related to production, logistics, and services that were previously dispersed, where they can be automated and trial operations can be implemented. When dependency on outside warehouses and spaces increases as the production volume grows, Daifuku encounters constraints, not only on its costs but also on productivity and our business continuity plan (BCP). By redeveloping Shiga Works, we are striving to create an environment that allows us to concentrate our work within the works and boldly introduce automated equipment.

A particularly important point is that concentrating operations in Shiga Works will facilitate our taking on new challenges. Within it, we can flexibly experiment with a combination of equipment and the automation of operations in different processes. I believe that it will lead to greater automation of the factory as a whole in the future.

CPO/CIO Message

Q What effects do investments like this have on human resources and the organization?

Capital investment does not just improve productivity. It is directly connected to the development of human resources and enhanced engagement. At first, some argued that it would be impossible to install new equipment because of a lack of skilled workers. However, current processing machinery incorporates advanced technologies. Young people are a very significant part of the workforce as they learn to operate touchscreens and use these technologies. Veteran staff who have worked with us for many years will be involved in the redevelopment of Shiga Works, and young people will play leading roles. Because it is a core plant, Shiga Works is of paramount importance in our development of the next generation of human resources. Consequently, the transfer of skills and the utilization of digital technologies are advancing at the same time, facilitating the development of a positive workplace atmosphere.

Q What value is created by strengthening the production system outside of Japan?

In 2025, we expanded the production space at Daifuku Intralogistics America Corporation in the United States to nearly double what it was, and have started operations in the new space. In India, a plant has also begun stable operations. It is now ready to independently supply products to the Indian market. In India in particular, the supply chain is not as well-developed as in Japan. Beginning in the design stage, we reviewed the specifications with an eye toward local procurement. We have constructed a system that is as self-sufficient as possible. The transfer of technology from Japan opened the way to the local production of conveyors, automated warehouses, and other core equipment, which is expected to improve cost competitiveness.

Q What has the digitalization of supply chains and project management changed?

In our operation of businesses, we collaborate with approximately 2,000 suppliers. The number of actions that we need to take increases every year, including actions related to fair cost sharing with suppliers, information security, and sustainable procurement. We developed a digital platform to centralize the management of information and construct a system to increase transparency and explainability.

We also created a system to visualize the progress being made in projects being carried out that involve multiple countries or bases. Accordingly, we are departing from reactive management that is dependent on personnel and advancing toward a management system in which risks are identified at an early stage.

Q In digital systems, what issues do you think are the most important?

The biggest issues in digital systems are AI and security.

Regarding AI, we are focusing first on the integration of generative AI and AI agents into everyday operations to increase operational efficiency. We will create successful examples of this quickly and share them throughout the Company. I feel that we will utilize physical AI technologies after that.

As for security, we have launched the Companywide Zero Risk Secure Project. The purpose of the project is to reduce cyber risks to as close to zero as possible. We must invest in protection to accelerate our utilization of digital technologies. We conduct assessments based on the framework and guidelines formulated by the U.S. National Institute of Standards and Technology (NIST). In view of our strengths and weaknesses, we use the latest trends together with vendor information to reinforce our protective measures. We have constructed a system that enables us to restore quickly after an emergency to improve our business continuity capabilities.

Q As CPO and CIO, what is the most significant part of the new structure?

It is no longer possible to separate manufacturing and digital technologies. To survive in a competitive world, they must be integrated, and we must establish a framework that is resilient to change. As the structures of supply chains change drastically, we are swiftly developing our ability to adapt to these changes in terms of both our manufacturing capabilities and digital platforms.

For over 50 years, with Shiga Works, we have envisioned a factory of the future that will enable value creation in line with our Industrial Park Plan. In line with the changes of the times, we are now reactivating our initiative that had stalled. By developing an environment where manufacturing and technology are integrated, and that enables us to take on new automation challenges, we are not merely implementing a short-term measure to increase efficiency. We are investing in our long-term competitiveness.

We will enhance equipment, digital technologies, and human resources in an integrated manner and continually take on challenges with a sense of urgency to push ourselves toward the aspirations stated in our long-term vision.

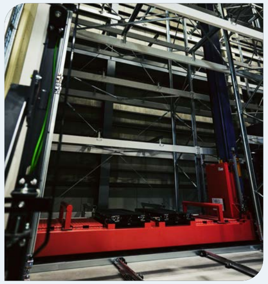
Enhancement of Manufacturing Capital

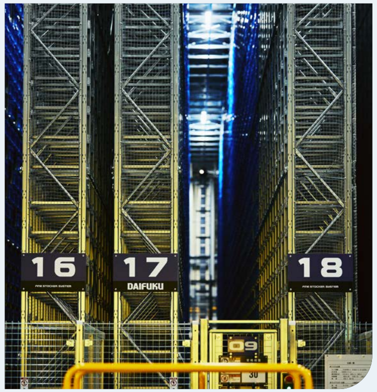
In response to the growth of its production volume as orders increase, Daifuku is shifting toward production bases that enhance productivity and quality consistency, rather than simply increasing the number of people or expanding the space. In redeveloping Shiga Works, we have constructed a production system based on functional integration, automation, and the use of digital technologies.

Strengthening of the component supply bases that support the service business

Our parts center functions were integrated and improved in Building M in light of the growing demand for renovation and other services. Traditionally, components were stored, picked, and shipped mainly by humans. Now, automated warehouses are in place that achieve storage efficiency around 30% to 40% higher than in the past.

This means that we are able to handle more components in places where space is limited, shorten workflows, and save labor. We are completing the establishment of a system that enables us to stably supply components to service stations without significantly increasing our workforce. Building M will support the service business, which accounts for around one-third of our sales in Japan. It is a part of our manufacturing capital supporting our stable and continuous generation of revenue.


Automated warehouse capable of handling long items

Parts centers store and sort around 38,000 different components.

Foundation for improving productivity connecting design and processing

A production system that includes processing machinery, automated warehouses, and inter-process transfer systems has been established in Building L to increase the sophistication of processing processes. Design data is linked to processing data to reduce waste and increase productivity in operations where processes are integrated with following processes. Notably, our first effort to do this is our initiative for automating a series of inter-process material transfer operations, from supplying materials from the automated warehouse to machine tools to the storage of processed parts back in the automated warehouse. This system advanced our automation of processing processes and shortened the time needed for preparation, opening the way to stable production starting with the initial period after the launch of a product. We see this design-originated production model as a foundation that can be used when we collaborate with suppliers in the future and that can be expanded to other parts of the Company. Building L is not merely an upgrade of processing equipment. It functions as a core facility in our production base where design, production technologies, and practical operations are integrated.



The inter-process transfer of supplying materials from the automated warehouse to processing machines and the storage of processed parts back in the automated warehouse have been automated.

SPOTLIGHT

Continually seeking productivity and safety from the design phase

We consider the tools that are used and the flow of assembly from the development and design phases to ensure that manufacturing is closely aligned with production preparation. Development, design, and manufacturing functions collaborate to reduce the number of parts and streamline assembly processes, which leads to stable productivity beginning in the initial period after the launch of a product. This initiative creates a foundation for production that is independent of the improvement of individual workers or processes and integrates design and on-site work to enhance safety and productivity.



A shadow board made by Daifuku to ensure tools are returned to their proper place. These boards are designed in line with the assembly procedures for individual products.

Chapter 03

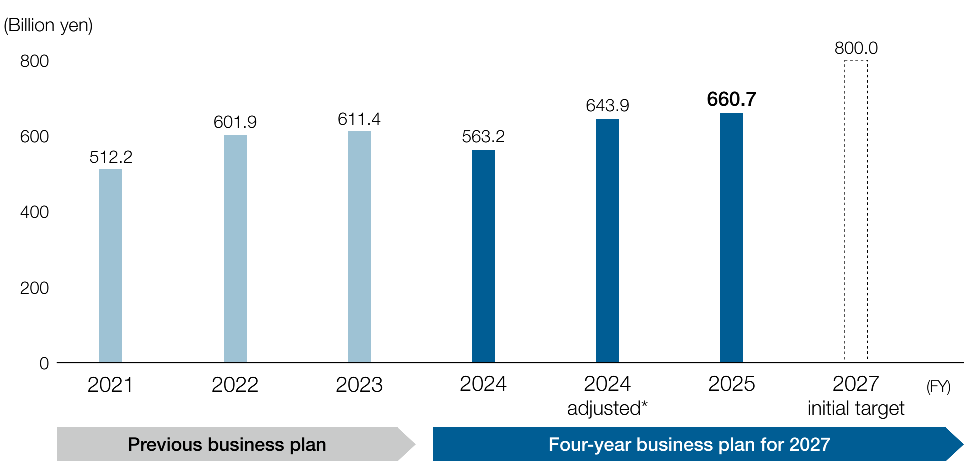
Growth Strategies

Progress of Four-Year Business Plan for 2027

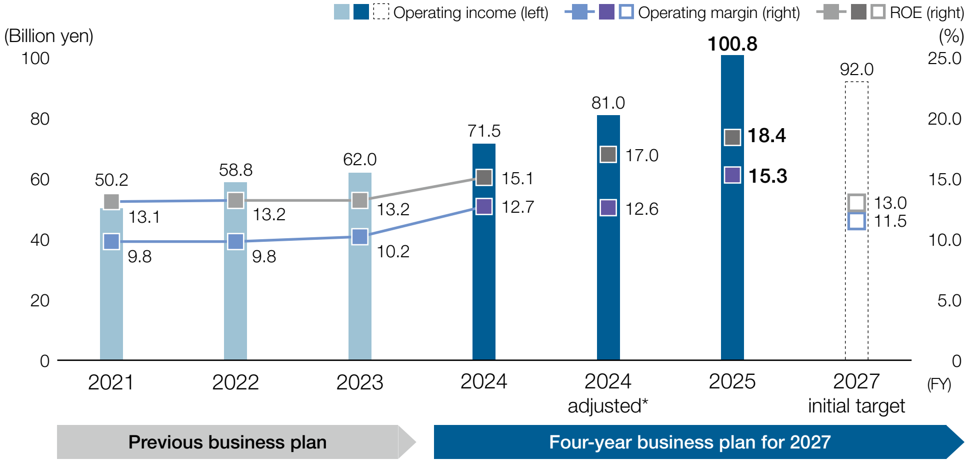
Status of progress for fiscal 2025

Consolidated net sales reached a record high due to sales underpinned by an extensive order backlog. The operating margin improved significantly, greatly exceeding the target for the final year of the four-year business plan for 2027 (hereinafter "the 2027 Plan"), thanks to the widespread promotion and entrenchment of production efficiency and cost reduction efforts initiated during the period of the previous business plan, as well as the sophistication of project management and a focus on securing orders with strong profitability. As a result, operating income reached a record high for the fourth consecutive year. ROE also significantly exceeded the target for the final fiscal year of the 2027 Plan as a result of factors such as significant profitability improvements and the enhancement of shareholder returns based on our policy of achieving a consolidated dividend payout ratio of 35% or more for each fiscal year of the 2027 Plan. Based on the fact that the operating margin and ROE results for fiscal 2025 reached levels that significantly exceeded the final fiscal year targets of the 2027 Plan, we made updates as follows by revising the targets upward on February 12, 2026. Page 17 CFO Message

Consolidated net sales



Operating income/Operating margin/ROE



* In fiscal 2024, due to the change in the fiscal year-end, the Company had a transitional period covering nine months (from April to December 2024) for Daifuku Co., Ltd. and its subsidiaries in Japan, while subsidiaries outside of Japan had a 12-month accounting period (from January to December 2024) as before. Accordingly, for comparison purposes, the figures labeled as "adjusted" include the results for Japan from January to March 2024.

Outcome for fiscal 2025 and next challenges

Outcome

Enhanced our profit structure
- Widely promoted and entrenched efforts to improve production efficiency and reduce costs
- Enhanced profitability at the order-receipt stage
- Refined project management

Acquired orders that accurately met the needs of the market
- Achieved order growth amid labor shortages and soaring labor costs, an upsurge in demand for generative AI semiconductors, and increased airport investments to address growing passenger numbers

Implemented strategic investments aimed at strengthening our global production framework
- Improved productivity through the redevelopment of Shiga Works, our core plant
- Increased production capacity in the United States and India, positioned as priority markets

Promoted various measures aimed at enhancing human capital
- Expanded our R&D centers to strengthen advanced technology development
- Made investments to raise awareness and enhance brand power

Next challenges

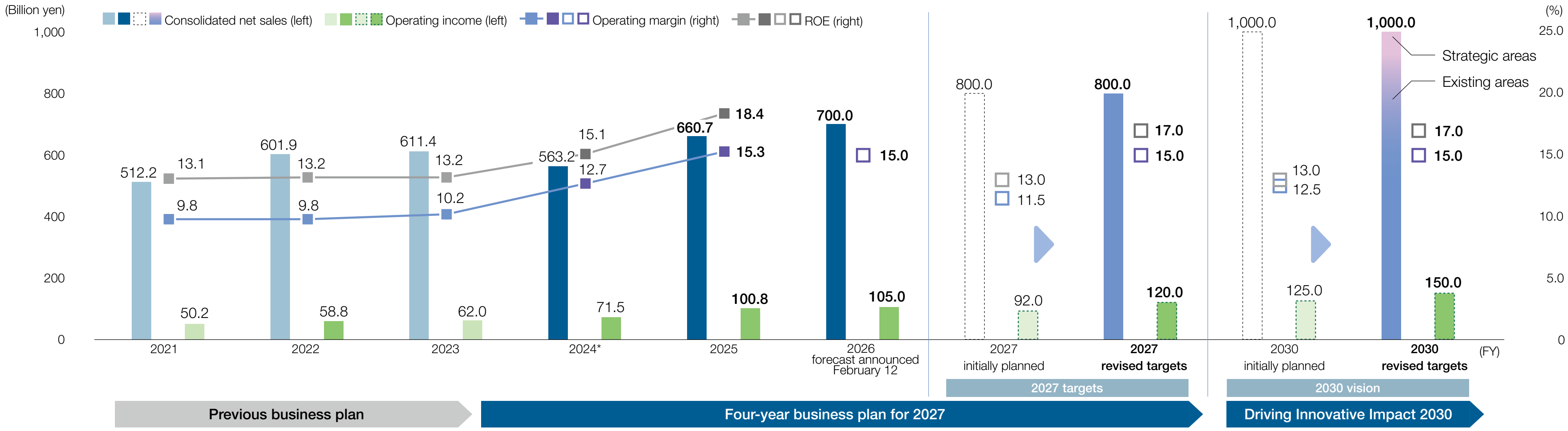
Accelerating advanced technologies and new business development
- Expanding the R&D promotion structure
- Proactively allocating business resources to AI and robotics
- Expanding into new areas such as food and the environment

Accelerating the global growth strategy
- Expanding our presence in priority markets such as the United States and India
- Strengthening development capabilities tailored to regional characteristics
- Boosting competitiveness with speed by leveraging M&A

Enhancing our profit structure
- Continuing production innovation and cost reduction initiatives
- Improving project management accuracy
- Revamping operational processes

Revision of Driving Innovative Impact 2030 and Four-Year Business Plan for 2027

Through initiatives in the three processes of manufacturing, customer proposals, and project management, profitability improved significantly. As a result, both the operating margin and ROE for fiscal 2025 significantly exceeded the management targets for 2027. Based on this situation, we have updated the economic value to be created by 2030 as well as the management targets for 2027.



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

Reasons for the revision

Widespread adoption and sustained implementation of improving production efficiency and cost-reduction measures

The widespread adoption and sustained implementation across all businesses of production efficiency improvement and cost reduction measures, including standardizing products, reducing the number of components, and shortening installation periods, taken since the period of the previous three-year business plan

Enhancing profitability at the order-receipt stage

Enhancing the profitability of individual orders through high-value-added proposals that meet customer expectations in terms of technology, services, and quality

Refine project management

Ensuring efficient project execution and preventing additional costs by improving on-site construction efficiency and conducting advance verification using 3D simulations

Approaches to the revision

Maintaining a backcasting-based sales target

Global needs for automation are expanding amid labor shortages and digitalization. The sales target backcast from our long-term vision for 2030 will be maintained on an ongoing basis.

Taking on challenges in strategic areas to achieve our 2030 vision

We also expect sales expansion by taking on challenges in strategic areas for medium- to long-term growth, including M&A and new areas such as food and the environment.

Revising profit targets to reflect both profitability and growth

We will continue to strengthen our manufacturing and proposal capabilities, and project management, to maintain profitability at record levels. With the aim of balancing this with top-line expansion, we have raised our profit targets.

Daifuku's Priority Topics

Materiality assessment

STEP 1
Update input information

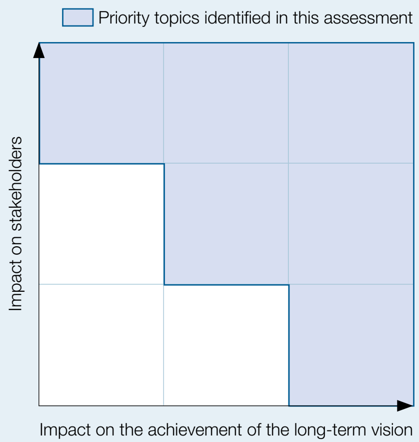
In response to recent changes in social demands and trends, we have reviewed and organized the information necessary to identify priority topics.

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

STEP 2
Identify topics

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.



STEP 3
Validation

The topics identified, KPIs, and targets were validated and approved by the Board of Directors.

STEP 4
Progress checks

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
Evolving existing businesses, expanding into new areas, developing next-generation solutions	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.
Establishing a system to bolster growth	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.
Revamping overall business operations	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.
Safety reinforcement	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.
Eliminating environmental impact	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.
Strengthening management structure and refining business management	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).
Organizational strengthening	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 (targets for FY2024–FY2027)

Framework	Priority topics	KPIs	Scope	Targets FY2024	Targets FY2025	Targets FY2026	Targets FY2027
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	■ Improve system efficiency and energy-saving performance using AI and battery technologies ■ Establish predictive maintenance using AI and IoT technologies			
	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		■ Develop systems for new areas ■ Cultivate new customers and expand business areas globally ■ Develop next-generation solutions			
Establishing a system to bolster growth	Investment and platform fortification for innovation creation	Investment in areas of growth*[1]	Global	■ Invest approximately 160 billion yen (cumulative total for FY2024–FY2027)			
		Cultivation of human resources proficient in AI and other digital skills		■ Implement Companywide training, including e-learning (rolled out incrementally to all employees) ■ Cultivate data scientists and other specialized human resources (cumulative total for FY2024–2027: 180 people)			
		Promotion of industry-government-academia collaboration, M&A, alliances, etc.		■ Continue consideration of M&A and alliances ■ Carry out development through joint research and collaboration with universities and companies			
Revamping overall business operations	Social responsibility in the supply chain	Strengthening of supply chain management	Global	■ Japan: identify supplier risks and implement audits ■ Group companies outside of Japan: conduct visits, assess conditions, and address risks			
	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
Safety reinforcement	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
Eliminating environmental impact	Addressing climate change	Daifuku CO_2 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_2 emissions from purchased goods and services*[5] (Scope 3 Category 1)		■ Expand and disseminate CO_2 emission reduction programs*[6] throughout the supply chain			
		Reduction rate of CO_2 emissions from the use of sold products*[5] (Scope 3 Category 11)		■ Improve energy-saving performance of products and systems			
	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]		■ Expand and raise awareness of the program			

Daifuku's Priority Topics

Priority topics and KPIs in the four-year business plan for 2027 (targets for FY2024–FY2027)

Framework	Priority topics	KPIs	Scope	Targets FY2024	Targets FY2025	Targets FY2026	Targets 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_2 emissions at suppliers
*7 Waste generated (tons) divided by net sales (100 million yen)
*8 Water consumption (1,000 m^3) divided by net sales (100 million yen)
*9 Sites with 100 or more employees
*10 Daifuku's unique employee-participatory program for sustainability awareness and training

Daifuku's Priority Topics

Priority topics and KPIs in the four-year business plan for 2027 (FY2025 results)

Framework	Priority topics	KPIs	Scope	FY2025 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	■ Worked toward the realization of complete automation by continuing to expand and provide solutions such as XY-picking robots and SLAM autonomous mobile robots (AMR) ■ Developed unmanned overhead hoist transport (OHT) using battery technologies to reduce power consumption ■ Improved transport efficiency through operation control utilizing AI and other technologies ■ Developed new systems and products utilizing image recognition technology ■ Continued to develop a predictive maintenance system utilizing AI
	Expansion of service business	Service sales		176.6 billion yen
	Development of new domains and creation of new businesses	Penetration into new markets and new business areas; commercialization of new products		■ Made proposals for further automation solutions for frozen warehouses ■ Expanded the scope of target processes for rechargeable battery and semiconductor manufacturing, and made proposals for automation solutions ■ Provided automation solutions for back-end processes in semiconductor manufacturing, such as wafer stacking and direct bonding ■ Developed new in-house logistics and parts transport systems for next-generation car manufacturing plants ■ Expanded the acquisition of certifications for the delivery of systems to airports ■ Provided waste collection vehicle washer
Establishing a system to bolster growth	Investment and platform fortification for innovation creation	Investment in areas of growth*1	Global	■ Invested in areas of growth: 74.8 billion yen (cumulative total from FY2024 to FY2025; of which results for FY2025: 48.4 billion yen)
		Cultivation of human resources proficient in AI and other digital skills		■ Continued to implement an e-learning course and an education program on AI and DX (e-learning course: taken by a cumulative total of 3,500 employees (of these, a cumulative total of 2,450 employees completed the course between November 2023 and December 2025); training program for data scientists and other specialists: taken by a cumulative total of 173 participants (of these, a cumulative total of 107 participants completed the program between January 2024 and December 2025))
		Promotion of industry-government-academia collaboration, M&A, alliances, etc.		■ Considered and conducted research and development on next-generation technologies with multiple universities, research institutes, and companies
Revamping overall business operations	Social responsibility in the supply chain	Strengthening of supply chain management	Global	■ Conducted a questionnaire for domestic suppliers and performed audits based on the risks we identified ■ Conducted interviews with subsidiaries outside of Japan (in Taiwan, South Korea, and China). Launched sustainable procurement activities in Taiwan and South Korea
	Pursuit of product quality and product safety	Number of serious accidents*2 related to product and system safety		0 occurrences
Safety reinforcement	Ensure occupational safety and health	Frequency rate: Japan (outside of Japan)*3	Global	1.000 (0.740)
		Severity rate: Japan (outside of Japan)*3		0.045 (0.020)
		Number of serious accidents*3*4		0 occurrences

Daifuku's Priority Topics

Priority topics and KPIs in the four-year business plan for 2027 (FY2025 results)

Framework	Priority topics	KPIs	Scope	FY2025 results
Eliminating environmental impact	Addressing climate change	Daifuku CO_2 emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	56.4%
		Percentage of electricity derived from renewable energy sources		73.9%
		Reduction rate of CO_2 emissions from purchased goods and services*5 (Scope 3 Category 1)		■ Held online briefings aimed at reducing CO_2 emissions for 153 major suppliers in Japan and continued collecting CO_2 emissions data from suppliers
		Reduction rate of CO_2 emissions from the use of sold products*5 (Scope 3 Category 11)		■ Implemented LCAs (Life Cycle Assessments) for all new product and system development ■ Started investigation of the status of introduction of renewable energy sources at customer sites
	Promoting resource recycling	Landfill disposal rate	Global	Domestic: 1.1% Outside of Japan: 4.1%
		Reduction rate of waste emissions per unit sales*6 (compared to FY2023)		–8.4%
		Reduction rate of water consumption per unit sales*7 (compared to FY2018)		38.1% This is a preliminary figure prior to third-party verification to improve data reliability. Verified results will be disclosed on our website in June 2026.
	Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites*8	Global	63.6%
		Global expansion of Sustainability Action*9		■ Conducted e-learning on biodiversity globally ■ Implemented two sustainability action programs globally
Strengthening management structure and refining business management	Strengthening governance	Improvement of the effectiveness of the Board of Directors	Daifuku Co., Ltd.	■ Conducted evaluations of the effectiveness of the Board of Directors by obtaining support from a third-party organization to perform questionnaires and interviews and analyze the results ■ To address issues identified from the evaluation results, (1) implemented initiatives to refine business management (developing investment management processes, promoting management with greater awareness of cost of capital, promoting initiatives for the application of IFRS, etc.) and (2) enhanced the support structure for the Board of Directors (providing opportunities for interaction between outside officers, improving and enhancing the content of materials, strengthening support for operations, etc.)
		Dissemination of management philosophy and strategies	Global	■ Conducted e-learning on the long-term vision and four-year business plan for all employees within and outside of Japan ■ Expanded video content and delivered messages from C-suite roles
		Ensuring compliance		■ Conducted compliance awareness survey of employees globally (responses: 5,861) ■ Launched fact-finding survey of trading compliance globally ■ Held lectures on Competition Law during the Compliance Awareness Month ■ Implemented compliance training (total of 20 sessions, including seven video training sessions) tailored to the needs of various ranks ■ Held Compliance Promotion Subcommittee meetings semiannually and promoted activities to raise compliance awareness throughout the Group
		Implementation of countermeasures against major risks		■ Conducted risk assessments based on questionnaire responses as part of the PDCA cycle for risk management activities, and identified new major risks at the Risk Management Committee (the Committee also monitored major risks that had already been selected and were under continuous management) ■ Conducted management interviews to confirm current risk recognition and discuss potential response measures ■ Considered a dedicated BCP organization toward the restructuring of the BCM system

Daifuku's Priority Topics

Priority topics and KPIs in the four-year business plan for 2027 (FY2025 results)

Framework	Priority topics	KPIs	Scope	FY2025 results
Strengthening management structure and refining business management	Fulfillment of stakeholder communication	Number of dialogue meetings held with shareholders and investors (non-unique)	Global	1,726 companies
		Enhancement of communication with stakeholders		■ Continuously created engagement opportunities by holding IR events for shareholders and institutional investors within and outside of Japan ■ Created new opportunities for dialogue between outside directors, institutional investors, and securities company analysts ■ Created advertisements based on new advertising policies and presented them on television, in trains, etc. Also expanded targeted ads for use on social media, etc. ■ Promoted our brand by participating in exhibitions within and outside of Japan ■ Held press conferences to spread awareness through the media ■ Accepted social studies field trip groups and workplace experience groups. Continued conducting community cleaning activities, etc.
		Maintenance and improvement of evaluations from external rating agencies		■ Received an A rating (the highest rating) for climate change from CDP ■ Continued to be included in FTSE4Good ■ Achieved an AA rating in the MSCI ESG Rating
Organizational strengthening	Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	Global	■ Updated succession plans and continued monitoring at the Group's Human Resources Committee and Business Unit Human Resources Committee (Group's Human Resources Committee: held twice; Business Unit Human Resources Committee: held 12 times) ■ Prospective successor sufficiency rate: 72% ■ Introduced MBA program-based strategic, financial, and organizational theory into new general manager training
		Compounding of the human resources system in response to securement of specialized human resources	Daifuku Co., Ltd.	■ Established Kyoto Lab to secure technical personnel ■ Introduced a region-specific employee system for certain job categories ■ Introduced a sign-on bonus program for targeted talent
	Respect for human rights	Establishment of a human rights due diligence system	Global	■ Conducted impact assessments on one supplier in Japan ■ Performed improvement measure follow-up following impact assessments of two subsidiaries outside of Japan and their two suppliers ■ Considered the introduction of a grievance mechanism system through Grievance Mechanism Introduction Project under the Sustainability Promotion Committee
		Implementation of human rights training		■ Held lectures and conducted group work on human rights and harassment in rank-based training in Japan ■ Deliberated addition of content related to human rights to the education program provided to Group employees
	Diversity and inclusion	Number of female managers (ratio)	Daifuku Co., Ltd.	50 female managers (6.9%)
		Creation of an environment where diverse personnel can work effectively		■ Established new Women Internal Network Growing (WING) community program for female managers ■ The D&I Subcommittee and Labor-Management Special Committee gathered needs for childcare-related improvements, and we revised our systems in accordance with amendments to the Child Care and Family Care Leave Act (April 2025) ■ Conducted awareness-raising seminars, aimed at employees in management positions, regarding childcare- and family care-related systems
	Improvement of employee engagement	Engagement survey score	Global	■ No survey implementation (we conducted the survey within and outside of Japan simultaneously in May 2026)
		Implementation of engagement survey and issue response		■ Visited a subsidiary outside of Japan that conducted surveys in FY2023 and conducted follow-ups on the measures implemented (one company) ■ Held business unit-specific briefings (total of six times) and division-specific workshops (total of 29 times) based on the survey results for FY2024, and formulated and implemented action plans for individual divisions

*1 Capital investment, R&D expenses, investment in human capital, etc.
*2 Accidents caused by the malfunction of the Group'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)
*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 Waste generated (tons) divided by net sales (100 million yen)
*7 Water consumption (1,000 m3) divided by net sales (100 million yen)
*8 Sites with 100 or more employees
*9 Daifuku's unique employee-participatory program for sustainability awareness and training

Our Business

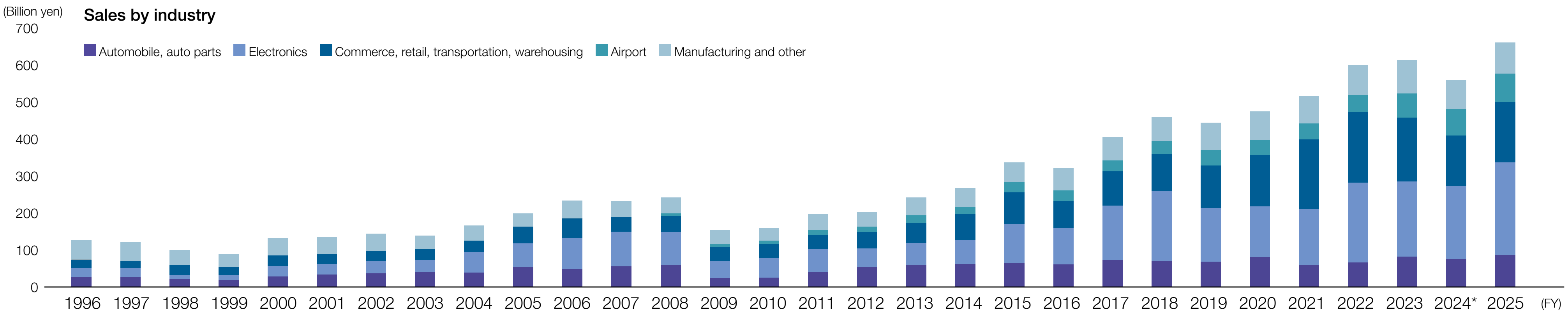
Introducing our business, which supports global logistics and production infrastructure, through four key strengths

Page 25 Value Creation Drivers

Technological capabilities and responsiveness

Addressing diverse customer needs

Daifuku Group has created innovations in line with the needs of the times by accumulating know-how and technology. As the world's leading supplier and system integrator of in-house manufactured products, we will continue to address diversified customer needs worldwide.



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

Market environment and growth expectation for 2027

In conjunction with the formulation of targets for fiscal 2027, we set the direction of our businesses by considering various changes in target markets as opportunities for business growth.

Industry	Value Transformation 2023 sales CAGR*1	Market environment outlook	Growth expectation*2
Automobile, auto parts	0.6%	■ Gradual increase in automobile production volume over the medium to long term ■ Continuous capital investment in line with the global xEV shift	☆☆
Electronics	14.1%	■ Robust demand in the long term, even under the highly volatile semiconductor market ■ Increased demand for the construction of semiconductor factories in various countries	☆☆☆
Commerce, retail, transportation, warehousing	7.4%	■ Further streamlining of logistics in line with the growth of the B2C market ■ Accelerated investment in automation due to labor shortages, rising labor expenses, and the 2024 logistics problem in Japan ■ Changes in the supply chain caused by environmental impact consideration	☆☆☆
Airport	16.8%	■ Expansion in both the number and size of airports due to a continually increasing number of air passengers ■ Continuous automation and labor-saving needs due to labor shortages, as well as security upgrades	☆☆
Manufacturing and other	4.9%	■ Repatriation of manufacturing ■ Accelerated investment in automation due to labor shortages and rising labor expenses	☆☆☆

*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%	☆☆☆

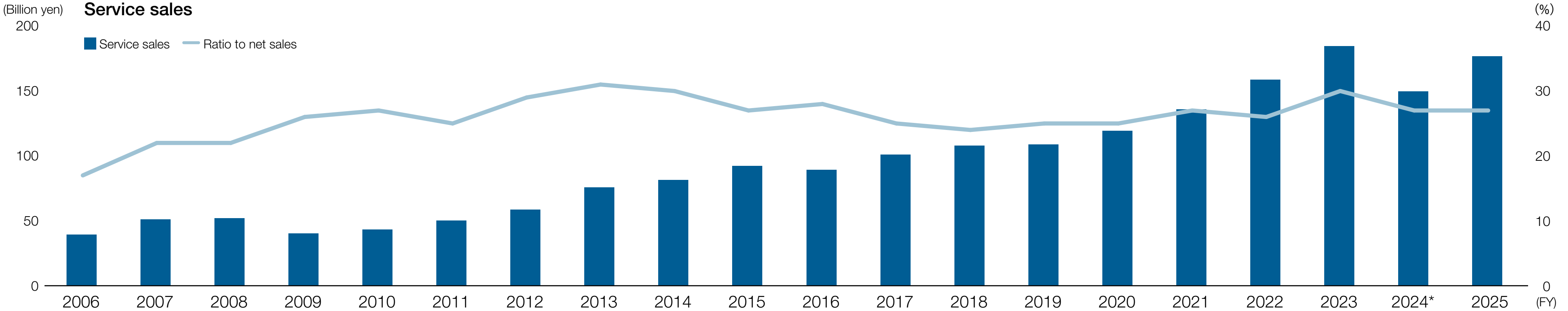
Our Business

Total solutions

We provide total support encompassing consulting to reflect customer requirements, planning and engineering, design and manufacturing, installation, and after-sales services.

Supporting the stable generation of earnings

Backed by an extensive track record of installations, service sales account for around 30% of total net sales, contributing to the stable generation of earnings.



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

After-sales services supporting stable operations

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. Our services are so highly regarded that customers keep adopting our products at the time of replacing their systems. On those occasions, we learn of new needs that may lead to the development of new technologies.

Customer service system

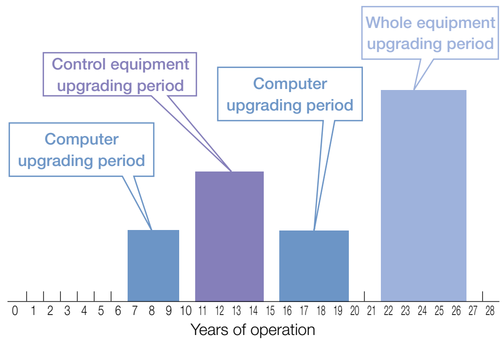
Approximately 55 customer stations nationwide and a 24-hour call center work together to support our customers. In the event of a failure, we also provide remote diagnostics and recovery, striving to minimize downtime.

- Periodic inspection
- System maintenance contracts
- Safety skills training
- Facility services
- Troubleshooting
- Parts supply
- Remote maintenance
- Prediction/Prevention system
- On-site services
- Upgrades, retrofits

Retrofits

It has been more than 60 years since Daifuku delivered its first automated warehouse. During this period, Daifuku has delivered more than 35,000 automated stacker cranes (as of December 31, 2024). Many of them are still operating normally and contributing to our customers' logistics operations. Maintenance, including parts replacement, is essential for ensuring stable long-term operation. We also conduct capacity enhancement and other modification associated with changes in customers' business environments.

Service cycle for automated warehouse systems



Our Business

Global competence

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

62 companies (including the parent company)

5 branches

24 production sites (ISO-certified)

Installation record

54 countries

Ratio of sales outside Japan

73% (FY2025)

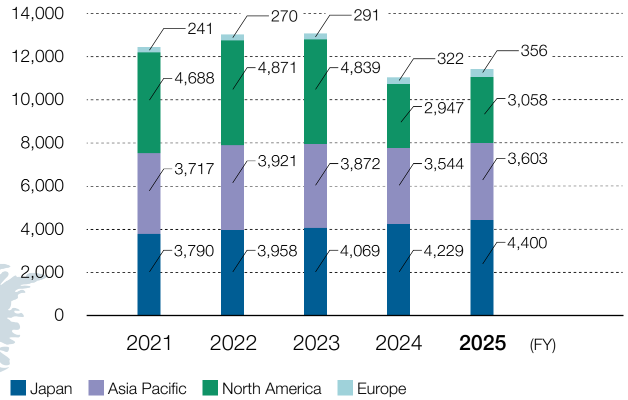
Intralogistics
Cleanroom
Automotive
Airport
Auto Wash
Electronics

Initiatives in FY2025

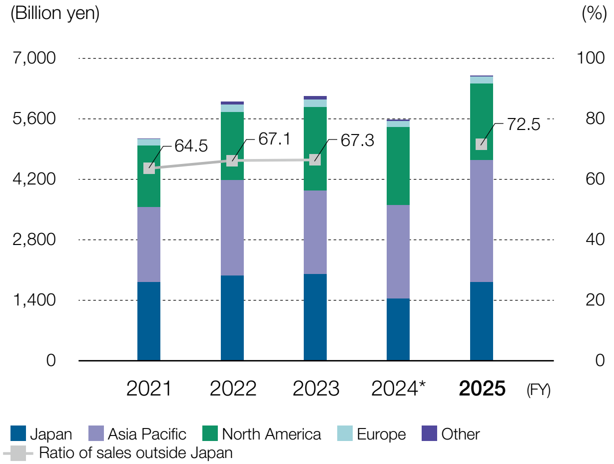
April 2025	New factory in India commences operations
July 2025	New building completed at Shiga Works
October 2025	New factory building in the United States commences operations

(as of December 31, 2025)

Employees by region



Sales by destination



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

Acceleration of Global Growth Strategy

The Daifuku Group positions the expansion of its presence and strengthening of competitiveness in markets outside Japan as a key growth driver toward achieving its four-year business plan for 2027 and realizing its long-term vision, Driving Innovative Impact 2030. We are accelerating our global growth strategy by expanding our production sites in the United States and India and strengthening our technological and solution capabilities through M&A in the European market.

Intralogistics: Expansion of global production base

In fiscal 2025, we promoted capital investment to expand production capacity in key markets outside Japan.

The expanded U.S. factory building (red box)

In North America, demand for automation is increasing against a backdrop of labor shortages and rising labor costs. To respond to this trend, we constructed a new factory building in Hobart, Indiana, the United States, which commenced operations in October 2025. As a result, production capacity has doubled compared with previous levels. We will respond promptly to strong capital investment demand in the distribution and manufacturing industries and further expand our business scale in North America. We are also incorporating our own automated warehouses to improve production efficiency and shorten lead times.

In India, a new factory in Hyderabad, Telangana, began full-scale operations in April 2025. By expanding product offerings, increasing in-house production of components, and establishing a locally rooted development and service structure, we will shorten lead times and enhance cost competitiveness. With the start of operations at the new plant, production space has increased approximately fourfold, and we are also planning further capacity expansion through future extensions.

Overview of the new U.S. factory building

Investment	New building area	Site area
Approx. 5 billion yen (Calculated at the rate of 1 USD = 148 yen)	Approx. 25,000 m^2 (Existing building area: Approx. 30,000 m^2)	Approx. 178,000 m^2

Overview of the new India factory building

Investment	Total building area	Site area
Approx. 4 billion yen (Calculated at the rate of 1 INR = 1.74 yen)	Approx. 34,000 m^2	Approx. 133,000 m^2

Automotive: M&A to strengthen European operations and technological capabilities

To enhance competitiveness in markets outside Japan, we are leveraging M&A as a strategic initiative to strengthen our business foundation and solution capabilities. As part of this effort, we acquired shares of Eisenmann GmbH (Germany), which has strengths in the design and engineering of industrial painting and surface treatment equipment as well as material handling systems, on July 1, 2026, making it a consolidated subsidiary.

Eisenmann product: Automotive body pretreatment equipment for paint lines

In systems for automotive production lines, it is essential to meet European standards and customer-specific requirements. Accordingly, there is a growing need for the capability to execute projects in an integrated manner, from proposal and design to installation and commissioning. Eisenmann possesses advanced automation technologies and proprietary solutions that help reduce environmental impact, primarily serving automotive and industrial parts manufacturers in Europe. Its strengths, centered on industrial painting and surface treatment equipment, complement our Group's existing businesses to a high degree. Through this acquisition, we will enhance our capability to provide system solutions compliant with European standards while expanding our business foundation in the European market.

Overview of Eisenmann GmbH

Consolidated net sales	Established	Number of employees
Approx. EUR 65 million (Fiscal year ended December 31, 2025)	2020 (Founded in 1951)	283 (As of December 2025)

Business	Major group locations
Design and engineering of industrial painting and surface treatment systems, and material handling systems	Germany, United States, Mexico

Business Overview

See our solutions: Daifuku Global Channel "D-Tube!"
www.youtube.com/user/DaifukuGlobalChannel

Intralogistics

Strategies by business

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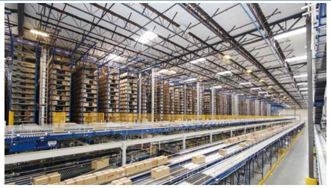
Solutions



Intralogistics
www.daifuku.com/solution/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.

Industries

Commerce, retail, transportation, warehousing
Manufacturing and other

Cleanroom

Strategies by business

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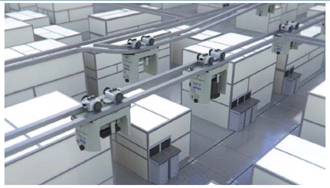
Solutions



Cleanroom
www.daifuku.com/solution/cleanroom

Cleanroom Automation
www.daifuku.com/pro/cr

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.

Industries

Electronics

Automotive

Strategies by business

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Solutions

Automotive
www.daifuku.com/solution/automotive

Outline of business

We supply automated and labor-saving systems for all automotive production processes, including press, weld, paint, assembly, part storage and supply, through to engine testing. We support motorization expanding on a global scale, including a worldwide shift to xEVs (BEVs, PHEVs, HEVs, and FCEVs), with our advanced logistics technologies and automobile production solutions.

Industries

Automobile, auto parts

Airport

Strategies by business

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Solutions

Airport
www.daifuku.com/solution/airport

Outline of business

We provide airports around the world with an extensive array of solutions to realize "smart airports," centering on baggage handling, self-service baggage check-in, security lane, and airport operational databases.

Industries

Airport

Auto Wash

Strategies by business

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Solutions

Car Wash Machines
www.daifuku.com/solution/carwash

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. We offer a wide variety of car wash systems, from general gate-type to large vehicle wash systems, serving a wide range of industries such as gas stations, automotive dealerships, and transportation companies. In addition, we are proactively pursuing new challenges in expanding into new areas, such as the development and commercialization of Japan's first internal washing systems designed for waste collection vehicles.

Industries

Manufacturing and other

Electronics

Strategies by business

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Solutions

Case Studies
www.contec.com/case-studies

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.

Industries

Manufacturing and other

Strategies by Business

Intralogistics

Enhancing capabilities to respond to regional needs and advance to the next stage of growth

Norihito Toriya
Managing Officer
Intralogistics Global Business Head
Intralogistics Division Manager

Market environment

The business environment continues to be driven by strong automation demand, both within and outside Japan, supported by persistent labor shortages and rising labor costs. In Japan, large-scale investments in distribution centers that surged during the COVID-19 pandemic have stabilized. At the same time, capital investment is gaining momentum as e-commerce becomes widespread and small and medium-sized companies face increasing difficulty in securing workers. Demand related to renovation remains strong, with more customers seeking to enhance facilities while retaining existing equipment.

Outside Japan, particularly in North America, labor shortages and rising labor costs continue to drive strong interest in automation investment aimed at improving efficiency. In India, demand for material handling equipment is expanding, especially in the construction and manufacturing sectors, supported by growing domestic demand and policies such as Make in India. However, companies may take a more cautious approach to investment decisions depending on external factors such as tariffs. As required specifications and operations vary by region, it is becoming increasingly important to provide solutions and response capabilities tailored to local market needs.

In the competitive landscape, emerging manufacturers of AMR robots and related technologies are expanding into Southeast Asia, intensifying price competition. In this environment, we aim to steadily expand in high-growth markets by leveraging our engineering and service capabilities to provide value aligned with regional needs.

Initiatives in FY2025

In fiscal 2025, we strengthened our production and development structures in priority markets.

In North America, we enhanced local responsiveness by strengthening development and production capabilities. The new plant that began operations in October 2025 nearly doubled our production capacity. Going forward, we aim to quickly secure orders that utilize this capacity. In addition, we deployed development and design personnel from Japan to the United States to further enhance local capabilities. By strengthening our ability to quickly adapt products to regional needs, we will accelerate the cycle of identifying needs, prototyping and testing, improving both speed and accuracy in development.

In India, our new plant began operations in April 2025 as part of our efforts to establish local production in anticipation of growing demand. In fiscal 2025, automation demand became increasingly evident, with orders nearly doubling compared to the previous fiscal year.

In terms of products and technologies, we expanded our SOTR-series automated transport robots to cover a wider range of applications, broadening the scope of material handling operations. In response to the growing number of competitors, we developed and launched a four-directional shuttle capable of moving freely within racks. We are also advancing the development of a warehouse execution system (WES) to optimize warehouse operations comprehensively. These initiatives will enable us to evolve the engineering and service systems we have cultivated over many years to meet the needs of the next generation.

Sorting Transfer Robot F, an automated guided forklift

Future challenges

To address the ongoing labor shortage, we will accelerate technological innovation and business development in both hardware and software, with a focus on achieving more advanced automation.

First, we will prioritize North America and continue to strengthen our integrated, locally self-sufficient capabilities in development, production, and sales. In addition to enhancing our retail solutions, we will act swiftly to capture new demand.

Second, we will position India as a medium- to long-term growth driver by promoting local production to strengthen cost competitiveness and capture market growth.

Third, in Japan, we will expand our solutions beyond new facility construction to include modernization and upgrades of existing facilities. We will also review our service operations to allocate more resources to proposal development and improvements, increase inspection contracts, and strengthen renovation proposals. By responding quickly to market needs, we aim to elevate our business scale in Japan.

To address intensifying competition, we will establish a framework that maintains price competitiveness while enhancing added value. We will strengthen our control and operational capabilities to integrate a wide range of equipment, centered on WES, enabling comprehensive optimization and differentiation. At the same time, we will continue to improve productivity at our plants, reduce labor requirements on-site, and streamline operations using AI to strengthen profitability.

We do not simply provide material handling systems and equipment. We aim to be a partner that designs the future of logistics and production and transforms customer operations. To do this, we will work harder than ever to create unique products and technologies that our competitors cannot replicate. By quickly identifying regional needs and strengthening our development, production, and service capabilities in an integrated manner, we will expand our solution offerings and enhance execution. These efforts will support sustainable growth toward 2030.

Strategies by Business Intralogistics

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
- Accelerating initiatives to 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

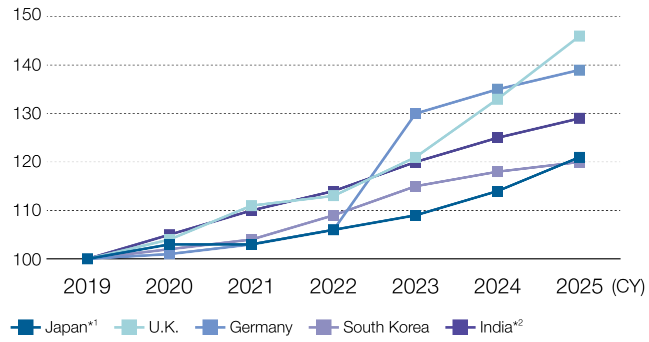
- Rising raw material and labor costs
- Collaboration between Japanese competitors and global manufacturers, along with the independent entry of global firms into the Japanese market, has led to an increase in competing companies and product offerings
- Intensification of global competition, and growing 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

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

Changes in minimum wage

(Index number)



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 workers in the National Capital Territory of Delhi

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 FY2025

- Completion of a plant extension in North America to approximately double production capacity
- Completion of a plant extension in India to nearly quadruple production capacity
- Development and sales of new products, including the expansion of the SOTR-series of automated transport robots.
- Strengthening of renovation services in Japan

Future challenges

- Enhancement of products, technologies, and the foundation of our business with an eye toward full automation
- Strengthening of local development, procurement, and production in priority markets (North America and India)
- Increase in orders to maximize the operating rate of the new plant in North America
- Increase of competitive advantages by developing new products centering on the WES
- Capturing of more demand for the renovation or replacement of equipment in Japan and strengthening of proposal development capabilities by streamlining service operations
- Development of unique products using physical AI
- Productivity innovation through automation and AI

Strategies by Business

Cleanroom

Capitalizing on market growth and establishing a resilient business structure

Atsushi Sonoda
Managing Officer
Cleanroom Global Business Head
Cleanroom Division Manager

Market environment

The semiconductor market continues to grow significantly, driven by the expansion of generative AI and the increased investment in data centers. The latest forecasts indicate that, in around 2026, the market may expand to the size it was projected to reach by 2030, indicating demand is increasing faster than anticipated. Investments have been particularly robust in the high-performance memory and advanced logic semiconductor sectors, especially those driven by AI applications. From the perspective of economic security, investments in semiconductors are increasing in many different countries and the market environment is strong overall.

In this environment, projects are being brought forward, delivery times are being shortened, and factories are being expanded. As the distances that vehicles travel and the number of vehicles in use increase, it becomes increasingly difficult to design and control the entire system. We have entered a phase in which our technical abilities to comprehensively support design, implementation, and stable operation play a role that is more important than ever in maintaining our competitive advantage.

Although the semiconductor market is characterized by significant demand volatility, in the current expansion phase, the ability to reliably meet the demand is a key factor for growth. The key challenge in this business is capitalizing on the favorable market conditions while handling design, production, and delivery as an integrated whole to ensure that we can successfully and confidently complete projects.

Initiatives in FY2025

In fiscal 2025, we focused on putting the business on a growth trajectory by maintaining and improving profitability while effectively capturing the increasing demand in a fast-growing market environment.

To improve profitability through cost reductions and enhance competitiveness, we are steadily implementing measures primarily for our core products, such as reviewing assembly methods, streamlining operations, and optimizing procurement processes. In addition, as competition with emerging manufacturers intensified, we took steps to increase our cost competitiveness by optimizing product specifications. For certain products, such as stockers, we are reviewing their features and specifications and proceeding with preparations for them, including the use of local procurement.

We also worked intensively to improve profitability by enhancing project management. By upgrading our core systems and leveraging business intelligence tools, we pushed forward with the visualization of systems to provide a unified view of the entire process from design through production to delivery to increase the precision of management focused on quality, cost, and delivery time.

From a technological perspective, we have been exploring battery-powered transport vehicles that are independent from power supply infrastructure as a part of our forward-looking research efforts. We are evaluating this technology as a potential alternative to traditional equipment configurations and layouts, which have often constrained operations. In view of the safety and environmental constraints unique to semiconductor plants, we are making preparations in anticipation of their future applicability.

In terms of services, we streamlined maintenance operations and improved quality even as units delivered increased. Notably, we are reaching the limits of what is possible with humans replacing the tires on vehicles. We are researching a system that would automate the entire process from the detection of driving conditions to the changing of tires and returning the vehicle to the production line. Strengthening the foundation of our services to stably support systems that assume they will be in operation 24 hours a day will be critical to our future business operations.

Future challenges

Looking ahead, the key challenge is achieving both growth and profitability while expanding our business in growing markets.

In the Cleanroom business, orders received for services are still not sufficient compared to other businesses. There is room to improve our system and organizational structure. Going forward, we will establish a dedicated team to ensure the sustainable growth of our services as a business, rather than relying on piecemeal actions, and will build a foundation that will support our ability to generate revenue even as market conditions change.

We will also continue to develop and prepare for new processes and applications in the back-end processes and other areas with an eye toward medium- to long-term growth in demand. Rather than being based on the recent scale expansion, our strategy is to proactively develop products and our ability to propose solutions so that we can adapt to changes in the environment and new needs in the future.

We completed a new plant to support this initiative. After expanding the production area, we will transfer a process we have contracted to an external partner to Shiga Works to stabilize quality, cost, and delivery time. We will also establish a development area that will be capable of handling large development items and consolidate our development capabilities, which have been dispersed, to build an efficient design, development, and production system.

To increase our competitiveness, we will work to procure materials and produce products locally, optimize specifications, and expand our development capabilities so that product specifications can be chosen in line with the market and the characteristics of projects to facilitate commercial success. We will establish a system that enables us to propose the best possible solutions for each project, enabling us to adapt to a changing competitive environment.

We will build a business structure that is resilient to the changes in the market environment while steadily capitalizing on its growth to facilitate sustainable growth.

New factory building, Building G

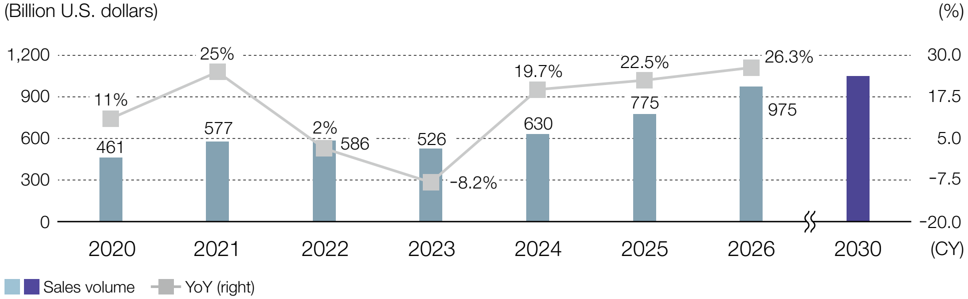
Strategies by Business Cleanroom

Market environment

Opportunities
- Expansion of the semiconductor market driven by generative AI and data center investments
- Increasing demand for advanced material handling and control systems associated with larger fabrication plants
- Sustained semiconductor investments driven by economic security consideration
- Growth in service and retrofit demand driven by an expanding installed base

Risks
- High volatility in equipment demand in the semiconductor demand cycle
- Risk of increased work-in-progress and inventories due to larger-scale projects
- Intensifying price competition due to the emergence of new entrants

Semiconductor industry market outlook



Source: Semi Japan
The graph was created by Daifuku.

Advantages
- Design and control technologies cultivated through large-scale, high-reliability material handling systems
- Engineering capabilities covering the entire process from design to start-up and stable operation
- Strong project execution capabilities supporting global projects

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 FY2025

- Improvement of assembly, reduction of labor, optimization of procurement, chiefly for mainstay products, and improvement of project management to reduce cost
- Preparations to optimize product specifications to compete with emerging manufacturers and forward-looking research on technical subjects
- Technical research for the automation of maintenance operations

Future challenges

- Establishment of a dedicated team for the service business to strengthen the revenue base
- Establishment of a business structure resilient to changing market conditions
- Development of products and technologies for the back-end processes and for new processes from a medium- to long-term perspective
- Expansion of the product lineup to compete effectively with emerging manufacturers
- DX and development of human resources to establish a business operation structure that can be run by a small number of people

Strategies by Business

Automotive

Constructing flexible production lines and increasing automation to help make next-generation plants a reality

Tsutomu Maeda
Managing Officer
Automotive Global Business Head
Automotive Division Manager

Market environment

The environment surrounding automotive production is being affected by environmental regulations and policy trends in various countries, leading to increased powertrain diversity. Traditionally, investments have mainly been concentrated in the area of battery electric vehicles (BEVs). Today, automobile manufacturers are investing extensively in all kinds of xEVs, including hybrid electric vehicles (HEVs) and plug-in hybrid electric vehicles (PHEVs). The industry is currently transitioning from production specializing in dedicated specifications and powertrains to mixed production lines capable of flexible responses.

Amid these changes, we continuously receive inquiries regarding the modification or renovation of existing production lines. In particular, when beginning to manufacture battery-powered vehicles on existing production lines, it is essential to renovate equipment in consideration of the increase in the weight of the vehicles. It is important to propose configurations that make it possible to quickly retool production lines, including not only conventional overhead-type transport systems mounted on ceilings but also AGVs and other floor-type transport systems.

Looking at individual regions, there are signs that some automobile manufacturers in Japan are reorganizing production and building new factories with an eye toward 2030, in addition to the replacement of aging equipment. Outside Japan, there is still strong demand for mixed production lines capitalizing on existing production lines, mainly in North America. Due to U.S. trade policy, investment decisions have been delayed temporarily. Even so, we foresee that investments in model changes will remain firm. In India, investments are actively being made in new plant construction amid the growing demand for cars. We see this country as a region where there is significant opportunity for growth as we move toward 2030.

In all regions, the focus on investment efficiency is intensifying. It is more necessary than ever to submit proposals that achieve the maximum effect from limited investments.

Initiatives in FY2025

In fiscal 2025, we strengthened flexible transport proposals centering on TRVS high-load capacity AGV. We worked to capture the increasing demand related to the construction of flexible production lines. AGVs are aligned with market needs because they make it easy to rearrange production lines in anticipation of layout changes. TRVS AGVs used in this business are characterized by their omnidirectional movement capabilities, which provide a higher degree of freedom in the configuration of production lines, including the branching and merging of processes. With a tow load capacity of up to 6.5 tons, they are able to handle vehicle bodies whose weights are increasing, and we will leverage these flexible solutions capable of handling heavy loads to differentiate ourselves.

We also continued our ongoing initiative to strengthen project management. We clarified responsibilities for individual projects that are implemented globally and established a dedicated team to manage progress in detail. To stabilize the implementation of projects, we established an operational structure that enables us to respond quickly to problems. The accumulation of initiatives like these reduces the variations in the profitability of and approaches to implementation used in individual projects, and increases the margin of the business as a whole.

In India, we worked intensively to increase price competitiveness with a view toward receiving orders for the construction of new production lines. We reviewed designs in consideration of the materials available locally and local standards. We optimized the methods for procuring individual parts to propose solutions matched to local conditions. We also built a structure for sharing technologies and expertise with help from Japan, which enables people to act locally under their own initiative. We are stepping up these initiatives to propose competitive solutions.

TRVS, an AGV for automotive production lines

Future challenges

In the future, we will push forward with automation together with customers from an overall perspective of the entire process with an eye toward the creation of next-generation automobile factories. In addition to flexible transport technologies utilizing AGVs and other technologies that have been the norm to date, it is increasingly important to handle the volume of parts being used, which has grown significantly due to the advancement of vehicle electrification and mixed production lines, and to design optimal production lines, including control technologies, based on the overall configuration and operational status of production processes. We will go beyond just providing hardware and strengthen our software capabilities to support route optimization and prioritization operations to further increase the added value of the entire production line. By establishing a system that provides integrated control over entire production processes, we will make it possible to flexibly respond to changes in layouts and specifications and continue to facilitate the evolution of our solutions to increase productivity even after they have been implemented.

To accelerate these actions globally, it is vital that we reinforce our ability to propose solutions that meet the requirements in individual regions. As part of these actions, we have made Eisenmann GmbH a subsidiary. Since its foundation in 1951, it has cultivated advanced automation technologies and relationships with European automobile manufacturers. We did this to comply with required standards in the European market and increase our ability to fulfill the specifications of our customers. With particular strength in coating processes, Eisenmann is complementary to Daifuku, which has strengths in assembly processes. This combination opens the way to the provision of higher value-added integrated proposals for entire automobile production lines.

Speed is what we are emphasizing the most in advancing these challenges. We will accelerate the prototyping, verification, and improvement cycle to identify problems at an early stage and quickly incorporate what we have learned into our next steps.

Strategies by Business Automotive

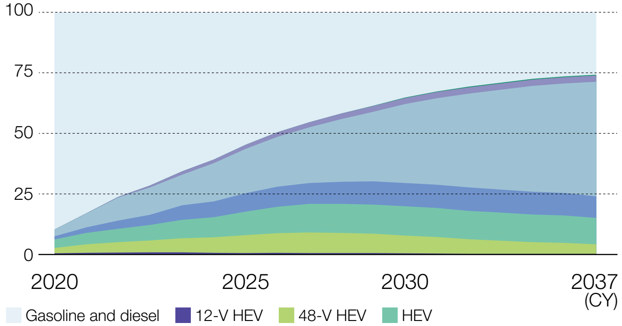
Market environment

Opportunities
- Rising demand for xEVs
- Continued demand for the modification and renewal of existing lines
- Acceleration of new factory investments in India
- Change in automobile production areas in association with U.S. trade policy

Risks
- Geopolitical changes in market conditions
- Lowering of entry barriers for emerging equipment manufacturers following the simplification of systems

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

Projection on ratios to global passenger vehicle sales by powertrain type



Source: Cited from projection data as of December 2025 (to be updated every half year) created by MarkLines on the basis of GlobalData's sales volume forecast data

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

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 FY2025

- Increase in proposals for flexible transport solutions centered on TRVS high-load capacity AGV
- Strengthening of project management to increase the ability to accomplish projects and stabilize profitability
- Establishment of a structure that includes a local initiative to increase price competitiveness in the Indian market

Future challenges

- Advancement of the design of transport lines using AGVs that can respond flexibly to layout changes
- Expansion of the scope of the solutions offered, including software for prioritization and the selection of optimal routes
- Improvement of the ability to serve the European market and acceleration of integrated proposals for entire automobile production lines

Strategies by Business

Airport

Accelerating the improvement of profitability and our global expansion centered on our bases in North America

Masayuki Izutsu
Corporate Officer
Airport Division Manager
General Manager of Airport Operations, Airport Division

Market environment

The environment surrounding the Airport business is shaped by the global increase in air passenger traffic, which is triggering continued high demand for solutions to renovate aging infrastructure and expand airport operations to increase capacity and streamline operations. As air passenger traffic increases, airports' automation and labor reduction needs increase as they operate amid a chronic labor shortage.

By region, North America accounts for nearly 70% of our net sales, and it is where the foundation of our business is the strongest. It is a large market with brisk demand, and it is expected that the business environment in this region will continue to be favorable. We will further increase orders by making sure to capitalize on airport renovation and expansion opportunities by proposing comprehensive solutions that streamline airport operations. In Asia and other regions, projects are also underway to develop and expand airports, particularly key hub airports, to increase convenience and strengthen security against the backdrop of the growing demand for air travel. We see that this market has significant growth potential over the medium to long term, particularly as this trend is expected to expand to surrounding airports and regional airports in the future.

In the competitive environment, airport projects involve bidding processes, and the number of opportunities to submit bids is increasing due to industry restructuring and other factors. We will initially focus on North America. In Asia and other regions, we will closely monitor project trends and work to capitalize on business opportunities. A series of new manufacturers that expressly emphasize low prices have entered the market, but security, reliability backed by a proven track record, and operational stability are valued in the airport sector. We will maintain and reinforce our competitive advantage by enhancing our ability to provide comprehensive solutions centered on performance and quality that include operational efficiency and maintenance services.

Initiatives in FY2025

In fiscal 2025, we focused on improving profitability, which has been a challenge for a long time, and developing products leveraging global synergies.

Because the timelines of airport-related construction projects are extremely long, accurate project management is critical to the improvement of profitability. We have strengthened our project management capabilities, which has steadily increased the precision with which we implement large-scale projects. For example, management tends to become overly reliant on specific staff members, particularly when implementing projects with extended construction periods. To address this, we have begun using cloud-based tools to visualize progress, costs, and issues. This will help us streamline on-site management and standardize operations, enabling us to more accurately control costs. Moving forward, we will focus on improving profitability not only by reducing costs but also by enhancing the value we provide. Through comprehensive airport solutions that integrate products, control technologies, and operation and maintenance services, we aim to improve utilization rates and operational efficiency, and secure profitability commensurate with the value we deliver.

* Cross-belt Sorter is a high-speed sorting device incorporated into baggage handling systems (BHSs). Short conveyor belts crossing a longer conveyor belt move baggage to the left or right to sort it by destination (or flight).

In terms of products, two Group companies jointly developed and commercialized a Cross-belt Sorter (picture).* This business consists of subsidiaries outside of Japan that have joined the Group via M&A, and these companies are all specialized in different areas. This joint development project is an initiative that is emblematic of group collaboration when two Group companies combine their strengths to achieve tangible results. Going forward, we will advance product development by leveraging expertise across other business segments rather than being confined to our business alone.

Future challenges

First, we will continue to focus on improving profitability, our top priority. We have established a policy for improving the accuracy of our project cost management while working to achieve profit growth by increasing net sales.

Speaking of sales, we will strengthen our sales system, particularly in regions where our presence has been limited, to ensure we capture demand in markets that have significant investment opportunities.
In Europe, we will leverage the strong presence of a Group company, whose mainstay product is the Smart Security Lane, to the fullest extent to expand the solutions we propose to include comprehensive airport solutions, including BHSs, to broaden our sales domains. We anticipate significant growth in Asia, where we will increase intragroup collaboration and accelerate sales activities.

Regarding products, we will accelerate the development of products in the ground handling area, where there is significant demand for improvements addressing the labor shortage and the heavy workload of workers. We will initially focus on the automated loading of baggage into unit load devices. Handling a wide variety of baggage is incredibly challenging, but we are not merely automating standalone pieces of equipment. Rather, we are integrating temporary storage, inspection, sequence control, and optimal loading decisions for baggage into a single seamless process and accelerating product development activities with the goal of comprehensively automating the entire baggage transport process. By quickly bringing products to market, we aim to create game-changing value that has the potential to transform airport operations.

Moving forward, we will continue to operate as a unified team in this business, identifying market trends from a global perspective to accelerate decision-making and implementation. Looking toward the realization of our long-term vision, we will strengthen the foundation of our business to facilitate sustainable growth.

Strategies by Business Airport

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-saving amid the labor shortage
- Growing demand for tighter security

Risks

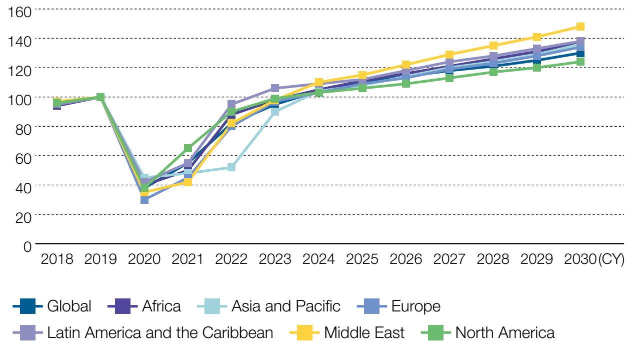
- Delays in installations in large projects and rises in raw material and labor expenses
- Restrictions on movement due to rapid changes in international circumstances

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

Projected trend in global air passenger numbers (2019=100)

(Index number)



Source: Airports Council International, World Airport Traffic Forecasts 2023–2052 (2024), Executive Summary
The graph was created by Daifuku.

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 FY2025

- Visualization of progress, costs, and issues in the use of cloud-based tools to accelerate the streamlining and advancement of project management
- Creating new value through the joint development and commercialization of products and services leveraging Group synergy
- Strengthening of the mechanism for sharing and utilizing information throughout the Group to ensure the results of development activities can be leveraged around the world.

Future challenges

- 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
- Identification of needs in ground handling and other domains where there is significant potential for automation to accelerate the development of new products and improvements in the quality of existing products

Strategies by Business

Auto Wash

Expanding our business beyond car washing into broader washing-related solutions to evolve into a business chosen for its value

Takafumi Tanaka
Corporate Officer
Auto Wash Global Business Head
Auto Wash Division Manager
President of Daifuku Plusmore Co., Ltd.

Market environment

The overall car wash machine market has matured as the number of motor vehicles owned has remained stable in Japan. However, we forecast that demand will remain firm, supported by increasing labor-saving needs amid labor shortages and the expansion of car wash businesses driven by more effective land utilization.

In the Japanese market, the availability and timing of subsidies have a significant impact on customers' consideration of the introduction of car wash machines. Accordingly, it is important that we accurately support customers in their introduction of equipment in light of current policies and trends. The South Korean market has been driven by the growing trend toward self-service operations, and there is increasing demand for safety and operational management measures designed for unstaffed facilities and equipment, including equipment that uses safety sensors extensively.

Capitalizing on the technologies and expertise in self-service operations we have cultivated in Japan, we will develop and deploy products and services tailored to local operational conditions while also increasing collaboration between Japan and South Korea on products and technologies.

Initiatives in FY2025

In fiscal 2025, we stepped up our activities regarding subsidy applications as well as our solution-proposal activities. I feel we were able to steadily accumulate orders because we introduced new products and took other actions in anticipation of the subsidies that were being provided.

However, I am also aware that demand varied considerably throughout the year depending on the availability of the subsidies. In light of this, we developed proposals combining car wash machines and other value-added options such as water purification systems, to ensure our solutions are chosen not only on price but also for the value we provide, such as our unique features and high-quality finish.

To effectively implement this hands-on solution proposal sales approach on-site, we worked to develop human resources at our sales training center, and also improve our practical sales capabilities. We have also strengthened our system for providing ongoing smart support centered on our in-house call center, supporting stable operations through status monitoring and remote recovery.

Future challenges

To date in this business, we have primarily focused on washing passenger vehicles. Moving forward, we will expand our scope from car washing to broader cleaning applications, and increase the percentage of sales from products and services other than car wash machines. Regardless of manufacturing or sales, we will accelerate the application of the cleaning technologies we have cultivated to new areas, expanding our cleaning solutions to fields such as commercial vehicle and structural cleaning, where there is strong demand for labor-saving, improved working conditions, and safety.

At the same time, as self-service operations and higher operation rates continue to advance, there is a growing need for the effective use of technologies and the development of systems that support safe and stable operation. In this environment, we are working to advance our solution-based sales approach by embracing the concept of shifting from products to solutions. We will further accelerate the launch of new high-value-added equipment products incorporating AI and other digital technologies and take other actions to evolve into a business chosen for its value.

To expand our service business, we will also develop human resources to improve our immediate and on-site response capabilities for maintenance and remote recovery. We will also demonstrate recovery operations using demo equipment to visualize the value of our services, enhancing understanding and improving our solution-proposal capabilities.

In Japan, interest in high-throughput car washes is increasing. Accordingly, we are developing Mini-Rensen short tunnel-type car wash machine, which is suited to space constraints in Japan. Our goal is to create new value and enhance user satisfaction by making car washing faster and more convenient.

Through these initiatives, we will shift to business operations that transcend the boundaries between production and sales to establish a more resilient foundation for our business by developing fundamental technologies and strengthening solution-based sales that deliver value to customers.

Market environment

Opportunities

- Popularization of car wash businesses effectively utilizing land
- Increase in demand for car wash machines driven by efforts to improve working conditions for truck drivers and car dealers
- Increase in interest in high-throughput car wash machines

Risks

- Fluctuation in demand due to subsidy programs
- 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 FY2025

- Strengthening of application support and proposal activities in line with subsidy programs
- Shift from proposals limited to standalone car wash machines to solutions chosen for their value
- Development of proposal capabilities at the sales training center and sharing of successful examples throughout the business

Future challenges

- Expansion of domains beyond car washing into broader washing-related solutions
- Expansion into the domain of commercial vehicle and structural cleaning, starting with the waste collection vehicle washer
- Acceleration of solution-based sales through a shift from products to solutions
- Demonstration using demo equipment to visualize the value of service and strengthen proposals
- Response to the need for high-throughput machines (development of Mini-Rensen short tunnel-type car wash machine)

Strategies by Business

Electronics

Refining the value we provide to directly address challenges faced on site and strengthen our foundation for growth

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

Market environment

Against the backdrop of advancements in DX and in AI technology, tasks traditionally performed by people are increasingly being automated and advanced through computer technologies, and demand for the computers used in industrial applications is expected to grow significantly over the medium to long term. In particular, applications aimed at automation and labor-saving are expanding, including anomaly detection systems using image recognition and data analysis technologies, as well as advanced equipment control.

In Japan, more industrial computers are being used in areas that "cannot stop," particularly in the field of social infrastructure, and the roles they play are increasingly important in areas where they must be highly reliable and able to operate stably long term. Outside Japan, in addition to the demand for equipment with medical device applications in the United States, we expect demand to grow in the Indian market as its economy continues to grow and their industrial infrastructure development advances. The value required varies by region, and in recent years, the importance of proposing value-added solutions, which go beyond standalone hardware performance and include software and applications, has been increasing.

Initiatives in FY2025

In fiscal 2025, we enhanced our ability to deliver the required specifications at the proper time in line with customers' requests.

In Japan, we focused on reviewing our inventory management operations and production systems to establish a framework that comprehensively enables us to more flexibly and promptly supply products and services. By visualizing the capacities of individual plants and the progress in individual projects and proposing optimal delivery times, we increased the number of opportunities to receive orders, thereby diversifying our project portfolio. At the same time, we are working to improve production efficiency and promote in-house production, which is increasing profitability. In the United States, we worked to cultivate the market for medical device applications and focused on building relationships with new customers. By going beyond existing applications and proposing solutions in high-value-added areas, we are building a foundation for future order growth.

As part of our initiatives in new domains, we promoted the development and sale of boards with built-in measurement functions. By integrating external measuring capabilities into internal computer boards, we have reduced inspection times and costs, and are seeing strong potential for this business to generate high added value. We are also developing controllers (computers with a built-in programmable logic controller (PLC) function) to bridge the gap between digital technologies, including AI, and their effective use in on-site operations.

Future challenges

Going forward, we will go beyond simply providing hardware and take on the challenge of designing value that includes software and applications and deliver solutions that directly address on-site challenges. Rather than merely incorporating AI and other technologies as a function, we will tailor them for practical use in the field and provide value that our customers can continue to utilize over time. Centered on our controllers, we will refine our offerings with a view toward implementation and operation at worksites.

In addition, we will further enhance the visualization of costs and delivery times to improve the speed and accuracy of decision-making. By visualizing operations, we are able to stabilize delivery times and expand order opportunities, which improves profitability as a result. By continuing this cycle, we will develop high-value-added businesses in new fields. We will also increase our prospects for growth by expanding sales in industrial applications outside the healthcare sector in the United States and establishing service infrastructure in India.

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
- Expansion of the medical testing market and medical equipment-related markets

Risks
- Fluctuations in global semiconductor supply and demand
- 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 FY2025
- Strengthening the development of high-value-added measurement boards and controllers
- Improving delivery reliability and visualization of operations to gain new customers and enhance profitability
- Entry into new medical-related markets in the United States

Future challenges
- Shift to the provision of high-value-added solutions that integrate software and applications
- Further enhancing delivery times and cost visualization to accelerate a virtuous cycle of increased orders and appropriate pricing
- Expanding applications in the United States and strengthening service infrastructure in India to accelerate growth in the global market

Chapter

04

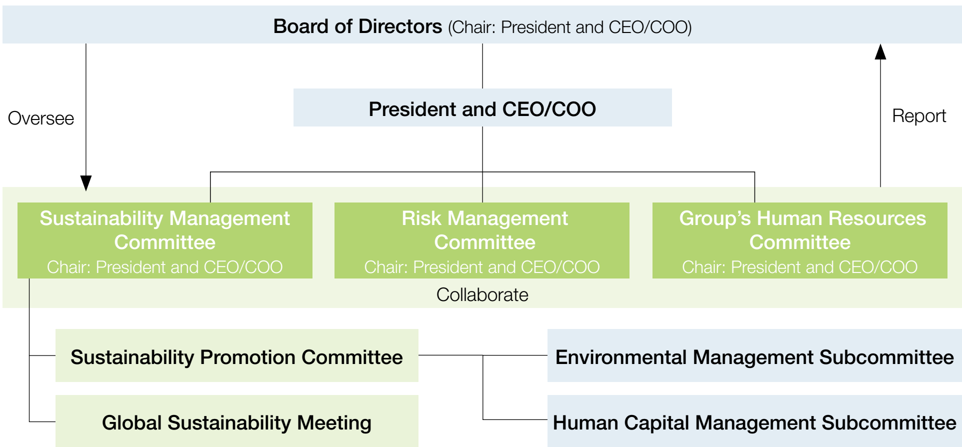
Strengthening of Operational Framework

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.

FY2025 activities results

Conference unit	Main agenda items
Sustainability Management Committee	■ Growth strategy for realizing the long-term vision, Driving Innovative Impact 2030
Sustainability Promotion Committee	■ Sustainability Action Plan Results Report ■ ESG evaluation from outside the Company ■ Report on progress toward the goal achievement of targets for the Daifuku Environmental Vision 2050 ■ Report on the progress of initiatives for achievement of carbon neutrality ■ Report on human rights due diligence initiatives ■ Report on progress toward the introduction of the Grievance Mechanism ■ Progress report on initiatives to create an environment where diverse human resources can play an active role ■ Establishment of the social contribution activity policy
Global Sustainability Meeting	■ Sharing of initiatives and challenges at subsidiaries outside Japan ■ Discussions on internal alignment of the long-term vision and four-year business plan, and on employee skill development and training programs
Environmental Management Subcommittee	■ Energy and resource conservation and the introduction of renewable energy in our business activities ■ Management of chemical substances in the supply chain ■ Initiatives for the reduction of Scope 3 emissions
Human Rights and Supply Chain Subcommittee*	■ Formulation of frameworks for the operation of grievance mechanisms
Human Capital Management Subcommittee	■ Promotion of diversity and inclusion

* The Human Rights and Supply Chain Subcommittee concluded its activities at the end of fiscal 2025. With the commencement of grievance mechanism operations on April 1, 2026, the secretariat functions previously handled by the subcommittee have been transferred to the relevant departments. For details, please refer to Page 76 "Launch of the grievance mechanism."

For details, see our website: **Sustainability Management**
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_2 emissions to zero in the supply chain

We will reduce net CO_2 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	KPIs	2030 targets
Addressing climate change	Daifuku CO_2 emissions reduction rate (Scopes 1 + 2)	60% (compared to FY2018)
	Percentage of electricity derived from renewable energy sources	80%
	Reduction rate of CO_2 emissions from purchased goods and services (Scope 3 Category 1)	30%*1 (compared to FY2018)
	Reduction rate of CO_2 emissions from the use of sold products (Scope 3 Category 11)	
Promoting resource recycling	Landfill disposal rate	Less than 1%
	Reduction rate of water use intensity*2	60%*3 (compared to FY2018)
Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites*4	100%
	Global expansion of Sustainability Action	Program expansion and awareness raising

*1 Scope 3 Category 1 and Category 11 combined target
*2 Water consumption (1,000 m^3) 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

SCIENCE BASED TARGETS
DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

The CO_2 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).*5

*5 The 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
www.daifuku.com/sustainability/environment/management

Environmental Initiatives

Addressing climate change crucial issue area

The 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_2 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_2 emissions through our products and services, reducing CO_2 emissions throughout our entire supply chain, and introducing renewable energy.

In fiscal 2025, we achieved all of our CO_2 emissions reduction targets by moving forward with energy conservation activities, such as the introduction of energy intensity management, and the introduction of renewable energy.

Addressing climate change

KPIs	Scope	FY2025 targets	FY2025 results	FY2030 targets
Daifuku CO_2 emissions reduction rate (compared to FY2018) (Scopes 1 + 2)	Global	52%	56.4%	60%
Percentage of electricity derived from renewable energy sources		66%	73.9%	80%
Reduction rate of CO_2 emissions from purchased goods and services (Scope 3 Category 1)		■ Expand and disseminate CO_2 emissions reduction programs*1 throughout the supply chain	■ Held online briefings on CO_2 reduction for 153 major domestic suppliers and continued to collect CO_2 emission data from them	30%*2 (compared to FY2018)
Reduction rate of CO_2 emissions from the use of sold products (Scope 3 Category 11)		■ Improve energy-saving performance of products and systems	■ Implemented Life Cycle Assessments (LCAs) for all new product and system development	

*1 The Group's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO_2 emissions at suppliers
*2 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 Daifuku Intralogistics India Private Limited (India) and introduced new renewable energy through an on-site PPA at Daifuku Korea Co., Ltd. (South Korea). In addition, Daifuku Automotive America Corporation (U.S.A.) and Daifuku Oceania Limited (New Zealand) also switched to electricity derived from renewable energy sources in fiscal 2025. In fiscal 2026, we plan to introduce renewable energy in South Korea, Taiwan, and the United States.

Status and schedule of renewable energy procurement

FY2024	■ Installed a photovoltaic system at Hallim Machinery Co., Ltd. ■ Switched to a renewable energy electricity plan at Daifuku Europe GmbH ■ Switched to a renewable energy electricity plan at Daifuku Airport America Corporation's Louisville plant
FY2025	■ Installed a photovoltaic system at Daifuku Intralogistics India Private Limited ■ Procured renewable energy certificates for all of our factories and offices in China Daifuku (China) Co., Ltd. Daifuku (China) Automation Co., Ltd. Daifuku (Suzhou) Cleanroom Automation Co., Ltd. Daifuku (China) Manufacturing Co., Ltd. ■ Signed an on-site PPA contract at Daifuku Korea Co., Ltd. ■ Switched to a renewable energy plan at Daifuku Automotive America Corporation ■ Switched to a renewable energy plan at Daifuku Oceania Limited
FY2026 (planned)	■ Sign on-site PPA contracts at Clean Factomation, Inc. and Hallim Machinery Co., Ltd. ■ Install a solar battery storage system at Taiwan Daifuku Co., Ltd. ■ Procure renewable energy certificates at Daifuku Airport America Corporation

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 (FY2025)

Sustainability Promotion Committee (held 3 times)

- Sustainability Action Plan Results Report
- Report on progress toward the goal achievement of Daifuku Environmental Vision 2050
- Plans for the incorporation of renewable energy and energy conservation
- CO_2 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

Scenario	Factors
Decarbonization scenario 1.5–2°C	**[A world progressing toward decarbonization]** ■ Stricter regulations on greenhouse gas (GHG) emission reductions, introduction of carbon pricing ■ Promotion of the development of low-carbon products ■ Progress in technological development and social integration of carbon recycling ■ 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
3–4°C Business-as-usual scenario	**[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	**Sales** Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen **Profit and cost** 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 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 and the Group's Human Resources 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_2 emissions to zero throughout our entire supply chain by 2050. For details on our targets and results for fiscal 2024, please refer to Page 67.

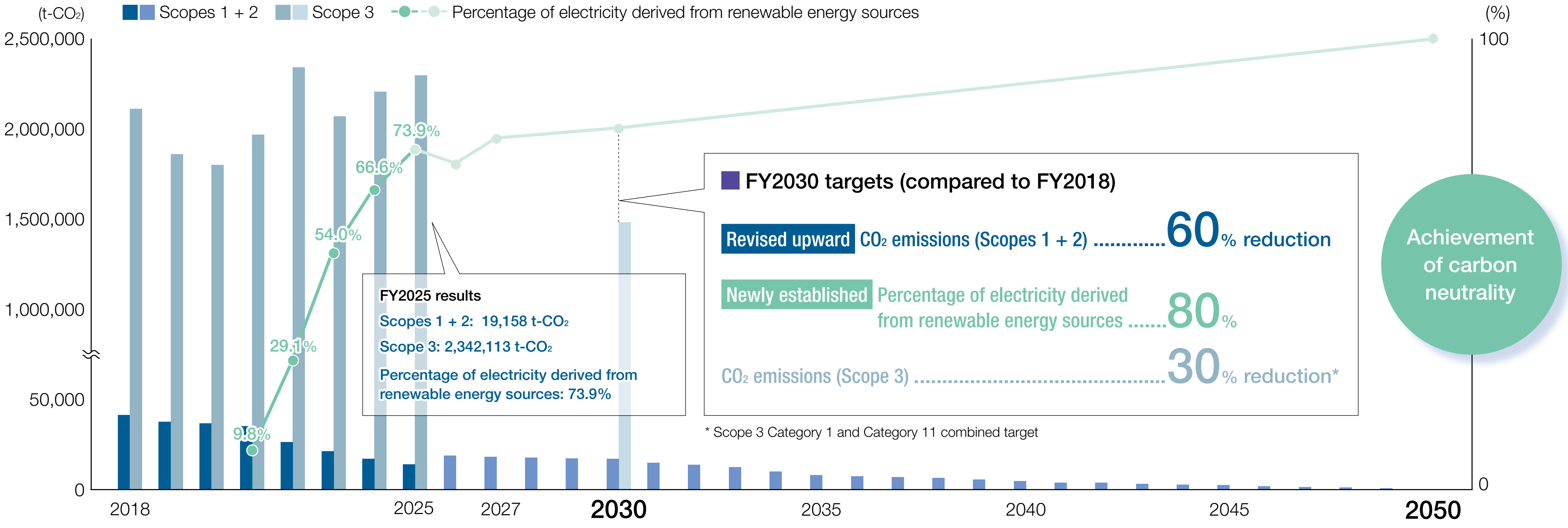
Utilization of internal carbon pricing (ICP)

The Group introduced an ICP system in 2024, aiming to cultivate and raise awareness of energy conservation and decarbonization among employees. The Group's internal carbon price is set at 140 U.S. dollars (21,000 Japanese yen) per ton of CO_2, based on the carbon price forecast for 2030 in the IEA World Energy Outlook 2023, taking into account risks such as expected rises in carbon prices accompanying the transition to a decarbonized society. Currently, we apply the internal carbon price to CO_2 emissions and reductions and utilize it in in-house reporting materials. In addition, under the Groupwide investment management regulations that began operation in August 2025, the internal carbon price is also used as one of the reference indicators when assessing the feasibility of large-scale investments. Going forward, we will continue to leverage the ICP system to enhance employee awareness of decarbonization and influence decision-making, thereby promoting ongoing decarbonization initiatives.

For details, see our website: Climate Change
www.daifuku.com/sustainability/environment/climate-change

Environmental Initiatives

Roadmap toward carbon neutrality



* Scope 3 Category 1 and Category 11 combined target

Scopes 1 + 2
- Promotion of energy conservation
- Installation of high-efficiency equipment, electrification of vehicles, fuel conversion
- Global energy management
- Introduction of new energy sources, integration of innovative technologies
- Increase adoption rate of renewable energy

Scope 3
- Strengthen engagement with suppliers and customers, decarbonize procured parts, improve energy efficiency of products

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 2025, 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	FY2025 targets	FY2025 results	FY2030 targets
Landfill disposal rate	Global	Domestic: less than 1%	Domestic: 1.1%	Less than 1%
		Outside of Japan: less than 5%	Outside of Japan: 4.1%	
Reduction rate of waste emissions per unit sales*1 (compared to FY2023)		7%	–8.4%	23%
Reduction rate of water consumption per unit sales*2 (compared to FY2018)		44%	38.1%	60%

*1 Waste generated (tons) divided by net sales (100 million yen)
*2 Water consumption (1,000 m^3) divided by net sales (100 million yen)

For details, see our website: **Pollution Prevention and Resource Recycling**
www.daifuku.com/sustainability/environment/pollution-prevention

Responding to water risks

The Group uses Aqueduct, 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 fiscal 2025, it was found that three 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. As a result, it was found that the total amount of water withdrawn at the six sites in fiscal 2025 was 21,449 m^3. The main use of water at all six sites was 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 its 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 Aqueduct, based on all factors including physical water quantity, water quality, regulatory and reputational risk

Water risk level	Number of sites
Low (0–1)	3
Low-Medium (1–2)	15
Medium-High (2–3)	4
High (3–4)	3 (China)
Extremely-High (4–5)	3 (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 68.

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, and copper). The details are as follows.

Dependencies	Impacts	
■ Water-related functions (water supply, water purification, water flow adjustment) ■ Prevention of natural disasters (flood and storm damage mitigation from plant life (e.g., windbreak forests, etc.)) ■ Climate regulation functions (rainfall and global temperature regulation from plant life)	■ Development in freshwater and marine areas ■ Abiotic resource extraction (minerals) ■ GHG emissions	■ Air, soil, and water pollution ■ Generation of waste (slag) ■ Noise and other disturbances

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 (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	**Sales** Small: less than 6 billion yen; medium: 6 to 60 billion yen; large: more than 60 billion yen **Profit and cost** 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	**Mining and processing raw materials** 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	Low	Medium	■ Reduction of environmental impact in the supply chain
Transition risks	Reputation	**Mining and processing raw materials** 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	■ Reduction of environmental impact in the supply chain
Transition risks	Policy regulations	**Internal production** Stricter regulations on air, water, and soil pollution	Increased operating costs due to tighter nature-related regulations	Medium- to long-term	Low	Small	■ Strengthening environmental pollution prevention
Transition risks	Policy regulations Market	**Internal production, product use** 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	Low	Small	■ Balancing environmental and social value in material handling systems ■ Compliance with regulations related to hazardous substances
Physical risks	Acute and chronic	**Mining and processing raw materials** 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	Low	Medium	■ Reduction of environmental impact in the supply chain
Opportunities	Resource efficiency Market	**Mining and processing raw materials** 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
Opportunities	Resource efficiency	**Direct operations manufacturing** 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.
Opportunities	Reputation	**Overall value chain** 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	Low	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 fiscal 2030. For details on promoting resource recycling, please refer to Page 71; for details on coexisting with nature, please refer to the table below.

KPIs	Scope	FY2025 targets	FY2025 results	FY2030 targets
Rate of implementation of biodiversity conservation activities at major sites*1	Global	50%	63.6%	100%
Global expansion of Sustainability Action*2	Global	Expand and raise awareness of the program	• Conducted e-learning on biodiversity globally • Implemented two sustainability action programs globally	Program expansion and awareness raising

*1 Sites with 100 or more employees
*2 Daifuku's unique employee-participatory 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.

30by30 Alliance for Biodiversity Conserved Area Certification

For details, see our website: Biodiversity
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 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 2025, the number of accidents resulting in lost time increased significantly (approximately 2.7 times) compared with the previous fiscal year in Japan. Meanwhile, the number of accidents resulting in lost time outside of Japan showed a slight decrease compared with the previous fiscal year. 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. By promptly sharing accident cases and countermeasures, we are creating an environment that facilitates the consideration and horizontal deployment of measures to prevent recurrence.

Indicators*1	Scope	FY2025 targets	FY2025 results
Frequency rate: Japan (outside of Japan)	Global	0.261 (0.5)	1.000 (0.740)
Severity rate: Japan (outside of Japan)		0.004 (0.016)	0.045 (0.020)
Number of serious accidents*2		0	0

*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. In March 2025, the cumulative number of trainees reached 10,000, approximately 15 years after the program was launched.


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, by each specialized committee (construction, production, and procurement), to suppliers who have actively implemented safety and health initiatives.

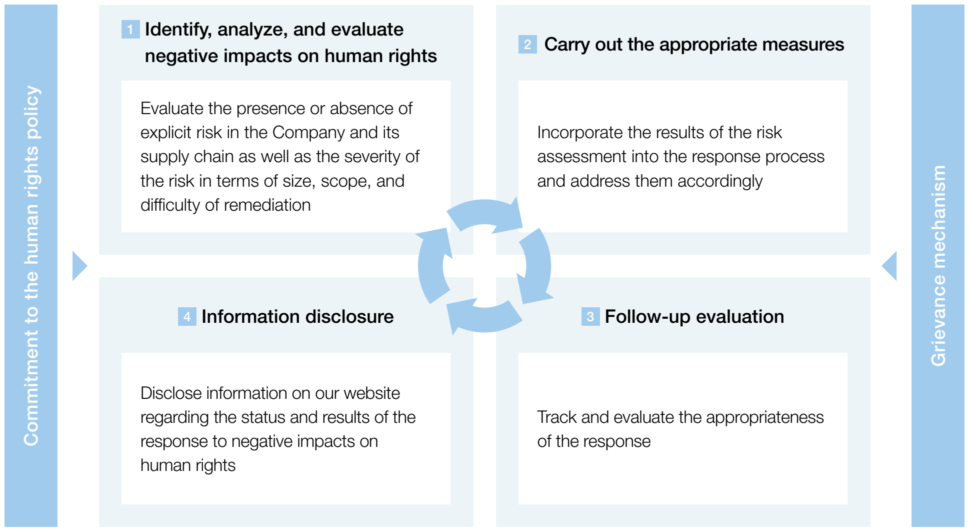
For details, see our website: **Occupational Safety and Health**
www.daifuku.com/sustainability/society/safety

Social Initiatives

Human rights due diligence initiatives

In accordance with the United Nations Guiding Principles on Business and Human Rights, we identify, analyze, and assess adverse human rights impacts related to all of our business activities, including the supply chain, and work to establish and operate mechanisms to remedy, mitigate, and prevent such impacts, as well as conduct risk assessments to continuously carry out human rights due diligence by following the process outlined in the chart below.

Human rights due diligence process



As part of these efforts, and with advice from an external expert, the NPO Caux Round Table Japan (hereinafter, the "CRT Japan"), we conducted a human rights risk assessment (potential risk assessment) in line with the United Nations Guiding Principles on Business and Human Rights to assess adverse human rights impacts and identify human rights issues. Specifically, based on an internal questionnaire, we identified the relevant value chains and potentially affected rights holders. We also investigated countries with high levels of risk in the Group's business activities using the human rights risk survey results provided by the CRT Japan, and conducted internal workshops and interviews with subsidiaries outside Japan located in high risk countries and regions. As a result, taking into account such factors as the severity of impacts and the difficulty of remediation, we identified "foreign workers in Japan within the supply chain, including contractors" and "workers at raw material suppliers" as priority human rights issues for the Group.

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

To identify adverse human rights impacts on one of the Group's priority human rights issues, namely foreign workers in Japan within the supply chain, including contractors, we conduct on-site interviews with business partners, employees of subsidiaries in Thailand and Taiwan, and foreign workers employed by those business partners. In addition, to understand the actual employment conditions of foreign workers in the supply chain, particularly technical intern trainees, we conduct employment status surveys. These surveys confirmed that a total of approximately 1,200 technical intern trainees of various nationalities, including Vietnam, the Philippines, Myanmar, Indonesia, Thailand, Cambodia, China, and India, were employed by 96 business partners. Based on the results of these surveys, we conduct potential risk analyses that take into account factors such as the number of workers employed, transaction amounts with Daifuku, and self-assessment questionnaire (SAQ) evaluations under the Daifuku Group Sustainable Procurement Guidelines. We then prioritize business partners that are considered to have relatively high human rights risks and determine the sites to be visited. We are also rolling out human rights due diligence to subsidiaries outside of Japan in phases.

In addition to holding lectures for officers and senior management of subsidiaries outside of Japan on the theme of understanding business and human rights, with outside experts invited as lecturers, we distributed risk assessment questionnaires to subsidiaries outside Japan to identify potential risks and understand the status of their efforts to respect human rights. Going forward, based on the results of these surveys, we plan to conduct on-site investigations in phases, focusing on countries and regions with relatively high risks.

For details, see our website: United Nations: Guiding Principles on Business and Human Rights
www.ohchr.org/sites/default/files/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf

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

Social Initiatives

Summary of the human rights impact assessment

In cooperation with The Global Alliance for Sustainable Supply Chain to ensure objectivity and neutrality, we conducted on-site interviews with foreign workers and their managers employed at our business partners. During the interviews, we asked about such topics as appropriate working hours, fair wages, and employment contracts. We also inspected the workplace and dormitories for foreign workers to confirm their working and living conditions

Total interviewees (nationality)

Within Japan: 40 foreign workers at 8 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: 8 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

As a result of the human rights impact assessment, no serious human rights violations involving threats to life were identified. On the other hand, with regard to the employment and working conditions of foreign workers, we identified the following four areas with room for improvement in terms of understanding and operation of related systems:

- Improving consistency between the terms of employment contracts and actual operations
- Clarifying management rules related to occupational health and safety, as well as evacuation routes within facilities
- Enhancing anonymity and user protection in employee surveys and consultation channels
- Providing information on employment conditions and relevant systems to foreign workers and promoting their understanding

Future actions

We request subsidiaries outside of Japan and business partners to formulate corrective action and improvement plans and follow up on the status of their responses. As a result, we have confirmed improvements in working and living conditions at multiple business partners we visited, including strengthened day-to-day communication with foreign workers (with a corrective action completion rate of 75%). We will continue these efforts and work to enhance the effectiveness of initiatives to respect human rights throughout the supply chain.

Launch of the grievance mechanism

In accordance with the "Daifuku Group Human Rights Policy," the Group launched a reporting channel effective April 1, 2026, by utilizing the dialogue and redress platform provided by the Japan Center for Engagement and Remedy on Business and Human Rights, with the aim of respecting the human rights of all stakeholders involved in our business activities and supply chain and ensuring third-party neutrality. This channel is available to all stakeholders related to our business, and reports regarding human rights violations or concerns can be submitted anonymously or under one's real name. We give due consideration to the confidentiality of the reporter regarding all reports and consultations, and we do not engage in retaliation or disadvantageous treatment based on a report. After receiving a report, we verify the facts and, through dialogue with the reporter, work to implement corrective measures, provide redress, and prevent recurrence as necessary, thereby leading to continuous improvement.

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.

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

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 resolve 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 suppliers (80% agreement rate as of March 2026). In addition, we request that our suppliers complete a 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, BCPs, and appropriate information disclosure). In fiscal 2025, based on the results of the SAQ, we visited 10 domestic suppliers, during which we confirmed the status of their compliance and held discussions on corrective actions. Furthermore, we conducted the SAQ at four global Group companies (South Korea and Taiwan) and began confirming the status of their compliance as well as selecting new sites to visit. In fiscal 2026, we plan to continue proactive supplier 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 suppliers with outstanding initiatives in areas such as materials (production outsourcing and goods purchasing), design, and installation contracting. In fiscal 2026, we presented this award to 11 companies selected from among all suppliers at the Management and Safety Policy and Production Trends Presentation. In addition, from fiscal 2026, we revised the evaluation criteria and changed to a method of continuously evaluating comprehensive initiatives, including responses to social issues and the degree of contribution to Daifuku, in addition to conventional quality and environmental initiatives. We support our suppliers' development by sharing the best practices of the award-winning companies and promote the establishment of a sustainable supply chain.

Supply chain CO_2 reduction program

In order to reduce Scope 3 emissions (CO_2 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 2025, we held online briefing sessions about CO_2 reduction for 153 major domestic business partners and continued collecting CO_2 emissions data from suppliers following fiscal 2024. In addition, we are currently engaging in individual dialogue and information sharing with some suppliers. Going forward, we will continue engagement activities in order to achieve our targets for fiscal 2030.

Establishment of a green procurement management framework

In fiscal 2023, we launched the Green Procurement Project under the jurisdiction of the Sustainability Promotion Committee in order to appropriately manage chemical substances contained in products throughout the entire supply chain. Under this project, we began investigating the chemical substances contained in our products, and in fiscal 2025, we built and began operating an internal system for the centralized management of this information. Going forward, we will continue to promote the appropriate management of chemical substances contained in products throughout the entire supply chain.

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

Compliance

Basic approach

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 has been established to strengthen compliance across the entire Group. Chaired by the Representative Director and comprising all directors and corporate officers, the committee deliberates on important compliance issues, responses to serious compliance violations, and measures to prevent recurrence. The Board of Directors oversees the development and operation of the compliance framework and its effectiveness through reports from the committee.

Whistleblowing system

We have established a whistleblowing system for the early detection of illicit activities and misconduct that lead to violations of the law or our internal regulations, and to take appropriate action. The system accepts reports not only from officers and employees but also from business partners and other parties with ongoing relationships. In addition to internal reporting channels, external reporting channels (outsourced to independent third-party providers) are in place to ensure neutrality and independence. Anonymous and multilingual reporting is available. Confidentiality is strictly maintained, and any retaliatory or otherwise unfavorable treatment of whistleblowers is prohibited. Upon receiving a report, the Group conducts fact-finding investigations and, as necessary, implements corrective actions and measures to prevent recurrence. Critical problems are reported to the Compliance Committee and the Audit & Supervisory Board.

In fiscal 2025, the whistleblowing system was used in 18 incidents, of which reports were related to labor (six incidents) and illicit conduct (12 incidents). Separate consultation channels are also available for workplace environment and human rights–related concerns and are linked to the whistleblowing system as necessary.

For details, see our website: Compliance
www.daifuku.com/sustainability/governance/compliance

Initiatives for strengthening compliance

The CEO sends out messages to officers and employees via the Company intranet to thoroughly disseminate and promote our approach to compliance. We also provide in-house training for each level of employees. 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

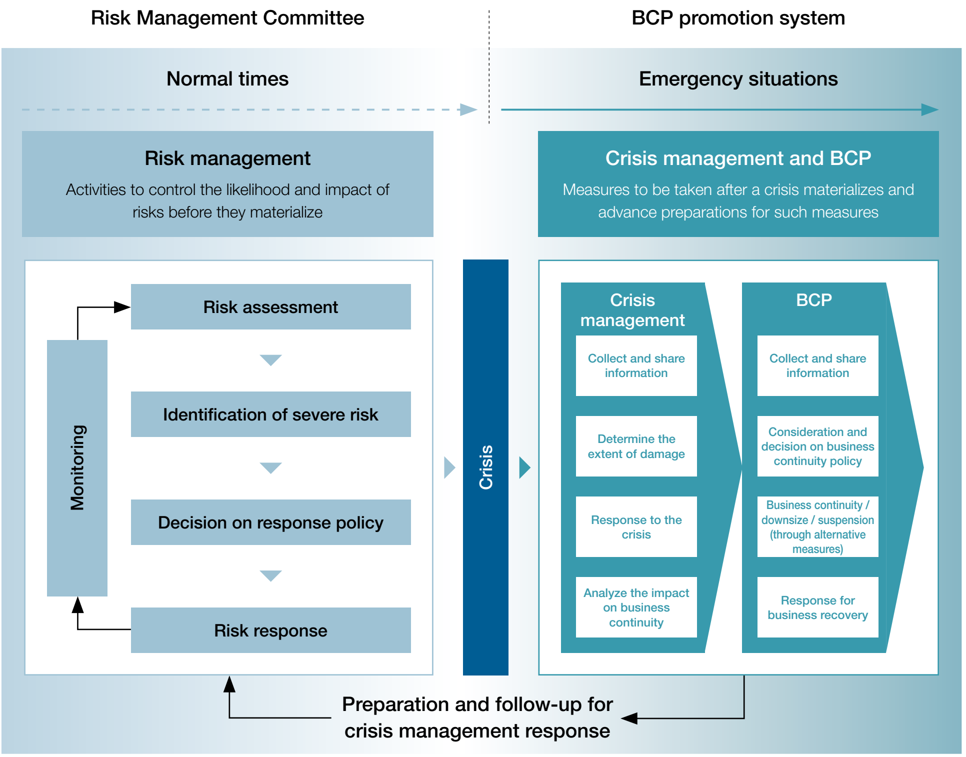
We conduct compliance education for all levels of employees, from new hires to management, every year. This compliance education is implemented through position-based training and training opportunities held by business units, and utilizes the Compliance Guidebook and materials that were created during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

In fiscal 2025, we identified competition law as a key focus area and implemented training and awareness initiatives for officers and employees. By leveraging external expertise, the Group promotes understanding from a global perspective and works to prevent violations and enhance compliance awareness.

Risk Management

Daifuku conducts risk assessments for its entire Group on a regular basis. We specifically target risks that may affect the 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. Daifuku designates priority risks for Companywide management as "severe risk," under the leadership of management. 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

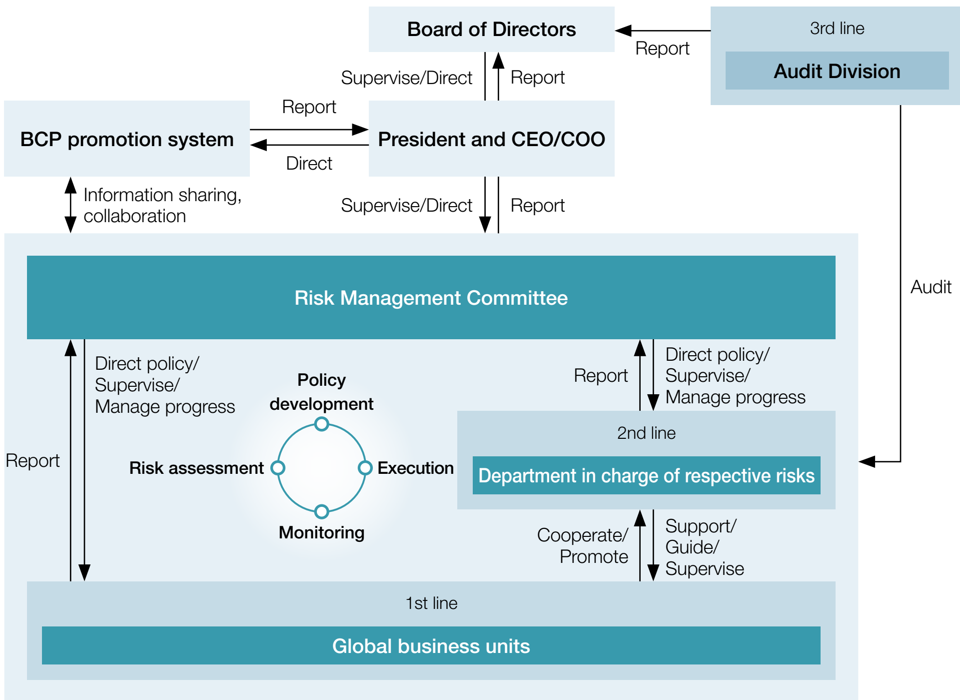


Risk management system

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 Director 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 2025. The committee reports to the Board of Directors on the status of the committee's initiatives and other matters, as necessary.

Risk management system (FY2026)



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.

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
4 Human resources-related	Lack of human resources development initiatives
	Shortage of employees (workforce)
	Education of successors (management positions)
	Securing human resources: employee turnover
5 Group governance	Inadequate management of subsidiaries
	Scandals involving Group companies
6 Natural disasters	Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)
7 Information security	Leakage of confidential information due to human factors
	Cyberattacks

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.

4. Severe risk response

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

5. Monitoring and review of responses

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

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 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) as of December 31, 2025

Risk themes	Risk items	Risk assessment			Countermeasures
		Impact	Likelihood	Likely timing of risk materialization	
1 Changes in the business environment	■ Changes in the market environment	Large	High	Within one year	■ Continuous monitoring is conducted of changes in the business environment, including economic conditions, market conditions, customer needs and investment trends, interest rate trends, trade policies, and geopolitical risks. ■ In light of the uncertainty regarding the impact of these changes in the business environment on the Group's performance, we strive to minimize the impact on results by flexibly reviewing management and business plans and reflecting them in investment decisions.
	■ Economic crises and business fluctuation	Large	Medium	Within one year	
	■ Loss of important customers	Large	Relatively high	No specific timing	
	■ Political upheaval, revolution, war, civil war, conflict, riots, terrorism	Large	Low	Within one year	
2 Procurement, supply chain	■ Delays, shortages, or inability to procure raw materials, parts, purchased goods, etc.	Relatively large	High	Within one year	■ The status of supplies of components and materials is continuously assessed, and resilience against sudden supply disruption risks is strengthened through supplier diversification and consideration of alternative procurement options. ■ Efforts are made to mitigate medium- to long-term supply disruption risks through policy dissemination and enforcement via the Supply Chain Management Committee, as well as through the monitoring of initiatives undertaken by business partners using SAQs and other measures.
3 Growth strategy	■ New domain creation and technology development	Large	High	Within five years	■ Led by the Business Innovation Division, we promote the exploration of new businesses based on social issues, technological trends, and future trends, as well as the utilization of ideas from within the Company. ■ To strengthen our R&D structure in advanced technology fields such as AI, software, AGVs, and robot control, we have established Kyoto Lab and Tokyo Lab and are working to secure technical personnel and enhance R&D functions.
4 Human resources-related	■ Lack of human resources development initiatives	Relatively large	High	Within three years	■ Recruiting methods are diversified to secure human resources through internships linked to hiring, job return and referral programs, location-specific employment schemes, and recruitment activities utilizing Kyoto Lab. ■ Employee retention and productivity are enhanced through a video-based education program (Daifuku Academy) and by addressing issues identified in engagement surveys. ■ Next-generation management and managerial talent are secured and developed through the formulation and implementation of succession plans and the enhancement of development programs.
	■ Shortage of employees (workforce)	Relatively large	High	Within three years	
	■ Education of successors (management positions)	Large	Medium	Within five years	
	■ Securing human resources: employee turnover	Relatively large	High	Within one year	
5 Group governance	■ Inadequate management of subsidiaries	Large	Relatively high	No specific timing	■ Groupwide governance effectiveness is ensured through the development of management philosophy, Groupwide policies and rules, and ongoing compliance training. ■ Project management is strengthened through contract review and negotiation in coordination with the legal department, the monitoring of project progress, and the operation of reporting and approval processes for significant projects. ■ The appropriateness of business operations and the effectiveness of internal controls are continuously verified and improved through the planned implementation of subsidiary audits by the internal audit units and the operation of the whistleblowing system.
	■ Scandals involving Group companies	Large	Medium	No specific timing	
6 Natural disasters	■ Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)	Large	Low	No specific timing	■ To minimize damage and ensure early recovery in the event of a large-scale disaster, updates to the disaster response manual at the Osaka Headquarters are being advanced, with plans to roll this out to other sites going forward ■ Crisis management systems tailored to regional characteristics are being developed at sites within and outside of Japan, with efforts made to ensure the stability of business operations.
7 Information security	■ Leakage of confidential information due to human factors	Large	Medium	No specific timing	■ To address risks of information leakage due to human factors, we ensure thorough prevention of leakage by establishing management classifications based on the importance of information assets and by developing and operating human, physical, and organizational management systems. ■ The effectiveness of management systems is continuously enhanced through the implementation of information security audits and the verification of information management practices across the supply chain, including contractors. ■ In response to cyberattack risks, in addition to strengthening technical countermeasures, response systems and processes centered on the Computer Security Incident Response Team are being developed, while response capabilities are being enhanced through education and training.
	■ Cyberattacks	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 PDCA cycle, establishing the Daifuku Group Basic Policy for Corporate Governance.

Enhancement of corporate governance

	2011–2026
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 directors	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) 2026: Five outside directors (resulting in nine directors in total)
Gender/Nationality	2019: A female outside director elected 2025: Two female outside directors elected 2026: Three 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 voluntary 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:

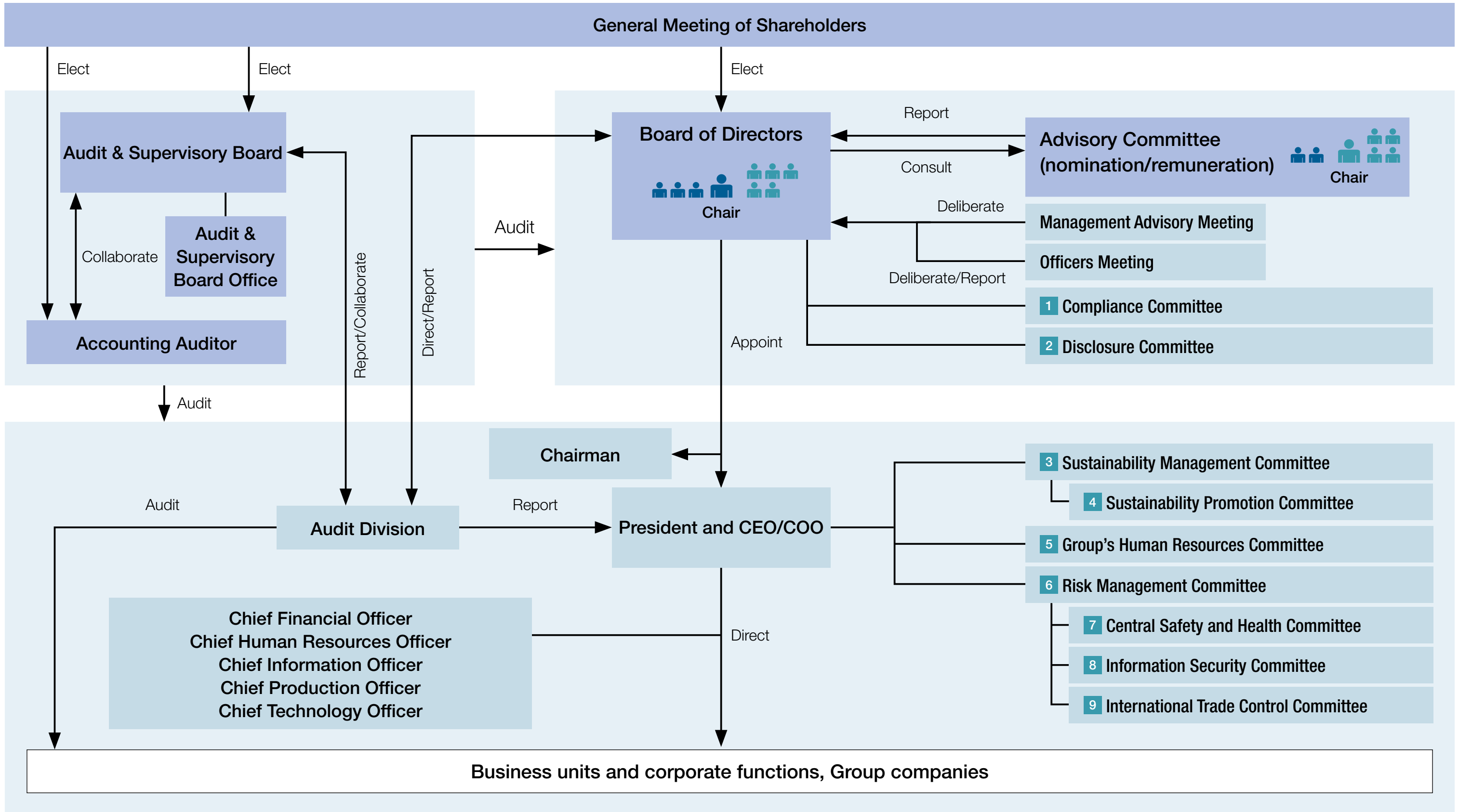
Daifuku Group Basic Policy for Corporate Governance
www.daifuku.com/ir/assets/governance_policy_e.pdf

Disclosure Based on the Principles of Japan's Corporate Governance Code
www.daifuku.com/ir/assets/governance_initiative_e.pdf

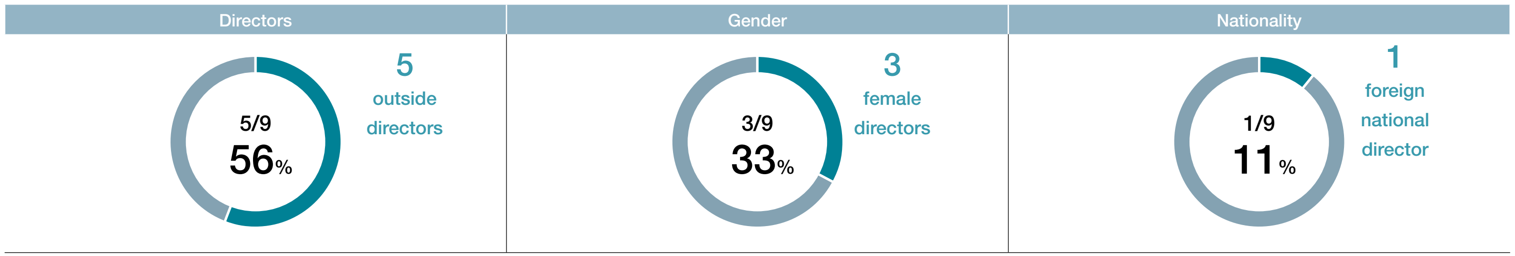
Corporate Governance

Corporate governance system

Inside director Outside director



As of March 31, 2026



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 promotes visualization of the experience and skills of the Group's human resources, develops prospective successor plans for key positions, and systematically trains and promotes prospective successors.

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 inside 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 the 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

The Board of Directors determines the Company's basic management policies, management strategies, and important matters related to business execution, and oversees the execution of operations.

As key agenda items, the Board of Directors focuses on deliberations on medium- to long-term growth strategies, the business portfolio and capital efficiency, responses to human capital and sustainability issues, and the approach to risk management, thereby striving to enhance sustainable corporate value.

With respect to these agenda items, outside directors provide opinions based on their respective expertise and objective perspectives on explanations of business execution by internal directors, and decisions are made after thorough deliberation.

Number of meetings held in fiscal 2025

16 times (12 regular meetings and 4 extraordinary meetings)

Attendance

<table>
<tr><th>Title</th><th>Name</th><th>Attendance rate
(times attended / times held)</th></tr>
<tr><td>Representative Director
President and CEO</td><td>Hiroshi Geshiro</td><td rowspan="4">100% (16/16)</td></tr>
<tr><td>Representative Director
Executive Vice President and COO</td><td>Tomoaki Terai</td></tr>
<tr><td rowspan="4">Director</td><td>Seiji Sato</td></tr>
<tr><td>Hideaki Takubo</td></tr>
<tr><td>Hiroshi Nobuta</td><td>100% (5/5)</td></tr>
<tr><td>Tetsuya Hibi</td><td>100% (11/11)</td></tr>
<tr><td rowspan="7">Outside Director</td><td>Yoshiaki Ozawa</td><td>100% (16/16)</td></tr>
<tr><td>Mineo Sakai</td><td>100% (5/5)</td></tr>
<tr><td>Kaku Kato</td><td>100% (12/12)</td></tr>
<tr><td>Keiko Kaneko</td><td rowspan="2">100% (16/16)</td></tr>
<tr><td>Gideon Franklin</td></tr>
<tr><td>Haruyuki Yoshida</td><td rowspan="2">100% (11/11)</td></tr>
<tr><td>Yuki Kanzaki</td></tr>
<tr><td>Audit & Supervisory Board Member (full-time)</td><td>Tsukasa Saito</td><td rowspan="4">100% (16/16)</td></tr>
<tr><td rowspan="3">Audit & Supervisory Board Member (outside)</td><td>Tsukasa Miyajima</td></tr>
<tr><td>Nobuo Wada</td></tr>
<tr><td>Eiko Hakoda</td></tr>
</table>

Main Agenda Items of the Board of Directors

Medium- to long-term plan

- Progress of four-year business plan for 2027
- Initiatives for priority sustainability issues
- Creation of new businesses and development of new domains
- Growth strategies and discussions on individual investment projects, including M&A
- Digital transformation (DX)
- Human capital and talent management strategies

Financial matters

- Performance targets and capital policy
- Discussions on management with an awareness of cost of capital and share price
- Business portfolio

Governance

- Reports from the Advisory Committee and other committees
- Nomination and appointment of director candidates and management
- Determination of executive remuneration
- Compliance initiatives
- Board effectiveness evaluation
- Evaluation and management of cross-shareholdings
- Investor and shareholder engagement

Initiatives to enhance the quality of deliberations

To enhance the effectiveness of the Board of Directors' oversight and decision-making functions, the Company is working to improve the quality of information provided to support deliberations and to strengthen support for outside directors. Initiatives in fiscal 2025 are summarized as follows.

- Earlier provision of meeting materials to outside directors
- Holding pre-meeting briefings on important agenda item
- Orientation (onboarding) for newly appointed outside directors
- Providing opportunities for dialogue among outside directors

Notes: 1. Mr. Tetsuya Hibi assumed the office of director, and Mr. Haruyuki Yoshida and Ms. Yuki Kanzaki assumed the office of outside director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.
2. 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.
3. Mr. Kaku Kato passed away on October 13, 2025, and accordingly resigned from the office of outside director Therefore, his attendance at Board of Directors' meetings is presented for the period up to his retirement.
4. Mr. Seiji Sato, Mr. Yoshiaki Ozawa, Ms. Keiko Kaneko, and Mr. Tsukasa Miyajima resigned from the office of director, the office of outside director, the office of outside director, and the office of Audit & Supervisory Board member (outside), respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2026.

Corporate Governance

Activity status of Audit & Supervisory Board and Advisory Committee

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 2025

Resolution: Audit plans, reappointment of accounting auditors, consent to audit compensation for accounting auditors, audit reports by the Audit & Supervisory Board, 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, remuneration for Audit & Supervisory Board members, and other

Number of meetings held in fiscal 2025

9 times

Attendance

Title	Name	Attendance rate (times attended / times held)
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	100% (9/9)
Audit & Supervisory Board Member (outside)	Tsukasa Miyajima	
	Nobuo Wada	
	Eiko Hakoda	89% (8/9)

Note: Mr. Tsukasa Miyajima resigned from the office of Audit & Supervisory Board member (outside) at the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2026.

Advisory Committee

To enhance the effectiveness of the Board of Directors and ensure transparency and objectivity in decision-making, the Company has established advisory committees on nomination and remuneration.

The committee is composed of a majority of outside directors, and its chair is also an outside director. The committee deliberates, from an independent standpoint, on the appointment and dismissal of directors and management, succession planning, and executive remuneration policies and levels, and reports its recommendations to the Board of Directors.

Main agenda items during fiscal 2025

- Nomination of director candidates and executive officer candidates, and related personnel proposals
- Formulation and implementation status of management succession plans
- Consideration of required competencies and evaluation criteria for the next generation of management
- Basic Policy on Executive Remuneration
- Appropriateness of executive remuneration based on performance evaluation results
- Matters related to enhancing governance effectiveness

Number of meetings held in fiscal 2025

8 times (4 times for nomination, 4 times for remuneration)

Attendance

Title	Name	Attendance rate (times attended / times held)
Outside Director	Yoshiaki Ozawa (Chair)	100% (8/8)
	Mineo Sakai	100% (2/2)
	Kaku Kato	100% (4/4)
	Keiko Kaneko	100% (8/8)
	Gideon Franklini	
	Haruyuki Yoshida	100% (6/6)
	Yuki Kanzaki	
Representative Director President and CEO	Hiroshi Geshiro	100% (8/8)
Representative Director Executive Vice President and COO	Tomoaki Terai	

Notes: 1. Mr. Haruyuki Yoshida and Ms. Yuki Kanzaki assumed the office of outside director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.
2. Mr. Mineo Sakai resigned from the office of outside director at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.
3. Mr. Kaku Kato passed away on October 13, 2025, and accordingly resigned from the office of outside director. Therefore, his attendance at Advisory Committee meetings is presented for the period up to his retirement.
4. Mr. Yoshiaki Ozawa and Ms. Keiko Kaneko resigned from the office of outside director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 27, 2026.

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, 2026

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 Terai	✓	✓			✓	✓		Male			✓
Hideaki Takubo	✓			✓		✓	✓	Male			
Tetsuya Hibi	✓		✓	✓		✓		Male			
Gideon Franklin	✓		✓			✓		Male	✓	✓	✓
Haruyuki Yoshida	✓		✓			✓		Male		✓	✓ Chair
Yuki Kanzaki	✓	✓					✓	Female		✓	✓
Mayumi Hongo				✓		✓	✓	Female		✓	✓
Asuka Nakamura			✓	✓			✓	Female		✓	✓

Note: In "Expertise, experience," up to four 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

Director

As of March 31, 2026

Name	Title	Reasons for election
Hiroshi Geshiro	Representative Director, Chairman	He has abundant experience and a good track record in the field of mainstay material handling systems for manufacturers and distributors both within and outside Japan. The Company reappoints him as a nominee for Director based on its judgment that he is qualified for this position as he endeavors to realize the Group strategy toward further business growth, the improvement of operating performance, and the enhancement of corporate value, and that he plays a key role in strengthening the supervision of the Group management.
Tomoaki Terai	Representative Director President and CEO/COO	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 of Japan. The Company reappoints him as a nominee for Director based on its judgment that he is qualified for this position as he plays a key role in decision-making and business execution in Group management as CEO (assumed the office in January 2026) and COO.
Hideaki Takubo	Director, Senior Managing Officer Chief Human Resources Officer, Corporate Functions Head	He has extensive experience and a good track record in 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 reappoints him as a nominee for Director based on its judgment that he is qualified for this position 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. The Company reappoints him as a nominee for Director based on its judgment that he is qualified for this position as he leverages his experience working abroad and has served as Chief Financial Officer since April 2023.
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. Based on his extensive knowledge on global business management, he offers advice and counsel to enhance the diversity of the Board of Directors and to secure the transparency of management and enhance the monitoring and 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.
Haruyuki Yoshida	Outside Director	He has global experience and extensive knowledge as a corporate manager, having served as a corporate officer of a machinery manufacturer and the head of its Group U.S. company for many years. He provides advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. 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.
Yuki Kanzaki	Outside Director	She has served in positions such as an executive of a food and beverage manufacturer and the head of its group companies. She has consistently worked in monozukuri (workmanship) on-site 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, she provides 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 monitoring and supervision thereof. 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.
Mayumi Hongo	Outside Director	She has leveraged her experience in international negotiations and policy formulation at the Ministry of Foreign Affairs of Japan, as well as business operations, global risk management, and experience working on contracts, etc., for projects requiring a long-term perspective at manufacturing companies. As a lawyer, she is actively involved in areas such as corporate legal affairs, crisis management, compliance, and corporate governance in the legal and governance fields. Although she has not been involved in corporate management, based on such abundant experience and knowledge, the Company has judged that she will be able to appropriately fulfill her duties as an Outside Director of the Company, and would like her to assume this position with the expectation that she provides advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. If she assumes office, the Company plans to have her involved in decisions on the nomination and remuneration of officers at the Advisory Committee from an independent and objective perspective.
Asuka Nakamura	Outside Director	She has worked as a certified public accountant for many years, and has considerable knowledge in finance and accounting and extensive audit experience. She is actively involved in fields such as accounting audits of listed companies, internal control assessments, support for advancing financial reporting, and assistance with sustainability management issues. Based on such abundant experience and knowledge, the Company would like her to assume this position with the expectation that she provides advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof. If she assumes office, the Company plans to have her involved in decisions on the nomination and remuneration of officers at the Advisory Committee from an independent and objective perspective.

Audit & Supervisory Board members

Name	Title	Reasons for election
Tsukasa Saito	Audit & Supervisory Board Member (full-time)	He has extensive practical experience in the finance and accounting unit and possesses considerable knowledge of finance and accounting. He also has abundant experience outside Japan, such as involvement in management at a Chinese subsidiary. He is well-versed in the Group's operations, and offers advice and counsel to further enhance the audit function. For the above reasons, the Company has judged that he is qualified for this position.
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. For the above reasons, the Company has judged that he will be able to appropriately fulfill his duties as an outside member of the Audit & Supervisory Board of the Company.
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. Based on such extensive experience and deep insight, she has given us professional advice and counsel to ensure the transparency of management and enhance the functions of management supervision and auditing thereof. For the above reasons, the Company has judged that she will be able to appropriately fulfill her duties as an outside member of the Audit & Supervisory Board of the Company.
Kazuya Oki	Audit & Supervisory Board Member (outside)	He has worked in accounting auditing as a certified public accountant for many years and has high-level specialist knowledge and extensive practical experience in financial accounting, internal control, and risk management. He is actively involved in fields such as audits of various companies including listed companies, internal control assessments, and the strengthening of governance structures. Based on such abundant experience and high-level knowledge, the Company would like him to assume this position with the expectation that he provides advice and counsel to secure the transparency of management and enhance the monitoring and auditing thereof. Although he has not been involved in corporate management other than as an outside director or outside audit and supervisory board member, the Company has judged that he will be able to appropriately fulfill his duties as an outside member of the Audit & Supervisory Board of the Company for the above reasons.

Note: Mr. Nobuo Wada resigned from the office of Audit & Supervisory Board member (outside) on May 21, 2026.

Corporate Governance

Evaluation of the Board of Directors' effectiveness

Results for fiscal 2025

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 2025 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 interviews and analyzing survey results.

Method

- Anonymous questionnaire for all directors and all Audit & Supervisory Board members
- Interviews with two (2) representative directors and five (5) outside directors

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 2025

Recognition of issues as a result of the FY2024 effectiveness evaluation	Initiatives for FY2025	Evaluation results of the questionnaire for FY2025
Reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital	Reviewing the Group's overall business portfolio from the perspective of ensuring sustainable profitability and cost of capital	The survey results showed improvement, and 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 from a medium- to long-term perspective, some respondents indicated a need for continued consideration.
Support structure for the Board of Directors	We have provided opportunities for outside officers to exchange opinions, improve the content of materials, and strengthen operational support.	A certain level of improvement was confirmed. On the other hand, we continued to receive comments regarding the need to expand opportunities for information sharing and exchanges of opinions among outside directors, as well as further enhance the support structure in terms of the content of materials and support for operations.

To improve effectiveness in the future

Recognition of issues as a result of the FY2025 effectiveness evaluation	Future initiatives
Oversight of the Group's overall business portfolio and the allocation of resources to human capital and intellectual property	A more sophisticated management system will be pursued, recognizing that discussions are required not only on business portfolio optimization but also on resource allocation to human capital and intellectual property, with greater emphasis on the cost of capital and return on capital profitability.
Optimizing the Board of Directors' agenda items and deepening deliberations (review of agenda submission criteria)	It was recognized as an issue to further secure sufficient time for deliberations on strategically important agenda items from a medium- to long-term perspective. By refining the agenda through a review of the agenda submission criteria and aiming to establish an operational structure that enables deeper, more substantive discussions.
Enhancing the support structure for Board operations	It was recognized as an issue that time for substantive discussions could be further expanded, and the quality of deliberations could be further enhanced. Going forward, we will further strengthen the support provided by the Board Secretariat and promote initiatives such as streamlining materials, making greater use of summary documents, and improving presentation methods, thereby further enhancing the environment that supports substantive discussions.

Corporate Governance

Executive remuneration

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 the 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. The committee is composed of a majority of outside directors, and its chair is also an outside director.

From an independent standpoint, the committee deliberates on matters including the executive remuneration system and the basic policy for determining individual director remuneration, and submits its recommendations to the Board of Directors.

Results for fiscal 2025

Remuneration for directors and Audit & Supervisory Board members

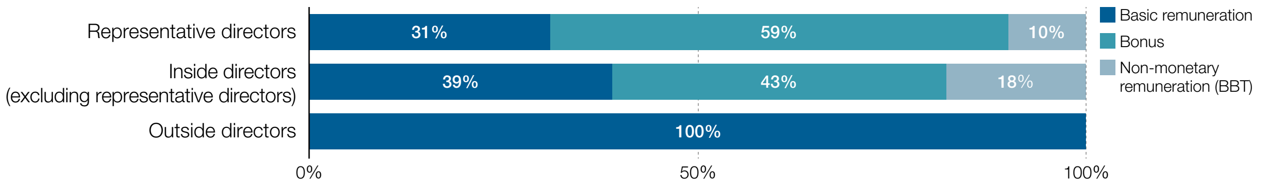
Type of officer	Total remuneration (Million yen)	Total remuneration, etc., by type (Million yen)			Number of target officers
		Basic remuneration	Performance-linked remuneration		
			Bonus	Non-monetary remuneration	
Directors (excluding outside directors)	715	250	365	99	6
Audit & Supervisory Board members (excluding outside members of the Audit & Supervisory Board)	37	37	—	—	1
Outside directors	83	83	—	—	7
Audit & Supervisory Board members (outside)	40	40	—	—	3

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	206	Representative Director President and CEO	63	123	20
Seiji Sato	163	Director and Senior Managing Officer President and CEO of Daifuku North America, Inc.	73	52	38
Tomoaki Terai	158	Representative Director Executive Vice President and COO	50	92	16
Hideaki Takubo	100	Director and Senior Managing Officer Chief Human Resources Officer Corporate Functions Head	36	52	12

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



Corporate Governance

Structure of executive remuneration

The executive remuneration system defines the following payment criteria for basic remuneration (fixed) and performance-linked remuneration (variable), as follows.

<table>
<tr><th colspan="3">Type of remuneration</th><th colspan="6">Payment criteria</th><th>Payment method</th></tr>
<tr><td colspan="3">Basic remuneration (fixed)</td><td colspan="6">Determined according to positions and roles</td><td>Monthly
Monetary remuneration</td></tr>
<tr><td rowspan="17">Performance-linked remuneration (variable)*1</td><td rowspan="10">Short-term assessment</td><td rowspan="7">Bonus</td><td colspan="6">Method of calculation of bonus resources [Total bonus resources = Consolidated net income x (1.5±0.06)%]</td><td rowspan="7">Annually
Monetary remuneration</td></tr>
<tr><td colspan="3">Financial indicator:
1.5% of consolidated net income</td><td colspan="3">Non-financial indicators:
1) Zero serious accidents: ±0.03%
(positive evaluation only if the target is achieved for five consecutive years)
2) CO_2 emissions reduction rate (progress rate toward 2030 target and initiatives in a single year) ±0.03%</td></tr>
<tr><td colspan="5">Description</td><td>By type</td></tr>
<tr><td>Basic component</td><td>Quantitative evaluation</td><td>Consolidated net income</td><td colspan="2">Calculated according to positions and roles</td><td>50%</td></tr>
<tr><td rowspan="3">Performance-linked evaluation component</td><td rowspan="2">Quantitative evaluation</td><td>Growth potential (rate of increase of consolidated net sales)</td><td rowspan="2" colspan="2">Growth potential: Rate of increase of consolidated net sales compared to the previous fiscal year
Profitability: Margin (business evaluation coefficient)
Rate of improvement of margin compared to the previous fiscal year</td><td rowspan="2">30%</td></tr>
<tr><td>Profitability (margin)</td></tr>
<tr><td>Qualitative evaluation</td><td>Roles and contributions</td><td colspan="2">Calculated based on roles and contributions concerning medium- to long-term targets and strategic challenges</td><td>20%</td></tr>
<tr><td rowspan="10">Non-monetary remuneration (BBT)</td><td colspan="6">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).</td><td rowspan="3">Annually
Stock compensation</td></tr>
<tr><td colspan="5">Description</td><td>By type</td></tr>
<tr><td>Target achievement rate for each fiscal year</td><td>Financial indicator</td><td>Consolidated net income</td><td colspan="2">Rate of achievement of the initial plan:
(margin target achievement rate + income amount target achievement rate) /2</td><td>100%</td></tr>
<tr><td rowspan="7">Medium- to long-term assessment</td><td colspan="6">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.</td><td rowspan="7">Upon completion of the business plan
Stock compensation</td></tr>
<tr><td colspan="5">Description</td><td rowspan="2">By type</td></tr>
<tr><td rowspan="5">Three- or four-year business plan achievement rate</td><td>Type</td><td>Indicators</td><td>Initially planned</td><td>Revised targets</td></tr>
<tr><td rowspan="3">Financial indicators*2</td><td>Consolidated net sales</td><td>800 billion yen</td><td>Unchanged</td><td>25%</td></tr>
<tr><td>Consolidated operating margin</td><td>11.5%</td><td>15.0%</td><td>25%</td></tr>
<tr><td>ROE (each fiscal year)</td><td>13.0%</td><td>17.0%</td><td>25%</td></tr>
<tr><td>Non-financial indicators</td><td>ESG indicators</td><td colspan="2">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_2 emissions reduction rate: 54.0%
(achievement rate against the target for the final year of the four-year business plan for 2027)</td><td>25%</td></tr>
</table>

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

*2 Taking into consideration the results and progress through fiscal year ended December 31, 2025, we updated the 2030 Long-Term Vision and management targets for 2027 on February 12, 2026. For details, please refer to Page 41 Revision of Driving Innovative Impact 2030 and Four-Year Business Plan for 2027. In addition, as for the financial indicators for the BBT, since the four-year business plan has been revised, the calculation will be made by totaling the number of items achieved during the periods before and after the revision.

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.

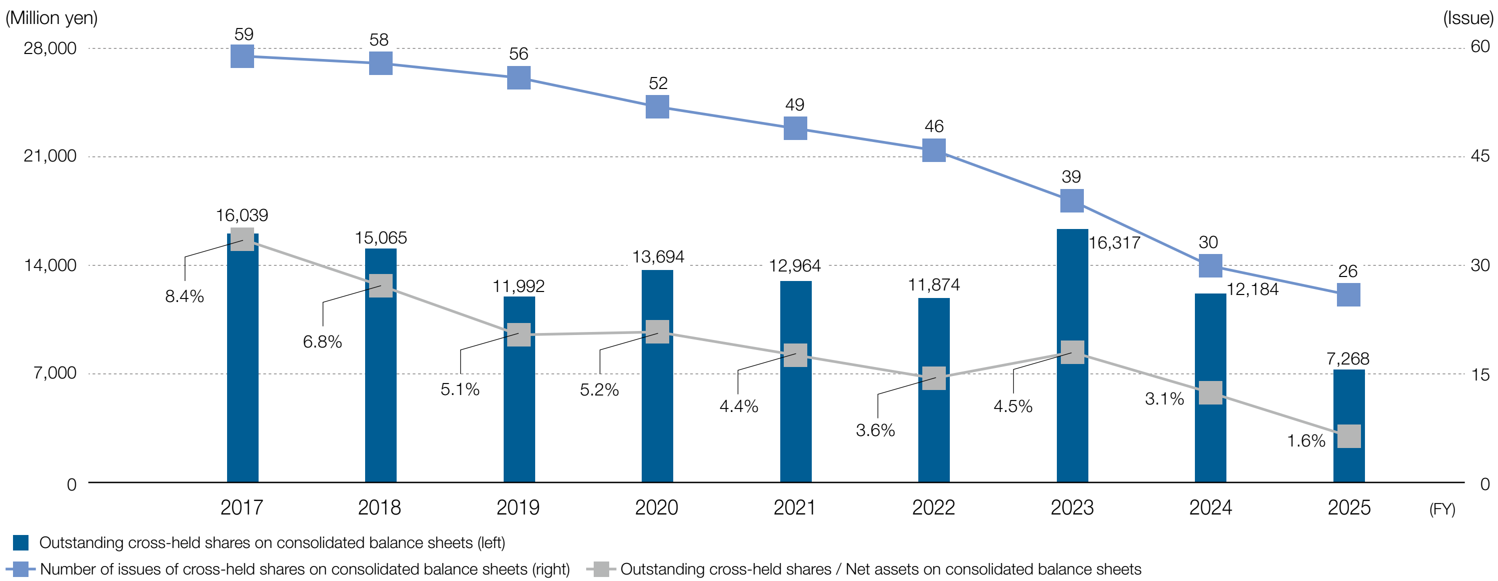
At the time of the assessment, special attention will be paid to whether the cross-shareholding partner has been tarnished by scandals or has committed an antisocial act. If the cross-shareholding partner has been involved in such circumstances, its managerial approach to improvement shall be scrutinized.

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, 2025, the Board of Directors discussed "examination of whether to continue to hold shares as cross-shareholdings, and investigation based on the standard of exercising voting rights" and approved the holding of the shares at its meeting held on January 29, 2026.

In fiscal 2025, the Company reduced the holding of nine issues of shares, including four 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, 2026)

Directors

Hiroshi Geshiro
Representative Director
Chairman

Tomoaki Terai
Representative Director
President and CEO/COO

Hideaki Takubo
Director
Senior Managing Officer
Chief Human Resources Officer
Corporate Functions Head

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

Gideon Franklin
Outside Director

Haruyuki Yoshida
Outside Director

Yuki Kanzaki
Outside Director

Mayumi Hongo
Outside Director newly appointed

Asuka Nakamura
Outside Director newly appointed

Audit & Supervisory Board Members

Tsukasa Saito
Audit & Supervisory Board Member
(full-time)

Nobuo Wada
Audit & Supervisory Board Member
(outside)

Eiko Hakoda
Audit & Supervisory Board Member
(outside)

Kazuya Oki
Audit & Supervisory Board Member
(outside) newly appointed

Note: Mr. Nobuo Wada resigned from the office of Audit & Supervisory Board member (outside) on May 21, 2026.

Management

Officers

1 Expertise, knowledge, experience 2 Global (* including management experience) 3 Gender

Corporate Officers (excluding those who are concurrently appointed as directors)

Senior Managing Officer
Yasuhisa Mishina
Chief Production Officer
Chief Information Officer
General Manager of Shiga Works
Production Innovation Division Manager
1 Software, design, production
2 — 3 Male

Senior Managing Officer
Takaya Uemoto
Airport Global Business Head
1 Installation, service 2 U.S.A.* 3 Male

Senior Managing Officer
Takuya Gondoh
Chief Technology Officer
Business Innovation Division Manager
1 Engineering, production
2 — 3 Male

Managing Officer
Akihiko Nishimura
President and CEO of
Daifuku North America, Inc.
1 Installation, service, sales
2 Canada, U.S.A.* 3 Male

Managing Officer
Norihito Toriya
Intralogistics Global Business Head
Intralogistics Division Manager
1 Sales 2 — 3 Male

Managing Officer
Atsushi Sonoda
Cleanroom Global Business Head
Cleanroom Division Manager
General Manager of Komaki Works
1 Sales 2 South Korea 3 Male

Managing Officer
Tsutomu Maeda
Automotive Global Business Head
Automotive Division Manager
1 Installation, service, sales 2 U.S.A., India*
3 Male

Managing Officer
Seiji Yamamoto
General Manager of Installation and Service Operations, Intralogistics Division
Safety and Health Management Division Manager
1 Installation, service 2 Thailand* 3 Male

Managing Officer
Hirobumi Akiba
Corporate Communications Division Manager
1 Sales, finance 2 U.K. 3 Male

Corporate Officer
Masayuki Izutsu
Airport Division Manager
General Manager of Airport Operations, Airport Division
Deputy Safety and Health Management Division Manager
1 Installation, service, sales
2 U.S.A., South Korea,* The Netherlands* 3 Male

Corporate Officer
Takafumi Tanaka
Auto Wash Global Business Head
Auto Wash Division Manager
President of Daifuku Plusmore Co., Ltd.
1 Production 2 — 3 Male

Corporate Officer
Junji Yano
General Manager of Production Operations, Intralogistics Division
1 Design, production 2 — 3 Male

Corporate Officer
Kazuyoshi Nishiyama
Electronics Global Business Head
President and CEO of Contec Co., Ltd.
1 Engineering, design, sales 2 Taiwan 3 Male

Corporate Officer
Satoru Otani
General Manager of Business Promotion Operations, Automotive Division
1 Installation, service 2 U.S.A. 3 Male

Corporate Officer
Fumiaki Tatemi
Chairman of Daifuku Intralogistics America Corporation
General Manager of Global Strategy Operations, Intralogistics Division
1 Engineering, design 2 Thailand,* China,* U.S.A.*
3 Male

Corporate Officer
Masaaki Yano
Human Resources and General Affairs Division Manager
1 Human resources and general affairs
2 — 3 Male

Corporate Officer
Chikashi Nakamura
General Manager of Sales Operations, Intralogistics Division
1 Sales 2 — 3 Male

Corporate Officer
Kouji Katori
General Manager of Production Operations, Cleanroom Division
1 Production 2 China* 3 Male

Audit Officer

Audit Officer
Toshikatsu Takahashi
General Manager of Audit & Supervisory Board Office
1 Human resources and general affairs
2 China* 3 Male

Chapter 05

Data Section

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

(Million yen)	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Operating results											
Orders received	¥359,427	¥356,518	¥487,976	¥503,399	¥483,184	¥451,065	¥589,069	¥737,475	¥620,312	¥594,769	**¥672,618**
Net sales	336,184	320,825	404,925	459,486	443,694	473,902	512,268	601,922	611,477	563,228	**660,724**
Gross profit	63,351	64,407	83,089	101,255	85,824	88,157	94,299	109,799	116,628	124,760	**161,651**
Gross profit margin (%)	18.8	20.1	20.5	22.0	19.3	18.6	18.4	18.2	19.1	22.2	**24.5**
Operating income	20,878	23,099	39,924	54,681	40,497	44,566	50,252	58,854	62,079	71,546	**100,816**
Operating margin (%)	6.2	7.2	9.9	11.9	9.1	9.4	9.8	9.8	10.2	12.7	**15.3**
Income before income taxes	20,650	23,942	41,059	55,329	39,808	45,109	50,978	55,052	63,287	74,488	**109,578**
Net income attributable to shareholders of the parent company	13,652	16,746	29,008	39,567	28,063	32,390	35,877	41,248	45,461	57,086	**78,096**
Net income margin (%)	4.1	5.2	7.2	8.6	6.3	6.8	7.0	6.9	7.4	10.1	**11.8**
Consolidated payout ratio (%)	25.3	30.5	29.7	28.6	33.6	31.1	31.6	33.6	32.9	35.7	**36.7**
Cash flows											
Cash flows from operating activities	¥ 7,206	¥ 26,683	¥ 11,497	¥ 8,559	¥ 13,706	¥ 38,229	¥ 56,691	¥ 20,034	¥ 37,117	¥116,129	**¥ 76,137**
Cash flows from investing activities	(2,099)	(5,393)	(5,600)	5,937	(14,791)	(6,132)	(9,828)	(11,874)	(29,582)	(2,393)	**(24,299)**
Free cash flows	5,107	21,289	5,897	14,496	(1,084)	32,097	46,862	8,159	7,534	113,736	**51,837**
Cash flows from financing activities	(8,702)	(4,404)	13,444	(6,893)	(18,354)	(8,932)	(27,550)	(30,187)	22,732	36,820	**(27,350)**
Cash and cash equivalents at end of period	49,084	64,790	85,152	90,903	70,883	94,079	118,672	102,389	136,445	220,395	**245,256**
Capital investment	4,210	5,905	6,348	7,920	13,220	7,462	11,565	16,811	21,410	15,532	**33,322**
Depreciation	4,587	4,202	4,419	4,598	5,667	6,401	7,326	8,522	9,569	7,911	**9,022**
R&D expenses	7,009	7,489	8,123	8,615	8,936	9,165	10,735	10,496	11,264	9,340	**13,195**
Financial position (at fiscal year-end)											
Total assets	¥296,055	¥303,540	¥373,013	¥409,982	¥410,887	¥445,456	¥483,322	¥551,552	¥646,154	¥688,707	**¥754,211**
Net assets	130,116	142,340	191,474	222,885	237,356	262,012	292,059	332,323	358,755	398,424	**451,560**
Interest-bearing liabilities	40,904	39,770	37,967	40,001	33,418	35,143	26,356	11,459	70,616	63,371	**61,380**
Shareholders' equity	123,669	136,694	181,454	214,656	231,714	255,282	279,264	308,240	319,723	348,767	**402,555**
Amounts per share of common stock											
Dividend per share (Yen)	¥ 10.0	¥ 14.0	¥ 23.3	¥ 30.0	¥ 25.0	¥ 26.7	¥ 30.0	¥ 36.7	¥ 40.0	¥ 55.0	**¥ 78.0**
Net income per share (Yen)	39.57	45.86	78.54	104.85	74.32	85.71	94.90	109.11	121.63	154.21	**212.39**
Net assets per share (Yen)	348.13	380.71	497.90	579.40	616.76	680.02	769.13	878.24	966.98	1,082.71	**1,228.00**
Financial indicator											
ROIC (%)	—	—	—	—	—	—	11.0	12.6	11.4	11.4	**14.7**
ROE (%)	11.6	12.6	17.7	19.5	12.4	13.2	13.1	13.2	13.2	15.1	**18.4**
Total asset turnover (Times)	1.2	1.1	1.2	1.2	1.1	1.1	1.1	1.2	1.0	0.8	**0.9**
D/E ratio (Times)	0.32	0.29	0.20	0.18	0.14	0.14	0.09	0.03	0.20	0.16	**0.14**
CCC (Days)	—	—	—	—	—	105	98	86	100	99	**74**

Notes:

1. Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for nine 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. Per share information is calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of fiscal 2015.
3. In the calculation of net assets per share, the amount of non-controlling interests is subtracted from the amount of net assets.
4. 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).
5. 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.
6. For details, see the securities report on our website: www.daifuku.com/ir/library/statements.

Five-Year Non-Financial Summary

	Unit	Scope	2021	2022	2023	2024	2025
Environmental							
CO_2 emissions (Scopes 1 + 2)	$t\text{-}CO_2$	Global	34,823	26,408	24,676	21,809	**19,158**
Scope 1	$t\text{-}CO_2$	Global	9,684	10,511	11,950	12,931	**11,354**
Scope 2	$t\text{-}CO_2$	Global	25,139	15,897	12,463	8,878	**7,804**
Scope 3	$t\text{-}CO_2$	Global	1,960,740	2,363,344	2,115,601	2,205,756	**2,342,113**
Energy consumption	GJ	Global	773,071	774,047	769,592	825,739	**886,873**
Production	GJ	Global	688,243	691,821	661,444	702,668	**728,514**
Non-production	GJ	Global	84,828	82,226	108,148	123,071	**158,359**
Electricity	GWh	Global	60	58	60	63	**67**
Electricity derived from renewable energy sources	GWh	Global	5.9	16.9	32.1	41.3	**49.7**
Percentage of electricity derived from renewable energy sources	%	Global	9.8	29.1	53.7	66.7	**73.9**
Water consumption	m^3	Global	207,253	216,795	183,017	200,737	**206,230**
Water discharge	m^3	Global	203,553	211,187	171,256	184,462	**172,656**
Waste generated (including valuable wastes)	t	Japan	5,782	4,775	4,778	5,062	**4,742**
Waste generated (including valuable wastes)*	t	Outside of Japan	4,035	2,749	5,903	5,673	**7,765**
Recycling rate of waste (including valuable wastes)	%	Global	97.1	95.3	95.6	93.0	**94.2**

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

	Unit	Scope	2021	2022	2023	2024	2025
Social							
Number of employees	People	Global	12,436	13,020	13,071	11,042	**11,417**
Of which, Daifuku Co., Ltd.	People	Daifuku Co., Ltd.	3,202	3,375	3,509	3,691	**3,858**
Number of female employees	People	Daifuku Co., Ltd.	402	420	442	511	**548**
Number of female managers	People	Daifuku Co., Ltd.	20	26	32	40	**50**
Ratio of women in management positions	%	Daifuku Co., Ltd.	—	3.5	4.3	5.4	**6.9**
Employment rate of people with disabilities (as of June 1, every year)	%	Daifuku Co., Ltd.	2.54	2.48	2.42	2.34	**2.56**
Average years of service	Years	Daifuku Co., Ltd.	15.1	15.0	15.3	14.7	**14.7**
Frequency rate*	—	Japan	0.21	0.45	0.55	0.46	**1.00**
Frequency rate*	—	Outside of Japan	0.65	0.90	0.58	0.70	**0.74**
Number of serious accidents*	People	Japan	0	0	0	1	**0**
Number of serious accidents*	People	Outside of Japan	0	1	0	0	**0**
Number of visitors to the Hini Arata Kan demo center	People	—	4,503	14,980	17,859	16,990	**20,190**

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

	Unit	2021	2022	2023	2024	2025
Governance*						
Number of directors	People	9	9	10	10	**11**
Number of outside directors	People	4	4	5	5	**6**
Percentage of outside directors	%	44.4	44.4	50.0	50.0	**54.5**
Number of female directors	People	1	1	1	1	**2**
Percentage of female directors	%	11.1	11.1	10.0	10.0	**18.2**
Number of foreign national directors	People	0	0	1	1	**1**
Percentage of foreign national directors	%	—	—	10.0	10.0	**9.1**
Whistleblowing cases	Cases	6	17	14	12	**18**

* 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 nine 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.

ESG ratings

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

Climate CDP A List 2025

ESG index inclusion status

- MSCI Japan ESG Select Leaders Index

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDE

- FTSE4Good Index Series

FTSE4Good

- FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Index

- FTSE JPX Blossom Japan Sector Relative Index

FTSE JPX Blossom Japan Sector Relative Index

- Sompo Sustainability Index

2026 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 JPX Blossom Japan Index, and FTSE JPX Blossom Japan Sector Relative Index.

Dialogues with Shareholders and Investors

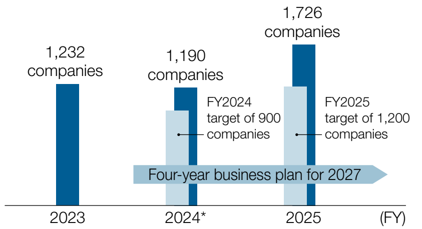
Major IR events and status of dialogue with shareholders and investors

We have continued to hold quarterly financial results briefings attended by the President and CEO and the CFO, and to invite executive officers responsible for business divisions to participate in semiannual briefings. In addition, we hold IR Day once a year, focusing on topics of high interest to investors, where executives responsible for business divisions and ESG provide explanations and engage in dialogue. From fiscal 2025, we have also established new opportunities for dialogue with outside directors, strengthening our framework to link investor interests with discussions at the Board of Directors and related disclosures.

Track record of IR meetings

In fiscal 2025, in addition to one-on-one meetings, we actively participated in conferences hosted by securities companies within and outside Japan. To respond to increasing demand for dialogue from a broader range of investors, we further utilized online group meetings involving multiple participants, resulting in a significant increase in the number of companies engaged in dialogue.

As a result, the cumulative number of shareholder and investor engagements reached 1,726, exceeding the annual engagement target of 1,200 companies set for each year during the four-year business plan for 2027.



* As fiscal 2024 was a transitional period due to a change in the fiscal year-end, the figures cover the nine-month period from April 1 to December 31, 2024.

Major themes and areas of interest

Through dialogue with shareholders and investors, we have received feedback and areas of interest centered on the following topics.

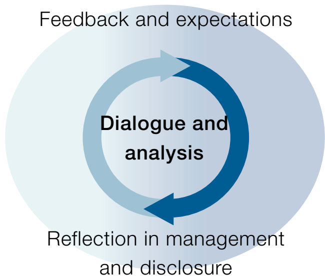
Categories	Major themes and areas of interest
Management policy/ Management strategy	• Medium- to long-term management policies and management strategy • Initiatives toward achieving the long-term vision for 2030 • Progress on the four-year business plan for 2027 • Business portfolio • Business models
Business environment/ Growth strategy	• Market environment and outlook • Growth strategies • Competitive advantages
Financial strategy/ Investment policy	• Policies on growth investments and returns • Cash allocation • Shareholder returns
ESG	• Progress on materiality and KPIs • Composition and effectiveness of the Board of Directors

Framework for feedback to the Board of Directors and reflection in management

The content of dialogues with shareholders and investors is categorized by business division and theme, and analyzed from both quantitative and qualitative perspectives. The results are reported to the management team and the Board of Directors twice a year. Frequently raised topics are identified as key issues and discussed, and reflected in capital policy, business strategy, and disclosure policy. We will continue to connect insights obtained through dialogue to discussions at the Board of Directors, thereby improving management practices and enhancing the quality of disclosure.

Key expectations and requests from shareholders and investors

- Approach to growth investment and investment criteria (investment decision-making process and hurdle rates)
- Investment return management (post-investment monitoring and review)
- Enhancement of shareholder returns
- Share repurchases
- Independence and diversity of the Board of Directors
- Tenure of outside directors
- Disclosure on environmental and climate-related initiatives



Actions taken based on dialogue (fiscal 2025)

- Established Group Investment Management Regulations, clarifying investment criteria and decision-making processes
- Increased the ratio of outside directors to a majority (from 5/10 in fiscal 2024 to 6/11 in fiscal 2025)
- Increased the number of female directors from one to two, enhancing diversity of the Board of Directors
- Newly established opportunities for dialogue between outside directors and shareholders, with an outside director participating in IR Day to share perspectives on governance effectiveness, capital efficiency, and other
- Expanded disclosure based on the TNFD recommendations and strengthened environmental initiatives

Company Profile (as of December 31, 2025)

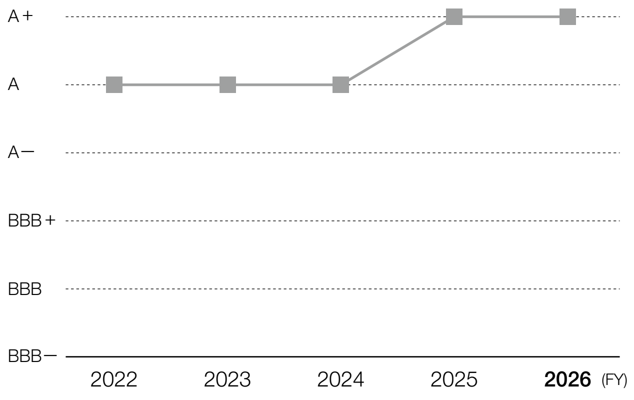
Company profile

Company name	Daifuku Co., Ltd.
Established	May 20, 1937
Paid-in capital	31,865.3 million yen
Employees	11,417 (consolidated)
Osaka Headquarters	3-2-11 Mitejima, Nishiyodogawa-ku Osaka 555-0012, Japan

Stock information

Securities code	6383
Stock exchange listing	Prime Market of Tokyo Stock Exchange
Total number of shares issued	379,830,231 shares
Number of shareholders	32,924
Stock transfer agent	Sumitomo Mitsui Trust Bank, Limited

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

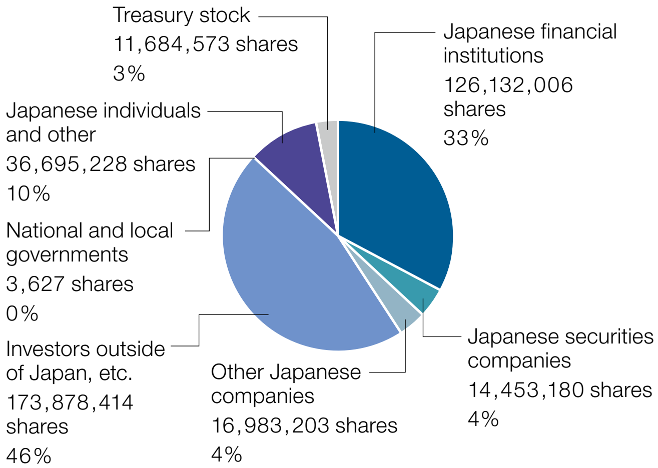


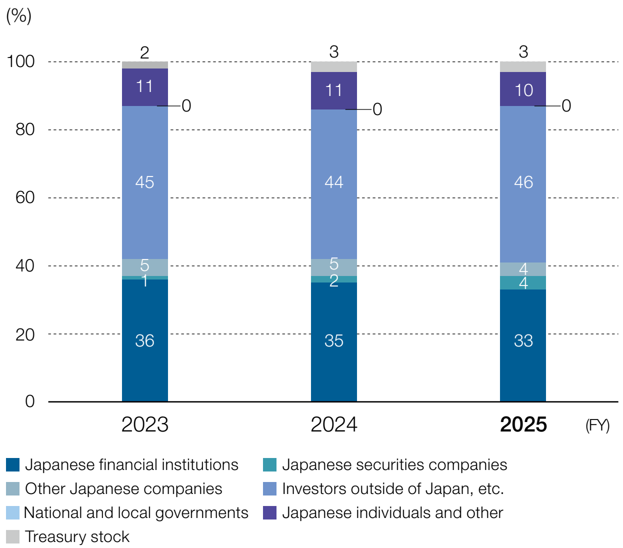
Major shareholders

Name	Percentage of shares held to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	14.22
Custody Bank of Japan, Ltd. (Trust Account)	8.63
STATE STREET BANK AND TRUST COMPANY 505025	2.69
Mizuho Bank, Ltd.	2.52
Daifuku Supplier Shareholder Association	2.37
Nippon Life Insurance Company	2.24
STATE STREET BANK AND TRUST CO MPANY 505038	1.83
BNYM AS AGT/CLTS 10 PERCENT	1.82
Chuo-Nittochi Co., Ltd.	1.81
STATE STREET BANK AND TRUST COMPANY 505001	1.77

Note: The Company holds 11,684,573 shares of treasury stock, but the shareholding ratio is calculated after deducting treasury stock from number of shares issued.

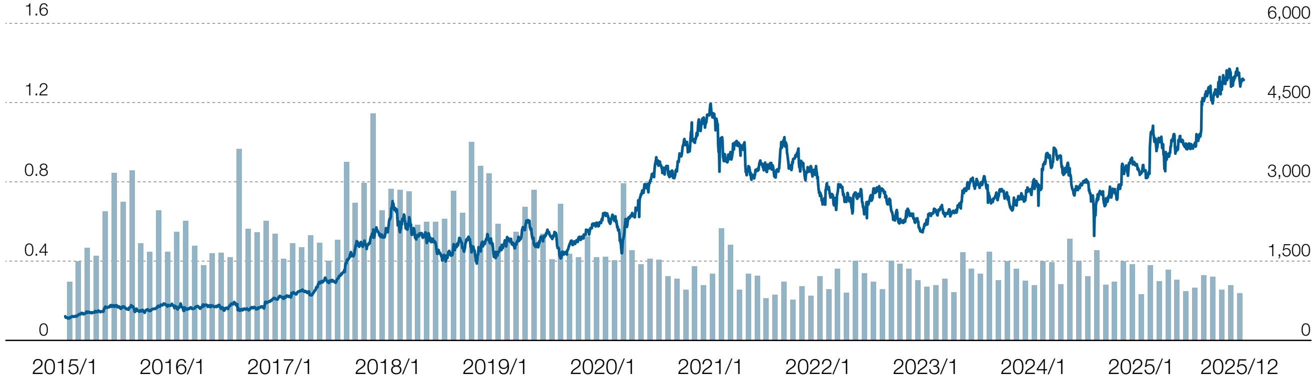
Shareholder distribution





Company Profile

Ten-year stock price and trading volume



Highest and lowest stock price for the year

	2020	2021	2022	2023	2024	2025
Year-end stock price (Yen)	3,613	2,930	2,443	3,584	3,300	4,928
Highest stock price (Yen)	4,476	3,850	2,459	3,678	3,630	5,312
Lowest stock price (Yen)	2,113.3	2,470	2,412	2,349	1,954.5	3,048

Stock-related data

	2020	2021	2022	2023	2024	2025
Year-end market capitalization (Billion yen)	1,372.4	1,112.9	927.9	1,361.3	1,253.4	1,871.8
Price book-value ratio (Times)	5.3	3.8	2.8	3.7	3.0	4.0
Price earnings ratio (Times)	42.2	30.9	22.4	29.5	21.4	23.2

Total shareholder return (including dividends)

	2020	2021	2022	2023	2024	2025
Daifuku Co., Ltd.	159.4	130.8	111.1	162.8	152.8	227.5
TOPIX	142.1	145.0	153.4	216.8	221.0	277.3
TOPIX (Machinery)	159.9	153.9	167.1	244.3	242.3	317.4

Notes: 1. Figures are calculated, assuming that the stock split (from one to three shares) was conducted at the beginning of fiscal 2014.
2. Fiscal 2024, a transitional period to implement the change in the fiscal year-end, reflects results for nine months in Japan (from April to December 2024) and 12 months outside Japan (from January to December 2024).
3. Total shareholder return (including dividends) is calculated based on the end of fiscal 2019 as the base date.

On publication of this integrated report

The Daifuku Group is working to create new value in line with its long-term vision, Driving Innovative Impact 2030.

In fiscal 2025, demand for automation further increased across all business divisions, driven by labor shortages and accelerating digitalization. As a result, the Group steadily advanced along its growth trajectory. Based on this progress, we have updated both our long-term vision and four-year business plan for 2027, raising our targets, including those for profitability.

Reflecting these initiatives and our growth potential, expectations from the capital markets are rising for medium- to long-term growth that goes beyond the achievement of our plans.

The purpose of this report is to provide shareholders, investors, and other stakeholders with a clear understanding of the Daifuku Group's approach to value creation and the specific initiatives supporting it.

For the 2026 edition, under our new CEO, we adopted an editorial policy that reflects our commitment to being "future-oriented," pursuing "new initiatives," and moving with "speed" to drive growth. We also sought to more clearly present the value creation initiatives being advanced by our C-suite and the heads of each business.

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
Managing Officer
Corporate Communications Division Manager

DAIFUKU CO., LTD.

www.daifuku.com

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