

Value Innovation for the Next Stage

DAIFUKU CO.,LTD.
www.daifuku.com



Daifuku Report
2018



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Editorial Policy

This report presents a brief summary of material information particularly relevant to the Daifuku Group's value creation. See the Company website for more detailed information: www.daifuku.com

The report covers 57 companies, including 53 consolidated subsidiaries and two equity-method affiliates (as of March 31, 2018).

Period covered

Fiscal 2017 (April 2017 to March 2018)

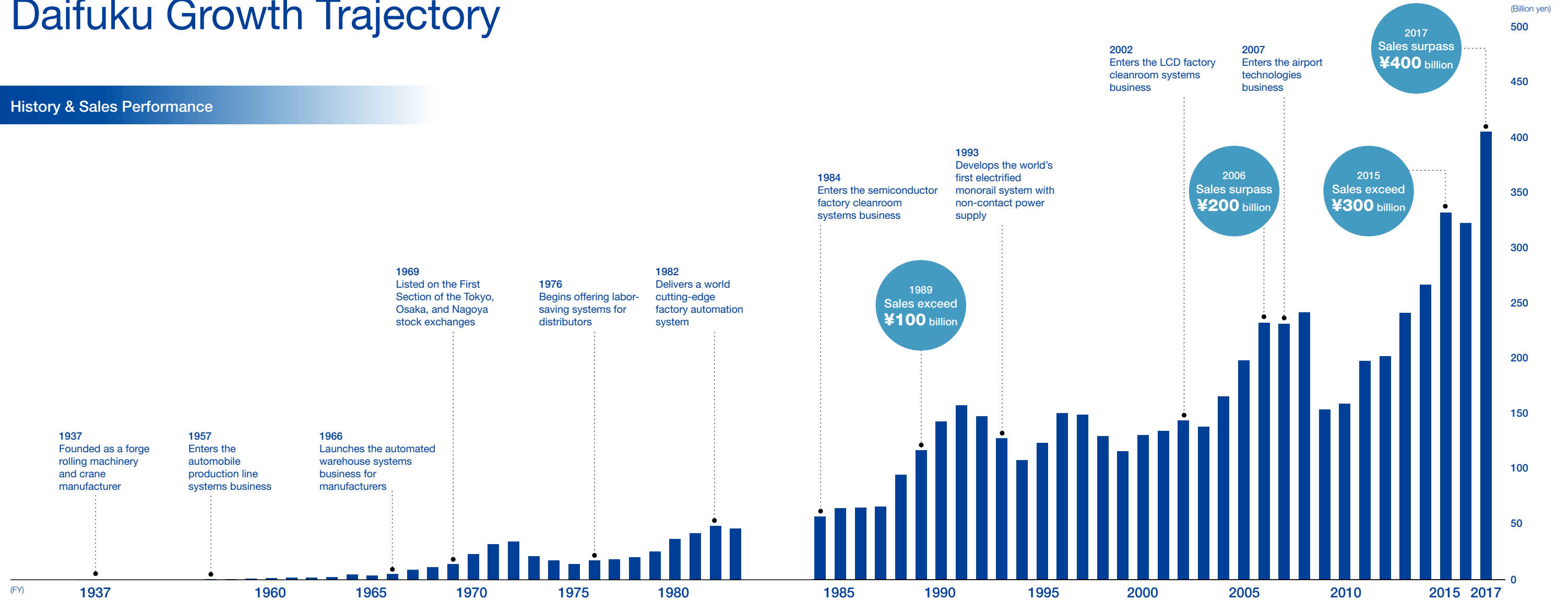
However, whenever it is appropriate to include historical background information and data or recent examples, reporting may include matters outside this time period.

Front cover design

Through this report, Daifuku communicates past, current and future efforts to provide value to society. With specific focus on the future, we use one of our currently running corporate advertisements, which highlights our stance of "we go where customer needs are headed." We will continue to embrace and flexibly respond to changing logistic needs.

Daifuku Growth Trajectory

History & Sales Performance



Business Evolution	1937 Founded as a forge rolling machinery and crane manufacturer. Engages in port logistics 1957 Delivers chain conveyor systems to an automobile factory 1963 Develops the first Japan-made bowling machine. Enters the bowling machine business 1966 Delivers Japan's first high-rise automated warehouse systems to a manufacturer	1975 Establishes Contec Co., Ltd. 1976 Delivers Japan's first steel belt-type automated sorter to a distributor 1977 Enters the car wash machine business 1982 Delivers a world cutting-edge factory automation system for a motor factory	1984 Develops systems for semiconductor factories 1993 Develops world's first electrified monorail system with non-contact power supply (details on page 22) 1999 Delivers quake-absorbing automated warehouse systems 2007 Enters the airport technologies business as a result of M&A	2014 Develops temporary storage and sortation system, SPDR (pronounced spider)
	Introducing technologies from outside Japan 1952 Technology alliance with Bühler Brothers, Switzerland 1957 Technology alliance with Jervis B. Webb Company, U.S.A. Supporting Japanese automaker's global expansion 1983 Establishes the Company's first non-Japanese subsidiary Daifuku U.S.A. Inc. (now Daifuku America Corporation) in Chicago 1986 Establishes Daifuku Mechatronics (Singapore) Pte. Ltd.	1989 Establishes Daifuku Europe Ltd. in London, U.K. 1991 Establishes Daifuku (Thailand) Ltd. Responding to local demands from the food, pharmaceutical and distribution sectors 2002 Establishes Daifuku (Shanghai) Ltd., the Company's first subsidiary in China 2005 Establishes production facilities to enhance functions across Asia	Expanding business through M&A 2007 U.S.-based Jervis B. Webb Company joins the Group 2009 Non-Japan sales ratio to total sales reaches 50% 2011 U.K.-based Logan Teleflex companies join the Group 2012 U.S.-based Elite Line Services, LLC joins the Group	2013 U.S.-based Wynright Corporation joins the Group 2014 BCS Group Limited of New Zealand joins the Group 2014 Daifuku ranked worldwide leader in sales in the material handling industry, retaining its top spot for four years through 2017 2015 Establishes a U.S. holding company (now Daifuku North America Holding Company)
Global Operations	1964 Enacts the company creed <i>Hini Arata</i> 1969 Listed on the First Section of the Tokyo, Osaka, and Nagoya stock exchanges 1984 Changes company name from Daifuku Machinery Works to Daifuku 1994 Inaugurates Hini Arata Kan logistics demo center	2004 Formulates the corporate code of conduct 2004 Establishes the Compliance Committee 2006 Shiga Works becomes the world's largest material handling production site 2010 Establishes the Environmental Enhancement Management Committee 2010 Installs a photovoltaic system at Hini Arata Kan	2011 Formulates the Daifuku Environmental Vision 2020 2012 Ratings received from the Development Bank of Japan's environmental responsibility and disaster preparedness programs 2012 Launches Daifuku Eco-Products Certification Program 2012 Appoints an outside director	2013 Completes Daifuku Shiga Mega Solar power system 2014 Joins the United Nations Global Compact 2016 Establishes Daifuku Corporate Governance Guidelines 2017 Launches the Work-Style Reform Committee 2018 Launches the Pension Asset Management Committee
	Corporate Development			



Akio Tanaka
Chairman

Hiroshi Geshiro
President and CEO

Enhancing corporate growth by balancing business activities with social soundness

Since its founding in 1937, Daifuku has been providing our customers worldwide with the best solutions to raise their global competitiveness, as a manufacturer and system integrator of a comprehensive range of material handling systems.

Material handling systems have attracted attention in recent years, as a key component of the social infrastructure that addresses social issues, such as labor shortages and productivity bottlenecks, and Daifuku has developed into the world leader in its field.

Throughout society, the emergence of new products and services gives rise to new consumer needs and a fresh sense of value, which in turn significantly transforms the structure of product sales channels and logistics. Daifuku seizes on these changes and treats them as a business opportunity. By leveraging our technology and knowhow cultivated over many years, we will respond to the diversified and sophisticated logistical requirements of our customers.

Since April 2018 under our new management structure, we have been rapidly implementing initiatives worldwide to ensure a corporate management that balances business activities and social integrity.

In doing so, we look forward to deepening our ongoing dialogue with all our stakeholders, while targeting the most promising opportunities for growth.

A. Tanaka
Chairman

H. Geshiro
President and CEO

Company Creed

日新
Hini Arata

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



Hiroshi Geshiro
President and CEO

Creating new value in response to our customers' needs in logistics

Daifuku's presence

Providing a variety of solutions

Daifuku has been responding to its customers' logistics needs as a comprehensive manufacturer of material handling systems for more than half a century.

We develop and produce material handling products in-house; in this way, we incorporate an extensive product lineup into the provision of solutions to customers in a broad range of industries in a seamless framework ranging from consulting to after-sales service. Fortunately, we have maintained our position as the world's top material handling company, on a sales basis, since fiscal 2014 (according to the ranking survey conducted by U.S. magazine *Modern Materials Handling*).

Daifuku will continue to lead the material handling industry in the future and believes its raison d'être is to respond to customers' needs and expectations.

Medium-term business plan Value Innovation 2020

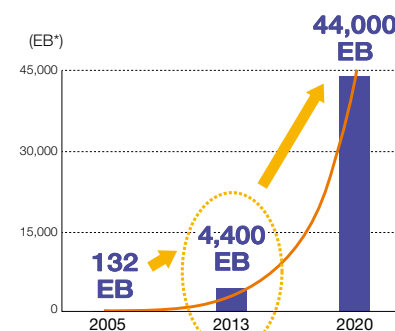
Review of Fiscal 2017

In the medium-term business plan Value Innovation 2020, which started in April 2017, we are targeting fiscal 2020 as a checkpoint on the road to positioning the Company in the future.

Profile

Graduated from Doshisha University in 1983 and joined Daifuku Machinery Works Co., Ltd. (today's Daifuku Co., Ltd.). He served in the FA&DA operations in sales for more than 30 years and rose from General Manager to Managing Officer in the operations and was appointed Director and Managing Officer of the Company in 2015. He became President and CEO in April 2018.

Total world data volume



*EB stands for exabytes, or 10¹⁸ bytes

Source: Information prepared by Japan's Ministry of Economy, Trade and Industry from data issued by International Data Corporation (IDC), *The Digital Universe of Opportunities*

In fiscal 2017 (the year ended March 31, 2018), the first year of the plan, we achieved new record highs in terms of orders received, net sales, and earnings.

Main factors contributing to these results were proactive capital investment in the semiconductor and flat-panel display industries in East Asia, large-scale investment in distribution centers related to e-commerce, and cost reductions through production reforms.

Medium-term business plan targets and business results

	Final year target	FY2017 results
Net sales	¥420,000 million	¥404,925 million
Operating margin	8.0%	9.9%
ROE	Secure 10% or higher	17.7%
Non-Japan sales ratio	70%	67%

Operating environment

With the rapid growth of e-commerce, there is corresponding growth in small-batch and individualized deliveries along with a rapid increase in the general movement of goods, which requires logistics systems to become more diverse and sophisticated.

In addition, economic development in countries with emerging economies has brought about a dynamic movement in not only goods but also people. According to the International Air Transport Association, the number of passenger movements in the world surpassed four billion people in 2017 and is expected to reach 7.8 billion by 2036.

Automobiles, a primary mode of transport, are evolving with the development of electric vehicles and autonomous-driving technologies, ushering in a major turning point on the road to a "smart mobility society." Also, data volume is projected to increase sharply due to IoT (Internet of Things), AI (Artificial Intelligence), and Big Data (according to IDC; see left).

With the expansion of the 5G mobile communication system, the Big Data market and next-generation semiconductors capable of massive data processing, we expect the popularity to rise for large, high-definition 4K and 8K panels with high-quality image and sound.

Priority measures

Due to changes in the industrial structure, even sales channels will change and give rise to new logistics needs. At Daifuku, we will support the introduction of the "smart logistics" that are sought after by customers by providing new logistics value incorporating new technologies such as IoT, ICT (information & communications technology), and AI.

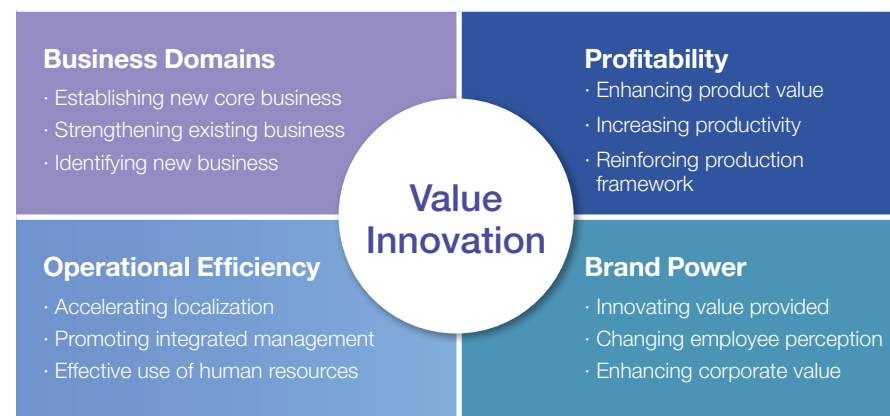
As outlined in the medium-term business plan, we aim to establish Airport Technologies (ATec) as one of our four core businesses, bringing it alongside Manufacturing and Distributions Systems (FA&DA), Cleanroom Production Line Systems (eFA), and Automobile Production Line Systems (AFA). Based on the expectation that airport facilities will be updated and expanded due to a rapid increase of passengers, we anticipate there to be demand for smarter airports with improved convenience and greater use of communications technologies.

In fiscal 2017, the non-Japan sales ratio to net sales reached 67%. As we continue to expand our business into global markets, the importance of non-Japanese Group companies will increase. In our medium-term business plan, we outlined our objective for a Group governance that pursues a balance between localization and globalization, and we are looking to take the next step in this direction. We will strive to build the DAIFUKU brand and foster a sense of unity throughout the Group, bringing together the non-Japanese companies that became members of the Daifuku family. Meanwhile, as Group companies take root in their respective regions, we will promote self-reliance in sales, production, installation, and service.

To respond to the increase in non-Japan sales, we will improve productivity and profitability by pursuing optimal procurement and production from the production system that was formerly centered on Japan. In terms of production capacity outside of Japan, we have increased the production capacity by 2.5 times in China in 2016. Looking ahead, we will increase the capacity by 1.5 times in South Korea in 2018 along with doubling the capacity in the United States in 2019. In addition, we have plans to expand production frameworks in Thailand and India.

To reinforce the global service framework accompanying the increase in the number of customers, we are building a training center in the United States to initiate training of human resources with advanced maintenance skills.

Themes for medium-term business plan



Priority measures in Value Innovation 2020

1	Provide smart logistics for customers
2	Establish Airport Technologies as the fourth core business
3	Pursue best combination of localization and globalization



Enhancing corporate value to respond to the expectations of our stakeholders

Balancing business activities and social soundness

Daifuku places environment, society, governance, and safety as important issues alongside growth and profitability.

We develop products with enhanced environmental performance, in tandem with improving the function and lowering the cost of the products as well as initiating such measures as energy conservation and resource saving.

To provide management with the heightened capabilities to respond to diversifying social demands and risks, we are promoting a single Daifuku Group comprising diverse human capital, regardless of age, gender, and nationality that can build our organization.

In addition, aiming for even greater transparency in management to enhance our corporate governance structure, from fiscal 2018, we will institute a system with three independent outside directors.

I believe that safety is a unique issue without parallel. It is my strong conviction that “safety first” is the premise by which we conduct safe business operations.

Our goal is to be a Value Innovator that provides customers with best solutions. We will continue to contribute to the development of society through enhancing and growing the corporate value of our customers by providing logistics solutions that respond to changing business environments across a wide range of industries and business sectors.



Mikio Inohara Executive Vice President
CFO and CRO

Generating results in a favorable business climate through proactive investments

Daifuku seeks to enhance its financial strength as well as its asset and capital efficiency. We also strive to raise ROE by improving the ratio of net income to net sales and total assets turnover.

Basic views of financial strategy

We work to maintain an optimal balance of assets and liabilities, paying constant attention to the debt-to-equity (D/E) ratio and return on asset (ROA). This approach is essential given our need to access substantial working capital and funds to fulfill the orders we receive for plant projects including installations. In addition, from the standpoint of financial strategy, careful cash flow management is vital for the Daifuku Group, including the parent company and its 53 affiliates worldwide, to accommodate various local business practices, conditions, and individual customer payment circumstances.

As we follow financial discipline, such as keeping our D/E ratio at 0.5 or lower, we also proactively take steps to lay the foundation for the Group's future growth. A rock-solid consolidated financial condition is the basis for improving management efficiency indicators such as ROE and ROA and for raising corporate value.

The 2017 public offering

We planned to expand our production capacity and strengthen our financial position. In particular, with the proceeds from the latest public offering, we are focusing on increasing the in-factory production ratio at our U.S. affiliate Wynright Corporation (Chart 1: Use of funds raised). We are aiming to boost Wynright's production capability to include a wide range of Daifuku products with the main objective of receiving more orders from the high growth potential e-commerce sector. Enhancing Wynright's effectiveness will have a ripple effect boosting Group-wide earnings.

Chart 1: Use of funds raised

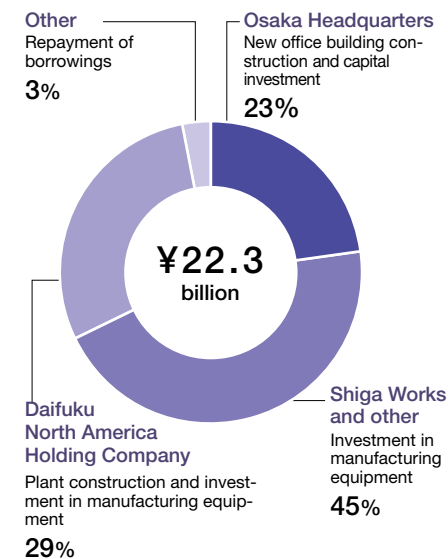


Table 1: Factors for increasing ROE

	FY2014	FY2015	FY2016	FY2017
ROE*	9.6%	11.6%	12.6%	17.7%
Return on sales	3.67%	4.06%	5.22%	7.16%
Total asset turnover (times)	1.03	1.19	1.07	1.20
Financial leverage (times)	2.51	2.33	2.18	1.99

* ROE = Net income ÷ Shareholders' equity x 100
= Return on sales x Total asset turnover x Financial leverage
= $\frac{\text{Net income}}{\text{Net sales}} \times \frac{\text{Net sales}}{\text{Total assets}} \times \frac{\text{Total assets}}{\text{Shareholders' equity}}$

Our bond rating at present is single A, and we wish to raise it yet another level. Another objective of the public offering was to expand our net assets.

Investments in human resources are also important

We will establish a software development center at our headquarters in Osaka to further strengthen the capabilities of our software department. It is also a key investment to create a comfortable work environment that attracts talented software developers.

We are implementing a workstyle reform by introducing RPA (robotic process automation) to enhance in-office productivity.

Allocating funds to increase ROE

At each monthly meeting, the Board of Directors assesses the status of the Group's net operating assets. Such stringent oversight has helped raise our operating margin and total assets turnover and has successfully supported the ongoing increase in ROE (Table 1: Factors for increasing ROE). As required, we will consider temporary financing to implement productive M&A and developments to acquire technologies that are complementary to ours, such as sensors and AI.

To be sure, a 10% operating margin is rather high for a plant supplier like us. We realize we need to change our business portfolio to increase profits. That is why we are focusing on developing the devices business, which generates greater profitability.

My targets as CFO

Raising corporate value through a blend of income gain and capital gain is fundamental to shareholder return (Chart 2: Dividends per share, dividend payout ratio). We have responded to shareholders' expectations for shareholder return through increased dividends via our dividend policy of maintaining our benchmark consolidated dividend payout ratio of 30% and by offering opportunities for additional return to investors.

As a result of providing increasingly attractive shareholder returns and improving our capital efficiency, our dividend on equity ratio is increasing.

Through the increase in capital from the public offering, we will strive to provide enhanced investment opportunities for shareholders, improve our performance to more than offset any dilution in stock value, and, thereby, have positive affect on our stock price.

A further vital way to raise corporate value is to strengthen corporate governance and compliance. We are stepping up our engagement not only with shareholders and investors but with all of our stakeholders. We will also fulfill our corporate social responsibility by being compliant with tax regulations, including those related to transfer pricing, in the countries where we do business.

In January 2018, the price of our Company shares surpassed 8,000 yen, and our market capitalization briefly reached one trillion yen. I believe our growth as a company is on the cusp of a completely new stage. We will continue strengthening our corporate governance and compliance to continue raising our corporate value.

Net income attributable to shareholders of the parent company and return on shareholders' equity (ROE)

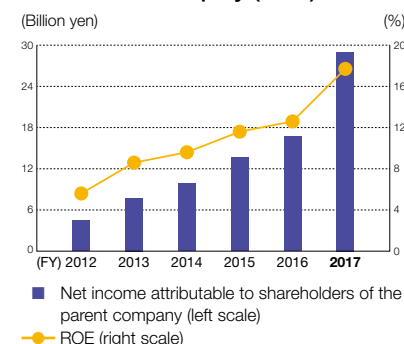
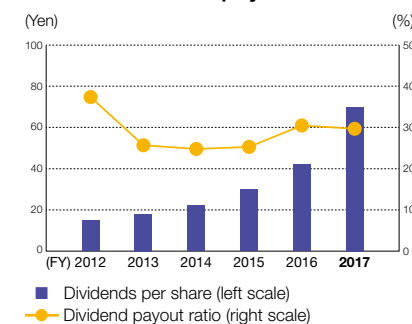
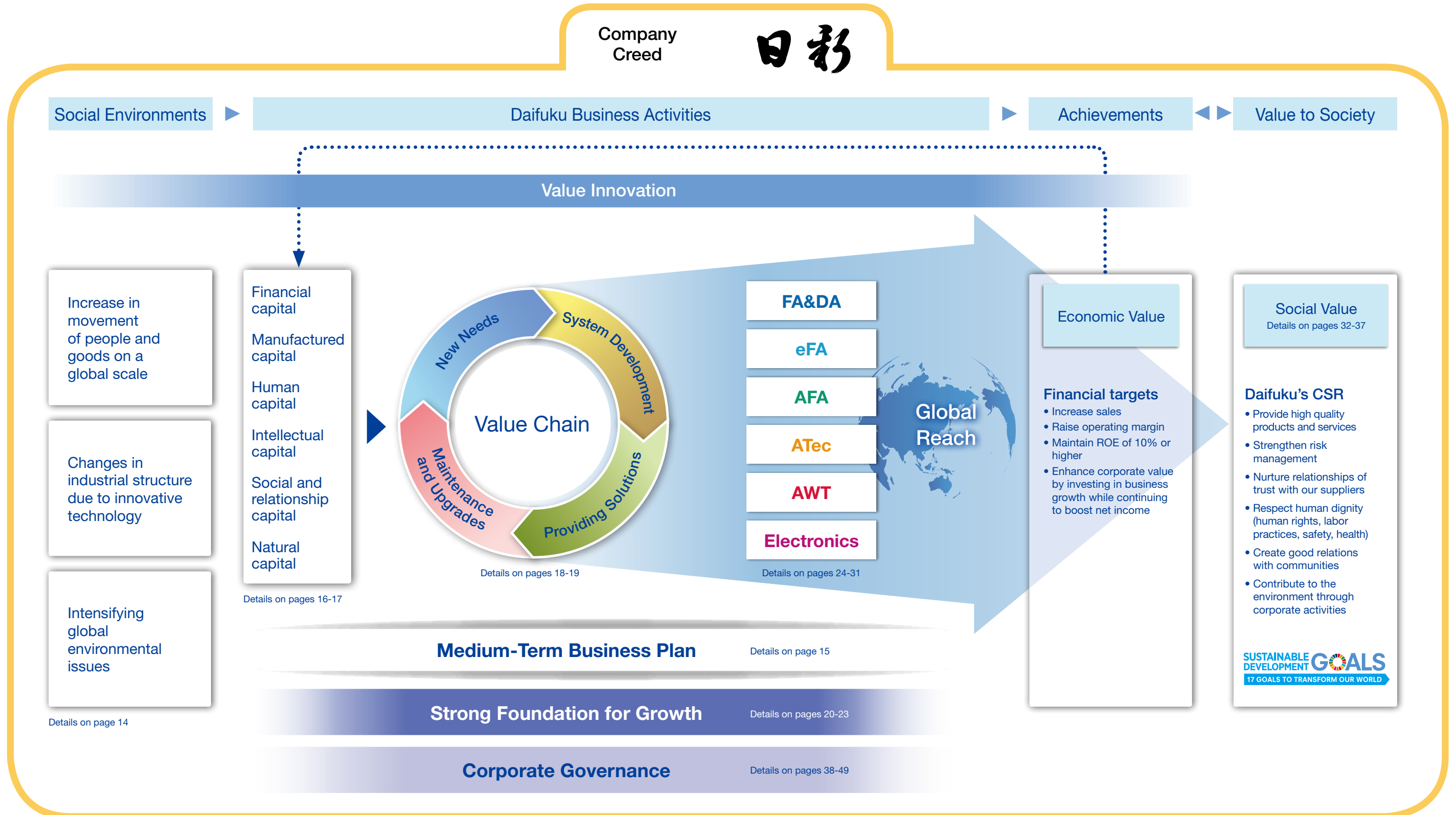


Chart 2: Dividends per share, dividend payout ratio



Daifuku Value Creation Model

Daifuku seeks to streamline logistics and, as a material handling systems manufacturer and integrator, has been able to achieve significant growth. Under our company creed Hini Arata, we aim to be a Value Innovator enhancing the competitiveness of our customers and, in tandem with contributing to the development of society, take up the challenge to enhance our corporate value.



Daifuku and Changes in the Social Environment

Social Environments Daifuku Business Activities Achievements Value to Society

Daifuku positions the changes in the social environment as important management issues, which are reflected in the strategies of its medium-term business plan Value Innovation 2020. Anticipating change moving forward, we will continue to target sustainable growth through the provision of the best solutions to our customers.

Social Environments

Increase in movement of people and goods on a global scale

Changes in industrial structure due to innovative technology

Intensifying global environmental issues

The Impact on Daifuku

Localization and globalization

It has become vital to enhance the brand power and strategy for the Daifuku Group and at the same time increase procurement, production, sales, installation and service capabilities at non-Japanese affiliates.

The growing importance of development

Given the growing importance of adopting and applying cutting-edge technologies, including AI and robotics, Daifuku is strengthening development in these areas and considering sourcing these technologies externally.

Preservation of the global environment

Daifuku strives to contribute to customers, society and preservation of the global environment through the sustainable development and provision of low-environmental impact material handling systems.

Four Strategic Themes



Business Domains



Profitability



Operational Efficiency



Brand Power

Growth Strategy

Social Environments Daifuku Business Activities Achievements Value to Society

Daifuku's Value Innovation 2020 medium-term business plan, covering the four years from April 2017 to March 2021, focuses on the four themes of "business domains," "profitability," "operational efficiency," and "brand power" and targets the development of enhanced growth strategies. In fiscal 2017, orders for systems for airports increased favorably.

Establishing new core business

Daifuku's plan targets the establishment of Airport Technologies (ATec) business, an area expected to expand moving forward, as one of four core businesses. We are strengthening capabilities in the software domain not only for baggage handling but also for passengers.

ATec orders

(Billion yen)

Enhancing product value

Daifuku is aiming to differentiate its products through the development of systems incorporating such digital technology as imaging, robotics, and AI.

R&D expenses

(Billion yen)

Accelerating localization

Every year net sales increase and non-Japan operations are growing in importance. Daifuku strives to increase profitability by raising the profile of local management with close ties to each local region worldwide.

Net sales, operating margin

(Billion yen)

Enhancing corporate value

In October 2017, Daifuku received a positive valuation of its strengthened financial structure, and Rating and Investment Information, Inc. (R&I) raised the Company's rating from A- (A minus) to A (single A). We will aim to enhance our brand power by strengthening our efforts to create social value, including through environmental preservation.

Market capitalization

(Billion yen)

* Year-end stock price (closing price)

Financial Capital

Funds that can be used in sustainable corporate activities



Net sales

¥404.9 billion

(Up 26.2% year on year)

Based on a high level of orders, net sales in fiscal 2017 exceeded ¥400 billion, a new record high.



Operating margin

9.9%

(Up 2.7 percentage points year on year)

Earnings strength significantly increased due to higher sales and cost cutting, among others. In fiscal 2017, the operating margin rose to 9.9%, outstripping the target of 8.0% set out in our medium-term business plan.



Net assets

¥191.4 billion

(Up 34.5% year on year)

Capital increased from ¥15.0 billion to ¥31.8 billion, with the first public offering for 45 years. The raised funds will be used for capital investment to expand future business.

Manufactured Capital

Non-current assets, including production equipment and systems



Production sites

19

Our global production framework meets rapidly increasing demand in every country and region.



Capital investment

¥6.3 billion

(FY2017)

We are continuously making capital investments. In fiscal 2017, the amount increased by ¥400 million year on year. In fiscal 2018, we plan to increase production capacity in Japan and the United States.

Human Capital

The skills and abilities of employees and their motivation as well as the organizational experience



Employees (consolidated)

9,193

(Up 504 year on year)

Along with an expansion in our global network, the consolidated employee numbers increased. We invigorate our organization by employing diversified human resources.



Employees outside Japan

5,936

(Up 400 year on year)

Along with globalization, non-Japanese employees remains above 60% of total employee numbers.



Designers/Engineers (non-consolidated)

827

We focus on securing and nurturing talented designers and engineers to meet customer needs with innovative solutions.

Intellectual Capital

All types of intangible assets, including intellectual property and software with the aim of creating value



R&D expenses

¥8.1 billion

(FY2017)

Research and development expenses, the source of our competitiveness, are maintained at about 2% of net sales.



Patents held

2,899

Our development capabilities are shown by the number of patents in more than 30 countries and regions.

Social and Relationship Capital

Engagement and bonds of trust with society and stakeholders, along with systems to further develop those



Installation record

54 countries

We are receiving orders from a broad range of customers worldwide.



Global locations

23 countries and regions

To respond to rising demand around the world, we are building a global network centering on Japan, the rest of Asia, and the Americas.



Visitors to Hini Arata Kan demo center

22,741

(FY2017)

The world's largest material handling and logistics demo center, Hini Arata Kan, is a venue for stakeholders to engage in dialogue.

Natural Capital

The natural environment and material resources that have an impact on the Company's business activities and its sustainability



Certified Daifuku Eco-Products

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We operate the Daifuku Eco-Products Certification Program to contribute to global environment conservation.

CO₂ reduction contribution from products and services

53,327 tons of CO₂ per year

To contribute to creating a sustainable global environment, we strive to reduce CO₂ emissions by providing customers with our environmentally friendly products and services.

Building a Robust Value Chain

Social Environments Daifuku Business Activities Achievements Value to Society

Daifuku adapts to new market needs and leverages its wealth of technology and know-how to take on the challenge of developing new material handling fields. Through our after-sales service, including ensuring stable operations and upgrades of systems we deliver, we build solid relationships of trust with customers.

Boldly Tackling Challenges in Unfamiliar Fields

Daifuku began by providing car body conveyor systems for passenger automobile factories at the dawn of Japan's motorization age. Today customers in diverse areas encompassing food and chemical factories, distribution centers, semiconductor and flat-panel display factories, and airports depend on us to deliver highly reliable systems adapted to specific environments and conditions capable of handling a varied range of items. Daifuku will continue to take on the challenge of opening up new fields.



FY2017 orders growth rate (year on year)

+36.9%

Advanced System Development Capabilities



To provide solutions that meet customer needs, we have testing facilities, such as a tall building in which we can perform testing on stacker cranes 40 meters high and facilities where we can perform tests in a clean environment. The standardization of new technology and products has been achieved through advanced research and development and together with realizing quality with low cost, short lead times, and peace of mind, Daifuku has produced many examples of technology and products that were firsts in industry or even the world.

Engineer ratio to total employees (non-consolidated)

About 30%

Building Trust with Follow-Up Services

To ensure stable operations of products after delivery, Daifuku has built an after-sales service structure offering full support to customers. Our broad service menu, which includes system upgrades of previously supplied equipment, has allowed us to build long-lasting relationships of trust with customers.



FY2017 service sales growth rate (year on year)

+13%

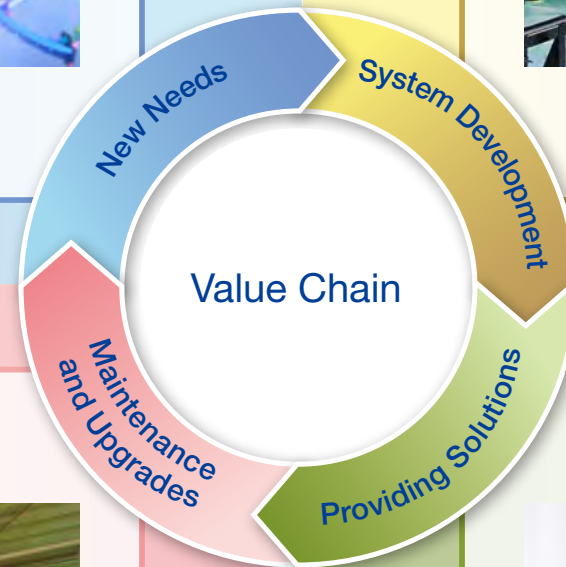
Providing the Optimum Logistic Solutions



We build comprehensive systems from our extensive product lineup. To provide the optimum solutions to match our customers' needs, we have used such products as 3D software to verify the functions of entire systems and control operations.

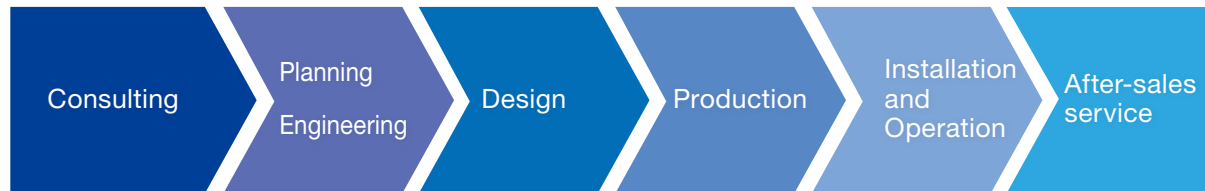
FY2017 net sales growth rate (year on year)

+26.2%



The globally integrated structure is one of Daifuku's core strengths, encompassing consulting, system design, production, installation, after-sales services to ensure long-term stable operations, and retrofits. This integrated structure has delivered a solid track record of installations and earned trust of customers.

Seamless Support Capabilities

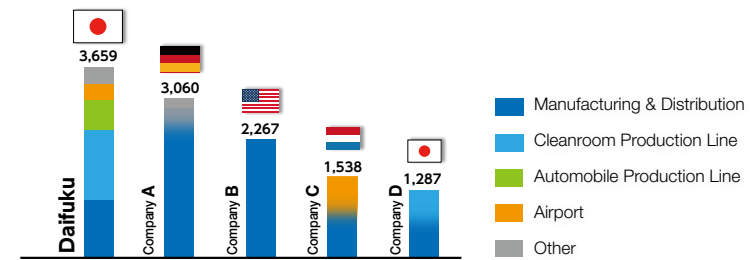


Our strengths lie in our comprehensive capabilities, ranging from consulting to after-sales services for customers. We are producing autonomously the large number of products and provide the best systems for customers by integrating our various products.

Unrivaled Comprehensive Strengths

Top 5 worldwide materials handling systems suppliers 2017

(Net sales in millions of U.S. dollars)

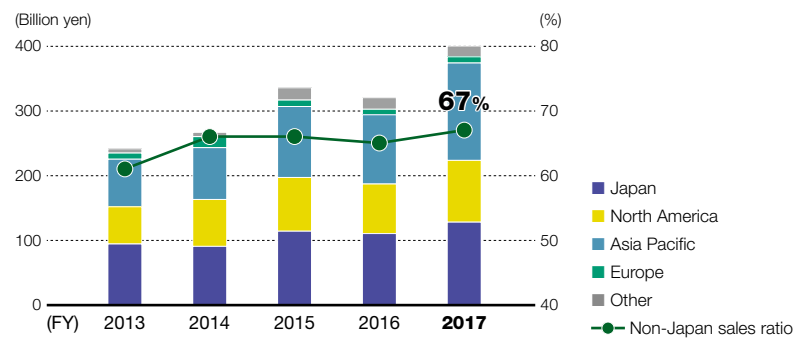


Our business development across a broad range of fields, including manufacturing, distribution and airports, leads to stable earnings.

Source: *Modern Materials Handling* - May 2018
 Note: Excluding Daifuku, data for the remaining four companies is calculated from published materials.

Global Reach

Sales by region



Daifuku's non-Japan sales ratio reached 67% in fiscal 2017. Mainly focusing on two areas—Asia, where we anticipate strong growth, and North America, with its large economy—we are enhancing local productions.

Installation Record

Total length of automobile production line systems delivered

5,000 km

Stacker cranes for automated warehouse systems

31,000 units

The total length of automobile production line systems delivered by Daifuku exceeded 5,000 kilometers, equivalent to the distance between Japan and Singapore. Moreover, we have delivered more than 31,000 stacker cranes. Even after delivery, we are building trust relationships with customers through services and upgrades of facilities.

Daifuku has conducted joint research and development with universities and companies, and of course also develops its own in-house technology.

In addition, we are promoting open innovation to strengthen our core business and generate technologies leading to the creation of new businesses. One of these representative core technologies, is our HID*, a non-contact power supply system that has produced high added value over the last quarter of a century. In this section, we will profile HID technology, a system that contributes to the environment and safety, and has earned high praise from the automobile and semiconductor industries. * HID: High efficiency inductive power distribution (technology)

Joint Development with Industry and Academia Generates Technological World's First

The basic technology for HID was invented in 1990 by researchers at the University of Auckland, New Zealand, led by Professor John Boys. We began research and development jointly with the university to find practical uses for HID technology, and after three years we were successful in applying the technology. We acquired exclusive rights to use and market HID in the material handling field, and registered the HID technology patents worldwide.

In 1993, we delivered the world's first electrified monorail system employing HID to an automobile factory in Japan. This system can be used in harsh environments including those that involve water, steam and oil. Highly acclaimed as a technology excellent in safety and serviceability, the system has been introduced at automobile factories worldwide.



Applying the Technology Across a Range of Industries

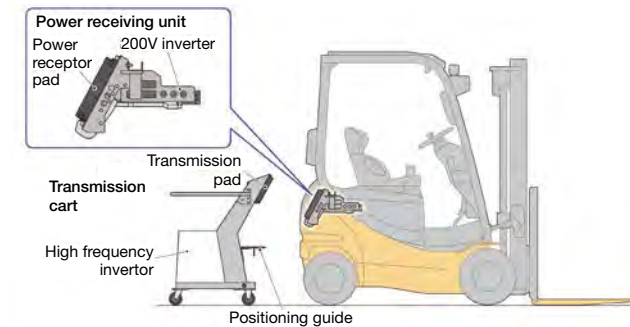
Applications opened up not only for automobile factories but also for transport systems used for semiconductor wafers produced in highly clean environments where dust is not permitted and for glass substrates used for flat-panel displays. Now HID is indispensable for Daifuku and has become a core technology. To date, we have delivered a total of more than 10,000 systems.



Developing a Devices Business

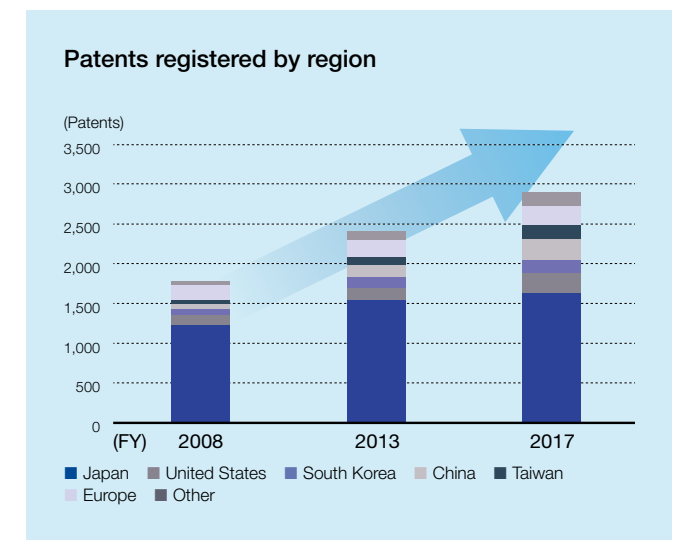
As a spin-off from HID technology, we developed D-PAD, a non-contact charging technology that can wirelessly and automatically charge electric-powered battery-equipped vehicles such as forklift trucks and automatic guided vehicles. In February 2016, with the cooperation of Komatsu Forklift Japan Co., Ltd. (now Komatsu Customer Support Japan Ltd.), we achieved commercialization of the world's first non-contact charging system for electric forklifts. With patent applications underway, Daifuku is pouring its efforts into marketing activities. Moreover, we are currently continuing to conduct collaborative research and development with universities.

In recent years, in addition to expanding the applications of wireless charging to smartphones and home electrical appliances, at Daifuku we are focusing on applications in such areas as electric vehicles. We will strive to contribute to society through our business activities to realize a smart society.



Proactive Patent Application

At Daifuku, we proactively seek patent applications and rights for our newly developed products. In recent years, the number of patent applications is increasing steadily, and we have acquired patents in more than 30 countries and regions around the world. Notably, registrations in Asian countries and regions such as China, South Korea and Taiwan are increasing.



Manufacturing and
Distribution Systems

FA&DA

Factory & Distribution Automation

Cleanroom
Production Line Systems

eFA

e-Factory Automation

Automobile
Production Line Systems

AFA

Automotive Factory Automation

Airport Technologies

ATec

Car Wash Machines

AWT

Auto Washing Technologies

Electronics

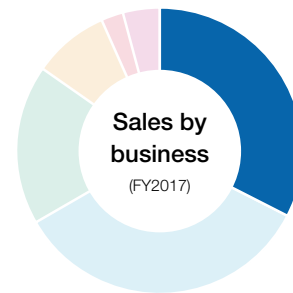
Contec



Manufacturing and
Distribution Systems

FA&DA

Factory & Distribution Automation



Daifuku provides storage, transport, sorting, and picking systems to factories and distribution centers in fields such as food, pharmaceuticals, and machinery. With labor shortages and aging of societies providing an incentive worldwide for labor saving and automation, e-commerce is delivering a rich source of business opportunities to expand simultaneously across Japan, North America, China, and the rest of Asia.

Kanji Anno
Managing Officer, Factory & Distribution Automation

Business and value: Providing best systems through in-house production

Daifuku is the only company that on a fully in-house basis manufactures all key products ranging from automated storage and retrieval systems (AS/RSs), conveyors, sorters and picking systems, to software. Compared to other companies that purchase a range of products from various manufacturers and assemble them into a single system,

Daifuku provides complete and highly reliable systems more quickly. Based on the knowledge gleaned from more than 15,000 installations even in Japan, Daifuku provides customers with the best systems (solutions), many of which are industry and world firsts.

Driving growth: Leveraging our leading-edge digital technology

In fiscal 2017, orders and sales from the commerce and retail industries primarily in the e-commerce sector increased by about 50% from the previous fiscal year. From a profitability standpoint, the effect of increased volume worked synergistically with our production restructuring measures focusing on product standardization. Whilst Daifuku has enhanced profitability in Japan each year, also boosting non-Japan profitability is a key issue. Daifuku is striving to win at the local level by enhancing the ratio of in-house production and expanding production capacity. In China, Daifuku's capital

investments in its affiliates are complete, with their expanded facilities already fully operational. In addition, Daifuku's U.S. affiliate is expanding its factory as well. Furthermore, by making use of virtual technology including 3D-simulation software, along with enhancing productivity and quality, Daifuku will offer customers one-of-a-kind solutions spanning picking robots and automatic guided vehicles that use such technologies as IoT (Internet of Things), ICT (information and communications technology), and AI (artificial intelligence).



Featured Product

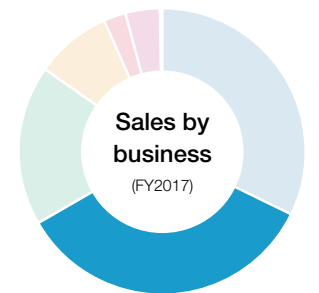
“Shuttle Rack” high-throughput mini load AS/RS

The system operates a shuttling vehicle with a transfer function on each rack level to store and retrieve plastic containers and carton boxes at high speeds. It is used for picking and sorting.

Cleanroom
Production Line Systems

eFA

e-Factory Automation



Daifuku provides storage and transport systems for clean rooms in semiconductor and flat-panel display (FPD) factories. Semiconductors and FPDs must be manufactured in highly controlled environments that make the handling of items especially challenging. Equipment in the eFA field must be both technically capable and able to accommodate customer requirements to expand their plants to substantial scale, shorten delivery times, and cover an ever-widening delivery area.

Seiji Sato
Director and Managing Officer, e-Factory Automation

Business and value: Providing advanced factory automation for clean rooms

Dust is detrimental to semiconductor wafers, and maintaining dust-free environments is becoming even more important as the miniaturization of integrated circuit (IC) chips proceeds. It takes more than 1,000 processes to make a semiconductor, and any disruption in the flow of the production line can significantly compromise a product's commercial value, with the damage to just one transport container of products reaching up to hundreds of millions of yen. In addition, the latest and largest 10.5G panels are made from large glass

substrates reaching about three meters square but a mere 0.7 millimeter thick. Factories are expanding to massive scale to handle the increasingly large materials and undergo progressively complex processes. At the same time, as technology innovation is fast and furious, delivery lead times for new products must be as short as six months. Daifuku applies its robust technical capabilities to overcome these challenges and has captured the top share of the global market.

Driving growth: Effectively meeting the sharp rise in orders

In fiscal 2017, orders and sales from the electronics industry, primarily in the semiconductor and FPD sectors, grew by roughly 50% over the previous fiscal year. During the period, we installed the first 10.5G TV panel production line system. Sales also grew significantly for organic EL display (OLED) production line systems. Meanwhile, the rapidly expanding IoT market is fueling what is called a super cycle in demand for semiconductors. In addition, the Chinese government has adopted a national policy to ramp up domestic semiconductor production, following South Korea, Taiwan, and the United States. The construction of FPD factories is currently largely concentrated in China.

Our global production structure, including the core factory in Japan and plants in South Korea, China, and Taiwan, has been able to steadily translate the growth in orders during the fiscal year into sales and profits. We will continue developing this structure to meet the brisk demand for cleanroom production line systems, which we expect to continue to be strong into the foreseeable future. We are fully aware that high volatility is a hallmark of our main customer industries, and we will seek to remain flexible and maintain our high product quality to further enhance our high profitability.



Featured Product

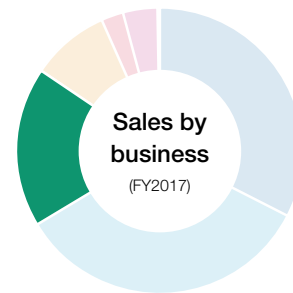
“Clean Stocker” system for FPD production lines

This system for transporting and storing FPD cassettes features highly refined technology capable of handling large and fragile glass substrates—10.5G panels are roughly three meters square and less than one millimeter thick.

Automobile
Production Line Systems

AFA

Automotive Factory Automation



Centered on Japanese companies, Daifuku provides automakers with systems for automobile production lines worldwide, including the U.S., China, South Korea, Thailand, and countries in Latin America and Europe. The systems convey car bodies through the entire manufacturing process, including press, weld, paint, and assembly.

Hidenori Iwamoto
Director and Managing Officer, Automotive Factory Automation

Business and value: Supporting the world's automobile industry over many years

Over the last 60 years, Daifuku has provided automakers worldwide with automobile production line systems. When taking on an extensive upgrade project for a production system with a short completion deadline, even in the most challenging cases, the culture at Daifuku is to “follow through

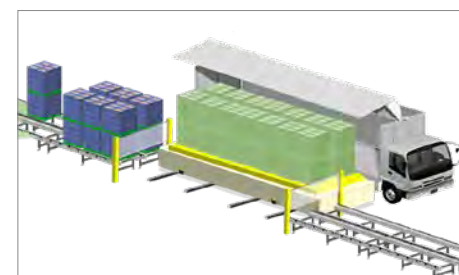
no matter what.” It is through this culture that we earn our customers’ trust and their long-term repeated orders. In addition, existing facilities upgrades and after-sales service, including maintenance, are also vital components of this business, and the weight placed upon them has risen.

Driving growth: A once in a century reform

Fiscal 2017 was strong mainly due to new automobile factory construction and large-scale upgrade projects of existing facilities. After-sales service business also noted healthy growth, contributing more than 40% of sales. Moving forward, we will enhance our servicing sites to work in close contact with customers and fully satisfy their needs.

The automobile industry is said to be facing a time of significant change. Manufacturing and sales practices of the past are approaching a true turning point as enhanced safety,

self-driving capability, eco-friendliness and electric vehicles, and the shift from vehicle ownership to ride-sharing are among the wide-ranging challenges our customers face. The impact such changes will have on automobile manufacturing will give rise to business opportunities to provide diverse and labor-saving systems for production, and process planning and engineering. There will also be greater opportunities to propose the installation of parts logistics systems within automobile related facilities.



Featured Product

“TRTS” (pronounced “tortoise”) drive-through truck station

At the shipping yard of a parts factory and receiving dock for completed vehicles at automobile factories, the TRTS loads and unloads one full truck load of goods on pallets in a single operation. This reduces forklift operations, with safety improved and loading/unloading time reduced.

Airport Technologies

ATec



To maintain efficiency, safety, and reliability, Daifuku provides a broad range of automated systems for airports, including baggage handling systems, self-service baggage check-in systems, baggage tracking systems and other software and controls.

Shuichi Honda
Director and Senior Managing Officer, Airport Technologies

Business and value: Providing the world's airports industry-leading solutions in baggage handling

The International Air Transport Association estimates that global air travelers will rise to more than 7.8 billion by 2036, as the number of air travelers surpassed 4.0 billion in 2017. With increased baggage volumes and route connections becoming more complex, the efficiency and speed of baggage handling, as well as clearing of lost baggage, have become increasingly important. Daifuku covers the global market through

collaboration with three subsidiaries operating in North America, Europe, and Asia Pacific. Daifuku is the only company to cover the three fields of baggage handling equipment, operation and maintenance, and self-service baggage check-in systems. In the future, Daifuku will also strengthen capabilities in the software business domain.

Driving growth: Strengthening existing businesses and cultivating new business domains

In fiscal 2017, Daifuku recorded healthy orders of airport baggage handling systems and secured a number of large projects in North America. When examining sales by region, the U.S. is by far our largest market, occupying some two-thirds of overall market. In North America, airport facilities are aging, leading us to anticipate increased investments to update facilities.

Further, focusing on developed countries that are rolling out strengthened baggage screening criteria, Daifuku offers baggage handling systems that track baggage during the handling phase as well as ergonomically designed and highly efficient mobile inspection tables that use an automatic guided vehicle.

Currently, through the introduction of leading-edge technology, airports around the world are proactively seeking to create smart airports with heightened security and operating efficiency. In addition to its airport-related hardware business, as a hybrid solutions provider, Daifuku is expanding into airport software to secure stable profit streams while supporting enhanced airport-wide efficiency.

At the same time, to provide highly value-added systems, Daifuku is strengthening technical developments such as the early baggage storage that uses its automated warehouse system technology and employs RFID tags for baggage tracking and control.

Featured Product

Self-service bag drop

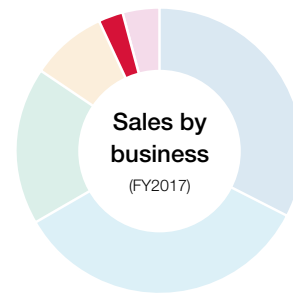
By following on-screen instructions, passengers are able to check in their own baggage by themselves. This helps save queuing time compared to conventional manned check-in counters.



Car Wash Machines

AWT

Auto Washing Technologies



Daifuku provides car wash machines and related equipment for service stations, car dealerships, and self-service car washes. The parent company Daifuku produces and its subsidiary Daifuku Plusmore Co., Ltd. markets and services these systems and is the leading provider of car wash machines commanding 40% of the Japanese market. As the industry leader with a 60% share in South Korea, where washing vehicles at home is prohibited, production and sales are also growing.

Akira Ikari

Managing Officer, Auto Washing Technologies, President of Daifuku Plusmore Co., Ltd.

Business and value:

Delivering the leading-edge car wash technology

Daifuku began producing car wash machines in 1977 using technologies it had developed in the material handling field. We have been consistently the first to introduce innovative technologies to the market, releasing Japan's first microcomputer-equipped car wash machine, tunnel-type car wash machines using roller conveyor technology, machines that conserve water and reduce sound emissions, and that use plant-based detergent.

With the rapid growth of electric and hybrid vehicles that consume less gasoline, service stations seek ways to increase profits through their services other than providing fuel oil. We respond positively to their needs with our car wash machines with advanced washing features, shorter wash times, and environmentally friendly features. Our large-sized vehicle wash machines are also attracting increasing attention as demand for washing systems for trucks and buses rises with the increasing volume of package and product deliveries and the growing number of inbound travelers.

Driving growth:

Capturing diverse demand in the car wash sector

Our sales to service stations increased in fiscal 2017 with support from the Japanese government subsidy program. This included increased sales of our "Sliding Bubble" car wash machine specifically designed to attract the attention of drivers. We anticipate demand for car wash machines to diversify beyond service stations and are strengthening our marketing to car dealerships and to the transportation and logistics sectors that have strong demand for energy-efficient systems. We are also stepping up our marketing to

the bus and rental car sectors, which are seeing brisk demand from booming inbound tourism.

We are also focusing on service business. Using our industry-leading sales and service network, we have strengthened proposals including meticulously refined after-sales service and upgrades for previously installed machines. We have also set up the industry's first service call center, thereby strengthening our service network.



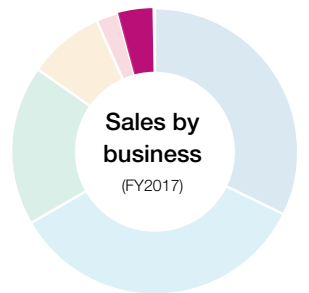
Featured Product

"Camion Custom" large-sized vehicle wash machine

This is our latest product designed specifically for washing large trucks and buses. It vastly shortens wash times by using a special sensor to detect a vehicle's height and to optimize washer brush operation. The wash cycle time for a 10-ton, 12-meter-long vehicle is just three minutes and 55 seconds, the shortest in the industry. It is also unmatched in water-saving with its latest water control technology using just 150 liters per vehicle in the rinse-only mode.

Electronics

Contec



Daifuku established Contec Co., Ltd. as a subsidiary in 1975 to pursue new business opportunities in the electronic device field. Since its creation, Contec has operated independently and is now listed on the Second Section of the Tokyo Stock Exchange. Contec contributes to society by providing "Technology for a better life"—ranging from high-end industrial computers to measurement control systems boards and network systems.

Katsutoshi Fujiki

President and CEO, Contec Co., Ltd.

Business and value:

Providing industrial electronic devices and IoT solutions

Contec markets in-house developed products to the factory automation, semiconductor, medical, railway, and transportation sectors.

We offer a broad range of IoT-enabled equipment that links devices via the Internet. Along with developing, manufacturing, and marketing I/O (input/output) boards for signal processing essential in measurement control systems, Contec's comprehensive lineup of IoT solutions, includes

software and equipment for machine-to-machine (M2M) communication, which are increasingly in demand to provide remote monitoring of active systems and for preventive maintenance of factory equipment. We also offer cloud services enabling centralized control of data accumulated from sensors used in factories, water treatment facilities, and renewable energy operations.

Driving growth:

Strong sales of IoT and controller equipment

Japanese companies actively invested in new equipment in fiscal 2017. In this environment, Contec posted strong sales of industrial computers and controllers for the semiconductor manufacturing equipment industry. Sales were likewise robust for IoT devices, notably measurement control boards for manufacturing facilities and wireless LAN equipment for retail outlets. Contec is currently strengthening its technical development and renewing its production system to develop its global sales capabilities for IoT equipment and AI integrated technology.

Contec's CONPROSYS M2M/IoT solutions are in use in the company's factories in Aichi Prefecture, Japan, and Florida, the United States. The system's "data visualization" feature brings improvements in quality, cost, and delivery, which in turn leads to increased profitability. In addition, we offer specialized factory tours to demonstrate exactly how the system works.

Featured Product

Elderly well-being monitor app

Contec has focused its latest IoT technology to provide support services for caregivers, primarily for those supporting the elderly. A smartphone app enables the monitoring of the well-being of elderly persons living alone, using data gathered from devices with sensors to detect fluctuations in lighting, room temperature, and human activity.



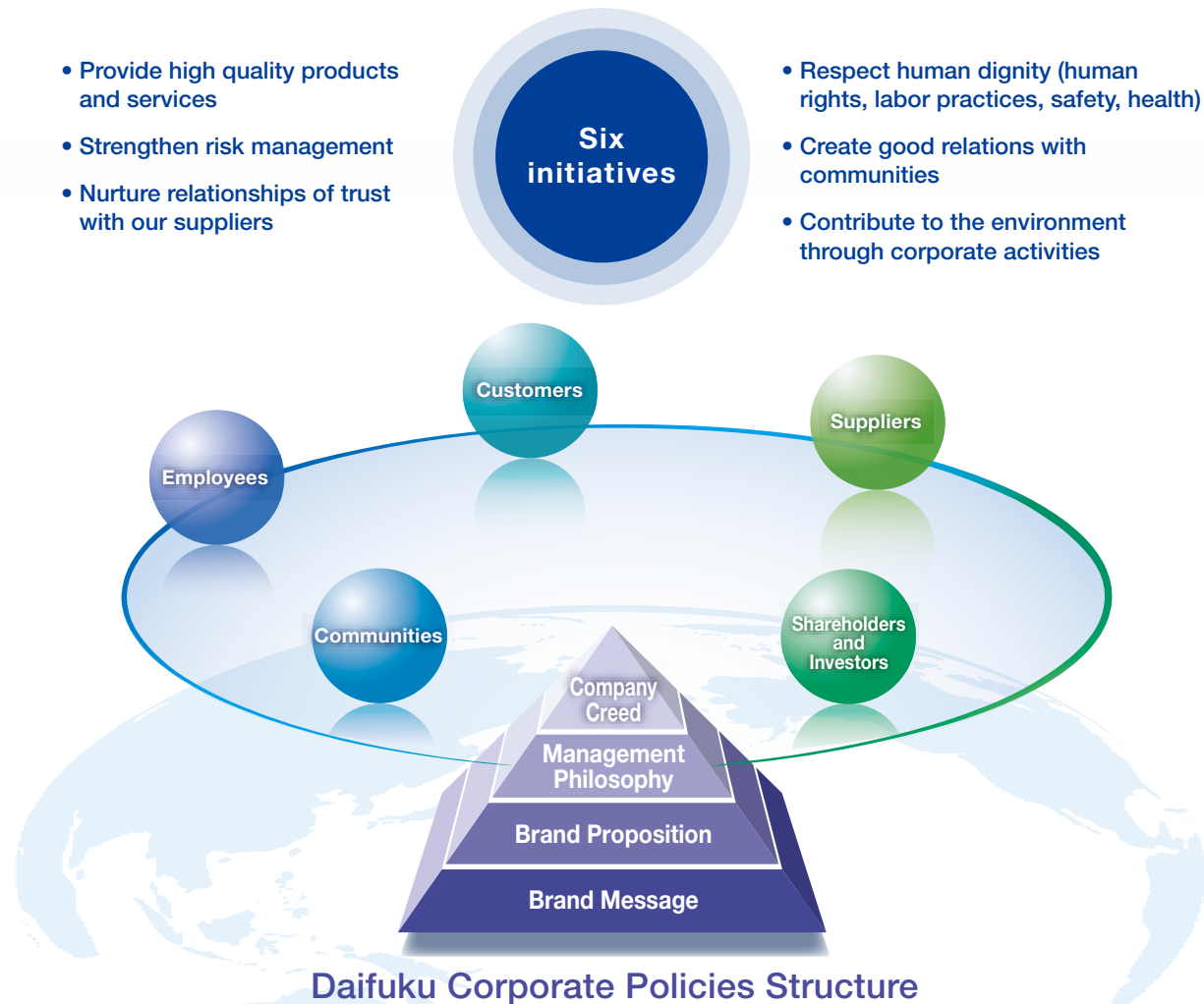
To respond to the social issues of “human rights, labor, environment, and anti-corruption” that global companies are expected to address, in April 2014 Daifuku announced its commitment, Daifuku CSR, which outlines the responsibilities that must be met, the approach and plan for action. In this commitment, Daifuku specifies six initiative themes to be prioritized for social responsibilities.

In addition, Daifuku has linked these themes to the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDGs), which were adopted by the United Nations in September 2015. We, as the Daifuku Group, have incorporated these into our medium-term CSR Action Plan.

Daifuku’s CSR


“A company that supports society and the future”

To achieve this desire, we are engaging in the themes outlined below.



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

CSR Action Plan

Initiatives	Materiality*	SDG Targets
Provide high quality products and services	<ul style="list-style-type: none"> Maintain and improve product quality to satisfy customer needs around the world Strengthen technology development platform 	 
Strengthen risk management	<ul style="list-style-type: none"> Ensure compliance and corruption Promote and strengthen information security measures Continue expanding business continuity management 	 
Nurture relationships of trust with our suppliers	<ul style="list-style-type: none"> Promote CSR procurement in the supply chain 	 
Respect human dignity (human rights, labor practices, safety and health)	<ul style="list-style-type: none"> Eliminate workplace accidents and serious accidents Promote diversity Create a comfortable workplace environment Promote human resources development 	    
Create good relationships with communities	<ul style="list-style-type: none"> Encourage communication with shareholders and investors Encourage communication with local communities and society at large, and social contribution activities 	
Contribute to the environment through corporate activities	<ul style="list-style-type: none"> Promote environmentally friendly activities in business operations Expand environmentally friendly products and services Strengthen environmental management platform 	     

* Materiality: Issues that should have the highest priority as they significantly impact the environment, society and governance or stakeholder evaluations and decision making

Respect human dignity (human rights, labor practices, safety, health)

Daifuku believes its employees are its most important asset. We aim to enhance the quality of work and life for each and every employee and build a comfortable workplace environment that places safety and health first and allows employees to maximize their capabilities.

Health management

In April 2018, Daifuku adopted its Health Management Declaration stating the clear objective to make a positive contribution in supporting an active and fulfilling quality of life for its workforce both at and outside the workplace.

Daifuku Group Health Management Declaration

- Daifuku continuously promote activities to maintain and increase the physical and mental health of its employees, considering the health of all associates as fundamentals to the sustainable growth of its business.
- Daifuku strives to provide comfortable and hygienic work environments with the aim of raising the quality of the work and the lives of each employee.
- Daifuku, led by the Mental and Physical Health Promotion Committee, a companywide organization encompassing corporate and industry medical practitioners and public health nurse and labor unions, promotes to raise health awareness and the work-life balance of its employees by implementing health promotion measures.

Daifuku's management-led Mental and Physical Health Promotion Committee was established in 2006. The committee organizes and implements a range of health promotion measures and events that address the health issues of its employees. Moreover, Daifuku published the *Daifuku White Paper on Health* as a means of communicating with employees. This publication offers an opportunity for employees to consider health issues.

In addition, Daifuku was chosen for the first time for the Health and Productivity Stock Selection 2018 as well as being recognized for the second straight year as an excellent enterprise for Health and Productivity Management 2018 (White 500).



The 2018 Health and Productivity Stock Selection, a program run by Japan's Ministry of Economy, Trade and Industry (METI) and Tokyo Stock Exchange (TSE), recognizes TSE-listed companies deploying management practices benefiting the health of their employees. One company each in 26 sectors was selected.



Daifuku was recognized as one of 541 large enterprises in the 2018 Certified Health & Productivity Management Outstanding Organizations Recognition program. Jointly run by METI and the *Nippon Kenko Kaigi*, the program acknowledges corporations of all sizes that operate outstanding programs promoting employee health and productivity.



Raising safety awareness

With the growing volume of business in recent years, there has been a proportionally fractional increase in work-related injuries. Accordingly, eliminating work accidents is an utmost priority, which requires that we overcome certain basic challenges, such as the decreased on-site management capacity along with an increase in young personnel, the communication challenges that come with diversifying and creating a multi-layered supply chain, and the work needed to convey our culture of safety to every corner of the Group. We are focusing our efforts in the following key areas to ensure we maintain the highest level of safety.

Training for on-site decision making

Daifuku provides specialized training to enhance the safety management capabilities of project supervisors overseeing on-site activities. Particular attention is paid to raising awareness of potential dangers at projects that involve using scaffolding by providing instruction on the proper use of safety equipment in such cases.



Health and safety seminars for top management

A strong sense of safety awareness among upper management is essential to preventing work accidents. Daifuku holds annual seminars to disseminate its culture of safety among the management of the Company and its suppliers. At the seminars, Daifuku promotes maintaining a high level of safety awareness through an award program to recognize suppliers that have proactively implemented health and safety measures.



Safety conferences across the Group

Daifuku holds an annual conference across the Group worldwide to share information on safety. The globalization of our activities has resulted in a diverse range of operating conditions and companies involved. The annual conference gives Group members a forum to introduce safety and health initiatives at their operating sites and to deepen their understanding of working conditions in different environments, all with the aim of increasing safety throughout the Group.



Generating Group collaboration with global staff

Global leadership training program

Since 2011, Daifuku has been providing a global leadership training program for executive managers and the employees who are candidates for executive positions of non-Japanese affiliates. The program includes senior management presenting lectures on Daifuku's management philosophy, basic management policy, business strategy, and investor relations Initiatives, along with a curriculum on topics ranging from company rules to CSR. Joint group-work exercise with Japan-based members are also held focusing on cross-cultural understanding and communication skills to deepen the knowledge and communication aptitudes of our business leaders.

Contribution to the environment through corporate activities

The most-profound risk to our business continuity comes from climate change and other environmental issues. At the same time, we recognize that the range of issues that arise from environmental change also presents business opportunities for us to make a contribution. Guided by the Daifuku Environmental Vision 2020, we are contributing to creating a sustainable global environment through our business activities.

Response to risk

Rise in costs due to tighter regulations

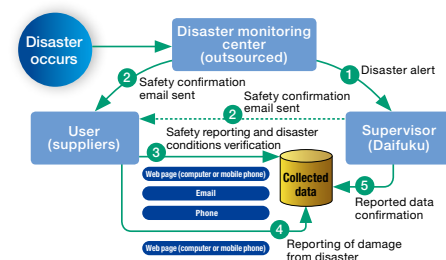
Due to international agreements for tighter regulations, higher levels of energy efficiency are required.

At the Shiga Works, Daifuku's core production site and a designated Type-1 Factory under Japan's Act on the Rational Use of Energy, initiatives to conserve energy include participating in the CO₂ Emissions Reduction Potential Program in 2015. In addition, installing highly efficient air-conditioning systems and LED lighting enabled us to achieve energy efficiency targets surpassing the legal requirements. We are currently reviewing our environmental targets in preparation for meeting tighter international standards while implementing energy-saving measures at all of our factories and offices.

Rise in costs due to climate impact

Below is an outline of measures to deal with supply chain interruptions and business operation shutdowns caused by increases in such events as heavy rain and snow and the damage from wind, flood and snow.

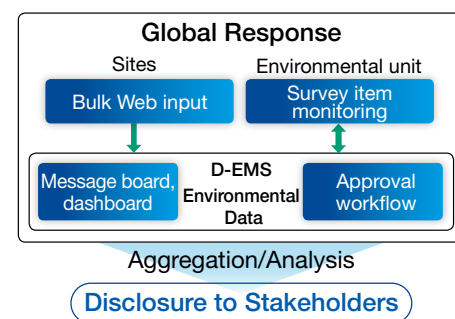
As a part of our business continuity plan, we have introduced a system to confirm the operational status of our suppliers. This system confirms disaster status and provides email reports to quickly and accurately assess and share information on the status of suppliers in the event of an emergency, with the aim of ensuring a quick recovery and return to normal operations.



Decline in brand power due to reputational assessments

An unfavorable assessment of our response to mitigating climate change, can adversely impact on Daifuku's stock price.

We introduced the Daifuku Eco-Management System (D-EMS) in 2017 to collect and monitor monthly environmental data from Group companies across the globe. An accurate view of the amount of energy being used and the causes of increases and decreases will enable effective action to reduce energy consumption at each site.

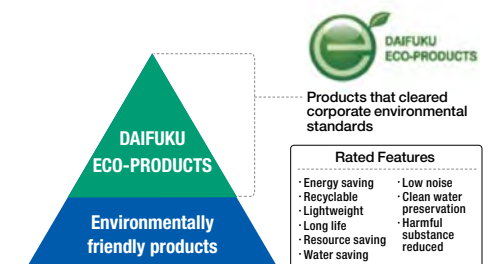


Response to Opportunity

Increase in sales due to regulation changes

Tighter energy conservation regulations on companies increase the need for our environmentally friendly products.

We launched the Daifuku Eco-Product Certification Program in 2012 to evaluate and certify the environmental performance of our products based on the Company's in-house standards. Daifuku rates all the Group's products, both current products and those slated for future development, based on the following criteria: energy efficiency, resource conservation and pollution prevention. Products meeting the standards are certified as Daifuku Eco-Products.



Increase in sales due to climate impact

Demand for cold chain logistics is rising due to changes to maximum and minimum temperatures.

Demand for cold chain logistics in Asia accompanying the region's economic growth presents business opportunities for Daifuku to supply automated refrigerated and freezer warehouses for long-term food product storage and to build higher-quality cold chain logistics systems. In addition, changing temperatures associated with climate change increases the risk of food loss and waste, which will increase market opportunities for the growth of cold chain logistics systems.



Automated freezer warehouse system delivered to a food product manufacturer in Thailand

Increase in brand power due to reputational assessments

Demand for non-financial disclosure information is rising due to the expansion in ESG investments worldwide.

Daifuku began participating in the CDP* climate change questionnaire in fiscal 2017, and the disclosure of the measures we are taking to ameliorate climate change received a rating of A-minus (Leadership). In addition, we are participating in the Ministry of the Environment committee to establish standardized environmental information disclosure. We are also working to enhance the quality of information disclosure and implementation measures through dialogue with investors.



*CDP: Carbon Disclosure Project, an international not-for-profit organization working in environment fields, including climate change

The Daifuku Group strives to enhance its corporate governance with the aim of ensuring the sustained growth of the Group and creating its medium- to long-term corporate value.

Number of directors

10

Daifuku adopts a corporate officer system to accelerate management decision making on business execution and strengthen supervising functions of the Board of Directors.

Board meeting attendance
(Outside directors: 18/18 times)

100%

Daifuku prepares a year-round schedule for Board meetings and agenda. The Company conducts a functioning operation by holding the meetings in a planned manner.

Outside officers rate
(Directors, Audit & Supervisory Board members)

40%

Daifuku holds meetings among outside officers, representative directors, and full-time Audit & Supervisory Board members on a regular basis to leverage the outside officers to an effective advantage.

Principal initiatives

The Group emphasizes the fulfillment of its corporate social responsibility (CSR) based on the following management philosophy:

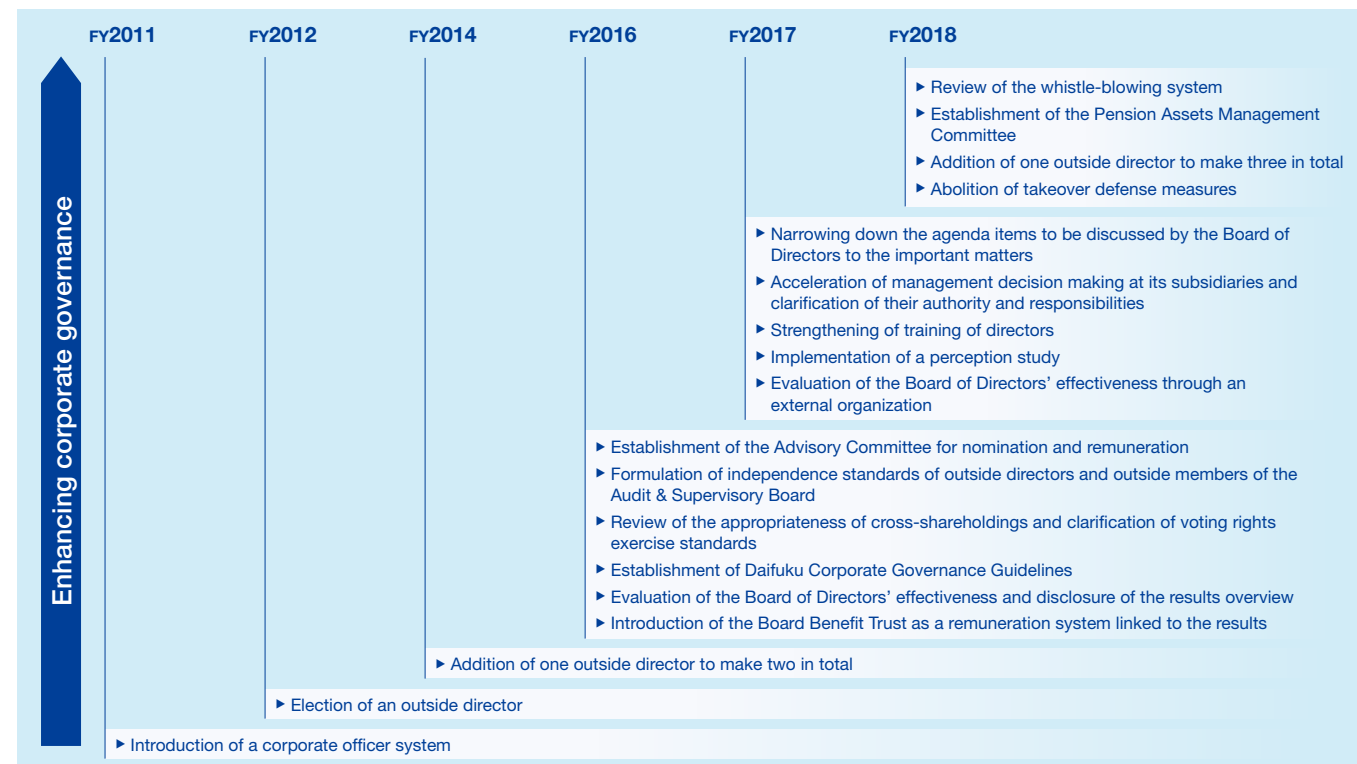
1. Provide the best solutions to benefit the global markets and the development of society.
2. Focus on healthy, growth-driven global management under a diverse and positive corporate culture.

Daifuku enhances its corporate governance framework by developing the Board of Directors of 10 members, including three independent outside directors, and the Audit & Supervisory Board consisting of five members, three of whom are elected

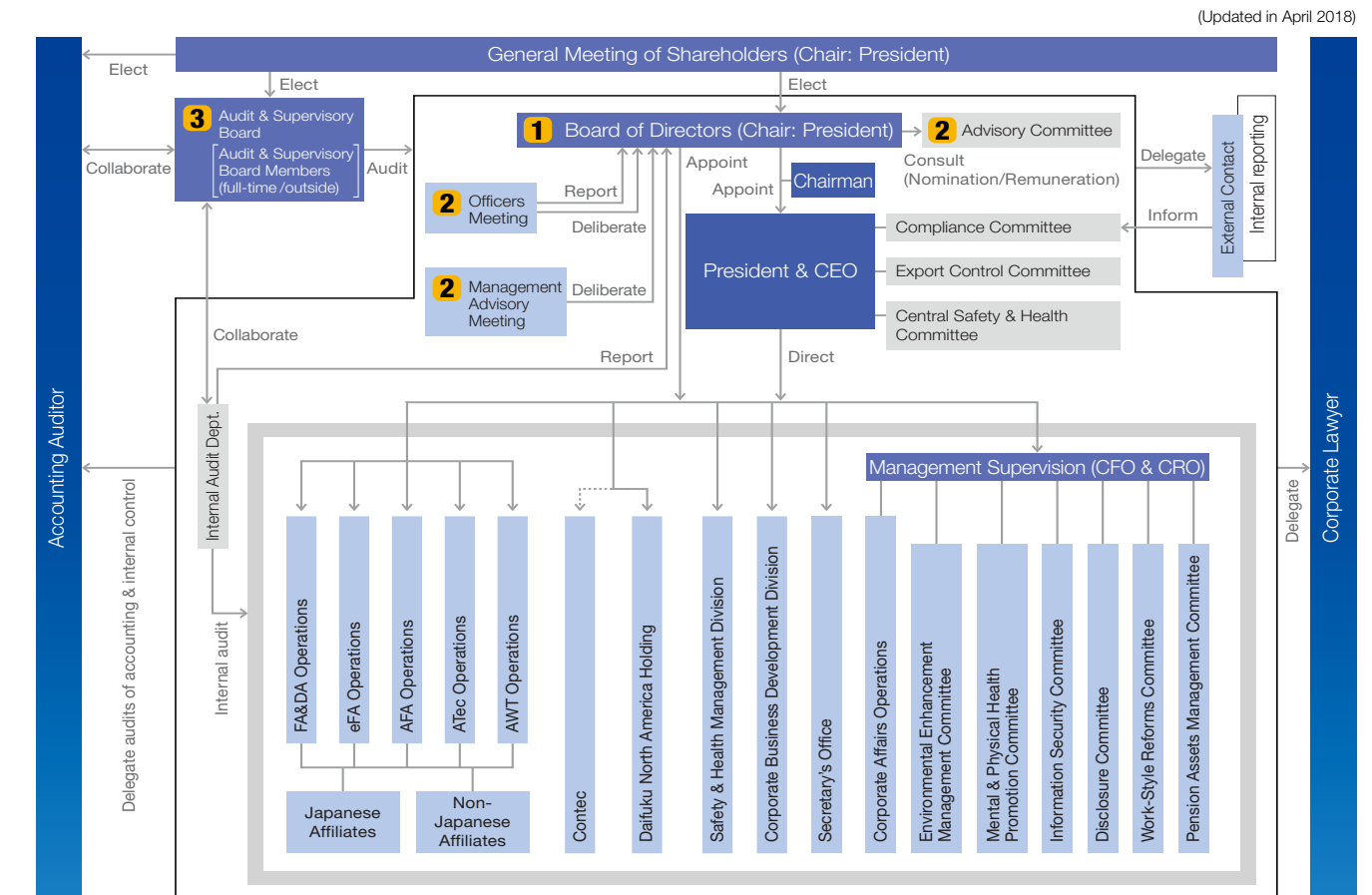
from outside the Company. The Company believes that the management oversight system functions sufficiently through the close collaboration of the two Boards. In addition, the Company has introduced the corporate officer system to encourage rapid decision making on business execution.

The Company acknowledges that a firm internal control system will make corporate governance more workable, thereby leading to enhanced corporate credibility in addition to efficient and effective operations, and will seek to ensure compliance with laws and regulations, risk management, secured assets, and credible financial reporting.

The evolution of corporate governance



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 remuneration of directors and corporate officers.

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 Audit & Supervisory Board members attending and participating in deliberations on the content of business execution.

• Management Advisory Meeting

The Management Advisory Meeting is held on a timely basis to confer important management matters, with directors and Audit & Supervisory Board members 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 in accordance with the Rules of the Audit & Supervisory Board, among others, 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.

Diverse matrix of directors

	Independent (outside officers)	Corporate management	Industry insight	Overseas assignment	Expertise	Gender
Akio Tanaka		√	√			M
Hiroshi Geshiro		√	√	√		M
Mikio Inohara		√	√		Finance/Accounting	M
Shuichi Honda		√ (Bank)	√	√		M
Hidenori Iwamoto		√	√	√		M
Yoshiyuki Nakashima		√	√	√	HR/General affairs	M
Seiji Sato		√	√	√		M
Noboru Kashiwagi	√			√	Legal	M
Yoshiaki Ozawa	√			√	Finance/Accounting	M
Mineo Sakai	√	√ (IT company)		√	Finance/Accounting	M

Activity of outside directors and outside Audit & Supervisory Board members

	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: 4/4 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: 4/4 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.
	Mineo Sakai	√	(Assumed office in June 2018)	Provides insightful advice and recommendations to the Board of Directors based on his abundant experience and extensive knowledge in corporate management.
Outside Audit & Supervisory Board members	Isao Kitamoto	√	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 extensive experience working outside of Japan.
	Ryosuke Aihara	√	Board of Directors: Regular: 12/12 times Special: 6/6 times Audit & Supervisory Board: 6/6 times	Provides expert advice and recommendations to the Boards, as a lawyer.
	Tsukasa Miyajima	√	(Assumed office in June 2018)	Provides insightful advice and recommendations as a university professor specializing in legal affairs to the Boards, based on extensive experience as a legal expert.

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 terms 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 (FY2017)

	Number of individuals	Remuneration
Directors (Outside directors)	10 (2)	641 million yen (30 million yen)
Audit & Supervisory Board members (Outside members)	5 (3)	109 million yen (30 million yen)
Total (Outside officer total)	15 (5)	750 million yen (60 million yen)

Disclosure of individual directors' remuneration

Name	Total remuneration
Masaki Hojo	128 million yen

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

Initiatives for strengthening corporate governance structure

Evaluation of the Board of Directors' effectiveness

Regarding the evaluation of the Board of Directors' effectiveness, Daifuku has a basic policy of striving to improve its effectiveness by continuously implementing the PDCA cycle. In fiscal 2017, the Company used an external organization for evaluation of the

Board of Directors' effectiveness to ensure anonymity and collect more impartial opinions by answering directly to the organization. The results were analyzed on a perspective of a comparison with other companies.

1. Evaluation method

Step 1: The Company conducted a blank questionnaire survey of directors and Audit & Supervisory Board members concerning the Board of Directors' effectiveness (through the external organization).

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

2. Evaluation results

	FY2016	FY2017
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. This result was the same as that of the previous fiscal year; however, overall improvements were seen. 	<ul style="list-style-type: none"> Compared to the previous fiscal year, the number of higher-evaluated items by outside officers increased, and an improvement in sharing of information was seen. Compared to the other companies, most of the items won higher points than average.
Issues	<ul style="list-style-type: none"> The Company reviewed the Rules 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 such means as the use of information technology (IT). However, this initiative was evaluated as being insufficient, and the Company will undertake further examinations to devise response measures. 	<ul style="list-style-type: none"> The Company confirmed that the efficiency and workability of the Board of Directors were improved, with a comment stating, "The operation of the Board of Directors itself became clearer by narrowing the matters to be discussed to important matters. In addition, awareness (sense) of responsibility at the execution level increased, which was a productive result." Looking ahead, the Company will continue to improve the function of the Board of Directors, including through earlier distribution of meeting materials. The Advisory Committee functioned effectively for the hand over to the new president of the Company in April 2018.

Cross-shareholding strategy

Daifuku reviews the appropriateness of its cross-shareholdings and reports the result at the meeting of the Board of Directors once a year.

The Company examines the economic rationale of cross-shareholdings based on market value, book value, trading conditions, ROE, among others. Accordingly, the Company is proceeding with the sale of non-significant shares.

Daifuku defines voting rights exercise standards for the cross-shareholdings. Presence or absence of scandals of cross-shareholding partners is mainly considered, while improvement measures for management strategy and opinions from Audit & Supervisory Board members and auditing

companies of these partners are also confirmed. Finally, the Chief Financial Officer (CFO) shall assess the voting rights as to cross-shareholdings from a comprehensive perspective.

Takeover defense measures abolished

Daifuku abolished the countermeasures to guard against the attempted large-scale purchase of its shares (takeover defense measures) after its expected expiration with the closing of the Ordinary General Meeting of Shareholders in June 2018. The Company remains committed to doing its utmost to enhance its corporate value and shareholders' common interests to further enhance its sustainable growth.

Operation status of systems to secure business appropriateness

Compliance

- Daifuku conducts regular compliance training sessions and provides case studies to foster specific understanding.
- The Company revised its internal reporting (whistle-blower) system to operate the system more effectively across the Group. The new system started in April 2018. In the new

system, the Company developed environments, where a whistle-blower is able to report at ease by setting two channels, internal contact and external independent contact, which accept reporting by email. The system features anonymous reporting in multiple languages, so that every associate of the Group is able to report in their own languages.

3. The Company has newly established the Pension Assets Management Committee to promote safe and effective management of its defined benefit pension plan.

System to secure the business appropriateness of the Group

1. Daifuku has been accelerating management decision making at its subsidiaries and clarifying their authority and responsibilities. With respect to reporting from subsidiaries to the Company, representatives from each subsidiary report on their business conditions and other necessary information at meetings of the Board of Directors, officers meetings, global affiliate management meetings, among others, in an appropriate and timely manner.
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 stipulated anti-bribery rules based on the situations and environments surrounding its subsidiaries and affiliates outside of Japan, enhances the application of the rules, 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 were 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 Audit & Supervisory Board members.

Consequently, in its fiscal 2017 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 (investor relations activities)

To contribute to sustainable growth and the increase of corporate value over the medium-to-long term for the Group, Daifuku promotes constructive dialogue with its shareholders.

The Company conducts timely and appropriate disclosure of information through the Investor Relations Department. In addition, the Company broadly pursues transparency through information disclosure on its website.

During fiscal 2017, the Company conducted a perception study to research evaluation for its business strategy and investor relations activities from its institutional investors. Through the study, an investor gave a comment, stating, "Implementing this study is a positive approach for investor relations."

FY2017 results	
Ordinary General Meeting of Shareholders	Attendees: 193 Voting rate: 82%
For Institutional investors	Results briefing: Held 4 times Global investor relations tour: 4 times Individual meetings: 269 times
Briefings for individual investors	Held: 3 times Participants: 632
Site tour for shareholders	Participants: 208 Satisfaction level: 98%

CFO cited as "Best CFO" (Japan) in U.S. major financial magazine

In May 2018, Daifuku was selected by *Institutional Investor*, one of the world's leading U.S. financial information publications, as one of the highly ranked "Honored Companies" in "The 2018 All-Japan Executive Team" in the Engineering & Machinery sector. Among the evaluation items, Daifuku's Mikio Inohara, Executive Vice President and CFO, took second place in the "Best CFOs" category of this sector. As a result, Daifuku ranked number four among the "Honored Companies" in the same sector.

Risk information

Daifuku recognizes the following items as risks that could have a significant impact on its business activities.

The Company takes measures to mitigate and minimize each risk; however, it believes that these incidents have the potential to impact the Group's performance, should they occur.

• Risks covered by the Chief Financial Officer and Chief Risk Officer

1. Major disruption to production
2. Impact of natural disasters and intentional threats, war, acts of terrorism, strikes, disease, etc.
3. Environmental problems
4. Labor relations issues
5. Joint ventures
6. Intellectual property rights
7. Securing of human resources
8. Customer/Supplier credit risk
9. Information management
10. Global business development
 - (1) Unexpected changes to each country's laws and regulations
 - (2) Changes in the social, political, and economic situation, or deterioration in public safety
 - (3) Disruption to transportation/electric power infrastructure
 - (4) Currency exchange restrictions and fluctuations
 - (5) Tax system changes
 - (6) Taxation by transfer price
 - (7) Trade protection regulations

- (8) Customer credit risk by different commercial practices
- (9) Different employment systems and social insurance systems
- (10) Changes in the labor environment, difficulties in recruiting/retaining personnel
- (11) Outbreaks of disease

• Risks covered by head of each business global operation

1. Impacts of conditions in the markets related to semiconductors and flat-panel displays, as well as automobiles
2. Price competition
3. Product quality issues
4. Risk related to the development of new products/technologies
5. Increase in raw material prices
6. Increasing project scale

The number of projects with high-value orders is increasing in systems for distribution centers and semiconductor/flat-panel display factories. The Group's financial results may be affected by the timing of orders recorded, along with how efficiently all aspects of projects are managed.

Risk management framework

To develop an appropriate risk management system to address anticipated risks that have a significant impact on the Group's businesses, the executive vice president acts as Chief Risk Officer, overseeing the Corporate Affairs Operations, which develop and promote countermeasures.

Daifuku conducts risk assessments across the Group every year. Also, the Company sets in advance the frameworks for responding to emergency situations.

Information disclosure on corporate governance

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

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

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

Corporate Governance and Appointment of Top Management at Daifuku



Noboru Kashiwagi
Outside Director
Independent Officer

Yoshiaki Ozawa
Outside Director
Independent Officer

In our recent interview, we discussed how Daifuku would continue to create value, what qualities are essential for a leader, and considerations at the Advisory Committee in regard to the appointment of top management.

Daifuku made a new start in April 2018 under the leadership of new president and CEO Hiroshi Geshiro.

What should outside directors on the Board of Directors know so as to make appropriate decisions in regard to strategy and the appointment of top management?

Kashiwagi: When determining whether a given strategy is appropriate or not, it is important for us to actively participate in the early strategic planning phase. For the medium-term business plan, I believe it is essential to be involved from the initial formulation stage. With respect to the appointment of top management, the most important thing for us, as members of the nomination and remuneration advisory council, is to know candidates fully. A proper decision cannot be made if we do not have sufficient information.

Ozawa: Regarding the appointment of top management, I think the real work of the outside director begins after the Company produces the initial draft. Our function is essentially to monitor the actions of management. In this capacity, it is vital to look at the candidate's daily actions to determine whether they are the right person for a leadership position, and to consider carefully whether this is indeed the best decision for the future of the Company.

We are not in a position to develop management strategy. While maintaining the current theme based on advancing corporate value over the medium-to-long term, we also look for data pointing to whether a decision is valid as a sustainable strategy. I further believe it is important to

Advisory Committee
Daifuku's Advisory Committee is a discretionary body comprising representative directors and outside directors. This committee is responsible for discussing nominations as well as remuneration. This committee is chaired by an outside director.

look at strategies to determine whether or not they are unreasonably risk-averse.

What are your thoughts on the qualities required of top management?

Kashiwagi: It is important for leaders to maintain a high ethical standard. As has been seen at other companies, a lack of ethics among those in leadership positions can sometimes result in a fatal breach of laws and regulations by their subordinates because the tone of the top sets the ethical standard of the entire company.

Ozawa: When asked about quality in management, Peter Drucker is said to have commented along the lines that it is not about being affable or sociable, but rather about integrity, meaning honesty, seriousness, and dedication. It has also been said that the most-successful organizations are those where the leaders are respected more than liked and where the leader demands the same level of excellence from himself or herself that he or she demands from subordinates. I consider integrity to be the most-important quality in management, and that leadership at Daifuku is outstanding in that respect.

What should the Advisory Committee be discussing when appointing top management?

Kashiwagi: We hear the reasons why the person is recommended for top management. We examine the reasons based on daily observation of the candidate. If we have questions, we address them to the persons recommending the candidate. We will usually respect the judgment of those recommending him or her because they have much more knowledge than us about the capability of the person. However, when a person displays a clear lack of qualification or when a person has been selected by unfair means, it is the responsibility of the outside director to express opposition.

Ozawa: I agree with Mr. Kashiwagi. The internal directors and officers prepare a draft for the appointment of the candidate or candidates, and it is up to us to determine the appropriateness of this person. To accomplish this, we conduct a comparative verification based on interviews with the various candidates.

Let's talk about your assessment of Daifuku's commitment to strengthening governance.

Kashiwagi: Daifuku's corporate governance is improving every year. I am the first outside director and was the only

one when appointed. Now Daifuku has three outside directors. I have been very impressed with the strong ethics shown by the executives here. When I was first selected to serve as an outside director, our late Chairman Takeuchi stressed that the Company's corporate culture was focused on "integrity, righteousness, and transparency." It seems that philosophy is still at work at the Company today. I am also impressed by the fact that the directors at Daifuku are not clinging to their positions.

Ozawa: The Company has no shortage of people who are sincere, serious, and dedicated. Whenever we point out areas for improvement, the Company and its people respond very quickly. As an example, if you need to see material for the Board of Directors' meeting at a point earlier than usual, the Company is quick to oblige. I also believe Daifuku is firmly committed to strengthening its governance.

With earnings trending favorably, what should Daifuku prioritize?

Kashiwagi: One of the Company's challenges is how best to generate synergies in a business that is expanding on a global level partly through M&A. I believe it is important to work to maintain Daifuku's open and integrated organization avoiding isolation of individual divisions.

Ozawa: Good things may not last forever, and there may be times where earnings fluctuate. During such times, it is important to manage costs, and in particular to avoid unnecessary expansion in fixed costs. However, companies cannot survive if they do not change with the times, so upfront investments are also critical. While there may be some risk, it is needed to maintain room for investment in new businesses.

In closing, could you provide a message to our stakeholders?

Kashiwagi: When focused on monitoring from the viewpoint of stakeholders, I believe it is essential to take less of an internal perspective, and instead maintain an objective outlook from the standpoint of an external shareholder.

Ozawa: That is exactly the way I look at it as well. Daifuku is working to improve transparency, and I would like to see investors looking at, and investing in the Company from a long-term perspective.

Directors



(1) **Akio Tanaka**
Chairman

Akio Tanaka has accumulated a wealth of knowledge and experience, primarily in the mainstay manufacturing and distribution systems business. As executive vice president and COO since 2014, he has overseen the Daifuku Group's businesses and proactively promoted production and structural reforms aimed at fundamentally bolstering profitability. In 2018, he became the Group's chairman and will focus his efforts on completing structural reforms, with an eye, in particular, on improving the work-life balance of employees.

(2) **Hiroshi Geshiro**
President and CEO

Hiroshi Geshiro has abundant experience in the mainstay manufacturing and distribution systems business, mainly in sales worldwide. He has held division-wide responsibility as the head of the mentioned business since 2014. In particular, he has led business development in the distribution sector, with a proven track record and a wide range of hands-on experience in a number of different industries. In 2018, he became the Group's president and CEO.

(3) **Mikio Inohara**
Executive Vice President
CFO and CRO

Mikio Inohara has extensive knowledge in the fields of accounting and finance. As executive vice president and the Group's CFO and CRO since 2014, he has been working to increase corporate value and manage risk, as well as focusing on investor relations activities.

(4) **Shuichi Honda**
Director
Senior Managing Officer
Corporate Business
Development
Airport Technologies

Shuichi Honda promotes globalized management based on his international knowledge and involvement in managing a Japanese megabank, while serving as the head of the airport technologies business, which is composed mainly of non-Japanese Group companies.

(5) **Hidenori Iwamoto**
Director
Managing Officer
Automotive Factory Automation

Hidenori Iwamoto's career centers on the sales division for the automobile production line systems business, and he has management experience and a strong track record in of non-Japanese Group companies.

(6) **Yoshiyuki Nakashima**
Director
Managing Officer
Chairman of Daifuku (China) Co.,
Ltd.

Yoshiyuki Nakashima has an abundance of experience and a proven track record, particularly in human resources and general affairs. He serves as the chairman of a subsidiary in China, the third-largest market for the Group after Japan and the United States.

(7) **Seiji Sato**
Director
Managing Officer
e-Factory Automation

Seiji Sato has a wide range of experience and knowledge in semiconductor and flat-panel display production line systems, as well as management experience in a non-Japanese subsidiary.

(8) **Noboru Kashiwagi**
Outside Director
Independent Officer

Noboru Kashiwagi has a wide range of experience and insights, including working outside of Japan at a trading company and serving as a university professor. He is especially well versed in corporate legal affairs and international trade law. He has been an outside director at Daifuku since 2012.

(9) **Yoshiaki Ozawa**
Outside Director
Independent Officer

Yoshiaki Ozawa has ample experience as a certified public accountant, keen insights into accounting, and a wealth of experience in business, including working outside of Japan. He is a university professor focusing in business analysis. He has been an outside director at Daifuku since 2014.

(10) **Mineo Sakai**
Outside Director
Independent Officer

Mineo Sakai has a strong track record and extensive experience in corporate management, including serving as CEO and chairman of a leading IT company. He began as an outside director at Daifuku in 2018.

Auditors



From the left: Ryosuke Aihara, Tatsujiro Kurosaka, Isao Kitamoto, Yoshihisa Kimura, Tsukasa Miyajima

- Tatsujiro Kurosaka**
 Audit & Supervisory Board Member

Tatsujiro Kurosaka has a wealth of insight and experience in the sales field of the mainstay manufacturing and distribution systems, which follows the Group's entire business. He has been a member of the Audit & Supervisory Board since 2012.
- Yoshihisa Kimura**
 Audit & Supervisory Board Member

Yoshihisa Kimura has deep insight and extensive non-Japan experience, mainly in the field of accounting and finance. He has been a member of the Audit & Supervisory Board since 2014.
- Isao Kitamoto**
 Audit & Supervisory Board Member (outside)
 Independent Officer

Isao Kitamoto has a breadth of knowledge as a journalist and a wealth of non-Japan experience. He has been an outside member of the Audit & Supervisory Board since 2007.
- Ryosuke Aihara**
 Audit & Supervisory Board Member (outside)
 Independent Officer

Ryosuke Aihara has a wealth of experience and deep insight into corporate governance and compliance. He has been an outside member of the Audit & Supervisory Board since 2016.
- Tsukasa Miyajima**
 Audit & Supervisory Board Member (outside)
 Independent Officer

Tsukasa Miyajima is a university professor specializing in legal affairs and, as an academic expert and a legal specialist, has extensive experience and deep insight. He began as an outside auditor in 2018.

Officers (excluding those who are concurrently appointed as directors)

- | | |
|---|--|
| <p>Managing Officers</p> <ul style="list-style-type: none"> <li style="margin-bottom: 20px;"> <p>Akira Ikari
 Auto Washing Technologies
 President of Daifuku Plusmore Co., Ltd.</p> <li style="margin-bottom: 20px;"> <p>Kanji Anno
 Factory & Distribution Automation International</p> <li style="margin-bottom: 20px;"> <p>Akihiko Kishida
 Automotive Factory Automation Production</p> <li style="margin-bottom: 20px;"> <p>Yoshiyuki Horiba
 e-Factory Automation
 Field Engineering & Services</p> | <p>Corporate Officers</p> <ul style="list-style-type: none"> <li style="margin-bottom: 20px;"> <p>Hiroshi Nobuta
 Executive Vice President of Daifuku North America Holding Company</p> <li style="margin-bottom: 20px;"> <p>Toshiaki Hayashi
 Chairman of Daifuku (China) Automation Co., Ltd.</p> <li style="margin-bottom: 20px;"> <p>Takaya Uemoto
 Automotive Factory Automation Production</p> <li style="margin-bottom: 20px;"> <p>Akihiko Nishimura
 Airport Technologies
 President and CEO of Daifuku North America Holding Company</p> <li style="margin-bottom: 20px;"> <p>Yoshihisa Ichinose
 Corporate Affairs
 Chief Officer of Komaki Works</p> <li style="margin-bottom: 20px;"> <p>Takuya Gondo
 Factory & Distribution Automation Engineering & International</p> <li style="margin-bottom: 20px;"> <p>Yasuhisa Mishina
 Factory & Distribution Automation Production</p> <li style="margin-bottom: 20px;"> <p>Hiroaki Kita
 Safety and Health Management
 Chief Officer of Shiga Works</p> <li style="margin-bottom: 20px;"> <p>Norihito Toriya
 Factory & Distribution Automation Sales</p> |
|---|--|

Financial/Non-financial Highlights

Eleven-Year Summary

Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31, 2008 to 2018

	Jump Up for 2010			Material Handling and Beyond			Value Innovation 2017				Value Innovation 2020	
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
(Million yen)												
For the Year												
Net sales	¥231,619	¥242,182	¥154,208	¥159,263	¥198,052	¥202,337	¥241,811	¥267,284	¥ 336,184	¥ 320,825		¥ 404,925
Cost of sales	182,260	195,430	128,195	131,639	165,505	165,340	194,974	215,641	272,832	256,417		321,836
Gross profit	49,358	46,752	26,012	27,623	32,546	36,996	46,836	51,642	63,351	64,407		83,089
Selling, general and administrative expenses	28,680	31,736	25,932	25,897	28,328	28,986	34,279	36,759	42,472	41,308		43,164
Operating income	20,677	15,015	80	1,726	4,217	8,010	12,556	14,883	20,878	23,099		39,924
Income before income taxes	20,592	13,956	862	703	3,129	7,316	12,137	15,211	20,650	23,942		41,059
Net income attributable to shareholders of the parent company	11,893	7,851	1,018	269	1,223	4,439	7,740	9,810	13,652	16,746		29,008
Capital investment	4,071	4,613	2,280	3,221	2,393	7,687	10,446	7,532	4,210	5,905		6,348
Depreciation	3,401	3,930	3,679	3,577	3,612	3,332	3,821	4,157	4,587	4,202		4,419
R&D expenditures	6,964	8,018	6,075	6,370	6,484	6,855	7,490	6,945	7,009	7,489		8,123
Cash Flows												
Cash flows from operating activities	¥ 21,234	¥ (8,425)	¥ 20,921	¥ 11,417	¥ (5,187)	¥ 15,666	¥ 20,447	¥ 6,295	¥ 7,206	¥ 26,683		¥ 11,497
Cash flows from investing activities	(6,340)	(6,900)	(7,303)	(3,616)	(4,039)	(13,649)	(7,372)	(5,846)	(2,099)	(5,393)		(5,600)
Free cash flows	14,894	(15,325)	13,617	7,801	(9,227)	2,016	13,074	448	5,107	21,289		5,897
Cash flows from financing activities	(3,531)	16,189	(11,321)	(6,056)	7,709	88	1,045	(509)	(8,702)	(4,404)		13,444
At Year-End												
Total assets	¥222,386	¥194,727	¥165,430	¥163,388	¥185,049	¥206,875	¥249,531	¥271,011	¥ 296,055	¥ 303,540		¥ 373,712
Working capital	64,840	75,087	66,265	65,908	61,943	45,832	87,070	91,187	99,293	96,401		142,267
Interest-bearing liabilities	33,559	55,417	45,295	40,912	51,010	53,385	58,144	60,547	40,904	39,770		37,967
Net assets	88,709	82,810	81,295	77,714	76,618	85,685	99,690	111,521	130,116	142,340		191,474
Shareholders' equity	83,355	85,727	83,852	82,454	82,013	84,486	90,652	98,469	123,669	136,694		181,454
Number of employees	5,663	5,660	5,395	5,209	5,617	6,678	7,349	7,746	7,835	8,689		9,193
Amounts per Share of Common Stock												
Net income per share (Yen)	¥ 105.05	¥ 70.29	¥ 9.20	¥ 2.43	¥ 11.05	¥ 40.12	¥ 69.96	¥ 88.59	¥ 118.72	¥ 137.58		¥ 235.62
Net assets per share (Yen)	746.59	718.68	716.07	683.39	674.72	754.98	875.14	972.75	1,044.40	1,142.14		1,493.69
Cash dividends per share (Yen)	26.00	26.00	20.00	15.00	15.00	15.00	18.00	22.00	30.00	42.00		70.00
Ratios												
Operating income/net sales	8.9%	6.2%	0.1%	1.1%	2.1%	4.0%	5.2%	5.6%	6.2%	7.2%		9.9%
Income before income taxes/net sales	8.9	5.8	0.6	0.4	1.6	3.6	5.0	5.7	6.1	7.5		10.1
Net income/net sales	5.1	3.2	0.7	0.2	0.6	2.2	3.2	3.7	4.1	5.2		7.2
Return on shareholders' equity (ROE)	14.7	9.6	1.3	0.3	1.6	5.6	8.6	9.6	11.6	12.6		17.7
Total assets turnover (Times)	1.0	1.2	0.9	1.0	1.1	1.0	1.0	1.0	1.1	1.1		1.1
Shareholders' equity/total assets	38.0	40.9	47.9	46.3	40.3	40.4	38.8	39.8	42.9	45.8		50.3
D/E ratio	0.40	0.70	0.57	0.54	0.68	0.64	0.60	0.56	0.32	0.29		0.20

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. D/E ratio=Interest-bearing liabilities/(Net assets - Non-controlling interests - Bonds with stock acquisition rights)
5. A PDF version containing notes to the financial statements is available on our website: www.daifuku.com/ir/library/annualreport

Financial/Non-financial Highlights

Five-Year Summary

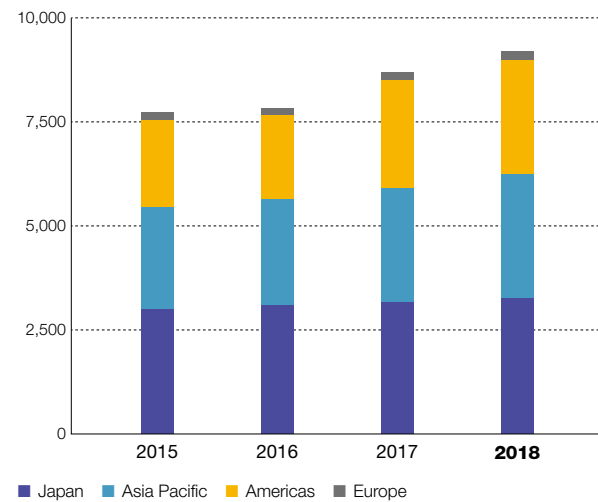
Daifuku Co., Ltd. and consolidated subsidiaries
Years ended March 31

Environment	Value Innovation 2017				Value Innovation 2020
	2014	2015	2016	2017	2018
CO ₂ emissions (t-CO ₂)					
Japan	16,774	16,616	16,190	15,034	15,154
Non-Japan	21,573	20,700	20,148	24,563	25,332
CO ₂ reduction contribution from environmentally friendly products (t-CO ₂)	18,974	25,694	33,367	41,689	53,327
Water usage (m ³)					
Japan	145,404	136,801	135,519	125,991	123,587
Non-Japan	99,153	91,762	98,522	102,160	90,113
Emission and transfer volume of chemical substances related to PRTR Law (kg)*1	23,506	18,691	30,010	21,180	28,576
Waste generated (t)*2	1,142	968	1,244	1,083	1,147
Recycling rate (%)*2	97.2	96.7	93.0	94.4	94.4

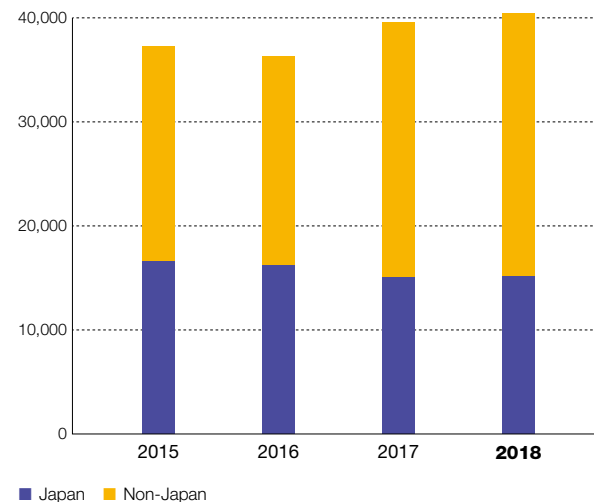
*1: Shiga Works
*2: Figures for Japan only

Employees	Value Innovation 2017				Value Innovation 2020
	2014	2015	2016	2017	2018
Total	7,349	7,746	7,835	8,689	9,193
Japan	2,970	2,986	3,077	3,153	3,257
Asia Pacific	2,042	2,453	2,558	2,758	2,978
Americas	2,103	2,093	2,027	2,587	2,759
Europe	234	214	173	191	199

Employees by region

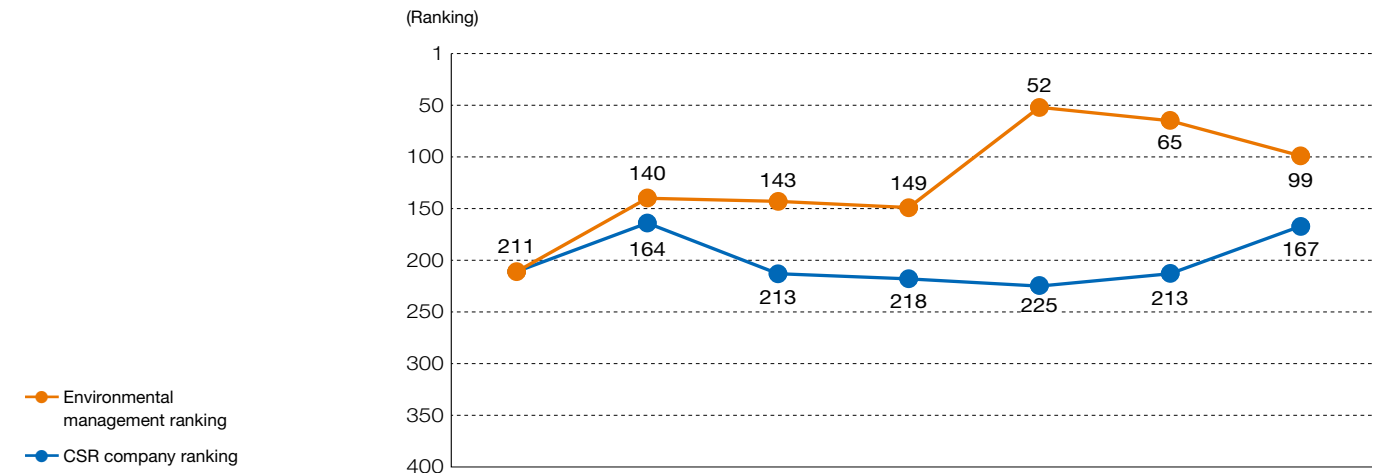


CO₂ emissions



Evaluations by Third Parties

Assessment of brand power

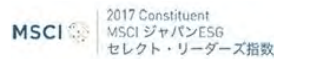


(FY)	2011	2012	2013	2014	2015	2016	2017
JPX 400 rank Tokyo Stock Exchange						Selected	Selected
R&I rating Rating and Investment Information, Inc.	A-	A-	A-	A-	A-	A-	A
Environmental management ranking Nikkei, Inc.	211	140	143	149	52	65	99
CSR company ranking TOYO KEIZAI INC.	211	164	213	218	225	213	167

External evaluation

Inclusion in well-known stock indexes in Japan and overseas

Name of Evaluating Organization	Preparer of Evaluations	Evaluation
MSCI ESG Rating	MSCI Inc.	AA
SNAM Sustainability Index	Sompo Japan Nihonkoa Asset Management	Selected stock
Healthy Management Stock	METI, Tokyo Stock Exchange	Selected stock



Evaluations by international CSR rating organizations

Name of Evaluating Organization	Preparer of Evaluations	Evaluation
CDP Climate Change 2017	CDP	A-



Consolidated Balance Sheets

Daifuku Co., Ltd. and consolidated subsidiaries
March 31, 2018 and 2017

	(Million yen)	
	March 31	
	2018	2017
ASSETS		
Current assets:		
Cash on hand and in banks	¥ 85,160	¥ 64,802
Notes and accounts receivable and unbilled receivables	163,101	124,005
Merchandise and finished goods	5,084	4,910
Costs incurred on uncompleted construction contracts and other	10,657	8,860
Raw materials and supplies	11,296	9,086
Deferred tax assets	4,988	3,429
Other current assets	10,915	7,489
Less: allowance for doubtful accounts	(128)	(116)
Total current assets	291,076	222,468
Non-current assets:		
Property, plant and equipment:		
Buildings and structures, net	15,091	13,344
Machinery and vehicles, net	4,411	4,040
Tools and fixtures, net	1,768	1,455
Land	11,800	12,041
Other, net	2,179	2,704
Total property, plant and equipment	35,252	33,586
Intangible assets:		
Software	3,208	3,244
Goodwill	8,794	9,882
Other	2,035	2,304
Total intangible assets	14,037	15,430
Investments and other assets:		
Investments in securities	23,976	21,260
Long-term loans	140	147
Assets for retirement benefits	3,967	2,628
Deferred tax assets	2,077	4,865
Other	3,319	3,285
Less: allowance for doubtful accounts	(136)	(132)
Total investments and other assets	33,345	32,054
Total non-current assets	82,635	81,071
Total assets	¥373,712	¥303,540

	(Million yen)	
	March 31	
	2018	2017
LIABILITIES		
Current liabilities:		
Notes and accounts payable and construction contracts payable	¥ 46,450	¥ 40,311
Electronically recorded obligations - operating	22,826	18,806
Short-term borrowings and current portion of long-term borrowings	17,267	21,647
Current portion of bonds	2,700	—
Income taxes payable	10,360	1,239
Advances received on uncompleted construction contracts and other	28,298	26,313
Provision for losses on construction contracts	562	863
Other current liabilities	20,342	16,885
Total current liabilities	148,809	126,067
Non-current liabilities:		
Bonds	—	2,700
Long-term borrowings	18,000	15,422
Deferred tax liabilities	1,210	619
Liabilities for retirement benefits	11,656	13,486
Negative goodwill	—	59
Other non-current liabilities	2,562	2,843
Total non-current liabilities	33,428	35,132
Total liabilities	182,237	161,199
Contingent liabilities		
NET ASSETS		
Shareholders' equity:		
Common stock:		
Authorized—250,000,000 shares		
Issued—126,610,077 shares	31,865	15,016
Capital surplus	20,717	15,915
Retained earnings	129,654	107,349
Less: treasury stock, at cost—March 31, 2018—828,727 shares	(782)	(1,586)
March 31, 2017—1,827,904 shares		
Total shareholders' equity	181,454	136,694
Accumulated other comprehensive income:		
Net unrealized gain (loss) on securities	5,358	4,290
Deferred gain (loss) on hedges	34	(5)
Foreign currency translation adjustments	6,360	5,102
Accumulated adjustments on retirement benefits	(5,328)	(6,989)
Total accumulated other comprehensive income	6,424	2,398
Non-controlling interests		
Non-controlling interests	3,595	3,247
Total net assets	191,474	142,340
Total liabilities and net assets	¥373,712	¥303,540

Consolidated Statements of Income and Comprehensive Income

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2018 and 2017

	(Million yen)	
	2018	March 31 2017
Net sales	¥404,925	¥320,825
Cost of sales	321,836	256,417
Gross profit	83,089	64,407
Selling expenses	18,336	16,652
General and administrative expenses	24,828	24,655
Total selling, general and administrative expenses	43,164	41,308
Operating income	39,924	23,099
Other income:		
Interest income	223	158
Dividend income	388	376
Amortization of negative goodwill	59	59
Equity in earnings of affiliates	734	567
Land and house rental revenue	241	234
Miscellaneous income	243	270
Total other income	1,891	1,667
Other expenses:		
Interest expenses	373	415
Foreign exchange loss	73	456
Share issuance expenses	151	—
Miscellaneous expenses	112	134
Total other expenses	711	1,006
Ordinary income	41,105	23,760
Extraordinary income:		
Gain on sales of property, plant and equipment	96	494
Gain on transfer of business	43	—
Other	1	37
Total extraordinary income	141	532
Extraordinary loss:		
Loss on sales of property, plant and equipment	46	28
Loss on disposal of property, plant and equipment	135	94
Loss on liquidation of subsidiaries and affiliates	—	198
Other	5	29
Total extraordinary loss	187	350
Income before income taxes	41,059	23,942
Income taxes		
Current	11,675	5,447
Deferred	28	1,459
Total income taxes	11,704	6,906
Net income	29,355	17,035
(Net income attributable to:)		
Shareholders of the parent company	29,008	16,746
Non-controlling interests	346	288
Other comprehensive income		
Net unrealized gain (loss) on securities	1,097	1,096
Deferred gain (loss) on hedges	26	(42)
Foreign currency translation adjustments	1,154	(2,290)
Retirement benefits reserves adjustments	1,701	641
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	97	(394)
Total other comprehensive income (loss)	4,078	(989)
Comprehensive income	¥ 33,433	¥ 16,046
(Comprehensive income attributable to:)		
Shareholders of the parent company	¥ 33,034	¥ 15,761
Non-controlling interests	399	284
		(Yen)
Net income per share	¥235.62	¥137.58
Cash dividends per share	70.00	42.00

Consolidated Statements of Changes in Net Assets

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2018 and 2017

	Number of shares of common stock (Thousands)	Shareholders' equity					Total shareholders' equity (Million yen)
		Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total	
Balance at March 31, 2016	123,610	¥15,016	¥15,794	¥ 94,501	¥(1,642)	¥123,669	
Cash dividends	—	—	—	(3,898)	—	(3,898)	
Issuance of new shares	—	—	—	—	—	—	
Net income attributable to shareholders of the parent company	—	—	—	16,746	—	16,746	
Purchase of treasury stock	—	—	—	—	(185)	(185)	
Disposal of treasury stock	—	—	107	—	242	350	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	12	—	—	12	
Net changes of items other than shareholders' equity	—	—	—	—	—	—	
Balance at March 31, 2017	123,610	¥15,016	¥15,915	¥107,349	¥(1,586)	¥136,694	
Cash dividends	—	—	—	(6,702)	—	(6,702)	
Issuance of new shares	3,000	16,849	—	—	—	16,849	
Net income attributable to shareholders of the parent company	—	—	—	29,008	—	29,008	
Purchase of treasury stock	—	—	—	—	(15)	(15)	
Disposal of treasury stock	—	—	4,802	—	819	5,621	
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	(0)	—	—	(0)	
Net changes of items other than shareholders' equity	—	—	—	—	—	—	
Balance at March 31, 2018	126,610	¥31,865	¥20,717	¥129,654	¥ (782)	¥181,454	
		Accumulated other comprehensive income					
		Net unrealized gain (loss) on securities	Deferred gain (loss) on hedges	Foreign currency translation adjustments	Accumulated adjustments on retirement benefits	Total accumulated other comprehensive income	Non-controlling interests
							Total net assets
		(Million yen)					
Balance at March 31, 2016	¥3,206	¥22	¥7,730	¥(7,576)	¥3,383	¥3,063	¥130,116
Cash dividends	—	—	—	—	—	—	(3,898)
Issuance of new shares	—	—	—	—	—	—	—
Net income attributable to shareholders of the parent company	—	—	—	—	—	—	16,746
Purchase of treasury stock	—	—	—	—	—	—	(185)
Disposal of treasury stock	—	—	—	—	—	—	350
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	12
Net changes of items other than shareholders' equity	1,083	(28)	(2,628)	587	(985)	184	(801)
Balance at March 31, 2017	¥4,290	¥ (5)	¥5,102	¥(6,989)	¥2,398	¥3,247	¥142,340
Cash dividends	—	—	—	—	—	—	(6,702)
Issuance of new shares	—	—	—	—	—	—	16,849
Net income attributable to shareholders of the parent company	—	—	—	—	—	—	29,008
Purchase of treasury stock	—	—	—	—	—	—	(15)
Disposal of treasury stock	—	—	—	—	—	—	5,621
Change in treasury shares of parent arising from transactions with non-controlling shareholders	—	—	—	—	—	—	(0)
Net changes of items other than shareholders' equity	1,067	39	1,258	1,660	4,025	347	4,373
Balance at March 31, 2018	¥5,358	¥34	¥6,360	¥(5,328)	¥6,424	¥3,595	¥191,474

Consolidated Statements of Cash Flows

Daifuku Co., Ltd. and consolidated subsidiaries
For the years ended March 31, 2018 and 2017

	(Million yen)	
	2018	March 31 2017
Cash flows from operating activities:		
Income before income taxes	¥41,059	¥23,942
Adjustments for:		
Depreciation	4,419	4,202
Amortization of goodwill	943	924
Amortization of negative goodwill	(59)	(59)
Interest and dividend income	(612)	(534)
Interest expenses	373	415
Loss (gain) on disposal or sales of property, plant and equipment	82	(371)
Decrease (increase) in notes and accounts receivable	(37,923)	3,984
Decrease (increase) in inventories	(4,155)	(1,147)
Increase (decrease) in notes and accounts payable	9,464	2,855
Increase (decrease) in advances received on uncompleted construction contracts	(4,462)	4,038
Other, net	5,275	(473)
Subtotal	14,403	37,775
Interest and dividend received	610	532
Interest paid	(372)	(411)
Income taxes refund (paid)	(3,493)	(11,373)
Other, net	350	161
Net cash provided by (used in) operating activities	11,497	26,683
Cash flows from investing activities:		
Investments in time deposits	(0)	(3)
Proceeds from refund of time deposits	3	86
Payments for purchase of property, plant and equipment	(6,417)	(6,399)
Proceeds from sales of property, plant and equipment	740	1,121
Payments for purchase of investments in securities	(24)	(24)
Collection of loans receivable	10	5
Other, net	88	(180)
Net cash provided by (used in) investing activities	(5,600)	(5,393)
Cash flows from financing activities:		
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(35)
Increase (decrease) in short-term borrowings, net	(1,400)	67
Proceeds from long-term borrowings	15,100	928
Repayment of long-term borrowings	(15,605)	(1,363)
Proceeds from issuance of new shares	16,697	—
Proceeds from disposal of treasury stock	5,621	169
Payments for purchase of treasury stock	(15)	(5)
Payments of cash dividends	(6,695)	(3,896)
Other, net	(256)	(268)
Net cash provided by (used in) financing activities	13,444	(4,404)
Effect of exchange rate change on cash and cash equivalents	1,018	(1,179)
Net increase (decrease) in cash and cash equivalents	20,361	15,706
Cash and cash equivalents at beginning of year	64,790	49,084
Cash and cash equivalents at end of year	¥85,152	¥64,790

Company Data and Stock Information (As of March 31, 2018)

Company name	Daifuku Co., Ltd.	Number of authorized shares	250,000,000 shares
Established	May 20, 1937	Total number of shares issued	126,610,077 shares
Paid-in capital	31,865.3 million yen	Number of shareholders	27,426
Employees	9,193 (consolidated)	General meeting of shareholders	June
Ratings	Rating and Investment Information, Inc. (R&I) Long-term: A (single A) [Stable] Short-term: a-1 (a-one)	Stock exchange listing	First Section of Tokyo Stock Exchange
		Stock transfer agent	Sumitomo Mitsui Trust Bank, Limited 4-5-33 Kitahama, Chuo-ku, Osaka

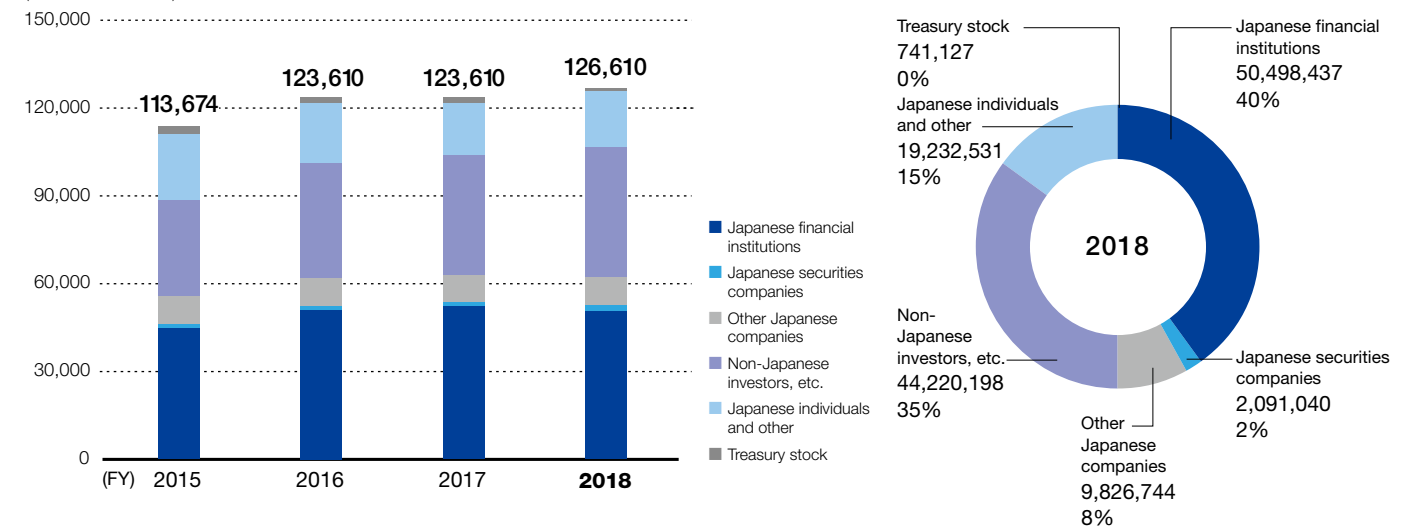
Major shareholders (As of March 31, 2018)

Name	Number of shares held (Thousands)	Percentage of total shares issued (%)
Japan Trustee Services Bank, Ltd. (trust account)	11,015	8.70
The Master Trust Bank of Japan, Ltd. (trust account)	6,982	5.52
Mizuho Bank, Ltd.	5,490	4.34
Sumitomo Mitsui Banking Corporation	4,080	3.22
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,833	3.03
Daifuku Supplier Shareholder Association	3,612	2.85
Nippon Tochi-Tatemono Co., Ltd.	3,207	2.53
Nippon Life Insurance Company	2,745	2.17
PICTET AND CIE (Europe) SA, LUXEMBOURG REF: UCITS	2,451	1.94
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,326	1.84

Note: The name of The Bank of Tokyo-Mitsubishi UFJ was changed to Mitsubishi UFJ Bank on April 1, 2018.

Distribution of shareholders (As of March 31)

(Thousands of shares)



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



Europe

Daifuku Europe Ltd.
 Jervis B. Webb Company, Ltd.
 Daifuku Logan Ltd.
 Daifuku Self Services Technologies AS

Asia

Daifuku (China) Co., Ltd.
 Daifuku (China) Manufacturing Co., Ltd.
 Daifuku (China) Automation Co., Ltd.
 Daifuku (Suzhou) Cleanroom Automation Co., Ltd.
 Contec (Shanghai) Co., Ltd.
 Daifuku India Private Limited
 ForgePro India Private Limited
 P.T. Daifuku Indonesia
 Daifuku Korea Co., Ltd.
 Clean Factomation, Inc.
 Hallim Machinery Co., Ltd.
 Daifuku (Malaysia) Sdn. Bhd.
 BCS Integration Solutions Sdn. Bhd.
 Daifuku Mechatronics (Singapore) Pte. Ltd.
 Singapore Contec Pte. Ltd.
 Taiwan Daifuku Co., Ltd.
 Taiwan Contec Co., Ltd.
 Daifuku (Thailand) Ltd.

Japan

Daifuku Co., Ltd.
 Headquarters (Osaka)
 Tokyo Head Office
 Shiga Works
 Komaki Works
 Contec Co., Ltd.
 Daifuku Plusmore Co., Ltd.
 Daifuku Business Service Corporation
 Daifuku Manufacturing Technology Co., Ltd.
 Iwasaki Seisakusho Co., Ltd.

Americas

Daifuku North America Holding Company
 Daifuku America Corporation
 Jervis B. Webb Company
 Elite Line Services, Inc.
 Wynright Corporation
 Logan Teleflex, Inc.
 Contec Americas Inc.
 Daifuku Canada Inc.
 Jervis B. Webb Company of Canada, Ltd.
 Daifuku Airport Technologies Canada Inc.
 Daifuku de México, S.A. de C.V.

Oceania

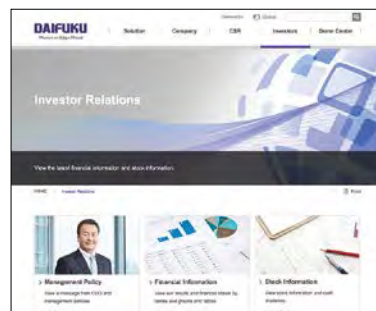
BCS Group Limited
 BCS Airport Systems Pty Limited
 BCS Logistics Solutions Pty Limited
 BCS Infrastructure Support Pty Limited

Website

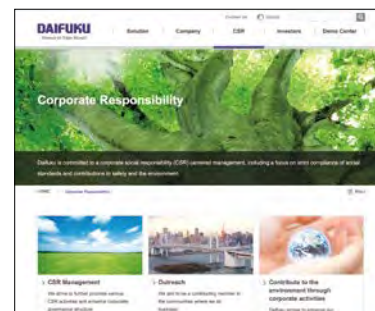
Corporate
www.daifuku.com



Investor Relations
www.daifuku.com/ir



CSR
www.daifuku.com/sustainability



Demo Center
www.daifuku.com/showroom/hiniaratakan



Logistics Solutions
www.daifuku-logisticsolutions.com/en/region

