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Annual Securities Report

The 110th Business Term (Fiscal 2025)
From January 1, 2025 to December 31, 2025

DAIFUKU

DAIFUKU CO., LTD.

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[Fiscal year]	The 110th fiscal year (from January 1, 2025 to December 31, 2025)
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Part 1. Company Information

I. Overview of the Company

1. Key Financial Data

(1) Key financial data of the Daifuku Group

Fiscal year	105th	106th	107th	108th	109th	110th
Fiscal year ended	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024	December 31, 2025
Net sales (million yen)	473,902	512,268	601,922	611,477	563,228	660,724
Ordinary income (million yen)	45,846	51,253	59,759	64,207	74,498	104,649
Net income attributable to shareholders of the parent company (million yen)	32,390	35,877	41,248	45,461	57,086	78,096
Comprehensive income (million yen)	33,345	46,368	53,556	60,409	67,817	77,764
Net assets (million yen)	262,012	292,059	332,323	358,755	398,424	451,560
Total assets (million yen)	445,456	483,322	551,552	646,154	688,707	754,211
Net assets per share (yen)	680.02	769.13	878.24	966.98	1,082.71	1,228.00
Net income per share (yen)	85.71	94.90	109.11	121.63	154.21	212.39
Diluted net income per share (yen)	-	-	-	118.45	147.11	202.51
Equity ratio (%)	57.7	60.2	60.2	55.5	57.8	59.9
Return on equity (%)	13.2	13.1	13.2	13.2	15.1	18.4
Price-earnings ratio (times)	42.2	30.9	22.4	29.5	21.4	23.2
Cash flows from operating activities (million yen)	38,229	56,691	20,034	37,117	116,129	76,137
Cash flows from investing activities (million yen)	(6,132)	(9,828)	(11,874)	(29,582)	(2,393)	(24,299)
Cash flows from financing activities (million yen)	(8,932)	(27,550)	(30,187)	22,732	(36,820)	(27,350)
Cash and cash equivalents at end of year (million yen)	94,079	118,672	102,389	136,445	220,395	245,256
Number of employees (persons)	11,697	12,436	13,020	13,071	11,042	11,417

- Notes: 1. The number of employees represents the number of persons actually working at the Group.
2. Diluted net income per share for the 105th, 106th, and 107th fiscal years is not recorded, as dilutive shares do not exist.
3. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 106th fiscal year. Key financial data from the 106th fiscal year onward reflect these accounting standards.
4. The Company conducted a three-for-one split of its common stock effective April 1, 2023. Net assets per share and net income per share are calculated, assuming that the stock split was conducted at the beginning of the 105th fiscal year.
5. Effective with the resolution passed at the 108th Ordinary General Meeting of Shareholders held on June 21, 2024, the fiscal year-end of the Company has been changed from March 31 to December 31. Accordingly, the 109th fiscal year ran for nine months from April 1, 2024 to December 31, 2024.

(2) Key financial data of Daifuku Co., Ltd.

Fiscal year		105th	106th	107th	108th	109th	110th
Fiscal year ended		March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	December 31, 2024	December 31, 2025
Net sales	(million yen)	239,592	266,460	290,278	274,535	216,785	287,364
Ordinary income	(million yen)	36,811	39,831	45,543	47,246	34,879	66,613
Net income	(million yen)	26,039	28,652	34,053	33,223	29,250	55,611
Common stock	(million yen)	31,865	31,865	31,865	31,865	31,865	31,865
Total number of shares issued	(thousand shares)	379,830	379,830	379,830	379,830	379,830	379,830
Net assets	(million yen)	204,574	221,919	244,570	247,446	246,588	275,370
Total assets	(million yen)	301,560	330,068	349,892	400,580	396,926	433,564
Net assets per share	(yen)	541.18	587.01	646.91	667.60	670.65	748.88
Dividend per share	(yen)	80.00	90.00	110.00	40.00	55.00	78.00
[Interim dividend per share included above]	(yen)	[30.00]	[35.00]	[40.00]	[14.00]	[23.00]	[34.00]
Net income per share	(yen)	68.91	75.79	90.08	88.89	79.02	151.24
Diluted net income per share	(yen)	-	-	-	86.51	75.24	144.10
Equity ratio	(%)	67.8	67.2	69.9	61.8	62.1	63.5
Return on equity	(%)	13.3	13.4	14.6	13.5	11.8	21.3
Price-earnings ratio	(times)	52.4	38.7	27.1	40.3	41.8	32.6
Payout ratio	(%)	38.7	39.6	40.7	45.0	69.6	51.6
Number of employees	(persons)	3,042	3,202	3,375	3,509	3,691	3,858
[Average number of temporary employees not included above]	(persons)	[449]	[432]	[381]	[335]	[263]	[228]
Total shareholder return	(%)	159.4	130.8	111.1	162.8	152.8	227.5
[Benchmark: TOPIX Total Return Index]	(%)	[142.1]	[145.0]	[153.4]	[216.8]	[221.0]	[277.3]
Highest share price	(yen)	13,500	11,550	2,459 [8,820]	3,678	3,630	5,312
Lowest share price	(yen)	6,340	7,410	2,412 [6,090]	2,349	1,954.5	3,048

Notes: 1. The number of employees represents the number of persons actually working at the Company.

2. Diluted net income per share for the 105th, 106th, and 107th fiscal years is not recorded, as dilutive shares do not exist.

3. The highest and lowest share prices are quoted prices on the Tokyo Stock Exchange Prime Market on and after April 4, 2022, and on the First Section of the Tokyo Stock Exchange on and before April 3, 2022.

4. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the 106th fiscal year. Key financial data from the 106th fiscal year onward reflect these accounting standards.

5. The Company conducted a three-for-one split of its common stock effective April 1, 2023. Therefore, the total number of shares issued, net assets per share, and net income per share are calculated, assuming that the stock split was conducted at the beginning of the 105th fiscal year, while the dividend per share is calculated based on the number of shares before the stock split. The highest and lowest share prices for the 107th fiscal year are stated after ex-rights due to the stock split, and the highest and lowest share prices before the stock split are shown in brackets.

6. Effective with the resolution passed at the 108th Ordinary General Meeting of Shareholders held on June 21, 2024, the fiscal year-end of the Company has been changed from March 31 to December 31. Accordingly, the 109th fiscal year ran for nine months from April 1, 2024 to December 31, 2024.

2. History

Month/Year	Summary
May 1937	Founded as Sakaguchi Kikai Seisakusho Ltd. with 300,000 yen in capital.
July 1939	Establishes the Mitejima Factory (now Osaka Headquarters location).
May 1941	Kanematsu Shoten (now Kanematsu Corporation) joins the Company's management.
March 1944	Changes Company name to Kanematsu Kiko Co., Ltd. Establishes Tokyo Sales Office (now Tokyo Head Office).
March 1945	Establishes the Fukuchiyama Factory (located in Fukuchiyama City, Kyoto).
August 1947	Changes Company name to Daifuku Machinery Works Co., Ltd.
October 1953	Separates the Fukuchiyama Factory to establish Fukuchiyama Daifuku Machinery Works Co., Ltd.
April 1957	Sells Fukuchiyama Daifuku Machinery Works Co., Ltd.
October 1961	Listed on the Second Section of the Osaka Securities Exchange.
July 1962	Listed on the Second Section of the Tokyo Stock Exchange.
January 1963	Inaugurates the Komaki Plant (now Komaki Works).
October 1968	Listed on the Second Section of the Nagoya Stock Exchange.
August 1969	Listed on the First Section of the Tokyo, Osaka and Nagoya Stock Exchanges.
April 1975	Establishes Contec Co., Ltd. Inaugurates the Hino Plant (now Shiga Works).
February 1983	Establishes Daifuku U.S.A. Inc. (now Daifuku Automotive America Corporation).
May 1984	Changes Company name to Daifuku Co., Ltd.
May 1985	Establishes Daifuku Canada Inc.
January 1986	Establishes Daifuku Mechatronics (Singapore) Pte. Ltd.
May 1991	Establishes Daifuku (Thailand) Limited.
January 1993	Establishes a Taiwan-based subsidiary (now Taiwan Daifuku Co., Ltd.).
June 1994	Opens a material handling and logistics demo center, <i>Hini Arata Kan</i> , within Shiga Works. Establishes Daifuku (Malaysia) Sdn. Bhd.
February 1995	Acquires shares of Taiwan-based Pioneer Automation Co., Ltd. (Daifuku Pioneer Co., Ltd. in April 1996) (now Taiwan Daifuku Co., Ltd.) to make it a subsidiary.
April 1995	Establishes Clean Factomation, Inc. in South Korea. Establishes P.T. Daifuku Indonesia.
December 1996	Establishes Daifuku Magic Technology Corporation (now Daifuku Plusmore Co., Ltd.).
April 1997	Establishes ATS Co., Ltd. (now Daifuku Korea Co., Ltd.).
February 1999	Establishes Daifuku Business Service Corporation.
March 1999	Relocates the Osaka Plant functions to Shiga Works.
March 2000	Establishes Daifuku Unix Corporation by merging two Japanese affiliates, Daifuku Magic Technology Corporation and Unix Corporation.
March 2002	Establishes Daifuku (Shanghai) Ltd. (now Daifuku (China) Co., Ltd.).
March 2003	Establishes Daifuku Qubica Ltd. (Daifuku QubicaAMF Co., Ltd. in December 2006, acquiring shares of QubicaAMF Worldwide LLC) (now Daifuku Plusmore Co., Ltd.).
April 2004	Acquires the material handling business from KITO CORPORATION.
June 2004	Delisted from the First Section of the Nagoya Stock Exchange.
April 2005	Establishes Daifuku Manufacturing Expert Co., Ltd. (now Daifuku Manufacturing Technology Co., Ltd.).
July 2005	Establishes Daifuku Carwash-Machine (Shanghai) Ltd. (now Daifuku (China) Manufacturing Co., Ltd.).
August 2005	Establishes Taiwan Daifuku Co., Ltd.
September 2005	Establishes Jiangsu Daifuku Rixin Automation Co., Ltd. (now Daifuku (China) Automation Co., Ltd.).
October 2005	Establishes Daifuku India Private Limited.
October 2006	Relocates the Komaki Plant (now Komaki Works) functions to Shiga Works.
March 2007	Contec Co., Ltd. listed on the Second Section of the Tokyo Stock Exchange.
December 2007	Acquires shares of U.S.-based Jervis B. Webb Company (now Daifuku Airport America Corporation) to make it a subsidiary.
January 2008	Integrates two affiliates in Taiwan leading to Taiwan Daifuku Co., Ltd. Acquires shares of Osaka Machinery Works Co., Ltd. to make it a subsidiary (absorbed by Daifuku Manufacturing Technology Co., Ltd. in March 2011).
April 2009	Establishes Daifuku Plusmore Co., Ltd. by merging two Japanese affiliates, Daifuku QubicaAMF Co., Ltd. and Daifuku Unix Corporation.

Month/Year	Summary
January 2011	Acquires the car wash machine business from YASUI Corporation. Establishes Daifuku Webb Holding Company (now Daifuku North America, Inc.) in the United States to oversee two affiliates, Daifuku America Corporation (now Daifuku Automotive America Corporation) and Jervis B. Webb Company (now Daifuku Airport America Corporation).
March 2011	Establishes Daifuku Manufacturing Technology Co., Ltd. by merging two Japanese affiliates, Daifuku Manufacturing Expert Co., Ltd. and Osaka Machinery Works Co., Ltd.
April 2011	Acquires shares of Logan Teleflex (UK) Ltd. (now Daifuku Airport UK Ltd.) to make it a subsidiary.
April 2012	Acquires the cleanroom material handling system service business from Hitachi Plant Technologies, Ltd.
August 2012	Acquires shares of South Korea-based Hallim Machinery Co., Ltd. to make it a subsidiary.
November 2012	Daifuku Webb Holding Company (now Daifuku North America, Inc.) acquires shares of Elite Holding Company (now Daifuku Services America Corporation) to make it a subsidiary. Establishes Daifuku (Suzhou) Cleanroom Automation Co., Ltd. in China.
January 2013	Establishes Daifuku de México, S.A. de C.V.
July 2013	Delisted from the First Section of the Osaka Securities Exchange, in line with the integration of cash equity market of Osaka Securities Exchange into the Tokyo Stock Exchange.
October 2013	Daifuku Webb Holding Company (now Daifuku North America, Inc.) acquires shares of Wynright Corporation (now Daifuku Intralogistics America Corporation) to make it a subsidiary.
November 2013	Begins operations of the Daifuku Shiga Mega Solar within Shiga Works.
December 2014	Acquires shares of New Zealand-based BCS Group Limited (now Daifuku Oceania Limited) to make it a subsidiary.
December 2017	Establishes Daifuku Europe GmbH in Germany.
April 2019	Acquires shares of Vega Conveyors and Automation Private Limited (now Daifuku Intralogistics India Private Limited) to make it a subsidiary.
June 2019	Acquires shares of Scarabee Aviation Group B.V. (now Daifuku Airport Netherlands Group B.V.) to make it a subsidiary.
August 2019	Establishes Daifuku Intralogistics Vietnam Company Limited.
March 2022	Conducts a public tender offer for the listed subsidiary Contec Co., Ltd. (delisted from the Tokyo Stock Exchange in April 2022).
April 2022	Listed on the Prime Market of the Tokyo Stock Exchange, shifting from the First Section, along with a change in the market classification.
June 2024	Changes its accounting period from April 1 to March 31 to January 1 to December 31 of every year. The fiscal year ended December 2024, a transitional period to implement the change in the fiscal year-end, ran for nine months.

3. Description of Business

The following outlines the main business of the Daifuku Group and the position of Group companies in relation to our business.

Daifuku Co., Ltd.

Daifuku Co., Ltd. engages primarily in manufacturing and sales of material handling systems and equipment, and car wash machines and after-sales services for them.

The Company purchases the electronics to be incorporated into its products from Contec Co., Ltd., and entrusts the designing and manufacturing of logistics systems to consolidated companies in Japan, such as Daifuku Manufacturing Technology Co., Ltd.

Contec Co., Ltd. and its subsidiaries (Contec)

Contec Co., Ltd. and its consolidated companies develop, manufacture and sell personal computer peripheral devices, industrial computers and network equipment and provide after-sales services for them.

Daifuku North America, Inc. and its subsidiaries (Daifuku North America)

Daifuku North America, Inc. and its consolidated companies manufacture and sell material handling systems and equipment mainly in North America and provide after-sales services for them.

Clean Factomation, Inc.

Clean Factomation, Inc. manufactures and sells cleanroom transport systems mainly to semiconductor manufacturers in South Korea and provides after-sales services for them.

Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

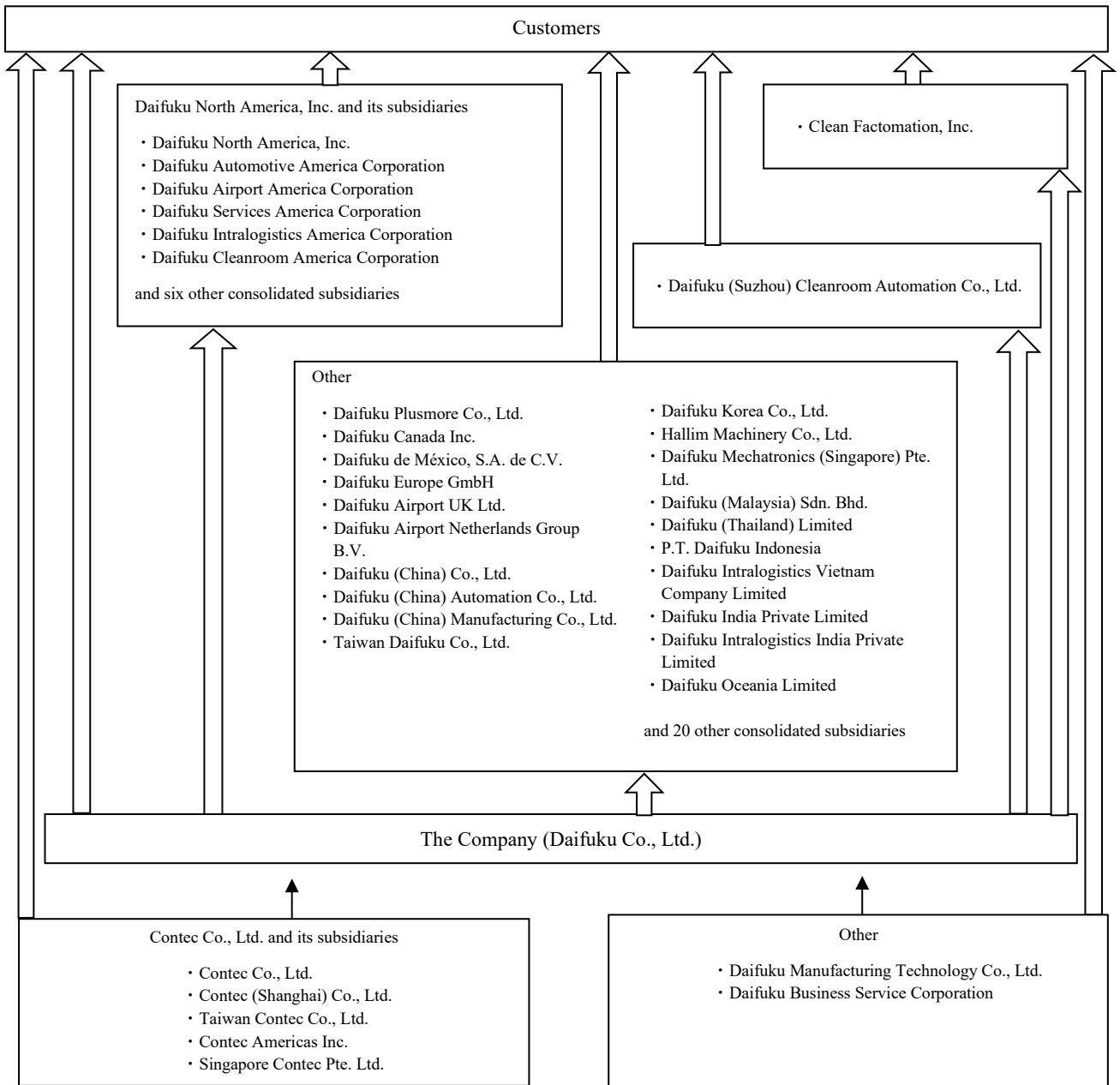
Daifuku (Suzhou) Cleanroom Automation Co., Ltd. manufactures and sells cleanroom transport systems mainly to semiconductor manufacturers in China and provides after-sales services for them.

Other

Other consolidated companies combine the components of material handling systems delivered by the Company and other parts locally produced or procured to sell, install and provide after-sales services.

The following diagram illustrates the structure of our business.

Business Diagram



- Flow of consignment (e.g. installation, production, and manufacturing)
- ⇨ Flow of products

4. Subsidiaries and Other Affiliated Entities

Consolidated subsidiaries

Name	Address	Common stock	Principal business	Daifuku's percentage of voting rights (%)	Concurrent appointments of officers	Loans	Business transactions with the Company	Remarks
Contec Co., Ltd.	Nishiyodogawa-ku, Osaka, Japan	JPY 450 million	Manufacturing and sales of electronics, etc.	100.0	-	Yes	Manufacturing of the Company's electronic components	
Daifuku North America, Inc.	Michigan, U.S.A.	USD 2,010	A holding company with operating companies that manufacture and sell logistics systems, etc.	100.0	1	No	Manufacturing and sales of the Company's products	
Daifuku Intralogistics America Corporation	Indiana, U.S.A.	USD 10	Manufacturing and sales of logistics systems, etc.	100.0 [100.0]	-	No	Manufacturing and sales of the Company's products	Notes 1 and 3
Daifuku Canada Inc.	Ontario, Canada	CAD 400 thousand	Sales of logistics systems, etc.	100.0	-	No	Sales of the Company's products	
Daifuku Europe GmbH	Moenchengladbach, Germany	EUR 500 thousand	Sales of logistics systems, etc.	100.0	-	No	Sales of the Company's products	
Daifuku Mechatronics (Singapore) Pte. Ltd.	Techplace, Singapore	SGD 500 thousand	Sales of logistics systems, etc.	100.0	-	No	Sales of the Company's products	
Daifuku (Thailand) Limited	Sriracha, Thailand	THB 152,700 thousand	Manufacturing and sales of logistics systems, etc.	100.0	-	No	Manufacturing and sales of the Company's products	
Daifuku Korea Co., Ltd.	Incheon Metropolitan City, South Korea	KRW 11,100 million	Manufacturing and sales of logistics systems, etc.	100.0	-	No	Manufacturing and sales of the Company's products	
Clean Factomation, Inc.	Hwaseong, Gyeonggi, South Korea	KRW 3,000 million	Manufacturing and sales of logistics systems, etc.	100.0	1	No	Manufacturing and sales of the Company's products	
Daifuku (China) Co., Ltd.	Shanghai, China	CNY 112,482 thousand	Sales of logistics systems, etc.	100.0	1	No	Sales of the Company's products	
Daifuku (China) Automation Co., Ltd.	Changshu, Jiangsu, China	CNY 267,353 thousand	Manufacturing and sales of logistics systems, etc.	100.0 [44.5]	1	No	Manufacturing and sales of the Company's products	Notes 1 and 2
Daifuku (China) Manufacturing Co., Ltd.	Shanghai, China	CNY 66,333 thousand	Manufacturing and sales of logistics systems, etc.	100.0 [51.0]	1	No	Manufacturing and sales of the Company's products	Note 1
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	Suzhou, Jiangsu, China	CNY 122,842 thousand	Manufacturing and sales of logistics systems, etc.	100.0	2	No	Manufacturing and sales of the Company's products	
Taiwan Daifuku Co., Ltd.	Tainan, Taiwan	TWD 200,000 thousand	Manufacturing and sales of logistics systems, etc.	100.0	-	No	Manufacturing and sales of the Company's products	
Daifuku Oceania Limited	Auckland, New Zealand	NZD 32,711 thousand	Manufacturing and sales of logistics systems, etc.	100.0	-	Yes	Manufacturing and sales of the Company's products	
46 other companies								

- Notes: 1. The figure in brackets in the “Daifuku’s percentage of voting rights (%)” column shows the percentage of the voting rights the Company holds indirectly, which is included in the figure without brackets.
2. Is a specified subsidiary.
3. Net sales (excluding intersegment sales between consolidated companies) represent more than 10% of consolidated net sales.

Key financial information is as follows.

Daifuku Intralogistics America Corporation

(1) Net sales	66,893 million yen
(2) Ordinary income	12,524 million yen
(3) Net income	9,532 million yen
(4) Net assets	39,685 million yen
(5) Total assets	66,267 million yen

5. Employees

(1) Information about consolidated companies

As of December 31, 2025

Segment	Number of employees
Daifuku Co., Ltd.	3,858
Contec Co., Ltd. and its subsidiaries	475
Daifuku North America, Inc. and its subsidiaries	2,965
Clean Factomation, Inc.	920
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	273
Other	2,926
Total	11,417

Note: The number of employees represents the number of persons actually working at the Group.

(2) Information about reporting company

As of December 31, 2025

Number of employees	Average age	Average years of service	Average annual salary (yen)
3,858 [228]	41.6	14.7	9,179,854

- Notes: 1. The number of employees represents the number of persons actually working at the Company.
2. Average annual salary includes bonuses and extra wages.
3. The figure shown in bracket in the “Number of employees” indicates the annual average number of temporary employees for the period, not included in the figure outside the bracket.
4. Temporary employees include those working under a fixed-term employment, and exclude staff dispatched from other companies.
5. We cannot obtain birth dates and other information of some employees at branches outside of Japan. Thus, they are excluded from the population for the calculation of average age.

(3) Labor union

The Group has Daifuku Union that was organized in February 1948. As of December 31, 2025, the union has 2,812 members.

Labor and management have maintained an extremely good relationship since the organization, working together for the development of the Group’s business.

(4) Percentage of female employees in management positions, percentage of male employees taking childcare leave, and differences in wages between male and female employees

		Fiscal year ended December 31, 2025					
		Percentage of female employees in management positions (Note 1)	Status of male employees taking childcare leave, etc. (Note 2)		Difference in wages between men and women (Note 1)		
			Percentage taking childcare leave	Average number of days of leave taken per employee	All employees	Of which regular employees	Of which non-regular employees
i. Reporting company	Daifuku Co., Ltd.	6.9%	85.5%	55 days	74.0%	77.5%	69.8%
ii. Consolidated subsidiary	Contec Co., Ltd.	6.0%	100.0%	53 days	67.1%	77.5%	86.9%

- Notes: 1. The percentages are calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64, 2015). Regarding the difference in wages between men and women, the wage system is the same for both men and women, and there is no difference in wages between men and women with equivalent duties and positions. The main reason for the difference is the difference in the proportion of male and female employees in management positions. Initiatives to increase the ratio of female employees in management positions are described in "II. Overview of Business, 2. Sustainability Policies and Initiatives, (4) Human capital strategies, metrics, and targets." We believe that, going forward, promotion of appointment of female managers will reduce the difference in wages between men and women. The difference in wages between men and women in management positions for the fiscal year ended December 31, 2025 is 90.3%.
2. Based on the provisions of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76, 1991), the percentages show those of workers who took childcare leave and leave for childcare purposes as defined in Article 71-6, Item 2 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ministry of Labour Ordinance No. 25, 1991).

II. Overview of Business


1. Management Policy, Management Environment, and Issues to Address

All forward-looking statements herein represent the Group’s views as of the filing date of the Annual Securities Report.

(1) Management philosophy

Led by the company creed, “Hini Arata,” which represents our stance of constant daily evolution, and our management philosophy, “Automation that Inspires,” we engage in business activities, aiming to inspire society, deliver prosperity and enhance well-being through our core competence—automated material handling technology. We have established the following set of Corporate Policies, including our Group Code of Conduct, that defines the fundamental principles officers and employees of the Group should follow.

Corporate Policies

Company Creed	
	<p>Today we are doing better than we were yesterday. Tomorrow we will be growing ahead of where we are today.</p>
Management Philosophy	
<p>Automation that Inspires</p> <p>Inspire society, deliver prosperity and enhance well-being through our core competence—automated material handling technology.</p> <p>We will</p> <ol style="list-style-type: none"> 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	
<p>Basic Stance</p> <p>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.</p>	

Outline of Driving Innovative Impact 2030 and four-year business plan for 2027

To achieve a next round of growth and enhancement of corporate value, we have formulated “Driving Innovative Impact 2030,” which is our long-term vision for 2030 (hereinafter referred to as the “2030 Long-Term Vision”), and the “four-year business plan for 2027,” a business plan whose final year is the fiscal year ending December 31, 2027, which also serves as a midpoint of our overall goals for 2030 (hereinafter referred to as the “2027 Plan”). Initiatives are underway for the achievement of these targets.

Driving Innovative Impact 2030

Our 2030 Long-Term Vision encompasses our strong desire to achieve even greater economic and social value by strengthening our initiatives with new future-oriented ideas and trailblazing groundbreaking change for our stakeholders.

Concepts for the formulation

1. From short-term to long-term oriented

We first produced our vision of society and identified issues in the future, and used backcasting to formulate our 2030 Long-Term Vision. Then, we set the 2027 Plan as a midpoint toward 2030.

2. Balancing economic value and social value

We integrated the two, laying out goals that take both business and sustainability perspectives into account, and we formulated measures and roadmaps to achieve them.

2030 Long-Term Vision and management targets for 2027

		2030 Long-Term Vision	Management targets for 2027
Economic value	Consolidated net sales	1 trillion yen	800.0 billion yen
	Operating margin	12.5%*	11.5%*
	ROE	13.0%*	13.0%*
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.	

* Based on actual results and progress through the 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 “Revision of the 2030 Long-Term Vision and the 2027 Plan.”

Priority domains, frameworks, and topics

To achieve the enhancement of economic and social value, we established priority frameworks and topics for the following domains, taking into consideration the challenges from Value Transformation 2023, the previous business plan (April 2021–March 2024), the business environment, and social sustainability, and we are implementing various measures accordingly.



For more information on the 2030 Long-Term Vision and the 2027 Plan, please refer to “Notice of Formulation of Driving Innovative Impact 2030 and Four-Year Business Plan for 2027,” announced on May 10, 2024:

https://www.daifuku.com/ir/assets/20240510_03e.pdf

For details about the initiatives for priority topics, please refer to “Priority topics and KPIs in the 2027 Plan” or the following webpage:

<https://www.daifuku.com/sustainability/management/materiality>

Status of progress for the fiscal year ended December 31, 2025

	Results for the fiscal year ended March 31, 2024, the final fiscal year of the previous business plan	Results for the fiscal year ended December 31, 2025, the second year of the 2027 Plan	Targets for the fiscal year ending December 31, 2027, the final fiscal year of the 2027 Plan
Consolidated net sales	611.4 billion yen	660.7 billion yen	800.0 billion yen
Operating margin	10.2%	15.3%	11.5%
ROE	13.2%	18.4%	13.0%

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 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.

Revision of the 2030 Long-Term Vision and the 2027 Plan

Based on the fact that the operating margin and ROE results for the fiscal year ended December 31, 2025 reached levels that significantly exceeded the final year targets of the 2027 Plan, we made updates as follows by revising the targets upward on February 12, 2026.

Revision of the 2030 Long-Term Vision and management targets (economic value)

	2030 Long-Term Vision		Management targets for 2027	
	Initially planned	Revised targets	Initially planned	Revised targets
Consolidated net sales	1 trillion yen	Unchanged	800.0 billion yen	Unchanged
Operating margin	12.5%	15.0%	11.5%	15.0%
Operating income	125.0 billion yen	150.0 billion yen	92.0 billion yen	120.0 billion yen
ROE	13.0%	17.0%	13.0%	17.0%

For details on the updates to the 2030 Long-Term Vision and the 2027 Plan, please refer to “Notice of Revision of Driving Innovative Impact 2030 and Four-Year Business Plan for 2027,” announced on February 12, 2026.

https://www.daifuku.com/ir/assets/20260212_04e.pdf

Outcome for the fiscal year ended December 31, 2025 and next challenges

Outcome
<ul style="list-style-type: none"> ■ Enhanced our profit structure <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - Achieved order growth for intralogistics systems for amid labor shortages and soaring labor costs - Achieved order growth for cleanroom systems amid an upsurge in demand for semiconductors for generative AI and economic security concerns - Achieved order growth for airport systems amid increased airport investments to address growing passenger numbers and labor shortages ■ Implemented strategic investments aimed at strengthening our global production framework <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - Expanded our R&D centers to strengthen advanced technology development - Made investments to raise awareness and enhance brand power

Next challenges
<ul style="list-style-type: none"> ■ Accelerating advanced technology and new business development <ul style="list-style-type: none"> - 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 strategies <ul style="list-style-type: none"> - 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 <ul style="list-style-type: none"> - Continuing production innovation and cost reduction initiatives - Improving project management accuracy - Revamping operational processes

Priority topics and KPIs in the 2027 Plan

Framework: Evolving existing businesses, expanding into new areas, developing next-generation solutions

We are strengthening the development of products and solutions that incorporate advanced technologies as well as our proposals aimed at new markets and meeting customer needs. We are making steady progress toward achieving the targets set for each business unit.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Development utilizing advanced technologies including AI	Introduction of cutting-edge technology to products and services	Global	<ul style="list-style-type: none"> - Improve system efficiency and energy-saving performance using AI and battery technologies - Establish predictive maintenance using AI and IoT technologies 	<ul style="list-style-type: none"> - 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	Global	160.0 billion yen	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	Global	<ul style="list-style-type: none"> - Develop systems for new areas - Cultivate new customers and expand business areas globally - Develop next-generation solutions 	<ul style="list-style-type: none"> - 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

Framework: Establishing a system to bolster growth

We are taking steps for the cultivation of human resources who will lead further growth of the Group and future-oriented technical development. We are also maintaining capital investments in Japan, the United States, and India, as well as investments for digitalization and expansion of our human capital.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Investment and platform fortification for innovation creation	Investment in areas of growth *1	Global	- Invest approximately 160.0 billion yen (cumulative total from the fiscal year ended December 31, 2024, to the fiscal year ending December 31, 2027)	- Invested in areas of growth: 74.8 billion yen (cumulative total from the fiscal year ended December 31, 2024, to the fiscal year ended December 31, 2025; of which results for the fiscal year ended December 31, 2025: 48.4 billion yen)
	Cultivation of human resources proficient in AI and other digital skills		- Implement Company-wide training, including e-learning (rolled out incrementally to all employees) - Cultivate data scientists and other specialized human resources (cumulative from the fiscal year ended December 31, 2024, to the fiscal year ending December 31, 2027: 180 people)	- 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.		- Continue consideration of M&A and alliances - Carry out development through joint research and collaboration with universities and companies	- Considered and conducted research and development on next-generation technologies with multiple universities, research institutes, and companies

Framework: Financial strategies to bolster our business

For details, please refer to the section, “4. Management’s Discussion and Analysis of Financial Position, Operating Results, and Cash Flows, (4) Capital resources and liquidity of funds, i. Basic views of financial strategy.”

Framework: Revamping overall business operations

We are strengthening our management of procurement risks based on the Group’s Sustainable Procurement Guidelines by conducting audits of suppliers and interviews with subsidiaries outside of Japan among other measures.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
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	- 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	Global	0 occurrences	0 occurrences

Framework: Safety reinforcement

Outside of Japan, the number of accidents resulting in lost time decreased compared to the previous fiscal year, while in Japan, it increased. In order to prevent the recurrence of similar accidents, we will strengthen safety training within and outside of Japan, such as by sharing examples of past accidents.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Ensure occupational safety and health	Frequency rate: Japan (outside of Japan) ^{*3}	Global	0.261 (0.5)	1.000 (0.740)
	Severity rate: Japan (outside of Japan) ^{*3}		0.004 (0.016)	0.045 (0.020)
	Number of serious accidents ^{*3 *4}		0 occurrences	0 occurrences

Framework: Eliminating environmental impact

To achieve the Daifuku Environmental Vision 2050, we are working to reduce the CO₂ emissions generated throughout our supply chain and introduce electricity derived from renewable energy sources, and we are globally expanding our activities related to biodiversity conservation.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Addressing climate change	Daifuku CO ₂ emissions reduction rate (compared to the fiscal year ended March 31, 2019) (Scopes 1 + 2)	Global	52%	56.4% 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.
	Percentage of electricity derived from renewable energy sources		66%	73.9% 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.
	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	- 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)		- Improve energy-saving performance of products and systems	- 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: less than 1% Outside of Japan: less than 5%	Domestic: 1.1% Outside of Japan: 4.0%
	Reduction rate of waste emissions per unit sales ^{*7} (compared to the fiscal year ended March 31, 2024)		7%	-8.3%
	Reduction rate of water consumption per unit sales ^{*8} (compared to the fiscal year ended March 31, 2019)		44%	33.2% 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.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Coexisting with nature	Rate of implementation of biodiversity conservation activities at major sites* ⁹	Global	50%	63.6%
	Global expansion of Sustainability Action* ¹⁰		<ul style="list-style-type: none"> - Expand and raise awareness of the program 	<ul style="list-style-type: none"> - Conducted e-learning on biodiversity globally - Implemented two sustainability action programs globally

Framework: Strengthening management structure and refining business management

In addition to improving the effectiveness of the Board of Directors, we are working to disseminate the management philosophy, Group policies, management strategies, etc., and to strengthen our response to critical risks with a view to refining business management on a global scale. We will also continue to engage in dialogue with all stakeholders and reflect the findings into our measures.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Strengthening governance	Improvement of the effectiveness of the Board of Directors	Daifuku Co., Ltd.	<ul style="list-style-type: none"> - Conduct evaluations of the effectiveness of the Board of Directors and address issues 	<ul style="list-style-type: none"> - 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		<ul style="list-style-type: none"> - Continue to implement awareness activities for officers and employees 	<ul style="list-style-type: none"> - 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	Global	<ul style="list-style-type: none"> - Implement education and training on key compliance risks 	<ul style="list-style-type: none"> - 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		<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Fulfillment of stakeholder communication	Number of dialogue meetings held with shareholders and investors (non-unique)	Global	More than 1,200 companies	1,726 companies
	Enhancement of communication with stakeholders		<ul style="list-style-type: none"> - 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 	<ul style="list-style-type: none"> - 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		<ul style="list-style-type: none"> - CDP climate change: A- or higher - Continue as a constituent in FTSE4Good - MSCI ESG rating: AA or higher 	<ul style="list-style-type: none"> - 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

Framework: Organizational strengthening

We are working to expand the human capital necessary to achieve further growth, and to create an environment where each employee is able to realize a sense of job satisfaction and ease of work. Moreover, we are increasing our efforts to respect human rights, including by continuing to conduct human rights due diligence and considering the introduction of grievance mechanisms to support this process.

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	Global	<ul style="list-style-type: none"> - Develop a pool of human resources (visualize experience and skills) - Prospective successor sufficiency rate of 100% by the fiscal year ending December 31, 2027 (the fiscal year ended March 31, 2024: 68%) 	<ul style="list-style-type: none"> - 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.	<ul style="list-style-type: none"> - Consider and implement new systems and measures (compensation, work systems, work locations, and recruitment measures for highly specialized personnel) - Improve adopted systems 	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Implement the human rights due diligence PDCA cycle - Implement risk assessments within and outside of Japan - Build grievance mechanisms 	<ul style="list-style-type: none"> - 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		<ul style="list-style-type: none"> - Establish education and training systems on human rights - Develop educational content for Group employees 	<ul style="list-style-type: none"> - 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

Priority Topics	Key Performance Indicators (KPIs)	Scope	Fiscal year ended December 31, 2025	
			Targets	Results
Diversity and inclusion	Number of female managers (ratio)	Daifuku Co., Ltd.	- 60 female managers (7.6%) by the fiscal year ending December 31, 2027	Number of female managers (ratio) 50 female managers (6.9%)
	Creation of an environment where diverse personnel can work effectively		- Promote internal awareness of diversity - Create a work environment considerate of minorities	- 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 plan to conduct the survey within and outside of Japan simultaneously in May 2026)
	Implementation of engagement survey and issue response		- Identify issues from survey results and implement countermeasures	- Visited a subsidiary outside of Japan that conducted surveys in the fiscal year ended March 31, 2024 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 the fiscal year ended December 31, 2024, 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 the fiscal year ended March 31, 2019) by the fiscal year ending December 31, 2030

*6 Daifuku's own framework on efforts (sharing of goals and supporting measures to reduce emissions, etc.) to reduce CO₂ emissions at suppliers

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

*8 Water consumption (1,000 m³) 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

(2) Management environment

i. Business environment

While Japan faces a shrinking and aging population and escalating labor shortages, labor costs outside of Japan, especially in North America, are rising, and the need for automation and unattended operations at production and logistics sites is expanding globally.

Moreover, demand for semiconductors is increasing dramatically with the diffusion of generative AI, and at the same time, governments are promoting the securing of production infrastructure within their own countries from the perspective of economic security, resulting in accelerating semiconductor investment in various regions.

In the automotive industry, although U.S. trade policy has impacted customer investment decision-making, investment related to xEVs (a generic term for electric vehicles, including BEVs, HEVs, PHEVs, and FCEVs) is expected to continue with the aim of establishing a more flexible production system in response to the mobility revolution.

At airports, where investments in automation have been carried out in stages so far, various issues associated with the increase in the number of air passengers and chronic labor shortages have become apparent, and there is a need for a shift to smart airports.

In view of such business environment, it is certain that expectations for automated material handling technology, the Group's core competence, will continue to rise, and we will strive to steadily seize business opportunities and link them to further growth.

ii. Competitive environment

Innovation in advanced technology, as typified by generative AI and robotics, is progressing rapidly, and emerging competitors with specific technological capabilities and products are entering the market. Competitors from China, whose strength lies in low prices, are also on the rise.

In Japan, competition is intensifying as domestic competitors strengthen their proposal capabilities by combining their own products with cutting-edge products from companies outside of Japan.

We will strengthen our development capabilities with an emphasis on next-generation technologies, while focusing on human resources development to improve DX/AI literacy and refine the Group's strength in providing the best systems globally to overcome the fierce competition.

(3) Business and financial issues to address with priority

In the fiscal year ending December 31, 2026, the third year and the halfway point of the 2027 Plan, we plan to address the following as challenges of primary importance.

Accelerating advanced technology and new business development

To continue supplying material handling systems that offer greater productivity, we will accelerate the development of products and services that utilize advanced technologies such as AI and robotics. To achieve this, we will expand our R&D promotion structure, including by establishing new R&D centers in Tokyo and Kyoto. We will proactively invest our management resources to ramp up our development of AI and robotics technologies, which are particularly high priorities.

Furthermore, achieving our 2030 Long-Term Vision goal of 1 trillion yen in consolidated net sales will require us to go beyond just expanding our existing businesses to also create new business domains. We will pursue growth opportunities by utilizing co-creation with business partners through open innovation, inorganic strategies including M&As, and our internal job posting system. We will also aim to expand value provision that helps resolve social issues in the food and environment areas.

Accelerating the global growth strategies

In the United States and India, our priority markets, we completed investments aimed at increasing our production capacity (United States: approx. 2x, India: approx. 4x) in the fiscal year ended December 31, 2025. Leveraging these investments, we will quickly increase orders and sales to further strengthen our market presence. We will also go a step further than our previous "local self-sufficiency" approach and strengthen our local development capabilities to launch competitive products and services tailored to regional characteristics in a timely manner. Furthermore, we will accelerate our global growth strategies, including the option of utilizing M&As.

Enhancing our profit structure

Our profitability has improved significantly through initiatives in three processes: (1) cost reduction activities through production innovation in manufacturing, (2) the improvement of order profitability through high-value-added proposals, and (3) the enhancement of project management, such as by streamlining on-site construction and carrying out advance verification using 3D simulation. By continuing and entrenching these initiatives, we aim to further improve profitability, which we have already raised to record levels.

We will also utilize AI and DX in our back-office operations to revamp business processes and bolster our overall profit structure.

Comprehensive approach to compliance and full enforcement of safety

We view compliance and safety as the foundations that support all of the Group's business activities, and strive to implement them thoroughly throughout the Group.

(Comprehensive approach to compliance)

We have defined our approach to compliance as complying not only with internal and external rules, such as laws, regulations, and company rules, but also with social norms, and acting with integrity in all aspects of our business activities. We promote sharing values throughout the Group through various types of education and training. Our goal is to continue to live up to the expectations and trust vested in us by society by having each and every member of the Group maintain high ethical standards and continue to act responsibly.

(Full enforcement of "safety-above-all culture**")

In creating a work environment where every employee can maximize their performance, ensuring the life, health, and safety of employees, their families, customers, and business partners is of the utmost priority. We will spread and instill awareness that safety shall not be given a relative priority such as 'first' or 'second,' but it is absolute and exclusive, globally, and will continue to strive to eradicate disasters and unsafe acts across the Group.

* Japanese term, *anzen sen-ichi* (translated into "safety-above-all culture"), is a registered trademark of FURUKAWA CO., LTD.

2. Sustainability Policies and Initiatives

The Group's sustainability policies and initiatives are as follows.

All forward-looking statements herein represent the Group's views as of the filing date of the Annual Securities Report.

(1) General sustainability disclosure

In putting our sustainable management to practice, we assented to and signed the United Nations Global Compact (UNGC), which encompasses ten principles across the four fields of human rights, labour, environment, and anti-corruption; we are also working to achieve the Sustainable Development Goals adopted by the UN.

Under our long-term vision, Driving Innovative Impact 2030 (hereinafter referred to as the "2030 Long-Term Vision"), and our four-year business plan for 2027 (hereinafter referred to as the "2027 Plan"), the final year of which is the fiscal year ending December 31, 2027, a midpoint of our overall goals for 2030, and taking both business and sustainability perspectives into account, we set integrated targets for economic value and social value, and we will contribute to the realization of a sustainable society through our business activities. In addition, we formulated the Daifuku Group Basic Sustainability Policy to promote understanding and empathy among all executives and employees. Based on this policy, the entire Group is working together to promote sustainability. For more information on our activities related to sustainability, please refer to the following webpage:

Sustainability

<https://www.daifuku.com/sustainability/>

Our Group recognizes respect for human rights as one of our most important responsibilities as our businesses and organization undergo sustained growth. We have publicly announced the Daifuku Group Human Rights Policy, which clarifies the human rights policies the Daifuku Group applies in its business activities.

Under this policy, we continuously conduct human rights due diligence to identify, assess, correct, mitigate, and prevent negative impacts on human rights throughout our business activities and entire supply chain. For more information on specific human rights due diligence activities, please refer to the following webpage:

Human Rights

<https://www.daifuku.com/sustainability/society/human-rights/>

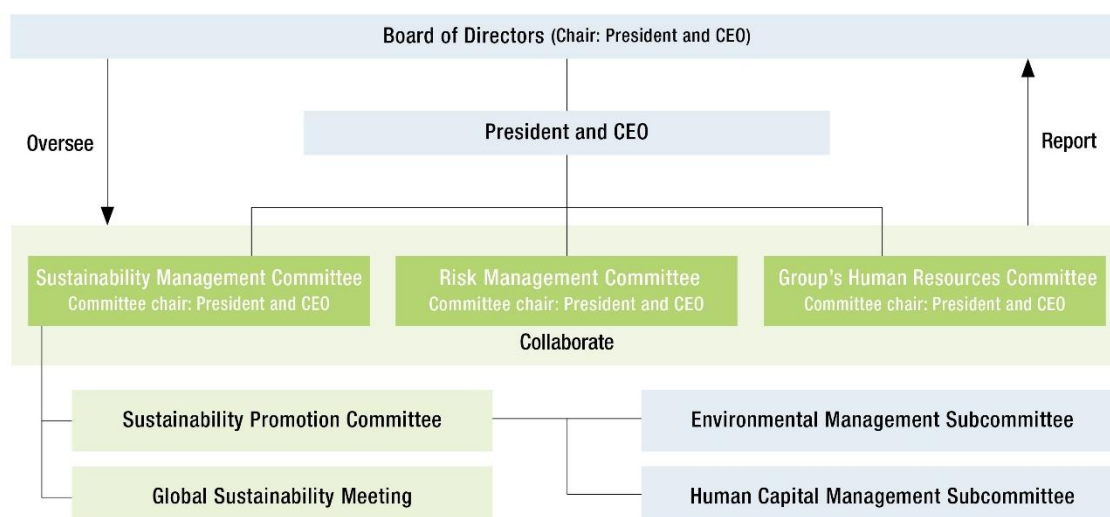
i. Governance

1) Supervision and execution system for sustainability-related risks and opportunities

The Board of Directors oversees initiatives to enhance corporate value over the medium to long term, including management strategies to address sustainability-related risks and opportunities. On the Board of Directors, the President and CEO/COO is charged with the supervision of sustainability-related risks and opportunities. Through training, opinion exchanges with experts, and dialogue with customers, the members of the Board of Directors are enhancing their insight into sustainability issues to improve their skills and competencies to oversee the Group's initiatives.

We have established the Sustainability Management Committee to achieve integrated thinking management. The Sustainability Management Committee 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. The Sustainability Promotion Committee, as well as the Environmental Management Subcommittee and the Human Capital Management Subcommittee, under the jurisdiction of and in cooperation with the Sustainability Management Committee, are responsible for considering and implementing more concrete measures based on management strategies on a practical level.

Structure of sustainability-related committees (fiscal year ending December 31, 2026)



The diagram above shows the structure as of the filing date of the Annual Securities Report.

Role of each organization

	Members	Role
Board of Directors	Chair: President and CEO Members: Chairman, Directors	Undergo decision making and supervision of important management matters such as the determination of management policies, management plans, and the corporate governance system.
Sustainability Management Committee	Chair: President and CEO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	Hold important discussions on management strategy that emphasize the creation of corporate value over the medium to long term, confirm the progress and results of plans, and work to improve the sophistication of management.
Risk Management Committee	Chair: President and CEO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	Conduct Group-wide risk management for critical risks that have a significant impact on business activities. Conduct regular risk assessments to identify and evaluate critical risks, develop countermeasures, and work to improve and enhance policies, regulations, and systems.
Group's Human Resources Committee	Chair: President and CEO Members: Corporate Functions Head, Global Business Heads, etc.	Promote visualization of the experience and skills of the Group's human resources, develop prospective successor plans for key positions, and systematically train and promote prospective successors.
Sustainability Promotion Committee	Chair: President and CEO Members: Corporate Functions Head, Global Business Heads, C-suite, etc.	As a subordinate branch of the Sustainability Management Committee, promote Group-wide environmental, social, and governance (ESG) initiatives on a working level based on management strategy.
Global Sustainability Meeting	Leader: Corporate Functions Head Members: Managers of subsidiaries outside of Japan, Sustainability Management Committee members, etc.	Discuss and share information about ESG issues with our subsidiaries outside of Japan in order to promote sustainability management throughout the entire Group.

2) Monitoring of and incentives for sustainability-related targets

Plans and targets for sustainability issues are managed by each committee and monitored by the Board of Directors within the framework of the 2027 Plan.

Additionally, as for the payment criteria for performance-linked remuneration under the executive remuneration system for inside directors, sustainability-related evaluation indicators are considered in calculating the grade. Included in the criteria for grade calculation are, for bonuses, progress situations of safety and CO₂ emissions reduction targets, and for the Board Benefit Trust (BBT), evaluation by external ESG rating agencies (MSCI, FTSE, and CDP) and the degree of achievement of CO₂ emissions reduction targets. For more information, please refer to the following section, “IV. Information about Reporting Company, 4. Corporate Governance, (4) Executive remuneration.”

Sustainability-related agenda items at Board of Directors and other meetings for the fiscal year ended December 31, 2025

Meeting	Main resolutions and reports
Board of Directors	Status of dialogue meetings held with shareholders and investors (January, July) Formulation of the Group Employee Management Policy (February) Revisions to related systems in conjunction with the amendments to the Child Care and Family Care Leave Act (March) Disclosure based on the TNFD recommendations (May)
Sustainability Management Committee (held once)	Growth strategy for realizing the 2030 Long-Term Vision
Sustainability Promotion Committee (held three times)	Sustainability Action Plan Results Report ESG evaluation from outside the Company Report on the progress 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 the progress of initiatives for the introduction of grievance mechanisms Report on the progress of initiatives for the creation of an environment where diverse personnel can work effectively Formulation of the Daifuku Group Policy for Social Contribution Activities
Risk Management Committee (held three times)	Report on response plans for severe risks (major risks) for the fiscal year ended December 31, 2025 and the results thereof Report on the results of management interviews and Company-wide risk assessment Identification of severe risks for the fiscal year ending December 31, 2026 Confirmation of the progress on measures for strengthening task force functions in the event of a natural disaster Discussion on strengthening business continuity management (BCM)
Group's Human Resources Committee (held twice)	Confirmation of the sufficiency status of prospective successor for key positions Consideration of prospective successor for key positions with insufficient number of candidates Confirmation of prospective successor development programs Report on 360-degree evaluations of division managers

ii. Strategy

Under the framework of the 2030 Long-Term Vision and the 2027 Plan, we have promoted sustainability initiatives in an integrated manner. In formulating the 2030 Long-Term Vision and the 2027 Plan, we backcasted from our vision of future society and arranged the products and services (outputs) that the Group provides to its customers as well as the value (outcomes) provided to society through such outputs. We then defined the priority topics to be addressed by the Group to achieve the 2030 Long-Term Vision and the 2027 Plan, and we have specified strategies, measures, and action plans based on these topics. For more information on the 2027 Plan, please refer to the following section, “II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address, (1) Management philosophy.”

iii. Risk management

The Daifuku Group conducts regular risk assessments of all its domestic and international subsidiaries in order to identify and evaluate critical risks that could have a significant impact on business activities. The Risk Management Committee carries out Group-wide 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. For more information, please refer to the following section, “II. Overview of Business, 3. Business Risks.”

In the formulation of the 2027 Plan, the results of the risk assessment conducted in the fiscal year ended March 31, 2024, were used as one part of the input information in the materiality assessment. The results of opportunity and risk analyses, trends of other companies, and requests from ESG rating agencies were also considered as input information. Potential topics were evaluated on two focal points, impact on stakeholders and impact on the achievement of the 2030 Long-Term Vision, after which priority topics were identified.

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.

iv. Metrics and targets

Under the 2027 Plan, we have set KPIs and targets for each priority topic. For the results for the fiscal year ended December 31, 2025, the second year of the 2027 Plan, please refer to the following section, “II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address, (1) Management philosophy, Priority topics and KPIs in the 2027 Plan.”

(2) Disclosure associated with climate change (climate-related financial disclosures in accordance with the TCFD* recommendations)

* TCFD: Task Force on Climate-related Financial Disclosures

i. Governance

Climate-related risks and opportunities are monitored, managed, and supervised in the governance process for overall sustainability mentioned above.

ii. Strategy

1) Identifying climate-related risks and opportunities

Primary factors related to climate change

Factors related to climate change that could impact our business operations encompass several key aspects, including increasingly stringent regulations aimed at fostering a decarbonized society, advancements in technology geared toward a low-carbon future, market shifts driven by responses to climate change, and the growing frequency of climate-induced disasters and events. 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. The analysis of transition risks covers the entire scope of our businesses, while the analysis of physical risks covers major business and production sites.

Primary factors impacting the Group's business operations

<p>Decarbonization scenario 1.5~2°C</p>	<p>【A world progressing toward decarbonization】</p> <ul style="list-style-type: none"> ● Stricter regulations on 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
	<p>【Shared changes】</p> <ul style="list-style-type: none"> ● 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
	<p>【A world with advancing global warming】</p> <ul style="list-style-type: none"> ● Increase in average temperature <ul style="list-style-type: none"> · 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
<p>3~4°C Business-as-usual scenario</p>	

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, as shown below. 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	Medium term	Long term	
	Less than 3 years	3 to 10 years	More than 10 years	
Likelihood	Low	Medium	High	
	Somewhat uncertain	Intermediate	Somewhat certain	
Impact	Small	Medium	Large	
	Sales	Less than 6 billion yen	6 to 60 billion yen	More than 60 billion yen
	Profit and cost	Less than 600 million yen	600 million to 6 billion yen	More than 6 billion yen

For more information on main responses to risks and opportunities, please refer to the following webpage:

Climate Change

<https://www.daifuku.com/sustainability/environment/climate-change/>

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 emission 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	Group-wide 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	Reduction of environmental impact in the supply chain
	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
			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
			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
			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
			Increase in sales of products and services that contribute to more efficient and automated production and logistics	Medium- to long-term	High	Medium	Balance between environmental and social value in material handling systems

Introduction of internal carbon pricing (ICP)

The Group has introduced an ICP system aiming to cultivate and raise awareness of energy conservation and decarbonization among employees. In light of risks such as predicted rises in carbon prices due to progress in a decarbonized society, the Group used the carbon price forecast for 2030 in the International Energy Agency (IEA) “World Energy Outlook 2023” and set the Group’s internal carbon price (ICP) at 140 U.S. dollars (21,000 Japanese yen) per ton of CO₂. The Group applies the ICP to CO₂ emissions and reduction amounts, utilizing it to visualize data in in-house reporting materials. Furthermore, in the Group’s common investment management regulations that came into operation in August 2025, the ICP has been incorporated as one of the reference indicators when determining whether to execute large-scale investments. Going forward, we will continue to use the ICP system to enhance awareness of decarbonization among employees, support changes in decision-making, and promote sustainable decarbonization initiatives.

2) Significant risk scenario analyses

We conducted scenario analyses for identified climate-related risks and opportunities, focusing on those likely to manifest in the future and have a substantial impact on our business. These scenarios were modeled based on projections from the IEA and the Intergovernmental Panel on Climate Change (IPCC).

Transition risks

We analyzed transition risks and opportunities by establishing the following scenarios to evaluate the effects of implementing a carbon tax (carbon pricing) on operating costs and associated energy expenses.

The carbon tax was calculated using the projected future GHG (greenhouse gas) emissions (Scope 1 and Scope 2) both in the event that we progress with emission reductions (decarbonization scenario) and in the event that we do not (business-as-usual scenario) based on the Group’s 2030 sales forecast and emission reduction targets. For each scenario, the impact on our business was assessed by multiplying the estimated future GHG emissions by the carbon price projected by the IEA.

As for energy costs, we examined energy consumption both in the event that the Group pursues initiatives in line with our reduction targets (decarbonization scenario) and in the event that only the scale of our business expands without pursuing reductions (business-as-usual scenario). We evaluated future energy costs by referencing the estimated energy consumption for each scenario and the energy price trends provided by the IEA and other organizations.

Climate change scenarios projected by the Group (transition risks)

Decarbonization scenario 1 (1.5°C scenario)	IEA WEO2023 NZE: Net Zero Emissions by 2050 Scenario
Decarbonization scenario 2 (1.7°C scenario)	IEA WEO2023 APS: Announced Pledges Scenario
Business-as-usual scenario (4°C scenario)	IEA WEO2023 STEPS: Stated Policies Scenario

Carbon tax

In the business-as-usual scenario (4°C scenario), the cost increase is expected to be approximately 600 million yen by 2030. By contrast, under the decarbonization scenarios (1.5°C and 1.7°C scenarios), in which decarbonization initiatives are actively promoted, the cost is expected to increase by about 300 million yen by 2030.

Energy cost

In the business-as-usual scenario (4°C scenario), costs are expected to increase by about 37% by 2030 compared to the level of the fiscal year ended March 31, 2023. However, under the decarbonization scenarios (1.5°C and 1.7°C scenarios), in which decarbonization efforts are actively promoted, costs are expected to increase by about 12-16% by 2030 compared to the level of the fiscal year ended March 31, 2023.

In terms of both the carbon tax burden and energy costs, the burden in the business-as-usual scenario (4°C scenario) is greater than that of the decarbonization scenarios (1.5°C and 1.7°C scenarios), reaffirming that there are reasons and merits for the Daifuku Group to actively pursue decarbonization and energy conservation initiatives.

While a major investment is required to move forward with these initiatives, we anticipate an additional burden of the carbon tax and energy costs amounting to several hundred million yen if we do not pursue them. In order to mitigate the risks affecting our business, we will strengthen our decarbonization initiatives in order to achieve our 2030 reduction targets.

Physical risks

Physical risks have become significant due to the increase in weather-related disasters caused by global warming. We therefore conducted qualitative assessments of the impact of weather-related disasters on 24 of the Group's major sites (1 in Japan and 23 in other countries). In these assessments, we investigated the hazards of floods, storm surges, droughts, and heat waves under the 2°C scenario (SSP1-2.6) and 4°C scenario (SSP5-8.5) and evaluated them on a five-point scale from A (high risk) to E (low risk) according to the degree of hazard. The following table shows the number of sites that were given a grade of A or B (high risk) in this assessment.

The results of the assessment show that the number of high-risk sites for floods, storm surges, and droughts do not increase substantially under either the 2°C or 4°C scenarios, indicating that the impact of climate change will be limited. Meanwhile, for heat waves, the number of high-risk sites was found to increase from 2050 to 2090 under the 4°C scenario. Expected impacts of heat waves include increased air conditioning costs and equipment maintenance as well as decreased productivity due to heat stress. The Group will actively take steps to mitigate these risks, such as promoting measures to prevent heat stroke among employees at installation sites and plants.

Climate change scenarios projected by the Group (physical risks)

2°C scenario	IPCC Sixth Assessment Report (SSP1-2.6)
4°C scenario	IPCC Sixth Assessment Report (SSP5-8.5)

Number of high-risk sites due to climate change

Disaster	Present	2°C scenario (SSP1-2.6)		4°C scenario (SSP5-8.5)	
		2050	2090	2050	2090
Floods	0	0	0	0	1
Storm surges	1	1	1	1	2
Droughts	8	8	8	8	8
Heat waves	2	2	2	7	16

iii. Risk management

The identification of climate-related risks and opportunities was reviewed following the advice of external experts and was disclosed in the fiscal year ended December 31, 2024. We identify significant risks and opportunities by evaluating the timing and likelihood of occurrence as well as the level of impact on the Group, both qualitatively and quantitatively, for each transition risk, physical risk, and opportunity.

In addition, a scenario analysis for transition and physical risks was performed based on multiple temperature increases. For more information, please refer to the following section, “(2) Disclosure associated with climate change, ii. Strategy.”

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.

iv. Metrics and targets

The Group has identified addressing climate change as a priority topic in the Daifuku Environmental Vision 2050 and the 2027 Plan and has set the following targets. The targets for the fiscal year ending December 31, 2030, received official approval from the Science Based Targets initiative (SBTi) in 2023 and include a 1.5°C aligned target for Scope 1 and Scope 2 and a well-below 2°C aligned target for Scope 3 (Categories 1 and 11). In May 2024, we upwardly revised our Scope 1 and Scope 2 reduction targets (compared to the fiscal year ended March 31, 2019) for the fiscal year ending December 31, 2030, from 50.4% to 60%. In addition, we have set a new target for the percentage of electricity derived from renewable energy sources.

The Sustainability Promotion Committee reviews the progress and appropriateness of these targets, and if the targets need to be revised, a report on the matter is submitted to the Board of Directors for resolution.

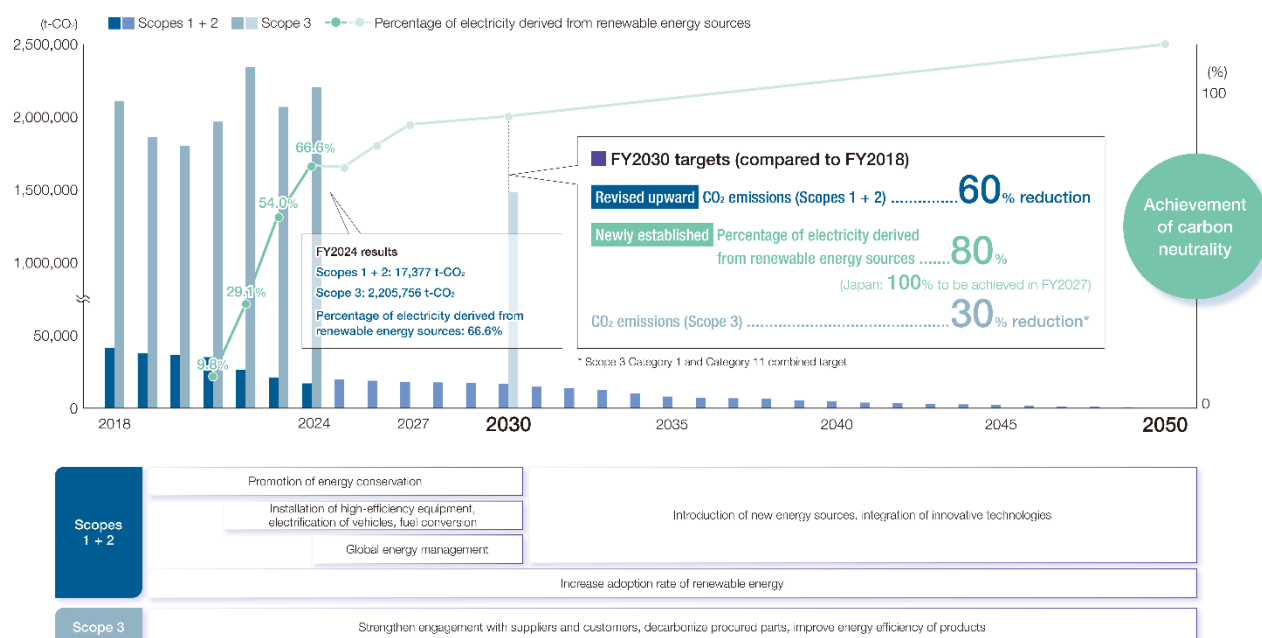
We are currently making steady progress toward achieving our reduction targets for Scope 1 and Scope 2 by introducing electricity derived from renewable energy sources within and outside of Japan. Since Scope 3 emissions are indirect, we are steadily working to reduce our emissions, starting from the implementation of practical initiatives, while taking the external environment into account.

KPIs	Targets for the fiscal year ending December 31, 2030	Results for the fiscal year ended December 31, 2025
Daifuku CO ₂ emissions (Scope 1 and Scope 2)	60% reduction (compared to the fiscal year ended March 31, 2019)	56.4% reduction* ² (compared to the fiscal year ended March 31, 2019)
Percentage of electricity derived from renewable energy sources	80% (Daifuku Japan is expected to achieve 100% by the fiscal year ending December 31, 2027)	73.9%* ²
CO ₂ emissions from purchased goods and services (Scope 3 Category 1)	30% reduction* ¹ (compared to the fiscal year ended March 31, 2019)	Held online briefings aimed at reducing CO ₂ emissions for 153 major suppliers in Japan and continued collecting CO ₂ emissions data from suppliers
CO ₂ emissions from the use of sold products (Scope 3 Category 11)		Implemented LCAs (Life Cycle Assessments) for all new product and system development Started investigation of the status of renewable energy introduction at customer sites

*1 Scope 3 Category 1 and Category 11 combined target

*2 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.

Roadmap toward carbon neutrality



(Note) CO₂ emissions are calculated for each fiscal year in accordance with the GHG Protocol. The scope of calculations for Scope 1 and Scope 2 emissions is based on the operational control criteria, and as such includes emissions from all consolidated subsidiaries

(3) Disclosure associated with nature-related issues (nature-related financial disclosures in accordance with the TNFD* recommendations)

* TNFD: Task Force on Nature-related Financial Disclosures

i. Governance

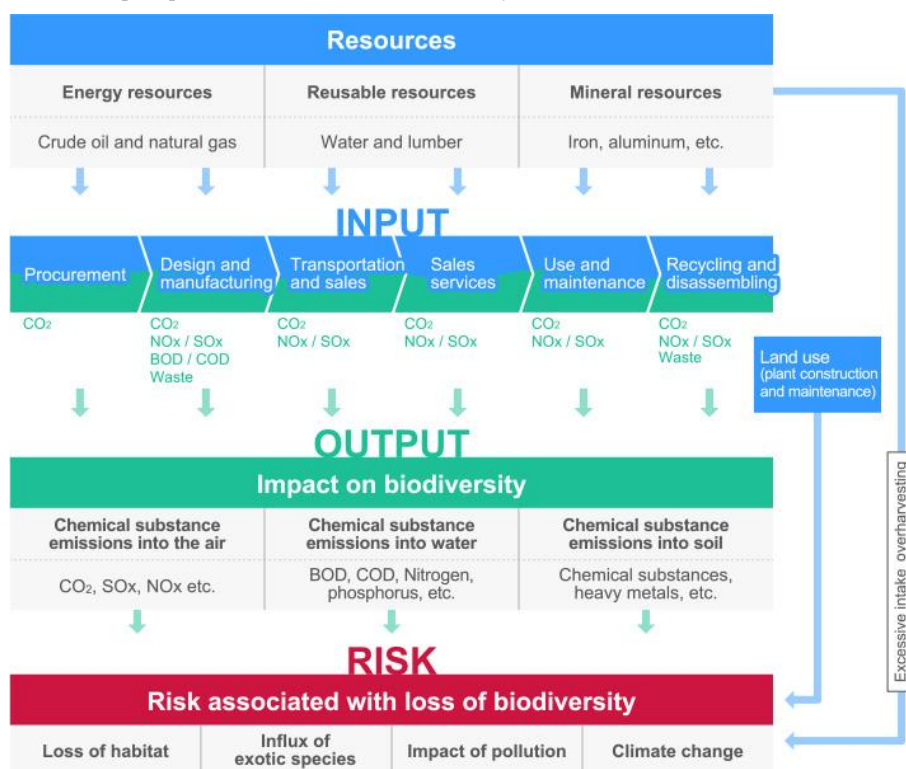
Nature-related risks and opportunities are monitored, managed, and supervised in the governance process for overall sustainability mentioned above.

ii. Strategy

To clarify the relationship between our business activities and ecosystems, the Daifuku Group has mapped the interactions between our product processes, land use, and other aspects with ecosystems, and we have been conducting activities that take biodiversity into consideration. In disclosing information based on the TNFD recommendations, we identified and assessed nature-related risks and opportunities based on the relationship map between Daifuku and biodiversity and in line with the LEAP approach* presented by the TNFD.

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

Relationship map between Daifuku and biodiversity

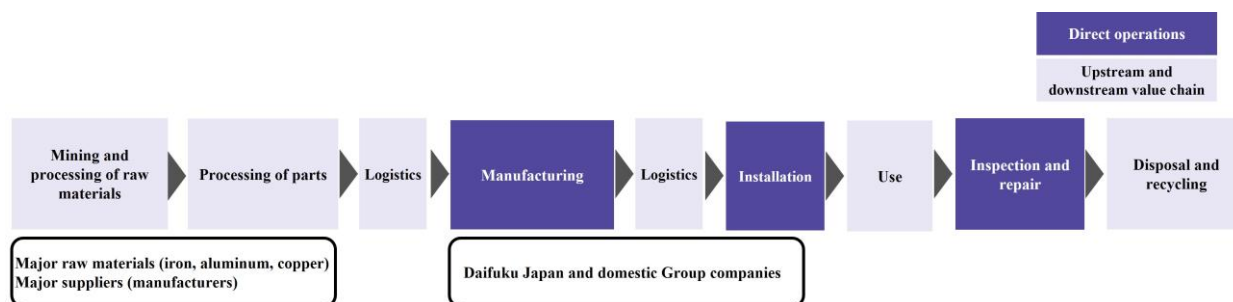


1) Setting the scope (scoping)

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,* regulations on minerals, and minerals subject to responsible sourcing initiatives.

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

Value chain diagram



2) Identification of priority locations (locate)

Method for identification of priority locations

We identified priority locations based on their business importance (the relationship between our business and nature) and their natural importance (areas considered to be ecologically sensitive or significant).

From the perspective of business importance, we analyzed our domestic Group companies and major suppliers identified during scoping. We then focused on production sites involved in our core business activities (manufacturing), which have relatively high dependencies and impacts on nature.

In addition, the mining and processing locations of raw materials (iron, aluminum, copper) were determined by estimating the major mining countries and mines as well as processing countries, based on global reserves and Japan's trade situation.

To understand the importance of these production bases and raw material mining and processing areas from a natural perspective, we conducted an assessment using the WWF Risk Filter,^{*1} the Global Forest Watch map,^{*2} and case studies. The assessment was based on the criteria proposed by TNFD: decline in ecosystem integrity, biodiversity importance, ecosystem integrity, water stress, and importance of ecosystem service provision.

*1 WWF Risk Filter: a tool for assessing a company's biodiversity and water risks

*2 Global Forest Watch map: a tool that provides maps of deforestation, land use, etc.

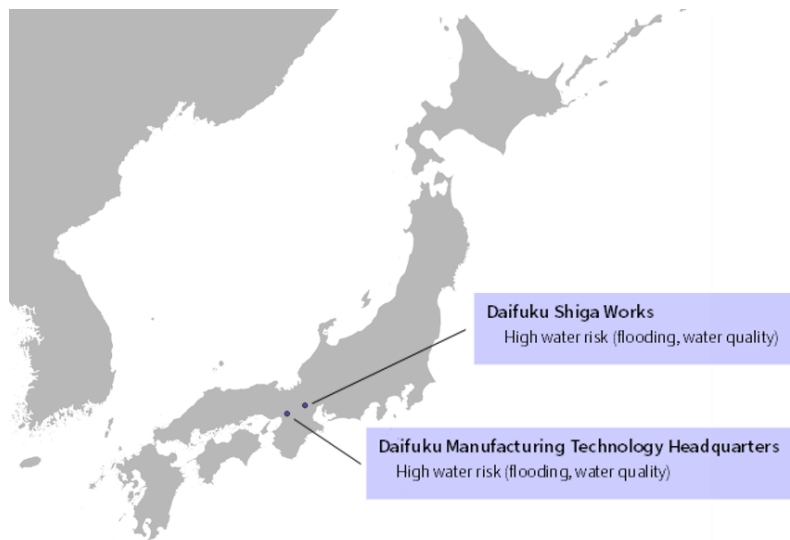
Results of identifying priority locations

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), as shown in the table below. The locations of both sites are shown in the figure below.

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.

Site name	Decline in ecosystem integrity	Biodiversity importance	Ecosystem integrity	Water risks (scarcity/flooding/quality)	Importance of ecosystem service provision
Daifuku Shiga Works	Medium	Medium	Low	High (flooding, water quality)	Low
Daifuku Manufacturing Technology Headquarters	Medium	Medium	Low	High (flooding, water quality)	Low
Contec Komaki Works	Medium	Medium	Medium	Medium	Low

* Evaluated on a five-point scale: very high, high, medium, low, very low



Source: Made with Natural Earth.

3) Evaluate dependencies and impacts (evaluate)

We used ENCORE* to evaluate the dependence and impact on nature at each process stage in our business' value chain and organized the results into a heat map.

As a result, we found that there is dependence and impact on nature in each process stage of the value chain, and that there is a particularly large dependence and impact on the mining of raw materials (iron, aluminum, copper). The details are as follows.

* ENCORE: a tool to understand how business activities depend on and affect nature. For more information, please refer to the following webpage:

ENCORE

<https://www.encorenature.org/en>

Dependencies

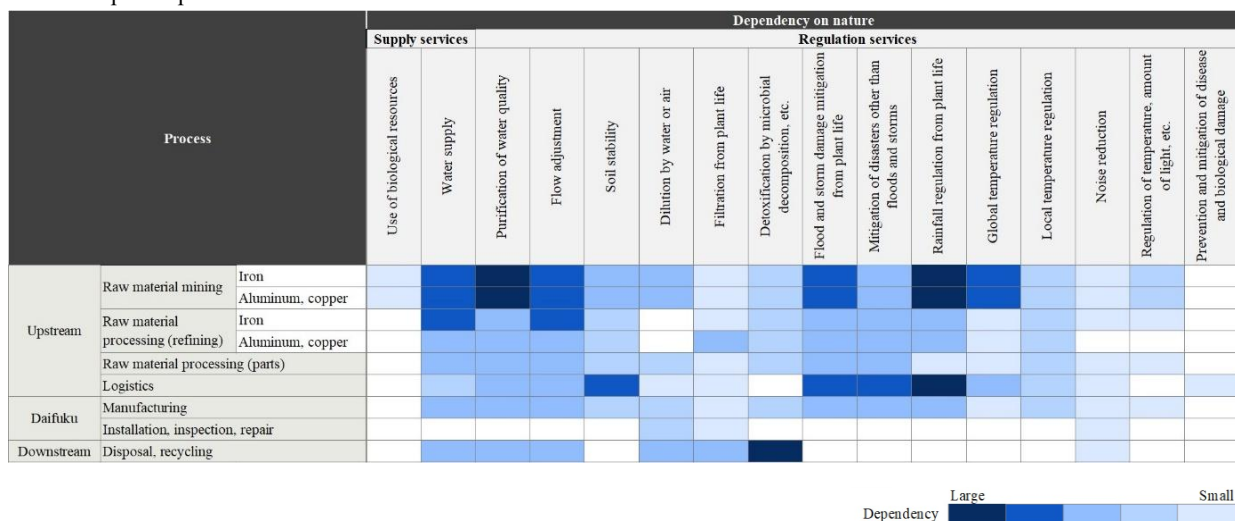
- Water-related functions (water supply, water purification, water flow adjustment)
- Prevention of natural disasters (flood and storm damage mitigation from plant life (e.g., windbreak forests, etc.))
- Climate regulation functions (rainfall and global temperature regulation from plant life)

Impacts

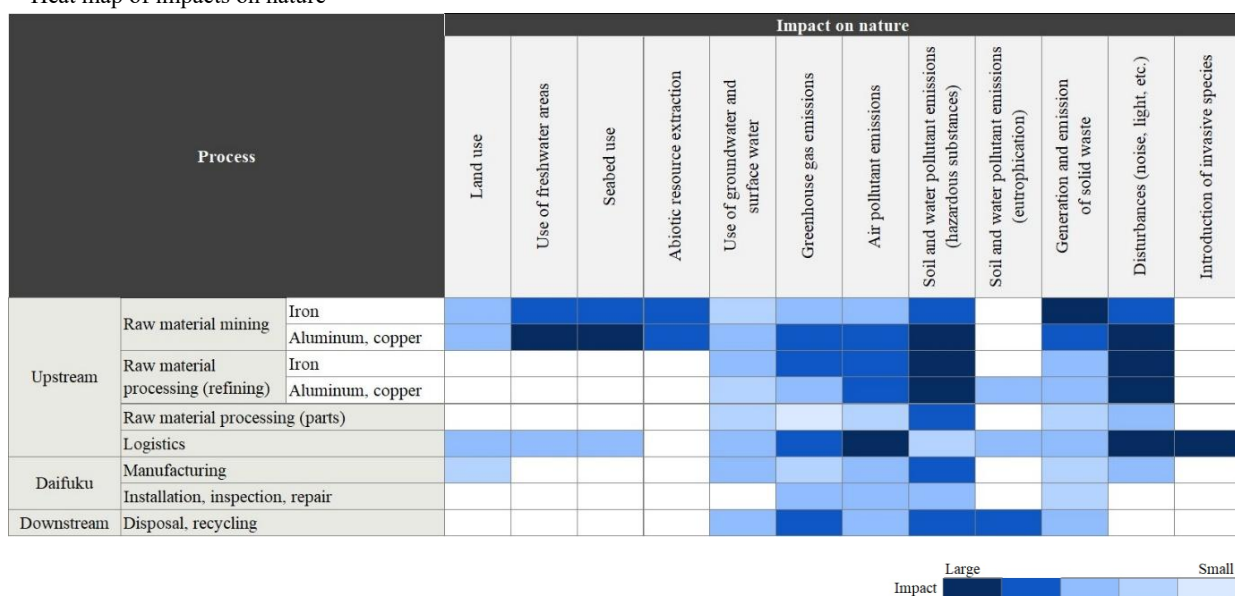
- Development in freshwater and marine areas
- Abiotic resource extraction (minerals)
- Greenhouse gas emissions
- Air, soil, and water pollution
- Generation of waste (slag)
- Noise and other disturbances

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.

Heat map of dependencies on nature



Heat map of impacts on nature



4) Assess risks and opportunities (assess)

We organized the content that was evaluated in 3) above 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 in 2) above, 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 for time period, likelihood, and impact are as shown in the chart below.

Time period	Short term	Medium term	Long term	
	Less than 3 years	3 to 10 years	More than 10 years	
Likelihood	Low	Medium	High	
	Somewhat uncertain	Intermediate	Somewhat certain	
Impact	Small	Medium	Large	
	Sales	Less than 6 billion yen	6 to 60 billion yen	More than 60 billion yen
	Profit and cost	Less than 600 million yen	600 million to 6 billion yen	More than 6 billion yen

Risks and opportunities for the Company and its 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 of 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	i. Reduction of environmental impact in the supply chain
	Reputation	Mining and processing of 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	
	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	ii. Strengthening environmental pollution prevention
	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	iii. Balancing environmental and social value in material handling systems iv. Compliance with regulations related to hazardous substances
Physical risks	Acute and chronic	Mining and processing of 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	i. Reduction of environmental impact in the supply chain
Opportunities	Resource efficiency Market	Mining and processing of 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	v. Product design for resource conservation
	Resource efficiency	Direct operations manufacturing Improved resource efficiency (reduction of water consumption, waste generation, energy consumption, etc.)	Reduction of operating costs through resource efficiency	Long-term	High	Medium	vi. Reduction of water consumption, waste generation, energy consumption, etc.
	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	iii. Balancing environmental and social value in material handling systems vii. Promotion of nature conservation activities and participation in initiatives viii. Enhancing disclosure of nature-related information

In identifying and assessing nature-related risks and opportunities, as with climate-related risks and opportunities, we assume a world based on the 1.5–2°C scenario for transition risks and opportunities and based on the 3–4°C scenario for physical risks.

For more information on main responses to nature-related risks and opportunities, please refer to the following webpage: Biodiversity

<https://www.daifuku.com/sustainability/environment/biodiversity/>

(4) Human capital strategies, metrics, and targets

i. Strategy

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

In April 2025, we harmonized human resources policies among the companies in the Group and drew up the Daifuku Group Employee Management Policy. Our aim was to enhance employee engagement and maximize human capital. Additionally, the Global HR Meeting was held in January 2026 with the goals of 1) sharing the significance of and measures for human capital management initiatives within the Group, 2) deepening the understanding of human resource measures promoted throughout the Group toward achieving the 2030 Long-Term Vision, and 3) establishing communication and networks among human resource managers at subsidiaries outside of Japan.

To achieve the goals set out in the 2030 Long-Term Vision, we will enhance and strengthen our human capital through various measures centered on the following three priority topics: staff recruitment, retention, and training; diversity and inclusion; and improvement of employee engagement.

ii. Metrics and targets

1) Staff recruitment, retention, and training

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 assess the state of prospective successor sufficiency on a continuous basis from two time perspectives. One is the period within the next two years, and the other is the period three years from now and beyond.

We have set up the Group's Human Resources Committee with the aim of speeding up this initiative. The committee performs regular monitoring of the development of prospective successors and designs strategic personnel assignments and development plans.

Promoted to a higher position, personnel are required not only to complete their day-to-day duties but also to make decisions from a management standpoint and to have a cross-divisional perspective. Since the fiscal year ended December 31, 2025, we have been working on systematic training for executives and members of management. For instance, we have introduced theories on strategies, financial affairs, and organization based on MBA programs into training for newly appointed general managers.

As an initiative to increase our competitiveness in recruitment, we launched the R&D centers, Kyoto Lab in November 2025 and Tokyo Lab in March 2026. With these initiatives, we aim to balance the needs of our employees with business growth, and provide robust support for recruiting and deploying people with the capacity to create innovation.

2) Diversity and inclusion

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

We have launched an internal community program, WING (Women Internal Network Growing), to encourage the formation of networks beyond business units, providing opportunities to share and discuss issues specifically relevant to female leaders.

We are also working intensively to expand job opportunities and to create a more worker-friendly working environment to

help women demonstrate their capabilities and continue working actively over the long term. We have revised the childcare leave program and the shortened working hours program and improved their implementation. As a result of these efforts, in October 2024, we acquired two-star Eruboshi certification from the Ministry of Health, Labour and Welfare in recognition of achievements towards women's participation and advancement.

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

3) Improvement of employee engagement

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

The survey of Group companies outside of Japan in the fiscal year ended March 31, 2024 revealed inadequacies in training for the necessary skills and knowledge and limited opportunities for individuals to improve their skills. We are planning to launch the Daifuku Academy in April 2026 as a new framework to strengthen talent development capabilities across the Group. With common values and direction irrespective of job types and regions, this academy will provide individuals with opportunities to learn systematically. In the fiscal year ended December 31, 2024, we carried out a survey of Group companies based in Japan to learn that the job satisfaction score and the ease of work score were both below their respective goals. We take these results seriously. From the survey, we identified issues regarding inter-organizational collaboration, business resources, the dissemination of strategies, welfare, and post-survey feedback mechanisms, and are taking steps to address them. Additionally, based on the survey results, we conducted workshops by division a total of 29 times and formulated action plans for each division. We are pursuing an initiative of making a cycle of dialogues and improvements so that we can develop the engagement into advances in organizational culture, instead of letting it serve as a mere indicator.

Metrics and targets

Priority Topics	Metrics	Targets for the fiscal year ending December 31, 2027	Results for the fiscal year ended December 31, 2025
Staff recruitment, retention, and training	Rate of sufficiency of number of prospective successors for key positions	<ul style="list-style-type: none"> - Develop a pool of human resources (visualize experience and skills) - Prospective successor sufficiency rate: 100% 	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%
	Compounding of the human resources system in response to securement of specialized human resources	<ul style="list-style-type: none"> - Consider and implement new systems and measures (compensation, work systems, work locations, and recruitment measures for highly specialized personnel) - Improve adopted systems 	Introduced MBA program-based strategic, financial, and organizational theory into new general manager training
			Established Kyoto Lab to secure technical personnel
Diversity and inclusion	Number of female managers (ratio)	60 female managers (7.6%)	50 female managers (6.9%)
	Creation of an environment where diverse personnel can work effectively	<ul style="list-style-type: none"> - Promote internal awareness of diversity - Create a work environment considerate of minorities 	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)
Improvement of employee engagement	Engagement survey score	<ul style="list-style-type: none"> - Japan: exceed 60% positive responses - Outside of Japan: score above the national average in each respective country (as the survey is implemented every other year, this target is for the fiscal year ending December 31, 2026.) 	No survey implementation (we plan to conduct the survey within and outside of Japan simultaneously in May 2026)
	Implementation of engagement survey and issue response	Identify issues from survey results and implement countermeasures	<p>Visited a subsidiary outside of Japan that conducted surveys in the fiscal year ended March 31, 2024 and conducted follow-ups on the measures implemented (1 company)</p> <p>Held business unit-specific briefings (total of 6 times) and division-specific workshops (total of 29 times) based on the survey results for the fiscal year ended December 31, 2024, and formulated and implemented action plans for individual divisions</p>

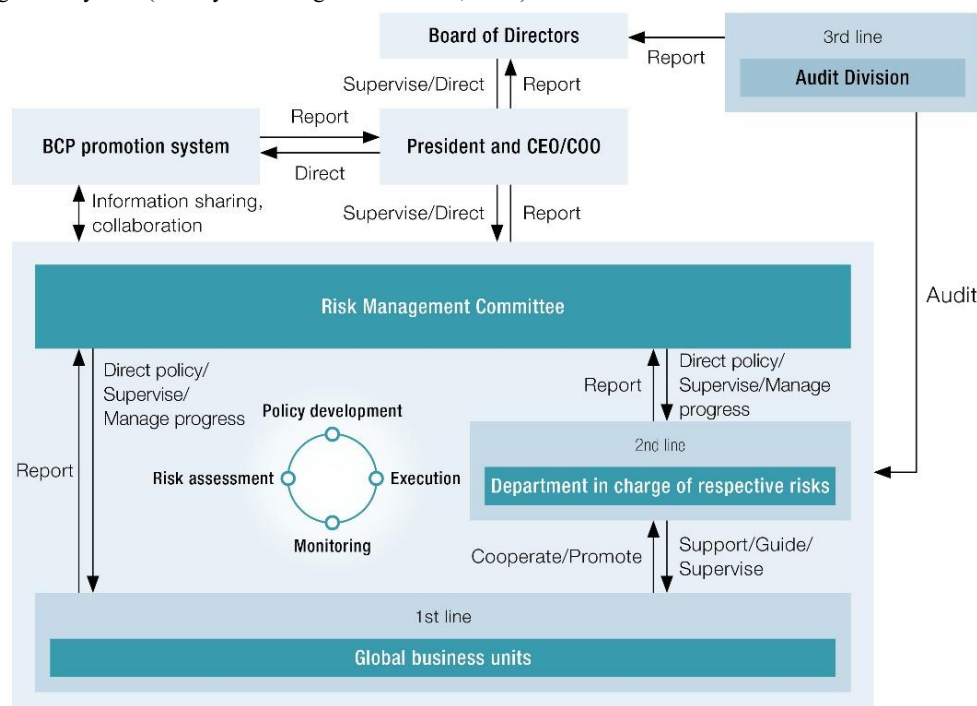
3. Business Risks

All forward-looking statements herein represent the Group's views as of the filing date of the Annual Securities Report.

(1) Risk management system

With the President and CEO as the chief officer, the Group has established a risk management system based on a three-line model (see 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.

Risk management system (fiscal year ending December 31, 2026)



The Group has established the Risk Management Committee, chaired by the President and CEO and comprised of the Corporate Functions Head, Global Business Heads, C-suite, etc. The Committee is intended to monitor, provide instructions for action, and manage the progress of these initiatives from a Group-wide perspective. The Committee is responsible for the matters listed below and met three times during the fiscal year ended December 31, 2025. The Committee reports to the Board of Directors on the status of the Committee's initiatives and other matters as necessary.

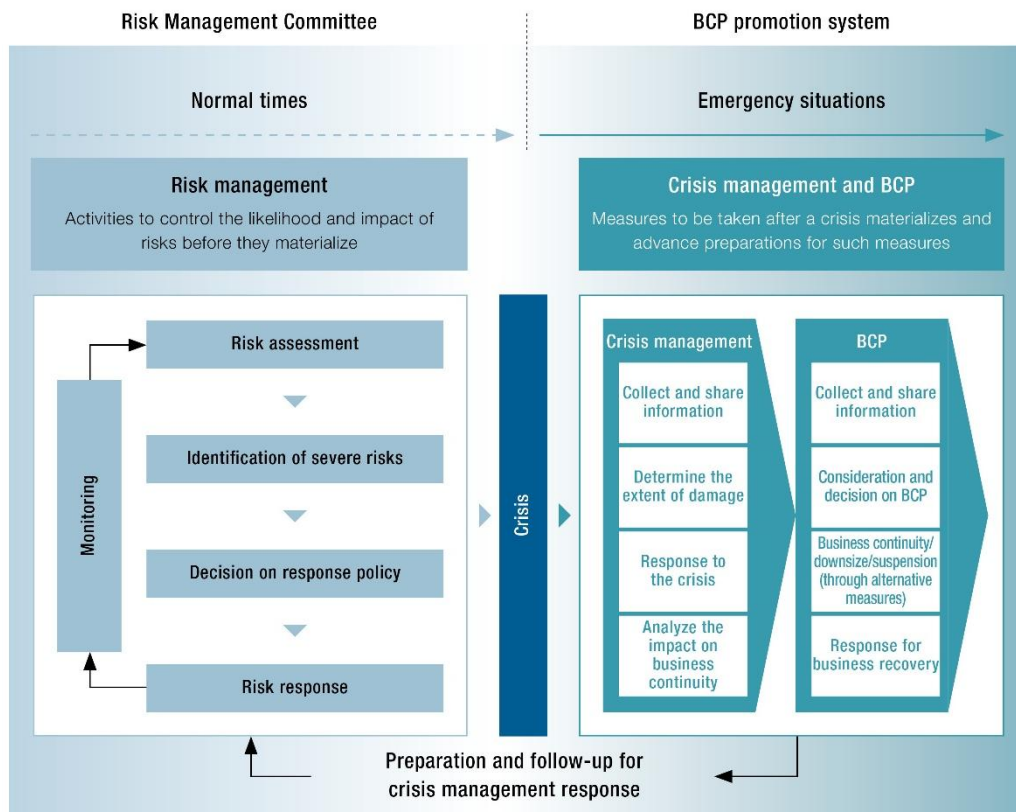
i. Matters under the jurisdiction of the Risk Management Committee

- 1) Planning and development of the risk management systems and related regulations
- 2) Selection of severe risks based on the results of risk assessments (risks that should be prioritized and managed across the organization led by management)
- 3) Determination, direction, progress management, and monitoring of severe risk response policies
- 4) Implementation of annual reviews and provision of feedback on results
- 5) Sharing of various types of information to raise awareness of risks; determining and giving instructions on policies for conducting education, drills, and training on the importance of, approach to, and methods for risk management
- 6) Determination of policies for and instructions on education, training, and drills related to crisis response

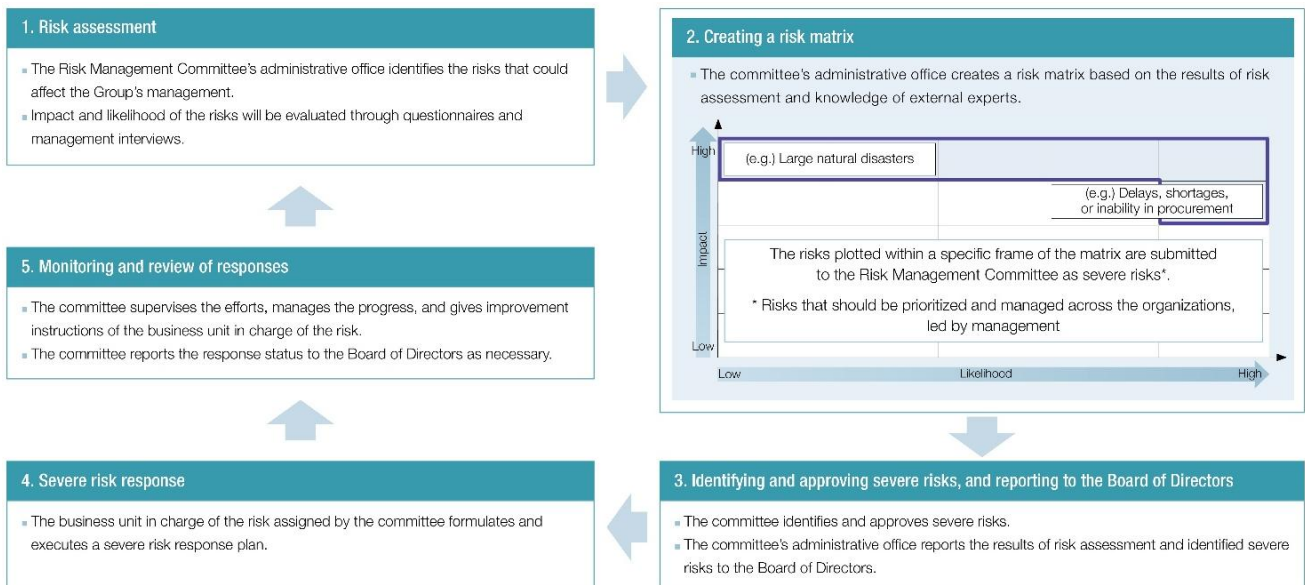
ii. Management systems for normal times and for emergencies

In the Group’s risk management system for normal times, the Risk Management Committee conducts the activities described in section i. above to minimize the possibility and damage of risks before they materialize.

If a risk materializes and a situation requires crisis response, we will promptly transition to our business continuity plan (BCP) promotion system.



(2) Flow for specification of and response to severe risks



(3) Assessment of and response to key risks (severe risks)

Key risks, referred to as “severe risks” by the Group, which management has recognized as having the potential to significantly affect the Group’s financial position, management performance, cash flows, etc., are as described below. However, this is not an exhaustive list of all the risks the Group faces, and there are unforeseeable risks in addition to those described here.

i. List of key risks (severe risks) (Fiscal year ended December 31, 2025)

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
1 Changes in the business environment	▪ Changes in the market environment	Large	High	Within one year
	▪ 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
3 Growth strategy	▪ New domain creation and technology development	Large	High	Within five years
4 Human resources-related	▪ Lack of human resources development initiatives	Relatively large	High	Within three years
	▪ 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
	▪ 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
7 Information security	▪ Leakage of confidential information due to human factors	Large	Medium	No specific timing
	▪ Cyberattacks	Large	Medium	No specific timing

ii. Key risks (severe risks) and countermeasures (Fiscal year ended December 31, 2025)

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
1) Changes in the business environment	Changes in the market environment	Large	High	Within one year
	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
	Description	<p>The Group's business is mainly related to capital investment for logistics systems and other facilities, and we provide products and services to customers in a wide range of industries.</p> <p>In recent years, the outlook for the economic and market environment has remained uncertain due to factors such as global inflation and rising interest rates, major shifts in trade policies of various countries, and rising geopolitical risks. Therefore, the Group is easily affected by customers' capital investment decisions associated with changes in business trends and the market environment; if revisions or postponements of investment plans occur, there is a possibility that the impact on orders and business performance may exceed our expectations.</p> <p>On the other hand, there are movements that are expected to lead to an expansion of business opportunities for the Group, such as an increase in semiconductor-related investment accompanying the expanded use of AI and an increase in international traffic, and these factors may lead to an increase in orders.</p>		
Countermeasures	<p>Recognizing that the business environment surrounding the Group is constantly changing, we are continuously monitoring economic conditions, the market environment, interest rate trends, trade policies, geopolitical risks, and changes in customers' capital investment plans, etc. Furthermore, 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.</p>			

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
2) Procurement/supply chain	Delays, shortages, or inability to procure raw materials, parts, purchased goods, etc.	Relatively large	High	Within one year
	Description	<p>The material handling systems manufactured and provided by the Group consist of a wide variety of parts and materials, and the stable procurement of these is indispensable for the production of products, installation operations, and the continuation of after-sales services. On the other hand, there is a possibility that the supply of parts and materials may temporarily stagnate or fail due to sudden events such as natural disasters, geopolitical risks, and supplier operation stoppages.</p> <p>Furthermore, in the medium to long term, it may become difficult to build and maintain stable business relationships due to the deterioration of relationships with suppliers or a lack of compliance and sustainability initiatives in procurement activities, which could interfere with procurement.</p> <p>The manifestation of these risks could impede the continuity of the Group's business activities and negatively affect business performance.</p>		
	Countermeasures	<p>The Group addresses risks related to procurement and the supply chain by anticipating both short-term supply stoppage risks and medium- to long-term supply disruption risks, and takes measures toward ensuring stable business operations.</p> <p>With respect to short-term supply stoppage risks, the Group continuously assesses the status of its supplies of components and materials, deliberates supplier diversification and alternate procurement, etc. We strive to create a procurement structure that minimizes the impacts on business of unexpected events such as natural disasters or supplier operation shutdowns.</p> <p>With respect to medium- to long-term supply disruption risks, we have positioned the creation of ongoing and stable business relationships with suppliers as one of the important management issues. Through the SCM Committee*, we make the entire Group thoroughly aware of our policies on our supplier business terms, our approaches to setting prices, and the like.</p> <p>Additionally, from the perspective of sustainability, we strive to visualize procurement risks by understanding the status of initiatives related to human rights, the environment, and legal compliance through self-assessment questionnaires (SAQ) for business partners. Through these initiatives, we aim to entrench appropriate business practices throughout the entire supply chain and work to maintain and strengthen medium- to long-term partnerships based on relationships of trust.</p> <p>* SCM Committee: Supply Chain Management Committee</p>		

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
3) Growth strategy	New domain creation and technology development	Large	High	Within five years
	Description	<p>The Group has grown as a comprehensive manufacturer of material handling systems covering a wide range of industries. To achieve future sustained growth, the Group positions the creation of new markets and business domains as essential, in addition to strengthening the competitiveness of existing businesses.</p> <p>Meanwhile, industrial structures and social situations have been changing rapidly in recent years, and uncertainty exists in identifying new domains that lead to future growth and in starting up new businesses.</p> <p>If the Group fails to appropriately capture these changes, there is a possibility of missing medium- to long-term growth opportunities.</p> <p>Furthermore, even in the existing material handling industry, automation and optimization utilizing technologies such as AI and robotics are progressing. If our response to the development of products and services tailored to technological trends is delayed, it may lead to a loss of competitiveness.</p>		
	Countermeasures	<p>To address the uncertainty associated with the creation of new domains and technological development, the Group has established a dedicated organization, the Business Innovation Division, responsible for developing new businesses and advanced technologies, and is pursuing initiatives from a medium- to long-term perspective. We are promoting the creation of innovation by exploring new businesses based on social issues, technological trends, and future trends, while also developing mechanisms to collect and utilize a variety of ideas from within the Company.</p> <p>Furthermore, to promote research and development in advanced technology fields such as AI, software development, AGVs, and robot control technology, we established Kyoto Lab as a technology development base in the fiscal year ended December 31, 2025. In addition, with the aim of further strengthening our research and development structure, we established Tokyo Lab in the fiscal year ending December 31, 2026, and through securing technical personnel and enhancing research and development functions, we will work to create products and services that respond to changes in the market environment and technological trends.</p>		

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
4) Human resources-related	Lack of human resources development initiatives	Relatively large	High	Within three years
	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
	Description	<p>We believe that for the Group to achieve sustained growth, it is essential that we secure human resources with specialized knowledge and skills in areas such as research and development, design, repair and maintenance. Furthermore, securing and developing leaders for the next generation of management and managers responsible for organizational operations is also indispensable. Meanwhile, the labor market within and outside of Japan is seeing increasingly difficult recruitment and rising labor mobility. If we are unable to secure and develop the necessary human resources as planned in such an environment, these could result in losses of continuity in business operations, technological and technical expertise, and competitive superiority, and may affect the Group's business performance.</p>		
	Countermeasures	<p>The Group is taking steps to diversify our recruiting methods to secure human resources. Our activities include expanding recruitment-linked internships, utilizing the job return entry system and referral recruitment system, introducing a region-specific employee system for certain job categories, and conducting recruitment activities utilizing the newly established Kyoto Lab. We are also developing an education program (Daifuku Academy) using video teaching materials for the purpose of providing recruited human resources with the knowledge required as Group employees.</p> <p>Additionally, for the purpose of employee retention and improving productivity, we are working to promote measures to address the issues identified in engagement surveys.</p> <p>Regarding securing and developing the next generation of management and managers, we are formulating and operating prospective successor plans and enhancing development programs.</p>		

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
5) Group governance	Inadequate management of subsidiaries	Large	Relatively high	No specific timing
	Scandals involving Group companies	Large	Medium	No specific timing
	Description	As of the fiscal year ended December 31, 2025, the Group had 61 consolidated companies and 11,417 employees. Among these, the number of employees at subsidiaries was 7,559 (66.2%). If business execution or compliance systems at each subsidiary are inadequate, occurrences of fraud, improper accounting processing, or inadequate project management could result in losses, which may adversely affect business performance and social credibility.		
	Countermeasures	The Group is working to ensure an effective governance structure through measures such as developing its management philosophy, Group-wide policies, and internal rules and regulations, as well as conducting ongoing compliance training. Furthermore, individual business units are promoting the strengthening of project management by coordinating with the legal department on contract reviews and negotiations, monitoring progress during the project execution stage, and operating reporting and approval processes for important projects. In addition, we continuously verify and improve the appropriateness of business operations and the effectiveness of internal control systems through the planned implementation of subsidiary audits by the internal audit units and the establishment and operation of a Group-wide whistleblowing system.		

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
6) Natural disasters	Large-scale natural disasters (e.g., large-scale earthquakes, tsunamis, storms, floods, etc.)	Large	Low	No specific timing
	Description	The Group's business activities are conducted through production and after-sales service sites within and outside of Japan. In the event of large-scale natural disasters such as earthquakes, typhoons, and heavy rain, business activities may stagnate or fail due to damage to sites, facilities, and personnel, or the disruption of lifelines such as electricity, water, and communications. On a global scale, we practice local self-sufficiency*, that is, procurement and manufacturing close to customers, but our Shiga Works continues to play an important role in the Group's production activities. Because of this, a large-scale disaster such as a Nankai Trough earthquake could have a major impact on the Group's business activities, business performance, and financial condition. * Local self-sufficiency: We use "local self-sufficiency" to refer to procuring, producing, or supplying products near where there is demand for them (in other words, local production and local delivery).		
	Countermeasures	Recognizing the rising risk of natural disasters in recent years, the Group is strengthening systems to minimize damage and ensure early recovery in the event of a large-scale disaster. In the fiscal year ended December 31, 2025, we considered a major update to the large-scale disaster response manual for the Osaka Headquarters and will work to roll this out sequentially to other sites as a model case. In Japan, starting from the fiscal year ending December 31, 2026, we established a dedicated organization to support the development of BCP and the implementation of drills in each business unit, striving to improve the effectiveness of business continuity and recovery response during a disaster. At sites outside of Japan, we are building basic crisis management systems that take into account regional business characteristics and natural disaster risks, striving for stability in business operations.		

Risk theme	Risk item	Risk assessment		
		Impact	Likelihood	Timing of risk materialization
7) Information security	Leakage of confidential information due to human factors	Large	Medium	No specific timing
	Cyberattacks	Large	Medium	No specific timing
	Description	<p>The Group manages and operates highly confidential information assets such as customer information and technical information in its business activities. Also, we have built business flows utilizing information systems in important processes such as production of products and after-sales services. On the other hand, in recent years, information leakage due to internal fraud and cyberattacks has increased worldwide, and threats to information security are rising significantly within the Group as well. If events such as the leakage or unauthorized use of important information assets or system failures occur due to these threats, they may adversely affect the continuation of the Group's business activities and performance through business interruptions, delays in providing products and services, and damage to the corporate brand and social credibility.</p>		
	Countermeasures	<p>The Group broadly categorizes information security risks into risks related to leakage of confidential information due to human factors and risks related to cyberattacks, and takes countermeasures according to their respective characteristics.</p> <p>Regarding risks related to leakage of confidential information due to human factors, we set management classifications according to the importance of information assets and strive to prevent information leakage due to fraud or negligence through the development and operation of human, physical, and organizational management systems. In addition, to improve the effectiveness of management systems, we conduct information security audits and check the status of information management throughout the entire supply chain, including contractors.</p> <p>For risks related to cyberattacks, we employ technical countermeasures for preventing unauthorized access, malware infection, and other attacks. To respond to a cyberattack, we establish response task forces centered on specialist organizations (CSIRT*).</p> <p>Specifically, we are developing response processes aimed at identifying the extent of impact and damage, providing initial responses and formulating measures to prevent the spread of damage and prevent recurrence. Furthermore, we continuously provide education and drills for employees to improve their response capabilities.</p> <p>* CSIRT (Computer Security Incident Response Team): An organization that deals with computer security incidents such as information leakage due to cyberattacks.</p>		

4. Management's Discussion and Analysis of Financial Position, Operating Results, and Cash Flows

(1) Operating results and financial review

Consolidation period and comparative information due to the change in fiscal year-end

Effective from the fiscal year ended December 31, 2024, the fiscal year-end (the closing date of the fiscal year) of the Company has been changed from March 31 to December 31 every year. Accordingly, the previous fiscal year, an irregular accounting period, ran for nine months from April 1 to December 31, 2024 for Daifuku Co., Ltd. and its subsidiaries with a fiscal year ending in March, mainly in Japan. Most subsidiaries outside of Japan were consolidated for the 12-month period from January 1 to December 31, 2024. As a reference, comparative information with the same period of the previous year (hereinafter, "prior-year reference period") is provided, adjusted by adding the results for the three-month period from January 1 to March 31, 2024 of Group companies with a fiscal year ending in March.

Consolidated operating results for the fiscal year ended December 31, 2025

Orders received	672,618 million yen	(Up 3.0% reference YoY)
Net sales	660,724 million yen	(Up 2.6% reference YoY)
Operating income	100,816 million yen	(Up 24.4% reference YoY)
Ordinary income	104,649 million yen	(Up 24.1% reference YoY)
Net income attributable to shareholders of the parent company	78,096 million yen	(Up 21.3% reference YoY)

During the fiscal year ended December 31, 2025, the global economy generally remained favorable, although uncertainty increased due to the impact of U.S. trade policy and downside risks associated with the sluggish Chinese economy.

Looking at the business environment, for the manufacturing and distribution sectors in Japan and the United States, investment in automation at manufacturing and logistics sites is recovering against the backdrop of labor shortages and substantially higher labor costs. In the semiconductor industry, demand for advanced semiconductor investment including the automation of back-end processes, remains strong, supported by increasing demand for AI applications. In China, investment continues in line with efforts to strengthen and promote domestic production. In the automotive industry, while customers have temporarily delayed investment decisions to assess the impact of tariffs under U.S. trade policy, a high level of investment continued to be planned, mainly in the United States. Meanwhile, demand is continuing for investment in automation at airports to meet the increase in the number of air passengers, particularly in the United States and certain other countries.

In this economic and business environment, during the fiscal year, orders for automotive systems fell short of the prior-year reference period, while orders for intralogistics systems from manufacturers and distributors, cleanroom systems from the semiconductor sector, and airport systems remained steady.

Sales increased as intralogistics systems and cleanroom systems performed steadily, benefiting from an extensive order backlog from the end of the previous fiscal year.

Specifically, the Group received orders of 672,618 million yen, up 3.0% from the prior-year reference period, and recorded sales of 660,724 million yen, up 2.6%, marking a new record high and surpassing the previous peak recorded in the fiscal year ended March 2024.

Note that, until the previous fiscal year, the change in order backlog at the end of the most recent period due to exchange rate fluctuations was included in the amount of orders received for that period. However, from the current fiscal year, this amount will no longer be included in the amount of orders received. Orders for the prior-year reference period include the impact of exchange rate fluctuations on the order backlog at the end of the fiscal year ended March 31, 2024 of 24.2 billion yen. Excluding this impact, the year-on-year change was an increase of 7.0%.

In terms of profits, the profit margin improved and profit increased due to cost reductions achieved through production efficiency improvements and enhanced project management, as well as a focus on securing orders with strong profitability.

Consequently, the Group posted operating income of 100,816 million yen, up 24.4% from the prior-year reference period, and ordinary income of 104,649 million yen, up 24.1%. Net income attributable to shareholders of the parent company was 78,096 million yen, up 21.3%.

Operating income, ordinary income, and net income attributable to shareholders of the parent company all reached new record highs for four years in a row.

The average exchange rates used for transactions during the fiscal year were 149.87 yen to the U.S. dollar (152.27 yen in the year-ago period), 20.88 yen to the Chinese yuan (21.13 yen), 0.1055 yen to the Korean won (0.1113 yen), and 4.81 yen to the New Taiwan dollar (4.74 yen). As a result of exchange rate fluctuations, orders decreased in value by about 6.8 billion yen, sales by about 5.5 billion yen, and operating income by about 0.6 billion yen, respectively, compared with the year-ago period.

Impact and response to U.S. trade policy, etc.

The United States is one of our priority markets, accounting for 169.7 billion yen in net sales and representing a composition ratio of 26% for the fiscal year ended December 31, 2025 (167.7 billion yen and composition ratio of 30% for the previous fiscal year).

While some products and components sourced from outside the United States will be subject to tariffs introduced by the United States, most intralogistics systems, automotive systems, and airport systems are produced in the United States. In addition, cleanroom systems are manufactured in Japan, Taiwan, and South Korea and exported to the United States, with the majority of contracts being with customers as importers. For this reason, tariffs incurred by the Group are extremely limited. However, U.S. trade policy may affect the future investment plans (country, amount, and timing) of our customers, particularly those in the automotive and semiconductor industries. Accordingly, we will continue to strengthen communication with our customers and make optimal proposals that utilize the Group's global network for investment plans, thereby securing orders.

In addition, given that the Group has positioned the United States as a critical market, increasing production capacity for intralogistics systems in that country had become an urgent priority. In October 2025, a new factory was completed and has commenced operations. As a result, production capacity increased to approximately double the previous capacity. We will strive to increase sales and expand our market share in the U.S. market by taking advantage of our strengths in local self-sufficiency, while also expanding our global development capabilities to enable the more timely provision of products and services that meet local needs.

Consolidated earnings forecast for the fiscal year ending December 31, 2026

Orders received	780.0 ~ 820.0 billion yen	(Up 16.0 ~ 21.9% YoY)
Net sales	700.0 billion yen	(Up 5.9% YoY)
Operating income	105.0 billion yen	(Up 4.2% YoY)
Ordinary income	108.5 billion yen	(Up 3.7% YoY)
Net income attributable to shareholders of the parent company	80.0 billion yen	(Up 2.4% YoY)

In the manufacturing and distribution industry, investment in automation at production and logistics sites is expected to continue at a high level. In the semiconductor industry, demand for advanced semiconductors continued to expand amid the rapid proliferation of generative AI, with active investment continuing in both front-end and back-end processes, supported by efforts by various countries to secure domestic production bases from the perspective of economic security. In the automotive industry, investment aimed at establishing more flexible production systems is expected to continue, including projects postponed in the previous fiscal year. In addition, at airports, demand for operational efficiency improvements, driven by increasing numbers of air passengers and chronic labor shortages, is expected to persist.

In light of these market conditions, we expect the order intake to significantly exceed the level recorded in the previous fiscal year. In addition, taking into account fluctuations in the timing of large-scale project orders, we have revised our disclosure approach starting with the earnings forecast for the fiscal year ending December 2026, changing the order outlook to a range-based forecast.

Sales are expected to grow steadily based on an extensive order backlog from the end of the previous fiscal year.

In terms of profits, we aim to maintain a high level of profitability and achieve additional gains through cost reductions achieved from production efficiency improvements and enhanced project management, as well as a focus on securing orders with strong profitability, while also pursuing sustainable profit growth in tandem with sales expansion.

An exchange rate of 150 yen to the U.S. dollar is assumed for the fiscal year ending December 31, 2026.

The above forecast represents the judgment of the Company based on information presently available. Actual results may differ materially from forecasts due to various uncertainties, including economic and competitive conditions worldwide as well as various risk factors.

Results by reportable segment

Results by reportable segment are described below. Orders from and sales to external customers are presented as segment orders and sales, and net income attributable to shareholders of the parent company is recorded as segment income.

For Daifuku Co., Ltd. and its subsidiaries with a fiscal year ending in March, mainly in Japan, prior-year reference period is provided for reference.

(1) Daifuku Co., Ltd.

Orders for intralogistics systems and cleanroom systems remained favorable, while automotive systems fell short of the previous fiscal year level (prior-year reference period).

Sales were strong as a whole, underpinned by an extensive order backlog from the end of the previous fiscal year, but fell short of the level recorded in the previous fiscal year (prior-year reference period).

Segment income increased from the previous fiscal year (prior-year reference period) as the profit margin improved due to cost reductions achieved through production efficiency improvements and enhanced project management, as well as a focus on securing orders with strong profitability.

As a result, the Company achieved orders of 226,642 million yen, down 1.8% from the prior-year reference period, sales of 246,560 million yen, down 5.9%, and segment income of 55,611 million yen, up 28.2%.

(2) Contec Co., Ltd. and its subsidiaries (Contec)

Orders and sales increased, driven by steady performance in the medical and social infrastructure sectors in Japan, as well as in the medical sector in North America.

Segment income increased, supported by improved profitability in the Japanese market.

As a result, Contec recorded orders of 18,926 million yen, up 1.1% from the prior-year reference period, sales of 20,235 million yen, up 4.7%, and segment income of 1,118 million yen, up 62.1%.

(3) Daifuku North America, Inc. and its subsidiaries (Daifuku North America)

Orders for automotive systems and cleanroom systems fell short of the previous fiscal year level, while orders for intralogistics systems and airport systems remained favorable.

Sales declined due to the impact of a review of certain operations, despite being solid overall and supported by the order backlog from the end of the previous fiscal year.

Segment income declined due to factors including an increase in tax burden, despite the positive effects of cost reductions from production efficiency improvements and enhanced project management, as well as a continued focus on securing orders with strong profitability.

As a result, Daifuku North America posted orders of 196,191 million yen, up 7.0% from the prior-year reference period, sales of 165,894 million yen, down 3.8%, and segment income of 15,217 million yen, down 6.6%.

(4) Clean Factomation, Inc.

Orders remained steady, driven by the continued strength in demand for advanced semiconductor investments for AI applications.

Sales and segment income increased, underpinned by an order backlog from the end of the previous fiscal year.

As a result, Clean Factomation posted orders of 49,434 million yen, up 55.6% from the prior-year reference period, sales of 37,587 million yen, up 45.2%, and segment income of 3,320 million yen, up 134.8%.

(5) Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

Orders remained favorable, supported by continued investment in China in line with efforts to strengthen and promote domestic semiconductor production.

Sales and segment income fell due to the impact of a decrease in the order backlog from the end of the previous fiscal year.

As a result, Daifuku (Suzhou) Cleanroom Automation recorded orders of 47,039 million yen, up 47.5% from the prior-year reference period, sales of 40,952 million yen, down 23.3%, and segment income of 10,821 million yen, down 11.6%.

(6) Other

The Group has a total of 61 consolidated subsidiaries worldwide. The Other segment includes all consolidated subsidiaries excluding the aforementioned Contec, Daifuku North America, Clean Factomation, and Daifuku (Suzhou) Cleanroom Automation. These companies manufacture, sell, install, and service material handling systems, car wash machines, and other equipment. The status of major subsidiaries is as follows.

Japan subsidiaries

Daifuku Plusmore Co., Ltd. provides car wash machines and related services.

Subsidiaries outside of Japan

The Group has production sites for material handling systems and car wash machines in China, Taiwan, South Korea, Thailand, India, and other regions, which also provide sales, installations, and services, playing a role in creating an optimal local production and procurement framework.

In addition, the Group has subsidiaries in North America, Asia, Europe, and Oceania, which provide sales, installation, and services.

Orders were strong for cleanroom systems, but declined from the previous fiscal year (prior-year reference period). Sales and segment income increased, driven by a strong performance mainly in cleanroom systems, which in turn was underpinned by an extensive order backlog from the end of the previous fiscal year.

As a result, the segment posted orders of 134,383 million yen, down 14.2% from the prior-year reference period, sales of 149,994 million yen, up 41.1%, and segment income of 17,379 million yen, up 303.3%.

Please refer to the table “Orders and sales by industry” and the table “Orders and sales by destination” for details by business or destination.

Table: Orders and sales by industry

(Billion yen)

	Orders				Sales			
	FY2024		FY2025		FY2024		FY2025	
	Orders	% of subtotal	Orders	% of subtotal	Sales	% of subtotal	Sales	% of subtotal
Automobile, auto parts	83.4	14.0%	74.6	11.1%	75.1	13.4%	85.7	13.0%
Electronics	205.7	34.6%	239.8	35.7%	197.1	35.3%	251.0	38.0%
Commerce, retail	90.9	15.3%	124.4	18.5%	109.8	19.7%	133.4	20.2%
Transportation, warehousing	37.6	6.3%	23.7	3.5%	26.9	4.8%	29.3	4.4%
Machinery	6.5	1.1%	10.1	1.5%	8.7	1.6%	8.2	1.2%
Chemicals, pharmaceuticals	18.7	3.1%	23.7	3.5%	22.8	4.1%	23.3	3.5%
Food	16.2	2.7%	25.0	3.7%	21.8	3.9%	24.8	3.8%
Iron, steel, nonferrous metals	4.0	0.7%	3.9	0.6%	3.9	0.7%	5.8	0.9%
Precision equipment, printing, office equipment	3.8	0.6%	6.0	0.9%	3.8	0.7%	4.5	0.7%
Airport	110.2	18.5%	108.4	16.1%	71.8	12.9%	76.8	11.6%
Other	17.2	3.1%	32.5	4.9%	16.7	2.9%	17.9	2.7%
Subtotal	594.7	100.0%	672.6	100.0%	558.9	100.0%	661.2	100.0%
Consolidated adjustments and other	-	-	-	-	4.2	-	(0.5)	-
Total	594.7	-	672.6	-	563.2	-	660.7	-

Table: Orders and sales by destination

(Billion yen)

	Orders				Sales			
	FY2024		FY2025		FY2024		FY2025	
	Orders	% of subtotal	Orders	% of subtotal	Sales	% of subtotal	Sales	% of subtotal
Japan	119.6	20.0%	175.7	26.1%	144.6	25.9%	182.0	27.5%
Outside of Japan	475.1	80.0%	496.8	73.9%	414.3	74.1%	479.1	72.5%
North America	188.6	31.7%	198.9	29.6%	174.1	31.1%	174.8	26.4%
Asia	240.7	40.5%	265.2	39.5%	201.9	36.1%	268.3	40.6%
China	64.8	10.9%	102.7	15.3%	110.5	19.8%	83.7	12.7%
South Korea	42.1	7.1%	58.2	8.7%	37.5	6.7%	47.7	7.2%
Taiwan	80.3	13.5%	79.1	11.8%	30.8	5.5%	94.1	14.2%
Other	53.3	9.0%	25.1	3.7%	22.9	4.1%	42.8	6.5%
Europe	18.7	3.2%	19.1	2.8%	14.5	2.6%	15.1	2.3%
Latin America	5.8	1.0%	4.1	0.6%	6.6	1.2%	3.2	0.5%
Other	21.1	3.6%	9.4	1.4%	17.1	3.1%	17.5	2.7%
Subtotal	594.7	100.0%	672.6	100.0%	558.9	100.0%	661.2	100.0%
Consolidated adjustments and other	-	-	-	-	4.2	-	(0.5)	-
Total	594.7	-	672.6	-	563.2	-	660.7	-

(2) Financial position

Assets stood at 754,211 million yen, an increase of 65,504 million yen from the end of the previous fiscal year. The result principally reflected increases of 39,731 million yen in cash on hand and in banks, 23,628 million yen in buildings and structures, net.

Liabilities amounted to 302,650 million yen, an increase of 12,368 million yen from the end of the previous fiscal year. Primary factors included increases of 5,546 million yen in notes payable, accounts payable for construction contracts and other, 9,878 million yen in income taxes payable, and 10,811 million yen in other current liabilities such as accounts payable - other, offsetting a decrease of 10,831 million yen in contract liabilities.

Net assets were 451,560 million yen, an increase of 53,135 million yen from the end of the previous fiscal year. This was mainly attributable to an increase of 53,799 million yen in retained earnings.

(3) Cash flows

Cash and cash equivalents at the end of the fiscal year under review increased 24,860 million yen from the end of the previous fiscal year, to 245,256 million yen.

Cash flows from operating activities

Cash provided by operating activities totaled 76,137 million yen (116,129 million yen in cash provided in the previous fiscal year). This was mainly attributable to 109,578 million yen in income before income taxes, partially offset by an increase of 11,880 million yen in notes and accounts receivables and contract assets, and payments of 17,891 million yen in income taxes paid.

Cash flows from investing activities

Cash used in investing activities was 24,299 million yen (2,393 million yen in cash used in the previous fiscal year). Major factors included 22,207 million yen for payments for the purchase of property, plant and equipment.

Cash flows from financing activities

Cash used in financing activities was 27,350 million yen (36,820 million yen in cash used in the previous fiscal year). This was mainly attributable to a decrease in short-term borrowings of 1,794 million yen, and 23,420 million yen for the payments of cash dividends.

Indicators for consolidated cash flows are as below:

	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Equity ratio (%)	57.8	59.9
Equity ratio based on market capitalization (%)	176.2	240.3
Ratio of interest-bearing liabilities to cash flows (year)	0.5	0.8
Interest coverage ratio (times)	405.2	280.1

Equity ratio = (Net assets – Non-controlling interests – Stock acquisition rights) / Total assets

Equity ratio based on market capitalization = Market capitalization of shares / Total assets

Ratio of interest-bearing liabilities to cash flows = Interest-bearing liabilities / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest paid

- Notes:
1. The above indicators are calculated based on the figures in the consolidated financial statements.
 2. Market capitalization is calculated based on the following formula: Closing price of shares at the end of the period × Number of shares issued at the end of the period (excluding treasury stock).
 3. Operating cash flows are used for cash flows.
 4. 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.
 5. Interest paid is the amount of interest paid in the consolidated statements of cash flows.

(4) Capital resources and liquidity of funds

i. Basic views of financial strategy

The Group has a basic policy for financial strategy to maintain its strong financial position and high capital efficiency at the same time, and to increase its corporate value by appropriately raising and allocating funds.

To maintain the strong financial position, the Group will keep an equity-to-asset ratio of at least 50% and an issuer credit rating of “A+” or higher (rated by Rating and Investment Information, Inc. (R&I)), and strengthen its risk resistance.

At the same time, on condition that the Group has a sufficient ability to repay debts due to operating cash flows, the Group strives to reduce the capital cost and improve the capital efficiency by borrowing from financial institutions or issuing corporate bonds under strict financial discipline. Under the four-year business plan for 2027 (hereinafter referred to as the “2027 Plan”), the Group is conducting business evaluation and analysis using ROIC with the aim of further improving capital efficiency. In particular, in light of the nature of its business in which running costs tend to rise significantly in line with growth in orders and sales, the Group has established the cash conversion cycle (CCC) as an indicator, and set a target of shortening the CCC from 100 days as of the end of the fiscal year ended March 31, 2024 to 75 days as of the end of the fiscal year ending December 31, 2027, the final year of the 2027 Plan. As of the end of the fiscal year ended December 31, 2025, the CCC was 74 days.

ii. Views on distribution of management resource

The Group has set the amount of about 2.0- to 2.5-month net sales as the appropriate level of cash and deposit at hand required for stable business operation and considers the excessive amount as an additional distributable management resource. The Group will distribute this resource to help increase its corporate value. The Group regards the return of profits to shareholders as one of its most important management tasks. Regarding the provision of dividends from surplus funds, and with a view to returning more profits to shareholders, the Company adopts a performance-based policy for cash dividends based on consolidated net income, and appropriates the remaining surplus to internal reserves to be used as investment funds for future growth, such as capital investment, research and development, and M&A, to help increase its corporate value. A total investment for growth of 160.0 billion yen is scheduled in the 2027 Plan.

iii. Description of demand for funds

Major demands for funds are variable costs, such as costs for purchase, processing, and assembly of raw materials and parts for production, and fixed costs such as an indirect manufacturing cost, a sales cost, and a general administrative cost.

Major costs included in the fixed cost are personnel expenses, outsourcing costs for work at the Group sites, outsourcing costs for design, R&D expenditures, and lease expenses.

iv. Capital procurement

The Group effectively uses internal and external funds to secure a stable amount necessary for the maintenance and expansion of its business. The Group companies in Japan use a distribution system to increase the efficiency of their fund operation. In the system, surplus funds are collected by the Company, and then distributed to Group companies that are in short of funds. The Group also obtained credit ratings to maintain and enhance a stable ability of external capital procurement. The Group is rated “A+ (stable)” in issuer credit rating by R&I as of the filing date of the Annual Securities Report. On the other hand, the Group has kept a good business relationship with its major partner financial institutions, and also has strong financial position. This proves that the Group can procure operating funds and investment funds necessary for maintenance, expansion, and operation of its business without any problem. In addition, the Group sets commitment lines of 30.0 billion yen with financial institutions in Japan to secure a capital procurement measure for emergencies.

(5) Significant accounting estimates and assumptions used for such estimation

The Group’s consolidated financial statements are prepared in accordance with generally accepted accounting principles in Japan. While the Group uses estimates and assumptions that could affect the reported amounts of assets, liabilities, income and expenses in preparing the consolidated financial statements, the figures based on these estimates and assumptions may differ from the actual results.

Of the accounting estimates and assumptions used to prepare the consolidated financial statements, those of significance are described in “V. Financial Information, 1. Consolidated Financial Statements, etc., (1) Notes on consolidated financial statements, Significant accounting estimates” and “V. Financial Information, 2. Non-consolidated Financial Statements, etc., (1) Non-consolidated financial statements, Notes to the Non-consolidated Financial Statements, Significant accounting estimates.”

(6) Results of production, orders received, and sales

i. Production

The results of production by segment for the fiscal year ended December 31, 2025 are as follows:

Segment	Amount (million yen)	YoY change (%)
Daifuku Co., Ltd.	291,544	-
Contec Co., Ltd. and its subsidiaries	23,559	-
Daifuku North America, Inc. and its subsidiaries	158,496	-
Clean Factomation, Inc.	31,680	-
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	38,118	-
Other	101,097	-
Total	644,497	-

Notes: 1. The amounts are based on selling prices.

2. "Other" represents subsidiaries in Japan and outside of Japan that are not included in reportable segments.

3. YoY change figures have not been disclosed due to the previous fiscal year (fiscal year ended December 31, 2024) being an irregular nine-month accounting period as a result of the change in the fiscal year-end.

ii. Orders received

The results of orders received by segment for the fiscal year ended December 31, 2025 are as follows:

Segment	Orders (million yen)	YoY change (%)	Order backlog (million yen)	YoY change (%)
Daifuku Co., Ltd.	226,642	-	190,925	-
Contec Co., Ltd. and its subsidiaries	18,926	-	9,640	-
Daifuku North America, Inc. and its subsidiaries	196,191	-	228,525	-
Clean Factomation, Inc.	49,434	-	37,620	-
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	47,039	-	38,721	-
Other	134,383	-	126,803	-
Total	672,618	-	632,237	-

Notes: 1. Intersegment transactions are offset.

2. "Other" represents subsidiaries in Japan and outside of Japan and adjustments for consolidation that are not included in reportable segments.

3. YoY change figures have not been disclosed due to the previous fiscal year (fiscal year ended December 31, 2024) being an irregular nine-month accounting period as a result of the change in the fiscal year-end.

iii. Sales

The results of sales by segment for the fiscal year ended December 31, 2025 are as follows:

Segment	Amount (million yen)	YoY change (%)
Daifuku Co., Ltd.	246,560	-
Contec Co., Ltd. and its subsidiaries	20,235	-
Daifuku North America, Inc. and its subsidiaries	165,894	-
Clean Factomation, Inc.	37,587	-
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	40,952	-
Other	149,493	-
Total	660,724	-

Notes: 1. Intersegment transactions are offset.

2. "Other" represents subsidiaries in Japan and outside of Japan and adjustments for consolidation that are not included in reportable segments.

3. YoY change figures have not been disclosed due to the previous fiscal year (fiscal year ended December 31, 2024) being an irregular nine-month accounting period as a result of the change in the fiscal year-end.

4. The results of sales by major customer and their percentage of total sales

Customer	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Amount (million yen)	Ratio (%)	Amount (million yen)	Ratio (%)
Taiwan Semiconductor Manufacturing Company Limited	-	-	91,474	13.8

Notes: 1. The results of sales to Taiwan Semiconductor Manufacturing Company Limited for the previous fiscal year are omitted because they represented less than 10% of total sales.

2. The results of sales include sales to customers within the same corporate group as the relevant customer.

(7) Analysis and discussion on the status of operating results, etc., from the management's view

Views, analysis and discussion on the status of operating results, etc., of the Group from the management's point of view are as below.

All forward-looking statements herein represent the Group's views as of the filing date of the Annual Securities Report.

i. Views, analysis and discussion on the status of operating results, etc., of the fiscal year ended December 31, 2025

In the fiscal year ended December 31, 2025, the Group received orders of 672.6 billion yen, against the initial forecast of 700.0 billion yen. While sales for intralogistics systems from the manufacturers and distributors, cleanroom systems from the semiconductor sector, and airport systems were strong, automotive systems saw some discrepancy in the timing of orders as customers temporarily delayed investment decisions. In addition to continuing to make order decisions with a focus on profitability, in the fiscal year ending December 31, 2026 and beyond we also expect to see order opportunities for projects with delayed order timing. Overall, we believe that we have secured a solid order base.

Net sales stood at 660.7 billion yen, topping the initial forecast of 650.0 billion yen and marking a new record high. This result was driven by the steady progress of installation work, primarily for intralogistics systems and cleanroom systems, benefiting from an extensive order backlog from the end of the previous fiscal year.

In terms of profits, operating income reached 100.8 billion yen and the operating margin was 15.3%, greatly exceeding the initial forecast of 81.5 billion yen and 12.5%, respectively. Operating income exceeded 100.0 billion yen for the first time for the Group, while ordinary income reached 104.6 billion yen and net income attributable to shareholders of the parent company was 78.0 billion yen, all of which reached new record highs for the fourth consecutive year. Furthermore, ROE stood at 18.4%, and we assess that significant progress was made in improving profitability and capital efficiency.

Factors for the improvement in profitability included the widespread promotion and entrenchment throughout the Group of initiatives for production efficiency and cost reduction through the promotion of standardization and the reduced number of components, which have been underway since the previous business plan. In addition, improvements in the accuracy of cost management through the sophistication of project management including large-scale projects, the enhancement of profitability at the order-receipt stage, and efforts to ensure orders at prices matching the provided value contributed to the improvement in the profit margin.

In the fiscal year ending December 31, 2026, we will position "accelerating advanced technology and new business

development,” “accelerating the global growth strategies,” and “enhancing our profit structure” as challenges of primary importance and pursue these initiatives.

Please refer to the sections, “(1) Operating results and financial review” for details on the analysis of the operating results of the Group, and “II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address” for details on issue analysis, future measures, etc.

ii. Objective indicators and other factors to evaluate the achievement of management policy/management strategy and management targets

In the long-term vision, Driving Innovative Impact 2030 (hereinafter referred to as the “2030 Long-Term Vision”), and the 2027 Plan, from the three perspectives of growth potential, profitability, and capital efficiency, as the long-term vision for 2030, the Group had set consolidated net sales of 1 trillion yen, an operating margin of 12.5%, and ROE of 13.0%; additionally, as management targets for the fiscal year ending December 31, 2027, the final year of the 2027 Plan, set consolidated net sales of 800.0 billion yen, an operating margin of 11.5%, and ROE of 13.0%. Compared with these targets, the Group achieved an operating margin of 15.3%, and ROE of 18.4% in the fiscal year ended December 31, 2025, marking a significant overshoot versus the profitability and capital efficiency targets. Based on this situation, we updated the 2030 Long-Term Vision and management targets for the 2027 Plan on February 12, 2026, newly setting the revised long-term vision for 2030 at an operating margin of 15.0% and ROE of 17.0%, and also revised management targets for the fiscal year ending December 31, 2027 at an operating margin of 15.0% and ROE of 17.0%.

For details on the analysis to evaluate the achievement of management policy/management strategy and management targets, please refer to the following section, “II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address.”

(8) Future management policies

Based on the company creed and management philosophy, the Group will implement various measures to achieve the 2030 Long-Term Vision and the 2027 Plan, which serves as the midpoint toward this Vision, with an eye to achieving further growth.

For more information on our future management policies, please refer to the following section, “II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address.”

5. Material Contracts, etc.

Not applicable

6. Research and Development (R&D) Activities

The Group develops new systems and products of machinery and equipment with storage, transport, and sorting/picking functions, as well as electronic devices that support those machinery and equipment. In addition, as companies are required to take greater social responsibility to include consideration for the environmental and society as well as creation of economic value, we are developing systems and products that are environmentally friendly and safety-oriented.

Regarding the intellectual property created through these activities, we are proceeding with the construction of a network of rights while appropriately using both open and closed strategies. In recent years, we have been promoting the early acquisition of rights globally, focusing on highly competitive technologies, and are also focusing on the utilization of these rights after they are acquired. Furthermore, with a view to creating new businesses, we are utilizing IPL (Intellectual Property Landscape), promoting an IP mix strategy based on a strategic framework, and utilizing digital notarization to enhance the evidential power of information. We will continue to work closely with each business unit and other departments to strengthen the Group's competitive edge through intellectual property activities.

The total amount of R&D expenditures that the Group paid is 13,195 million yen in the fiscal year ended December 31, 2025.

The fiscal year ended December 31, 2024 ran for nine months from April 1, 2024 to December 31, 2024 due to the change in the fiscal year-end.

The expenditures by reportable segment are described below.

Segment	Fiscal year ended December 31, 2024	Fiscal year ended December 31, 2025
Daifuku Co., Ltd.	7,484	10,479
Contec Co., Ltd. and its subsidiaries	945	1,167
Daifuku North America, Inc. and its subsidiaries	343	907
Clean Factomation, Inc.	339	411
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	24	40
Other	202	188
Total	9,340	13,195

R&D activities by reportable segment are described below.

The R&D activities of Daifuku (Suzhou) Cleanroom Automation Co., Ltd. are small in scale and description is omitted.

(1) Daifuku Co., Ltd.

i. Intralogistics systems for manufacturers and distributors

The Company has started sales of the Pouch Sorter, a piece sortation system used in distribution centers for individual and mail-order deliveries in the apparel industry and other sectors. By making effective use of ceiling space and featuring buffering and order consolidation functions in addition to sorting, this system is multi-functional, compact, and high-capacity. The first unit is scheduled for delivery in March 2026. Regarding autonomous mobile robots, following SOTR-S, SOTR-M, and SOTR-L, we have started sales of the forklift-type Sorting Transfer Robot F (SOTR-F). This product can handle various pallet shapes and can access pallets placed directly on the floor as well as those on conveyors and receiving stands. With the industry's smallest turning radius, it demonstrates high travel performance even in narrow areas. It adopts SLAM technology for autonomous travel control and recognizing surrounding conditions via a LiDAR sensor, allowing it to respond to flexible layouts.

ii. Cleanroom systems for the semiconductor sector

In addition to existing front-end processes, automation needs are increasing in the back-end advanced packaging sector. Because items to be transported are highly diverse, the Company is developing new transport and storage systems to handle them. Regarding the most advanced fields of front-end processes, the Company has added a delivery track record for 2-nanometer plants. The Company is currently proceeding with product development for 1.4-nanometer lines by incorporating AI and utilizing high reliability and energy-saving technologies.

iii. Automotive systems

The Company has strengthened the product capabilities of its cart-towing AGV systems, which can flexibly adapt to change in assembly lines. For in-house logistics systems products, the Company strengthened the product capabilities of our automatic transfer systems for trucks. Furthermore, the Company is working on developing overhead transport systems to automate the supply of parts to the line-side.

To demonstrate to customers our strengths in providing a total range of transport systems and automated equipment, the Company added equipment to automatically mount suspensions and batteries to vehicle bodies to the demonstration line at Shiga Works.

iv. Airport systems

In the airport industry, while passenger numbers have been on an increasing trend since the COVID-19 pandemic, the industry continues to suffer from chronic labor shortages as workers have not returned and as such, the Company is developing systems to further promote labor savings. In Japan, the Company has completed the delivery and commenced operation of the country's first EBS (Early Baggage Storage: early check-in baggage storage system). By combining this with SBD (Self Bag Drop System), it has become possible for passengers to check in their baggage promptly upon arrival at the airport, helping to alleviate congestion at check-in counters. In the North American market, the Company has achieved in-house production of curved belt conveyors and high-speed diverters, which were previously procured externally. The Company has started sales after receiving certification from a top-tier North American consulting and engineering firm specializing in airport infrastructure. This has made it possible to provide the North American market with stable prices, delivery dates, and quality.

v. Car wash machines

The Company has developed Treus Wide drive-through car wash machine, which improves accessibility for large passenger vehicles by expanding the width to 2,600 mm (an increase of 200 mm compared to previous models) while maintaining the same installation space. The machine is equipped with three industry-first functions: low-noise brushes that achieve both soft washing and a noise reduction of 10 dB or more compared to conventional models; a pure water generator with optimized production capacity thanks to a design that uses water of appropriate purity only for the final rinse process; and chemicals that protect unpainted resin and headlights by suppressing deterioration caused by ultraviolet (UV) rays.

The total amount of R&D expenditures that the Company paid for i. to v. described above and other is 10,479 million yen.

(2) Contec Co., Ltd. and its subsidiaries (Contec)

In the industrial computer sector, Contec developed an ultra-compact business computer featuring a processor that delivers excellent performance for AI processing and started sales in August 2025. This product features built-in AI processing functions with an NPU (Neural Processing Unit) integrated into the CPU and in addition to being used as terminals for production sites, retail POS, and medical facilities, it can also be utilized as an edge AI device. Furthermore, Contec developed an FA computer that realizes 24/7 on-site maintenance services, which had been a challenge for the Company, and started sales in September 2025. By utilizing the nationwide service bases of partner companies, Contec provides on-site repair services of a uniform standard across the country.

In the IoT device sector, Contec developed a coupler unit for compact controllers compatible with the Ether CAT protocol for CONPROSYSTM nano series and started sales in September 2025. This product allows the connection of up to eight I/O modules for digital and analog signal input/output and enables the construction of low-latency measurement and control networks with a minimum communication cycle of 125 microseconds.

The amount of R&D expenditures that Contec paid is 1,167 million yen.

(3) Daifuku North America, Inc. and its subsidiaries (Daifuku North America)

Daifuku North America focuses on developing picking and sorting systems in the intralogistics systems business.

For the automotive systems business, Daifuku North America has completed testing of its powered roller bed (PRB) system and continued to improve systems with cost and manufacturing processes in mind.

The total amount of R&D expenditures that Daifuku North America paid is 907 million yen.

(4) Clean Factomation, Inc.

Clean Factomation develops more efficient nitrogen purge stocker systems and transport and storage equipment for the back-end-process packaging sector to meet the needs of semiconductor manufacturers in South Korea.

Clean Factomation also provides renewal development of systems that have been delivered in the past.

The total amount of R&D expenditures that Clean Factomation paid is 411 million yen.

III. Information about Facilities

1. Overview of Capital Expenditures, etc.

The Group's capital investment during the fiscal year ended December 31, 2025 totaled 33,322 million yen, which included maintenance and upgrades as well as expansion of production facilities of the Company in Japan and expansion of production facilities of subsidiaries outside of Japan in North America and India.

The above-mentioned capital investment was funded by cash on hand and proceeds from the issuance of convertible-bond-type bonds with stock acquisition rights during 2023.

2. Major Facilities

Major facilities of the Group are as follows.

(1) Reporting company

As of December 31, 2025

Office (location)	Segment	Description of facilities	Carrying amount (million yen)					Number of employees	
			Buildings and structures	Machinery, equipment and vehicles	Land (area: 1,000 m ²)	Leased assets	Other		Total
Headquarters and Osaka Branch (Nishiyodogawaku, Osaka)	Daifuku Co., Ltd.	Headquarters and other facilities	2,764	0	1,277 [10]	-	255	4,296	565
Tokyo Head Office and Tokyo Branch (Minato-ku, Tokyo)	Daifuku Co., Ltd.	Headquarters and other facilities	90	0	- [-]	9	106	207	447
Shiga Works (Hino-cho, Gamo-gun, Shiga)	Daifuku Co., Ltd.	Facilities for production, R&D and other	25,975	8,697	3,991 [1,160]	110	5,863	44,638	1,688
Komaki Works (Komaki, Aichi)	Daifuku Co., Ltd.	Other facilities	143	20	77 [53]	-	93	335	378
Tokai Branch (Toyota, Aichi)	Daifuku Co., Ltd.	Other facilities	105	4	53 [2]	0	10	174	61
Fujisawa Branch (Fujisawa, Kanagawa)	Daifuku Co., Ltd.	Other facilities	24	2	242 [5]	-	3	272	12

Notes: 1. "Other" column under the carrying amount represents the aggregate of tools and fixtures and construction in progress, etc.

2. In addition to the above, the Group rents/leases following major facilities.

As of December 31, 2025

Office (location)	Segment	Description of facilities	Land (area: 1,000 m ²)	Annual rent/lease payment (million yen)
Tokyo Head Office and Tokyo Branch (Minato-ku, Tokyo)	Daifuku Co., Ltd.	Headquarters and other facilities (rent)	-	549
Shiga Works (Hino-cho, Gamo-gun, Shiga)	Daifuku Co., Ltd.	Facilities for production and other (lease)	-	216
Komaki Works (Komaki, Aichi)	Daifuku Co., Ltd.	Other facilities (rent)	-	140

(2) Subsidiaries in Japan

As of December 31, 2025

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (area: 1,000 m ²)	Leased assets	Other	Total	
Contec Co., Ltd.	Headquarters (Nishiyodogawa-ku, Osaka), five sales offices and one factory	Contec Co., Ltd. and its subsidiaries	Facilities for production and other	326	235	1,389 [13]	16	87	2,056	312

Note: "Other" column under the carrying amount represents the aggregate of tools and fixtures and construction in progress, etc.

(3) Subsidiaries outside Japan

As of December 31, 2025

Company name	Office (location)	Segment	Description of facilities	Carrying amount (million yen)						Number of employees
				Buildings and structures	Machinery, equipment and vehicles	Land (area: 1,000 m ²)	Leased assets	Other	Total	
Daifuku North America, Inc.	U.S. Factories (Michigan, etc., U.S.A.)	Daifuku North America, Inc. and its subsidiaries	Production facilities, etc.	13,351	5,760	1,795 [560]	-	4,330	25,237	2,965
Clean Factomation, Inc.	South Korea Factory (Asan-si, South Korea)	Clean Factomation, Inc.	Production facilities, etc.	3,108	32	371 [34]	-	842	4,354	920
Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	China Factory (Suzhou, Jiangsu, China)	Daifuku (Suzhou) Cleanroom Automation Co., Ltd.	Production facilities, etc.	4,343	1,775	- [-]	-	272	6,391	273
Daifuku (Thailand) Limited	Thailand Factory (Chonburi, Thailand)	Other	Production facilities, etc.	905	274	473 [61]	-	263	1,916	396
Hallim Machinery Co., Ltd.	South Korea Factory (Hwaseong, Gyeonggi, South Korea)	Other	Production facilities, etc.	484	76	518 [10]	-	108	1,187	126
Daifuku Korea Co., Ltd.	South Korea Factory (Incheon Metropolitan City, South Korea)	Other	Production facilities, etc.	758	30	242 [7]	-	54	1,085	110
Daifuku (China) Automation Co., Ltd.	China Factory (Changshu, Jiangsu, China)	Other	Production facilities, etc.	914	198	- [-]	-	89	1,201	171
Taiwan Daifuku Co., Ltd.	Taiwan Factory (Tainan, Taiwan)	Other	Production facilities, etc.	223	435	- [-]	-	2,161	2,820	391
Daifuku (China) Manufacturing Co., Ltd.	China Factory (Shanghai, China)	Other	Production facilities, etc.	-	187	- [-]	-	138	325	213
Daifuku Intralogistics India Private Limited	India Factory (Telangana, India)	Other	Production facilities, etc.	1,752	860	1,045 [147]	-	485	4,143	172

Note: "Other" column under the carrying amount represents the aggregate of tools and fixtures, right-of-use assets and construction in progress, etc.

3. Planned Additions, Retirements, and Other Changes of Facilities

Significant planned additions, retirements, and other changes of facilities as of December 31, 2025 are as described below.

Company name Office	Location	Segment	Description of facilities	Planned investment amount		Capital procurement method	Scheduled commencement and completion		Increased capacity after completion
				Total amount (million yen)	Invested amount (million yen)		Commencement	Completion	
Shiga Works	Hino-cho, Shiga	Daifuku Co., Ltd.	Construction of a new factory, production facilities	33,000	14,455	Convertible- bond-type bonds with stock acquisition rights (Note 2)	April 2023	March 2028	(Note 3)

Notes: 1. The amounts are exclusive of consumption tax and other taxes.

2. The Company issued convertible-bond-type bonds with stock acquisition rights in September 2023 and raised funds for investment.
3. The description of the increased capacity after completion is omitted because it is difficult to reasonably calculate it.
4. The construction of a new plant and capital investment in Indiana, U.S., and those in Telangana, India, which had been planned before the end of the previous fiscal year, were completed in October 2025 and April 2025, respectively.

IV. Information about Reporting Company

1. Company's Shares, etc.

(1) Total number of shares

i. Authorized shares

Type	Total number of shares authorized to be issued (shares)
Common stock	750,000,000
Total	750,000,000

ii. Issued shares

Type	Number of issued shares as of fiscal year end (as of December 31, 2025) (shares)	Number of issued shares as of filing date (as of March 24, 2026) (shares)	Name of financial instruments exchange on which securities are listed or authorized financial instruments business association to which securities are registered	Description
Common stock	379,830,231	379,830,231	Tokyo Stock Exchange Prime Market	The number of shares constituting one unit is 100 shares.
Total	379,830,231	379,830,231	-	-

(2) Stock acquisition rights

i. Stock option plans

Not applicable

ii. Rights plans

Not applicable

iii. Stock acquisition rights for other uses

Convertible-bond-type bonds with stock acquisition rights issued in the fiscal year ended March 31, 2024 (hereinafter referred to as “Bonds with Stock Acquisition Rights,” where the bonds alone are referred to as the “Bonds” and the stock acquisition rights alone are referred to as the “Stock Acquisition Rights”) are as follows.

	Zero Coupon Convertible Bonds due 2028	Zero Coupon Convertible Bonds due 2030
Date of resolution on issuance	August 29, 2023	August 29, 2023
Number of stock acquisition rights*	3,000 (Note 1)	3,000 (Note 1)
Of stock acquisition rights, treasury stock acquisition rights*	-	-
Class, description, and number of shares to be issued upon exercise of stock acquisition rights (shares)*	Common stock 8,535,821 [8,607,086] (Note 2)	Common stock: 8,700,443 [8,772,955] (Note 2)
Amount of assets to be contributed upon exercise of stock acquisition rights (yen)*	3,514.6 [3,485.5] (Note 3)	3,448.1 [3,419.6] (Note 3)
Exercise period of stock acquisition rights*	From September 28, 2023 to August 31, 2028 (Note 4)	From September 28, 2023 to August 30, 2030 (Note 4)
Issue price and amount capitalized when shares are issued upon exercise of stock acquisition rights (yen)*	Issue price: 3,514.6 [3,485.5] Amount capitalized: 1,758 [1,743] (Note 5)	Issue price: 3,448.1 [3,419.6] Amount capitalized: 1,725 [1,710] (Note 5)
Conditions for exercise of stock acquisition rights*	(Note 6)	(Note 6)
Matters relating to transfer of stock acquisition rights*	Each Stock Acquisition Right is attached to each convertible-bond-type bond with stock acquisition rights and may not be transferred separately from each Bond.	
Matters relating to issuance of stock acquisition rights in connection with reorganization*	(Note 7)	(Note 7)
Details and amount of assets to be contributed upon exercise of stock acquisition rights*	Upon exercise of each Stock Acquisition Right, the Bonds pertaining to such Stock Acquisition Rights shall be contributed, and the value of such Bonds shall be equal to the face value thereof.	
Balance of bonds with stock acquisition rights (million yen)*	30,000	30,000

* Described above are current as of December 31, 2025. With regard to matters that were changed between the end of the fiscal year ended December 31, 2025 and the end of the previous month before the month in which financial statements were filed, which was February 28, 2026, the details as of the end of the month before the month in which financial statements were filed are stated in brackets. No changes were made other than these from the details as of the end of the fiscal year ended December 31, 2025.

- Notes: 1. The sum of 3,000 and the number obtained by dividing the total face value of the Bonds for substitute bonds with stock acquisition rights (meaning bonds with stock acquisition rights to be issued when appropriate certification and indemnity are secured in the event of loss, theft or destruction of the Bonds with Stock Acquisition Rights) divided by 10 million yen.
2. Class and description of shares to be issued upon exercise of Stock Acquisition Rights are shares of common stock of the Company (100 shares constituting one unit), and the number of shares of common stock of the Company to be delivered upon exercise thereof shall be the number obtained by dividing the total face value of the Bonds pertaining to the claims for the exercise by the conversion price set forth in Note 3 (2) and (3) below. However, any fractional shares resulting from the exercise shall be rounded down and no cash adjustment shall be made.
3. (1) Upon exercise of each Stock Acquisition Right, the Bonds pertaining to such Stock Acquisition Rights shall be contributed, and the value of such Bonds shall be equal to the face value thereof. The Bonds contributed upon exercise of the Stock Acquisition Rights shall be canceled immediately.

- (2) The initial conversion price of the Zero Coupon Convertible Bonds due 2028 was 3,538 yen. The initial conversion price of the Zero Coupon Convertible Bonds due 2030 was 3,471 yen.

The conversion price is adjusted respectively in accordance with the conversion price adjustment clause in connection with the increase in the amount of dividends from surplus by the resolution of the Board of Directors.

Resolved by the Board of Directors on February 12, 2026

- Zero Coupon Convertible Bonds due 2028: from 3,514.6 yen to 3,485.5 yen
- Zero Coupon Convertible Bonds due 2030: from 3,448.1 yen to 3,419.6 yen

The effective date for both is January 1, 2026 or later.

Resolved by the Board of Directors on February 14, 2025

- Zero Coupon Convertible Bonds due 2028: from 3,534.7 yen to 3,514.6 yen
- Zero Coupon Convertible Bonds due 2030: from 3,467.8 yen to 3,448.1 yen

The effective date for both is January 1, 2025 or later.

Resolved by the Board of Directors on May 10, 2024

- Zero Coupon Convertible Bonds due 2028: from 3,538 yen to 3,534.7 yen
- Zero Coupon Convertible Bonds due 2030: from 3,471 yen to 3,467.8 yen

The effective date for both is April 1, 2024 or later.

- (3) Subsequent to the issuance of the Bonds with Stock Acquisition Rights, if the Company issues shares of common stock of the Company at a price less than the market price or disposes of its shares, the conversion price shall be adjusted in accordance with the formula below. In the formula below, the “number of shares already issued” refers to the total number of issued shares of common stock of the Company (excluding the number of shares of treasury stock related to the common stock of the Company).

$$\text{Conversion price after adjustment} = \text{Conversion price before adjustment} \times \frac{\text{Number of shares already issued} + \frac{\text{Number of issued or disposed shares} \times \text{Amount to be contributed per share}}{\text{Market capitalization}}}{\text{Number of shares already issued} + \text{Number of issued or disposed shares}}$$

The conversion price shall also be adjusted in accordance with the terms and conditions of the Bonds with Stock Acquisition Rights in the event of a stock split (including gratis allotment) or reverse stock split of the Company’s common stock, the issuance of stock acquisition rights (including those attached to bonds with stock acquisition rights), etc., that allow a claim for delivery of the Company’s common stock at a price below the market price of the Company’s common stock, dividend payments exceeding a certain limit (including payment of special dividends), and certain other circumstances.

4. The exercise period for Zero Coupon Convertible Bonds due 2028 is from September 28, 2023 to the close of bank business on August 31, 2028 (local time at the place where claims for exercise are accepted) and that for Zero Coupon Convertible Bonds due 2030 is from September 28, 2023 to the close of bank business on August 30, 2030 (local time at the place where claims for exercise are accepted). However, (i) in the case of early redemption of the Bonds, until the close of bank business (local time at the place where claims for exercise are accepted) on the day three business days prior to the redemption date in Tokyo (excluding, however, the Stock Acquisition Rights pertaining to the Bonds for which the option of early redemption has not been taken in the event that early redemption becomes possible due to a change in the taxation system), (ii) in the case of cancellation by purchase, until the cancellation of the Bonds with Stock Acquisition Rights, and (iii) in the case of mandatory redemption due to default, until the time the Bonds become immediately due and payable.

However, in none of the above cases (i), (ii) or (iii) may the Stock Acquisition Rights be exercised after the close of bank business (local time at the place where claims for exercise are accepted) on the days specified below.

- Zero Coupon Convertible Bonds due 2028: August 31, 2028
- Zero Coupon Convertible Bonds due 2030: August 30, 2030

In addition, if the Company reasonably determines that it is necessary in order for the Company to carry out reorganization, etc., the Stock Acquisition Rights may not be exercised during the period designated by the Company,

which is a period of 30 days or less that ends within 14 days from the day following the effective date of the said reorganization.

Notwithstanding the foregoing, the Stock Acquisition Rights may not be exercised if the calendar day in Japan on which the exercise of the Stock Acquisition Rights becomes effective (hereinafter referred to as the “Stock Acquisition Date”) (or if the Stock Acquisition Date is not a business day in Tokyo, the next business day in Tokyo) falls during a period from the day that is three business days prior to the Record Date (defined below) or any other date specified for determining shareholders pursuant to Article 151, Paragraph 1 of the Act on Book Entry of Corporate Bonds and Shares (Act No. 75 of 2001) (hereinafter collectively with the Record Date referred to as the “Shareholder Determination Date”) in Tokyo (or, if such Shareholder Determination Date is not a business day in Tokyo, the day that is four business days prior to such Shareholder Determination Date in Tokyo) (including the same date) to the Shareholder Determination Date (or, if such Shareholder Determination Date is not a business day in Tokyo, the business day following the Shareholder Determination Date in Tokyo) (including the same date). However, in the event of any change in Japanese law, regulation or practice regarding the delivery of shares upon exercise of the stock acquisition rights through the book-entry system under the Act on Book Entry of Corporate Bonds and Shares, the Company may amend the period during which the Stock Acquisition Rights may be exercised under this paragraph to reflect such change.

The “Record Date” means a specified date designated for the purpose of granting dividends or other distributions or rights to the holders of shares by the method specified by the Articles of Incorporation of the Company or other methods specified by the Company. However, if the Company has not established such a Record Date and is required to do so, the Record Date shall be the date on which such event becomes effective.

5. The amount of increase in common stock if shares are issued upon the exercise of Stock Acquisition Rights shall be the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations for Corporate Accounting multiplied by 0.5, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.
6.
 - (1) No Stock Acquisition Right may be exercised in part.
 - (2) For the Zero Coupon Convertible Bonds due 2028, until (and including) June 14, 2028, only if (i) the closing price of the Company’s common stock exceeds 150% of the conversion price applicable on such last trading day for 20 consecutive trading days ending on the last trading day of each calendar quarter ending on or before September 30, 2027 or if (ii) the closing price of the Company’s common stock exceeds 130% of the conversion price applicable on such last trading day for 20 consecutive trading days ending on the last trading day of each calendar quarter beginning on or after October 1, 2027, the holders of the Bonds with Stock Acquisition Rights may exercise the Stock Acquisition Rights during the period from the first day of the following calendar quarter (which in the case of (i) above shall be September 28, 2023 for the calendar quarter beginning July 1, 2023) to the last day of the following calendar quarter (which in the case of (ii) above shall be June 14, 2028 for the calendar quarter beginning April 1, 2028).

For the Zero Coupon Convertible Bonds due 2030, until (and including) June 13, 2030, only if (iii) the closing price of the Company’s common stock exceeds 150% of the conversion price applicable on such last trading day for 20 consecutive trading days ending on the last trading day of each calendar quarter ending on or before September 30, 2029 or if (iv) the closing price of the Company’s common stock exceeds 130% of the conversion price applicable on such last trading day for 20 consecutive trading days ending on the last trading day of each calendar quarter beginning on or after October 1, 2029, the holders of the Bonds with Stock Acquisition Rights may exercise the Stock Acquisition Rights during the period from the first day of the following calendar quarter (which in the case of (iii) above shall be September 28, 2023 for the calendar quarter beginning July 1, 2023) to the last day of the following calendar quarter (which in the case of iv above shall be June 13, 2030 for the calendar quarter beginning April 1, 2030).

A “trading day” means a day on which the Tokyo Stock Exchange, Inc. is open, and does not include days on which the closing price is not announced.

However, the conditions for exercising the Stock Acquisition Rights set forth in (2) above shall not apply during the periods set forth in i, ii, and iii below and during the period set forth in iv below in the event of a Parity Event (defined below).

- i. During each of the following periods: (a) if the long-term issuer rating assigned to the Company by Rating and Investment Information, Inc. or its successor (hereinafter collectively referred to as “R&I”) is BBB (or a

similar rating grade if the credit rating category is changed) or lower; (b) if R&I no longer assigns a long-term issuer rating to the Company; or (c) if the long-term issuer rating assigned to the Company by R&I is suspended or withdrawn, during each of the following periods.

- ii. The period after the date on which the Company gives notice of early redemption of the Bonds (excluding, however, the Stock Acquisition Rights pertaining to the Bonds for which the option of early redemption has not been taken in the event that early redemption becomes possible due to a change in the taxation system as provided for in the terms and conditions of the Bonds with Stock Acquisition Rights).
- iii. Unless the Company prohibits the exercise of the Stock Acquisition Rights as described in Note 4 above in conducting reorganization, etc., the period from the date on which the Company provides a notice of the said reorganization, etc., to the holders of the Bonds with Stock Acquisition Rights in accordance with the terms and conditions of the Bonds with Stock Acquisition Rights to the effective date of the said reorganization, etc.
- iv. The period of 15 consecutive business days in Tokyo on and from the business day following the day on which the Company notifies the holders of the Bonds with Stock Acquisition Rights of the occurrence of a Parity Event.

A “Parity Event” is defined as any of the following cases: on any of five consecutive business days in Tokyo commencing on the third business day after the date on which notice of the occurrence of such event is received from the holders of the Bonds with Stock Acquisition Rights in Luxembourg and Tokyo, (i) the price of the Bonds with Stock Acquisition Rights determined by the Calculation Agent (defined below) based on the bid price information for the Bonds with Stock Acquisition Rights provided by Bloomberg or its successor service is less than 98% of the Closing Parity Value (defined below); (ii) if the price described in (i) above cannot be obtained, the bid price of the Bonds with Stock Acquisition Rights offered by a major financial institution selected by the Company by stipulating it in the terms and conditions of the Bonds with Stock Acquisition Rights is less than 97% of the Closing Parity Value (defined below); or (iii) the Calculation Agent determines that neither the price described in (i) above nor the bid described in (ii) above can be obtained.

“Closing Parity Value” means the amount obtained by multiplying (iv) the number obtained by dividing 10 million yen by the conversion price applicable on such date by (v) the closing price of the Company’s common stock on such date.

The “Calculation Agent” is State Street Bank International GmbH, Luxembourg Branch.*

* The trade name was changed from Mizuho Trust & Banking (Luxembourg) S.A. effective November 4, 2025.

7. (1) In the event of reorganization, etc., the Company shall make its best effort to have the Succeeding Company, etc., (defined below) succeed to its position as the primary obligor of the Bonds with Stock Acquisition Rights and deliver new stock acquisition rights in place of the Stock Acquisition Rights, in accordance with the terms and conditions of the Bonds with Stock Acquisition Rights. However, such succession and delivery shall be subject to the following conditions: (i) such succession and delivery are feasible under the laws applicable at the time, (ii) a mechanism for such succession and delivery has already been established or can be established, and (iii) the Company or the Succeeding Company, etc., can carry out such succession and delivery without incurring expenses (including taxes) that are unreasonable (as determined by the Company) from the overall perspective of the said reorganization.

In the event of such succession and delivery, the Company will make its best effort to ensure that the Succeeding Company, etc., is a listed company in Japan as of the effective date of the said reorganization, etc. The Company’s duty of effort described in (1) shall not apply if the Company delivers to the financial agent a certificate to the effect that the Succeeding Company, etc., is not expected by the Company to be a Japanese listed company, for whatever reason, on the effective date of the said reorganization, etc.

“Succeeding Company, etc.” means the company that is the counterparty in the reorganization, etc., and assumes the obligations of the Company with respect to the Bonds with Stock Acquisition Rights and/or the Stock Acquisition Rights.

- (2) The details of the stock acquisition rights of the Succeeding Company, etc., to be delivered in accordance with the provisions of (1) above shall be as follows.
 - i. Number of stock acquisition rights
The number shall be the same as the number of the Stock Acquisition Rights pertaining to the Bonds with Stock Acquisition Rights remaining immediately prior to the effective date of the said reorganization, etc.

- ii. Class of shares to be issued upon exercise of stock acquisition rights
The shares shall be common stock of the Succeeding Company, etc.
 - iii. Number of shares to be issued upon exercise of stock acquisition rights
The number of shares of common stock of the Succeeding Company, etc., to be delivered upon exercise of the stock acquisition rights of the Succeeding Company, etc., shall be determined in accordance with 1) or 2) below, in addition to the terms and conditions of the Bonds with Stock Acquisition Rights, after taking into consideration the conditions, etc., of the said reorganization. The conversion price will be subject to a similar adjustment as in Note 3 (3) above.
 - 1) In the event of a merger, share exchange or share transfer, the conversion price shall be determined so that the holders who would have received the number of shares of common stock of the Company upon exercise of the Stock Acquisition Rights immediately before the effective date of the said reorganization, etc., can receive the number of shares of common stock of the Succeeding Company, etc., upon exercise of stock acquisition rights of the Succeeding Company, etc., immediately following the effective date of the said reorganization. If securities or other property other than shares of common stock of the Succeeding Company, etc., are delivered upon the said reorganization, etc., the Succeeding Company, etc., shall receive a number of shares of common stock of the Succeeding Company, etc., equal to the number obtained by dividing the value of such securities or property by the market price of shares of common stock of the Succeeding Company, etc.
 - 2) In the case of reorganization, etc., other than the above, the conversion price shall be determined so that when the stock acquisition rights of the Succeeding Company, etc., are exercised right before the effective date of the said reorganization, etc., the same economic benefit can be received as that the holders of the Bonds with Stock Acquisition Rights would have received if they exercised the Stock Acquisition Rights immediately before the effective date of the said reorganization etc.
 - iv. Description of assets to be contributed upon exercise of stock acquisition rights and the amount thereof
Upon exercise of stock acquisition rights of the Succeeding Company, etc., the succeeded Bonds shall be contributed, and the value of such Bonds shall be equal to the face value of the succeeded Bonds.
 - v. Exercise period of stock acquisition rights
The stock acquisition rights may be exercised from the later date of either the effective date of the said reorganization or the date of succession and delivery described in (1) above, to the expiration date of the exercise period of the Stock Acquisition Rights set forth in Note 4 above.
 - vi. Other conditions for exercise of stock acquisition rights
No stock acquisition right of the Succeeding Company, etc., may be exercised in part.
 - vii. Matters relating to common stock and legal capital surplus to be increased in the event of the issuance of shares upon the exercise of stock acquisition rights
The amount of increase in common stock if shares are issued upon the exercise of stock acquisition rights of the Succeeding Company, etc., shall be the maximum amount of increase in common stock, etc., calculated in accordance with Article 17 of the Regulations for Corporate Accounting multiplied by 0.5, with any fraction of less than one yen resulting from the calculation being rounded up to the nearest yen. The amount of legal capital surplus to be increased shall be the amount obtained by subtracting the amount of common stock to be increased from the maximum amount of increase in common stock, etc.
 - viii. In the event of reorganization, etc.
In the event of reorganization, etc., of the Succeeding Company, etc., the same treatment shall be applied as for the Bonds with Stock Acquisition Rights.
 - ix. Other
Any fractional shares resulting from the exercise of stock acquisition rights of the Succeeding Company, etc., shall be rounded down and no cash adjustment shall be made. The stock acquisition rights of the Succeeding Company, etc., may not be transferred separately from the succeeded Bonds.
- (3) In the event that the Company's obligations with respect to the Bonds are assumed or succeeded to by the Succeeding Company, etc., in accordance with the provisions of (1) above, the Company shall, in addition to providing a guarantee in certain cases as set forth in the terms and conditions of the Bonds with Stock Acquisition Rights, comply with the terms and conditions of the Bonds with Stock Acquisition Rights.

(3) Exercises of moving strike convertible bonds, etc.

Not applicable

(4) Changes in number of issued shares, share capital, etc.

Date	Changes in total number of issued shares (shares)	Balance of total number of issued shares (shares)	Changes in share capital (million yen)	Balance of share capital (million yen)	Changes in legal capital surplus (million yen)	Balance of legal capital surplus (million yen)
April 1, 2023	253,220,154	379,830,231	-	31,865	-	8,998

Note: Based on the resolution of the Board of Directors meeting held on February 9, 2023, the Company conducted a three-for-one split of its common stock effective April 1, 2023. As a result, the total number of shares issued increased by 253,220,154 shares to 379,830,231 shares. There is no change in capital and legal capital surplus.

(5) Shareholding by shareholder category

As of December 31, 2025

Category	Shareholding status (number of shares constituting one unit: 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Financial service providers	Other corporations	Foreign investors, etc.		Individuals and other	Total	
					Non-individuals	Individuals			
Number of shareholders (persons)	2	97	49	385	878	95	26,769	28,275	-
Number of shares held (units)	36	1,261,317	144,523	169,810	1,738,032	593	482,144	3,796,455	184,731
Percentage of shareholdings (%)	0.00	33.22	3.81	4.47	45.78	0.02	12.70	100.00	-

Note: Of the 11,684,573 shares of treasury stock, 116,845 units are included in "Individuals and other," and 73 shares are included in "Shares less than one unit."

(6) Major shareholders

As of December 31, 2025

Name	Address	Number of shares held (thousand shares)	Percentage of shares held to the total number of issued shares (excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1 Akasaka, Minato-ku, Tokyo	52,354	14.22
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	31,761	8.63
STATE STREET BANK AND TRUST COMPANY 505025 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	9,896	2.69
Mizuho Bank, Ltd.	1-5-5 Otemachi, Chiyoda-ku, Tokyo	9,265	2.52
Daifuku Supplier Shareholder Association	3-2-11 Mitejima, Nishiyodogawa-ku, Osaka	8,717	2.37
Nippon Life Insurance Company	1-6-6 Marunouchi, Chiyoda-ku, Tokyo	8,237	2.24
STATE STREET BANK AND TRUST COMPANY 505038 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	HAMGATAN 12, S-103 71 STOCKHOLM SWEDEN (2-15-1 Konan, Minato-ku, Tokyo)	6,749	1.83
BNYM AS AGT/CLTS 10 PERCENT (Standing proxy: Transaction Services Division, MUFG Bank, Ltd.)	240 GREENWICH STREET, NEW YORK, NEW YORK 10286 U.S.A. (1-4-5 Marunouchi, Chiyoda-ku, Tokyo)	6,685	1.82
Chuo-Nittochi Co., Ltd.	1-4-1 Kasumigaseki, Chiyoda-ku, Tokyo	6,674	1.81
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	ONE CONGRESS STREET, SUITE 1, BOSTON, MASSACHUSETTS (2-15-1 Konan, Minato-ku, Tokyo)	6,517	1.77
Total	—	146,857	39.89

Notes: 1. Of the above shares held, number of shares related to trust activities are as follows:

The Master Trust Bank of Japan, Ltd. (Trust Account) 52,354 thousand shares

Custody Bank of Japan, Ltd. (Trust Account) 31,761 thousand shares

2. In addition to the above, the Company has 11,684 thousand shares of treasury stock (3.08% of issued shares). Also, 435 thousand shares of the Company's shares are held by the Custody Bank of Japan, Ltd. (Trust Account E) as Board Benefit Trust (BBT). The 435 thousand shares are recognized as treasury stock in the consolidated and non-consolidated financial statements as of December 31, 2025, but are not included in the above mentioned 11,684 thousand shares of treasury stock.

3. Sumitomo Mitsui Trust Bank, Limited has filed the Change Report of the Statement of Large-Volume Holdings (No. 7) on September 19, 2025. The company is not included in the above list of major shareholders because we were unable to confirm the actual number of shares held as of December 31, 2025. The detail of the Change Report is as follows:

Name	Address	Number of shares held (thousand shares)	Percentage of shares held to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited and two other companies	1-4-1 Marunouchi, Chiyoda-ku, Tokyo	20,777	5.47

4. Mizuho Bank, Ltd. has filed the Change Report of the Statement of Large-Volume Holdings (No. 32) on October 7, 2025. The company is not included in the above list of major shareholders because we were unable to confirm the actual number of shares held as of December 31, 2025. The detail of the Change Report is as follows:

Name	Address	Number of shares held (thousand shares)	Percentage of shares held to the total number of issued shares (%)
Mizuho Bank, Ltd. and four other companies	1-5-5 Otemachi, Chiyoda-ku, Tokyo	21,941	5.72

5. BlackRock Japan Co., Ltd. has filed the Change Report of the Statement of Large-Volume Holdings (No. 2) on December 18, 2025. The company is not included in the above list of major shareholders because we were unable to confirm the actual number of shares held as of December 31, 2025. The detail of the Change Report is as follows:

Name	Address	Number of shares held (thousand shares)	Percentage of shares held to the total number of issued shares (%)
BlackRock Japan Co., Ltd. and eight other companies	1-8-3 Marunouchi, Chiyoda-ku, Tokyo	29,544	7.78

(7) Voting rights

i. Issued shares

As of December 31, 2025

Category	Number of shares	Number of voting rights	Description
Shares with no voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (other)	-	-	-
Shares with full voting rights (treasury stock, etc.)	(Treasury stock) Common stock 11,684,500	-	-
Shares with full voting rights (other)	Common stock 367,961,000	3,679,610	-
Shares less than one unit	Common stock 184,731	-	Shares less than one unit (100 shares)
Total number of shares issued	379,830,231	-	-
Voting rights held by all shareholders	-	3,679,610	-

Notes: 1. Seventy-three shares of treasury stock are included in shares less than one unit.

2. "Shares with full voting rights (other)" includes 435,700 shares (4,357 voting rights) of the Company's stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of Board Benefit Trust (BBT) as of December 31, 2025.

ii. Treasury stock, etc.

As of December 31, 2025

Name of shareholder	Address of shareholder	Number of shares held under own name	Number of shares held under the name of other	Total number of shares held	Percentage of shares held to the total number of issued shares (%)
(Treasury stock) Daifuku Co., Ltd.	3-2-11 Mitejima, Nishiyodogawa-ku, Osaka, Japan	11,684,500	-	11,684,500	3.08
Total	-	11,684,500	-	11,684,500	3.08

Note: In addition to the above, 435,700 shares are recognized as treasury stock in the consolidated and non-consolidated financial statements. This reflects the accounting treatment that recognizes the Company and the Custody Bank of Japan, Ltd. (Trust Account E) (hereinafter "Trust Account") as a single entity under BBT plan, requiring for an entry that treats the Company's stock transferred to the Trust Account as treasury stock.

(8) Share ownership plan for Directors and other Officers and employees

Share ownership plan for officers

i. Outline of share ownership plan for officers

On August 26, 2016, the Company introduced Board Benefit Trust (BBT) plan (the "Plan") as equity compensation scheme, based on the resolution passed at the 100th Ordinary General Meeting of Shareholders held on June 24, 2016 and the Board of Directors meeting that followed.

The Plan covers directors and corporate officers of the Company (excluding outside directors) ("Directors, etc.") and intends to further clarify the linkage of the remuneration with the Company's business performance as well as its stock value, which enables Directors, etc., to share not only the benefit of increase in stock value but also the risk of decrease in stock value with shareholders. By doing so, it is expected to motivate Directors, etc., to contribute to improving the Company's business performance in the medium to long term and boosting corporate value.

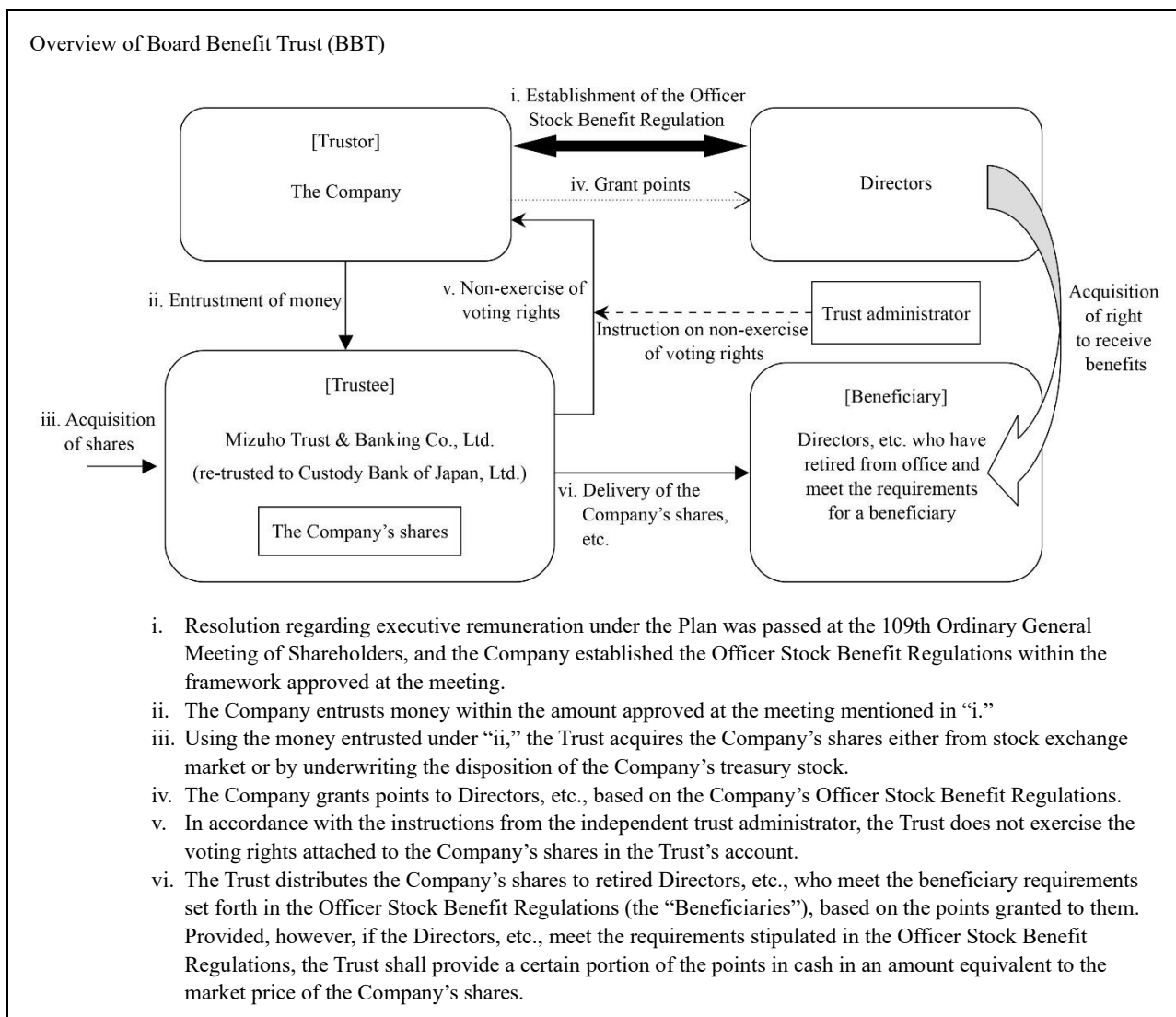
At the 109th Ordinary General Meeting of Shareholders held on March 28, 2025, a partial revision of the Plan was approved, which included the change to the applicable period of the Plan due to the change in the Company's fiscal year-end (the last day of the fiscal year) and the treatment of the amount of remuneration, etc., relating to the Plan as a separate framework from the Monetary Remuneration Limit.

(For details, please refer to <https://www.daifuku.com/ir/stock/shareholders/>)

The revised Plan is a performance-linked equity remuneration scheme, under which the Company's shares and the monetary payment equivalent to the amount obtained by converting the Company's shares at the market price (the "Company's Shares, etc.") are acquired through a trust set up under the Plan (hereinafter referred to as the "Trust") using the funds contributed by the Company, and distributed to Directors, etc., through the Trust in accordance with the Company's Officer Stock Benefit Regulations. The Company's Shares, etc., are provided to Directors, etc., in principle, upon their retirement.

A resolution to make an additional contribution for the continuation of the Plan was passed at the Board of Directors meeting held on November 8, 2019 and on November 8, 2023, respectively, and treasury stock was disposed through third-party allotment.

The scheme of the Plan is as follows.



ii. The total number of shares to be acquired by the Trust

The total number of shares to be acquired by the Trust is 450,000 shares.

90,000 shares on August 26, 2016

90,000 shares on November 25, 2019 (additional contribution)

270,000 shares on November 24, 2023 (additional contribution)

Shares to be acquired going forward are undecided.

iii. Persons eligible to receive beneficiary rights and other rights under the Plan

Retired directors, etc., who satisfy the beneficiary requirements stipulated in the Officer Stock Benefit Regulations.

2. Acquisition and Disposal of Treasury Stock

Class of shares, etc.: Acquisition of common stock under Article 155, Item 7 of the Companies Act

(1) Acquisition by resolution of General Meeting of Shareholders

Not applicable

(2) Acquisition by resolution of Board of Directors meeting

Not applicable

(3) Acquisition not based on resolution of General Meeting of Shareholders or Board of Directors meeting

Category	Number of shares	Total value (yen)
Treasury stock acquired during the fiscal year ended December 31, 2025	1,205	4,969,373
Treasury stock acquired during the current period (from January 1, 2026 to the filing date of this Annual Securities Report)	97	537,257

Notes: 1. Shares acquired by purchase of shares less than one unit during the period from March 1, 2026 to the filing date of this Annual Securities Report are not included in treasury stock acquired during the current period.

2. Shares acquired through the Custody Bank of Japan, Ltd. (Trust Account E) are not included in treasury stock acquired.

(4) Disposal of acquired treasury stock and number of treasury stock held

Category	Fiscal year ended December 31, 2025		Current period (from January 1, 2026 to the filing date of this Annual Securities Report)	
	Number of shares	Total amount disposed (yen)	Number of shares	Total amount disposed (yen)
Acquired treasury stock offered to subscribers for subscription	-	-	-	-
Acquired treasury stock canceled	-	-	-	-
Acquired treasury stock transferred for merger, share exchange, share delivery or company split	-	-	-	-
Other (sale due to the request for purchase of shares less than one unit of shares)	44	112,397	-	-
Treasury stock held	11,684,573	-	11,684,670	-

Notes: 1. Shares acquired due to purchase or sales of shares less than one unit of shares during the period from March 1, 2026 to the filing date of this Annual Securities Report are not included in the other (sale due to the request for purchase of shares less than one unit of shares) and treasury stock held during the current period.

2. The number of shares of treasury stock disposed of mentioned above does not include 26,500 shares (26,500 shares for the fiscal year ended December 31, 2025, - shares for the current period) distributed from the Custody Bank of Japan, Ltd. (Trust Account E) to the Beneficiaries based on the Officer Stock Benefit Regulations established by the Company. The treasury stock held does not include shares held by the Custody Bank of Japan, Ltd. (Trust Account E) (435,700 shares for the fiscal year ended December 31, 2025, 435,700 shares as of the end of the current period).

3. Dividend Policy

The Company regards the return of profits to shareholders as one of its most important management tasks and adopts a performance-based policy regarding cash dividends based on consolidated net income. After dividends, the Company appropriates the remaining surplus to internal reserves to be used as investment funds for future growth.

In the four-year business plan for 2027 that started in April 2024, the Company aims to achieve a consolidated dividend payout ratio of 35% or more for each fiscal year.

For the fiscal year ended December 31, 2025, the Company paid an interim dividend of 34 yen per share, and at a meeting held on February 12, 2026 the Board of Directors passed a resolution to pay a year-end dividend of 44 yen per share, resulting in an annual dividend of 78 yen per share. This represents a consolidated dividend payout ratio of 36.7%.

To flexibly pay dividends from surplus, the Articles of Incorporation of the Company stipulate that the Board of Directors may determine the dividend to be paid from surplus without requiring a resolution from the General Meeting of Shareholders regarding matters stipulated in Article 459, Paragraph 1 of the Companies Act (the provision of articles of incorporation that permits the Board of Directors to decide dividends payments from surplus), except when otherwise provided for in separate laws or regulations.

Dividends of surplus whose record date falls within the fiscal year ended December 31, 2025 are as follows:

Resolution date	Aggregate dividends (million yen)	Dividend per share (yen)
Resolved by the Board of Directors on August 7, 2025	12,516	34
Resolved by the Board of Directors on February 12, 2026	16,198	44

4. Corporate Governance

(1) Overview of corporate governance

i. Basic stance on corporate governance

Under the company creed and its management philosophy, which is based on changes in the social and business environment, the Group contributes to the development of society and the economy as a whole, continuously enhancing the effectiveness of corporate governance to achieve sustainable growth and increase corporate value over the medium to long term.

In accordance with this basic stance, we have established the Daifuku Group Basic Policy for Corporate Governance.

Daifuku Group Basic Policy for Corporate Governance

https://www.daifuku.com/ir/assets/governance_policy_e.pdf

Disclosure Based on the Principles of Japan's Corporate Governance Code

https://www.daifuku.com/ir/assets/governance_initiative_e.pdf

Progress in strengthening governance

2011	Introduces a corporate officer system
2015	Conducts evaluation of Board of Directors' effectiveness for the first time (since 2017, the evaluation has been conducted with the involvement of an external organization)
2016	Establishes Daifuku Corporate Governance Guidelines (revises the Guidelines to a basic policy in 2021) Establishes the voluntary Advisory Committee for nomination and remuneration Reviews the appropriateness of cross-shareholdings and clarifies exercising voting rights standards
2017	Revises the rules to delegate authority and strengthen the Group's execution structure Implements evaluation of the Board of Directors' effectiveness through an external organization
2018	Establishes the Pension Assets Management Committee Abolishes takeover defense measures
2019	Reorganizes conventional corporate code of conduct to formulate the Group Code of Conduct Establishes an audit officer position and the Audit Division
2020	Establishes the Audit & Supervisory Board Office
2021	Revises the Group's management philosophy
2022	Delists Contec Co., Ltd. due to making it a wholly owned subsidiary
2023	Establishes new C-suite roles for our chief officers

ii. Overview of the corporate governance system and reasons for adoption of the system

(i) Overview of the corporate governance system

The Company is a company with an Audit & Supervisory Board. As of the filing date of this report (March 24, 2026), the Company enhances its corporate governance framework to oversee and supervise business execution by developing a Board of Directors consisting of ten (10) members, including five (5) outside directors, and the Audit & Supervisory Board consisting of four (4) members, three (3) of whom are elected from outside the Company. Independent outside directors account for 50% of the members of the Board of Directors. Taking diversity of the Board of Directors into consideration, two (2) female directors and one (1) foreign national director have been appointed. At the Ordinary General Meeting of Shareholders to be held on March 27, 2026, the Company will propose "Election of Nine (9) Directors" and "Election of Two (2) Audit & Supervisory Board Members." If these proposals are approved as originally proposed, the Company will have nine (9) directors (of whom five (5) will be outside directors) and four (4) Audit & Supervisory Board members (of whom three (3) will be outside members).

Transition in the composition of the Board of Directors elected at the Ordinary General Meetings of Shareholders

	June 2022	June 2023	June 2024	March 2025	March 2026
Number of directors [number and ratio of outside directors]	9 [4, 44%]	10 [5, 50%]	10 [5, 50%]	11* [6, 55%]	9 [5, 56%]
Number of female directors [ratio]	1 [11%]	1 [10%]	1 [10%]	2 [18%]	3 [33%]
Number of foreign national directors [ratio]	— [-%]	1 [10%]	1 [10%]	1 [9%]	1 [11%]

* Outside Director Mr. Kaku Kato passed away on October 13, 2025 and retired on the same date. However, the number of outside directors stated is as of the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.

To ensure transparency and fairness of management, the Company has established an Advisory Committee, which deliberates on the nomination, election and dismissal, and the remuneration of the Directors and the Officers.

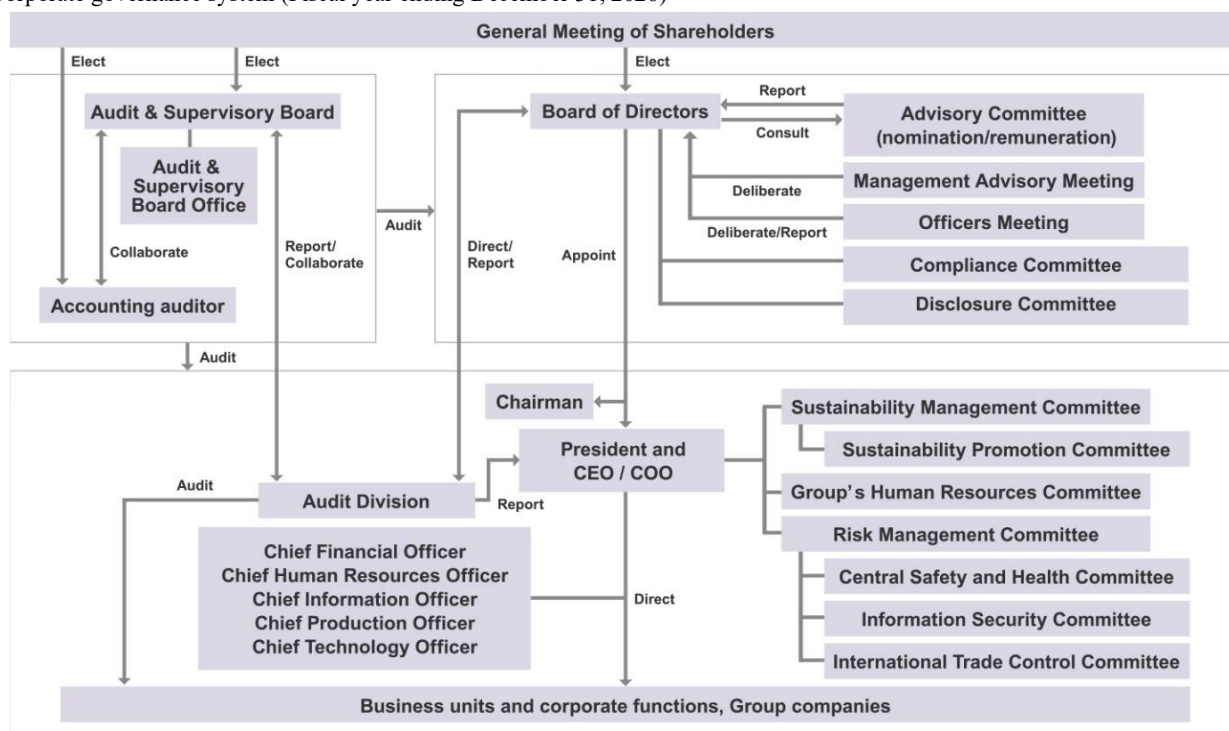
To encourage rapid operational decision-making, the Company has introduced a corporate officer system, and has established C-suite roles to strengthen governance. By delegating authority of the President and CEO/COO, and clarifying the division of responsibilities after the delegation, the Company strives to achieve flexible business operation and swift decision-making.

As the chief executive officer, the President and CEO/COO formulates growth strategies and management policies and oversees all aspects of the Group's management. In addition, as the chief operating officer, the President and CEO/COO oversees the Group's overall operations based on the matters determined by the Board of Directors and other bodies. For the fiscal year ending December 31, 2026, the Company will adopt a structure in which the CEO concurrently serves as the COO. By centralizing the oversight of Group-wide strategy and business units under the same responsible person, the Company strives to strengthen its ability to execute strategies and further accelerate decision-making.

The Company has established the Audit & Supervisory Board Office to assist with the duties of Audit & Supervisory Board members. An audit officer of the same rank as a corporate officer appointed to strengthen the auditing function serves as the general manager of the Audit & Supervisory Board Office, and under the direction of the Audit & Supervisory Board members, the Office plays a role in facilitating auditing operations and further enhancing the effectiveness of audits.

The Audit Division facilitates improvements to the internal control system and its operation by examining and evaluating them from multiple points of view, including compliance with relevant legislation, the Articles of Incorporation, internal regulations, and social norms, risk management, ensuring the efficiency of management operations, and ensuring the reliability of financial reporting, independently from the business operation line.

Corporate governance system (Fiscal year ending December 31, 2026)



Updated in January 2026

Note: The diagram above shows the structure as of the filing date of the Annual Securities Report.

Committee name	Committee's role
Compliance Committee	The Committee consists of all directors and all corporate officers and works to strengthen compliance in the entire Group by the Committee members' sharing potential or newly emerging issues related to compliance, examining measures and systems to resolve and settle such issues. In addition, the Committee formed a Compliance Promotion Subcommittee, through which results of the examinations are shared and measures are implemented across the entire Group, to strengthen compliance.
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.
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 the 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.
Sustainability Promotion Committee	To meet increasing demands to address a wider range of ESG, SDGs, and other social issues, as a subordinate committee of the Sustainability Management Committee, the Committee promotes Group-wide initiatives for the Group's ESG-related issues on a practical level based on management strategies.
Group's Human Resources Committee	The Committee aims to promote the visualization of the experience and skills of the Group's human resources, and to also revitalize human resources and assign the right people to the right positions by implementing systematic training and promoting the sufficiency, training status, and appointment of prospective successors to key positions (officers and executives) on a Group-wide, cross-sectional basis.
Risk Management Committee	The Committee promotes Group-wide 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.
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.
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.
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.

(ii) Reasons for adoption of the current corporate governance system

As a company with an Audit & Supervisory Board, the Group has flexibly introduced and expanded systems to enhance management transparency and the management monitoring and supervision functions. The current corporate governance system is appropriate in terms of the workforce and business scale and we meet the expectations of shareholders.

(iii) Matters relating to corporate governance

a. Board of Directors

The Company's Board of Directors makes decisions on matters related to important business execution, such as formulation of basic management policies and management strategies for sustainable growth of the Group and medium- to long-term enhancement of corporate value, in accordance with the agenda items to be discussed at meetings of the Board of Directors and matters to be reported to the Board of Directors as stipulated in the internal rules, and also performs management oversight functions. The Board of Directors' management oversight functions have been strengthened by having several independent outside directors who have abundant experience and extensive knowledge and have no vested interest in the Company. Inside directors and outside directors engage in free and vigorous discussions, and the Board of Directors appropriately fulfills its role of making important decisions and overseeing business execution. In addition, the

Company's Board of Directors regularly reviews the cost of capital (WACC) and capital efficiency (ROE and ROIC) to determine the review of the Group's overall business portfolio and capital allocation policy. For the fiscal year ended December 31, 2025, we identified the cost of capital (WACC) as 6.9% and capital efficiency as ROE of 18.4% and ROIC of 14.7%, and monitored the status of achievement of ROIC targets by business unit on a quarterly basis.

Main agenda items for Board of Directors meetings during the fiscal year ended December 31, 2025

Personnel changes concerning directors, progress of the four-year business plan, measures for growth strategies, status of activities of the Advisory Committee, etc., reduction of cross-shareholdings, promotion of sustainability management including TNFD-based disclosures, review of executive remuneration system, and other.

Number of meetings held in the fiscal year ended December 31, 2025

16 times (12 regular meetings and four extraordinary meetings)

Attendance rate at meetings of the Board of Directors for the fiscal year ended December 31, 2025

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

- Notes: 1. Mr. Hiroshi Nobuta and Mr. Mineo Sakai resigned from the office of director at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.
2. The attendance rate of Mr. Kaku Kato covers his attendance at regular and extraordinary Board of Directors meetings and Advisory Committee meetings held until his retirement due to passing on October 13, 2025.
3. Mr. Tetsuya Hibi, Mr. Haruyuki Yoshida, and Ms. Yuki Kanzaki assumed the office of director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.

Skill matrix

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.

The Company proposes “Election of Nine (9) Directors” at the Ordinary General Meeting of Shareholders scheduled to be held on March 27, 2026. If this proposal is approved, the skill matrix indicating the expertise and experience of each director will be as follows.

Skill matrix for the fiscal year ending December 31, 2026

Name	Independence	Expertise/Experience						
		Corporate management	Technology	Finance, accounting	Legal affairs, risk management	Sales, marketing	Global	ESG
Hiroshi Geshiro		✓			✓		✓	✓
Tomoaki Terai		✓	✓			✓	✓	
Hideaki Takubo		✓			✓		✓	✓
Tetsuya Hibi		✓		✓	✓		✓	
Gideon Franklin	✓	✓		✓			✓	
Haruyuki Yoshida	✓	✓		✓			✓	
Yuki Kanzaki	✓	✓	✓					✓
Mayumi Hongo	✓				✓		✓	✓
Asuka Nakamura	✓			✓	✓			✓

Notes: 1. In Expertise/Experience, up to four skills of individuals are marked with “✓”.

2. The above list does not represent all of the knowledge, experience, and abilities of individuals.

Reasons for the election of Directors

Name	Title	Reasons for election
Hiroshi Geshiro	Representative Director, Chairman	Mr. Hiroshi Geshiro 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 has judged 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	Mr. Tomoaki Terai 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 has judged 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 and CHRO Corporate Functions Head	Mr. Hideaki Takubo has extensive experience and a good track record in the 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 has judged that he is qualified for this position for the above reasons.
Tetsuya Hibi	Director, Managing Officer, and CFO Deputy Corporate Functions Head Finance and Accounting Division Manager	Mr. Tetsuya Hibi has considerable knowledge in accounting and financial fields. The Company determined that he is qualified as a Director as he leverages his experience working abroad and has served as Chief Financial Officer since April 2023.

Name	Title	Reasons for election
Gideon Franklin	Outside Director	Mr. Gideon Franklin 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. The Company has judged that he is qualified for this position based on the above reasons.
Haruyuki Yoshida	Outside Director	Mr. Haruyuki Yoshida 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. The Company has judged that he is qualified for this position based on the above reasons.
Yuki Kanzaki	Outside Director	Ms. Yuki Kanzaki has served as an executive officer of a food and beverage manufacturer and the head of its Group company. She has consistently worked in <i>monozukuri</i> (workmanship) onsite in the manufacturing industry while playing a primary role in advancing business restoration, structural reform, and the reformation of organizational culture in acquired companies. Based on such abundant experience and knowledge, 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. The Company has judged that she is qualified for this position based on the above reasons.
Mayumi Hongo	Outside Director	Ms. Mayumi Hongo 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 will provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof.
Asuka Nakamura	Outside Director	Ms. Asuka Nakamura 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 has judged that she will provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof.

Evaluation of the Board of Directors' effectiveness

The Company regularly examines the structure 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 the fiscal year ended December 31, 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. A summary of the methods and results of the Board of Directors' effectiveness evaluation is provided below.

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

Measures to improve effectiveness concerning issues identified in the fiscal year ended December 31, 2024 and analysis of evaluation results

As a result of reviewing the results of the evaluation, it was confirmed that the Board of Directors is functioning effectively in general.

- A. Regarding "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. Going forward, the Board of Directors will further enhance its deliberations from a medium- to long-term perspective to support the Group's sustainable growth.
- B. With regard to "support structure for the Board of Directors," a certain level of improvement was confirmed as we have provided opportunities for outside officers to exchange opinions, improved the content of materials, and strengthen operational support. 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. We will continue to examine ways to enhance the support structure so that deliberations at the Board of Directors can be conducted more smoothly.

Recognition of issues and future initiatives

- A. With regard to "oversight of the Group's overall business portfolio and the allocation of resources to human capital and intellectual property," there was an improvement in the survey results, but we also recognized this as an issue for the fiscal year ended December 31, 2025. In light of the identified need for further discussion, the Board of Directors will seek more sophisticated management system, recognizing that discussions are required not only on optimizing the business portfolio but also on resource allocation to human capital and intellectual property with greater awareness on cost of capital and return on capital profitability.
- B. Regarding "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. The Board of Directors will seek to refine the agenda by reviewing the agenda submission criteria and aim to establish an operational structure that enables deeper, more substantive discussions.
- C. With regard to "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.

b. Advisory Committee

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

Main agenda items for Advisory Committee meetings during fiscal year ended December 31, 2025

- Nomination: personnel matters for the General Meeting of Shareholders, personnel matters for officers, corporate governance system, and other
- Remuneration: separation of the Board Benefit Trust (BBT) from the cash compensation framework, evaluation of performance bonuses for officers and BBT, and verification of levels of executive remuneration, and other.

Number of meetings held in the fiscal year ended December 31, 2025

Eight times (four times for nomination and four times for remuneration)

Composition of the Advisory Committee and attendance rate at meetings of the Advisory Committee for the fiscal year ended December 31, 2025

Title	Name	Attendance rate (times attended / times meetings 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 Franklin	
	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. Mineo Sakai resigned from the office of director at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.
2. The attendance rate of Mr. Kaku Kato covers his attendance at regular and extraordinary Board of Directors meetings and Advisory Committee meetings held until his retirement due to passing on October 13, 2025.
3. Mr. Haruyuki Yoshida and Ms. Yuki Kanzaki assumed the office of director, respectively, at the conclusion of the Ordinary General Meeting of Shareholders held on March 28, 2025.

c. Audit & Supervisory Board

For more information on Audit & Supervisory Board members and meetings, please refer to the following section, “IV. Information about Reporting Company, 4. Corporate Governance, (3) Audits.”

d. Other bodies, etc.

i) Management Advisory Meeting

The Management Advisory Meeting is held to confer on important management matters. With all directors and Audit & Supervisory Board members in attendance, this meeting also seeks the opinions of related corporate officers, audit officers, executives, and external specialists on an as-needed basis. The Management Advisory Meeting is convened by the representative directors as appropriate.

ii) Corporate officer system

The Company has introduced a corporate officer system to accelerate decision-making on business execution through a reduction in the number of directors as well as further revitalizing the Board of Directors by promoting more rigorous deliberations. The Company is engaging in functional and efficient business operations by broadly promoting employees with knowledge of business operations to serve as corporate officers and execute business based on the authority bestowed upon them by the Board.

iii) Officers meeting

The Company holds officers meetings to review and formulate the matters to be discussed by the Board of Directors as stipulated in the Rules of the Board of Directors and reports the matters stipulated in the Rules of the Officers Meeting. The officers meeting consists of all directors and all corporate officers. It is held with the attendance of Audit & Supervisory Board members and an audit officer. The meetings are held every month in conjunction with scheduled meetings of the Board of Directors.

The Company considers that a transition to a company with an audit and supervisory committee or a company with a nomination committee is an issue that we should examine in the future.

iii. Other matters regarding corporate governance

(i) Development of the internal control system

The following describes the content of decisions taken by the Board of Directors regarding the internal control system to ensure the appropriateness of business operations for the fiscal year ending December 31, 2026.

System to ensure the appropriateness of business operations, etc.

a. System to ensure that the performance of duties by the directors and employees complies with laws and regulations and the Articles of Incorporation of the Company

- i) Directors shall take the lead in observing the Group Code of Conduct, which aims for compliance with laws and regulations, the Articles of Incorporation of the Company, the internal rules and regulations, and social norms, and strive to achieve a thorough understanding of the Code of Conduct within the Company.
- ii) The Company shall ensure compliance with laws and regulations in its corporate activities and raise and improve awareness of fairness and morality, by setting the Compliance Committee consisting of all directors and all corporate officers.
- iii) The Audit Division, which is independent of the Company's lines of business execution, shall conduct audits of the status of adherence to laws and regulations, the Articles of Incorporation of the Company and the internal rules and regulations.
- iv) The Company shall develop and operate a whistleblowing system for the early detection of risks associated with corporate activities and the prevention of material problems.
- v) In addition to the above, the Company shall establish and operate various committees for the purpose of solving important issues within the Group in a cross-organizational manner.

b. System to store and manage information related to the execution of duties by directors

The Company shall properly store and manage the minutes of general shareholders' meetings and meetings of the Board of Directors records, and other information related to the execution of duties by the directors in accordance with the Document Management Rules and other internal rules and regulations.

c. Rules and regulations, and other systems for managing the risk of losses

- i) For the timely and appropriate control of risks that may affect the achievement of management goals of the Group, the Company shall develop policies, regulations, and systems, while the Risk Management Committee shall promote overall risk management activities for significant risks that affect corporate activities.
- ii) The Company shall develop a business continuity plan (BCP) promotion system in preparation for an emergency, implement preventive measures, education, training, etc., and promote regular inspections of BCP and correction of deficiencies.
- iii) The Company shall establish regulations on information security that stipulate the systems necessary for maintenance and management of information security, functions and authorities of organizations to promote information security and handling methods of information assets, thereby protecting information assets owned by the Group.

d. System to ensure the efficient execution of duties by directors

- i) The Board of Directors shall formulate management goals, business plans, and other managerial policies of the entire Group to be shared by the officers and employees and seek to instill them throughout the Group.
- ii) The Company shall introduce a corporate officer system. Management functions shall be separated into two: the management decision-making and supervision functions of the Board of Directors and the business execution functions of corporate officers. Corporate officers shall formulate specific goals and measures for their own units in light of the management goals determined by the Board of Directors and execute operations to achieve those goals.

- e. System to ensure the appropriateness of business operations of the Group comprising the Company and its subsidiaries
- i) In accordance with the Group Code of Conduct shared by the Group, officers and employees of the Group shall comply with relevant laws, the Articles of Incorporation of the Company, internal regulations, and social norms to act with integrity.
 - ii) In accordance with the Group Governance Rules, the Company shall appoint officers in charge of subsidiaries and ensure the appropriateness of the business operations of the entire Group by providing instructions, and advice through these officers on all aspects of the management of its subsidiaries across the globe.
 - iii) Standing in a position that is independent from the business execution lines, the Audit Division shall conduct audits of the appropriateness of the status of development and operation of internal control systems in the Group.
 - iv) In accordance with laws and regulations, the Company and the entire Group shall take a resolute attitude toward anti-social forces and groups that threaten the order and safety of civil society. In addition, the Company shall strive to develop and disseminate anti-bribery regulations, etc. in response to compliance risk on a global level.
- f. Matters related to employees who should assist with the duties of the Audit & Supervisory Board members, matters related to the independence of the employees from the directors, and matters related to ensuring the effectiveness of instructions issued to the employees
- i) The Company shall establish an Audit & Supervisory Board Office staffed with employees assigned to assist with the duties of Audit & Supervisory Board members.
 - ii) The Company shall respect the opinions of Audit & Supervisory Board members when making personnel decisions relating to the Audit & Supervisory Board Office and the Audit Division. The Company shall also consider the independence of the Audit & Supervisory Board Office as part of its endeavor to ensure the effectiveness of instructions given to Audit & Supervisory Board Office employees.
- g. System to enable directors and employees of the Company and its subsidiaries to submit reports to Audit & Supervisory Board members, and a system to ensure any person who has submitted a report is not treated disadvantageously as a result
- i) Directors and employees of the Company and its subsidiaries shall report the following matters to the Audit & Supervisory Board members:
 - Matters that may cause significant damage to the Group
 - Important matters pertaining to business circumstances on a monthly basis
 - Important matters relating to the status of internal audits and risk management
 - Serious violations of laws or the Articles of Incorporation of the Company
 - Other significant compliance-related matters
 - ii) The Group shall not take any adverse actions against directors, employees, etc. who reported to the Audit & Supervisory Board members on the grounds that they provided information to the said members.
 - iii) Members of the Audit & Supervisory Board, the Audit & Supervisory Board Office, and the Audit Division shall attend meetings of the Board of Directors of subsidiaries and other major meetings to collect information and ensure the effectiveness of audits.
- h. Other systems to ensure the effective execution of audits by Audit & Supervisory Board members
- i) In accordance with the auditing standards of the Audit & Supervisory Board, Audit & Supervisory Board members shall hold regular opinion exchange forums with the representative directors and outside directors on important audit issues, etc.
 - ii) Audit & Supervisory Board members shall receive regular reports on audit plans and results from the Audit Division and request investigations, as necessary.
 - iii) Audit & Supervisory Board members shall direct the Audit & Supervisory Board Office to enhance the effectiveness of audits and ensure the smooth execution of audit duties.
 - iv) Audit & Supervisory Board members and the Audit & Supervisory Board shall meet regularly with the accounting auditor to maintain close contact and conduct effective and efficient audits.
 - v) The Audit & Supervisory Board may request the Company to make advance payment or reimbursement of expenses required for conducting audits, including the use of legal and accounting specialists.

Reference: Overview of the operational status of a system to ensure the appropriateness of business operations, etc. for the fiscal year ended December 31, 2025

a. Initiatives for compliance

- i) The Compliance Committee, which is chaired by the President and CEO and consists of all directors and corporate officers, takes the lead in our efforts to investigate and respond to compliance incidents, deliberates measures for preventing reoccurrences, and ensures a thorough understanding throughout the Group. During the fiscal year ended December 31, 2025, the Compliance Committee engaged in focused discussions regarding issues such as improving the effectiveness of the whistleblowing system at a global level, and strove to strengthen the compliance of the entire Group.
- ii) We conduct ongoing compliance training tailored to individual ranks and job categories. The training aims to promote the widespread implementation of the Group Code of Conduct, which indicates the manner of actions to be taken by the Group's officers and employees; promote the widespread use of the Compliance Guidebook, which clearly explains the Code; provide more knowledge to officers and employees about legal matters related to their business duties; and heighten their compliance awareness. Furthermore, we have designated October each year as compliance awareness month, and conduct company-wide compliance awareness-raising activities. In the fiscal year ended December 31, 2025, we carried out awareness-raising activities on the topic of fundamentals of Competition Law.

b. Initiatives for risk management

The Risk Management Committee, which is chaired by the Executive Vice President and consists of directors and corporate officers, takes the lead in our periodic Group-wide risk assessment efforts. For critical risks that would significantly affect the Group's corporate activities, the Risk Management Committee decides on a response policy, and the Group implements necessary measures accordingly, striving to minimize the likelihood of risks manifesting and the damages that may result if they do manifest. In the fiscal year ended December 31, 2025, the Risk Management Committee met three times and discussed various matters, primarily on identifying severe risks, and reinforcing business continuity management.

c. Initiatives for the execution of duties by directors and Group governance

- i) We formulated our long-term vision, Driving Innovative Impact 2030, and our 2027 Plan as the midpoint of this long-term vision, and are working toward achieving the targets set out therein. We defined priority topics to work on and set KPIs to measure our level of achievement. These were linked to the targets and key initiatives of individual business units, and we strive to implement those initiatives. Furthermore, we periodically share messages from the CEO and use training and other tools to share our direction throughout the Group and promote its widespread implementation.
- ii) We established various internal rules, narrowed down the agenda items to be discussed at meetings of the Board of Directors, and appropriately delegated decision-making authority to those in charge of executive functions. At the same time, we introduced C-suite roles responsible for Group-wide management of functional areas such as human resources, technology development, production, information, and finance to strengthen governance and speed up decision-making.
- iii) Board of Directors meeting minutes, approval documents, and other documents are retained and managed appropriately in accordance with the Company's internal rules related to document management.

d. Initiatives for audits

Audit & Supervisory Board members perform audits based on audit plans created by the Audit & Supervisory Board, and confirm the state of operations of the Company's internal control systems by attending important meetings such as Board of Directors meetings, officers meetings, and Compliance Committee meetings; regularly sharing their opinions with the representative directors and outside directors; interviewing managers from business units; and conducting other activities. Furthermore, they improve the effectiveness of audits by coordinating closely with an audit unit which conducts internal audits independently from the Company's lines of business execution, the accounting auditor, legal and compliance units, and other related departments.

The Company assigns staff members to assist with the duties of Audit & Supervisory Board members to further improve the effectiveness of their auditing.

(ii) Development of the risk management system

Under the direction of the President and CEO, we develop and promote risk management measures across the Group. For more information, please refer to the following section, “II. Overview of Business, 3. Business Risks.”

(iii) Development of the system to ensure the appropriateness of business operations of the Company’s subsidiaries

As stated in “(i) Development of the internal control system” and “(ii) Development of the risk management system,” the Company has developed an internal control system and a risk management system in which its subsidiaries are covered.

The Group has also established the Group Governance Rules that apply to all subsidiaries. In accordance with those rules, the Company has appointed officers in charge of subsidiaries and has developed a system under which the officers report and apply for approval of important matters to the Company’s Board of Directors on behalf of the subsidiaries they are responsible for.

iv. Whistleblowing system

The Company has established a whistleblowing system with an internal reporting desk and an external reporting desk. Both desks accept anonymous reports, and the external reporting desk provides multilingual support. These reporting desks are available to officers, employees, former employees (within one year of leaving the Company), business partners, etc. The Secretariat confirms and investigates reports, takes corrective action, and develops measures to prevent reoccurrences. Critical problems are reported to appropriate committees, etc. Whistleblowing cases for the fiscal year ended December 31, 2025, were 18.

v. Dialogues with shareholders and investors

Basic policy

The Company’s basic policy is to engage in constructive dialogue that contributes to enhancing corporate value over the medium to long term. Through quarterly results briefings, IR Day, one-on-one meetings and interviews, and other opportunities, the Company continuously provides timely and appropriate information and conducts two-way communication. Insights obtained through dialogue are regularly reported to the Board of Directors and, as necessary, are utilized in reviewing and improving management policies, business plans, capital policies, and other matters.

(i) Information disclosure to shareholders and investors

Centered on the Daifuku Report as integrated reporting and the Company’s website, the Company appropriately discloses and continuously updates information on priority topics and KPIs linked to its long-term vision and four-year business plan, including their progress, as well as the status of ESG evaluations.

At quarterly results briefings, the Representative Directors and the CFO give presentations, and presentations by executive officers responsible for major business divisions are also provided semiannually. At the annual IR Day, executives responsible for business divisions and ESG, outside directors, and other participants provide explanations and engage in dialogue, including in depth discussions on topics of high interest.

(ii) Framework and initiatives for dialogue with shareholders and investors

Depending on investors attributes and the purpose of dialogue, the Representative Directors, the CFO, executive officers responsible for business divisions, the executive officer responsible for ESG, the executive officer in charge of IR, the General Manager of the IR Department, and others respond to one-on-one meetings and small meetings throughout the year. In the fiscal year ended December 31, 2025, the cumulative number of shareholder and investor engagement was 1,726 companies (the annual engagement target for each year during the four-year business plan is 1,200 companies).

Key examples of reflecting views and feedback obtained through dialogue in management include the expanding shareholder returns (raising the consolidated payout ratio to 35% or more each fiscal year and conducting timely share repurchases), eliminating the parent child listing structure (making Contec Co., Ltd. a wholly owned subsidiary), reducing cross-shareholdings, executing a stock split, increasing the ratio of outside directors and ensuring diversity of the Board of Directors, revising CO₂ emissions reduction targets, and introducing ESG indicators into executive compensation. In addition, based on topics of interest, the Company continues to promote initiatives to improve capital efficiency, including shortening the cash conversion cycle (CCC), strengthening balance sheet management by business division and introducing ROIC tree analysis, and establishing and commencing the operation of investment guidelines.

Major themes and areas of interest in dialogue with shareholders and investors

- Medium- to long-term management policy and strategy, and progress for the 2030 Long-Term Vision and the 2027 Plan
- Market environment and outlook, growth strategy, business portfolio, business models, and competitive advantages
- Policies on growth investment and returns, and cash allocation
- Shareholder return policy (consolidated payout ratio of 35% or more each fiscal year and the approach to share repurchases)
- ESG initiatives (progress on priority topics and KPIs, and the status of obtaining external evaluations)

Status of dialogue with shareholders and investors for the fiscal year ended December 31, 2025

Description	Company representatives	Participants	Number of meetings/companies
General Meeting of Shareholders	President and CEO, Executive Vice President and COO, Directors, Audit & Supervisory Board members, and corporate officers	Shareholders	1
Quarterly results briefings	President and CEO, Executive Vice President and COO, CFO, and corporate officers	Analysts and institutional investors	4
Small meetings	President and CEO, Executive Vice President and COO, and CFO		7
IR Day, business strategy briefing	President and CEO, Executive Vice President and COO, outside directors, and corporate officers		1
Number of shareholders and investors engaged (annual, cumulative)	President and CEO, Executive Vice President and COO, CFO, corporate officers, and IR Department		1,726 companies (four-year business plan target: 1,200 companies)
Briefing session for individual investors (tour of the integrated demo center at Shiga Works)	President and CEO, Executive Vice President and COO, and CFO	Individual investors	1

vi. Related party transactions

With respect to a conflict-of-interest transaction between a director and the Group, the director shall seek prior approval for the transaction from the Board of Directors and report it to the Board of Directors even after the fact. If a director enters into a transaction with a major shareholder, the director shall report an important transaction to the Board of Directors for discussion.

vii. Decision-making body of dividends from surplus

To flexibly pay dividends from surplus, the Articles of Incorporation of the Company stipulate that the Board of Directors may determine the dividend to be paid from surplus without requiring a resolution from the General Meeting of Shareholders regarding matters stipulated in Article 459, Paragraph 1 of the Companies Act, except when otherwise provided for in separate laws or regulations.

viii. Limited liability agreement

Under Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with outside directors and outside members of the Audit & Supervisory Board to limit their liability provided for in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the agreement is an amount stipulated in laws and regulations. The agreement will be applied only if outside directors or outside members of the Audit & Supervisory Board have acted in good faith and without gross negligence in performing the duties that have caused the liability.

ix. Matters relating to liability insurance contracts for company officers

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under the insurance contract, damages and legal fees, etc., incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc., of a business enterprise shall be covered.

However, any damage to officers themselves who intentionally committed criminal acts such as bribery or other illegal acts will not be compensated to ensure the appropriateness of officers' execution of duties is not compromised. The persons covered under this insurance contract are the Company's directors, Audit & Supervisory Board members, corporate officers,

audit officers, employees in management positions, as well as directors, Audit & Supervisory Board members, and corporate officers serving at Japanese subsidiaries. The insurance premiums for all insured persons are paid by the Company and the individual Japanese subsidiaries concerned.

x. Number of directors

The Company's Articles of Incorporation stipulate that the number of the Company's Directors shall be not more than 25.

xi. Election of directors

The Company's Articles of Incorporation stipulate that resolution for election of directors shall require a majority of the votes of shareholders present at a general meeting of shareholders, where the shareholders holding at least one-third of the voting rights of shareholders who are entitled to exercise their voting rights are present and shall not be by cumulative voting.

xii. Requirements for special resolution at the general meeting of shareholders

The Company's Articles of Incorporation stipulate that special resolutions at the general meetings of shareholders prescribed in Article 309, Paragraph 2 of the Companies Act shall require at least two-thirds of the votes of shareholders present at the general meeting of shareholders, where the shareholders holding at least one-third of the voting rights of shareholders who are entitled to exercise their voting rights are present. The purpose of this stipulation is to ensure smooth operation of general meetings of shareholders by relaxing the quorum requirements for special resolutions at general meetings of shareholders.

(2) Officers

i. Directors and other officers

(i) The directors and other officers of the Company as of March 24, 2026 (the filing date of the Annual Securities Report) are as follows.

Male: 11, Female: 3 (Ratio of female officers over the total number of officers: 21.4%)

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Representative Director Chairman	Hiroshi Geshiro	June 13, 1958	April 1983 April 2012 April 2014 April 2015 June 2015 April 2016 April 2018 January 2026	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.) Corporate Officer General Manager of the Sales Division, FA&DA Operations Managing Officer General Manager of FA&DA Global Operations General Manager of FA&DA Operations Director, member of the Board, Managing Officer General Manager of the International Division, FA&DA Operations Representative Director, President and CEO Representative Director, Chairman (to present)	Note 4	41
Representative Director President and CEO/COO	Tomoaki Terai	July 13, 1968	April 1994 April 2011 April 2015 April 2017 April 2021 April 2023 April 2024 June 2024 January 2025 January 2026	Joined Daifuku Co., Ltd. Director of Daifuku Webb Holding Company (now Daifuku North America, Inc.) Chairman of Taiwan Daifuku Co., Ltd. General Manager of the Production Division, eFA Operations Corporate Officer General Manager of the Production Operations, Cleanroom Division Cleanroom Division Manager Managing Officer Cleanroom Global Business Head Director, member of the Board, Managing Officer Representative Director, Executive Vice President and Chief Operating Officer (COO) Representative Director, President and CEO/COO (to present)	Note 4	20
Director Senior Managing Officer Chief Human Resources Officer Corporate Functions Head	Hideaki Takubo	August 27, 1960	April 1984 April 2006 April 2013 April 2015 April 2017 April 2019 April 2021 April 2023 June 2023 January 2025	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.) Manager of the Secretary's Office Director and President of Daifuku (China) Co., Ltd. General Manager of the Global Business Development Department, Corporate Business Development Division General Manager of the Human Resources and General Affairs Division, Corporate Affairs Operations Corporate Officer Managing Officer Corporate Functions Head (to present) Chief Human Resources Officer (to present) Director, member of the Board, Managing Officer Director, Senior Managing Officer (to present)	Note 4	20

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director Managing Officer Chief Financial Officer Deputy Corporate Functions Head Finance and Accounting Division Manager	Tetsuya Hibi	June 4, 1964	April 1987 April 2008 April 2014 April 2017 April 2019 April 2020 April 2021 April 2023 March 2025	Joined Daifuku Co., Ltd. General Manager of the Finance Department, Finance and Accounting Division Senior Vice President and CFO of Daifuku Webb Holding Company (now Daifuku North America, Inc.) General Manager of the Global Business Development Department, Corporate Business Development Division General Manager of the Corporate Business Development Division Corporate Officer Finance and Accounting Division Manager (to present) Deputy Corporate Functions Head (to present) Managing Officer Chief Financial Officer (to present) Director, member of the Board, Managing Officer (to present)	Note 4	31
Director Adviser	Seiji Sato	January 15, 1960	April 1983 April 2008 June 2010 June 2011 April 2015 June 2015 April 2020 April 2023 January 2026	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.) General Manager of the Semiconductor Division, eFA Operations Director, member of the Board Managing Officer with an introduction of corporate officer system General Manager of eFA Global Operations General Manager of eFA Operations Director, member of the Board, Managing Officer Cleanroom Global Business Head Cleanroom Division Manager Director, Senior Managing Officer President and CEO of Daifuku North America Holding Company (now Daifuku North America, Inc.) Director and Adviser (to present)	Note 4	130

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Yoshiaki Ozawa	May 31, 1954	<p>July 1978 October 1979 August 1982 October 1985 July 1990 July 1995 July 2005 July 2007 January 2008 April 2009 April 2012 September 2012 June 2014 April 2018 June 2018 June 2019 April 2020 December 2021 March 2022 October 2024</p>	<p>Joined PricewaterhouseCoopers (PwC) Osaka Office Joined Chuo Accounting Corporation Osaka Office Registered as a Japanese certified public accountant (CPA) Worked at Coopers & Lybrand New York Office Registered as a U.S. CPA Senior partner, Chuo Shinko Audit Corporation National director overseeing Japanese clients in the U.S. at the PwC New York Office Joined PwC Aarata (now PricewaterhouseCoopers Japan LLC) Senior partner, PwC Aarata (now PricewaterhouseCoopers Japan LLC) Specially-appointed professor, Kansai University School of Accountancy Professor of Faculty of Business Administration, St. Andrew's University Left PwC Aarata (now PricewaterhouseCoopers Japan LLC) Outside Director of Daifuku Co., Ltd. (to present) Director of Career Center, St. Andrew's University Outside Audit & Supervisory Board Member, Daido Life Insurance Company (to present) Substitute Director (Audit and Supervisory Committee Member), Sakai Heavy Industries, Ltd. Dean of Graduate School of Business Administration, St. Andrew's University Representative Director, Andrew Partners Co., Ltd. Obtained a PhD in Commerce from Kwansai Gakuin University Visiting Professor of Graduate School of Business, Osaka Metropolitan University (to present)</p>	Note 4	-
Director	Keiko Kaneko	November 11, 1967	<p>April 1991 April 1999 January 2007 April 2007 November 2012 June 2013 June 2019</p>	<p>Joined Mitsubishi Corporation Registered as an attorney Joined Anderson Mori & Tomotsune Partner, Anderson Mori & Tomotsune (to present) Visiting Associate Professor at Graduate School of Law, the University of Tokyo External Statutory Auditor, Fast Retailing Co., Ltd. (to present) Statutory Auditor, UNIQLO Co., Ltd. (to present) External Statutory Auditor, The Asahi Shimbun Company Outside Director of Daifuku Co., Ltd. (to present)</p>	Note 4	-

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Gideon Franklin	June 28, 1962	September 1984 October 1986 January 1993 February 1994 January 2004 July 2006 November 2007 August 2013 June 2019 April 2021 June 2023	Joined Cazenove (now JPMorgan Chase & Co.) Joined UBS Phillips & Drew (now UBS AG) Director, Schweizerische Bankgesellschaft (Deutschland) AG (now UBS Europe SE) Managing Director, Morgan Stanley Group Inc. (now Morgan Stanley) Outside Director, Culham Prints and Drawings Limited President, Gideon Franklin Limited Managing Director, Mizuho International plc CEO, Gideon Franklin Limited (to present) Outside Director, MCJ Co., Ltd. (to present) CEO, Culham Prints and Drawings Limited (to present) Outside Director of Daifuku Co., Ltd. (to present)	Note 4	-
Director	Haruyuki Yoshida	March 27, 1959	April 1981 February 2006 April 2008 October 2009 April 2013 January 2017 January 2019 January 2022 June 2023 June 2024 March 2025	Joined Kubota Corporation General Manager of Ductile Iron Pipe Production Control, Kubota Corporation General Manager of Construction Machinery Division Planning and Sales Promotion Department, Kubota Corporation General Manager of Farm and Industrial Machinery Division, Planning and Control Department, Kubota Corporation Executive Officer, General Manager of Farm and Machinery International Operations Headquarters, and General Manager of Farm and Utility Machinery Division, Kubota Corporation Managing Executive Officer, General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters, Kubota Corporation Senior Managing Executive Officer, Kubota Corporation President and CEO, Kubota Tractor Corporation President and CEO, Kubota North America Corporation Advisor, Kubota Corporation Outside Director, Okada Aiyon Corporation (to present) Outside Director, SUGIMOTO & CO., LTD. (to present) Outside Director of Daifuku Co., Ltd. (to present)	Note 4	-

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Yuki Kanzaki	April 24, 1963	<p>March 1992 September 2007 October 2013 March 2015 March 2017 March 2019 March 2020 January 2022 March 2022 March 2025 June 2025</p>	<p>Joined Kirin Brewery Company, Limited Brewing Manager of Tochigi Plant of Production Division, Kirin Brewery Company, Limited Deputy General Manager of Alcoholic Beverages Technology Research Institute, Research & Development Division, Kirin Company, Limited General Manager of Kobe Plant of Production Division, Kirin Brewery Company, Limited Executive Officer, General Manager of Yokohama Plant of Production Division, Kirin Brewery Company, Limited Senior Executive Officer, General Manager of Yokohama Plant of Production Division, Kirin Brewery Company, Limited Senior Executive Officer, General Manager of Corporate Strategy Department, Kyowa Hakko Bio Co., Ltd. President and CEO, Kyowa Hakko Bio Co., Ltd. Senior Executive Officer, Kirin Holdings Company, Limited and President and CEO, Kyowa Hakko Bio Co., Ltd. Outside Director of Daifuku Co., Ltd. (to present) Outside Director, TOYOBO Co., Ltd. (to present)</p>	Note 4	-
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	March 4, 1964	<p>April 1986 April 2007 April 2010 January 2013 April 2014 April 2020 April 2022 June 2022</p>	<p>Joined Daifuku Co., Ltd. General Manager of the China's Affiliate Management Division Director and President of Daifuku (China) Co., Ltd. General Manager of the Finance Department, Finance and Accounting Division, Corporate Affairs General Manager of the Finance and Accounting Division, Corporate Affairs Audit Officer General Manager of the Audit & Supervisory Board Office Audit Officer, assigned to the Audit & Supervisory Board Audit & Supervisory Board Member (full-time) (to present)</p>	Note 5	14

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Audit & Supervisory Board Member	Tsukasa Miyajima	August 23, 1950	April 1980 April 1990 April 2003 April 2004 March 2009 October 2013 June 2014 June 2015 April 2016 June 2018 April 2021 March 2024	Full-time lecturer at Faculty of Law, Keio University Professor of Law, Keio University Registered as an attorney Professor, Keio University Law School Outside Director, Hulic Co., Ltd.(to present) Chairman, The Asset Disposition Council of Japan Railway Construction, Transport and Technology Agency Outside Director, Dai Nippon Printing Co., Ltd. (to present) Audit & Supervisory Board Member (outside), Mikuni Corporation (to present) Outside Director, Mitsui Sumitomo Insurance Co., Ltd. Professor emeritus, Keio University (to present) Professor of Law, Asahi University and its Graduate School (to present) Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present) Deliberation Council Member, Japan Cooperative Insurance Association Incorporated (to present) Chairperson of the Board of Directors, Hulic Co., Ltd. (to present)	Note 5	-
Audit & Supervisory Board Member	Nobuo Wada	March 17, 1953	April 1980 March 1981 December 1989 April 1994 April 2001 April 2018 June 2019	Encouraging Researcher of Japan Society for the Promotion of Science Research Associate of Faculty of Science, Hokkaido University Associate Professor at College of Arts and Sciences, the University of Tokyo Assistant Professor at Graduate School of Arts and Sciences, Department of Basic Science, the University of Tokyo Professor at Graduate School of Science, Division of Material Science (Physics), Nagoya University Professor emeritus (to present) and Adjunct Lecturer, Nagoya University Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)	Note 6	-
Audit & Supervisory Board Member	Eiko Hakoda	May 25, 1957	April 1992 January 2005 June 2019 June 2022 December 2022 January 2023 July 2023 January 2024 June 2024	Registered as an attorney Joined Hamada & Matsumoto (now Mori Hamada & Matsumoto) Partner, Mori Hamada & Matsumoto Outside Corporate Auditor, KITO Corporation Outside Director (Member of Audit and Supervisory Committee), SPARX Group Co., Ltd. (to present) Outside Corporate Auditor, SPARX Asset Management Co., Ltd. (to present) Outside Member of Audit and Supervisory Board, CMIC HOLDINGS Co., Ltd. Senior Counsel, Mori Hamada & Matsumoto Outside Director, The Prudential Life Insurance Company, Ltd. (to present) Special Counsel, Gaizen Partners (to present) Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)	Note 7	-
Total						258

- Notes: 1. Directors Yoshiaki Ozawa, Keiko Kaneko, Gideon Franklin, Haruyuki Yoshida, and Yuki Kanzaki are from outside the Company.
2. Audit & Supervisory Board members Tsukasa Miyajima, Nobuo Wada, and Eiko Hakoda are from outside the Company.
3. Each of Directors Yoshiaki Ozawa, Gideon Franklin, Haruyuki Yoshida, and Yuki Kanzaki, and Audit & Supervisory Board members Tsukasa Miyajima, Nobuo Wada, and Eiko Hakoda has been designated and notified as independent officers in accordance with the rules of the Tokyo Stock Exchange.

4. The terms of office of Directors are from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended December 31, 2024 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2025.
5. The terms of office of Audit & Supervisory Board members Tsukasa Saito and Tsukasa Miyajima are from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2022 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2025.
6. The term of office of Audit & Supervisory Board member Nobuo Wada is from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2023 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2026.
7. The term of office of Audit & Supervisory Board member Eiko Hakoda is from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2024 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2027.
8. Director Kaku Kato resigned from the office on October 13, 2025, due to his passing.

[Reference] Corporate officers and audit officers who do not concurrently serve as directors

Corporate Officers

Job title	Name	Job title	Name
Senior Managing Officer Chief Production Officer Chief Information Officer General Manager of Shiga Works Production Innovation Division Manager	Yasuhisa Mishina	Corporate Officer Airport Division Manager General Manager of Airport Operations, Airport Division Deputy Safety and Health Management Division Manager	Masayuki Izutsu
Senior Managing Officer Airport Global Business Head	Takaya Uemoto	Corporate Officer Auto Wash Global Business Head Auto Wash Division Manager President of Daifuku Plusmore Co., Ltd.	Takafumi Tanaka
Senior Managing Officer Chief Technology Officer Business Innovation Division Manager	Takuya Gondoh	Corporate Officer General Manager of Production Operations, Intralogistics Division	Junji Yano
Managing Officer President and CEO of Daifuku North America, Inc.	Akihiko Nishimura	Corporate Officer Electronics Global Business Head President and CEO of Contec Co., Ltd.	Kazuyoshi Nishiyama
Managing Officer Intralogistics Global Business Head Intralogistics Division Manager	Norihito Toriya	Corporate Officer General Manager of Business Promotion Operations, Automotive Division	Satoru Otani
Managing Officer Cleanroom Global Business Head Cleanroom Division Manager General Manager of Komaki Works	Atsushi Sonoda	Corporate Officer Chairman of Daifuku Intralogistics America Corporation General Manager of Global Strategy Operations, Intralogistics Division	Fumiaki Tatemi
Managing Officer Automotive Global Business Head Automotive Division Manager	Tsutomu Maeda	Corporate Officer Human Resources and General Affairs Division Manager	Masaaki Yano
Managing Officer General Manager of Installation and Service Operations, Intralogistics Division Safety and Health Management Division Manager	Seiji Yamamoto	Corporate Officer General Manager of Sales Operations, Intralogistics Division	Chikashi Nakamura
Managing Officer Corporate Communications Division Manager	Hirobumi Akiba	Corporate Officer General Manager of Production Operations, Cleanroom Division	Kouji Katori

Audit Officer

Job title	Name
Audit Officer General Manager of Audit & Supervisory Board Office	Toshikatsu Takahashi

- Notes: 1. The Company has introduced a corporate officer system for the purposes of further accelerating and revitalizing business decision-making by the Board of Directors and promoting functional and efficient business operations by delegating the authority to employees with knowledge of business operations to execute business.
2. To enhance the effectiveness of audits conducted by Audit & Supervisory Board members, the Company established the Audit & Supervisory Board Office to assist with the duties of Audit & Supervisory Board members, with the audit officer serving as the general manager of the Office.

(ii) At the Ordinary General Meeting of Shareholders to be held on March 27, 2026, the Company will propose “Election of Nine (9) Directors” and “Election of Two (2) Audit & Supervisory Board Members” as proposals to be resolved. If these proposals are approved, the status of the Company’s officers and their terms of office are planned to be as follows. The titles, etc., of officers include the contents (positions, etc.) of the resolutions to be adopted by the Board of Directors in the meeting scheduled to immediately follow the Ordinary General Meeting of Shareholders.

Male: 9, Female: 4 (Ratio of female officers over the total number of officers: 30.8%)

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Representative Director Chairman	Hiroshi Geshiro	June 13, 1958	April 1983 April 2012 April 2014 April 2015 June 2015 April 2016 April 2018 January 2026	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.) Corporate Officer General Manager of the Sales Division, FA&DA Operations Managing Officer General Manager of FA&DA Global Operations General Manager of FA&DA Operations Director, member of the Board, Managing Officer General Manager of the International Division, FA&DA Operations Representative Director, President and CEO Representative Director, Chairman (to present)	Note 4	41
Representative Director President and CEO/COO	Tomoaki Terai	July 13, 1968	April 1994 April 2011 April 2015 April 2017 April 2021 April 2023 April 2024 June 2024 January 2025 January 2026	Joined Daifuku Co., Ltd. Director of Daifuku Webb Holding Company (now Daifuku North America, Inc.) Chairman of Taiwan Daifuku Co., Ltd. General Manager of the Production Division, eFA Operations Corporate Officer General Manager of the Production Operations, Cleanroom Division Cleanroom Division Manager Managing Officer Cleanroom Global Business Head Director, member of the Board, Managing Officer Representative Director, Executive Vice President and Chief Operating Officer (COO) Representative Director, President and CEO/COO (to present)	Note 4	20
Director Senior Managing Officer Chief Human Resources Officer Corporate Functions Head	Hideaki Takubo	August 27, 1960	April 1984 April 2006 April 2013 April 2015 April 2017 April 2019 April 2021 April 2023 June 2023 January 2025	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.) Manager of the Secretary’s Office Director and President of Daifuku (China) Co., Ltd. General Manager of the Global Business Development Department, Corporate Business Development Division General Manager of the Human Resources and General Affairs Division, Corporate Affairs Operations Corporate Officer Managing Officer Corporate Functions Head (to present) Chief Human Resources Officer (to present) Director, member of the Board, Managing Officer Director, Senior Managing Officer (to present)	Note 4	20

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director Managing Officer Chief Financial Officer Deputy Corporate Functions Head Finance and Accounting Division Manager	Tetsuya Hibi	June 4, 1964	April 1987 April 2008 April 2014 April 2017 April 2019 April 2020 April 2021 April 2023 March 2025	Joined Daifuku Co., Ltd. General Manager of the Finance Department, Finance and Accounting Division Senior Vice President and CFO of Daifuku Webb Holding Company (now Daifuku North America, Inc.) General Manager of the Global Business Development Department, Corporate Business Development Division General Manager of the Corporate Business Development Division Corporate Officer Finance and Accounting Division Manager (to present) Deputy Corporate Functions Head (to present) Managing Officer Chief Financial Officer (to present) Director, member of the Board, Managing Officer (to present)	Note 4	31
Director	Gideon Franklin	June 28, 1962	September 1984 October 1986 January 1993 February 1994 January 2004 July 2006 November 2007 August 2013 June 2019 April 2021 June 2023	Joined Cazenove (now JPMorgan Chase & Co.) Joined UBS Phillips & Drew (now UBS AG) Director, Schweizerische Bankgesellschaft (Deutschland) AG (now UBS Europe SE) Managing Director, Morgan Stanley Group Inc. (now Morgan Stanley) Outside Director, Culham Prints and Drawings Limited President, Gideon Franklin Limited Managing Director, Mizuho International plc CEO, Gideon Franklin Limited (to present) Outside Director, MCJ Co., Ltd. (to present) CEO, Culham Prints and Drawings Limited (to present) Outside Director of Daifuku Co., Ltd. (to present)	Note 4	-

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Haruyuki Yoshida	March 27, 1959	<p>April 1981 February 2006</p> <p>April 2008</p> <p>October 2009</p> <p>April 2013</p> <p>January 2017</p> <p>January 2019</p> <p>January 2022</p> <p>June 2023</p> <p>June 2024</p> <p>March 2025</p>	<p>Joined Kubota Corporation General Manager of Ductile Iron Pipe Production Control, Kubota Corporation</p> <p>General Manager of Construction Machinery Division Planning and Sales Promotion Department, Kubota Corporation</p> <p>General Manager of Farm and Industrial Machinery Division, Planning and Control Department, Kubota Corporation</p> <p>Executive Officer, General Manager of Farm and Machinery International Operations Headquarters, and General Manager of Farm and Utility Machinery Division, Kubota Corporation</p> <p>Managing Executive Officer, General Manager of Farm and Industrial Machinery Domain, Strategy and Operations Headquarters, Kubota Corporation</p> <p>Senior Managing Executive Officer, Kubota Corporation President and CEO, Kubota Tractor Corporation President and CEO, Kubota North America Corporation</p> <p>Advisor, Kubota Corporation</p> <p>Outside Director, Okada Aiyon Corporation (to present)</p> <p>Outside Director, SUGIMOTO & CO., LTD. (to present)</p> <p>Outside Director of Daifuku Co., Ltd. (to present)</p>	Note 4	-
Director	Yuki Kanzaki	April 24, 1963	<p>March 1992</p> <p>September 2007</p> <p>October 2013</p> <p>March 2015</p> <p>March 2017</p> <p>March 2019</p> <p>March 2020</p> <p>January 2022</p> <p>March 2022</p> <p>March 2025</p> <p>June 2025</p>	<p>Joined Kirin Brewery Company, Limited</p> <p>Brewing Manager of Tochigi Plant of Production Division, Kirin Brewery Company, Limited</p> <p>Deputy General Manager of Alcoholic Beverages Technology Research Institute, Research & Development Division, Kirin Company, Limited</p> <p>General Manager of Kobe Plant of Production Division, Kirin Brewery Company, Limited</p> <p>Executive Officer, General Manager of Yokohama Plant of Production Division, Kirin Brewery Company, Limited</p> <p>Senior Executive Officer, General Manager of Yokohama Plant of Production Division, Kirin Brewery Company, Limited</p> <p>Senior Executive Officer, General Manager of Corporate Strategy Department, Kyowa Hakko Bio Co., Ltd.</p> <p>President and CEO, Kyowa Hakko Bio Co., Ltd.</p> <p>Senior Executive Officer, Kirin Holdings Company, Limited and President and CEO, Kyowa Hakko Bio Co., Ltd.</p> <p>Outside Director of Daifuku Co., Ltd. (to present)</p> <p>Outside Director, TOYOBO Co., Ltd. (to present)</p>	Note 4	-

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Director	Mayumi Hongo (Name on family register: Mayumi Watanabe)	January 11, 1972	April 1994 July 2008 February 2017 December 2020 January 2021 June 2022 January 2026 March 2026	Joined Ministry of Foreign Affairs of Japan Joined Mitsubishi Heavy Industries, Ltd. Joined Neopharma Japan Co., Ltd. (now KIYAN PHARMA Co., Ltd.) Registered as an attorney Joined Atsumi & Sakai Partner, Atsumi & Sakai Senior Partner, Atsumi & Sakai (to present) Outside Director of Daifuku Co., Ltd. (to present)	Note 4	-
Director	Asuka Nakamura	December 15, 1973	October 1997 April 2000 January 2001 November 2007 January 2012 October 2013 January 2015 June 2016 December 2022 June 2023 December 2024 June 2025 March 2026	Joined Asahi & Co. (now KPMG AZSA LLC) Registered as a Certified Public Accountant (CPA) Joined PricewaterhouseCoopers (PwC) Financial Advisory Services Company, Ltd. (now PwC Advisory LLC) Joined Houlihan Lokey, Inc. Joined Tokyo Kyodo Accounting Office Joined Ernst & Young ShinNihon LLC Japan (now Ernst & Young ShinNihon LLC) Joined KPMG AZSA LLC Partner, KPMG AZSA LLC President and Representative Director, Asumirai Research Institute, Inc. Corporate Auditor, Mynavi Corporation (to present) Outside Director (Member of the Audit and Supervisory Committee), Polaris Holdings Co., Ltd. Outside Audit & Supervisory Board Member, KATO SANGYO CO., LTD. (to present) Outside Director (Member of the Audit and Supervisory Committee), Fujikura Ltd. (to present) Outside Director of Daifuku Co., Ltd. (to present)	Note 4	-
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	March 4, 1964	April 1986 April 2007 April 2010 January 2013 April 2014 April 2020 April 2022 June 2022	Joined Daifuku Co., Ltd. General Manager of the China's Affiliate Management Division Director and President of Daifuku (China) Co., Ltd. General Manager of the Finance Department, Finance and Accounting Division, Corporate Affairs General Manager of the Finance and Accounting Division, Corporate Affairs Audit Officer General Manager of the Audit & Supervisory Board Office Audit Officer, assigned to the Audit & Supervisory Board Audit & Supervisory Board Member (full-time) (to present)	Note 5	14
Audit & Supervisory Board Member	Nobuo Wada	March 17, 1953	April 1980 March 1981 December 1989 April 1994 April 2001 April 2018 June 2019	Encouraging Researcher of Japan Society for the Promotion of Science Research Associate of Faculty of Science, Hokkaido University Associate Professor at College of Arts and Sciences, the University of Tokyo Assistant Professor at Graduate School of Arts and Sciences, Department of Basic Science, the University of Tokyo Professor at Graduate School of Science, Division of Material Science (Physics), Nagoya University Professor emeritus (to present) and Adjunct Lecturer, Nagoya University Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)	Note 6	-

Position in the Company	Name	Date of birth	Career summary		Term of office	Number of shares held (thousand shares)
Audit & Supervisory Board Member	Eiko Hakoda	May 25, 1957	April 1992 January 2005 June 2019 June 2022 December 2022 January 2023 July 2023 January 2024 June 2024	Registered as an attorney Joined Hamada & Matsumoto (now Mori Hamada & Matsumoto) Partner, Mori Hamada & Matsumoto Outside Corporate Auditor, KITO Corporation Outside Director (Member of Audit and Supervisory Committee), SPARX Group Co., Ltd. (to present) Outside Corporate Auditor, SPARX Asset Management Co., Ltd. (to present) Outside Member of Audit and Supervisory Board, CMIC HOLDINGS Co., Ltd. Senior Counsel, Mori Hamada & Matsumoto Outside Director, The Prudential Life Insurance Company, Ltd. (to present) Special Counsel, Gaiken Partners (to present) Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)	Note 7	-
Audit & Supervisory Board Member	Kazuya Oki	April 3, 1961	October 1984 March 1988 May 1998 August 2006 September 2010 July 2014 July 2021 March 2022 June 2023 March 2026	Joined Arthur Young Japan (now Ernst & Young ShinNihon LLC) Registered as a Certified Public Accountant (CPA) Partner, Showa Ota & Co. (now Ernst & Young ShinNihon LLC) Board Member, Shin Nihon & Co. (now Ernst & Young ShinNihon LLC) Executive Board Member, Ernst & Young ShinNihon LLC Senior Executive Board Member, Ernst & Young ShinNihon LLC Representative, Oki Kazuya Certified Public Accountant Office (to present) Outside Director, OSM International, Inc. (to present) Outside Audit & Supervisory Board Member, JGC HOLDINGS CORPORATION (to present) Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)	Note 5	-
Total						128

- Notes: 1. Directors Gideon Franklin, Haruyuki Yoshida, Yuki Kanzaki, Mayumi Hongo, and Asuka Nakamura are from outside the Company.
2. Audit & Supervisory Board members Nobuo Wada, Eiko Hakoda, and Kazuya Oki are from outside the Company.
3. If the Directors and Audit & Supervisory Board members are reappointed or appointed as originally proposed, Directors Gideon Franklin, Haruyuki Yoshida, Yuki Kanzaki, Mayumi Hongo, and Asuka Nakamura, and Audit & Supervisory Board members Nobuo Wada, Eiko Hakoda, and Kazuya Oki will be designated as independent officers as stipulated by the rules of the Tokyo Stock Exchange, and such notification has been provided to the Exchange.
4. The terms of office of Directors are from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended December 31, 2025 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2026.
5. The terms of office of Audit & Supervisory Board members Tsukasa Saito and Kazuya Oki are from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended December 31, 2025 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2029.
6. The term of office of Audit & Supervisory Board member Nobuo Wada is from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2023 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2026.
7. The term of office of Audit & Supervisory Board member Eiko Hakoda is from the conclusion of the ordinary general meeting of shareholders for the fiscal year ended March 31, 2024 through the conclusion of the ordinary general meeting of shareholders for the fiscal year ending December 31, 2027.

[Reference] Corporate officers and audit officers who do not concurrently serve as directors

Corporate Officers

Job title	Name	Job title	Name
Senior Managing Officer Chief Production Officer Chief Information Officer General Manager of Shiga Works Production Innovation Division Manager	Yasuhisa Mishina	Corporate Officer Airport Division Manager General Manager of Airport Operations, Airport Division Deputy Safety and Health Management Division Manager	Masayuki Izutsu
Senior Managing Officer Airport Global Business Head	Takaya Uemoto	Corporate Officer Auto Wash Global Business Head Auto Wash Division Manager President of Daifuku Plusmore Co., Ltd.	Takafumi Tanaka
Senior Managing Officer Chief Technology Officer Business Innovation Division Manager	Takuya Gondoh	Corporate Officer General Manager of Production Operations, Intralogistics Division	Junji Yano
Managing Officer President and CEO of Daifuku North America, Inc.	Akihiko Nishimura	Corporate Officer Electronics Global Business Head President and CEO of Contec Co., Ltd.	Kazuyoshi Nishiyama
Managing Officer Intralogistics Global Business Head Intralogistics Division Manager	Norihito Toriya	Corporate Officer General Manager of Business Promotion Operations, Automotive Division	Satoru Otani
Managing Officer Cleanroom Global Business Head Cleanroom Division Manager General Manager of Komaki Works	Atsushi Sonoda	Corporate Officer Chairman of Daifuku Intralogistics America Corporation General Manager of Global Strategy Operations, Intralogistics Division	Fumiaki Tatemi
Managing Officer Automotive Global Business Head Automotive Division Manager	Tsutomu Maeda	Corporate Officer Human Resources and General Affairs Division Manager	Masaaki Yano
Managing Officer General Manager of Installation and Service Operations, Intralogistics Division Safety and Health Management Division Manager	Seiji Yamamoto	Corporate Officer General Manager of Sales Operations, Intralogistics Division	Chikashi Nakamura
Managing Officer Corporate Communications Division Manager	Hirobumi Akiba	Corporate Officer General Manager of Production Operations, Cleanroom Division	Kouji Katori

Audit Officer

Job title	Name
Audit Officer General Manager of Audit & Supervisory Board Office	Toshikatsu Takahashi

- Notes: 1. The Company has introduced a corporate officer system for the purposes of further accelerating and revitalizing business decision-making by the Board of Directors and promoting functional and efficient business operations by delegating the authority to employees with knowledge of business operations to execute business.
2. To enhance the effectiveness of audits conducted by Audit & Supervisory Board members, the Company established the Audit & Supervisory Board Office to assist with the duties of Audit & Supervisory Board members, with the audit officer serving as the general manager of the Office.

ii. Outside directors and outside members of the Audit & Supervisory Board

The Company has five (5) outside directors and three (3) outside members of the Audit & Supervisory Board.

Outside Director Kaku Kato resigned from the office on October 13, 2025, due to his passing, and the number of Outside Directors decreased by one during the 110th fiscal year. The Company proposes “Election of Nine (9) Directors” and “Election of Two (2) Audit & Supervisory Board Members” as proposals to be resolved at the Ordinary General Meeting of Shareholders to be held on March 27, 2026. If these proposals are approved as originally proposed, Ms. Mayumi Hongo and Ms. Asuka Nakamura will assume the office of Outside Director in place of Mr. Yoshiaki Ozawa and Ms. Keiko Kaneko, who will retire due to the expiration of their terms of office. In addition, Mr. Kazuya Oki will assume the office of outside member of Audit & Supervisory Board in place of Mr. Tsukasa Miyajima, who will retire due to the expiration of his term of office. There will be no change in the number of outside directors and outside members of the Audit & Supervisory Board.

- (i) Personal, capital or business relationships or any other conflicts of interests between outside directors or outside members of the Audit & Supervisory Board and the Company

There are no significant conflicts of interest between outside directors or outside members of the Audit & Supervisory Board and the Company.

- (ii) Functions and roles of outside directors or outside members of the Audit & Supervisory Board in the Company’s corporate governance

a. Outside Director

Outside Director Yoshiaki Ozawa has considerable knowledge in financial and accounting matters and teaches accounting as a university professor by leveraging his experience working abroad. At meetings of the Board of Directors, he offers professional advice and counsel to secure the transparency of management and enhance the monitoring and supervision thereof based on his abundant experience and extensive knowledge, as well as to help us promote globalization of the Group.

Outside Director Keiko Kaneko has experienced working at a trading company and as an associate professor at a graduate school. As a lawyer, she is actively involved in areas such as business acquisition, transactions and management of business enterprises, and regulations in the field of natural resources. At meetings of the Board of Directors, she offers advice and counsel to secure the transparency of management and enhance the monitoring and supervision thereof from her professional viewpoint.

Outside Director Gideon Franklin 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.

Outside Director Haruyuki Yoshida 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.

Outside Director Yuki Kanzaki has served as an executive officer of a food and beverage manufacturer and a head of its Group company. She has consistently worked in *monozukuri* (workmanship) onsite in the manufacturing industry while playing a primary role in advancing business restoration, structural reform, and the reformation of organizational culture in acquired companies. Based on such abundant experience and knowledge, 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.

As stated above, the outside directors contribute to further revitalization of the Board of Directors, securing of the transparency of management and enhancement of the supervisory function over management by offering advice and counsel from their professional viewpoints based on their abundant experience and extensive knowledge.

The Company expects Ms. Mayumi Hongo and Ms. Asuka Nakamura, who will be newly appointed as Outside Directors if the proposal for the election of directors is approved at the Ordinary General Meeting of Shareholders scheduled to be held on March 27, 2026, to contribute in the same manner.

Ms. Mayumi Hongo 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. Based on such abundant experience and knowledge, the Company expects her to provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and

supervision thereof.

Ms. Asuka Nakamura 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 expects her to provide advice and counsel at meetings of the Board of Directors to secure the transparency of management and enhance the monitoring and supervision thereof.

b. Audit & Supervisory Board Members (outside)

Audit & Supervisory Board Member (outside) Tsukasa Miyajima is a university professor specializing in law. He extends advice and recommendations to Board of Directors meetings and Audit & Supervisory Board meetings when required based on his abundant experience and deep insight to secure the transparency of management and enhance the functions of management monitoring and auditing thereof by professing opinions primarily from his professional standpoint as an academic and legal expert.

Audit & Supervisory Board Member (outside) Nobuo Wada has long been a professor of condensed matter physics at the university. He extends advice and recommendations to Board of Directors meetings and Audit & Supervisory Board meetings when required based on his abundant experience and deep insight to secure the transparency of management and enhance the functions of management supervision and auditing thereof by professing opinions on a wide range of science and technology topics primarily from his professional standpoint as an experienced academic.

Audit & Supervisory Board Member (outside) Eiko Hakoda is a lawyer and has a proven track record and a high level of expertise in finance, international commerce, and corporate governance through her engagement in global business for many years. She extends advice and counsel on general business management at meetings of the Board of Directors and Audit & Supervisory Board when required based on her abundant experience and deep insight to ensure the legality of management and enhance the functions of management monitoring and auditing thereof by professing opinions primarily from her professional standpoint as a lawyer.

As stated above, the outside members of the Audit & Supervisory Board contribute to securing the transparency of management and enhancing the monitoring and auditing functions over management by timely offering appropriate advice and counsel based on their abundant experience and extensive knowledge.

The Company expects Mr. Kazuya Oki, who will be newly appointed as outside member of the Audit & Supervisory Board if the proposal for the election of Audit & Supervisory Board members is approved at the Ordinary General Meeting of Shareholders scheduled to be held on March 27, 2026, to contribute in the same manner.

Mr. Kazuya Oki 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 expects him to provide advice and counsel to secure the transparency of management and enhance the monitoring and auditing thereof.

(iii) Views on appointment of outside directors and outside members of the Audit & Supervisory Board

As stated in (ii) above, the Company's outside directors and outside members of the Audit & Supervisory Board have corporate management experience and knowledge in the fields of law, accounting, business management and science, composing a well-balanced personnel organization with a good diversity.

In appointing outside directors and outside members of the Audit & Supervisory Board, the Company requires them to meet the requirements for the independence standards stipulated by the Company with reference to the principles of the Corporate Governance Code as well as the Companies Act. The Company considers that the independence of the eight (8) outside directors and outside members of the Audit & Supervisory Board, excluding Mr. Kaku Kato who resigned from the office on October 13, 2025, due to his passing, is sufficiently ensured and has designated and registered seven (7) of them, excluding Ms. Keiko Kaneko, as independent officers with the Tokyo Stock Exchange. The Company has not designated Ms. Keiko Kaneko as an independent officer in line with the policy of the law firm to which she belongs.

The Company has set up an Advisory Committee that is chaired by an outside director as a non-compulsory body. Regarding the policy and process of electing nominees for outside directors and outside members of the Audit & Supervisory Board, the Company submits the names of qualified persons who would be able to fulfill the responsibilities entrusted by shareholders to the Advisory Committee, based on factors such as their personality and insight, and the Board of Directors designates them as nominees.

If the proposal for the election of directors and the proposal for the election of members of the Audit & Supervisory Board are approved at the Ordinary General Meeting of Shareholders to be held on March 27, 2026, the Company will designate all five (5) outside directors and all three (3) outside members of the Audit & Supervisory Board, including those newly appointed, as independent officers as stipulated by the rules of the Tokyo Stock Exchange, and such

notification has been provided to the Exchange.

- (iv) Mutual cooperation between outside directors and outside members of the Audit & Supervisory Board in supervision and audits, internal audits, audits by Audit & Supervisory Board members and accounting audits, and a relationship with the internal control division

Outside directors receive reports from the Audit Division at meetings of the Board of Directors on the results of monitoring of the status of development and operation of the Group's internal control system and the status of internal audits, etc., and offer advice and counsel to the accounting auditor and the manager of the Audit Division, etc., if necessary.

Outside members of the Audit & Supervisory Board receive reports from the Audit Division at meetings of the Board of Directors as do outside directors, and also receive reports from the full-time Audit & Supervisory Board member on the content of audit activities and exchange opinions at meetings of the Audit & Supervisory Board, etc. They also exchange opinions with the accounting auditor and the manager of the Audit Division, etc., and offer advice and counsel, if necessary.

(Independence standards for outside directors and outside members of the Audit & Supervisory Board)

At Daifuku, outside directors and outside members of the Audit & Supervisory Board are considered independent if they do not fall under any of Articles 1 to 5 below.

Article 1

A person who falls or fell under any of the following in the last three years:

- 1) A person who executes business of a company, etc. that is a key customer of Daifuku or whose key business partner is Daifuku*¹
- 2) A lawyer who belongs to a law firm that has concluded an advisory contract with Daifuku or its subsidiary and who was actually in charge of legal business for Daifuku, a certified public accountant (or a certified tax accountant) who was an accounting auditor or accounting adviser of Daifuku or its subsidiary, or an employee, partner, or staff member who belongs to an auditing firm (or tax accountant corporation) that is an accounting auditor or accounting adviser of Daifuku or its subsidiary and who was actually in charge of the auditing service for Daifuku
- 3) A lawyer, certified public accountant, or certified tax accountant, if not applicable to the above item 2, who provides specialized services, etc., to Daifuku by receiving a large amount*² of money or assets other than executive remuneration, directly from the company
- 4) An officer or employee of a company, etc. that is a major shareholder*³ of Daifuku

Article 2

An officer or employee of Daifuku's subsidiary or a person who held such a position during the ten years before being appointed as such status

Article 3

An executive board member or any other person who executes business of an organization that receives donations or grants exceeding a certain amount*⁴ from Daifuku (such as a public interest incorporated foundation, a public interest incorporated association, or a non-profit corporation)

Article 4

The spouse or a relative within the second degree of relationship of a person who falls under any of Articles 1 to 3 above, or a relative living together with such a person

Article 5

A person who does not fall under any of Articles 1 to 4 above, but who is deemed likely to have a virtual conflict of interest with Daifuku due to their relationship with the company

Notes:

- *1 A customer from whom Daifuku received payment of at least 2% of the amount of Daifuku's annual consolidated net sales in the most recent fiscal year, or a business partner who received payment from Daifuku of at least 2% of the amount of its annual consolidated net sales in the most recent fiscal year
- *2 The annual average for the last three fiscal years of 10 million yen or more
- *3 A shareholder with 10% or more of the voting rights
- *4 The annual average for the last three fiscal years of 10 million yen or more, or 30% of the average total annual expenditure of the organization, whichever is larger

(3) Audits

i. Audits by the Audit & Supervisory Board members

(i) Organization, composition and procedures of audits by the Audit & Supervisory Board members

The Company maintains an Audit & Supervisory Board comprising four (4) Audit & Supervisory Board members, three (3) of whom are elected from outside the Company, with the remaining member a full-time member from inside the Company.

Mr. Tsukasa Saito, a full-time member of the Audit & Supervisory Board, has abundant practical experience in finance and accounting and a high level of knowledge in the accounting and financial fields.

In addition, to enhance the effectiveness of audits by Audit & Supervisory Board members, the Audit & Supervisory Board Office consisting of two dedicated staff members has been established as a system to assist with the duties of Audit & Supervisory Board members and the Audit & Supervisory Board, and an audit officer serves concurrently as the general manager of the Office.

With an awareness of their fiduciary responsibilities to shareholders and with a view to continuous corporate growth and medium- to 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.

The Company has submitted "Election of Two (2) Audit & Supervisory Board Members" as a proposal (proposal to be resolved) for the Ordinary General Meeting of Shareholders to be held on March 27, 2026. If this proposal is approved, the Audit & Supervisory Board will continue to consist of four (4) members, including three (3) outside members of the Audit & Supervisory Board.

(ii) Status of activities of Audit & Supervisory Board members and the Audit & Supervisory Board

Audit & Supervisory Board meetings were held nine times in the fiscal year ended December 31, 2025. The attendance of each Audit & Supervisory Board member is as follows:

Title	Name	Attendance rate (times attended / times meetings 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)

Main agenda for Audit & Supervisory Board meetings

Resolution (12 items)	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 (38 items)	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.
Deliberations and discussions (4 items)	Drafting audit reports of Audit & Supervisory Board members and the Audit & Supervisory Board, remuneration for Audit & Supervisory Board members, and other.

Major priority audit items for the fiscal year ended December 31, 2025, audited by the Audit & Supervisory Board were the status of the initiatives related to management policies, the status of Group governance initiatives, and the status of business continuity management (BCM) initiatives. The Audit & Supervisory Board holds regular meetings with representative directors and outside directors to deepen mutual recognition and relationships of trust by exchanging opinions on issues related to management and audits.

The full-time Audit & Supervisory Board member conducts audit activities in accordance with the audit plan formulated at the beginning of the fiscal year. In the course of their duties, the full-time Audit & Supervisory Board member attends key meetings, including Board of Directors meetings, officers meetings, business units' meetings and various committees'

meetings, interviews directors, managers from business units, the Corporate Functions, and other units on business operations and risk management, and audits major subsidiaries outside of Japan. The Audit & Supervisory Board member (full-time) also works to increase the effectiveness of audits by exchanging information with the Audit Division, Legal Department, Governance Promotion Department, and other divisions and functions, as well as by sharing information and exchanging opinions with subsidiaries' Audit & Supervisory Board members at a liaison meeting for the Group's Audit & Supervisory Board members.

Part-time outside members of the Audit & Supervisory Board attend meetings of the Board of Directors and express their opinions as necessary based on their professional viewpoints and abundant experience. They also attend important meetings such as officers meetings and Compliance Committee meetings to deepen their understanding of management issues and the status of business operations.

ii. Internal audit

(i) Organization, composition and procedures of internal audits

The Audit Division consisting of 27 dedicated staff members, which is independent of the Company's lines of business execution, develops and operates the internal audit system, verifies and evaluates the development and operation status of the internal control system from the perspectives of compliance with relevant legislation and internal regulations, risk management, ensuring of the appropriateness and efficiency of management operations, ensuring of the reliability of financial reporting, protection of company assets, etc., and encourages the improvement of the internal control system. At the same time, the Audit Division evaluates and reports on the internal control system (J-SOX).

(ii) Mutual cooperation among internal auditors, Audit & Supervisory Board members and accounting auditors in auditing, and relationships with the internal control division

Audit & Supervisory Board members and the Audit Division work in collaboration from an initial stage to plan and carry out individual audits and mutually raise audit effectiveness by reflecting information including their audit performance, individual results of audited units, and views shared at regular auditors' meetings, etc., in their audit practices on a timely manner.

Audit & Supervisory Board members exchange opinions by receiving explanations of the audit plan and reports of in-term reviews and audit results from the accounting auditor. The Audit Division is also present at the audit results report meeting. In addition, Audit & Supervisory Board members (full-time) undertake mutual cooperation with the accounting auditor by exchanging opinions when accompanying them on inventory inspections, on-site audits of installation sites, and on-site audits outside of Japan.

The Audit Division conducts internal control system (J-SOX) assessment tests effectively by having regular and as-needed meetings with the accounting auditor to share views and information. Audit & Supervisory Board member (full-time) are also present at the assessment tests and audit the effectiveness of the tests. In addition, the Audit Division has established a system for reporting to the Board of Directors and the Audit & Supervisory Board and reports on internal control, as necessary. Furthermore, to ensure the effectiveness of internal audits, the division has established essential matters related to internal audits in the Rules of Internal Audits to ensure independence from other business execution units. The division conducts internal audits appropriately based on an annual audit plan.

iii. Accounting audits

(i) Name of audit firm

PricewaterhouseCoopers Japan LLC

(ii) Years of continuous auditing

From the fiscal year ended March 31, 2008

The Company has continued to engage PricewaterhouseCoopers Japan LLC to conduct audits from the fiscal year ended March 31, 2008.

For the period from fiscal years ended March 31, 1969 to 2007, Chuo Audit Corporation (to the fiscal year ended March 31, 1999), Chuo Aoyama Audit Corporation (from fiscal years ended March 31, 2000 to 2006), and Misuzu Audit Corporation (fiscal year ended March 31, 2007), all of which formed part of the PwC group, were engaged in audit of the Group.

(iii) Certified public accountants who executed the audit duties

Designated limited liability Partner and Engagement Partner Kengo Yamamoto (four years of continuous audit service)
Designated limited liability Partner and Engagement Partner Masahisa Kinoshita (one year of continuous audit service)

(iv) Composition of assistants of audit engagement

Eight (8) Japanese certified public accountants and twenty-eight (28) other staff members

(v) Policy and reasons for appointing audit firm

The Company has appointed PricewaterhouseCoopers Japan LLC, a member firm of the PwC network that is globally expanded as its accounting auditor since it believes that the firm is qualified based on its comprehensive evaluation of the firm in terms of the firm's profile, quality control, independence, etc., and the evaluation criteria of accounting auditors established by the Company.

In addition, the Company has established the following policies on dismissal or non-reappointment of accounting auditors.

The Audit & Supervisory Board shall dismiss the accounting auditor if it is found to fall under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, based on the consent of all members. If such an event occurs, the members selected by the Audit & Supervisory Board will explain the details of the decision and the reasons thereof at the first general meeting of shareholders to be held following the dismissal. The Audit & Supervisory Board can also decide a proposal for submission to the general meeting of shareholders to dismiss or not reappoint an accounting auditor if, as a result of a comprehensive evaluation based on the Company's evaluation standards for accounting auditors, it is deemed necessary to change the accounting auditor due to any factors that might hinder the accounting auditor's ability to execute its duties or to further enhance the appropriateness of the audit. The Board of Directors shall submit the proposal to the general meeting of shareholders based on that decision.

The Company has reappointed PricewaterhouseCoopers Japan LLC based on the Audit & Supervisory Board's judgement that no events of dismissal or non-reappointment has occurred with respect to the firm.

(vi) Evaluation of accounting auditor by Audit & Supervisory Board members and the Audit & Supervisory Board

The Company's Audit & Supervisory Board members and the Audit & Supervisory Board evaluate accounting auditors based on the evaluation criteria of accounting auditors.

Audit & Supervisory Board members and the Audit & Supervisory Board obtain from the accounting auditor an audit plan, report on in-term reviews and audit results, information on a system to ensure the appropriateness of performance of duties of the accounting auditor, information on measures to ensure the independence, and the results of inspection by external agencies. At the same time, the full-time Audit & Supervisory Board member closely communicates with the accounting auditor mainly by providing cooperation in inventory inspections, on-site audits of installation sites, on-site audits outside of Japan, and internal control system (J-SOX) assessment tests. Through these auditing activities, the Company recognizes that PricewaterhouseCoopers Japan LLC is qualified as its accounting auditor and their method and results of audit are appropriate based on its comprehensive evaluation of their quality control, the independence of the audit team, the level of audit fees, communication with corporate managers and the internal audit unit, cooperation with network firms outside of Japan.

iv. Details of audit fees, etc.

(i) Audit fees paid to auditing certified public accountants, etc.

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Reporting company	109	-	122	-
Consolidated subsidiaries	21	-	15	-
Total	130	-	137	-

Fees for audit certification services includes fees for English financial statements.

- (ii) Audit fees paid to the same network (the PwC group) to which certified public accountants, etc., belong (excluding fees specified in (i) above)

Category	Fiscal year ended December 31, 2024		Fiscal year ended December 31, 2025	
	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)	Fees for audit certification services (million yen)	Fees for non-audit services (million yen)
Reporting company	150	84	185	76
Consolidated subsidiaries	372	148	309	102
Total	523	233	495	179

Non-audit services for the Company and its consolidated subsidiaries were tax-related services, etc.

- (iii) Other important information on audit fees

There is no important information to be reported on fees for audit certification services paid by some consolidated subsidiaries of the Company in the fiscal year ended December 31, 2024 and the fiscal year ended December 31, 2025 to auditing certified public accountants, etc., who belong to a network other than the network to which the certified public accountants, etc., engaged by the Company belong.

- (iv) Policy on determination of audit fees

The Company determines audit fees for auditing certified public accountants, etc., based on its comprehensive review on the appropriateness and reasonableness of the number of days required for the audit and the members engaged in the audit, taking into account matters such as the Company's business scale and business nature.

- (v) Reasons for the Audit & Supervisory Board's consent to fees, etc., for the accounting auditor

The Audit & Supervisory Board consents, in accordance with Article 399, Paragraph 1 of the Companies Act, to the amount of fees, etc., for the accounting auditor proposed by the representative director because it determines that the amount of fees, etc., is appropriate following confirmation and examination of the content of the accounting auditor's audit plan, plans for the amount of time required for audits and results of the audit, past trends of audit fees paid by the Company and other companies, and the level of performance of duties by the accounting auditor.

(4) Executive remuneration

- i. Matters relating to the policy on determination of the amount of executive remuneration or the method for calculating the amount of remuneration

- (i) Overview of the policy

The policy on remuneration, etc. for directors, including the policy on the determination of remuneration, etc. for individual directors (hereinafter, "Determination Policy"), is determined by the Board of Directors as follows, based on deliberations and reporting by the Advisory Committee.

The Company's basic policy on remuneration for directors is to establish a remuneration system that effectively incentivizes sustainable growth and medium- to long-term enhancement of corporate value for the Group. Remuneration levels for individual directors are determined to appropriately reflect their respective roles and performance. Specifically, the remuneration for directors consists of basic remuneration (fixed remuneration), a bonus (monetary remuneration in the form of short-term performance-linked remuneration that is fluctuated based on performance), and the Board Benefit Trust (medium- to long-term performance-linked equity remuneration, hereinafter referred to as "BBT"). Outside directors are not eligible for bonuses and BBT from the standpoint of their roles 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 Advisory Committee for remuneration is chaired by an outside director and the majority of members are outside directors. The Committee deliberates on the structure and levels of directors' remuneration and reports to the Board of Directors, thereby contributing to securing transparency and fairness in the remuneration determination process.

For more information on the Advisory Committee, please refer to the following section, "IV. Information about Reporting Company, 4. Corporate Governance, (1) Overview of corporate governance, ii. Overview of the corporate governance system and reasons for adoption of the system, (iii) Matters relating to corporate governance, b. Advisory Committee."

Furthermore, the Company's basic policy is to pay remuneration to Audit & Supervisory Board members in accordance with the internal rules established with the agreement of Audit & Supervisory Board members. The annual remuneration amount for Audit & Supervisory Board members each fiscal year is determined through discussions among the Audit & Supervisory Board members. In light of their duties, Audit & Supervisory Board members are not eligible for bonuses or BBT, and are paid only basic remuneration.

(ii) Levels of remuneration

When deliberating and reporting on directors' remuneration, the Advisory Committee utilizes remuneration surveys and other information provided by external professional bodies to benchmark domestic companies of similar size to the Group in market capitalization to verify the objective appropriateness of the Group's remuneration levels. Based on the Group's business environment and management strategy, we set appropriate remuneration levels to secure talented management human resources who can achieve sustainable growth and improve corporate value. The level of remuneration for Audit & Supervisory Board members is also determined through discussions among the Audit & Supervisory Board members after benchmarking in the same manner.

(iii) Procedures for determining the remuneration, etc., of the Company's directors

For the fiscal year ended December 31, 2025, the Advisory Committee consisted of all outside directors (one (1) of whom served as chair) and representative directors, and held four meetings (in January, October, November and December 2025) of the Advisory Committee for remuneration. The Board of Directors confirmed that the deliberations and reporting by the Advisory Committee were conducted in accordance with the Determination Policy described in (i) above, and based on the reporting, determined the content of individual remuneration for each director for the fiscal year ended December 31, 2025. For this reason, the Board of Directors judged that the content of remuneration for individual directors for the fiscal year ended December 31, 2025 was consistent with the Determination Policy.

(iv) Structure of executive remuneration

The following payment criteria have been established for basic remuneration (fixed) and performance-linked remuneration (variable): bonus (short-term assessment) and the BBT (medium- to long-term assessment), respectively.

Type of remuneration	Payment criteria					Payment method		
Basic remuneration (fixed)	Determined according to positions and roles					Monthly Monetary remuneration		
Performance-linked remuneration (variable)*1	Short-term assessment	Bonus	Method of calculation of bonus resources [Total bonus resources = Consolidated net income × (1.5±0.06) %]				Annually Monetary remuneration	
			Financial indicator 1.5% of consolidated net income	Non-financial indicators (1) Zero serious accidents: ±0.03% (Positive evaluation only if the target is achieved for five consecutive years.) (2) CO ₂ emissions reduction rate (progress rate toward 2030 target and initiatives in a single year) ±0.03%				
			Description					By type
			Basic component	Quantitative evaluation	Consolidated net income	Calculated according to positions and roles		50%
			Performance-linked evaluation component	Quantitative evaluation	Growth potential (rate of increase of consolidated net sales)	Growth potential: Rate of increase of consolidated net sales compared to the previous fiscal year Profitability: Margin (business evaluation coefficient) Rate of improvement of margin compared to the previous fiscal year		30%
	Profitability (margin)							
		Qualitative evaluation	Roles and contributions	Calculated based on roles and contributions concerning medium- to long-term targets and strategic challenges	20%			
	Medium- to long-term assessment	Non-monetary remuneration, "Board Benefit Trust (BBT)"	Points to be granted are determined by calculating the points according to positions and roles and the scores based on the target achievement rates (margin target achievement rate + income amount target achievement rate).				Annually Stock compensation	
			Description					By type
			Target achievement rate for each fiscal year	Financial indicator	Consolidated net income	Rate of achievement of the initial plan [(Margin target achievement rate + income amount target achievement rate) / 2]		100%
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.								
Description								
Three- or four-year business plans achievement rate	Financial indicators*2	Consolidated net sales	Initially planned	Revised targets	By type			
		Consolidated operating margin	800.0 billion yen	Unchanged	25%			
		ROE [Fiscal year]	11.5%	15.0%	25%			
	Non-financial indicators	ESG indicators	(1) MSCI ESG rating: AA or higher (2) FTSE: Continued inclusion in FTSE4Good Index (3) A- or higher score for climate change from CDP (4) CO ₂ emissions reduction rate: 54.0% (Achievement rate against the target for the final year of the four-year business plan for 2027)	25%	Upon completion of the business plan Stock compensation			

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

*2 Taking into consideration the results and progress through the 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 the following section, "II. Overview of Business, 1. Management Policy, Management Environment, and Issues to Address, (1) Management philosophy, Revision of the 2030 Long-Term Vision and the 2027 Plan" 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.

(v) Basic remuneration

Basic remuneration is determined based on fixed remuneration for executive remuneration by position. Basic remuneration is paid monthly in consideration of the levels paid by other companies and based on a comprehensive consideration of qualification, position, and performance of the Company.

(vi) Performance-linked remuneration—bonus

Bonuses are short-term performance-linked remuneration for directors and take the form of monetary remuneration to be paid at a fixed time each fiscal year, in accordance with the evaluation of performance for each fiscal year. Bonuses are calculated by setting the amount of total resources linked to consolidated net income and ESG indicators (safety and the environment) for each fiscal year, and by determining the amount to be allocated to each individual based on two factors: the basic component determined by qualification and job title, and the component of individual performance evaluated based on quantitative indicators (growth rate of net sales and margin) and qualitative indicators (such as roles and initiatives for sustainable growth). The allocation ratio is 50% basic component and 50% performance-linked evaluation component.

Consolidated net income, growth rate of net sales, margin, and improvement rate of margin are used as indicators for calculating bonuses to ensure consistency with the achievement of the Group's management targets and to raise awareness of improving short-term performance. In addition, ESG-related indicators (achievement of occupational safety and CO₂ emissions reduction targets) are used to clarify that efforts related to sustainability issues are reflected in remuneration as Company performance.

The results of our quantitative indicators such as net sales for the fiscal year ended December 31, 2025, are as shown in "I. Overview of the Company, 1. Key Financial Data." For the fiscal year ended December 31, 2025, in terms of ESG-related indicators for safety and the environment, the number of serious accidents and the rate of progress toward the 2030 CO₂ emissions reduction rate target met expectations.

(vii) Performance-linked remuneration—non-monetary remuneration, "BBT"

The BBT, a performance-linked non-monetary remuneration scheme, grants points equivalent to stocks based on performance and ESG initiatives during each fiscal year and the three- or four-year business plan period. Directors are paid Company shares and money according to accumulated points at the time of retirement. The scheme aims to further clarify the linkage of directors' remuneration and the Company's business performance as well as its stock value, which enables directors to share the benefit of increase in stock value and the risk of decrease in stock value with shareholders. By doing so, it is expected to raise awareness in directors to contribute to boosting corporate value in the medium to long term.

Composition and calculation method

Points granted = Standard points × achievement coefficient (0.0 to 1.0)

Under this system, eligible officers are granted points calculated by multiplying standard points set for each qualification and position by coefficients between 0.0 and 1.0 (four levels) determined based on the degree of achievement of each business year target and the three- or four-year business plan targets. The Company's shares and money are paid according to the accumulated points at the time of retirement.

Target achievement evaluation indicators

Target achievement is determined based on the following indicators. These indicators are chosen from the perspective of consistency with the achievement of the Group's management targets.

Degree of achievement of each fiscal year targets

- Degree of achievement of planned consolidated net income amount
- Degree of achievement of planned consolidated net income margin

The results of the consolidated net income indicators for the fiscal year ended December 31, 2025, are as shown in "I. Overview of the Company, 1. Key Financial Data of the Daifuku Group."

Degree of achievement of three- or four-year business plan targets

- Degree of achievement of financial targets (consolidated net sales, consolidated operating margin, ROE) in the three- or four-year business plan
- Degree of achievement of ESG target indicators in the three- or four-year business plan

By incorporating the degree of achievement of the three- or four-year business plan into evaluation indicators, we aim to incentivize officers to achieve medium- to long-term management goals. In addition to conventional financial indicators, we also use external evaluations from three major ESG rating agencies (MSCI, FTSE, CDP) and the CO₂ emissions reduction rate (Scope 1 and 2, compared to the fiscal year ended March 31, 2019) as ESG-related evaluation indicators, from the perspective of evaluating our commitment to further advancing sustainability management. The targets for consolidated net sales and ESG indicators for the final year of the 2027 Plan, which are financial indicators, are as stated in the payment criteria above. However, as the 2027 Plan is still ongoing for the fiscal year ended December 31, 2025, there are no actual results regarding the degree of achievement of the business plan targets.

(Status of delivery of shares)

The status of delivery of shares for the fiscal year ended December 31, 2025 is as follows:

Category	Number of shares	Target recipients
Directors (excluding outside directors)	16,100 shares	1 person
Corporate officers	9,000 shares	2 persons
Total	25,100 shares	3 persons

Notes: 1. They were granted through the BBT.

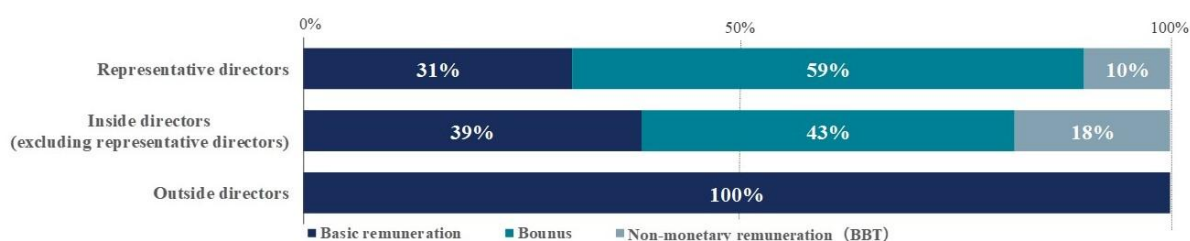
2. We have established a rule to provide corporate officers with equity remuneration when they reach the age of 60.

(Malus clause)

With respect to BBT before the vesting of rights among directors' remuneration, for the purpose of ensuring sound management, the Company has established internal regulations stipulating that, in the event of certain circumstances concerning directors, such director may not acquire the right to receive benefits of BBT upon resolution of the Board of Directors.

(viii) Composition ratio

For representative directors, the remuneration structure is designed so that the weight of performance-linked remuneration is greater than that of other directors in light of the significant responsibility for business performance. The following shows the composition ratio of the overall payments for the fiscal year ended December 31, 2025



- ii. Total remuneration by type of officers, total remuneration, etc., by type, and number of eligible officers for the fiscal year ended December 31, 2025

Remuneration by type of officers

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

Note: Matters relating to determination by provisions in the Articles of Incorporation or resolutions of the General Meeting of Shareholders

At the Ordinary General Meeting of shareholders held on June 29, 2006, the Company determined that the total amount of remuneration for directors should be capped at 700 million yen per annum (excluding salaries of employees; hereinafter referred to as the “Monetary Remuneration Limit”), and the total amount of remuneration for Audit & Supervisory Board members should be capped at 110 million yen per annum. As of the conclusion of the resolution, the Company had eighteen (18) directors and five (5) Audit & Supervisory Board members.

At the Ordinary General Meeting of Shareholders to be held on March 27, 2026, the Company will propose Proposal 3 “Revision of Remuneration for Directors.” If this proposal is approved, the total amount of remuneration for directors will be capped at 1.5 billion yen per annum (of which 150 million yen will be the limit for outside directors). While there are currently ten (10) directors (of which five (5) are outside directors), if Proposal 1 “Election of Nine (9) Directors” is approved as originally proposed, the number of directors covered will be nine (9) (of which five (5) will be outside directors).

At the Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced BBT and resolved that the total number of points granted to directors and corporate officers for three fiscal years be up to 140,000 points (out of which 80,000 points are for directors, and out of 140,000 shares of the Company’s common stock, 80,000 shares are for directors) (hereinafter referred to as the “Original Resolution”). The Company had ten (10) directors when the Original Resolution was made at such Meeting. Excluding two (2) outside directors, eight (8) directors were covered by the BBT scheme. (The Company conducted a three-for-one split of its common stock effective April 1, 2023. The number of shares of common stock shown above is the number of shares before the stock split.) In the Original Resolution, remuneration for directors based on the BBT was within the Monetary Remuneration Limit, but at the Ordinary General Meeting of Shareholders held on March 28, 2025, it was resolved to treat the remuneration as a separate limit from the Monetary Remuneration Limit, and, in conjunction with the change in fiscal year-end from March 31 to December 31, to change the applicable period for the BBT. The Company had eleven (11) directors when the resolution was made at such Meeting. Excluding six (6) outside directors, five (5) directors were covered by the BBT scheme.

iii. Total consolidated remuneration of those who received 100 million yen or more of consolidated remuneration in total for the fiscal year ended December 31, 2025

Name	Total consolidated remuneration (million yen)	Type of officer	Company classification	Total consolidated remuneration, etc., by type (million yen)		
				Basic remuneration	Performance-linked remuneration	
					Bonus	Non-monetary remuneration
Hiroshi Geshiro	206	Director	Reporting company	63	123	20
Seiji Sato	163	Director	Reporting company	73	52	38
Tomoaki Terai	158	Director	Reporting company	50	92	16
Hideaki Takubo	100	Director	Reporting company	36	52	12

- Notes: 1. This table 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.

iv. Significant employee salaries of directors and Audit & Supervisory Board members serving concurrently as employees
Not applicable

(5) Shareholdings

i. Standards for and views on classification of investment shares

The Company classifies investment shares as those held for purposes of pure investment and those held for purposes other than pure investment. The Company holds shares not for purposes of pure investment as part of asset management, but solely for purposes other than pure investment, such as reinforcement of business or transactional relationships.

When the Company holds shares for purposes other than pure investment, it keeps in mind that the shareholding will contribute to developing a relationship of trust with the issuer of the shares in the medium to long term and to improving the Company's business results and the common benefit of shareholders.

Since approximately 30% of the Group's net sales come from service business, it is important to create a relationship of trust with the counterparty to a transaction in the medium to long term to maintain and increase net sales. Moreover, there have been more cases where newly received orders for large-scale projects continue to develop based on such relationship of trust. Based on these reasons, the formation of a medium- to long-term partnership is a critical business strategy.

Therefore, as stated "ii. Investment shares held for purposes other than pure investment," the Company checks governance and risks of the counterparties through exercising voting rights each year as well as examining economic rationality.

ii. Investment shares held for purposes other than pure investment

(i) Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues

The policy on shareholding is defined as follows:

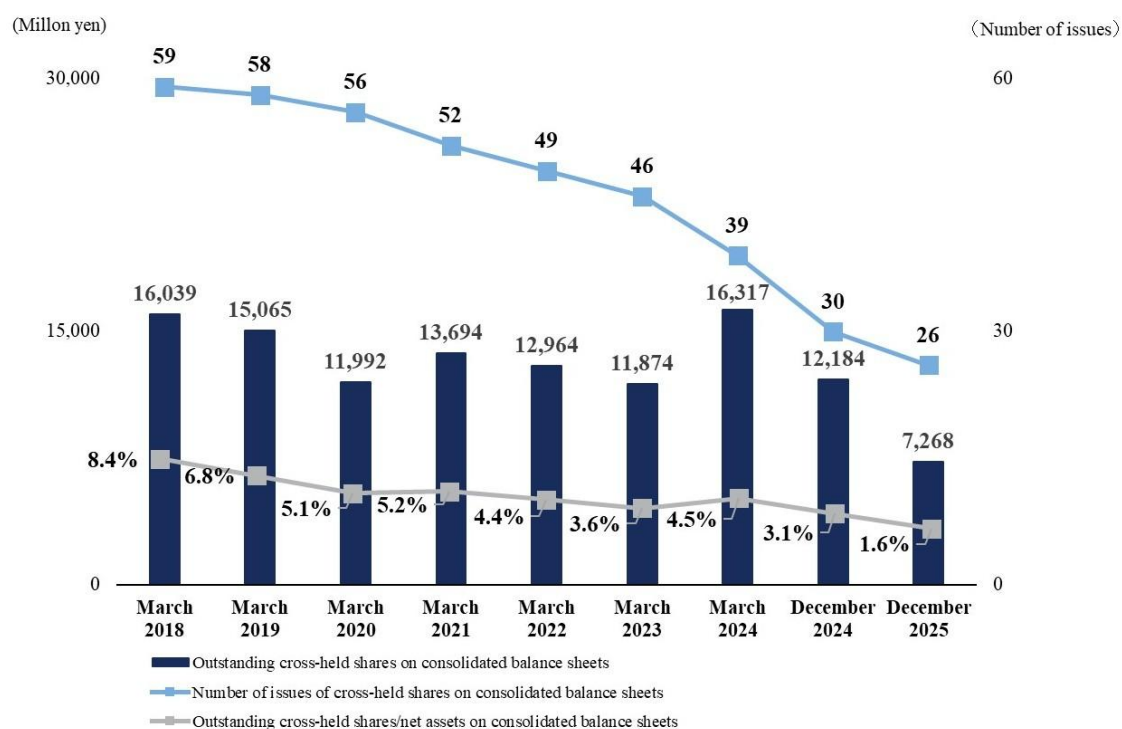
"Our basic policy is to limit shareholdings, including shares held as cross-shareholdings, to the minimum necessary and to reduce them, and the Board of Directors confirms the status of individual holdings every year. In principle, we will no longer hold new shares for strategic purposes. On the other hand, we have established a firm relationship of trust with its customers through after-sales services as well as the delivery of products. Circumstances including these 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. When making a judgement, special attention will be paid to whether the cross-shareholding partner has been tarnished by corporate scandals or has committed an antisocial act. If the cross-shareholding partner were to be involved in such circumstances, the partner's management improvement measures and audit reports 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 approved the holding of the shares at its meeting held on January 29, 2026.

In the fiscal year ended December 31, 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.

The shares held by the Group are steadily being reduced as shown in the figure, Cross-shareholdings on consolidated balance sheets, below.

Figure: Cross-shareholdings on consolidated balance sheets



With respect to the voting rights attached to cross-shareholdings, CEO and CFO will make decisions individually with an emphasis on improving the corporate value of the cross-shareholding partners over the medium to long term. When making a judgement, special attention will be paid to whether the cross-shareholding partner has been tarnished by corporate scandals or has committed an antisocial act. If the cross-shareholding partner were to be involved in such circumstances, the partner's management improvement measures and audit reports shall be scrutinized.

(ii) Number of issues and carrying amount

	Number of issues	Total carrying amount (million yen)
Unlisted shares	5	171
Shares other than unlisted shares	18	6,669

Issues whose number of shares increased during the fiscal year ended December 31, 2025

	Number of issues	Total acquisition cost associated with an increase in the number of shares (million yen)	Reasons for the increase in the number of shares
Unlisted shares	-	-	
Shares other than unlisted shares	2	14	An increase due to additional purchases of the two issues with the contributions made in each month in a fixed amount and by reinvestment of dividends received since the Company holds the shares of the two issues through their supplier shareholding associations.

Issues whose number of shares decreased during the fiscal year ended December 31, 2025

	Number of issues	Total sales proceeds associated with a decrease in the number of shares (million yen)
Unlisted shares	-	-
Shares other than unlisted shares	9	5,705

(iii) Number and carrying amount of specified investment shares and deemed holdings of investment shares by issue

a. Specified investment shares

Issue	FY2025 (as of December 31, 2025)	FY2024 (as of December 31, 2024)	Purposes of holding, outline of business alliance, etc., quantitative effect of holding, and reasons for increase in the number of shares	Ownership of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount (million yen)	Carrying amount (million yen)		
Sumitomo Mitsui Financial Group, Inc.	208,384	277,784	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions and to collect domestic and international information.	Yes
	1,050	1,045		
Mizuho Financial Group, Inc.	147,152	147,152	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions and to collect domestic and international information.	Yes
	838	569		
Iwatani Corporation	499,200	499,200	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company in transactions such as procurement of parts supplied by the company necessary for production of the Company's products.	Yes
	822	898		
NICHIDEN Corporation	319,925	317,292	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company in transactions such as procurement of parts supplied by the company necessary for production of the Company's products and sale of the Company's products to the company. The number of shares increased due to additional purchases with the contributions made in each month in a fixed amount and by reinvestment of dividends received since the Company holds shares in the company through its supplier shareholding association.	Yes
	815	978		
THE SHIGA BANK, LTD.	76,000	76,000	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions and to collect local information of the Shiga area where the Company's major site is located.	Yes
	545	298		
Mitsubishi UFJ Financial Group, Inc.	185,080	370,080	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions and to collect domestic and international information.	Yes
	461	683		
TACHIBANA ELETECH CO., LTD.	123,769	123,769	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company in transactions such as procurement of parts supplied by the company necessary for production of the Company's products and sale of the Company's products to the company.	Yes
	380	325		
NIKKISO CO., LTD.	237,000	237,000	The Company has delivered logistics systems, etc., to the company, and continues to hold shares in the company to maintain and strengthen a good business relationship with the company.	Yes
	376	230		
SATO SHOJI CORPORATION	111,500	111,500	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company in transactions such as procurement of parts supplied by the company necessary for production of the Company's products and sale of the Company's products to the company.	Yes
	251	166		
Makino Milling Machine Co., Ltd.	22,000	22,000	The Company has delivered logistics systems, etc., to the company, and continues to hold shares in the company to maintain and strengthen a good business relationship with the company.	Yes
	242	236		
AZ-COM MARUWA Holdings Inc.	232,000	232,000	The Company has delivered logistics systems, etc., to the company, and continues to hold shares in the company to maintain and strengthen a good business relationship with the company.	No
	228	257		
TAKARA HOLDINGS INC.	120,000	123,000	The Company has delivered logistics systems, etc., to the company, and continues to hold shares in the company to maintain and strengthen a good business relationship with the company.	Yes
	192	166		

Issue	FY2025 (as of December 31, 2025)	FY2024 (as of December 31, 2024)	Purposes of holding, outline of business alliance, etc., quantitative effect of holding, and reasons for increase in the number of shares	Ownership of the Company's shares
	Number of shares (shares)	Number of shares (shares)		
	Carrying amount (million yen)	Carrying amount (million yen)		
YUASA TRADING CO., LTD.	33,490	31,901	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company in transactions such as procurement of parts supplied by the company necessary for production of the Company's products and sale of the Company's products to the company. The number of shares increased due to additional purchases with the contributions made in each month in a fixed amount and by reinvestment of dividends received since the Company holds shares in the company through its supplier shareholding association.	Yes
	178	141		
Mitsubishi Pencil Co., Ltd.	74,000	74,000	The Company has delivered logistics systems, etc., to the company, and continues to hold shares in the company to maintain and strengthen a good business relationship with the company.	Yes
	161	170		
NISSIN SHOJI CO., LTD.	50,000	50,000	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for sale of car wash machines.	Yes
	61	44		
Sumitomo Mitsui Trust Group, Inc.	6,106	12,106	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions.	Yes
	29	44		
Resona Holdings, Inc.	13,845	18,445	The Company continues to hold shares in the company to maintain and strengthen a good business relationship with the company for financial transactions.	Yes
	20	21		
Nitori Holdings Co., Ltd.	4,000	800	The Company has delivered logistics systems, etc., and continues to hold shares in the company to maintain and strengthen a good business relationship with the company and to collect domestic and international information. The number of shares increased in the fiscal year ended December 31, 2025, due to a five-for-one split of its common stock.	No
	10	14		
Toyota Motor Corporation	-	1,613,950	-	No
	-	5,077		
YAMAZEN CORPORATION	-	138,800	-	No
	-	193		
ICHINEN HOLDINGS CO., LTD.	-	26,458	-	Yes
	-	50		
Fujicco Co., Ltd.	-	295	-	No
	-	0		

Note: It is difficult to individually specify the quantitative effect of holding for each fiscal year because the Company holds the shares based on the assumption of engaging in medium- to long-term transactions with the business partners, including after-sales services and renewal, and it becomes more important to keep trade secrets and confidential information in confidence due to an increase in the number of long-term projects in which the business partners' business strategies are involved. The Company's business strategies are based in our value chain from system development, provision of solutions, maintenance and renewal of solutions to commercialization and productization of new needs. It is hence important to maintain transactions in a medium to long term.

The rationale for shareholding is verified each year as set forth in "ii. Investment shares held for purposes other than pure investment, (i) Shareholding policy, method of verification of the rationale for shareholdings, and details of verification by the Board of Directors of the appropriateness of shareholdings in individual issues" mentioned above.

b. Deemed shareholdings

Not applicable

iii. Investment shares held for pure investment

Not applicable

V. Financial Information

1. Basis for Preparation of Consolidated and Non-consolidated Financial Statements

(1) The consolidated financial statements of Daifuku Co., Ltd. (the “Company”) are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements” (Ordinance of the Ministry of Finance No. 28 of 1976).

(2) The non-consolidated financial statements of the Company are prepared in accordance with the “Regulation on Terminology, Forms, and Preparation Methods of Financial Statements” (Ordinance of the Ministry of Finance No. 59 of 1963; hereinafter the “Regulation on Financial Statements”).

The Company falls under a special company submitting financial statements and prepares its financial statements pursuant to the provision of Article 127 of the Regulation on Financial Statements.

2. Audit Certificate

The Company’s consolidated and non-consolidated financial statements for the fiscal year from January 1, 2025 to December 31, 2025 were audited by PricewaterhouseCoopers Japan LLC, in accordance with the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

3. Change in the Fiscal Year-End

Effective with the resolution on partial amendments to the Articles of Incorporation passed at the 108th Ordinary General Meeting of Shareholders held on June 21, 2024, the Company has changed its fiscal year-end from March 31 to December 31. Accordingly, the fiscal year ended December 31, 2024 was a transitional period to implement the change in the fiscal year-end, irregularly running for nine months from April 1, 2024 to December 31, 2024.

4. Special Measures to Ensure the Appropriateness of Consolidated Financial Statements, etc.

As special measures to ensure the appropriateness of the consolidated financial statements, etc., the Company joins the Financial Accounting Standards Foundation and participates in seminars, etc., to understand accounting standards properly and establish a system that allows the Company to adapt to changes in accounting standards appropriately.

1. Consolidated Financial Statements, etc.

(1) Consolidated financial statements

i. Consolidated balance sheets

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
ASSETS		
Current assets		
Cash on hand and in banks	221,521	261,252
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	*1 224,847	*1 238,936
Merchandise and finished goods	9,729	10,799
Costs incurred on uncompleted construction contracts and other	*3 16,477	*3 21,876
Raw materials and supplies	36,738	31,383
Other	24,157	21,548
Allowance for doubtful accounts	(1,888)	(2,032)
Total current assets	531,584	583,765
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,147	56,776
Machinery, equipment and vehicles, net	14,759	18,792
Tools and fixtures, net	4,203	5,842
Land	13,583	13,560
Construction in progress	13,779	5,915
Other, net	6,303	7,192
Total property, plant and equipment	*2 85,775	*2 108,078
Intangible assets		
Software	7,653	9,325
Goodwill	2,786	1,943
Other	1,922	1,685
Total intangible assets	12,362	12,954
Investments and other assets		
Investments in securities	13,484	7,268
Long-term loans	78	120
Assets for retirement benefits	13,511	17,006
Deferred tax assets	27,500	20,585
Other	4,409	4,435
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	58,984	49,414
Total non-current assets	157,122	170,446
Total assets	688,707	754,211

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
LIABILITIES		
Current liabilities		
Notes payable, accounts payable for construction contracts and other	61,292	66,839
Electronically recorded obligations - operating	20,466	15,984
Short-term borrowings	2,337	652
Income taxes payable	5,548	15,427
Contract liabilities	85,010	74,179
Provision for bonuses	12,605	16,792
Provision for losses on construction contracts	*3 666	*3 177
Other	26,316	37,127
Total current liabilities	214,244	227,180
Non-current liabilities		
Convertible-bond-type bonds with stock acquisition rights	60,933	60,728
Long-term borrowings	100	-
Deferred tax liabilities	715	507
Liabilities for retirement benefits	6,616	6,029
Other provisions	601	660
Other	7,069	7,545
Total non-current liabilities	76,037	75,470
Total liabilities	290,282	302,650
NET ASSETS		
Shareholders' equity		
Common stock	31,865	31,865
Capital surplus	20,473	20,414
Retained earnings	327,210	381,009
Treasury stock	(30,781)	(30,732)
Total shareholders' equity	348,767	402,555
Accumulated other comprehensive income		
Net unrealized gain (loss) on securities	5,777	3,257
Deferred gain (loss) on hedges	(127)	(223)
Foreign currency translation adjustments	41,965	43,783
Accumulated adjustments on retirement benefits	1,712	2,174
Total accumulated other comprehensive income	49,326	48,991
Non-controlling interests	330	13
Total net assets	398,424	451,560
Total liabilities and net assets	688,707	754,211

The accompanying notes are an integral part of these financial statements.

ii. Consolidated statements of income and comprehensive income

(Million yen)

	FY2024 (April 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Net sales	563,228	660,724
Cost of sales	*1, *2 438,467	*1, *2 499,073
Gross profit	124,760	161,651
Selling, general and administrative expenses		
Selling expenses	*3 17,509	*3 20,366
General and administrative expenses	*1, *3 35,704	*1, *3 40,468
Total selling, general and administrative expenses	53,214	60,835
Operating income	71,546	100,816
Other income		
Interest income	2,947	3,117
Dividend income	407	314
Subsidy income	147	626
Land and house rental revenue	180	223
Other	327	422
Total other income	4,010	4,703
Other expenses		
Interest expenses	325	275
Interest expenses on bonds	(154)	(205)
Foreign exchange losses	746	490
Taxes for prior periods	-	262
Other	141	48
Total other expenses	1,058	870
Ordinary income	74,498	104,649
Extraordinary income		
Gain on sales of property, plant and equipment	*4 242	*4 31
Gain on sales of investments in securities	*5 2,653	*5 4,347
Insurance claim income	-	*6 909
Gain on termination of retirement benefit plan	-	*7 697
Other	1	24
Total extraordinary income	2,898	6,010
Extraordinary loss		
Loss on sales of property, plant and equipment	*8 160	*8 0
Loss on disposal of property, plant and equipment	*9 253	*9 362
Impairment loss	*10 676	-
Compensation expenses	*11 518	*11 599
Extra retirement payments	*12 1,248	*12 92
Other	50	26
Total extraordinary loss	2,908	1,082
Income before income taxes	74,488	109,578
Income taxes - current	23,296	24,547
Income taxes - deferred	(5,973)	6,929
Total income taxes	17,322	31,477
Net income	57,165	78,100
Net income attributable to:		
Shareholders of the parent company	57,086	78,096
Non-controlling interests	78	4

(Million yen)

	FY2024 (April 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Other comprehensive income		
Net unrealized gain (loss) on securities	(2,097)	(2,520)
Deferred gain (loss) on hedges	18	(95)
Foreign currency translation adjustments	13,459	1,817
Retirement benefits reserves adjustments	(727)	462
Total other comprehensive income (loss)	*13 10,652	*13 (336)
Comprehensive income	67,817	77,764
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	67,725	77,761
Non-controlling interests	92	3

The accompanying notes are an integral part of these financial statements.

iii. Consolidated statements of changes in net assets

FY2024 (April 1, 2024–December 31, 2024)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	31,865	20,490	288,311	(20,944)	319,723
Changes of items during the period					
Cash dividends			(18,188)		(18,188)
Net income attributable to shareholders of the parent company			57,086		57,086
Purchase of treasury stock				(10,003)	(10,003)
Disposal of treasury stock		0		166	166
Change in treasury shares of parent arising from transactions with non-controlling shareholders' equity		(17)			(17)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(17)	38,898	(9,837)	29,043
Balance at end of year	31,865	20,473	327,210	(30,781)	348,767

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of year	7,874	(145)	28,519	2,440	38,688	342	358,755
Changes of items during the period							
Cash dividends							(18,188)
Net income attributable to shareholders of the parent company							57,086
Purchase of treasury stock							(10,003)
Disposal of treasury stock							166
Change in treasury shares of parent arising from transactions with non-controlling shareholders' equity						(104)	(122)
Net changes of items other than shareholders' equity	(2,097)	18	13,445	(728)	10,638	92	10,730
Total changes of items during the period	(2,097)	18	13,445	(728)	10,638	(12)	39,669
Balance at end of year	5,777	(127)	41,965	1,712	49,326	330	398,424

FY2025 (January 1, 2025–December 31, 2025)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of year	31,865	20,473	327,210	(30,781)	348,767
Changes of items during the period					
Cash dividends			(24,297)		(24,297)
Net income attributable to shareholders of the parent company			78,096		78,096
Purchase of treasury stock				(4)	(4)
Disposal of treasury stock		0		53	53
Change in treasury shares of parent arising from transactions with non-controlling shareholders' equity		(59)			(59)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(59)	53,799	48	53,788
Balance at end of year	31,865	20,414	381,009	(30,732)	402,555

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income		
Balance at beginning of year	5,777	(127)	41,965	1,712	49,326	330	398,424
Changes of items during the period							
Cash dividends							(24,297)
Net income attributable to shareholders of the parent company							78,096
Purchase of treasury stock							(4)
Disposal of treasury stock							53
Change in treasury shares of parent arising from transactions with non-controlling shareholders' equity						(314)	(373)
Net changes of items other than shareholders' equity	(2,520)	(95)	1,818	462	(335)	(3)	(338)
Total changes of items during the period	(2,520)	(95)	1,818	462	(335)	(317)	53,135
Balance at end of year	3,257	(223)	43,783	2,174	48,991	13	451,560

The accompanying notes are an integral part of these financial statements.

iv. Consolidated statements of cash flows

(Million yen)

	FY2024 (April 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Cash flows from operating activities		
Income before income taxes	74,488	109,578
Depreciation	7,911	9,022
Amortization of goodwill	816	801
Interest and dividend income	(3,354)	(3,431)
Interest expenses	325	275
Interest expenses on bonds	(154)	(205)
Impairment loss	676	-
Loss (gain) on sales of investments in securities	(2,653)	(4,347)
Loss (gain) on disposal or sales of property, plant and equipment	165	331
Decrease (increase) in notes and accounts receivables and contract assets	55,639	(11,880)
Decrease (increase) in inventories	5,289	(918)
Increase (decrease) in notes and accounts payable	(3,482)	(374)
Increase (decrease) in contract liabilities	602	(11,167)
Other	3,349	1,813
Subtotal	139,618	89,497
Interest and dividend received	3,349	3,396
Interest paid	(286)	(271)
Income taxes refund (paid)	(25,733)	(17,891)
Other	(817)	1,407
Net cash provided by (used in) operating activities	116,129	76,137
Cash flows from investing activities		
Investments in time deposits	(1,106)	(14,131)
Proceeds from refund of time deposits	5,856	895
Payments for purchase of property, plant and equipment	(11,882)	(22,207)
Proceeds from sales of property, plant and equipment	674	49
Proceeds from sales of investments in securities	3,306	6,270
Proceeds from redemption of investments in securities	900	5,000
Payments for purchase of investments in securities	(8)	(10)
Other	(133)	(164)
Net cash provided by (used in) investing activities	(2,393)	(24,299)
Cash flows from financing activities		
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(123)	(373)
Increase (decrease) in short-term borrowings, net	(6,421)	(1,794)
Repayments of long-term borrowings	(1,000)	-
Proceeds from disposal of treasury stock	43	3
Payments for purchase of treasury stock	(10,003)	(4)
Payments of cash dividends	(17,477)	(23,420)
Other	(1,836)	(1,759)
Net cash provided by (used in) financing activities	(36,820)	(27,350)
Effect of exchange rate change on cash and cash equivalents	7,033	373
Net increase (decrease) in cash and cash equivalents	83,949	24,860
Cash and cash equivalents at beginning of year	136,445	220,395
Cash and cash equivalents at end of year	*1 220,395	*1 245,256

The accompanying notes are an integral part of these financial statements.

Notes to the Consolidated Financial Statements

Significant accounting policies for preparation of consolidated financial statements

1. Scope of consolidation

Consolidated subsidiaries

Number of consolidated subsidiaries: 61

Names of major consolidated subsidiaries are omitted as they are listed in "I. Overview of the Company, 4. Subsidiaries and Other Affiliated Entities."

2. Application of the equity method

Not applicable

3. Fiscal years of consolidated subsidiaries

Consolidated subsidiaries whose balance sheet date differs from the consolidated balance sheet date are as follows.

Companies with a balance sheet dated March 31

Daifuku India Private Limited

Daifuku Intralogistics India Private Limited

These two subsidiaries are consolidated on the basis of the provisional financial statements as of the consolidated balance sheet date that are prepared in a manner consistent with the final settlement of accounts.

4. Accounting policies

(1) Valuation standards and methods for significant assets

i. Securities

(i) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

(ii) Held-to-maturity debt securities

Stated at acquisition cost or cost amortized on a straight-line method.

(iii) Other securities

Securities other than shares, etc., that do not have a market price

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

Shares, etc., that do not have a market price

Stated at cost using the moving-average method.

ii. Derivatives

Stated at fair value.

iii. Inventories

(i) Merchandise and finished goods

Primarily stated at cost using the moving-average method (a method in which book value is written down based on any decline in profitability).

(ii) Costs incurred on uncompleted construction contracts and other

Primarily stated at cost using the job order cost method (a method in which book value is written down based on any decline in profitability).

(iii) Raw materials and supplies

Primarily stated at cost using the moving-average method (a method in which book value is written down based on any decline in profitability).

(2) Depreciation and amortization methods for significant depreciable assets

i. Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

ii. Intangible assets (excluding leased assets)

(i) Software for internal use

Depreciated using the straight-line method over the estimated in-house working life of five to ten years.

(ii) Goodwill

Amortized using the straight-line method over the period in which cash flows are expected to be generated from the investment.

Immaterial goodwill is fully expensed in the year of acquisition.

(iii) Other than the above

Amortized using the straight-line method.

iii. Leased assets

(i) Leased assets in finance lease transactions that transfer ownership

Depreciated using the same method as the non-current assets in the Company's possession.

(ii) Leased assets in finance lease transactions that do not transfer ownership

Depreciated using the straight-line method over the lease term, which represents the expected useful life, to zero residual value (or the guaranteed residual value under a residual value guarantee).

(3) Accounting policy for significant provisions

i. Allowance for doubtful accounts

To prepare for losses on uncollectible receivable, the Company and its Japanese consolidated subsidiaries provide allowances for doubtful accounts based on historical default rates with respect to receivable, and specific allowances for doubtful trade receivable and advances at estimated amounts considered to be uncollectible after reviewing individual collectability. In consolidated subsidiaries outside of Japan, allowances are provided mainly for specific receivable at estimated amounts considered to be uncollectible after reviewing their collectability.

ii. Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded in an amount accrued for the fiscal year based on the estimated amount of bonuses to be paid.

iii. Provision for losses on construction contracts

Provision for losses on construction contracts is provided based on estimated amounts of losses from uncompleted construction contracts as of the end of the fiscal year.

(4) Accounting method for retirement benefits

i. Allocation method of projected retirement benefits to periods of services

In calculating the retirement benefit obligations, the benefit formula method is used to allocate projected retirement benefits for the fiscal year ended December 31, 2025.

ii. Amortization methods of prior service costs and actuarial gains and losses

Prior service costs are amortized on a straight-line method over a certain period within the average remaining service years of the employees (five years) from the time such liability arose.

Actuarial gains and losses are amortized on a straight-line method over a certain period within the average remaining service years of the employees at the time of recognition from the next fiscal year after such gain or loss occurs.

(5) Accounting policy for significant revenues and expenses

i. Nature of goods and services and timing of satisfaction of performance obligations

(i) Manufacture and sale of logistics systems and equipment

The Group is engaged in the manufacture and construction of logistics systems and equipment in accordance with specifications individually specified by customers in contracts.

Performance obligations under the contract are deemed to be satisfied over time, because the systems and equipment to be manufactured under the contract cannot be diverted to another use and the Group has an enforceable right to receive consideration for work completed. Accordingly, revenue from the contract is recognized based on the progress toward complete satisfaction of the performance obligations as of the end of the fiscal year, if such progress can be reasonably measured.

The progress toward complete satisfaction of the performance obligations is measured by the cost-to-cost method, i.e., costs incurred during the fiscal year ended December 31, 2025 relative to the estimated total cost to complete the work.

The estimated total cost is reviewed on an ongoing basis based on relevant information including the track record of similar projects in the past, since it is subject to change with the progress of construction and other factors.

If the progress toward complete satisfaction of the performance obligations may not be measured reasonably, but the costs incurred in satisfying the performance obligations are expected to be recovered, the cost recovery method is applied.

(ii) Manufacture and sale of electronics, car wash machines, replacement parts, and other

The Group manufactures and sells electronics, such as industrial personal computers and interface boards, car wash machines, replacement parts for material handling systems and equipment, and other products.

Revenue from products that require installation upon delivery to customers is recognized when the product has been installed at the location designated by the customer, as this is the point in time at which the customer is deemed to have obtained control of the product and thereby the performance obligation is satisfied. That is, at that point in time, the legal title to and physical possession of the products and the critical risks and rewards of ownership of the products are deemed to have been transferred to the customer and thereby the Group is entitled to receive consideration for the transaction from the customer.

Revenue from products that do not require installation upon delivery to customers is recognized when the product has arrived at the customer, when the product has been accepted by the customer, or when the product has been delivered to the location designated by the customer under the terms and conditions of trade and other matters, as this is the point in time at which the customer is deemed to have obtained control of the product and thereby the performance obligation is satisfied. That is, at that point in time, the legal title to and physical possession of the products and the critical risks and rewards of ownership of the products are deemed to have been transferred to the customer and thereby the Group is entitled to receive consideration for the transaction from the customer.

(iii) Maintenance services after sales of products

The Group provides maintenance services, such as product maintenance and periodic inspections during a certain period of time after products are sold, or product repairs and inspections that are individually requested by customers.

Performance obligations for maintenance services rendered over a certain period of time are satisfied during the contract period over time, and revenue is recognized evenly over the contract period.

Performance obligations for maintenance services ordered individually by customers are satisfied by completing the service, such as repairs and inspections, and therefore revenue is recognized upon completion of the work.

In principle, the Group has not entered into any transactions as an agent.

ii. Determining transaction prices

Transaction prices are measured at the consideration promised in contracts with customers. There are no significant contracts or significant variable consideration related to returns.

iii. Payment terms

Consideration for manufacture and sale of logistics systems, etc., is received before or after the completion of products under the payment terms stipulated in contracts. Consideration for other transactions is received after the satisfaction of performance obligations under the payment terms stipulated in contracts. As consideration for the transactions does not contain any significant financing component, there are no contracts with customers in which consideration is adjusted for the effects of such component.

iv. Determining the amount of transaction prices allocated to performance obligations

Certain contracts provided by the Group are multiple-element transactions involving the sale of logistics systems and equipment, the sale of replacement parts, maintenance services, or product warranties.

To allocate the transaction price of multiple-element transactions to each performance obligation on a relative stand-alone selling price basis, the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract is determined, and the transaction price is allocated in proportion to those stand-alone selling prices.

If the stand-alone selling price of a good or service is not directly observable, it is determined, depending on the nature of transactions, mainly by estimating the cost and adding a margin for that good or service or by referring to the total transaction price of multiple-element transactions less the sum of the stand-alone selling prices of the other goods or services.

(6) Accounting policy for translating significant foreign currency assets and liabilities into Japanese yen

Accounts receivable and payable denominated in foreign currencies are translated into Japanese yen at year-end exchange rates. Resulting gains and losses are charged or credited to income for the period. The balance sheet accounts of the consolidated subsidiaries outside of Japan are translated into Japanese yen at year-end exchange rates. Revenue and expense accounts of the consolidated subsidiaries and affiliates outside of Japan are translated into Japanese yen at the average exchange rates for the year. The translation differences in Japanese yen arising from the use of different rates are recorded as “foreign currency translation adjustments” and “non-controlling interests” in the consolidated balance sheets.

(7) Method of significant hedge accounting

i. Method of hedge accounting

The deferred hedge accounting is adopted.

ii. Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied are as follows.

Hedging instruments	Hedged items
Forward exchange contracts	Future transactions denominated in foreign currencies

iii. Hedging policy

The risk of fluctuations in exchange rates is principally hedged in accordance with the Company’s internal rules.

iv. Method for assessing hedge effectiveness

The effectiveness of each hedge transaction for hedging instruments and hedged items is assessed at the end of every fiscal year. However, the assessment of hedging effectiveness for hedged assets and liabilities or derivatives is omitted since the hedge is expected to be highly effective where the critical terms of the hedging instruments (start date, end date, principal amount) are identical.

v. Other risk management practices related to hedge accounting

The execution and management of hedging instruments are carried out by the finance department with approval from the authorized personnel in accordance with internal regulations that provide transaction authorization and limits.

(8) Amortization of goodwill

Goodwill is amortized on a straight-line method over its estimated useful life, which is the period in which cash flows are expected to be generated from the investment. However, in case of immaterial goodwill, it is expensed in the year of acquisition.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits that can be withdrawn at any time, and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible into cash and exposed to only an insignificant risk of fluctuation in value.

Significant accounting estimates

1. Revenue recognition for construction contracts

(1) Amounts recorded in the consolidated financial statements

(Million yen)

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net sales of construction contracts in which performance obligations are satisfied over time	415,700	490,548
Provision for losses on construction contracts	666	177

(2) Method of calculation and primary assumptions

Revenue is recognized based on the progress toward complete satisfaction of the performance obligations as of the end of the fiscal year if such progress can be reasonably measured. The progress toward complete satisfaction of the performance obligations is measured by costs incurred during the fiscal year ended December 31, 2025 relative to the estimated total cost to complete the work (the input method).

The estimated total cost is reviewed for each project at the end of the fiscal year based on the track record of past construction projects by taking conditions unique to the individual project into consideration in line with the agreed-upon specifications in the contract with a customer.

However, the Group's long-term contracts are distinct in terms of specifications, construction periods and other details. Therefore, the estimated total cost for such contracts requires management judgement based on the past track record and is complex, especially for large long-term contracts. Accordingly, the estimated total cost may differ from the actual result due to unforeseen events such as changes in specifications during construction at the request of a customer, fluctuations in cost of labor per person-hour and price of materials and equipment, and additional costs incurred for modifications during construction.

To provide for potential losses on uncompleted construction contracts, provision for losses on construction contracts is recorded based on an amount of estimated losses as of the end of the fiscal year. In case any unforeseen event may cause the estimated total cost to differ from the actual total cost, the event will have an impact on provision for losses on construction contracts.

2. Impairment of property, plant and equipment and intangible assets

(1) Amounts recorded in the consolidated balance sheets

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Total of property, plant and equipment and intangible assets	98,137	121,032

(2) Method of calculation and primary assumptions

For a non-current asset or asset group that has an impairment indicator, the Group recognized an impairment loss by reducing the carrying amount to its recoverable amount if the sum of the future undiscounted cash flows expected to be generated from the use of the asset or asset group is less than its carrying amount.

Based on information available at the end of the fiscal year, identification of an impairment indicator or recognition and measurement of an impairment loss is reasonably determined. If there are changes on conditions or assumptions used for the estimate such as a business plan or a management environment, the possibility exists that an impairment of the assets may become necessary.

Unapplied accounting standards

Accounting Standard for Leases and related guidance

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)
- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024), etc.

(1) Overview

The Accounting Standards Board of Japan (ASBJ) has been working to make Japanese accounting standards consistent with their international counterparts. As part of this effort, the ASBJ embarked on the development of a new lease accounting standard that would require lessees to recognize assets and liabilities for all leases, in line with international accounting standards. Its fundamental policy was to build the new standard on the single accounting model of IFRS 16 but incorporate only the main, rather than all, provisions of IFRS 16, with the aim of creating a standard that would be simple and easy to use and basically require no modifications even when the provisions of IFRS 16 are applied to non-consolidated financial statements. As a result, the ASBJ has recently issued an Accounting Standard for Leases and related guidance.

Similarly to IFRS 16, these adopt a single lessee accounting model in which, when allocating lease expenses, lessees are required to recognize depreciation on right-of-use assets and interest expenses on lease liabilities for all leases, whether operating or finance.

(2) Scheduled application date

The accounting standard and related guidance are scheduled to be applied early from the fiscal year ending December 31, 2026.

(3) Impact of applying the accounting standard and related guidance

The Company is currently assessing the amount of impact that the application of the Accounting Standard for Leases and related guidance will have on its consolidated financial statements.

Changes in presentation

Consolidated statements of income

The item “subsidy income” that was included in “other” under “other income” for the fiscal year ended December 31, 2024 has been separately presented for the fiscal year ended December 31, 2025 due to an increase in its materiality.

As a result, the 475 million yen presented in “other” under “other income” on the consolidated statements of income for the fiscal year ended December 31, 2024 has been reclassified into 147 million yen of “subsidy income” and 327 million yen of “other.”

Additional information

Board Benefit Trust (BBT)

The Company has introduced the BBT plan for its directors and corporate officers (hereinafter “Directors, etc.”).

The plan further clarifies the linkage of the remuneration for Directors, etc., with the Company’s business performance as well as its stock value, which enables Directors, etc., to share the benefit of increase in stock value and the risk of decrease in stock value with shareholders. It is expected to motivate Directors, etc., to contribute to improving the Company’s business performance in the medium to long term and boosting corporate value.

(1) Outline of the transaction

The system is a stock remuneration plan linked directly to the Company’s business performance, under which the Company’s shares are acquired through the trust using the funds that the Company contributes (hereinafter “the Trust”) and remuneration is provided to the Directors, etc., through the Trust, in accordance with the stock compensation regulation for officers stipulated by the Company. The remuneration is the Company’s shares (equivalent to points accrued based on titles and target achievement) and the monetary payment (equivalent to the amount obtained by converting the Company’s shares at a market price as of the retirement date). As a general rule, the shares are provided to the Directors, etc., upon retirement.

The Company follows the Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees, etc., through Trusts (ASBJ Practical Issues Task Force No. 30, March 26, 2015) with respect to accounting for the trust agreement.

(2) The Company's shares still held by the Trust

The Company records its shares remaining in the Trust as treasury stock in net assets at the book value (excluding incidental expenses) of the Trust.

Book value and number of shares of treasury stock

937 million yen and 462 thousand shares for the fiscal year ended December 31, 2024

883 million yen and 435 thousand shares for the fiscal year ended December 31, 2025

Consolidated balance sheets

*1 Details of notes receivable, accounts receivable from completed construction contracts and other, and contract assets

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Notes receivable	3,019 million yen	3,237 million yen
Electronically recorded monetary claims - operating	9,625	11,037
Accounts receivable from completed construction contracts and other	118,129	106,145
Contract assets	94,072	118,515
Total	224,847	238,936

*2 Accumulated depreciation of property, plant and equipment

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Accumulated depreciation of property, plant and equipment	78,234 million yen	81,601 million yen

*3 Presentation of inventories and provision for losses on construction contracts

Inventories related to construction contracts with probable loss and provision for losses on construction contracts are both presented without being offset.

Amounts of inventories for which provision for losses on construction contracts is provided

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Costs incurred on uncompleted construction contracts and other	16 million yen	23 million yen

Consolidated statements of income and comprehensive income

*1 R&D expenditures included in general and administrative expenses and manufacturing costs are as follows.

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
	9,340 million yen	13,195 million yen

*2 Provision for losses on construction contracts included in cost of sales is as follows.

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
	(228) million yen	(477) million yen

*3 Major items of selling, general and administrative expenses and their amounts are as follows.

Major items of selling expenses

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Sales commissions	736	million yen	628	million yen
Advertising	266		445	
Outsourcing	634		816	
Salaries and bonuses	9,070		11,150	
Retirement benefit expenses	160		165	
Welfare	1,127		1,500	
Travel and transportation	984		1,213	
Rent	274		247	
Depreciation	213		243	

Major items of general and administrative expenses

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Outsourcing	5,059	million yen	5,809	million yen
Directors' remuneration	868		1,193	
Salaries and bonuses	14,922		16,583	
Retirement benefit expenses	249		(64)	
Welfare	1,926		2,384	
Depreciation	2,809		3,342	
R&D	3,441		5,434	

*4 Major items of gain on sales of property, plant and equipment are as follows.

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Buildings	97	million yen	-	million yen
Machinery and equipment	12		5	
Vehicles	2		23	
Land	127		-	

*5 Gain on sales of investments in securities is from sales of cross-shareholdings.

*6 Insurance claim income mainly consists of claims received for accidents incurred at subsidiaries outside of Japan.

*7 Gain on termination of retirement benefit plan for the fiscal year ended December 31, 2025 represents the gain arising from the termination of retirement benefit plans at subsidiaries outside of Japan.

*8 Major items of loss on sales of property, plant and equipment are as follows.

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Buildings	23	million yen	-	million yen
Machinery and equipment	1		-	
Vehicles	3		0	
Land	130		-	

*9 Major items of loss on disposal of property, plant and equipment are as follows.

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Buildings	109	million yen	190	million yen
Structures	8		18	
Machinery and equipment	90		110	
Tools and fixtures	14		20	
Leased assets	5		0	
Software	15		21	

*10 The Group recognized an impairment loss for the following assets.

FY2024 (April 1, 2024–December 31, 2024)

The Group recognized an impairment loss for the following asset group in the fiscal year ended December 31, 2024.

(Million yen)

Company name	Place	Use	Type	Impairment loss
Daifuku (China) Automation Co., Ltd.	Changshu, Jiangsu, China, and other locations in China	Office and factory	Buildings	459
			Machinery and equipment	92
			Other	124

The Group reviewed the recoverability of assets held by Daifuku (China) Automation Co., Ltd., and identified that the recoverable amount was lower than the carrying amount. Accordingly, the Group reduced the carrying amount to its recoverable amount and recorded the reduction as an impairment loss under extraordinary loss.

The recoverable amount was measured at value in use calculated using a discount rate of 12.59%.

FY2025 (January 1, 2025–December 31, 2025)

Not applicable

*11 Major items of compensation expenses are as follows.

FY2024 (April 1, 2024–December 31, 2024)

Compensation is mainly related to construction projects for customers of subsidiaries outside of Japan.

FY2025 (January 1, 2025–December 31, 2025)

Compensation is mainly related to accidents at subsidiaries outside of Japan.

*12 Extra retirement payments were paid to employees of subsidiaries outside of Japan.

*13 Reclassification adjustments, and income taxes and tax effects, relating to other comprehensive income

(Million yen)

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net unrealized gain (loss) on securities:		
Amount arising during the period	(364)	767
Reclassification adjustment	(2,627)	(4,347)
Before tax effects	(2,991)	(3,579)
Tax effects	894	1,058
Net unrealized gain (loss) on securities	(2,097)	(2,520)
Deferred gain (loss) on hedges:		
Amount arising during the period	(164)	(231)
Reclassification adjustment	179	97
Before tax effects	14	(133)
Tax effects	3	38
Deferred gain (loss) on hedges	18	(95)
Foreign currency translation adjustments:		
Amount arising during the period	13,459	1,817
Reclassification adjustment	-	-
Foreign currency translation adjustments	13,459	1,817
Retirement benefits reserves adjustments:		
Amount arising during the period	(440)	1,954
Reclassification adjustment	(509)	(1,085)
Before income taxes and tax effects	(950)	868
Income taxes and tax effects	222	(406)
Retirement benefits reserves adjustments	(727)	462
Total other comprehensive income	10,652	(336)

Consolidated statements of changes in net assets

FY2024 (April 1, 2024–December 31, 2024)

1. Matters relating to issued shares

Class of shares	As of April 1, 2024	Increase	Decrease	As of December 31, 2024
Common stock (thousand shares)	379,830	-	-	379,830

2. Matters relating to treasury stock

Class of shares	As of April 1, 2024	Increase	Decrease	As of December 31, 2024
Common stock (shares)	9,178,575	3,049,242	82,205	12,145,612

Notes: 1. At a meeting of the Board of Directors held on November 8, 2024, the Company resolved to repurchase its own shares during the period from November 11, 2024 to December 31, 2024, up to 5,000,000 shares and 10,000 million yen in total, in accordance with the provisions of Article 156 of the Companies Act, as applied pursuant to the provisions of Article 165, paragraph 3 of the said Act. The Company repurchased its own shares during the above period as follows. The repurchase of its own shares was completed on December 23, 2024 on a contractual basis.

(1) Repurchase period: From November 11, 2024 to December 23, 2024 (contractual basis)

(2) Number of shares repurchased: 3,048,000 shares

(3) Total repurchase price: 9,999 million yen

(4) Repurchase method: Market purchase on the Tokyo Stock Exchange

Treasury stock amounted to 30,781 million yen at the end of the fiscal year ended December 31, 2024, an increase of treasury stock by 9,837 million yen mainly due to the repurchase and changes attributable to repurchase and purchase of less-than-a-unit shares during the fiscal year ended December 31, 2024. The treasury stock includes 937 million yen of the Company's common stock held by Custody Bank of Japan, Ltd. (Trust Account E) as trust assets of BBT.

2. Overview of reasons for change

Details of increases in the number of treasury stock are as follows.

Increase due to the repurchase of shares less than one unit:	1,242 shares
Increase due to repurchase of its own shares:	3,048,000 shares

Details of decreases in the number of treasury stock are as follows.

Decrease due to the sale of shares less than one unit:	5 shares
Decrease due to distribution by Custody Bank of Japan, Ltd. (Trust Account E) under the BBT:	82,200 shares

3. The number of treasury stock includes the number of the Company's common stock held by Custody Bank of Japan, Ltd. (Trust Account E). The details are as follows.

Custody Bank of Japan, Ltd. (Trust Account E)

As of April 1, 2024:	544,400 shares
As of December 31, 2024:	462,200 shares

3. Matters relating to stock acquisition rights

Company name	Details	Class of shares to be issued	Number of shares to be issued (thousand shares)				Balance as of December 31, 2024 (million yen)
			As of April 1, 2024	Increase	Decrease	As of December 31, 2024	
Reporting company	Zero Coupon Convertible Bonds due 2028	Common stock	8,479	7	-	8,487	-
	Zero Coupon Convertible Bonds due 2030	Common stock	8,643	7	-	8,651	-

Notes: 1. The number of shares of common stock to be issued is the number assuming that stock acquisition rights are exercised.

2. The reason for the increase in the number of shares to be issued is that the conversion price was adjusted in accordance with the condition for conversion price adjustment as the Board of Directors meeting held on May 10, 2024 resolved to increase cash dividends.

4. Matters relating to dividends

(1) Dividends paid

Resolution adopted	Class of shares	Aggregate dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on May 10, 2024	Common stock	9,651	26	March 31, 2024	June 24, 2024
Board of Directors meeting on November 8, 2024	Common stock	8,537	23	September 30, 2024	December 5, 2024

Notes: 1. Aggregate dividends resolved at the Board of Directors meeting on May 10, 2024 include dividends of 14 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

2. Aggregate dividends resolved at the Board of Directors meeting on November 8, 2024 include dividends of 10 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

(2) Dividends with a record date during the fiscal year, but an effective date in the following fiscal year

Resolution adopted	Class of shares	Source of dividends	Aggregate dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on February 14, 2025	Common stock	Retained earnings	11,780	32	December 31, 2024	March 31, 2025

Note: Aggregate dividends, of which record date is December 31, 2024, include dividends of 14 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

FY2025 (January 1, 2025–December 31, 2025)

1. Matters relating to issued shares

Class of shares	As of January 1, 2025	Increase	Decrease	As of December 31, 2025
Common stock (thousand shares)	379,830	-	-	379,830

2. Matters relating to treasury stock

Class of shares	As of January 1, 2025	Increase	Decrease	As of December 31, 2025
Common stock (shares)	12,145,612	1,205	26,544	12,120,273

Notes: 1. Overview of reasons for change

Details of increases in the number of treasury stock are as follows.

Increase due to the repurchase of shares less than one unit: 1,205 shares

Details of decreases in the number of treasury stock are as follows.

Decrease due to the sale of shares less than one unit: 44 shares

Decrease due to distribution by Custody Bank of Japan, Ltd. (Trust Account E) under the BBT:

26,500 shares

2. The number of treasury stock includes the number of the Company's common stock held by Custody Bank of Japan, Ltd. (Trust Account E). The details are as follows.

Custody Bank of Japan, Ltd. (Trust Account E)

As of January 1, 2025: 462,200 shares

As of December 31, 2025: 435,700 shares

3. Matters relating to stock acquisition rights

Company name	Details	Class of shares to be issued	Number of shares to be issued (thousand shares)				Balance as of December 31, 2025 (million yen)
			As of January 1, 2025	Increase	Decrease	As of December 31, 2025	
Reporting company	Zero Coupon Convertible Bonds due 2028	Common stock	8,487	48	-	8,535	-
	Zero Coupon Convertible Bonds due 2030	Common stock	8,651	49	-	8,700	-

Notes: 1. The number of shares of common stock to be issued is the number assuming that stock acquisition rights are exercised.

2. The reason for the increase in the number of shares to be issued is that the conversion price was adjusted in accordance with the condition for conversion price adjustment as the Board of Directors meeting held on February 14, 2025 resolved to increase cash dividends.

4. Matters relating to dividends

(1) Dividends paid

Resolution adopted	Class of shares	Aggregate dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on February 14, 2025	Common stock	11,780	32	December 31, 2024	March 31, 2025
Board of Directors meeting on August 7, 2025	Common stock	12,516	34	June 30, 2025	September 10, 2025

Notes: 1. Aggregate dividends resolved at the Board of Directors meeting on February 14, 2025 include dividends of 14 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

2. Aggregate dividends resolved at the Board of Directors meeting on August 7, 2025 include dividends of 15 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

(2) Dividends with a record date during the fiscal year, but an effective date in the following fiscal year

Resolution adopted	Class of shares	Source of dividends	Aggregate dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on February 12, 2026	Common stock	Retained earnings	16,198	44	December 31, 2025	March 30, 2026

Note: Aggregate dividends, of which record date is December 31, 2025, include dividends of 19 million yen on the Company's shares (treasury stock) held by the BBT in Custody Bank of Japan, Ltd. (Trust Account E) under the BBT program.

Consolidated statements of cash flows

*1 The components of cash equivalents as of December 31, 2024 and December 31, 2025 were as follows.

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Cash on hand and in banks	221,521	million yen	261,252	million yen
Time deposits with original maturities exceeding three months	(1,126)		(15,996)	
Cash and cash equivalents	220,395		245,256	

Leases

Operating leases

As a lessee

Future lease payments for non-cancelable leases

	(Million yen)	
	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Due within one year	66	61
Due after one year	796	817
Total	863	878

Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

In consideration of capital investment plans to operate the manufacturing and sales activities principally of material handling systems and equipment, the Group raises necessary funds mainly through bank borrowings or issuance of bonds, while short-term working capital is raised by bank borrowings. Temporary cash surpluses, if any, are invested in low risk short-term financial instruments. The Group uses derivatives for the purpose of hedging the risk of foreign currency exchange rate fluctuations related to foreign currency-denominated trade receivable and payable and the interest rate fluctuation risk associated with interest expenses on borrowings and does not engage in speculative transactions as its policy.

(2) Types of financial instruments, related risks and management thereof

Trade receivable (“notes receivable, accounts receivable from completed construction contracts and other, and contract assets”) are exposed to customer credit risks. The Group manages such risks by following its credit control regulations. As a rule, when entering a transaction with a new customer, the Group carefully makes credit decisions, after which the sales administration of each operating division monitors the customer’s condition periodically. The Group is then able to identify at an early stage and mitigate the risks resulting from a downturn of the financial situations, by managing each customer’s due dates and outstanding balances. Trade receivable denominated in foreign currencies are exposed to the risk of foreign currency exchange rate fluctuations, but such risk is hedged principally by using forward exchange contracts. Investments in securities, mainly consisting of equity securities of customers and suppliers with whom the Group has business relationships, are exposed to the risk of market price fluctuations. With respect to such risk, the Group periodically monitors market prices of the securities, financial conditions and other information of the issuers.

Trade payable (“notes payable, accounts payable for construction contracts and other” and “electronically recorded obligations - operating”) are mostly due within one year. Trade payable include foreign currency-denominated amounts related to construction work outside of Japan and, as such, are exposed to currency exchange rate fluctuation risk. However, the balance of these accounts consistently stays within the outstanding total amount of foreign currency-denominated trade accounts receivable. Short-term borrowings are used for raising funds mainly for working capital, while long-term borrowings and corporate bonds are funding primarily for capital investment. Trade payable, borrowings and corporate bonds are all exposed to liquidity risk at the time of debt settlement. The Group manages such risk by timely preparing cash management plans, as well as by flexibly adjusting liquidity on hand through the use of lending commitment lines from several financial institutions.

The finance department executes derivative transactions and conducts relevant administrative procedures (such as bookkeeping and confirmation of transaction balances with the counterparties) in accordance with the Group’s internal derivative control regulations including transaction authorization and administrative structure. The Group enters into derivative transactions only with highly creditworthy financial institutions. For information regarding hedge accounting, such as hedging instruments, hedged items, hedging policy and method for assessing hedge effectiveness, please refer to “(7) Method of significant hedge accounting” described previously under “4. Accounting policies.”

(3) Supplementary explanation concerning fair values of financial instruments

The fair values of financial instruments include values based on the market price, and reasonably calculated values in cases where market price is not readily available. In the calculation of such values, variable factors are also taken into consideration, and, therefore, the values calculated may vary, if different factors or assumptions are employed. The contract amounts and other information provided in “Derivative transactions” are not necessarily indicative of the amounts of the actual market risk involved in derivative transactions.

2. Fair value of financial instruments

The carrying amount on consolidated balance sheets and fair value of financial instruments and their differences are as follows.

“Cash on hand and in banks” are deposits, “short-term borrowings and current portion of long-term borrowings” are due within one year, and “notes payable, accounts payable for construction contracts and other” and “electronically recorded obligations - operating” are settled in a short period of time. Accordingly, since the fair value of those financial instruments approximates their carrying amount, they are omitted.

FY2024 (as of December 31, 2024)

	Carrying amount on consolidated balance sheets (million yen)	Fair value (million yen)	Difference (million yen)
(1) Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	224,847	224,599	(248)
(2) Securities and investments in securities			
Held-to-maturity debt securities	6,300	6,278	(21)
Other securities	11,746	11,746	-
Total assets	242,893	242,623	(270)
(1) Convertible-bond-type bonds with stock acquisition rights	60,933	70,470	9,536
(2) Long-term borrowings	100	96	(3)
Total liabilities	61,033	70,566	9,533
Derivative transactions*	(619)	(619)	-

* Receivable and payable resulting from derivative transactions are presented in net amount. The amounts in parentheses indicate net payable.

FY2025 (as of December 31, 2025)

	Carrying amount on consolidated balance sheets (million yen)	Fair value (million yen)	Difference (million yen)
(1) Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	238,936	238,598	(338)
(2) Securities and investments in securities			
Held-to-maturity debt securities	1,300	1,292	(7)
Other securities	6,827	6,827	-
Total assets	247,064	246,718	(345)
(1) Convertible-bond-type bonds with stock acquisition rights	60,728	89,685	28,956
(2) Long-term borrowings	-	-	-
Total liabilities	60,728	89,685	28,956
Derivative transactions*	(844)	(844)	-

* Receivable and payable resulting from derivative transactions are presented in net amount. The amounts in parentheses indicate net payable.

Note 1. The carrying amount on the consolidated balance sheets of shares, etc., that do not have a market price

(Million yen)

Category	December 31, 2024	December 31, 2025
Unlisted shares	438	440

As these shares have no quoted market prices, they are excluded from “Assets (2) Securities and investments in securities.”

Note 2. The expected settlement subsequent to the consolidated balance sheet date for monetary receivables and investments in securities with maturity dates

FY2024 (as of December 31, 2024)

(Million yen)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	221,521	-	-	-
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	224,312	535	-	-
Held-to-maturity debt securities	5,000	1,300	-	-
Total	450,833	1,835	-	-

FY2025 (as of December 31, 2025)

(Million yen)

	Due within one year	Due after one year and within five years	Due after five years and within ten years	Due after ten years
Cash on hand and in banks	261,252	-	-	-
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	237,972	963	-	-
Held-to-maturity debt securities	1,300	-	-	-
Total	500,525	963	-	-

Note 3. The expected redemption subsequent to the consolidated balance sheet date for long-term borrowings and other interest-bearing liabilities

FY2024 (as of December 31, 2024)

(Million yen)

	Due within one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Short-term borrowings	2,337	-	-	-	-	-
Convertible-bond-type bonds with stock acquisition rights	-	-	-	30,444	-	30,489
Long-term borrowings	-	100	-	-	-	-
Total	2,337	100	-	30,444	-	30,489

FY2025 (as of December 31, 2025)

(Million yen)

	Due within one year	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years	Due after five years
Short-term borrowings	552	-	-	-	-	-
Convertible-bond-type bonds with stock acquisition rights	-	-	30,324	-	30,403	-
Long-term borrowings	100	-	-	-	-	-
Total	652	-	30,324	-	30,403	-

3. The breakdown for each level of fair value of financial instruments and other disclosures

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value measured using observable inputs, i.e., quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

FY2024 (as of December 31, 2024)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Other securities	11,746	-	-	11,746
Total assets	11,746	-	-	11,746
Derivative transactions				
Currency-related	-	619	-	619
Total liabilities	-	619	-	619

FY2025 (as of December 31, 2025)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Securities and investments in securities				
Other securities	6,827	-	-	6,827
Total assets	6,827	-	-	6,827
Derivative transactions				
Currency-related	-	844	-	844
Total liabilities	-	844	-	844

(2) Financial instruments other than those measured at fair value

FY2024 (as of December 31, 2024)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	-	224,599	-	224,599
Securities and other securities				
Held-to-maturity debt securities	-	6,278	-	6,278
Total assets	-	230,877	-	230,877
Convertible-bond-type bonds with stock acquisition rights	-	70,470	-	70,470
Long-term borrowings	-	96	-	96
Total liabilities	-	70,566	-	70,566

FY2025 (as of December 31, 2025)

Category	Fair value (million yen)			
	Level 1	Level 2	Level 3	Total
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	-	238,598	-	238,598
Securities and other securities				
Held-to-maturity debt securities	-	1,292	-	1,292
Total assets	-	239,890	-	239,890
Convertible-bond-type bonds with stock acquisition rights	-	89,685	-	89,685
Long-term borrowings	-	-	-	-
Total liabilities	-	89,685	-	89,685

Note: A description of the valuation techniques and inputs used in the fair value measurements

Securities and investments in securities

Listed equity securities are valued using quoted prices. As listed equity securities are traded in active markets, their fair value is classified as Level 1. Held-to-maturity debt securities are measured based on prices quoted by financial institutions and other inputs, and their fair value is classified as Level 2.

Derivative transactions

The fair value of forward exchange contracts is measured using the discounted cash flow method based on observable inputs quoted by counterparty financial institutions, such as exchange rates, and is classified as Level 2.

Notes receivable, accounts receivable from completed construction contracts and other, and contract assets

The fair value of these items is measured using the discounted cash flow method based on the amount of receivable, period to maturity and an interest rate reflecting credit risk, for each receivable categorized by a specified period, and is classified as Level 2.

Convertible-bond-type bonds with stock acquisition rights

The fair value of these items is measured based on prices quoted by financial institutions and other inputs and is classified as Level 2.

Long-term borrowings

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk, and is classified as Level 2.

Securities

1. Held-to-maturity debt securities

FY2024 (as of December 31, 2024)

	Type	Carrying amount on consolidated balance sheets (million yen)	Fair value (million yen)	Difference (million yen)
Securities whose fair value exceeds the carrying amount on the consolidated balance sheets	Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	Subtotal	-	-	-
Securities whose fair value does not exceed the carrying amount on the consolidated balance sheets	Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	6,300	6,278	(21)
	iii. Other	-	-	-
	Subtotal	6,300	6,278	(21)
Total		6,300	6,278	(21)

FY2025 (as of December 31, 2025)

	Type	Carrying amount on consolidated balance sheets (million yen)	Fair value (million yen)	Difference (million yen)
Securities whose fair value exceeds the carrying amount on the consolidated balance sheets	Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	Subtotal	-	-	-
Securities whose fair value does not exceed the carrying amount on the consolidated balance sheets	Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	1,300	1,292	(7)
	iii. Other	-	-	-
	Subtotal	1,300	1,292	(7)
Total		1,300	1,292	(7)

2. Other securities

FY2024 (as of December 31, 2024)

	Type	Carrying amount on consolidated balance sheets (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose carrying amount on the consolidated balance sheets exceeds the acquisition cost	(1) Equity securities	11,488	3,154	8,334
	(2) Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	11,488	3,154	8,334
Securities whose carrying amount on the consolidated balance sheets does not exceed the acquisition cost	(1) Equity securities	696	740	(43)
	(2) Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	696	740	(43)
Total		12,184	3,894	8,290

Notes: 1. The acquisition costs in the above table represent carrying amounts after impairment adjustment.

2. The Group did not record an impairment loss for the fiscal year ended December 31, 2024. In general, the Group recognizes an impairment loss when the fair value of the security decreases by 50% or more from its acquisition cost as it is deemed as a significant decline.

Furthermore, the Group recognizes an impairment loss when the fair value of the security continuously decreases for two years by 40% or more and below 50% from the acquisition cost.

FY2025 (as of December 31, 2025)

	Type	Carrying amount on consolidated balance sheets (million yen)	Acquisition cost (million yen)	Difference (million yen)
Securities whose carrying amount on the consolidated balance sheets exceeds the acquisition cost	(1) Equity securities	6,598	1,815	4,783
	(2) Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	6,598	1,815	4,783
Securities whose carrying amount on the consolidated balance sheets does not exceed the acquisition cost	(1) Equity securities	669	741	(72)
	(2) Debt securities			
	i. Government bonds, municipal bonds, etc.	-	-	-
	ii. Corporate bonds	-	-	-
	iii. Other	-	-	-
	(3) Other	-	-	-
	Subtotal	669	741	(72)
Total		7,268	2,557	4,710

Notes: 1. The acquisition costs in the above table represent carrying amounts after impairment adjustment.

2. The Group did not record an impairment loss for the fiscal year ended December 31, 2025. In general, the Group recognizes an impairment loss when the fair value of the security decreases by 50% or more from its acquisition cost as it is deemed as a significant decline.

Furthermore, the Group recognizes an impairment loss when the fair value of the security continuously decreases for two years by 40% or more and below 50% from the acquisition cost.

3. Held-to-maturity debt securities sold during the fiscal years ended December 31, 2024 and December 31, 2025

Not applicable

4. Other securities sold during the fiscal years ended December 31, 2024 and December 31, 2025

FY2024 (April 1, 2024–December 31, 2024)

Type	Sale value (million yen)	Gain on sales (million yen)	Loss on sales (million yen)
Equity securities	3,871	2,653	-

FY2025 (January 1, 2025–December 31, 2025)

Type	Sale value (million yen)	Gain on sales (million yen)	Loss on sales (million yen)
Equity securities	5,705	4,347	-

Derivative transactions

1. Derivative transactions to which hedge accounting is not applied

FY2024 (as of December 31, 2024)

Not applicable

FY2025 (as of December 31, 2025)

Category	Type	Contract amount (million yen)	Contract amount due after one year (million yen)	Fair value (million yen)	Gain (loss) on valuation (million yen)
Non-market transactions	Forward exchange contracts				
	Sell EUR	14	-	0	0
Total		14	-	0	0

2. Derivative transactions to which hedge accounting is applied

(1) Currency-related

FY2024 (as of December 31, 2024)

(Million yen)

Method of hedge accounting	Category of derivative transactions	Major hedged item	Contract amount		Fair value
				Of which due after one year	
Principal method	Forward exchange contracts				
	Sell				
	USD	Accounts receivable (future transaction)	5,310	-	(222)
	KRW	Accounts receivable (future transaction)	3,337	-	48
	THB	Accounts receivable (future transaction)	2,659	-	(260)
	CNY	Accounts receivable (future transaction)	1,643	-	(109)
	EUR	Accounts receivable (future transaction)	1,481	-	(29)
	TWD	Accounts receivable (future transaction)	1,176	-	(37)
	SGD	Accounts receivable (future transaction)	1,020	-	(44)
	NZD	Accounts receivable (future transaction)	526	57	(43)
	INR	Accounts receivable (future transaction)	453	-	(31)
	AUD	Accounts receivable (future transaction)	139	10	5
	IDR	Accounts receivable (future transaction)	15	-	(0)
	SEK	Accounts receivable (future transaction)	15	-	(0)
	VND	Accounts receivable (future transaction)	9	-	(0)
	Buy				
	JPY	Accounts payable (future transaction)	(3,007)	(782)	66
	CNY	Accounts payable (future transaction)	(356)	-	8
USD	Accounts payable (future transaction)	(303)	-	25	
GBP	Accounts payable (future transaction)	(107)	(53)	4	
Total			14,016	(768)	(619)

FY2025 (as of December 31, 2025)

(Million yen)

Method of hedge accounting	Category of derivative transactions	Major hedged item	Contract amount		Fair value
				Of which due after one year	
Principal method	Forward exchange contracts				
	Sell				
	USD	Accounts receivable (future transaction)	4,796	102	(192)
	TWD	Accounts receivable (future transaction)	4,097	-	31
	KRW	Accounts receivable (future transaction)	3,258	-	(112)
	THB	Accounts receivable (future transaction)	1,979	-	(252)
	CNY	Accounts receivable (future transaction)	1,489	-	(120)
	VND	Accounts receivable (future transaction)	1,132	-	(45)
	EUR	Accounts receivable (future transaction)	582	-	(42)
	INR	Accounts receivable (future transaction)	535	-	(27)
	SGD	Accounts receivable (future transaction)	492	-	(32)
	JPY	Accounts receivable (future transaction)	101	38	19
	GBP	Accounts receivable (future transaction)	54	-	(7)
	IDR	Accounts receivable (future transaction)	50	-	(2)
	CAD	Accounts receivable (future transaction)	24	-	(1)
	SEK	Accounts receivable (future transaction)	18	-	(0)
	Buy				
	NZD	Accounts payable (future transaction)	(1,246)	-	(22)
	AUD	Accounts payable (future transaction)	(1,142)	-	(72)
USD	Accounts payable (future transaction)	(620)	-	37	
Total			15,605	140	(844)

(2) Interest-related

FY2024 (as of December 31, 2024)

Not applicable

FY2025 (as of December 31, 2025)

Not applicable

Retirement benefits

1. Overview of retirement benefit plans adopted

The Company and its Japanese consolidated subsidiaries have lump-sum severance indemnity plans, defined contribution plans, and a hybrid type of pension plans (cash balance plans). In addition, the Company has established a retirement benefit trust.

Certain consolidated subsidiaries outside of Japan have defined contribution plans as well as defined benefit plans.

The cash balance plan is the Group's defined benefit pension plan, which was established by the Company and its Japanese consolidated subsidiaries. This pension plan is a multiple employer plan. Notes for the retirement benefits based on the multiple employer plan are included in the notes for the retirement benefits based on defined benefit plans.

2. Defined benefit plans (including multi-employer corporate pension plans)

(1) Movements in retirement benefit obligations (excluding the plans using the simplified method)

	(Million yen)	
	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Balance at beginning of year	29,276	31,701
Service cost	1,461	1,753
Interest cost	382	485
Accrued actuarial gains and losses	59	(1,743)
Payments for retirement benefits	(1,617)	(2,137)
Foreign currency translation adjustments	216	301
Transferred amount due to the shift from the simplified method to the principle method	1,920	-
Amount treated as expenses due to the shift from the simplified method to the principle method	(43)	-
Other	45	(700)
Balance at end of year	31,701	29,660

(2) Movements in plan assets (excluding the plans using the simplified method)

	(Million yen)	
	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Balance at beginning of year	36,391	38,680
Expected return on plan assets	917	1,091
Accrued actuarial gains and losses	(361)	355
Employer contributions	1,165	1,571
Payments for retirement benefits	(992)	(1,129)
Foreign currency translation adjustments	195	387
Transferred amount due to the shift from the simplified method to the principle method	1,460	-
Other	(95)	(227)
Balance at end of year	38,680	40,728

(3) Movements in liabilities for retirement benefits in the plans using the simplified method

	(Million yen)	
	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Balance at beginning of year	581	83
Retirement benefit expenses	5	9
Payments for retirement benefits	(0)	(0)
Transferred amount due to the shift from the simplified method to the principle method	(460)	-
Other	(43)	-
Balance at end of year	83	92

(4) Reconciliation of retirement benefit obligations and plan assets at the end of the year to liabilities for retirement benefits and assets for retirement benefits on the consolidated balance sheets

	(Million yen)	
	FY2024	FY2025
	(as of December 31, 2024)	(as of December 31, 2025)
Retirement benefit obligations in funded plans	30,536	28,420
Plan assets	(38,680)	(40,728)
	(8,144)	(12,308)
Retirement benefit obligations in unfunded plans	1,248	1,332
Other	(0)	(0)
Net liabilities and assets on consolidated balance sheets	(6,895)	(10,976)
Liabilities for retirement benefits	6,616	6,029
Assets for retirement benefits	(13,511)	(17,006)
Net liabilities and assets on consolidated balance sheets	(6,895)	(10,976)

Note: The plans using the simplified method are included.

(5) Details of retirement benefit expenses

	(Million yen)	
	FY2024	FY2025
	(April 1, 2024–December 31, 2024)	(January 1, 2025–December 31, 2025)
Service cost	1,461	1,753
Interest cost	382	485
Expected return on plan assets	(917)	(1,091)
Amortization of actuarial gains and losses	(509)	(1,085)
Retirement benefit expenses using the simplified method	5	9
Other	12	15
Retirement benefit expenses on defined benefit plans	435	86

(6) Retirement benefits reserves adjustments

Details of retirement benefits reserves adjustments before income taxes and tax effect are as follows.

	(Million yen)	
	FY2024	FY2025
	(April 1, 2024–December 31, 2024)	(January 1, 2025–December 31, 2025)
Actuarial gains and losses	(950)	868
Total	(950)	868

(7) Accumulated adjustments on retirement benefits

Details of accumulated adjustments on retirement benefits before income taxes and tax effect are as follows.

	(Million yen)	
	FY2024	FY2025
	(as of December 31, 2024)	(as of December 31, 2025)
Unrecognized actuarial gains and losses	(2,493)	(3,362)
Total	(2,493)	(3,362)

(8) Matters relating to plan assets

i. Major components of plan assets

Percentages of each major category of the plan assets are as follows.

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Equity securities	29%	25%
Debt securities	31%	29%
General accounts at life insurance	14%	18%
Cash on hand and in banks	23%	25%
Other	3%	3%
Total	100%	100%

Note: The retirement benefit trust set up for the corporate pension plans represents 16% and 14% of the total plan assets as of December 31, 2024 and December 31, 2025, respectively.

ii. Determination procedure of expected long-term rate of return on plan assets

To determine the expected long-term rate of return on plan assets, the Group considers the current and forecast allocation of plan assets and the current and expected long-term rates of return on the diverse assets that compose the plan assets.

(9) Assumptions for actuarial calculations

Major assumptions for actuarial calculations as of the end of the fiscal year

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Discount rate	0.766% ~ 7.110%	1.350% ~ 7.900%
Expected long-term rate of return on plan assets	1.650% ~ 7.110%	1.350% ~ 7.900%

Note: The Group does not use the expected rate of increase in salary for calculating retirement benefit obligation, mainly attributable to the adoption of a point-based plan.

3. Defined contribution plans

The amount of contributions required under the defined contribution plans of the Company and its consolidated subsidiaries as of December 31, 2024 and December 31, 2025 were 1,620 million yen and 1,765 million yen, respectively.

Stock options, etc.

Not applicable

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Deferred tax assets:		
Experimentation and research expenses	20,596 million yen	13,306 million yen
Provision for bonuses	3,548	4,161
Accrued expenses	606	2,121
Unrealized profit on inventories	362	748
Liabilities for retirement benefits	3,535	3,815
Loss carried forward	2,177	2,737
Unrealized gain on sales of property, plant and equipment	586	569
Loss on valuation of investments in securities	43	40
Excess depreciation	334	300
Accrued business tax	257	566
Foreign tax credit carried forward	1,806	1,281
Other	5,538	5,249
Subtotal deferred tax assets	39,393	34,898
Valuation allowance	(2,032)	(2,372)
Offset against deferred tax liabilities	(9,860)	(11,940)
Total deferred tax assets	27,500	20,585
Deferred tax liabilities:		
Prepaid pension costs	2,445	3,077
Net unrealized gain on assets of consolidated subsidiaries	493	909
Reserve for tax purpose reduction entry of non-current assets	121	122
Net unrealized gain (loss) on securities	2,496	1,437
Retained profit	1,853	2,279
Other	3,166	4,622
Subtotal deferred tax liabilities	10,576	12,448
Offset against deferred tax assets	(9,860)	(11,940)
Total deferred tax liabilities	715	507

2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent difference arising from non-deductible expenses (e.g., entertainment expenses)	2.2%	0.2%
Taxation on per capita basis	0.1%	0.1%
Increase in valuation allowance	0.5%	(0.1)%
Tax rate difference applied to subsidiaries outside of Japan	(4.8)%	(3.4)%
Amortization of goodwill	0.1%	0.1%
Tax effects on retained profit of subsidiaries outside of Japan	(0.1)%	0.4%
Tax credit	(5.4)%	(0.7)%
Income taxes for prior periods	(0.2)%	1.4%
Other	0.3%	0.3%
Effective tax rate after applying tax effect accounting	23.3%	28.7%

Revenue recognition

There are five reportable segments in the Group: Daifuku Co., Ltd.; Contec Co., Ltd. and its subsidiaries (Contec); Daifuku North America, Inc. and its subsidiaries (Daifuku North America); Clean Factomation, Inc.; and Daifuku (Suzhou) Cleanroom Automation Co., Ltd. Revenue is disaggregated by industry and destination for each reportable segment.

For more information regarding reportable segments, please refer to “Segment information” described later.

1. Information of disaggregated revenue from contracts with customers

FY2024 (April 1, 2024–December 31, 2024)

(1) Disaggregation information by industry

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Automobile, auto parts	20,638	123	35,733	-	-	56,496	18,667	75,163
Electronics	78,493	1,959	16,338	25,886	53,379	176,057	21,089	197,146
Commerce, retail	32,167	6,281	50,260	-	-	88,708	21,164	109,873
Transportation, warehousing	13,426	66	4,818	-	-	18,311	8,637	26,949
Machinery	6,433	669	237	-	-	7,340	1,425	8,765
Chemicals, pharmaceuticals	13,661	5,763	15	-	-	19,440	3,380	22,820
Food	7,081	1	11,941	-	-	19,024	2,834	21,858
Iron, steel, nonferrous metals	3,790	5	21	-	-	3,816	175	3,992
Precision equipment, printing, office equipment	2,101	1,093	1	-	-	3,197	607	3,804
Airport	1,775	884	49,049	-	-	51,709	20,183	71,892
Other	8,528	133	4,065	-	-	12,727	3,986	16,713
Sales to external customers	188,097	16,982	172,484	25,886	53,379	456,829	102,152	558,981
Other adjustments for consolidation	-	-	-	-	-	-	-	4,246
Net sales in consolidated financial statements	-	-	-	-	-	-	-	563,228

* The “Other” segment is an operating segment comprising subsidiaries that are not included in the reportable segments.

(2) Disaggregation information by destination

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Japan	123,590	8,633	995	-	-	133,219	11,405	144,624
Outside of Japan	64,507	8,349	171,488	25,886	53,379	323,610	90,746	414,357
North America	2,469	6,600	158,527	599	-	168,196	5,915	174,111
Asia	59,037	1,305	1,488	25,287	53,379	140,497	61,444	201,941
China	43,162	812	37	372	53,081	97,466	13,107	110,573
South Korea	1,058	45	-	24,914	-	26,018	11,513	37,531
Taiwan	11,630	185	-	-	297	12,113	18,778	30,891
Other	3,187	261	1,450	-	-	4,899	18,045	22,944
Europe	1,439	443	4,856	-	-	6,739	7,800	14,540
Latin America	374	0	4,918	-	-	5,293	1,355	6,648
Other	1,185	-	1,696	-	-	2,882	14,231	17,113
Sales to external customers	188,097	16,982	172,484	25,886	53,379	456,829	102,152	558,981
Other adjustments for consolidation	-	-	-	-	-	-	-	4,246
Net sales in consolidated financial statements	-	-	-	-	-	-	-	563,228

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

(3) Disaggregation information by timing of revenue recognition

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Performance obligations satisfied at a point in time	41,668	9,978	19,557	822	1,522	73,549	26,193	99,742
Performance obligations satisfied over time	146,428	7,004	152,926	25,063	51,856	383,280	75,958	459,239
Sales to external customers	188,097	16,982	172,484	25,886	53,379	456,829	102,152	558,981
Other adjustments for consolidation	-	-	-	-	-	-	-	4,246
Net sales in consolidated financial statements	-	-	-	-	-	-	-	563,228

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

FY2025 (January 1, 2025–December 31, 2025)

(1) Disaggregation information by industry

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Automobile, auto parts	32,694	254	34,376	-	-	67,325	18,456	85,781
Electronics	97,709	1,123	17,068	37,587	40,952	194,441	56,615	251,057
Commerce, retail	47,013	9,113	49,053	-	-	105,180	28,223	133,403
Transportation, warehousing	17,828	88	3,240	-	-	21,157	8,202	29,359
Machinery	6,007	263	535	-	-	6,807	1,415	8,223
Chemicals, pharmaceuticals	12,096	6,448	30	-	-	18,574	4,760	23,334
Food	13,307	0	4,724	-	-	18,032	6,863	24,896
Iron, steel, nonferrous metals	5,444	35	29	-	-	5,509	307	5,817
Precision equipment, printing, office equipment	2,472	1,550	4	-	-	4,027	506	4,534
Airport	1,633	1,106	53,912	-	-	56,652	20,200	76,853
Other	10,353	250	2,916	-	-	13,521	4,441	17,962
Sales to external customers	246,560	20,235	165,894	37,587	40,952	511,230	149,994	661,225
Other adjustments for consolidation	-	-	-	-	-	-	-	(501)
Net sales in consolidated financial statements	-	-	-	-	-	-	-	660,724

* The “Other” segment is an operating segment comprising subsidiaries that are not included in the reportable segments.

(2) Disaggregation information by destination

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Japan	154,805	11,068	-	-	-	165,873	16,175	182,049
Outside of Japan	91,755	9,167	165,894	37,587	40,952	345,356	133,818	479,175
North America	3,891	7,664	160,222	396	-	172,173	2,657	174,831
Asia	83,732	1,180	604	37,191	40,952	163,660	104,716	268,376
China	29,415	640	41	635	40,945	71,679	12,049	83,729
South Korea	343	75	6	36,555	-	36,981	10,727	47,709
Taiwan	43,360	267	-	-	6	43,634	50,503	94,137
Other	10,612	196	555	-	-	11,365	31,435	42,800
Europe	2,088	311	3,160	-	-	5,560	9,631	15,191
Latin America	1,249	1	1,586	-	-	2,838	397	3,235
Other	794	9	320	-	-	1,124	16,416	17,540
Sales to external customers	246,560	20,235	165,894	37,587	40,952	511,230	149,994	661,225
Other adjustments for consolidation	-	-	-	-	-	-	-	(501)
Net sales in consolidated financial statements	-	-	-	-	-	-	-	660,724

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

(3) Disaggregation information by timing of revenue recognition

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Performance obligations satisfied at a point in time	65,512	12,820	16,273	1,093	2,219	97,919	33,711	131,631
Performance obligations satisfied over time	181,048	7,415	149,621	36,493	38,732	413,310	116,283	529,594
Sales to external customers	246,560	20,235	165,894	37,587	40,952	511,230	149,994	661,225
Other adjustments for consolidation	-	-	-	-	-	-	-	(501)
Net sales in consolidated financial statements	-	-	-	-	-	-	-	660,724

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

2. Basic information in understanding revenue

The information is as presented in “4. Accounting policies, (5) Accounting policy for significant revenues and expenses” under “Significant accounting policies for preparation of consolidated financial statements.”

3. The information regarding the relationship between the satisfaction of performance obligations under contracts with customers and cash flows arising from such contracts as well as the amount and timing of revenue expected to be recognized from contracts with customers existing at the end of the current consolidated fiscal year in the next consolidated fiscal year

FY2024 (April 1, 2024–December 31, 2024)

(1) Balances of contract assets, contract liabilities, etc.

The balances of receivables from contracts with customers, contract assets, and contract liabilities are as follows. Receivables from contracts with customers and contract assets are included in “notes receivable, accounts receivable from completed construction contracts and other, and contract assets” on the consolidated balance sheets.

(Million yen)

	Balance at beginning of year	Balance at end of year
Receivables from contracts with customers	88,592	130,775
Contract assets	183,040	94,072
Contract liabilities	79,576	85,010

Contract assets primarily relate to construction contracts for manufacture and sale of logistics systems, etc. They represent the right to consideration received with conditions other than the passage of time, in exchange for the satisfied portion of performance obligations measured based on the progress as of the end of the reporting period. Once the right to consideration becomes unconditional, the contract assets are transferred to receivables from contracts with customers.

Contract liabilities primarily relate to payments received in advance of performance under construction contracts and are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended December 31, 2024 that was included in the balance of contract liabilities at the beginning of the fiscal year was 69,326 million yen.

Contract assets decreased by 88,968 million yen for the fiscal year ended December 31, 2024, which was mainly because the increase resulting from the recognition of revenue was smaller than the decrease resulting from transfer to receivables from contracts with customers.

The amount of revenue recognized in the fiscal year ended December 31, 2024 from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly changes in transaction price) is immaterial.

(2) Remaining performance obligations

The transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2024 and the time frame the amount is expected to be recognized as revenue are as follows.

(Million yen)

	As of December 31, 2024
Within one year	489,505
After one year	65,091
Total	554,596

FY2025 (January 1, 2025–December 31, 2025)

(1) Balances of contract assets, contract liabilities, etc.

The balances of receivables from contracts with customers, contract assets, and contract liabilities are as follows. Receivables from contracts with customers and contract assets are included in “notes receivable, accounts receivable from completed construction contracts and other, and contract assets” on the consolidated balance sheets.

(Million yen)

	Balance at beginning of year	Balance at end of year
Receivables from contracts with customers	130,775	120,420
Contract assets	94,072	118,515
Contract liabilities	85,010	74,179

Contract assets primarily relate to construction contracts for manufacture and sale of logistics systems, etc. They represent the right to consideration received with conditions other than the passage of time, in exchange for the satisfied portion of performance obligations measured based on the progress as of the end of the reporting period. Once the right to consideration becomes unconditional, the contract assets are transferred to receivables from contracts with customers.

Contract liabilities primarily relate to payments received in advance of performance under construction contracts and are reversed upon recognition of revenue.

Revenue recognized in the fiscal year ended December 31, 2025 that was included in the balance of contract liabilities at the beginning of the fiscal year was 64,970 million yen.

Contract assets increased by 24,443 million yen for the fiscal year ended December 31, 2025, which was mainly because the increase resulting from the recognition of revenue was greater than the decrease resulting from transfer to receivables from contracts with customers.

The amount of revenue recognized in the fiscal year ended December 31, 2025 from performance obligations that were satisfied (or partially satisfied) in previous periods (mainly changes in transaction price) is immaterial.

(2) Remaining performance obligations

The transaction price allocated to the remaining performance obligations that are unsatisfied (or partially unsatisfied) as of December 31, 2025 and the time frame the amount is expected to be recognized as revenue are as follows.

(Million yen)

	As of December 31, 2025
Within one year	353,279
After one year	198,440
Total	551,719

Segment information, etc.

Segment information

1. Overview of reportable segments

Reportable segments comprise components for which discrete financial information is available, and which the Board of Directors reviews regularly to determine the allocation of business resources and assess operating results.

The Daifuku Group manufactures and sells material handling systems, car wash machines, industrial personal computers, interface boards, and other equipment in Japan and outside of Japan. Each company within the Group conducts manufacturing and sales activities based on its roles as an independent management unit.

There are five reportable segments: Daifuku Co., Ltd., the core company dealing in material handling systems and equipment, and car wash machines; Contec Co., Ltd. and its subsidiaries (Contec), the company group engaging in the manufacture and sale of industrial personal computers, interface boards, and other equipment in Japan and outside of Japan; Daifuku North America, Inc. and its subsidiaries (Daifuku North America), the U.S. company group that is responsible for key business activities, primarily in North America, with a significant volume of sales; Clean Factomation, Inc., the company providing semiconductor manufacturers with cleanroom transport systems mainly in South Korea, and Daifuku (Suzhou) Cleanroom Automation Co., Ltd., the company providing cleanroom transport systems mainly to semiconductor manufacturers in China.

2. Methods of calculating the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

The method of accounting for the reported operating segments is the same as that described in “Significant accounting policies for preparation of consolidated financial statements.” Intersegment sales or transfers are determined based on the prevailing market price.

3. Information on the amount of net sales, income or losses, assets, liabilities and other items by reportable segment

FY2024 (April 1, 2024–December 31, 2024)

(Million yen)

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Net sales								
Sales to external customers	188,097	16,982	172,484	25,886	53,379	456,829	102,152	558,981
Intersegment sales or transfers	28,687	3,214	2,191	4,518	790	39,402	11,647	51,049
Subtotal	216,785	20,197	174,675	30,404	54,169	496,232	113,799	610,031
Segment income (loss)	29,250	269	16,286	1,414	12,243	59,464	4,051	63,515
Segment assets	396,926	25,830	167,743	35,909	44,521	670,932	125,911	796,843
Segment liabilities	150,337	10,090	62,677	21,587	20,144	264,837	72,012	336,850
Other								
Depreciation	2,646	322	1,630	607	456	5,662	2,248	7,911
Amortization of goodwill	-	184	807	-	-	992	-	992
Interest income	370	27	1,704	147	337	2,587	604	3,191
Interest expenses	33	37	2	64	1	139	429	568
Extraordinary income	2,657	0	238	0	-	2,896	10	2,906
Gain on sales of property, plant and equipment	3	0	237	0	-	240	10	250
Gain on sales of investments in securities	2,653	-	-	-	-	2,653	-	2,653
Insurance claim income	-	-	-	-	-	-	-	-
Extraordinary loss	241	4	11	528	0	786	2,019	2,805
Loss on sales of property, plant and equipment	18	0	11	-	-	29	4	34
Loss on disposal of property, plant and equipment	217	3	0	4	0	226	26	253
Impairment loss	-	-	-	-	-	-	676	676
Compensation expenses	6	-	-	512	-	518	-	518
Extra retirement payments	-	-	-	-	-	-	1,248	1,248
Income tax expenses	8,044	554	2,456	13	4,089	15,159	1,856	17,016
Increase in property, plant and equipment and intangible assets	7,056	366	3,574	896	301	12,195	3,337	15,532

* The “Other” segment is an operating segment comprising subsidiaries that are not included in the reportable segments.

	Reportable segments						Other*	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal		
Net sales								
Sales to external customers	246,560	20,235	165,894	37,587	40,952	511,230	149,994	661,225
Intersegment sales or transfers	40,803	4,033	966	1,263	447	47,514	10,088	57,602
Subtotal	287,364	24,269	166,860	38,851	41,399	558,745	160,082	718,828
Segment income (loss)	55,611	1,118	15,217	3,320	10,821	86,089	17,379	103,468
Segment assets	433,564	28,197	171,108	35,941	44,246	713,059	150,458	863,517
Segment liabilities	158,194	11,320	56,172	23,565	16,436	265,689	83,383	349,073
Other								
Depreciation	3,636	308	1,768	557	470	6,741	2,280	9,022
Amortization of goodwill	-	181	-	-	-	181	-	181
Interest income	443	29	1,639	408	274	2,795	621	3,417
Interest expenses	63	54	71	16	0	206	368	575
Extraordinary income	4,348	0	471	477	-	5,297	712	6,010
<i>Gain on sales of property, plant and equipment</i>	<i>1</i>	<i>0</i>	<i>14</i>	<i>0</i>	<i>-</i>	<i>16</i>	<i>15</i>	<i>31</i>
<i>Gain on sales of investments in securities</i>	<i>4,347</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>4,347</i>	<i>-</i>	<i>4,347</i>
<i>Insurance claim income</i>	<i>-</i>	<i>-</i>	<i>441</i>	<i>468</i>	<i>-</i>	<i>909</i>	<i>-</i>	<i>909</i>
Extraordinary loss	332	3	682	14	3	1,036	46	1,082
<i>Loss on sales of property, plant and equipment</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>0</i>	<i>0</i>
<i>Loss on disposal of property, plant and equipment</i>	<i>332</i>	<i>3</i>	<i>15</i>	<i>2</i>	<i>3</i>	<i>356</i>	<i>6</i>	<i>362</i>
<i>Impairment loss</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Compensation expenses</i>	<i>-</i>	<i>-</i>	<i>599</i>	<i>-</i>	<i>-</i>	<i>599</i>	<i>-</i>	<i>599</i>
<i>Extra retirement payments</i>	<i>-</i>	<i>-</i>	<i>68</i>	<i>-</i>	<i>-</i>	<i>68</i>	<i>24</i>	<i>92</i>
Income tax expenses	15,018	161	6,551	1,107	3,616	26,455	4,742	31,198
Increase in property, plant and equipment and intangible assets	22,780	414	4,810	743	386	29,135	4,186	33,322

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

4. Differences between total amounts for reportable segments and the reported amount in the consolidated financial statements and main details of the differences (matters relating to reconciliation)

(Million yen)

Net sales	FY2024	FY2025
	(April 1, 2024–December 31, 2024)	(January 1, 2025–December 31, 2025)
Reportable segments total	496,232	558,745
Segment sales classified in “Other”	113,799	160,082
Elimination of intersegment transactions	(51,049)	(57,602)
Other adjustments for consolidation	4,246	(501)
Net sales in consolidated financial statements	563,228	660,724

(Million yen)

Income	FY2024	FY2025
	(April 1, 2024–December 31, 2024)	(January 1, 2025–December 31, 2025)
Reportable segments total	59,464	86,089
Segment income classified in “Other”	4,051	17,379
Elimination of dividends from affiliates	(5,029)	(24,399)
Other adjustments for consolidation	(1,398)	(972)
Net income attributable to shareholders of the parent company in consolidated financial statements	57,086	78,096

(Million yen)

Assets	FY2024	FY2025
	(as of December 31, 2024)	(as of December 31, 2025)
Reportable segments total	670,932	713,059
Segment assets classified in “Other”	125,911	150,458
Elimination of investment securities in affiliates in consolidation process	(62,551)	(62,925)
Elimination of intercompany receivables	(46,705)	(45,753)
Other adjustments for consolidation	1,120	(626)
Total assets in consolidated financial statements	688,707	754,211

(Million yen)

Liabilities	FY2024	FY2025
	(as of December 31, 2024)	(as of December 31, 2025)
Reportable segments total	264,837	265,689
Segment liabilities classified in “Other”	72,012	83,383
Elimination of intercompany payables	(46,705)	(45,753)
Other adjustments for consolidation	137	(668)
Total liabilities in consolidated financial statements	290,282	302,650

(Million yen)

Other items	Reportable segments total		Other		Adjustment		Consolidated total	
	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025	FY2024	FY2025
Depreciation	5,662	6,741	2,248	2,280	-	-	7,911	9,022
Amortization of goodwill	992	181	-	-	(175)	620	816	801
Interest income	2,587	2,795	604	621	(243)	(299)	2,947	3,117
Interest expenses	139	206	429	368	(243)	(299)	325	275
Extraordinary income	2,896	5,297	10	712	(8)	-	2,898	6,010
<i>Gain on sales of property, plant and equipment</i>	240	16	10	15	(8)	-	242	31
<i>Gain on sales of investments in securities</i>	2,653	4,347	-	-	-	-	2,653	4,347
<i>Insurance claim income</i>	-	909	-	-	-	-	-	909
Extraordinary loss	786	1,036	2,019	46	103	-	2,908	1,082
<i>Loss on sales of property, plant and equipment</i>	29	-	4	0	126	-	160	0
<i>Loss on disposal of property, plant and equipment</i>	226	356	26	6	-	-	253	362
<i>Impairment loss</i>	-	-	676	-	-	-	676	-
<i>Compensation expenses</i>	518	599	-	-	-	-	518	599
<i>Extra retirement payments</i>	-	68	1,248	24	-	-	1,248	92
Income tax expenses	15,159	26,455	1,856	4,742	306	278	17,322	31,477
Increase in property, plant and equipment and intangible assets	12,195	29,135	3,337	4,186	-	-	15,532	33,322

Related information

FY2024 (April 1, 2024–December 31, 2024)

1. Information by product and service

(Million yen)

	Logistics systems	Electronics	Other	Total
Sales to external customers	527,853	16,982	18,391	563,228

2. Information by geographic area

(1) Net sales

(Million yen)

Japan	U.S.A.	China	South Korea	Taiwan	Other	Adjustment	Total
144,624	167,714	110,573	37,531	30,891	67,644	4,246	563,228

Note: Sales are classified into countries or regions based on the location of customers.

(2) Property, plant and equipment

(Million yen)

Japan	U.S.A.	China	Other	Total
38,484	21,856	8,199	17,235	85,775

3. Information by major customers

It is omitted because no individual external customers represent 10% or more of the net sales reported in the consolidated statements of income and comprehensive income.

FY2025 (January 1, 2025–December 31, 2025)

1. Information by product and service

(Million yen)

	Logistics systems	Electronics	Other	Total
Sales to external customers	620,191	20,235	20,297	660,724

2. Information by geographic area

(1) Net sales

(Million yen)

Japan	U.S.A.	China	South Korea	Taiwan	Other	Adjustment	Total
182,049	169,742	83,729	47,709	94,137	83,856	(501)	660,724

Note: Sales are classified into countries or regions based on the location of customers.

Changes in presentation

Net sales in “Taiwan,” which were included in “Other” in the fiscal year ended December 31, 2024 is presented separately due to its increased importance. To reflect the change in presentation “Other” of 98,536 million yen under sales in the information by geographic area in the fiscal year ended December 31, 2024 has been reclassified into “Taiwan” of 30,891 million yen and “Other” of 67,644 million yen.

(2) Property, plant and equipment

(Million yen)

Japan	U.S.A.	China	Other	Total
55,975	24,582	7,965	19,554	108,078

3. Information by major customers

(Million yen)

Customer Name (Corporate or Individual)	Net sales	Related segment
Taiwan Semiconductor Manufacturing Company Limited	91,474	Daifuku Co., Ltd., others

Note: Net sales include sales to customers within the same corporate group as the relevant customer.

Information about impairment loss of property, plant and equipment and intangible assets by reportable segment

FY2024 (April 1, 2024–December 31, 2024)

Information is omitted because such information is disclosed in segment information. For more information, please refer to “1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to the Consolidated Financial Statements, Consolidated statements of income and comprehensive income*10.”

FY2025 (January 1, 2025–December 31, 2025)

Not applicable

Information about the amount of amortization and unamortized balance of goodwill by reportable segment

FY2024 (April 1, 2024–December 31, 2024)

(Million yen)

	Reportable segments						Other	Elimination or corporate	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal			
Ending balance of goodwill	-	574	-	-	-	574	675	1,535	2,786

Note: Information about amortization of goodwill is omitted because such information is disclosed in segment information.

FY2025 (January 1, 2025–December 31, 2025)

(Million yen)

	Reportable segments						Other	Elimination or corporate	Total
	Daifuku	Contec	Daifuku North America	Clean Factomation	Daifuku (Suzhou) Cleanroom Automation	Subtotal			
Ending balance of goodwill	-	379	-	-	-	379	688	875	1,943

Note: Information about amortization of goodwill is omitted because such information is disclosed in segment information.

Information about gain on new negative goodwill by reportable segment

Not applicable

Information about related parties

Not applicable

Per share information

(Yen)

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net assets per share	1,082.71	1,228.00
Net income per share	154.21	212.39
Diluted net income per share	147.11	202.51

Notes: 1. The shares of the Company remaining in the BBT, which are recorded as treasury stock under shareholders' equity, are included in the treasury stock to be deducted in the calculation of the average number of shares during the year for the purpose of calculation of net income per share, and are also included in the number of treasury stock to be deducted from the aggregate number of issued shares as of the end of the year for the purpose of calculation of net assets per share. The average number of shares of treasury stock deducted during the year for the purpose of calculation of net income per share is 447 thousand shares for the year ended December 31, 2025 and 478 thousand shares for the year ended December 31, 2024 for the BBT. The number of shares of treasury stock deducted at the end of the year for the purpose of calculating net assets per share is 435 thousand shares for the year ended December 31, 2025 and 462 thousand shares for the year ended December 31, 2024 for the BBT.

2. The basis for the calculation of net income per share was as shown in the table below.

	FY2024 (April 1, 2024–December 31, 2024)	FY2025 (January 1, 2025–December 31, 2025)
Net income per share		
Net income attributable to shareholders of the parent company (million yen)	57,086	78,096
Amount not attributable to shareholders of common stock (million yen)	-	-
Net income attributable to shareholders of the parent company related to common stock (million yen)	57,086	78,096
Weighted average number of common stock issued and outstanding during the year (thousand shares)	370,188	367,698
Diluted net income per share		
Adjusted amount of net income attributable to shareholders of the parent company (million yen)	(107)	(142)
<i>Of which, amortization of bond premiums (after tax) (million yen)*</i>	<i>(107)</i>	<i>(142)</i>
Number of common shares increased (thousand shares)	17,138	17,236
<i>Of which, convertible-bond-type bonds with stock acquisition rights (thousand shares)</i>	<i>17,138</i>	<i>17,236</i>
Dilutive shares not included in the calculation of diluted net income per share because absence of dilutive effect	-	-

* The amount of amortization of the difference in the fiscal year due to the issuance of bonds at a price that exceeded the face value (after subtracting the amount equivalent to taxes).

3. The basis for the calculation of net assets per share was as shown in the table below.

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Total net assets (million yen)	398,424	451,560
Amount deducted from total net assets (million yen)	330	13
<i>Of which, non-controlling interests (million yen)</i>	<i>330</i>	<i>13</i>
Total net assets attributable to common stock at fiscal year-end (million yen)	398,094	451,547
Number of common stock issued and outstanding at fiscal year-end for the purpose of calculation of net assets per share (thousand shares)	367,684	367,709

Major subsequent events

Not applicable

v. Annexed consolidated detailed schedules

Annexed consolidated detailed schedule of corporate bonds

Company name	Issue	Issue date	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Interest rate (%)	Collateral	Maturity date
The Company	Zero Coupon Convertible Bonds due 2028 (Notes)	September 14, 2023	30,444	30,324	-	-	September 14, 2028
The Company	Zero Coupon Convertible Bonds due 2030 (Notes)	September 14, 2023	30,489	30,403	-	-	September 13, 2030
Total	-	-	60,933	60,728	-	-	-

Notes: 1. The outline of convertible-bond-type bonds with stock acquisition rights is as follows.

Issue	Zero Coupon Convertible Bonds due 2028	Zero Coupon Convertible Bonds due 2030
Stocks to be issued	Common stock	Common stock
Issue price of stock acquisition rights (yen)	Gratis	Gratis
Issue price of stock (yen)	3,514.6 [3,485.5]	3,448.1 [3,419.6]
Total issue price (million yen)	30,000	30,000
Total issue price of stocks issued as a result of exercising stock acquisition rights (million yen)	-	-
Share of stock acquisition rights granted (%)	100.0	100.0
Exercise period of stock acquisition rights	From September 28, 2023 to August 31, 2028	From September 28, 2023 to August 30, 2030

Note: The details as of the end of the fiscal year ended December 31, 2025 are stated. With regard to matters that were changed between the end of the fiscal year ended December 31, 2025 and the end of the month before the month in which this report was filed, which was February 28, 2026, the details as of the end of the month before the month in which this report was filed are stated in brackets. No changes were made other than these from the details as of the end of the fiscal year ended December 31, 2025.

2. The redemption schedule within five years after the consolidated balance sheet date is as follows.

Due within one year (million yen)	Due after one year and within two years (million yen)	Due after two years and within three years (million yen)	Due after three years and within four years (million yen)	Due after four years and within five years (million yen)
-	-	30,324	-	30,403

Annexed consolidated detailed schedule of borrowings

Category	Balance at beginning of year (million yen)	Balance at end of year (million yen)	Average interest rate (%)	Payment due
Short-term borrowings	2,337	552	3.1	-
Current portion of long-term borrowings	-	100	0.6	-
Current portion of lease liabilities	2,111	1,977	3.4	-
Long-term borrowings (excluding current portion)	100	-	-	-
Lease liabilities (excluding current portion)	3,736	4,783	2.9	2027 to 2043
Total	8,285	7,414	-	-

- Notes: 1. "Average interest rate" represents the weighted-average rate applicable to the balance at end of year.
2. The repayment schedule within five years after the consolidated balance sheet date of lease liabilities (excluding the current portion) is as follows.

(Million yen)

Category	Due after one year and within two years	Due after two years and within three years	Due after three years and within four years	Due after four years and within five years
Lease liabilities	1,228	784	458	399

3. To secure timely and efficient financing of working capital, the Group has entered into a credit facility agreement with six banks that provide lines of credit up to 30,000 million yen in total.

Annexed consolidated detailed schedule of asset retirement obligations

Since the amounts of asset retirement obligations as of January 1, 2025 and December 31, 2025 were less than 1% of the total liabilities and net assets as of January 1, 2025 and December 31, 2025, asset retirement obligations details have been omitted.

(2) Other

Semiannual results for the fiscal year ended December 31, 2025

	First half	Fiscal year ended December 31, 2025
Net sales (million yen)	326,489	660,724
Income before income taxes (million yen)	52,397	109,578
Net income attributable to shareholders of the parent company (million yen)	37,623	78,096
Net income per share (yen)	102.32	212.39

2. Non-Consolidated Financial Statements, etc.

(1) Non-consolidated financial statements

i. Non-consolidated balance sheets

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
ASSETS		
Current assets		
Cash on hand and in banks	82,232	105,164
Notes receivable	439	295
Electronically recorded monetary claims - operating	6,757	8,275
Accounts receivable from completed construction contracts and contract assets	*2 106,639	*2 105,838
Accounts receivable	*2 18,414	*2 19,692
Merchandise and finished goods	40	40
Costs incurred on uncompleted construction contracts and other	10,826	13,910
Raw materials and supplies	21,427	18,315
Prepaid expenses	1,085	1,814
Short-term loans receivable	31	46
Short-term loans receivable from affiliates	*2 6,673	*2 6,359
Accounts receivable - other	*2 3,686	*2 3,224
Other	6,493	1,964
Allowance for doubtful accounts	(218)	(215)
Total current assets	264,529	284,726
Non-current assets		
Property, plant and equipment		
Buildings	11,128	28,257
Structures	1,122	1,647
Machinery and equipment	5,670	8,732
Vehicles	11	7
Tools and fixtures	1,209	2,427
Land	7,461	7,461
Leased assets	1,447	1,076
Construction in progress	8,201	4,103
Total property, plant and equipment	36,252	53,713
Intangible assets		
Software	4,575	5,893
Software in progress	284	170
Other	0	102
Total intangible assets	4,860	6,166

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Investments and other assets		
Investments in securities	13,087	6,840
Shares in affiliates	54,443	54,817
Investments in capital of affiliates	6,225	6,225
Long-term loans	7	8
Long-term loans receivable from employees	76	118
Long-term prepaid expenses	159	229
Prepaid pension costs	7,997	9,157
Deferred tax assets	7,610	9,784
Leasehold and guarantee deposits	927	1,146
Other	745	630
Allowance for doubtful accounts	-	(0)
Total investments and other assets	91,283	88,958
Total non-current assets	132,397	148,838
Total assets	396,926	433,564
LIABILITIES		
Current liabilities		
Electronically recorded obligations - operating	19,944	15,509
Accounts payable - trade	*2 17,343	*2 15,035
Construction contracts payable	*2 1,549	*2 1,224
Short-term borrowings	*2 2,997	*2 4,403
Current portion of long-term borrowings	-	100
Lease liabilities	419	113
Accounts payable - other	3,725	11,303
Accrued expenses	*2 3,728	*2 4,362
Provision for bonuses	10,606	13,610
Income taxes payable	3,073	9,907
Contract liabilities	17,288	11,579
Provision for losses on construction contracts	206	51
Other	2,056	4,035
Total current liabilities	82,940	91,236
Non-current liabilities		
Convertible-bond-type bonds with stock acquisition rights	60,933	60,728
Long-term borrowings	100	-
Lease liabilities	1,028	962
Long-term accounts payable - other	118	106
Provision for retirement benefits	4,509	4,273
Other provisions	434	544
Other	273	342
Total non-current liabilities	67,397	66,958
Total liabilities	150,337	158,194

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
NET ASSETS		
Shareholders' equity		
Common stock	31,865	31,865
Capital surplus		
Legal capital surplus	8,998	8,998
Other capital surplus	13,970	13,970
Total capital surplus	22,969	22,969
Retained earnings		
Legal retained earnings	112	112
Other retained earnings		
Reserve for dividends	7,000	7,000
Reserve for tax purpose reduction entry of non-current assets	281	277
General reserve	30,000	30,000
Retained earnings brought forward	179,555	210,874
Total retained earnings	216,949	248,263
Treasury stock	(30,781)	(30,732)
Total shareholders' equity	241,003	272,366
Valuation and translation adjustments		
Net unrealized gain (loss) on securities	5,737	3,201
Deferred gain (loss) on hedges	(152)	(196)
Total valuation and translation adjustments	5,585	3,004
Total net assets	246,588	275,370
Total liabilities and net assets	396,926	433,564

The accompanying notes are an integral part of these financial statements.

ii. Non-consolidated statements of income

(Million yen)

	FY2024 (April 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Net sales	*1 216,785	*1 287,364
Cost of sales		
Beginning finished goods inventory	45	40
Cost of products manufactured	*1 167,657	*1 219,345
Total	167,702	219,386
Ending finished goods inventory	40	41
Loss on abandonment of inventories	1,091	1,200
Cost of finished goods sold	168,753	220,545
Total cost of sales	168,753	220,545
Gross profit	48,031	66,819
Selling, general and administrative expenses	*2 18,510	*2 25,977
Operating income	29,520	40,841
Other income		
Interest income	*1 370	*1 443
Dividend income	*1 5,423	*1 24,694
Foreign exchange gains	-	326
Land and house rental revenue	*1 120	*1 160
Other	*1 115	*1 157
Total other income	6,030	25,783
Other expenses		
Interest expenses	*1 33	*1 63
Interest expenses on bonds	(154)	(205)
Foreign exchange losses	737	-
Taxes for prior periods	-	149
Other	55	4
Total other expenses	671	11
Ordinary income	34,879	66,613
Extraordinary income		
Gain on sales of investments in securities	*3 2,653	*3 4,347
Other	3	1
Total extraordinary income	2,657	4,348
Extraordinary loss		
Loss on disposal of property, plant and equipment	217	332
Other	24	-
Total extraordinary loss	241	332
Income before income taxes	37,294	70,629
Income taxes - current	8,603	16,105
Income taxes - deferred	(558)	(1,086)
Total income taxes	8,044	15,018
Net income	29,250	55,611

The accompanying notes are an integral part of these financial statements.

iii. Non-consolidated statements of changes in net assets
FY2024 (April 1, 2024–December 31, 2024)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of year	31,865	8,998	13,970	22,969
Changes of items during the period				
Cash dividends				
Net income				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	0	0
Balance at end of year	31,865	8,998	13,970	22,969

	Shareholders' equity						
	Retained earnings						Treasury stock
	Legal retained earnings	Other retained earnings				Total retained earnings	
		Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward		
Balance at beginning of year	112	7,000	284	30,000	168,490	205,888	(20,944)
Changes of items during the period							
Cash dividends					(18,188)	(18,188)	
Net income					29,250	29,250	
Reversal of reserve for tax purpose reduction entry of non-current assets			(3)		3	-	
Purchase of treasury stock							(10,003)
Disposal of treasury stock							166
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	(3)	-	11,065	11,061	(9,837)
Balance at end of year	112	7,000	281	30,000	179,555	216,949	(30,781)

	Shareholders' equity	Valuation and translation adjustments			Total net assets
	Total shareholders' equity	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Total valuation and translation adjustments	
Balance at beginning of year	239,778	7,813	(145)	7,668	247,446
Changes of items during the period					
Cash dividends	(18,188)				(18,188)
Net income	29,250				29,250
Reversal of reserve for tax purpose reduction entry of non-current assets	-				-
Purchase of treasury stock	(10,003)				(10,003)
Disposal of treasury stock	166				166
Net changes of items other than shareholders' equity		(2,075)	(7)	(2,083)	(2,083)
Total changes of items during the period	1,224	(2,075)	(7)	(2,083)	(858)
Balance at end of year	241,003	5,737	(152)	5,585	246,588

FY2025 (January 1, 2025–December 31, 2025)

(Million yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of year	31,865	8,998	13,970	22,969
Changes of items during the period				
Cash dividends				
Net income				
Reversal of reserve for tax purpose reduction entry of non-current assets				
Purchase of treasury stock				
Disposal of treasury stock			0	0
Net changes of items other than shareholders' equity				
Total changes of items during the period	-	-	0	0
Balance at end of year	31,865	8,998	13,970	22,969

	Shareholders' equity						
	Retained earnings						Treasury stock
	Legal retained earnings	Other retained earnings				Total retained earnings	
		Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward		
Balance at beginning of year	112	7,000	281	30,000	179,555	216,949	(30,781)
Changes of items during the period							
Cash dividends					(24,297)	(24,297)	
Net income					55,611	55,611	
Reversal of reserve for tax purpose reduction entry of non-current assets			(4)		4	-	
Purchase of treasury stock							(4)
Disposal of treasury stock							53
Net changes of items other than shareholders' equity							
Total changes of items during the period	-	-	(4)	-	31,318	31,313	48
Balance at end of year	112	7,000	277	30,000	210,874	248,263	(30,732)

	Shareholders' equity	Valuation and translation adjustments			Total net assets
	Total shareholders' equity	Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Total valuation and translation adjustments	
Balance at beginning of year	241,003	5,737	(152)	5,585	246,588
Changes of items during the period					
Cash dividends	(24,297)				(24,297)
Net income	55,611				55,611
Reversal of reserve for tax purpose reduction entry of non-current assets	-				-
Purchase of treasury stock	(4)				(4)
Disposal of treasury stock	53				53
Net changes of items other than shareholders' equity		(2,536)	(44)	(2,581)	(2,581)
Total changes of items during the period	31,362	(2,536)	(44)	(2,581)	28,781
Balance at end of year	272,366	3,201	(196)	3,004	275,370

The accompanying notes are an integral part of these financial statements.

Notes to the Non-consolidated Financial Statements

Significant accounting policies

1. Valuation standards and methods for securities

(1) Shares of subsidiaries and affiliates

Stated at cost using the moving-average method.

(2) Held-to-maturity debt securities

Stated at acquisition cost or cost amortized on a straight-line method.

(3) Other securities

i. Securities other than shares, etc., that do not have a market price

Stated at fair value (with any unrealized gain or loss being recognized directly in net assets and the cost of securities sold being determined using the moving-average method).

ii. Shares, etc., that do not have a market price

Stated at cost using the moving-average method.

2. Valuation standards and methods for derivatives

Stated at fair value.

3. Valuation standards and methods for inventories

(1) Merchandise and finished goods

Primarily stated at cost using the moving-average method (a method in which book value is written down based on any decline in profitability).

(2) Costs incurred on uncompleted construction contracts and other

Primarily stated at cost using the job order cost method (a method in which book value is written down based on any decline in profitability).

(3) Raw materials and supplies

Primarily stated at cost using the moving-average method (a method in which book value is written down based on any decline in profitability).

4. Accounting policy for depreciation of non-current assets

(1) Property, plant and equipment (excluding leased assets)

Depreciated using the straight-line method.

(2) Intangible assets (excluding leased assets)

Software for internal use

Amortized on a straight-line method over the estimated in-house working life of five to ten years.

Goodwill

Amortized on a straight-line method over the period in which cash flows are expected to be generated from the investment.

Immaterial goodwill is fully expensed in the year of acquisition.

Other than the above

Amortized on a straight-line method.

(3) Leased assets

i. Leased assets in finance lease transactions that transfer ownership

Depreciated using the same method as the non-current assets in the Company's possession.

ii. Leased assets in finance lease transactions that do not transfer ownership

Depreciated using the straight-line method over the lease term, which represents the expected useful life, to zero residual value (or the guaranteed residual value under a residual value guarantee).

(4) Long-term prepaid expenses

Amortized on a straight-line method.

5. Accounting policy for allowances and provisions

(1) Allowance for doubtful accounts

To provide for potential credit losses on receivable, allowance for doubtful accounts is recorded at an amount of estimated uncollectible receivable calculated based on the historical rate of credit loss for general receivable and determined in consideration of collectability of individual receivable for doubtful accounts and certain other receivable.

(2) Allowance for investment loss

To provide for potential losses on investments to affiliates, etc., allowance for investment loss is recorded at an amount deemed necessary in consideration of financial position, etc.

(3) Provision for bonuses

To provide for the payment of bonuses to employees, provision for bonuses is recorded in an amount accrued for the fiscal year based on the estimated amount of bonuses to be paid.

(4) Provision for retirement benefits

To provide for employees' retirement benefits, provision for retirement benefits is recorded based on estimated retirement benefit obligations and plan assets as of the end of the fiscal year.

Prior service costs are prorated over a certain number of years (five years) within the average remaining service period of employees at the time of recognition.

Actuarial gains and losses are amortized using the straight-line method over a certain number of years (five years) within the average remaining service period of employees at the time of recognition from the fiscal year following the respective fiscal year of recognition.

Treatment of unrecognized actuarial gains and losses and unrecognized prior service costs on non-consolidated balance sheets are different from that for consolidated balance sheets.

(5) Provision for losses on construction contracts

To provide for potential future losses on uncompleted construction contracts, provision for losses on construction contracts is recorded based on an amount of estimated losses as of the end of the fiscal year.

6. Accounting policy for revenues and expenses

(1) Nature of goods and services and timing of satisfaction of performance obligations

i. Manufacture and sale of logistics systems and equipment

The Company is engaged in the manufacture and construction of logistics systems and equipment in accordance with specifications individually specified by customers in contracts.

Performance obligations under the contract are deemed to be satisfied over time, because the systems and equipment to be manufactured under the contract cannot be diverted to another use and the Company has an enforceable right to receive consideration for work completed. Accordingly, revenue from the contract is recognized based on the progress towards complete satisfaction of the performance obligations as of the end of the fiscal year, if such progress can be reasonably measured.

The progress toward complete satisfaction of the performance obligations is measured by the cost-to-cost method, i.e., costs incurred during the fiscal year ended December 31, 2025 relative to the estimated total cost to complete the work.

The estimated total cost is reviewed on an ongoing basis based on relevant information including the track record of similar projects in the past, since it is subject to change with the progress of installation and other factors.

If the progress toward complete satisfaction of the performance obligations may not be measured reasonably, but the costs incurred in satisfying the performance obligations are expected to be recovered, the cost recovery method is applied.

ii. Manufacture and sale of car wash machines and replacement parts and other

The Company engages in manufacturing and sales of replacement parts, etc., of car wash machines and material handling systems and equipment.

Revenue from products that require installation upon delivery to customers is recognized when the product has been installed at the location designated by the customer, as this is the point in time at which the customer is deemed to have obtained control of the product and thereby the performance obligation is satisfied. That is, at that point in time, the legal title to and physical possession of the products and the critical risks and rewards of ownership of the products are deemed to have been transferred to the customer and thereby the Company is entitled to receive consideration for the transaction from the customer.

Revenue from products that do not require installation upon delivery to customers is recognized when the product has been delivered to the location designated by the customer, as this is the point in time at which the customer is deemed to have obtained control of the product and thereby the performance obligation is satisfied. That is, at that point in time, the legal title

to and physical possession of the products and the critical risks and rewards of ownership of the products are deemed to have been transferred to the customer and thereby the Company is entitled to receive consideration for the transaction from the customer.

iii. Maintenance services after sales of products

The Company provides maintenance services, such as product maintenance and periodic inspections during a certain period of time after products are sold, or product repairs and inspections that are individually requested by customers.

Performance obligations for maintenance services rendered over a certain period of time are satisfied during the contract period over time, and revenue is recognized evenly over the contract period.

Performance obligations for maintenance services ordered individually by customers are satisfied by completing the service, such as repairs and inspections, and therefore revenue is recognized upon completion of the work.

In principle, the Company has not entered into any transactions as an agent.

(2) Determining transaction prices

Transaction prices are measured at the consideration promised in contracts with customers. There are no significant contracts or significant variable consideration related to returns.

(3) Payment terms

Consideration for manufacture and sale of logistics systems, etc., is received before or after the completion of products under the payment terms stipulated in contracts. Consideration for other transactions is received after the satisfaction of performance obligations under the payment terms stipulated in contracts. As consideration for the transactions does not contain any significant financing component, there are no contracts with customers in which consideration is adjusted for the effects of such component.

(4) Determining the amount of transaction prices allocated to performance obligations

Certain contracts provided by the Company are multiple-element transactions involving the sale of logistics systems and equipment, the sale of replacement parts, maintenance services, or product warranties.

To allocate the transaction price of multiple-element transactions to each performance obligation on a relative stand-alone selling price basis, the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract is determined, and the transaction price is allocated in proportion to those stand-alone selling prices.

If the stand-alone selling price of a good or service is not directly observable, it is determined, depending on the nature of transactions, mainly by estimating the cost and adding a margin for that good or service or by referring to the total transaction price of multiple-element transactions less the sum of the stand-alone selling prices of the other goods or services.

7. Method of hedge accounting

(1) Method of hedge accounting

The deferred hedge accounting is adopted.

(2) Hedging instruments and hedged items

Hedging instruments and hedged items to which hedge accounting is applied are as follows.

Hedging instruments	Hedged items
Forward exchange contracts	Future transactions denominated in foreign currencies

(3) Hedging policy

The risk of fluctuations in exchange rates is principally hedged in accordance with the Company's internal rules.

(4) Method for assessing hedge effectiveness

The effectiveness of each hedge transaction for hedging instruments and hedged items is assessed at the end of every fiscal year. However, the assessment of hedging effectiveness for hedged assets and liabilities or derivatives is omitted since the hedge is expected to be highly effective where the critical terms of the hedging instruments (start date, end date, principal amount) are identical.

(5) Other risk management practices related to hedge accounting

The execution and management of hedging instruments are carried out by the finance department with approval from the authorized personnel in accordance with internal regulations that provide transaction authorization and limits.

Significant accounting estimates

1. Revenue recognition for construction contracts

(1) Amounts recorded in the non-consolidated financial statements

(Million yen)

	FY2024 (April 1, 2024– December 31, 2024)	FY2025 (January 1, 2025– December 31, 2025)
Net sales of construction contracts in which performance obligations are satisfied over time	156,204	195,436
Provision for losses on construction contracts	206	51

(2) Method of calculation and primary assumptions

Revenue is recognized based on the progress toward complete satisfaction of the performance obligations as of the end of the fiscal year, if such progress can be reasonably measured. The progress towards complete satisfaction of the performance obligations is measured by costs incurred during the fiscal year ended December 31, 2025 relative to the estimated total cost to complete the work (the input method).

The estimated total cost is reviewed for each project at the end of the fiscal year based on the track record of past construction projects by taking conditions unique to the individual project into consideration in line with the agreed-upon specifications in the contract with a customer.

However, the Company's long-term contracts are distinct in terms of specifications, construction periods and other details. Therefore, the estimate of total cost for such contracts requires management judgement based on the past track record and is complex, especially for large long-term contracts. Accordingly, the estimated total cost may differ from the actual result due to unforeseen events such as changes in specifications during construction at the request of a customer, fluctuations in cost of labor per person-hour and price of materials and equipment, and additional costs incurred for modifications during construction.

To provide for potential losses on uncompleted construction contracts, provision for losses on construction contracts is recorded based on an amount of estimated losses as of the end of the fiscal year ended December 31, 2025. In case any unforeseen event may cause the estimated total cost to differ from the actual total cost, the event will have an impact on provision for losses on construction contracts.

2. Impairment of shares in affiliates, etc. (including investments in capital of affiliates)

(1) Amount recorded in the non-consolidated balance sheets

(Million yen)

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Total shares and investments in capital of affiliates	60,669	61,043

(2) Method of calculation and primary assumptions

If the actual value of shares in affiliates, etc., decreases by 50% or more compared to the acquisition cost, the Company assesses the recoverability of actual value based on the business plan.

When there are changes in conditions and assumptions the Company used to develop accounting estimates, such as changes in business plan or management environment, and if such shares are determined as not recoverable, impairment may need to be recognized for shares in affiliates, etc.

Additional information

Board Benefit Trust (BBT)

The note disclosure is omitted as the same information is provided in “1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to the Consolidated Financial Statements, Additional information.”

Non-consolidated balance sheets

1. Guarantee obligations

The Company provides debt guarantees to borrowings from financial institutions, made by the following subsidiaries and affiliates.

	FY2024 (as of December 31, 2024)		FY2025 (as of December 31, 2025)	
Scarabee Aviation Group B.V.	-	million yen	552	million yen
Daifuku (Thailand) Limited	1,395		-	
Daifuku (Malaysia) Sdn. Bhd.	673		-	
Other	269		-	
Total	2,337		552	

Note: Scarabee Aviation Group B.V. changed its name to Daifuku Airport Netherlands Group B.V. as of January 1, 2026.

*2 Assets and liabilities against subsidiaries and affiliates are as follows.

	FY2024 (as of December 31, 2024)		FY2025 (as of December 31, 2025)	
Short-term monetary receivables from subsidiaries and affiliates	32,497	million yen	33,907	million yen
Short-term monetary payables to subsidiaries and affiliates	5,349		5,954	

Non-consolidated statements of income

*1 Transactions with subsidiaries and affiliates are as follows.

	FY2024 (April 1, 2024– December 31, 2024)		FY2025 (January 1, 2025– December 31, 2025)	
Net sales	28,687	million yen	40,803	million yen
Purchases	13,704		12,898	
Non-operating transactions	5,247		24,670	

*2 Major items of selling, general and administrative expenses and their amounts and approximate composition are as follows.

	FY2024 (April 1, 2024–December 31, 2024)		FY2025 (January 1, 2025–December 31, 2025)	
Directors' remuneration	609	million yen	876	million yen
Salaries and bonuses	8,441		10,852	
Retirement benefit expenses	25		21	
Legal welfare expenses	1,116		1,882	
Experimentation and research expenses	2,105		3,259	
Travel and transportation	737		1,093	
Commissions	2,990		4,112	
Rent	639		901	
Depreciation	725		1,063	
Provision of allowance for doubtful accounts	(253)		(0)	

Approximate composition:

Selling expenses	31%	32%
General and administrative expenses	69%	68%

*3 Gain on sales of investments in securities is from sales of cross-shareholdings.

Securities

The fair values of shares of subsidiaries and affiliates are not provided because such shares do not have a market price.

The carrying amounts of shares of subsidiaries and affiliates that do not have a market price are as follows.

Category	FY2024 (as of December 31, 2024) (million yen)	FY2025 (as of December 31, 2025) (million yen)
(1) Shares of subsidiaries	54,443	54,817
(2) Shares of affiliates	-	-
Total	54,443	54,817

Tax effect accounting

1. Significant components of deferred tax assets and liabilities

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Deferred tax assets:		
Provision for bonuses	3,243 million yen	4,161 million yen
Experimentation and research expenses	2,787	3,088
Provision for retirement benefits	3,150	3,111
Loss on valuation of shares in affiliates	4,064	4,064
Foreign tax credit carried forward	1,806	1,281
Other	2,231	3,153
Valuation allowance	(4,579)	(4,594)
Total deferred tax assets	12,703	14,267
Deferred tax liabilities:		
Prepaid pension costs	2,445	2,881
Reserve for tax purpose reduction entry of non-current assets	121	122
Net unrealized gain (loss) on securities	2,476	1,409
Other	49	68
Total deferred tax liabilities	5,092	4,482
Offset against deferred tax assets	(5,092)	(4,482)
Net deferred tax assets	7,610	9,784

2. Reconciliation between the statutory tax rate and the effective tax rate after applying tax effect accounting

	FY2024 (as of December 31, 2024)	FY2025 (as of December 31, 2025)
Statutory tax rate	30.6%	30.6%
Adjustments:		
Permanent difference arising from non-deductible expenses (e.g., entertainment expenses)	0.3%	0.3%
Permanent difference arising from non-taxable income (e.g., dividend income)	(4.0)%	(10.1)%
Taxation on per capita basis	0.2%	0.1%
Tax credit for experimentation and research expenses	(1.5)%	(0.9)%
Increase in valuation allowance	(0.4)%	(0.0)%
Other	(3.6)%	1.3%
Effective tax rate after applying tax effect accounting	21.6%	21.3%

Revenue recognition

The note disclosure is omitted as the same information is provided in “1. Consolidated Financial Statements, etc., (1) Consolidated financial statements, Notes to the Consolidated Financial Statements, Revenue recognition.”

Major subsequent events

Not applicable

iv. Annexed detailed schedules

Annexed detailed schedule of property, plant and equipment, etc.

(Million yen)

Type of assets	Balance at beginning of year	Increase during the period	Decrease during the period	Balance at end of year	Accumulated depreciation or amortization at end of the period	Depreciation and amortization for the period	Net balance at end of year
Property, plant and equipment							
Buildings	32,760	18,338	332	50,766	22,508	1,149	28,257
Structures	6,078	674	48	6,705	5,058	146	1,647
Machinery and equipment	15,816	3,973	639	19,149	10,416	817	8,732
Vehicles	90	1	6	85	78	4	7
Tools and fixtures	8,751	1,465	339	9,877	7,450	245	2,427
Land	7,461	-	-	7,461	-	-	7,461
Leased assets	2,773	58	1,509	1,323	246	202	1,076
Construction in progress	8,201	19,543	23,642	4,103	-	-	4,103
Total property, plant and equipment	81,934	44,055	26,517	99,472	45,758	2,566	53,713
Intangible assets							
Software	15,198	2,355	421	17,132	11,238	1,022	5,893
Software in progress	284	532	646	170	-	-	170
Other	998	131	6	1,123	1,021	29	102
Total intangible assets	16,481	3,019	1,074	18,426	12,259	1,052	6,166

Notes: 1. The balances at beginning and end of year are stated at cost.

2. The increase during the period was mainly attributable to the following factors:

17,518 million yen recognized in buildings for the redevelopment of Shiga Works.

1,524 million yen recognized in machinery and equipment for the redevelopment of Shiga Works.

791 million yen recognized in machinery and equipment for the renewal of sheet metal processing equipment at Shiga Works.

Annexed detailed schedule of provisions

(Million yen)

Account	Balance at beginning of year	Increase during the period	Decrease during the period	Balance at end of year
Allowance for doubtful accounts	218	0	2	216
Provision for bonuses	10,606	13,610	10,606	13,610
Provision for losses on construction contracts	206	27	182	51
Other provisions	434	184	74	544

(2) Components of major assets and liabilities

This information is omitted because the Company has prepared the consolidated financial statements.

(3) Other

Not applicable

VI. Outline of Share-Related Administration of Reporting Company

Fiscal year	From January 1 to December 31
Ordinary general meeting of shareholders	In March
Record date	December 31
Record date for dividends of surplus	June 30 December 31
Number of shares per unit	100 shares
Purchase and sale of shares of less than one unit	
Place of handling	Special account: Stock Transfer Agency Business Planning Department, Sumitomo Mitsui Trust Bank, Limited 4-5-33 Kitahama, Chuo-ku, Osaka
Stock transfer agent	Special account: Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo
Forwarding office	-
Share purchase/sale fees	None
Method of public notice	The Company gives public notices by means of electronic public notice. However, if electronic public notice is not possible due to an accident or any other unavoidable reason, the public notices shall be given in the Nihon Keizai Shimbun. Electronic public notices are posted on the Company's website in Japanese at the following URL: https://www.daifuku.com/jp/
Shareholder benefits	None

VII. Reference Information of Reporting Company

1. Information about Parent of Reporting Company

The Company does not have a parent company, etc., as prescribed in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act.

2. Other Reference Information

From the beginning of this fiscal year up to the filing date of this Annual Securities Report, the Company has filed the following documents:

(1) Annual Securities Report, attached documents thereof and Confirmation Letter

The 109th fiscal year (from April 1, 2024–December 31, 2024)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 31, 2025.

(2) Internal Control Report and attached documents thereof

The 109th fiscal year (from April 1, 2024–December 31, 2024)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 31, 2025.

(3) Semiannual Securities Report and Confirmation Letter

The first half of the 110th fiscal year (from January 1, 2025–June 30, 2025)

Submitted to the Director-General of the Kanto Local Finance Bureau on August 8, 2025.

(4) Extraordinary Reports

Extraordinary Report pursuant to the provisions of Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Order on Disclosure of Corporate Affairs (result of exercise of voting rights at general meeting of shareholders)

Submitted to the Director-General of the Kanto Local Finance Bureau on March 31, 2025.

Part 2. Information about Reporting Company's Guarantor, etc.

Not applicable



Independent Auditor's Report

To the Board of Directors of Daifuku Co., Ltd.

THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Daifuku Co., Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2025, and the consolidated statements of income and comprehensive income, consolidated statements of changes in net assets and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, and the annexed consolidated detailed schedules.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2025 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to audits of financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimating the total cost of construction with regards to the revenue recognized as the performance obligation is satisfied over time	
Key audit matter description	How our audit addressed the key audit matter
<p>The Group conducts business globally as a manufacturer and integrator of material handling systems, and most orders from its customers include construction projects. For construction projects with performance obligations satisfied over time, the Group recognizes revenue over time based on progress towards completion measured by the cost-to-cost method. As described in “ Notes to Consolidated Financial Statements, Significant accounting estimates, 1. Revenue recognition for construction contracts, (1) Amounts recorded in the consolidated financial statements,” net sales recognized over time for the current consolidated fiscal year were 490,548 million yen (approximately 74% of consolidated net sales). Given the materiality of net sales recognized over time as well as the judgment exercised by management, revenue recognized over time, particularly with respect to the estimates of total construction costs, requires careful audit consideration.</p> <p>The estimated total costs are determined based on historical project performance and various conditions for each individual project in line with the agreed-upon specification in the contract. As each individual long-term contract is unique in terms of specification and construction periods, the estimates of the total cost require management judgment based on historical project performance and is particularly complex for large-scale long-term contracts. Consequently, in case of unforeseen events, such as changes in specifications during construction due to requests from customers, fluctuations in man-hours requirements and material and equipment prices, and additional costs incurred during construction due to modifications, the estimated total costs may differ from the actual costs.</p> <p>Based on the above, we considered the estimates of total cost of construction used to recognize revenue over time method as a key audit matter.</p>	<p>We performed the following principal audit procedures to evaluate management's estimates of total cost of construction used to recognize revenue over time.</p> <p>We evaluated the design and implementation and tested the operating effectiveness of the following internal controls:</p> <ul style="list-style-type: none"> • Controls for obtaining internal approval for the initial estimate of total cost of construction based on agreed-upon specifications, for example, by ensuring this initial estimate considers the actual cost of similar projects in the past. • Controls that periodically compare the estimated total construction cost for each project with the actual amount incurred, confirm whether estimates have been revised when necessary, and approve the latest estimate of the total construction cost in a timely and appropriate manner. <p>In order to evaluate the reliability of estimates developed by management and cost managers, we compared the estimated amount of total construction costs at the end of the previous consolidated fiscal year to the re-estimated amount or actual amount at the end of the current consolidated fiscal year.</p> <p>We performed the following procedures for samples selected based on our materiality:</p> <ul style="list-style-type: none"> • Tested the reasonableness of the total cost of construction by examining supporting documents. • Observed meetings held by management periodically to monitor the progress of the project, including conducting inquiries with the cost manager, and inspected supporting documents for the estimated total costs of construction. • Observed the construction site and inquired with the site manager to gain an understanding and evaluate the method utilized by management to estimate the total costs of construction. • For construction projects completed after the end of the current fiscal year, compared the estimated total construction cost and the actual confirmed amount.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FEE-RELATED INFORMATION

In connection with our audit of the consolidated financial statements for the year ended December 31, 2025, the amounts of fees for the audit and the other services charged to Daifuku Co., Ltd. and its controlled entities by PricewaterhouseCoopers Japan LLC and other PwC Network firms are disclosed in “4. Corporate Governance (3) Audits” in “IV. Information about Reporting Company”.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/Kengo Yamamoto

Designated Engagement Partner
Certified Public Accountant

June 25, 2026

/s/Masahisa Kinoshita

Designated Engagement Partner
Certified Public Accountant



Independent Auditor's Report

To the Board of Directors of Daifuku Co., Ltd.

THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Daifuku Co., Ltd. (the Company), which comprise the non-consolidated balance sheets as at December 31, 2025, and the non-consolidated statements of income and non-consolidated statements of changes in net assets for the year then ended, and notes to the non-consolidated financial statements, and the annexed detailed schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025, and its financial performance for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to audits of financial statements of public interest entities in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Reasonableness of estimating the total cost of construction with regards to the revenue recognized as the performance obligation is satisfied over time	
Key audit matter description	How our audit addressed the key audit matter
<p>The Company conducts business globally as a manufacturer and integrator of material handling systems, and most orders from its customers include construction projects. For construction projects with performance obligations satisfied over time, the Company recognizes revenue over time based on progress towards completion measured by the cost-to-cost method. As described in “Notes to Non-Consolidated Financial Statements, Significant accounting estimates, 1. Revenue recognition for construction contracts, (1) Amounts recorded in the non-consolidated financial statements,” net sales recognized over time for the current fiscal year were 195,436 million yen (approximately 68% of net sales). Given the materiality of net sales recognized over time as well as the judgment exercised by management, revenue recognized over time, particularly with respect to the estimates of total construction costs, requires careful audit consideration.</p> <p>The estimated total costs are determined based on historical project performance and various conditions for each individual project in line with the agreed-upon specification in the contract. As each individual long-term contract is unique in terms of specification and construction periods, the estimates of the total cost require management judgment based on historical project performance and is particularly complex for large-scale long-term contracts. Consequently, in case of unforeseen events, such as changes in specifications during construction due to requests from customers, fluctuations in man-hours requirements and material and equipment prices, and additional costs incurred during construction due to modifications, the estimated total costs may differ from the actual costs.</p> <p>Based on the above, we considered the estimates of total cost of construction used to recognize revenue over time method as a key audit matter.</p>	<p>We performed the following principal audit procedures to evaluate management's estimates of total cost of construction used to recognize revenue over time.</p> <p>We evaluated the design and implementation and tested the operating effectiveness of the following internal controls:</p> <ul style="list-style-type: none"> • Controls for obtaining internal approval for the initial estimate of total cost of construction based on agreed-upon specifications, for example, by ensuring this initial estimate considers the actual cost of similar projects in the past. • Controls that periodically compare the estimated total construction cost for each project with the actual amount incurred, confirm whether estimates have been revised when necessary, and approve the latest estimate of the total construction cost in a timely and appropriate manner. <p>In order to evaluate the reliability of estimates developed by management and cost managers, we compared the estimated amount of total construction costs at the end of the previous fiscal year to the re-estimated amount or actual amount at the end of the current fiscal year.</p> <p>We performed the following procedures for samples selected based on our materiality:</p> <ul style="list-style-type: none"> • Tested the reasonableness of the total cost of construction by examining supporting documents. • Observed meetings held by management periodically to monitor the progress of the project, including conducting inquiries with the cost manager, and inspected supporting documents for the estimated total costs of construction. • Observed the construction site and inquired with the site manager to gain an understanding and evaluate the method utilized by management to estimate the total costs of construction. • For construction projects completed after the end of the current fiscal year, compared the estimated total construction cost and the actual confirmed amount.

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the financial statements and our auditor's report thereon. Management is responsible for the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FEE-RELATED INFORMATION

Fee-related Information is disclosed in the independent auditor’s report on the consolidated financial statements of Daifuku Co., Ltd.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

/s/Kengo Yamamoto
 Designated Engagement Partner
 Certified Public Accountant

/s/Masahisa Kinoshita
 Designated Engagement Partner
 Certified Public Accountant

June 25, 2026