

Mission Statement & Policies

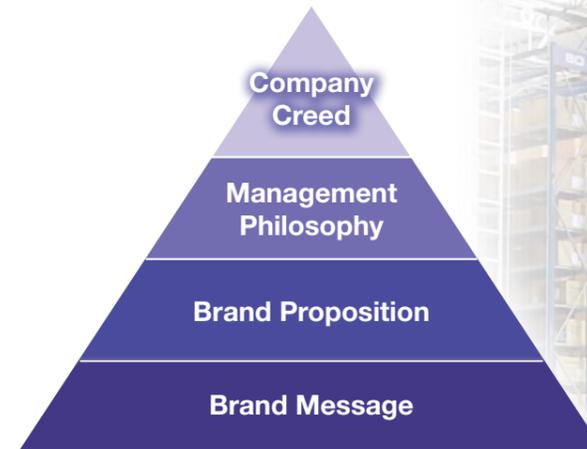
Company Creed



Hini Arata

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

Corporate Policies Structure



Disclosure

Investor Relations information ▼
www.daifuku.com/ir



CSR information ▼
www.daifuku.com/sustainability



Editorial Policy

This annual report presents a brief summary of material information particularly relevant to the Daifuku Group's value creation. The front cover design represents that Daifuku's e-commerce supporting material handling systems quickly and accurately send goods to consumers. See the Company website for more detailed information: www.daifuku.com

The report covers 59 companies, including 55 consolidated subsidiaries and two equity-method affiliates (as of March 31, 2017).

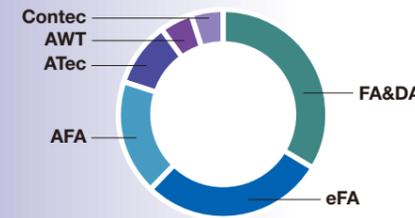
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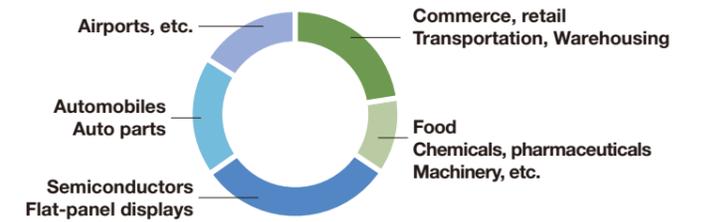
Business Overview

The Daifuku Group has a long track record in material handling across a wide variety of sectors, and is the world's leading material handling systems manufacturer and integrator.

Consolidated sales by business (FY2016)



Consolidated sales by industry (FY2016)



Daifuku by the numbers



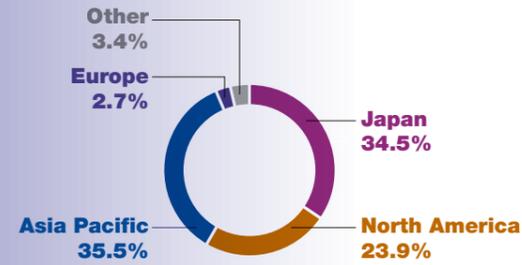
* Source: Modern Materials Handling - May 2017 (See page 4)

Core businesses

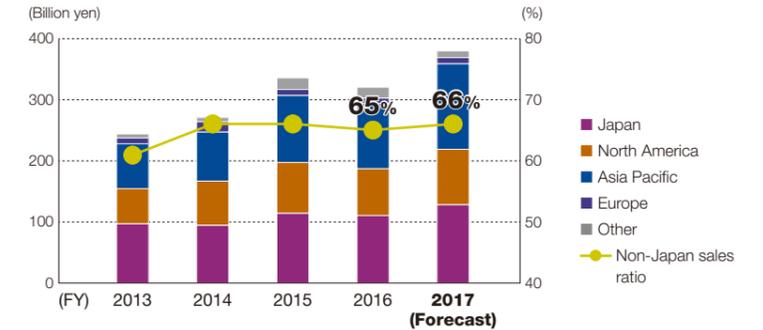
	<p>Manufacturing and Distribution Systems</p> <p>FA&DA Factory & Distribution Automation</p>	Provides systems to distributors and manufacturers in wide-ranging sectors. This business is actively developing into global markets and is focusing on capturing growth opportunities in Asia. Sales were also enhanced in North America.
	<p>Cleanroom Production Line Systems</p> <p>eFA e-Factory Automation</p>	Provides systems to semiconductor and flat-panel display factories. About 90% of sales are recorded outside of Japan, including Asia and North America. With the core factory in Japan, local production has been growing in South Korea, China, and Taiwan. This business boasts a large market share with its advanced technologies.
	<p>Automobile Production Line Systems</p> <p>AFA Automotive Factory Automation</p>	Provides systems for automobile production processes worldwide, mainly for Japanese, U.S., Chinese, and South Korean automakers. The system conveys car bodies between each manufacturing process at automobile factories, including press, weld, paint, and assembly shops. Also, this business is expanding into the parts logistics sector. In particular, sales of the service business, including upgrades of existing factories, are strong.
	<p>Airport Technologies</p> <p>ATec</p>	Provides a broad range of automated systems for airports, including baggage handling systems, automated baggage check-in systems, baggage screening systems, and software and controls. This business responds to demand for building new airports in emerging countries, as well as upgrades, services, and operations for airport facilities in the West.
	<p>Car Wash Machines</p> <p>AWT Auto Washing Technologies</p>	Provides mainly car wash machines to filling stations and automobile dealers. The business enhances eco-friendly features, including water saving and plant-based liquid detergent use. This business boasts top shares in Japan and South Korea.
	<p>Electronics</p> <p>Contec</p>	Provides high-end industrial personal computers, IoT-related systems, controllers used in medical devices, computers for digital signage, and measuring/control systems for solar facilities through Daifuku's subsidiary Contec Co., Ltd.

Global Presence

The Daifuku Group has steadily pursued global business development, establishing production and sales locations in 23 countries and regions. Non-Japan sales accounted for 65% of revenue in fiscal 2016.

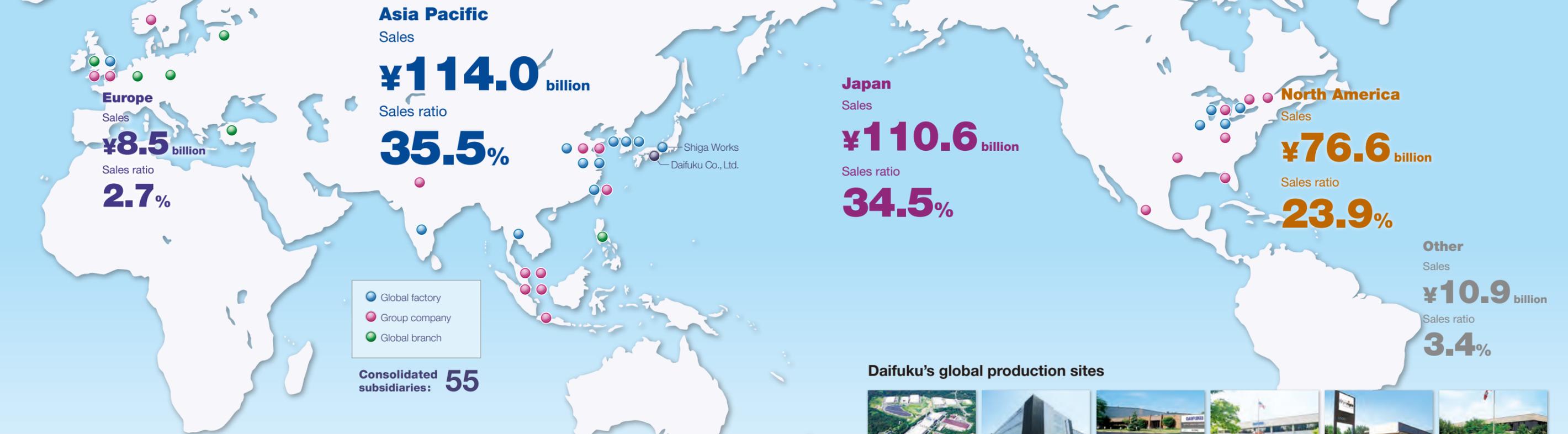


Sales by region, non-Japan sales ratio



Note: Performance in fiscal 2017 is expected to weaken because of foreign currency fluctuations.

Fiscal 2016 sales by region, ratio to net sales



Top 20 worldwide materials handling systems suppliers 2016



* Equity-method affiliate since July 2012

Source: Modern Materials Handling - May 2017

Note: There may be instances where ranking and sales do not correlate, due to the timing of each company's revenue data submission.

Daifuku's global production sites



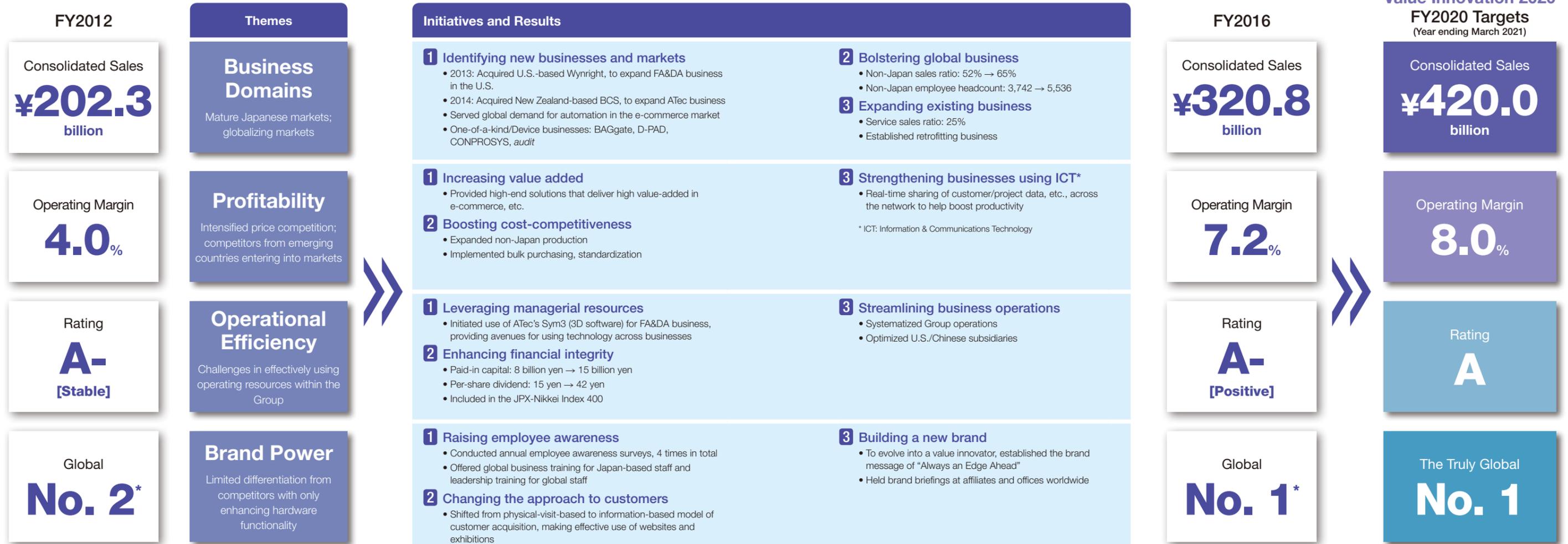
Daifuku achieved nearly all its management targets for the previous medium-term business plan, Value Innovation 2017. Under the new business plan, Value Innovation 2020 starting in fiscal 2017, we aim to become a truly world-leading company in material handling.

Steadily achieving goals

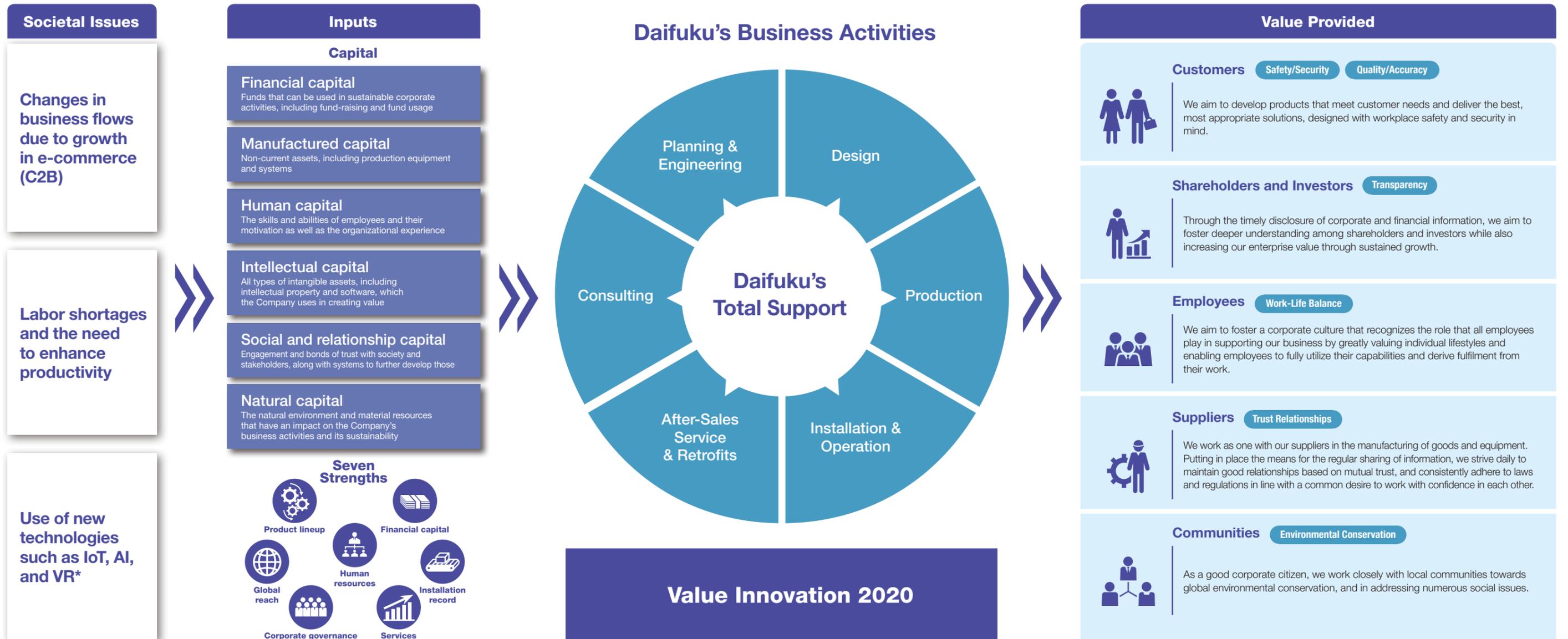
Aiming to become the Truly Global No. 1 under

the Value Innovation 2020 Business Plan

Value Innovation 2017 (FY2013–FY2016)



* Source: Modern Materials Handling



* VR: Virtual Reality

Risk Factors

Price competition

We believe that the Daifuku Group's products offer high value-added and incorporate technology, quality, and cost characteristics that competitors cannot easily replicate, but competition in the industries in which we do business is fierce, and the intensification of price competition has the potential to put pressure on our earnings.

Product quality issues

We endeavor to apply rigorous quality management to all products produced in Japan and abroad, and we hold liability insurance to safeguard against the possibility of unforeseen quality claims, but serious quality claims, should they arise, have the potential to affect the Group's financial results.

Capital expenditures and economic conditions

All of our customers in the semiconductor and flat-panel display (FPD) market and the automotive market are among the industry leaders, actively engaged in capital expenditures with a view to the future, and exhibit strong growth, but temporary suspensions and/or postponements of capital expenditures due to sudden changes in demand trends in both markets, were they to occur, have the potential to affect the Group's financial results.

Non-Japan business

We do business globally, particularly in North America and Asia. Relative to domestic operations in Japan, however, overseas business operations are subject to higher levels of risk from changes in social, political, and economic conditions, unforeseen regulatory changes, and the like.

Increasing project scale

With the recent advance of e-commerce, reductions in semiconductor sizes, increases in FPD sizes, and so forth, the systems that we are involved with are becoming more sophisticated and larger in scale than ever before. Our financial results may be affected by the timing of orders recorded, along with how efficiently all aspects of projects are managed.

Financial and Non-Financial Highlights

Financial highlights

	Million yen		%
	FY2016	FY2015	Change
For the Year			
Orders received	¥ 356,518	¥ 359,427	(0.8)%
Net sales	320,825	336,184	(4.6)
Operating income	23,099	20,878	10.6
Net income attributable to shareholders of the parent company	16,746	13,652	22.7
Capital investment	5,905	4,210	40.3
R&D expenditures	7,489	7,009	6.8
Cash Flows			
Cash flows from operating activities	¥ 26,683	¥ 7,206	270.3%
Cash flows from investing activities	(5,393)	(2,099)	(156.9)
Free cash flows	21,289	5,107	316.8
Cash flows from financing activities	(4,404)	(8,702)	49.4
At Year-End			
Total assets	¥ 303,540	¥ 296,055	2.5%
Working capital	96,401	99,293	(2.9)
Net assets	142,340	130,116	9.4
Amounts per Share of Common Stock			
Net income per share (Yen)	¥ 137.58	¥ 118.72	15.9%
Net assets per share (Yen)	1,142.14	1,044.40	9.4
Cash dividends per share (Yen)	42.00	30.00	40.0
Ratios			
Operating income/net sales	7.2%	6.2%	+1.0pt
Net income/net sales	5.2	4.1	+1.1pt
Return on shareholders' equity (ROE)	12.6	11.6	+1.0pt
Shareholders' equity/total assets	45.8	42.9	+2.9pt

Note: A PDF version containing notes to the financial statements is available on our website: www.daifuku.com/ir/library/annualreport

Non-financial highlights

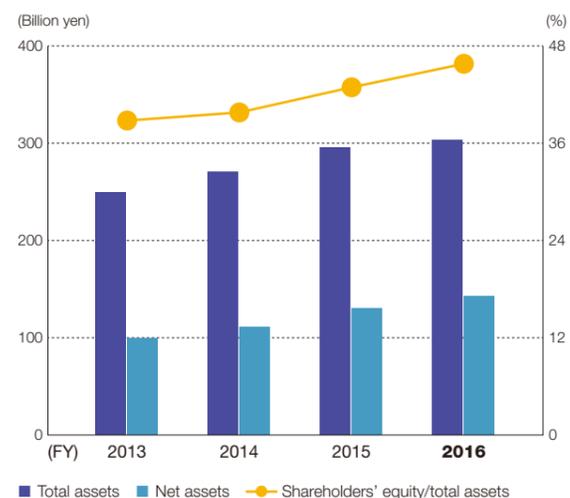
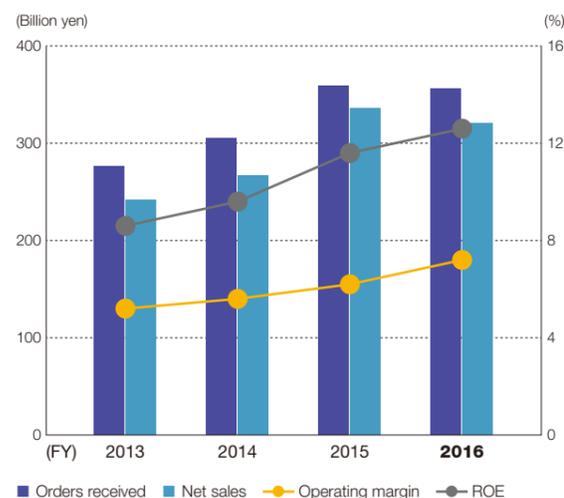
Environment	FY2016	FY2015	Change
CO₂ emissions (t-CO₂)			
Japan	15,034	16,190	(7.1)%
Outside Japan	24,563	20,148	21.9
CO ₂ reduction contribution from environmentally friendly products (t-CO ₂)	41,689	33,367	24.9
Water usage (m³)			
Japan	125,991	135,519	(7.0)
Outside Japan	102,160	98,522	3.7
Emission and transfer volume of chemical substances related to PRTR Law (kg)*1	21,180	30,010	(29.4)
Waste generated (t)*2	4,634	5,073	(8.7)
Recycling rate (%)**2	98.7	98.3	+0.4pt

*1: Shiga Works

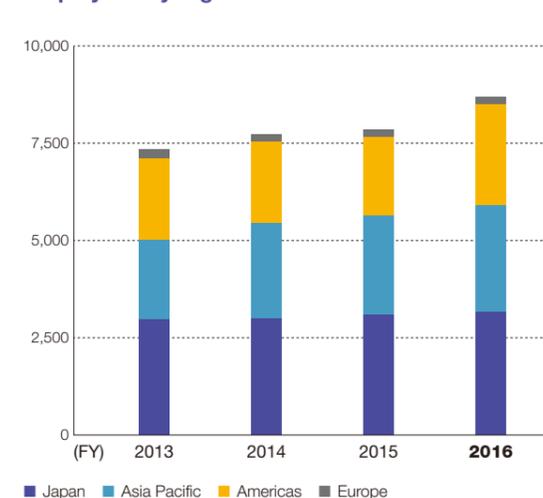
**2: Figures for Japan only

Employees	FY2016	FY2015	Change
Total	8,689	7,835	10.9%
Japan	3,153	3,077	2.5
Asia Pacific	2,758	2,558	7.8
Americas	2,587	2,027	27.6
Europe	191	173	10.4

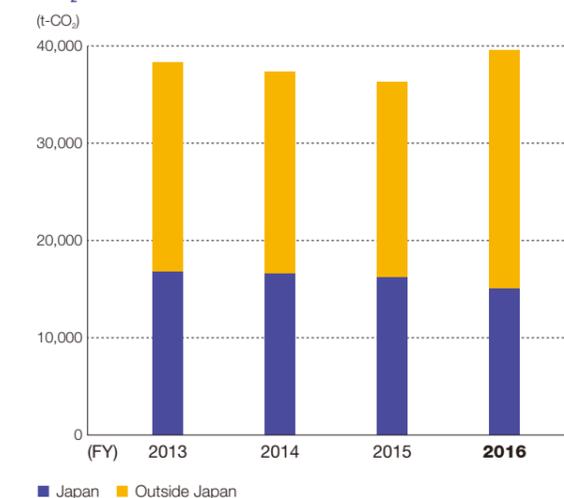
Consolidated financial data



Employees by region



CO₂ emissions





Masaki Hojo
President and CEO

Becoming the Truly Global Leader in Material Handling under “Value Innovation 2020”

Fiscal 2012 vs. Fiscal 2016

Net sales +58.6%	Operating income +188.4%	ROE +7.0pt
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Review of Fiscal 2016 and the “Value Innovation 2017” Business Plan

We achieved all of our medium-term business plan targets except for net sales, which was affected by the strong yen. Our distribution automation (DA) business expanded in Japan, enhancing our earning capacity, and generating record highs for operating income for two consecutive years.

Consolidated orders in fiscal 2016 ended March 31, 2017 declined 0.8% from the previous fiscal year, to 356.5 billion yen, with net sales down 4.6%, to 320.8 billion yen. Operating income, however, rose 10.6%, to 23.0 billion yen, with net income attributable to shareholders of the parent company up 22.7%, to 16.7 billion yen. As a result, compared to the business plan targets of net sales of 340 billion yen, operating income of 21.0 billion yen, and ROE of 10% or higher, we achieved the targets for both operating income and ROE, while net sales were affected by the strong yen. The main factor in this was the extremely active investment in Japan by distributors in line with the growth and development of e-commerce. In Japan, our production has been increasingly efficient with personnel and other aspects, making the DA business an earnings driver in terms of both quantitative expansion and the multiplier effect.

Looking back on the four years of the Value Innovation 2017 business plan, I believe we managed to largely achieve our goal of strengthening existing businesses. In the DA business, we not only expanded existing business, but broadened our customer base with new customers. Also, there are no other material handling companies anywhere in the world with operations in the three sectors—manufacturing and distribution systems, semiconductor and flat-panel display (FPD) production line systems, and automobile production line systems. In the semiconductor and FPD sectors, Daifuku benefits from the “Made in Japan” reputation for quality, and has gained a high market share. The inclusion of airport technologies along with these sectors is another of Daifuku’s major strengths. With these comprehensive capabilities, we achieved a position as the global

Value Innovation 2017 targets and fiscal 2016 performance

(Billion yen)

	Final FY Target	FY2016
Net sales	¥340.0	¥320.8
Operating income	¥21.0	¥23.0
ROE	10% or higher	12.6%

industry leader in revenue for three consecutive years (see page 4), however, catching up with the top company in manufacturing and distribution systems, which is our mainstay business, will allow us to become the truly global leader in material handling.

On the other hand, in terms of developing new business models and identifying new businesses, while we have had some initial success, these have yet to produce sufficient results. The new business plan, Value Innovation 2020, will continue various measures to open new markets, including establishing distinctive business models, developing new technologies, and M&A with companies possessing unique technologies.

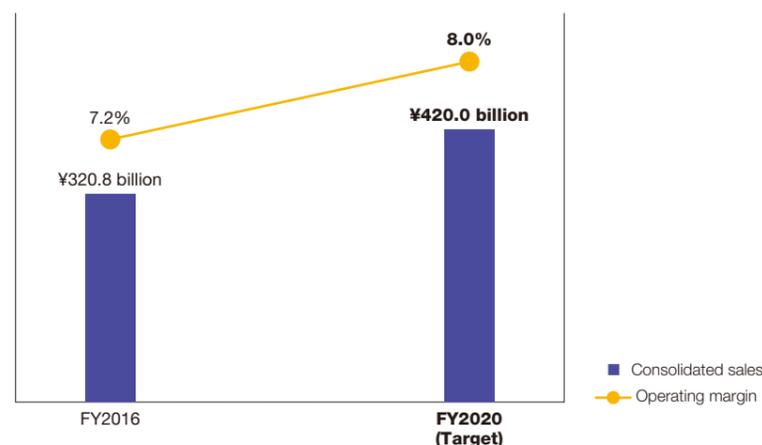
In particular, we are focusing on innovation in material handling systems as part of the “smart logistics” concept, and will continue to advance the Airport Technologies segment as one of four core businesses. (See the Special Feature on pages 18-21 for details.)

The New “Value Innovation 2020” Business Plan and Its 10-Year Vision

With the aim to be the truly global leader in material handling, using new technologies and by providing new solutions, we will increase system quality and enhance value for customers.

The new four-year business plan launched in April 2017, “Value Innovation 2020,” was formulated in a way that also takes into account a vision of our future after 10 years, where it will be crucial for us to work with e-commerce. Going forward, we believe that there will be a change from business-to-consumer (B2C), where companies guide ordinary consumers, to the consumer-to-business (C2B) model that will become the mainstream, with the needs of ordinary consumers guiding companies. For B2B companies such as Daifuku to survive, we need to remain conscious of the consumer trends facing our customers.

**Consolidated sales and operating margin
fiscal 2016 vs. fiscal 2020**



Managers in leading C2B companies are extremely quick in decision making and management, maybe 10 times faster than our Company. By the time we decide on a course of action, they are already thinking three years ahead, with many brilliant ideas being generated. In dealing with companies led by such top managers, we need to be constantly thinking of the next step in both business and management. Safety and stability are, of course, paramount, but that alone will not allow us to survive the competition. We need to constantly set challenges for ourselves.

We do not make robots or sensors, but we have more expertise than any other company in equipment, devices, and efficient and effective applications that large distribution centers need. Quality is not in the product itself, but in taking a broader view of the structure, and incorporating various applications, enhancing the quality of the overall system.

In semiconductors as well, our business benefits from a strong tailwind. This is because automobiles now incorporate a lot more electronics. The Internet of Things (IoT) and artificial intelligence (AI) will further accelerate this trend. Self-driving cars can be considered a type of IoT. The volatility that typified the semiconductor industry when it relied on personal computers alone will fade, accordingly.

Due to IoT and AI, our business will change. One example is the collection and analysis of system operating data to provide preventative maintenance services. We will be able to analyze the problems that occur in system operations at an early stage, and respond accordingly. Inferring the cause from the result is exceedingly imprecise. The ability to recreate visually what happened, and the circumstances at the moment it occurred, will allow us to discern the true cause.

When I was a salesperson for automotive production line systems, a customer told me that for every minute the line stopped, production volume fell by one vehicle. An hour’s stoppage meant 60 fewer vehicles, with losses in the hundreds of millions of yen. Disruption to automobile and semiconductor production line systems cannot be tolerated. When discussing this with the head of an e-commerce company, he mentioned how an interruption in the distribution system is a huge problem for them as well. He pointed out that unlike automobile factories, even when the line stops, customer orders just keep coming, building to a volume that cannot even begin to compare with one vehicle per minute. Ensuring that nothing causes a system failure or stoppage has taken on an even greater significance.

Returning to the issue of IoT and AI, Japan’s Ministry of Land, Infrastructure, Transport and Tourism and the transport industry are moving toward the creation of an efficient delivery system, and the practical application of self-driving vehicles. I believe that, as a leading manufacturer, we also need to be involved in such efforts from the standpoint of material handling.

An Optimal Corporate Governance System for Localization and Globalization

We aim to establish the best corporate governance structure for the Daifuku Group.

One of the aims of the new business plan is to “pursue the best combination of localization and globalization.” This means establishing an optimal corporate governance system to realize further growth outside Japan. During fiscal 2017, the Group plans to have about 9,400 employees, of which 62%, or about 5,800, will work at non-Japanese affiliates. On-site staff are vital to developing business with local customers. That is why we need to strengthen localization, but, without sufficient oversight, the overall governance of the corporate group will be ineffective. To prevent this, it is important for those affiliates to continually share information with Japan, and to adapt the new products and solutions originating from Japan for local markets.

Another of Daifuku’s social responsibilities is “safety.” Top management in the global manufacturing industry is keenly aware of safety, and Daifuku is no exception, conducting business with a consistent focus on safety. At the same time, governance in Japan has a close association with compliance, and, once a company causes a scandal, it loses its continuation value. We consistently strive to raise awareness of compliance among employees. (See the Discussion Between the President and Outside Directors on pages 24-27 for details.)

Daifuku’s Distinctive DNA and Sustainable Growth

Building trust with customers is part of Daifuku’s corporate DNA, and the first key to sustainable growth.

The starting point for Daifuku’s business is responding sincerely to the various needs and wants of customers. Examples of our products being a world or industry first, are far from rare. When a customer believes that our system is an effective means to meet their needs, we are able to build a long-term relationship of trust, allowing for further growth.

This is the positive culture and DNA that Daifuku has built over its 80-year history. The earnings provided by growth are, of course, important, but I believe that focusing too much on earnings causes companies to lose sight of their essence. The morale of salespersons and engineers in direct contact with customers is extremely high, and the trust placed in Daifuku is the source of their energy, and therefore our sustainable growth. Going forward, Daifuku will continue to develop its unique culture, cultivate markets by providing optimal solutions, and contribute to the advancement of customers and societies around the world. Thank you for your continued support.

Masaki Hojo
President and CEO
Daifuku Co., Ltd.

The Challenge to Be a Value Innovator Providing Smart Logistics

Enhancing “visualization and optimization” in logistics, and realizing the value and competitive edge customers seek



Changes in Logistics Value

Advancements in communications technology have significantly changed the form of commercial transactions, and ushered in an era of direct links between companies and individuals. Sales channels have become consumer-to-business (C2B), and logistics, business-to-consumer (B2C), with goods flowing directly to consumers. Any consumer is able to place orders for the things they want anytime and anywhere, and, because goods are delivered directly without passing through stores, the issue in terms of logistics is to serve many and varied individuals in a way that it never had to before. The role played by logistics and the value demanded of logistics are rising rapidly. The

material handling systems provided by Daifuku are increasingly important as part of the social infrastructure essential in such a logistics revolution.

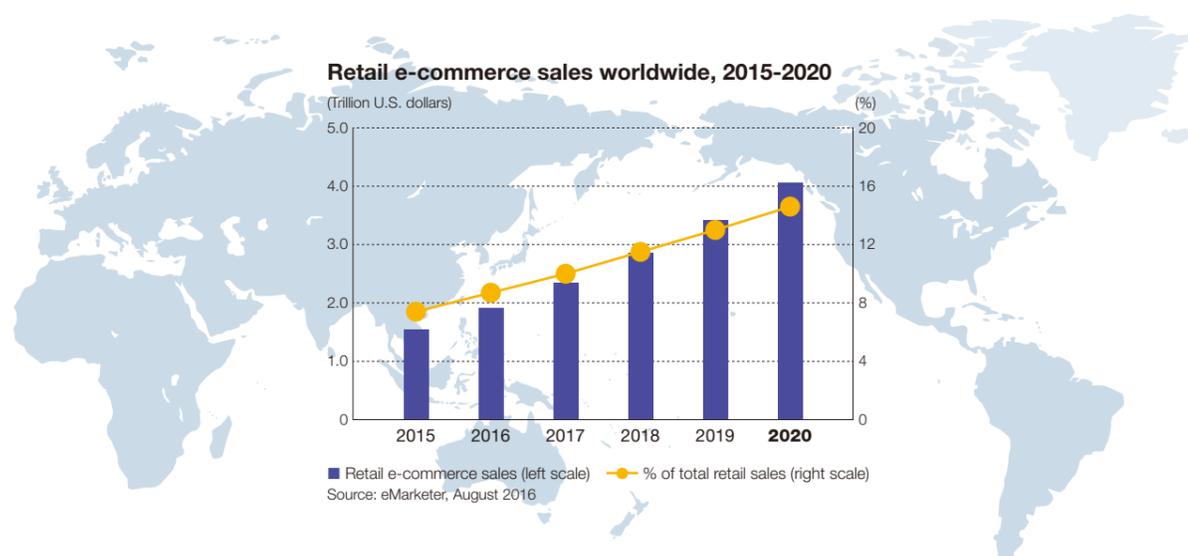
The Smart Logistics Customers Need

Consumers and logistics have become directly linked, and the level of service demanded of logistics by customers has risen dramatically. With more-frequent deliveries, a rapidly increasing number of packages, and shorter lead times, logistics centers are becoming larger, with greater speed, precision, and complexity. Logistics systems need to be faster and more precise than ever, with stoppage

unacceptable, and immediate recovery when an interruption occurs. By using the Internet of Things (IoT), information and communications technology (ICT), artificial intelligence (AI), and other technologies, Daifuku is accelerating the development speed and is improving delivery quality through virtual verification, and is providing the “smart logistics” customers need. With these technologies, development and testing are possible without physically making anything, the current status of operations can be confirmed without being on site, and predictions and

preventive measures are made based on accumulated data. It will also become possible to enhance quality and shorten time in all processes from development to maintenance.

As logistics centers become larger, the need for automation in many different aspects rises. Enhancing “visualization and optimization” in logistics, and achieving lower logistics costs, shorter logistics time, and an improved quality and environment in logistics, delivers the value and competitive edge that customers seek.



Message from the COO



Akio Tanaka
Executive Vice President
and COO

Along with providing customers with smart logistics, initiatives to enhance productivity are essential. Daifuku implements fundamental innovations in production, resolving issues of *muri* (overburden), *muda* (waste), and *mura* (unevenness), three concepts originating in Japan that identify and eliminate waste from work, and using such technologies as IoT and AI to reform methods and processes. Pretesting in virtual spaces improves delivery quality, and eliminates the trouble of on-site adjustments. Visibility is enhanced by taking advantage of IoT and image recognition technology, and accumulated data analyzed to shorten recovery time following a disruption. Standardization and automation in operations also help in reducing costs, increasing quality, shortening work time, and in eliminating dependence on specific personnel. The cost and time saved create added value and lead to a sense of fulfillment for employees.

Accelerating innovation removes the limitations of a specific person, time, and place, and allows for the realization of “anything, anytime, anywhere, and anyone,” we believe. IoT and AI are tools to accelerate innovation. Daifuku will strive to enhance productivity and deliver the smart logistics demanded by customers.

The Challenge to Be a Value Innovator Establishing Airport Technologies as One of Daifuku's Four Core Businesses



Expanding the business scope to include software along with hardware



Shifting to a Hybrid Solutions Provider

A total of 3.5 billion people traveled by air worldwide in 2015, and the International Air Transport Association (IATA) is projecting that this will double to around 7.0 billion in the next 20 years. Construction of new airports, new terminals and demand for increased efficiency, expansion and renovation of existing facilities are expected to further increase.

Considering this business environment, the Daifuku Group positions its Airport Technologies (ATec) as one of the four core businesses, which is a theme of the Value Innovation 2020 medium-term business plan. ATec is becoming a key source of revenue for the Group together with the three other core businesses, i.e. for manufacturers and distributors (FA&DA), for semiconductor and flat-panel display factories (eFA), and for automobile production lines (AFA).

At the heart of our growth strategy is a shift to being an end-to-end total solutions provider. In addition to the existing business centered on baggage handling systems (BHS) and other types of hardware, we are expanding the scope of operations to include sophisticated software elements that will assist in streamlining airport activities.

Integrating Solutions for the Future

Airports around the world are actively introducing digital technologies and security systems to create "smart airports" that offer enhanced passenger safety, security, and convenience.

The Group has built a global network covering markets in North America, Europe, and Asia Pacific, with strengths centered on total solutions incorporating BHSs, operations and maintenance, as well as self-service bag drop (SBD) systems. Using excellent innovative technology from the Group's other core businesses, Daifuku ATec is in a very strong position to develop value-added solutions that will revolutionize the airports market. Some of the innovative products that have been developed include use of FA&DA's highly innovative Automated Storage & Retrieval Systems (AS/RS) for early baggage storage and sortation batching, and the Mobile Inspection Table*¹ that offers a new solution to enhance the effectiveness of baggage inspection.

Daifuku ATec has also started to integrate digital systems with the existing products as part of a plan to transition to a high-value-added business model. Examples of this include sharing of data acquired through the SBD system with an airline's departure control system (DCS), integration of BHS/SBD information with various other airport systems including but not limited to airport management systems (AMS), airport operational databases (AODB), and baggage reconciliation systems (BRS) allowing for more efficient integrated management of airline, airport, passenger, and baggage information.

Self-service using SBD systems reduces passenger wait time and enhances the efficiency of airport operations. The SBD system is a device product that integrates hardware and software, and we expect it to generate strong earnings with more widespread adoption at airports, including for low-cost carriers.

The Sym3 software and control package is a 3D software tool incorporating on a single platform the three functions of simulation (system design verification), emulation (software verification), and SCADA (supervisory control and data acquisition).

Sym3 is able to test various operational scenarios in a simulation, allowing latent problems to be discovered at an early stage. The simulation data can also be forwarded to the emulation function to verify the control operation for the entire layout of actual equipment. We plan to apply this technology to the Group's other core businesses, e.g. FA&DA's manufacturing and distribution automation as well as airport facilities.

The SCADA function is also used in airport machinery facilities as an overall monitoring and control system. Tracking and managing baggage in real time enable immediate notification of alerts, which can be shared over mobile terminals to facilitate a prompt on-site response, helping to eliminate instances of lost baggage and strengthening security hence taking the IATA 753 requirements and compliance to an even higher level.

¹ Mobile Inspection Table (MIT): The MIT, using our "SmartCart" automatic guided cart, automatically transfers baggage from a conveyor, and transports it to a security inspection officer. The system uses an ergonomics approach to enhance the efficiency of inspection, eliminating the need for the security officer to lift or turn the bag. Baggage is automatically returned to the conveyor after inspection.

Message from the Head of Airport Technologies



Shuichi Honda
Director
Senior Managing Officer
Corporate Business Development
Airport Technologies

In 2016, we received our first order for the Baggage Tray System (BTS), a promising new high-speed conveyor system, from Montreal Airport in Canada. The move prompted airports around the world to consider adopting the BTS, giving momentum to our sales activities.

This project was the result of a concerted effort among the Group companies*² around the world, and serves as a new business model of global integration. Our ATec business is being handled as a unified operation under the Daifuku Airport Technologies brand. We will further strengthen our brand at the global level, focusing on the growing markets in the North American region.

² Companies include BCS Group Limited, Elite Line Services, Inc., Jervis B. Webb Company, Logan Teleflex, Inc., and Daifuku Logan Ltd., which all operate under the Daifuku ATec banner.

The Challenge to Be a Value Innovator Financial Strategies and Profit Allocation



Outlook from our new Tokyo Head Office

Four years of our strengthened financial position led to enhanced brand power



Establishing a Robust Financial Position under Value Innovation 2017

Increasing shareholders' equity was one of the themes for the financial strategies in the four-year business plan Value Innovation 2017. Daifuku decided to issue 15.0 billion yen in convertible bonds, with an option for advanced redemption if the share price exceeded the conversion price by 120% or more for 20 business days, and after two years the share price rose steadily, with it eventually exceeding the 120% mark, leading to advanced redemptions being announced. Finally converting all convertible bonds to shares pushed Daifuku's capital to 15.0 billion yen for the first time in a quarter century, with the equity ratio rising to 45.8%, compared to 40.4% in fiscal 2012, which was prior to the launch of Value Innovation 2017. We had a concern that the increased number of issued shares would dilute net income per share; however, through an increase in earning power, we raised this from 40 yen to 137 yen.

Interest-bearing liabilities declined from 53.3 billion yen to 39.7 billion yen, with the D/E ratio falling from 0.64 times to 0.29 times.

ROE rose from 5.6% to 12.6%. Net assets (the denominator) increased with the bond conversion, but was offset by an upturn in the total asset turnover (1.03 times → 1.07 times), the result of steady growth in net income (4.4 billion yen → 16.7 billion yen), and an expansion in non-Japan sales, making it easier to collect advances. Free cash flow also increased, from 2.0 billion yen to 21.2 billion yen.

In 2016, Daifuku was included in the JPX-Nikkei Index 400, meeting the requirements including three-year cumulative operating income, three-year average ROE, and market capitalization. An additional factor was our proactive efforts to comply with Japan's Corporate Governance Code introduced in 2015.

Daifuku also managed to drive its bond rating a bit further, from A-minus to A-flat. In short, these four years were a period in which strengthening our financial position also led to enhanced brand power.

Capital Policy

The Daifuku Group has benefited greatly from the business environment, and is still in a position for more growth.

Our share price has reached 3,400 yen (on June 1, 2017), a considerable increase from 771 yen at the end of March 2012. Meeting market expectations of our growth, and continually increasing net income, is the royal road to enhancing corporate value and ROE.

For capital investment to ensure the next stage of growth, we plan to focus on expanding production facilities to support further growth beyond our target of 420 billion yen in net sales (picture top right: Daifuku's U.S. demo center coming fall 2017). Our M&A efforts will center on incorporating leading-edge technologies, while supporting the business in Europe.

For shareholder returns, we continue to adhere to a payout ratio of 30%, and in fiscal 2016 paid a record dividend of 42 yen per share, which we plan to increase for a fifth consecutive year in fiscal 2017 to 47 yen.

Main financial indicators

	Prior to Value Innovation 2017 (FY2012)	Value Innovation 2017 Targets	Value Innovation 2017 Results (FY2016)	Value Innovation 2020 Targets (FY2020)
ROE	5.6%	(Revised) 10%	12.6%	Secure 10% or higher
Net assets	¥85.6 billion		¥142.3 billion	
Net income per share	¥40	—	¥137	—
Year-end stock price	¥771		¥2,775	
Annual dividend	¥15		¥42	

Message from the CFO



Mikio Inohara
Executive Vice President
CFO and CRO

The responsibility of a CFO is to enhance corporate value by establishing a robust financial position, providing for flexible investment, and ensuring appropriate shareholder returns. We achieved well-balanced results under the Value Innovation 2017 business plan, with net sales, total assets, and market capitalization over 300 billion yen.

At the same time, through communications with non-Japanese investors in particular, we realized that a company is not defined solely in terms of business results and figures. We also need to both minimize downside risk in corporate value with strict compliance, and to enhance upside potential by boosting our brand power.

Under the Value Innovation 2020 business plan, we aim to become the truly global leader in material handling. To accomplish this, we need a global management structure, and collaboration with subsidiaries and affiliates around the world.

Daifuku's management division has formulated the C3 Declaration, comprising "Communication" (ensuring understanding with colleagues around the globe), "Creation" (proposals and remarks that anticipate change), and "Contribution" (contributing to business).

This is an internal declaration, but one that is equally applicable to a wide range of stakeholders. We will further enhance corporate value through C3-focused activities.



Building Daifuku's Global Governance Structure

Noboru Kashiwagi
Outside Director
Independent Officer

Masaki Hojo
President and CEO

Yoshiaki Ozawa
Outside Director
Independent Officer

Localization and Globalization—the Key Theme of the New “Value Innovation 2020” Business Plan

President Hojo: Daifuku's younger executives representing the next generation participated in the formulation of the new medium-term business plan, Value Innovation 2020. With non-Japan sales now consistently exceeding 60% of revenue, we held extensive discussions on the sort of corporate governance and management structures we want to establish, including companies acquired through M&A. One of the major themes that emerged was globalization with locally generated communication, rather than the conventional style of communication originating from Japan. I'd like to hear your views and suggestions on the balance of localization and globalization.

Director Ozawa: Localization and globalization are generally considered to be contradictory. The gradual integration of the world economy is called “globalization,” with optimal global procurement and marketing necessary to maintain sales. In contrast, the usual meaning of “localization” is inward-looking corporate management, conducting business only within a single country. However, Daifuku considers “localization” in the sense of achieving harmony and an optimal balance with globalization, and conducting business as a single organization. I've come across several cases where Japanese companies are unable to manage their subsidiaries, and so entrust the entire operation to local managers, which they refer to as “localization.” The post-merger integration of acquisition targets is extremely difficult, not least due to the language barriers. The point is to leave production and sales to on-site affiliates, with the parent company managing capital and figures in a timely and appropriate manner.

An additional point is the internationalization of the workforce. This requires more than just using English internally, and hiring more foreign employees. Companies need to rethink their approach to the sort of things that used to be called “Japanese-style management,” concepts such as “creating an atmosphere of unspoken understanding” or “reading between the lines” that non-Japanese may not readily recognize. I believe that one of Daifuku's strengths is the sense of loyalty and mutual trust within the Company—the essence of Japanese-style management—but I feel that, for implementing globalization, it would be best to reconsider the current state of Japanese-style management.

Director Kashiwagi: Reconciling global and local management is a difficult issue for any company. One time at a trading company, I've heard presidents and branch managers of overseas subsidiaries refer to themselves half-jokingly as “boarding house masters” looking after the employees dispatched from the business division of the parent company. However, there were also many highly capable subsidiary presidents who not only take care of dispatched employees, but create strong networks of contacts and information in their respective areas, supporting the work of business managers so that they don't become boarders from the parent company. The

gears engage with each other, with overseas subsidiary presidents bringing a local perspective, and employees dispatched from the parent company conveying the headquarters' global outlook. Growth strategies vary by region, differing according to the current situation and nature of business in each country. It's necessary to consider the balance of globalization and localization as the occasion requires. There is no one correct answer or equation.

President Hojo: Daifuku's global business expansion began with local installations and services provided to Japanese companies expanding production outside of Japan. Today, we need to identify business with local customers to expand operations. We should incorporate local aspects, while also transferring Daifuku's strengths to regional areas. It may be a world without correct answers, but I hope we are able to create a satisfactory structure over the next four years.

Daifuku's Corporate Governance

Director Kashiwagi: In any large company, the organization tends to age, and some kind of action is required. However, even though Daifuku has been operating for 80 years, I admire its youthful corporate atmosphere of lively and energetic discussion where employees feel free to speak their minds. At a meeting of the Board of Directors the other day, Executive Vice President Tanaka stated, “We don't believe in behind-the-scenes maneuvering or prior consultation, called *nemawashi* in Japanese,” and I felt this was a positive stance. Encouraging people to be on the “same page” ahead of time leads to a situation that overly prioritizes group harmony and risk avoidance, resulting in the company gradually losing its edge. I believe this is one reason for a decline at Japanese companies. In that sense, even though Daifuku as a company is 80 years old, I feel that it has a very youthful corporate spirit.

I also have an extremely strong sense that Daifuku is in step with the trend of the times. With continued innovation in logistics, demand for Daifuku's systems will continue to grow.



This attitude of continual challenge has allowed us to encounter good customers who come to us to find new solutions, and we work diligently to meet those needs. We tend to act rather than deliberate and get the work done.

Director Ozawa: I agree it's important to change. Risk management does not mean never taking any risks. Without risk, there is no return. The point is to understand the risks and manage them accordingly, which Daifuku is doing so far. I believe now it's vital for Daifuku to skillfully manage those risks and face the challenge of meeting customer needs.

President Hojo: Finally, how should we in management instill in our employees the principles of compliance, corporate governance, and the Company's responsibilities to society going forward? We hold activities to raise awareness, but what is the best approach to ensure employees have a deep understanding? I'd like to hear your suggestions.



“ Rather than thinking about localization and globalization in the usual way, I believe it's important to combine and optimize both local and global activities in each of Daifuku's business divisions, and consider the balance of global and local management from the standpoint of the worldwide strategies of the entire Daifuku Group. ”

Noboru Kashiwagi

“ Non-Japan sales now consistently account for more than 60% of revenues, and how to balance localization with globalization and build a corporate governance structure are priority issues. ”

Masaki Hojo

Director Ozawa: Daifuku seems to have skillfully adapted its business model to fit the changing times. Its business has been expanded in response to automation in the automobile industry, factory automation among machinery and electronic manufacturers, and cleanroom semiconductor and flat-panel display production lines. Daifuku's roots may be in conveyor or transport systems, but it has used its core technologies and successfully adapted to the changing times.

Director Kashiwagi: I have exactly the same thought. A keen sense for the times and ability to change are extremely important.

President Hojo: Daifuku has been earnestly developing new products to meet customer needs. We have no time to play defense, or engage in “behind-the-scenes maneuvering” to ensure others are on the “same page.”

Director Kashiwagi: Training courses are essential, but not terribly effective. It's common knowledge in educational theory that lectures are the least effective educational technique.

The most effective method in terms of compliance is not to hold a lot of training sessions, but for top management to occasionally speak on the importance of having integrity as a company. For example, it's to mention in the New Year's address how compliance is extremely important, or demonstrate a clearly disapproving attitude toward a director who makes an anti-compliant remark during a meeting of the Board of Directors. I believe top management expressing their position on compliance is the most effective method. The current Daifuku management has been steadily communicating such a message at least since the time of the late Chairman Katsumi Takeuchi.

Director Ozawa: Ultimately, everything is determined by how executives consider and act. Unless executives sincerely accept their social responsibility and act in a timely and appropriate manner, the company will be unable to fulfill its social responsibilities no matter how splendid it looks from the outside. It's important for executives to take the initiative and act while continually bearing in mind the lessons of the past and fundamental principles. Daifuku is underpinned by loyalty, and the lessons of a harmonious atmosphere and everyday sensibility are important components that have fostered and developed its corporate culture.

Director Kashiwagi: I recently learned an interesting expression, “Don't cut corners for numbers.” In essence, don't be deceptive just to make sales numbers or other figures look better. Moreover, aim for high performance with high integrity. I wholeheartedly agree with this. Daifuku's management is regularly sending the message to never be dishonest to boost numbers. I believe the Company and its management are incredibly trustworthy.



“ An essential component of corporate governance is management control. It's important for the president and all management to communicate a clear message to the Group companies, and to exercise global control over those companies to ensure their transparency in line with that message. Daifuku's management control has improved each year, and is in good condition. The Company and its management are extremely trustworthy. ”

Yoshiaki Ozawa

Principal Initiatives

The Daifuku Group strives to fulfill its corporate governance responsibility with the aim of ensuring the sustained growth of the Group and creating its medium- to long-term corporate value, based on the key tenets of its management

philosophy: “provide the best solutions to benefit the global markets and the development of society” and “focus on healthy, growth-driven global management under a diverse and positive corporate culture.”

FY2016 overview

Form of organization	Company with the Audit & Supervisory Board
Term of office of Directors stipulated in the Articles of Incorporation	1 year
Chair of the Board of Directors	President and CEO
Number of directors	10 (including 2 outside directors, who are also independent officers)
Frequency of Board meetings	Regular: 12 times, Special: 6 times
Voluntary committee	Advisory Committee for nominations and remunerations
Members and chair of the Advisory Committee	Members: 3 representative directors and 2 outside directors Chair: One of outside directors
Frequency of Advisory Committee meetings	4 times
Number of Audit & Supervisory Board members	5 (including 3 outside members of the Audit & Supervisory Board, who are also independent officers)
Frequency of Audit & Supervisory Board meetings	6 times
Independence standards of outside directors and outside members of the Audit & Supervisory Board	Daifuku defines its standards, which are specified in the disclosed Corporate Governance Report, etc.
Evaluation of the Board of Directors' effectiveness	A questionnaire survey of all directors and Audit & Supervisory Board members is conducted concerning the Board of Directors' effectiveness. For the results of the survey, please see page 29.
Directors' remuneration system linked to the medium- to long-term results	In August 2016, the Board Benefit Trust for inside directors and corporate officers, a performance-linked equity compensation plan, was introduced.

Initiatives for Strengthening Corporate Governance Structure

Daifuku Corporate Governance Guidelines

To develop further as a global corporate entity, the Group believes that it is important to act in accordance with the spirit of Japan's Corporate Governance Code. As an indicator of this commitment, the Group has established and discloses the Daifuku Corporate Governance Guidelines as the guidepost for fulfilling its corporate governance. For the disclosure based on the Principles of the Corporate Governance Code, please refer to the Guidelines.

Information disclosure on corporate governance

Daifuku Corporate Governance Guidelines
www.daifuku.com/ir/policy/governance/guideline

Notice of General Meeting of Shareholders
www.daifuku.com/ir/stock/shareholders

Corporate Governance Report
www.daifuku.com/ir/policy/governance

Evaluation of the Board of Directors' effectiveness

Regarding the evaluation of the Board of Directors' effectiveness, the Company has a basic policy of striving to improve its effectiveness by continuously implementing the PDCA cycle. The Company regards this evaluation survey,

conducted since fiscal 2015, as being of considerable importance for deepening the understanding of the Corporate Governance Code and sharing its issues. Going forward, the Company will work to deepen discussion and resolve issues.

1. Evaluation method

Step 1: The Company conducted a questionnaire survey of directors and Audit & Supervisory Board members concerning the Board of Directors' effectiveness.

Step 2: The results of the survey were analyzed at regular meetings of representative directors, outside directors, and members of the Audit & Supervisory Board, and the evaluation was reported at a meeting of the Board of Directors.

2. Evaluation results

	FY2015	FY2016
Comprehensive evaluation	<ul style="list-style-type: none"> All members of the Board of Directors share the contexts of subjects and issues, and hold diverse and positive discussions. The Board of Directors is operated efficiently. 	<ul style="list-style-type: none"> All members of the Board of Directors share the contexts of subjects and issues, and hold diverse and positive discussions. The Board of Directors is operated efficiently. This result was the same as that of the previous fiscal year; however, overall improvements were seen.
Issues	<ul style="list-style-type: none"> It is necessary to consider how all the corporate governance bodies are managed, including not only the Board of Directors but also the Management Advisory Meeting as well as the implementation of revisions of the rules and regulations, and their members. It is necessary to consider, in particular, that outside officers receive the early distribution of materials and advance briefings on important matters in agenda items. 	<ul style="list-style-type: none"> The Company reviewed the regulations of the Board of Directors, etc. Specifically, the Company accelerated management decision making and strengthened the supervisory function of the Board of Directors by narrowing down the matters to be discussed in the meetings of the Board of Directors based on the assumption of the delegation of a certain range of authorities. These revised rules and regulations will come into effect in fiscal 2017. The Company improved the relevant operations by means such as the use of information technology. However, this initiative was evaluated as being insufficient, and the Company will undertake further examinations to devise response measures.

Cross-shareholding strategy

- Shares of other listed companies held by Daifuku, including those held as cross-shareholdings, shall be kept to the minimum necessary, in principle. On the other hand, Daifuku has 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, shall also be taken into consideration when the economic rationale of cross-shareholdings is examined, and the Board of Directors shall determine whether to hold such shares or not.
- With respect to the voting rights as to cross-shareholdings, assessments shall be made individually by the Chief Financial Officer (CFO) by attaching importance to the medium- to long-term improvement of the corporate value of each cross-shareholding partner. Special attention shall be paid to whether the cross-shareholding partner has been tarnished by scandals or

has committed an antisocial act. If the cross-shareholding partner should be involved in such circumstances, its approach to improvement shall be confirmed.

Takeover defense measures

With approval at the General Meeting of Shareholders, Daifuku updated its takeover defense measures for the period until the end of the Ordinary General Meeting of Shareholders to be held in June 2018. Even before the expiry of the above period, the Board of Directors shall discuss the necessity and rationality of these measures on an as-needed basis and study the necessity of continuing with or changing the measures through appropriate procedures. Of note, Daifuku has established the Special Committee, with a high degree of independence from the management team. A decision from the Special Committee will be required to trigger takeover defense measures.

Corporate Governance Structure

1 Board of Directors

The main roles and responsibilities of the Board of Directors shall be to establish the Company's management philosophy, etc. to determine the strategic direction. It shall undertake constructive discussions about specific management policies, management plans, and other aspects.

2 System to complement functions of the Board of Directors

• Advisory Committee

Daifuku has a voluntary Advisory Committee to deliberate on the nomination and/or appointment of management team members and the remuneration of management.

The Advisory Committee is comprised of representative directors and outside directors, and meets at least three times a year. The Advisory Committee is chaired by one of the outside directors to ensure its independence and objectivity.

• Officers Meeting

Daifuku adopts a corporate officer system to accelerate management decision making on business execution and strengthen supervising functions of the Board of Directors. The Board of Directors delegates matters other than important matters defined in the Rules of the Board of Directors to the management team, i.e., directors and corporate officers.

With the introduction of the corporate officer system, Daifuku holds officers meetings, with all members of the management team and full-time members of the Audit & Supervisory Board attending and participating in deliberations on the content of business execution.

• Management Advisory Meeting

The Management Advisory Meeting is held to confer important management matters, with directors and full-time members of the Audit & Supervisory Board in attendance. This meeting also seeks the opinions of external specialists on an as-needed basis.

3 Audit & Supervisory Board

Audit & Supervisory Board members and the Audit & Supervisory Board shall fulfill their duties by stipulating and promoting the effective applications of the Rules of the Audit & Supervisory Board, with regard to the audit of directors' fulfillment of duties, decisions over resolutions to be submitted to the General Meeting of Shareholders regarding election/dismissal and non-reappointment of the accounting auditor, and others, with due attention to their fiduciary responsibilities to shareholders and with an aim for sustainable growth and medium- and long-term improvement of the corporate value.

They also ensure the transparency of management and supervise business execution by the inside directors.

Three outside members of the Audit & Supervisory Board bring diverse perspectives to the Audit & Supervisory Board by exchanging opinions with the full-time members of the Audit & Supervisory Board, attending Board of Directors' meetings, and gathering information.

To clarify the independence of outside officers, Daifuku meets the provisions provided by stock exchanges and formulates its own requirements of independence. Two outside directors and three outside members of the Audit & Supervisory Board meet the requirements of independence, and the Tokyo Stock Exchange has been notified that they are independent officers.

In addition, to make more-effective use of outside officers, meetings of outside officers, representative directors, and full-time members of the Audit & Supervisory Board are held on a regular basis.

Outside directors and outside members of the Audit & Supervisory Board

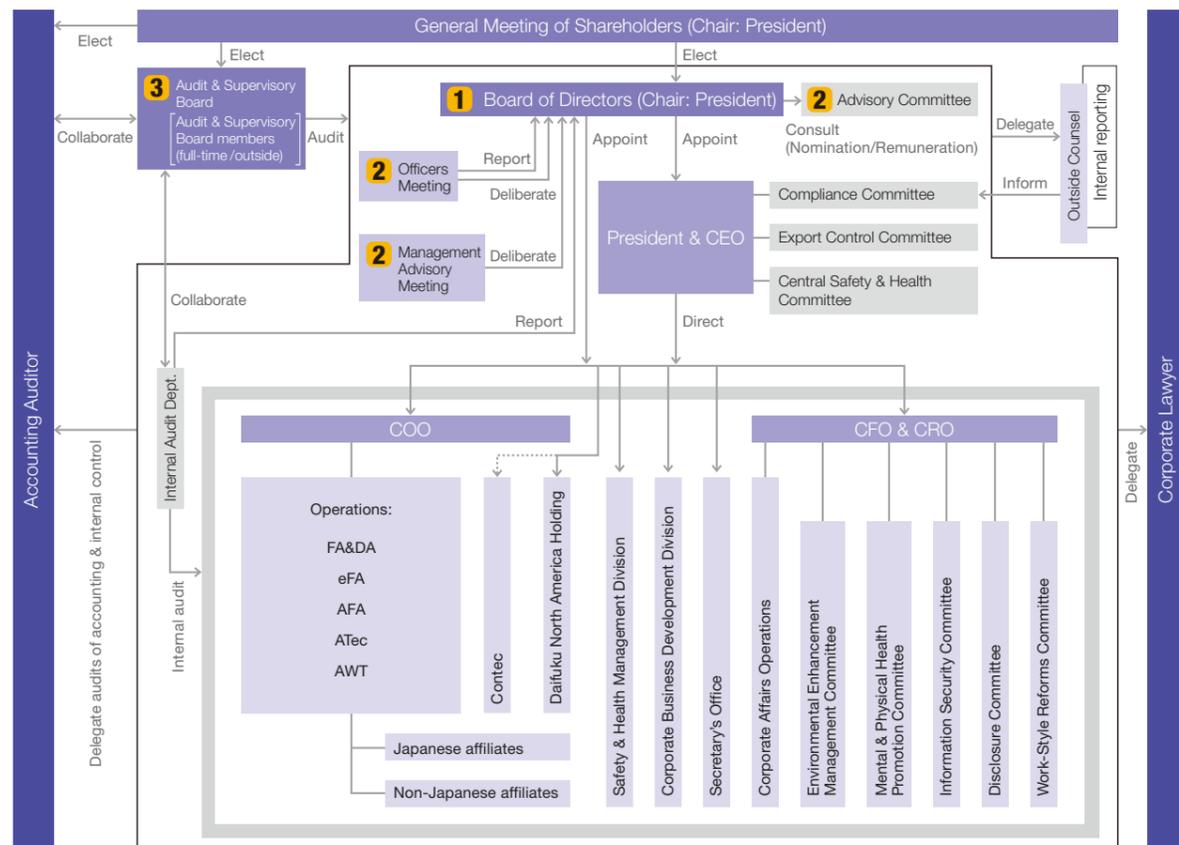
Two outside directors provide insightful advice and recommendations to the Board of Directors based on their abundant experience and extensive knowledge in international trade laws, corporate legal affairs, finance, and accounting.

Activity of outside directors and outside members of the Audit & Supervisory Board

	Name	Independent officer	Board meeting attendance	Activity
Outside directors	Noboru Kashiwagi	✓	Board of Directors: Regular: 12/12 times Special: 6/6 times Management Advisory Meeting: 1/1 times	Provides insightful advice and recommendations to the Board of Directors based on his abundant experience and extensive knowledge in corporate legal affairs and international trade laws.
	Yoshiaki Ozawa	✓	Board of Directors: Regular: 12/12 times Special: 6/6 times Management Advisory Meeting: 0/1 times	Provides expert advice and recommendations to the Board of Directors based on his extensive knowledge in finance and accounting and experience working outside of Japan.
Outside members of the Audit & Supervisory Board	Isao Kitamoto	✓	Board of Directors: Regular: 12/12 times Special: 6/6 times Audit & Supervisory Board: 5/6 times	Provides insightful advice and recommendations as a journalist to the Boards, based on extensive experience working outside of Japan.
	Hiroyuki Torii	✓	Board of Directors: Regular: 11/12 times Special: 6/6 times Audit & Supervisory Board: 6/6 times	Provides insightful advice and recommendations as a journalist to the Boards, based on a wealth of knowledge in the science and technology fields.
	Ryosuke Aihara	✓	Board of Directors: Regular: 9/9 times Special: 4/4 times Audit & Supervisory Board: 4/4 times	Provides expert advice and recommendations to the Boards, as a lawyer.

Corporate governance structure

(Updated on June 29, 2017)



Performance-linked remuneration system for Board members

At the 100th Ordinary General Meeting of Shareholders in 2016, Daifuku introduced the Board Benefit Trust for inside directors and corporate officers (hereinafter referred to as the "Board members"), a performance-linked equity compensation plan. The Company pays new equity compensation to the Board members within the upper limit of remunerations (not more than 700 million yen a year).

With the introduction of the plan, the Company aims to enhance the motivation of Board members to contribute to the improvement of its business performance in the medium-and-long term and to boosting its corporate value by sharing not only the benefits of rising stock value, but also the risks of a decline in stock prices with its shareholders.

Remunerations for Board members

(FY2016)

	Number of individuals	Remuneration
Directors (Outside directors)	10 (2)	562 million yen (30 million yen)
Audit & Supervisory Board members (Outside members)	6 (4)	98 million yen (30 million yen)
Total (Outside officer total)	16 (6)	660 million yen (60 million yen)

Disclosure of individual directors' remuneration

Name	Total remuneration
Masaki Hojo	106 million yen

Note: The listing of the total of consolidated remuneration, etc. is restricted to persons with 100 million yen or more.

Operation Status of Systems to Secure Business Appropriateness

Compliance

- 1) Daifuku conducts regular compliance training sessions and provides case studies to foster specific understanding.
- 2) An external consultation service has been established, with direct access to an external attorney.
- 3) Daifuku has established and operates various committees, including the Central Safety and Health Committee to promote health and safety activities and the Export Control Committee for the proper conduct of security export controls. In fiscal 2017, the Company has newly established a Work-Style Reforms Committee to promote improvements in the work-life balance of employees.

Risk management framework

- 1) For natural disaster risks, Daifuku continues to develop business continuity plans, manuals and procedures preparation, and training sessions and drills on crises management and disaster prevention. The Company is also introducing a system to confirm the safety of its officers and employees and a system to confirm the operational status of its suppliers in an emergency.
- 2) Daifuku implements e-learning and e-mail based training to raise their awareness of information security.

System to secure the business appropriateness of the Group

- 1) Based on changes to matters for decisions by the Board of Directors, Daifuku revised its Subsidiary Management Rules to allow for quicker management decision making at subsidiaries and to clarify rights and responsibilities.



Emergency task force training

- 2) Daifuku has formulated its Corporate Code of Conduct as its policy toward organized crime syndicates and other anti-social forces and promotes awareness of the policy. For the prevention of bribery, the Company deepens the establishment and application of anti-bribery rules based on the situations and environments surrounding consolidated subsidiaries and affiliates outside of Japan and proactively conducts internal training sessions.

Audits by the Audit & Supervisory Board members

- 1) Audit & Supervisory Board members conducted audit and supervisory activities in accordance with audit plans formulated at the beginning of the fiscal year. In the course of their duties, Audit & Supervisory Board members attended key meetings, including Board of Directors' meetings, and visited to monitor financial activities at various operating divisions in factories, sales offices, and Group companies.
- 2) Audit & Supervisory Board members participated in evaluation tests, which are conducted by accounting auditors, of developments and operations of the internal control system held in Japan and accompanied audits of inventories, non-Japanese subsidiaries and affiliates, factories, and installation sites, and assessed the effectiveness of these tests and audits.
- 3) To enhance the effectiveness of auditing, Audit & Supervisory Board members communicated with representative directors, outside directors, members of the Internal Audit Department, and accounting auditors through exchanging opinions.

Internal audits

The Internal Audit Department implemented audits for the Company and other Group companies worldwide, based on the initial audit plan formulated at the beginning of the fiscal year. With respect to the results of audits, an internal audit report was fed back to the audited divisions and submitted to representative directors and relevant officers, including full-time members of the Audit & Supervisory Board.

Consequently, in its fiscal 2016 internal control report, based on the Financial Instruments and Exchange Act of Japan, Daifuku once again evaluated its internal control systems over financial reporting as effective.

Dialogue with Shareholders

To contribute to sustainable growth and the increase of corporate value over the medium-to-long term, the Group shall promote constructive dialogue with shareholders. To vitalize the General Meetings of Shareholders and facilitate the smooth exercise of voting rights, Daifuku participates in a

Ordinary General Meeting of Shareholders



Attendees: **156**
Voting rate: **79%**

Briefings for individual investors



Held **3** times
Participants: **304**

Information disclosure

The Group aims to realize fair, highly transparent management by being proactive in information provision other than statutory disclosure, not to mention disclosing information appropriately in accordance with legislation. Daifuku has the Disclosure Committee to ensure the timely disclosure of financial results, information related to corporate decisions, and information related to the occurrence of material facts and defines processes by each case.

platform operated by ICJ, Inc. for the electronic exercise of voting rights, and issues convocation notices in English. Daifuku also provides occasions for dialogue other than the General Meeting of Shareholders. Events held during fiscal 2016 were as follows.

Results briefings for institutional investors



Results briefings for investors: Held **4** times
Global IR tour: **3** times
Meetings with investors: **300** times

Site tour for shareholders



Participants: **202**
Satisfaction level: **97%**

IR activities

For its shareholders and investors, Daifuku conducts timely and appropriate disclosure of information through its IR (Investor Relations) Department. For securities analysts and institutional investors, Daifuku conducts IR activities, such as quarterly results briefings, additional company information sessions as needed, and conference calls, and responds to individual requests for information through the department. For individual investors, Daifuku broadly pursues transparency through tours of its facilities, various IR events and publications, and timely information disclosure on its website.

Directors, Auditors, and Officers

(As of June 23, 2017)

Directors



Top row from left: Noboru Kashiwagi, Seiji Sato, Hidenori Iwamoto, Shuichi Honda, Yoshiyuki Nakashima, Hiroshi Geshiro, Yoshiaki Ozawa
Bottom row from left: Akio Tanaka, Masaki Hojo, Mikio Inohara

Masaki Hojo

President and CEO

- Apr. 1971** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Jun. 1998** Director, member of the Board
- Apr. 2000** President of Daifuku America Corporation
- Apr. 2004** Representative Director (to present)
Senior Managing Director
Chief Operating Officer (COO) of Business Support Management
COO of Overseas Business Management
President of Daifuku Canada Inc.
- Apr. 2006** Executive Vice President
- Apr. 2007** COO of AFA Operations
General Manager of AFA Operations
- Dec. 2007** Chairman and Co-CEO of Jervis B. Webb Company, an affiliate of Daifuku Co., Ltd.
- Apr. 2008** President and Co-CEO
COO of Webb Business
- Jan. 2011** Chairman and Co-CEO of Daifuku Webb Holding Company (now Daifuku North America Holding Company)
- Apr. 2012** President and CEO (to present)
COO of Production Control
COO of Service Control

Akio Tanaka

Executive Vice President and COO

- Apr. 1973** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Jul. 2004** Administration Officer with director status
- Jun. 2006** Director, member of the Board
General Manager of the Sales Division under FA&DA Operations
- Jun. 2011** Director, Managing Officer
- Apr. 2012** Director, Senior Managing Officer
Chief Operating Officer (COO) of FA&DA Operations
- Apr. 2013** Representative Director (to present)
Senior Managing Director
- Apr. 2014** Executive Vice President (to present)
COO of all business operations (to present)

Mikio Inohara

Executive Vice President
CFO and CRO

- Apr. 1969** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Jul. 2004** Administration Officer with director status
- Jun. 2005** Director, member of the Board
General Manager of the Business Support Operations
- Apr. 2008** General Manager of Finance and Accounting Division
- Apr. 2010** Chief Financial Officer
- Jun. 2011** Director, Managing Officer
- Apr. 2012** Representative Director (to present)
Senior Managing Director
- Apr. 2013** Chief Financial and Risk Officer (CFO and CRO) (to present)
- Apr. 2014** Executive Vice President (to present)

Shuichi Honda

Director
Corporate Business Development
Airport Technologies

- Apr. 1979** Joined The Dai-Ichi Kangyo Bank, Limited (now Mizuho Financial Group, Inc.)
- Mar. 2006** Executive Officer of Mizuho Corporate Bank, Ltd.
- Jun. 2011** Became Managing Director of Mizuho Corporate Bank, Ltd.
- Apr. 2012** Joined Daifuku Co., Ltd. as a corporate advisor
- Jun. 2013** Director, member of the Board, Managing Officer
Chief Operating Officer of Corporate Affairs
- Apr. 2014** Director, Senior Managing Officer (to present)
- Apr. 2015** General Manager of Corporate Business Development Division (to present)
General Manager of ABH Global Operations
- Apr. 2016** General Manager of ATec Global Operations (to present)

Hidenori Iwamoto

Director
Automotive Factory Automation

- Apr. 1981** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Apr. 2007** President of Daifuku Canada Inc.
- Apr. 2009** General Manager of the Sales Division under AFA Operations
- Jun. 2010** Director, member of the Board
- Jun. 2011** Managing Officer with an introduction of corporate officer system
- Jun. 2014** Director, Managing Officer (to present)
General Manager of AFA (Global) Operations (to present)
- Apr. 2015** General Manager of AFA Operations under AFA Global Operations (to present)
General Manager of the Sales Division under AFA Operations

Yoshiyuki Nakashima

Director
Chairman of Daifuku (China) Co., Ltd.

- Apr. 1980** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Jul. 2008** Administration Officer with director status
- Jun. 2010** Director, member of the Board
General Manager of the Corporate Social Responsibility Division
- Jun. 2011** Managing Officer with an introduction of corporate officer system
- Apr. 2012** General Manager of the Business Continuity Plan Promotion Division
- Apr. 2013** Chairman of Daifuku (China) Co., Ltd. (to present)
- Jun. 2015** Director, Managing Officer (to present)

Seiji Sato

Director
e-Factory Automation

- Apr. 1983** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Apr. 2008** General Manager of the Semiconductor Division under eFA Operations
- Jun. 2010** Director, member of the Board
- Jun. 2011** Managing Officer with an introduction of corporate officer system
- Apr. 2015** General Manager of eFA Global Operations (to present)
General Manager of eFA Operations (to present)
- Jun. 2015** Director, Managing Officer (to present)

Hiroshi Geshiro

Director
Factory & Distribution Automation

- Apr. 1983** Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Apr. 2012** Corporate Officer
General Manager of the Sales Division under FA&DA Operations
- Apr. 2014** Managing Officer
General Manager of FA&DA (Global) Operations (to present)
- Apr. 2015** General Manager of FA&DA Operations (to present)
- Jun. 2015** Director, member of the Board, Managing Officer (to present)
- Apr. 2016** General Manager of International Division under FA&DA Operations (to present)

Noboru Kashiwagi

Outside Director
Independent Officer

- Apr. 1965** Joined Mitsubishi Corporation
- Jan. 1984** Worked as assistant manager of legal affairs department at Mitsubishi Corporation (Americas)
- Aug. 1993** Became professor at the Institute of Business Law and Comparative Law and Politics of the University of Tokyo
- Jun. 2003** Professor emeritus at the University of Tokyo (to present)
- Apr. 2004** Professor at Graduate School of Law of Chuo University
- Jun. 2011** Director of the Foundation for Civil Dispute Resolution Research Funds (to present)
- Jun. 2012** Outside Director of Daifuku Co., Ltd. (to present)
- Aug. 2015** Chair of the New National Stadium Project Process Investigation Panel

Yoshiaki Ozawa

Outside Director
Independent Officer

- Jul. 1978** Joined PricewaterhouseCoopers (PwC) Osaka Office
- Aug. 1982** Registered as a Japanese certified public accountant (CPA)
- Oct. 1985** Worked at Coopers & Lybrand New York Office
- Jul. 1990** Registered as a U.S. CPA (New York)
- Jan. 2008** Senior partner of PwC Aarata
- Apr. 2012** Professor of Business Administration at St. Andrew's University (to present)
- Sep. 2012** Left PwC Aarata
- Jun. 2014** Outside Director of Daifuku Co., Ltd. (to present)

Auditors



Top row from left: Hiroyuki Torii, Isao Kitamoto, Ryosuke Aihara; bottom row from left: Tatsujiro Kurosaka, Yoshihisa Kimura

Tatsujiro Kurosaka

Audit & Supervisory Board Member

- Apr. 1978 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Apr. 2005 Became Manager of the Logistics Systems Sales Group of the Sales Division, under FA&DA Operations
- Apr. 2012 Senior Assistant to the President
- Jun. 2012 Audit & Supervisory Board Member (to present)

Yoshihisa Kimura

Audit & Supervisory Board Member

- Apr. 1982 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)
- Apr. 2003 Became Manager of the Osaka Group of the Accounting Department
- Apr. 2006 General Manager of the Finance and Accounting Department
- Apr. 2012 Corporate Officer
General Manager of the Finance and Accounting Division
- Apr. 2014 Assistant to CFO and CRO
- Jun. 2014 Audit & Supervisory Board Member (to present)

Isao Kitamoto

Audit & Supervisory Board Member (outside)
Independent Officer

- Apr. 1966 Joined Japan Broadcasting Corporation (NHK) as Program Director of News Department
- Jun. 1991 Bureau Chief of NHK Paris Bureau
- Jun. 1995 Managing Director of NHK Enterprises 21 Inc.
- Oct. 1999 Executive Managing Director of NHK International, Inc.
- Jun. 2007 Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)
- May 2008 Executive Producer of NHK Enterprises, Inc.
- Dec. 2008 Special Adviser of Japan International Broadcasting Inc. (to present)

Hiroyuki Torii

Audit & Supervisory Board Member (outside)
Independent Officer

- Apr. 1969 Joined Nikkei Inc.
- Apr. 1987 Editorial Writer of Nikkei Inc.
Director of Research Department of Nikkei Research Institute of Industry and Markets
- Jan. 2002 Affiliate Professor of Research Center for Advanced Science and Technology of the University of Tokyo
- Apr. 2002 Professor of Research Laboratory for Nuclear Reactor of Tokyo Institute of Technology
- Sep. 2008 JST Project Senior Officer, Japan Science and Technology Agency (to present)
- Jun. 2010 Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)
- Jul. 2014 Part-time Auditor of Nuclear Waste Management Organization (NUMO) (to present)

Ryosuke Aihara

Audit & Supervisory Board Member (outside)
Independent Officer

- Apr. 1977 Registered as an attorney, belonging to Daini Tokyo Bar Association (to present)
Joined Mori Sogo Law Office (now Mori Hamada & Matsumoto)
- Jan. 1982 Partner of Mori Hamada & Matsumoto Law Office
- Apr. 2004 Professor at Graduate School of Law of the University of Tokyo
- Apr. 2007 Adjunct Lecturer at Graduate School of Law of the University of Tokyo
- Jun. 2015 Outside Member of the Auditor & Supervisory Board of Nippon Shuppan Hanbai Inc. (to present)
- Mar. 2016 Left Mori Hamada & Matsumoto Law Office
- Apr. 2016 Representative of Aihara Law Office (to present)
- Jun. 2016 Audit & Supervisory Board Member (outside) of Daifuku Co., Ltd. (to present)

Officers (excluding those who are concurrently appointed as Directors)

Managing Officers

- Akira Ikari**
Auto Washing Technologies
President of Daifuku Plusmore Co., Ltd.
- Tadashi Kimura**
Factory & Distribution
Automation Installation & Services
- Kanji Anno**
Factory & Distribution
Automation Production, International

Corporate Officers

- Akihiko Kishida**
Automotive Factory
Automation Production
- Yoshiyuki Horiba**
e-Factory Automation
Field Engineering & Services
- Ken Sasaki**
Safety and Health
Management
Chief Officer of Shiga Works
- Hiroshi Nobuta**
Executive Vice President of
Daifuku North America Holding
Company
- Toshiaki Hayashi**
Chairman of Daifuku (China)
Automation Co., Ltd.
- Takaya Uemoto**
Automotive Factory
Automation Production
- Akihiko Nishimura**
Airport Technologies
President and CEO of Daifuku
North America Holding Company
- Yoshihisa Ichinose**
Corporate Affairs
Chief Officer of Komaki Works
- Takuya Gondo**
Factory & Distribution
Automation Engineering
- Yasuhisa Mishina**
Factory & Distribution
Automation Production
- Hiroaki Kita**
Chairman of Daifuku (China)
Manufacturing Co., Ltd.
- Norihito Toriya**
Factory & Distribution
Automation Sales

CSR Management

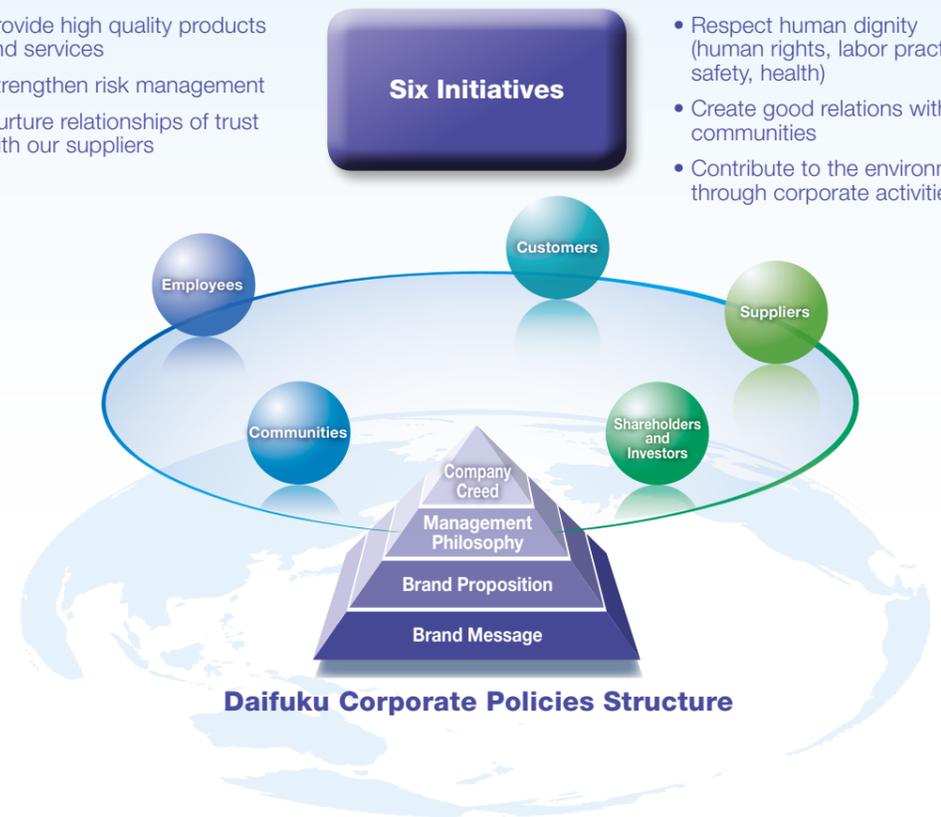
The Daifuku Group believes that the basic principles of CSR are to build a symbiotic relationship with its stakeholders and to practice the Group's Corporate Policies Structure through its corporate activities.

Daifuku's CSR

“A company that supports society and the future”

To achieve that goal, we are engaged in the following six initiatives.

- Provide high quality products and services
- Strengthen risk management
- Nurture relationships of trust with our suppliers
- Respect human dignity (human rights, labor practices, safety, health)
- Create good relations with communities
- Contribute to the environment through corporate activities



Showing Our Passion for the Endangered Peregrine Falcon Through Origami



Daifuku's Shiga Works main production site, which is surrounded by lush green areas, strives to maintain harmony with nature. The site, where environmental conservation activities are regularly conducted, is home to a wide range of fauna, including 49 endangered species.

As a biodiversity conservation initiative, Daifuku devised a plan to create the “Longest chain of origami sculptures” to set a Guinness World Records®* by using the peregrine falcon, one of the endangered species that resides at the Shiga Works, as a motif. In May 2017, on the day to mark the Company's 80th anniversary, 235 employees and their family members gathered at the Shiga Works and completed a chain of 5,510 origami falcons. The chain was certified as a new world record, a considerable increase from the previous record of 2,855 origami links.

* Guinness World Records® is a registered trademark of Guinness World Records Limited.

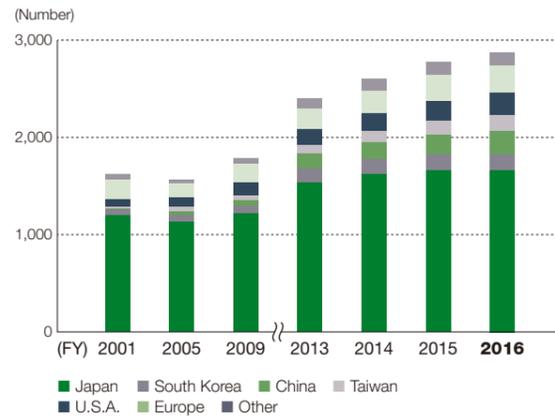
Corporate Social Responsibility (CSR)

Customers Quality Initiative

Daifuku has established its Rules on Inventions and Designs. Under these rules, the Company actively promotes patent applications and the acquisition of rights with a special focus on newly developed products. The progress of globalization has resulted in an increased number of patent applications made outside of Japan in recent years.

Every year, Daifuku presents in-house innovation awards to patent-pending inventions awaiting patent registration. During fiscal 2016, the Grand Prize was given to its subsidiary Contec Co., Ltd.'s IoT solution - CONPROSYS. The Innovation Award was given to 10 additional products.

Patents registered by region



Employees Workplace Safety

Based on the concept that safety is the ultimate priority, Daifuku has moved the Central Safety & Health Committee under the direct control of the president and strives to eradicate workplace accidents. With the aim of passing on a corporate culture that for years has focused on safety, identifying undiscovered risks, and securing intrinsic safety, Daifuku holds several occupational safety and health management system certifications at its major sites, such as OHSAS 18001 and the JISHA method. Also, the Company encourages these management systems across the Group worldwide.



Safety arch at Daifuku's U.S. subsidiary

Suppliers Trust Relationships with Suppliers

Daifuku shall strive for fair and impartial transactions and seek safety, quality, cost and delivery, in accordance with basic procurement policies and CSR procurement standards.

Procurement is an important task directly linked to financial results. In strict enforcement of compliance, Daifuku has introduced a qualification system for persons engaged in procurement operations so that they obtain the necessary knowledge to conduct their work.



Communities Outreach

Daifuku, as a good corporate citizen, aims to be a company that contributes to the development of both the economy and society by proactively conducting community-based activities. From April to July 2017, Daifuku sponsored a course on logistics at Waseda University's School of Commerce.

As part of its community contribution activities, Daifuku participates in cleanup activities, puts forward its facilities to be used by communities in the event of natural disasters, and implements site tours for its factories and the Daifuku Mega Solar power plant within the Shiga Works.



More than 230 students attended the lecture by President Hojo.

Contribute to the environment through corporate activities Environmental Initiatives

Daifuku operates an in-house program to rate and certify the energy and environmental design of its own products. We rate every product in terms of: energy saving, recyclable, lightweight, long life, resource saving, water saving, low noise, clean water preservation, and harmful substance(s) reduced. Products that meet a certain standard are certified as a Daifuku Eco-Product. During fiscal 2016, nine more products were added to the lineup of certified Daifuku Eco-Products.

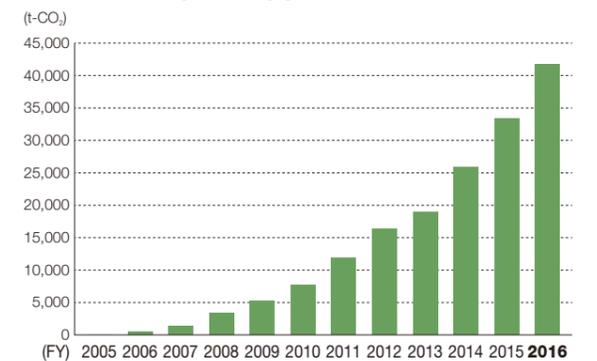


CO₂ Reduction Contribution

Daifuku strives to decrease its carbon footprint by providing environmentally friendly products and services.

The contribution towards reduced CO₂ from its products and services is calculated by taking the amount of CO₂ released and subtracting it from the amount released during fiscal 2005, which acts as the base year.

CO₂ reduction contribution from environmentally friendly products



For more details on Daifuku's CSR activities, please refer to Daifuku's CSR Report or website:

www.daifuku.com/sustainability/report
www.daifuku.com/sustainability

Eleven-Year Summary

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2007 to 2017

	(Million yen)										
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
For the Year											
Net sales	¥ 320,825	¥ 336,184	¥267,284	¥241,811	¥202,337	¥198,052	¥159,263	¥154,208	¥242,182	¥231,619	¥232,703
Cost of sales	256,417	272,832	215,641	194,974	165,340	165,505	131,639	128,195	195,430	182,260	186,991
Gross profit	64,407	63,351	51,642	46,836	36,996	32,546	27,623	26,012	46,752	49,358	45,712
Selling, general and administrative expenses	41,308	42,472	36,759	34,279	28,986	28,328	25,897	25,932	31,736	28,680	26,876
Operating income	23,099	20,878	14,883	12,556	8,010	4,217	1,726	80	15,015	20,677	18,837
Income before income taxes	23,942	20,650	15,211	12,137	7,316	3,129	703	862	13,956	20,592	18,356
Net income attributable to shareholders of the parent company	16,746	13,652	9,810	7,740	4,439	1,223	269	1,018	7,851	11,893	11,382
Capital investment	5,905	4,210	7,532	10,446	7,687	2,393	3,221	2,280	4,613	4,071	8,281
Depreciation	4,202	4,587	4,157	3,821	3,332	3,612	3,577	3,679	3,930	3,401	2,886
R&D expenditures	7,489	7,009	6,945	7,490	6,855	6,484	6,370	6,075	8,018	6,964	7,564
Cash Flows											
Cash flows from operating activities	¥ 26,683	¥ 7,206	¥ 6,295	¥ 20,447	¥ 15,666	¥ (5,187)	¥ 11,417	¥ 20,921	¥ (8,425)	¥ 21,234	¥ 864
Cash flows from investing activities	(5,393)	(2,099)	(5,846)	(7,372)	(13,649)	(4,039)	(3,616)	(7,303)	(6,900)	(6,340)	(10,257)
Free cash flows	21,289	5,107	448	13,074	2,016	(9,227)	7,801	13,617	(15,325)	14,894	(9,392)
Cash flows from financing activities	(4,404)	(8,702)	(509)	1,045	88	7,709	(6,056)	(11,321)	16,189	(3,531)	(2,328)
At Year-End											
Total assets	¥ 303,540	¥ 296,055	¥271,011	¥249,531	¥206,875	¥185,049	¥163,388	¥165,430	¥194,727	¥222,386	¥195,016
Working capital	96,401	99,293	91,187	87,070	45,832	61,943	65,908	66,265	75,087	64,840	60,351
Interest-bearing liabilities	39,770	40,904	60,547	58,144	53,385	51,010	40,912	45,295	55,417	33,559	33,764
Net assets	142,340	130,116	111,521	99,690	85,685	76,618	77,714	81,295	82,810	88,709	80,718
Shareholders' equity	136,694	123,669	98,469	90,652	84,486	82,013	82,454	83,852	85,727	83,355	74,389
Number of employees	8,689	7,835	7,746	7,349	6,678	5,617	5,209	5,395	5,660	5,663	4,702
Amounts per Share of Common Stock											
Net income per share (Yen)	¥ 137.58	¥ 118.72	¥ 88.59	¥ 69.96	¥ 40.12	¥ 11.05	¥ 2.43	¥ 9.20	¥ 70.29	¥ 105.05	¥ 100.50
Net assets per share (Yen)	1,142.14	1,044.40	972.75	875.14	754.98	674.72	683.39	716.07	718.68	746.59	682.01
Cash dividends per share (Yen)	42.00	30.00	22.00	18.00	15.00	15.00	15.00	20.00	26.00	26.00	25.00
Ratios											
Operating income/net sales	7.2%	6.2%	5.6%	5.2%	4.0%	2.1%	1.1%	0.1%	6.2%	8.9%	8.1%
Income before income taxes/net sales	7.5	6.1	5.7	5.0	3.6	1.6	0.4	0.6	5.8	8.9	7.9
Net income/net sales	5.2	4.1	3.7	3.2	2.2	0.6	0.2	0.7	3.2	5.1	4.9
Return on shareholders' equity (ROE)	12.6	11.6	9.6	8.6	5.6	1.6	0.3	1.3	9.6	14.7	15.6
Total assets turnover (Times)	1.1	1.1	1.0	1.0	1.0	1.1	1.0	0.9	1.2	1.0	1.2
Shareholders' equity/total assets	45.8	42.9	39.8	38.8	40.4	40.3	46.3	47.9	40.9	38.0	39.6
D/E ratio	0.29	0.32	0.56	0.60	0.64	0.68	0.54	0.57	0.70	0.40	0.44

Notes: 1. The amount of "Capital investment" in the years ended March 31, 2015, 2014, and 2013 includes goodwill generated from acquisition of shares in overseas companies.
2. In the calculation of net assets per share, the amount of non-controlling interests is subtracted from the amount of net assets in accordance with the above guidelines.
3. In the calculation of shareholders' equity/total assets ratio and ROE, shareholders' equity represents the amount of net assets less non-controlling interests.
4. A PDF version containing notes to the financial statements is available on our website: www.daifuku.com/ir/library/annualreport
5. D/E ratio=Interest-bearing liabilities/(Net assets - Non-controlling interests - Bonds with stock acquisition rights)

Daifuku Global Network

(As of June 1, 2017)

Americas

Daifuku North America Holding Company

Farmington Hills, MI, U.S.A.

Daifuku America Corporation

Main Office & Plant: Reynoldsburg, OH, U.S.A.

Other offices: Arizona, Austin, Indiana, Kentucky, Michigan, Tennessee

Jervis B. Webb Company

World Headquarters: Farmington Hills, MI, U.S.A.

Boyne City Manufacturing Plant: Boyne City, MI, U.S.A.

Carlisle Forging Plant: Carlisle, SC, U.S.A.

Harbor Springs Manufacturing Plant: Harbor Springs, MI, U.S.A.

Elite Line Services, Inc.

Carrollton, TX, U.S.A.

Wynright Corporation

World Headquarters: Elk Grove, IL, U.S.A.

Offices: California, Florida, Indiana, Kentucky, Michigan, Utah

Plants: Illinois, New Hampshire, Texas

Logan Teleflex, Inc.

Louisville, KY, U.S.A.

Contec DTx Inc.

Melbourne, FL, U.S.A.

Daifuku Canada Inc.

Mississauga, Ontario, Canada

Jervis B. Webb Company of Canada, Ltd.

Hamilton, Ontario, Canada

Daifuku Airport Technologies Canada Inc.

Montréal, QC, Canada

Daifuku de México, S.A. de C.V.

Querétaro, Qro., México

Europe

Daifuku Europe Ltd.

Main Office: Milton Keynes, U.K.

Germany Branch: Moenchengladbach, Germany

Sweden Branch: Astorp, Sweden

Jervis B. Webb Company, Ltd.

Milton Keynes, U.K.

Daifuku Logan Ltd.

Main Office: Hull, U.K.

France Branch: Ivry-sur-Seine, France

Daifuku Self Services Technologies AS

Oslo, Norway

Asia Pacific

BCS Airport Systems Pty Limited

Hallam, VIC, Australia

BCS Logistics Solutions Pty Limited

Hallam, VIC, Australia

BCS Infrastructure Support Pty Limited

Hallam, VIC, Australia

Daifuku (China) Co., Ltd.

Shanghai, China

Daifuku (China) Manufacturing Co., Ltd.

Main Office: Shanghai, China

Shenzhen Branch: Shenzhen, China

Hongqiao Office: Shanghai, China

Daifuku (China) Automation Co., Ltd.

Main Office: Changshu, Jiangsu, China

Other branches: Beijing, Changchun, Chongqing, Guangzhou

Shanghai, Tianjin, Wuhan

Other offices: Changshu Yanjiang, Fuzhou, Nansha, TEDA, Zhengzhou

Daifuku (Suzhou) Cleanroom Automation Co., Ltd.

Suzhou, Jiangsu, China

Contec (Shanghai) Co., Ltd.

Main Office: Shanghai, China

Beijing Branch Office: Beijing, China

Daifuku India Private Limited

Main Office: Haryana, India

Bangalore Office: Bangalore, India

Mumbai Office: Maharashtra, India

ForgePro India Private Limited

Karnataka, India

P.T. Daifuku Indonesia

Main Office: Jakarta, Indonesia

Deltamas Office: Bekasi, Indonesia

Daifuku Korea Co., Ltd.

Main Office / R&D Center: Incheon, Korea

Plant: Incheon, Korea

Clean Factomation, Inc.

Main Office: Gyeonggi-do, Korea

Asan Plant: Chungcheongnam-do, Korea

Hallim Machinery Co., Ltd.

Gyeonggi-do, Korea

Daifuku (Malaysia) Sdn. Bhd.

Selangor D.E., Malaysia

BCS Integration Solutions Sdn. Bhd.

Kuala Lumpur, Malaysia

BCS Group Limited

Auckland, New Zealand

Daifuku Mechatronics (Singapore) Pte. Ltd.

Techplace I, Singapore

Singapore Contec Pte. Ltd.

Techplace I, Singapore

Taiwan Daifuku Co., Ltd.

Main Office & Plant: Tainan, Taiwan

Hsinchu Branch: Hsinchu, Taiwan

Taichung Plant: Taichung, Taiwan

Taiwan Contec Co., Ltd.

Xinbei, Taiwan

Daifuku (Thailand) Ltd.

Main Office & Plant: Chonburi, Thailand

Bangkok Office: Bangkok, Thailand

Ban Pho Office: Cha Cheng Sao, Thailand

Pinthong Plant: Chonburi, Thailand

Corporate Data

(As of March 31, 2017)

Company name	Daifuku Co., Ltd.
Established	May 20, 1937
Paid-in capital	15,016.1 million yen
Employees	8,689 (consolidated)
Ratings	Rating and Investment Information, Inc. (R&I) Long-term: A- (single A minus) [positive] Short-term: a-1 (a - one)

Principal Locations

Headquarters	3-2-11 Mitejima, Nishiyodogawa-ku Osaka 555-0012 Japan Tel: 81-6-6472-1261 Fax: 81-6-6476-2561
Tokyo Head Office	Shiodome-Shibarikyū Building, 1-2-3 Kaigan Minato-ku, Tokyo 105-0022 Japan Tel: 81-3-6721-3501 Fax: 81-3-6721-3570
Shiga Works	1225 Nakazaiji, Hino-cho, Gamo-gun Shiga 529-1692 Japan Tel: 81-748-53-0321 Fax: 81-748-52-2963
Komaki Works	4-103 Komakihara, Komaki-shi Aichi 485-8653 Japan Tel: 81-568-74-1500 Fax: 81-568-74-1600

Global Branches

Czech	Tolarova 317, 533 51 Pardubice, Czech Republic Tel: 420-466-053-810 Fax: 420-466-053-816
Germany	Luerriper Strasse 52, D-41065 Moenchengladbach, Germany Tel: 49-2161-49-695-0 Fax: 49-2161-49-695-20
Philippines	30FL, Burgundy Corporate Tower 252 Sen. Gil Puyat Ave., Makati City 1200 Philippines Tel: 63-2-884-2778 Fax: 63-2-884-2789
St. Petersburg (Russia)	Business Center Ligovskiy 266, Office 3.6 266/V, Ligovskiy Pr., St. Petersburg 196084 Russia Tel: 7-812-458-7336 Fax: 7-812-458-7331
Istanbul (Turkey)	Gülbahar Mah. Cemal Sahir Sokak, Urfalı is Hanı No: 10 Kat: 1 Gayrettepe - Sisli, Istanbul, Turkey Tel: 90-212-213-9393 Fax: 90-212-213-9394
UK	Unit 5, Dunfermline Court, Kingston Milton Keynes MK10 0BY U.K. Tel: 44-1908-288-780 Fax: 44-1908-288-781

Subsidiaries in Japan

(As of June 1, 2017)

Contec Co., Ltd.

Daifuku Plusmore Co., Ltd.

Daifuku Business Service Corporation

Daifuku Manufacturing Technology Co., Ltd.

Iwasaki Seisakusho Co., Ltd.

Investor Information

(As of March 31, 2017)

Number of authorized shares	250,000,000 shares
Total number of shares issued	123,610,077 shares
Number of shareholders	13,801
General meeting of shareholders	June
Stock exchange listing	First Section of Tokyo Stock Exchange
Stock transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-5-33 Kitahama, Chuo-ku, Osaka

Major Shareholders

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (trust account)	11,343	9.18
The Master Trust Bank of Japan, Ltd. (trust account)	8,603	6.96
Mizuho Bank, Ltd.	5,490	4.44
Sumitomo Mitsui Banking Corporation	4,080	3.30
Daifuku Supplier Shareholder Association	3,852	3.12
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,833	3.10
Nippon Tochi-Tatemono Co., Ltd.	3,207	2.59
Nippon Life Insurance Company	2,745	2.22
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,294	1.86
PICTET AND CIE (EUROPE) SA, LUXEMBOURG REF: UCITS	1,996	1.61

Cautionary Statement with Respect to Forward-Looking Statements

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

For further information, please contact:

dfk_ir@ha.daifuku.co.jp