



\* 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.