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(Securities code: 6383)
June 7, 2023

To shareholders with voting rights:

Hiroshi Geshiro
President and CEO
Daifuku Co., Ltd.
3-2-11 Mitejima, Nishiyodogawa-ku
Osaka, Japan

Notice of the 107th Ordinary General Meeting of Shareholders

Dear our shareholders:

We would like to express our appreciation for your continued support and patronage.

You are hereby notified that the 107th Ordinary General Meeting of Shareholders of Daifuku Co., Ltd. (hereinafter referred to as the "Company") will be held for the purposes described below.

In convening this General Meeting of Shareholders (hereinafter referred to as the "Meeting"), the Company has taken electronic provision measures, which provide information contained in the Reference Documents, etc. for the Meeting in electronic format (hereinafter referred to as the "electronic provision measures matters"), and has posted the matters on the Company website as "Notice of the 107th Ordinary General Meeting of Shareholders" and "Electronic Provision Measures Matters for the Notice of the 107th Ordinary General Meeting of Shareholders, Etc. (Matters Omitted from Delivered Documents)" on the Internet.

[The Company website]

<https://www.daifuku.com/ir/stock/shareholders/>

In addition to the website shown above, the Company also has posted the electronic provision measures matters on the website of the Tokyo Stock Exchange (TSE). Please access the TSE website (Listed Company Search), enter the issue name (Daifuku) or the securities code (6383), and click "Search," and select "Basic information" then "Documents for public inspection/PR information" to check the matters.

[TSE website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

1. Date and Time: Friday, June 23, 2023, at 10 a.m. Japan time

2. Place: The Company's headquarters, 3-2-11 Mitejima, Nishiyodogawa-ku, Osaka, Japan

3. Meeting Agenda

Matters to be reported:

1. The Business Report, the Consolidated Financial Statements for the Company's 107th Fiscal Year (April 1, 2022 – March 31, 2023) and the results of audits by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements
2. Non-Consolidated Financial Statements for the Company's 107th Fiscal Year (April 1, 2022 – March 31, 2023)

Proposals to be resolved:

Proposal 1: Partial Amendments to the Articles of Incorporation

Proposal 2: Election of Ten (10) Directors

Proposal 3: Election of One (1) Audit & Supervisory Board Member

If you are unable to attend the Meeting, please review the attached Reference Documents for the General Meeting of Shareholders and, following the guidance below, exercise your voting rights no later than 5 p.m. on Thursday, June 22, 2023, Japan time. A live stream via the Internet will also be available on the day of the Meeting.

Other Matters to be Noted Concerning the General Meeting of Shareholders

If you do not indicate your approval or disapproval for any of the proposals on the Voting Rights Exercise Form that you have returned to the Company, the Company will assume that you have indicated your approval for the proposal.

Should any amendments occur to the content of this Notice or the electronic provision measures matters, we will post the information before and after the amendment on each website listed on page 1.

Any major changes in the operation of the Meeting will be announced on the Company's website (<https://www.daifuku.com/jp/>).

Guidance on the Exercise of Voting Rights

- Attending the Meeting
When attending the Meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. To save paper resources, you are kindly requested to bring this Notice. Please come by 10 a.m. on Friday, June 23, 2023, Japan time.
- Exercise of voting rights in writing
Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and return it by mail so that it arrives no later than 5 p.m. on Thursday, June 22, 2023, Japan time.
- Exercise of voting rights via the Internet, etc.
If you choose to exercise your voting rights via the Internet, etc., please exercise your voting rights no later than 5 p.m. on Thursday, June 22, 2023, Japan time.

If you have exercised your voting rights both in writing and via the Internet, etc., only the vote via the Internet, etc. shall be deemed effective. If you have exercised your voting rights more than once via the Internet, etc., or both via PC and smartphone, only the last vote shall be deemed effective.

When connection fees charged by Internet service providers, telecommunication fees (call charges) charged by telecommunications carriers, etc. for using the Internet are required, they shall be borne by shareholders.

Proposals and References

Proposal 1: Partial Amendments to the Articles of Incorporation

[1] Reasons for the amendment

To pursue a flexible capital policy, the Company proposes amendments to the Company's Articles of Incorporation so that the Company is allowed to acquire treasury stock by a resolution of the Board of Directors in accordance with Article 165, Paragraph 2 of the Companies Act.

[2] Details of the amendment

Details are as follows. Amended sections are underlined.

Current	Proposed amendments
(Newly established) Article <u>7</u> to Article <u>39</u>	Article 7. (<u>Acquisition of Treasury Stock</u>) <u>As provided for under Article 165, Paragraph 2 of the Companies Act, the Company may acquire treasury stock by a resolution of the Board of Directors.</u> Article <u>8</u> to Article <u>40</u> (The content of each Article is unchanged.)

Proposals and References

Proposal 2: Election of Ten (10) Directors

The term of office of all nine (9) Directors will expire at the conclusion of the Meeting. The Company therefore proposes the election of ten (10) Directors.

Regarding the policy and process of electing nominees for Director, the Company submits the names of qualified persons who would be able to fulfill the duties and responsibilities to the Advisory Committee, comprised of one (1) Representative Director and four (4) Outside Directors and was chaired by one of these Outside Directors in the 107th fiscal year, as those who could assume the fiduciary responsibility entrusted by the shareholders in view of their respective personality and insight, and the Board of Directors made final decision on such persons as nominees.

The nominees for Director are as follows. Five (5) inside Directors contribute to achieving operating performance by leveraging their abundant experience in charge of their respective business fields. Five (5) Outside Directors contribute to improving management transparency and protecting stakeholders' interests based on their experience and expertise in corporate management, finance and accounting, legal affairs and risk management, etc., in other companies.

Nominee No.	Name		Current positions and major duties in the Company	Attendance rate at meetings of the Board of Directors (number of attendance) for the fiscal year ended March 31, 2023
1	Hiroshi Geshiro	Reappointed	Representative Director President and Chief Executive Officer (CEO)	100% (17/17 times)
2	Seiji Sato	Reappointed	Director Senior Managing Officer Cleanroom Global Business Head President and CEO of Daifuku North America Holding Company	100% (17/17 times)
3	Toshiaki Hayashi	Reappointed	Director Managing Officer Chief Officer of Shiga Works Safety and Health Management Division Manager	100% (17/17 times)
4	Hiroshi Nobuta	Reappointed	Director Managing Officer Intralogistics Global Business Head	100% (17/17 times)
5	Hideaki Takubo	Newly Appointed	Managing Officer Chief Human Resources Officer Corporate Functions Head	—

Nominee No.	Name		Current positions and major duties in the Company	Attendance rate at meetings of the Board of Directors (number of attendance) for the fiscal year ended March 31, 2023
6	Yoshiaki Ozawa	Reappointed Outside Director Independent Officer	Outside Director	100% (17/17 times)
7	Mineo Sakai	Reappointed Outside Director Independent Officer	Outside Director	100% (17/17 times)
8	Kaku Kato	Reappointed Outside Director Independent Officer	Outside Director	100% (17/17 times)
9	Keiko Kaneko	Reappointed Outside Director	Outside Director	100% (17/17 times)
10	Gideon Franklin	Newly Appointed Outside Director Independent Officer	—	—

Notes:

1. A total of 17 (12 ordinary and 5 extraordinary) Board of Directors meetings were held during the fiscal year ended March 31, 2023.
2. The Company conducted a three-for-one split of its common stock effective April 1, 2023. The number of the Company's shares held by candidates on the following page and thereafter shows the number of shares before the stock split.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
1	Hiroshi Geshiro (June 13, 1958) Reappointed	<p>April 1983 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)</p> <p>April 2012 Corporate Officer General Manager of the Sales Division, FA&DA Operations</p> <p>April 2014 Managing Officer General Manager of FA&DA Global Operations</p> <p>April 2015 General Manager of FA&DA Operations</p> <p>June 2015 Director, member of the board, Managing Officer</p> <p>April 2016 General Manager of the International Division, FA&DA Operations</p> <p>April 2018 Representative Director (to present) President and CEO (to present)</p>	12,000
	<p>[Reason for nomination as Director]</p> <p>Mr. Hiroshi Geshiro has abundant experience and a good track record in the field of mainstay material handling systems for general manufacturers and distributors in Japan and overseas. The Company reappoints him as a nominee for Director based on its judgement that he is qualified for this position as he endeavors to realize the Group strategy toward further business growth and the improvement of operating performance and that he plays a key role in the decision making in the Group management.</p>		

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held	
2	Seiji Sato (January 15, 1960) Reappointed	April 1983	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)	43,000
		April 2008	General Manager of the Semiconductor Division, eFA Operations	
June 2010	Director, member of the board			
June 2011	Managing Officer with an introduction of corporate officer system			
April 2015	General Manager of eFA Global Operations General Manager of eFA Operations			
June 2015	Director, member of the board, Managing Officer			
April 2020	Cleanroom Global Business Head (to present) Cleanroom Division Manager			
April 2023	Director, Senior Managing Officer (to present) President and CEO of Daifuku North America Holding Company (to present)			
		Significant concurrent positions President and CEO of Daifuku North America Holding Company		
		[Reason for nomination as Director] Mr. Seiji Sato has abundant experience and a good track record in business management concerning the material handling systems for semiconductor and flat-panel display factories in Japan and overseas. The Company reappoints him as a nominee for Director based on its judgement that he is qualified for this position for the above reasons.		

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
3	Toshiaki Hayashi (November 17, 1958) Reappointed	<p>April 1981 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)</p> <p>April 2013 Corporate Officer General Manager of the Production Division, AFA Operations</p> <p>April 2016 Chairman of Daifuku (China) Automation Co., Ltd.</p> <p>April 2020 Managing Officer Automotive Global Business Head Automotive Division Manager</p> <p>June 2020 Director, member of the board, Managing Officer (to present)</p> <p>April 2021 Automotive and Airport Global Business Head</p> <p>April 2022 Chief Officer of Shiga Works (to present)</p> <p>April 2023 Safety and Health Management Division Manager (to present)</p>	3,900
	<p>[Reason for nomination as Director]</p> <p>Mr. Toshiaki Hayashi has abundant experience and a good track record in business management concerning the material handling systems for automobile factories at the Company and its overseas subsidiary. The Company reappoints him as a nominee for Director based on its judgement that he is qualified for this position for the above reasons.</p>		

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
4	Hiroshi Nobuta (March 1, 1960) Reappointed	April 1982 Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)	8,100
		April 2007 General Manager of the Engineering Department, Production Division, FA&DA Operations	
April 2012 Corporate Officer General Manager of the Project Management Division, FA&DA Operations			
April 2013 Executive Vice President of Daifuku North America Holding Company			
April 2019 Managing Officer General Manager of the International Division, FA&DA Operations			
April 2020 Intralogistics Division Manager General Manager of the International Operations, Intralogistics Division			
April 2021 Intralogistics Global Business Head (to present)			
June 2021 Director, member of the board, Managing Officer (to present)			
<p>[Reason for nomination as Director] Mr. Hiroshi Nobuta has abundant experience and a good track record in the field of material handling systems for general manufacturers and distributors centered on engineering at the Company and its overseas subsidiary. The Company reappoints him as a nominee for Director based on its judgement that he is qualified for this position for the above reasons.</p>			

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held	
5	Hideaki Takubo (August 27, 1960) Newly Appointed	April 1984	Joined Daifuku Machinery Works Co., Ltd. (now Daifuku Co., Ltd.)	6,300
		April 2006	Manager of the Secretary's Office	
		April 2013	President of Daifuku (China) Co., Ltd.	
		April 2015	General Manager of the Global Business Development Department, Corporate Business Development Division	
		April 2017	General Manager of the Human Resources and General Affairs Division, Corporate Affairs Operations	
		April 2019	Corporate Officer General Manager of the Human Resources and General Affairs Division	
		April 2021	Managing Officer (to present) Corporate Functions Head (to present)	
		April 2023	Chief Human Resources Officer (to present)	
	[Reason for nomination as Director] Mr. Hideaki Takubo has extensive experience and a good track record in the human resources and general affairs, both in Japan and overseas. As the Corporate Functions Head, he is responsible for promoting sustainability management, including ESG (environment, society, governance). The Company appoints him as a nominee for Director based on its judgement that he is qualified for this position for the above reasons.			

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Corporate Officer of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his appointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
6	<p>Yoshiaki Ozawa (May 31, 1954) Reappointed</p> <p>Outside Director, Independent Officer</p> <p>Period of service as Outside Director: Nine (9) years</p>	<p>July 1978 Joined PricewaterhouseCoopers (PwC) Osaka Office October 1979 Joined Chuo Accounting Corporation Osaka Office August 1982 Registered as a Japanese certified public accountant (CPA) October 1985 Worked at Coopers & Lybrand New York Office July 1990 Registered as a U.S. CPA (New York) July 1995 Senior partner, Chuo Shinko Audit Corporation July 2005 National director overseeing Japanese clients in the U.S. at the PwC New York Office July 2007 Joined PwC Aarata January 2008 Senior partner, PwC Aarata April 2009 Specially-appointed professor, Kansai University School of Accountancy April 2012 Professor of Faculty of Business Administration, St. Andrew's University (to present) September 2012 Left PwC Aarata June 2014 Outside Director of Daifuku Co., Ltd. (to present) April 2018 Director of Career Center, St. Andrew's University June 2018 Outside Audit & Supervisory Board Member, Daido Life Insurance Company (to present) June 2019 Substitute Director (Audit and Supervisory Committee Member), Sakai Heavy Industries, Ltd. April 2020 Dean of Graduate School of Business Administration, St. Andrew's University December 2021 Representative Director, Andrew Partners Co., Ltd. (to present) March 2022 Obtained a PhD in Commerce from Kwansei Gakuin University</p> <p>Significant concurrent positions Professor of Faculty of Business Administration, St. Andrew's University Outside Audit & Supervisory Board Member, Daido Life Insurance Company Representative Director, Andrew Partners Co., Ltd.</p>	—

	<p>[Reasons for nomination as Outside Director and expected roles to fulfill] Mr. Yoshiaki Ozawa has considerable knowledge in financial and accounting matters and teaches accounting as a university professor by leveraging his experience working abroad. At meetings of the Board of Directors, he offers professional advice and counsel to secure the transparency of management and enhance the supervision thereof based on his abundant experience and extensive knowledge, as well as to help us promote globalization of the Daifuku Group. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.</p> <p>[Independence]</p> <ol style="list-style-type: none"> 1. Mr. Yoshiaki Ozawa fully satisfies the requirements for the independence standards stipulated by the Company (page 27). He once served as a representative partner of PricewaterhouseCoopers Aarata—the Accounting Auditor of the Company, but since he resigned from said audit firm in September 2012, there have been no business transactions between him and the Company. 2. The Company designated him as an independent officer as stipulated by the rules of the Tokyo Stock Exchange and provided such notification thereto. If he is reappointed as originally proposed, he will remain an independent officer. 	
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Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Outside Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.
3. As the nominee is currently Outside Director of the Company, the Company has a limited liability agreement with him to limit the liability for damages to the amount set by law, pursuant to Article 27 of the Company's Articles of Incorporation. If he is reappointed, the Company will continue said agreement with him.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
	<p>Mineo Sakai (May 13, 1951) Reappointed</p> <p>Outside Director, Independent Officer</p> <p>Period of service as Outside Director: Five (5) years</p>	<p>April 1974 Joined Kanematsu-Gosho, Ltd. (now Kanematsu Corporation)</p> <p>April 1997 General Manager of Finance Department, Kanematsu Corporation</p> <p>April 2004 Corporate Officer, General Manager of Finance and Accounting Department, Kanematsu Corporation</p> <p>June 2004 Director, member of the board of Kanematsu Electronics Ltd.</p> <p>June 2005 Managing Director, Kanematsu Electronics Ltd.</p> <p>April 2008 Executive Vice President, Kanematsu Electronics Ltd.</p> <p>April 2014 Chairman, Kanematsu Electronics Ltd.</p> <p>April 2016 Chairman and CEO, Kanematsu Electronics Ltd.</p> <p>April 2018 Director and Senior Adviser, Kanematsu Electronics Ltd.</p> <p>April 2018 Audit & Supervisory Board Member, KEL Technical Service Ltd.</p> <p>April 2018 Audit & Supervisory Board Member, Nippon Office Systems Ltd.</p> <p>April 2018 Audit & Supervisory Board Member, i-NOS Corporation</p> <p>June 2018 Outside Director of Daifuku Co., Ltd. (to present)</p> <p>June 2019 Adviser, Kanematsu Electronics Ltd.</p>	
7		<p>[Reasons for nomination as Outside Director and expected roles to fulfill] Mr. Mineo Sakai has abundant experience and extensive knowledge in corporation management that he has cultivated through the positions as the Chairman and CEO of an IT company. At meetings of the Board of Directors, he offers advice and counsel to secure the transparency of management and enhance the supervision thereof based on his abundant experience and extensive knowledge. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.</p> <p>[Independence] 1. Mr. Mineo Sakai fully satisfies the requirements for the independence standards stipulated by the Company (page 27). Although there are transactions concerning information and communications between Kanematsu Electronics Ltd., where he belonged, and the Company, the amount of the transactions is less than 1% of the consolidated net sales of either company. In addition, neither the Company nor Kanematsu Electronics Ltd. holds the stocks of its counterpart. Although Kanematsu Electronics Ltd. is a listed subsidiary of Kanematsu Corporation, transactions between the Company and Kanematsu Corporation are also insignificantly small, and all shares of Kanematsu Corporation held by the Company were sold in fiscal 2020. 2. The Company designated him as an independent officer as stipulated by the rules of the Tokyo Stock Exchange and provided such notification thereto. If he is reappointed as originally proposed, he will remain an independent officer.</p>	—

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Outside Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.
3. As the nominee is currently Outside Director of the Company, the Company has a limited liability agreement with him to limit the liability for damages to the amount set by law, pursuant to Article 27 of the Company's Articles of Incorporation. If he is reappointed, the Company will continue said agreement with him.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
	<p>Kaku Kato (October 24, 1954) Reappointed</p> <p>Outside Director, Independent Officer</p> <p>Period of service as Outside Director: Four (4) years</p>	<p>April 1978 Joined Mitsui & Co., Ltd.</p> <p>April 2008 General Manager of Legal Division, Mitsui & Co., Ltd.</p> <p>April 2011 Associate Officer; General Manager of Legal Division, Mitsui & Co., Ltd.</p> <p>April 2012 Managing Officer; General Manager of Internal Auditing Division, Mitsui & Co., Ltd.</p> <p>April 2015 Executive Officer; Chief Compliance Officer (CCO) and in charge of Corporate Governance, Health, Safety and Environment (HSE), Mitsui Oil Exploration Co., Ltd.</p> <p>June 2016 Managing Executive Officer; CCO and in charge of Corporate Governance, Human Resources & General Affairs, HSE, Mitsui Oil Exploration Co., Ltd.</p> <p>June 2018 Adviser, Mitsui Oil Exploration Co., Ltd.</p> <p>June 2019 Outside Director of Daifuku Co., Ltd. (to present)</p> <p>April 2020 Visiting Professor of Faculty of Law and Politics, Rikkyo University</p>	
8	<p>[Reasons for nomination as Outside Director and expected roles to fulfill] Mr. Kaku Kato has abundant experience and extensive knowledge in corporation management, particularly in the fields of safety and ESG (environment, society, governance) as well as compliance and internal control, cultivated through the positions as executive officer at a trading company and an energy-related company. At meetings of the Board of Directors, he offers advice and counsel to secure the transparency of management and enhance the supervision thereof from the viewpoint of corporate legal affairs. In addition, he works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.</p> <p>[Independence]</p> <ol style="list-style-type: none"> Mr. Kaku Kato fully satisfies the requirements set forth in the "Independence standards for outside directors and outside members of the Audit & Supervisory Board" stipulated by the Company (page 27). There is no business transaction between Rikkyo University, where he belonged, and the Company. The Company designated him as an independent officer as stipulated by the rules of the Tokyo Stock Exchange and provided such notification thereto. If he is reappointed as originally proposed, he will remain an independent officer. 		—

Notes:

- There are no significant conflicts of interest between the nominee and the Company.
- The nominee is currently Outside Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.

3. As the nominee is currently Outside Director of the Company, the Company has a limited liability agreement with him to limit the liability for damages to the amount set by law, pursuant to Article 27 of the Company's Articles of Incorporation. If he is reappointed, the Company will continue said agreement with him.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
	Keiko Kaneko (November 11, 1967) Reappointed Outside Director Period of service as Outside Director: Four (4) years	April 1991 Joined Mitsubishi Corporation April 1999 Registered as an attorney, belonging to Daini Tokyo Bar Association April 1999 Joined Anderson Mori & Tomotsune January 2007 Partner, Anderson Mori & Tomotsune (to present) April 2007 Visiting Associate Professor of Graduate School of Law, the University of Tokyo November 2012 External Statutory Auditor, Fast Retailing Co., Ltd. (to present) November 2012 Statutory Auditor, UNIQLO Co., Ltd. (to present) June 2013 External Statutory Auditor, The Asahi Shimbun Company (to present) June 2019 Outside Director of Daifuku Co., Ltd. (to present) Significant concurrent positions Partner, Anderson Mori & Tomotsune External Statutory Auditor, Fast Retailing Co., Ltd. Statutory Auditor, UNIQLO Co., Ltd. External Statutory Auditor, The Asahi Shimbun Company	
9		<p>[Reasons for nomination as Outside Director and expected roles to fulfill] Ms. Keiko Kaneko has experienced working at a trading company and as an associate professor of a graduate school. As a lawyer, she is actively involved in areas such as business acquisition, transactions and management of business enterprises, and regulations in the field of natural resources. At meetings of the Board of Directors, she offers advice and counsel to secure the transparency of management and enhance the supervision thereof from her professional viewpoint. In addition, she works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.</p> <p>[Independence] 1. Ms. Keiko Kaneko fully satisfies the requirements for the independence standards stipulated by the Company (page 27) Although the Company may outsource individual cases to Anderson Mori & Tomotsune where she belongs, there is no advisory contract and the amount of the transactions is less than 1% of the consolidated net sales of either company. 2. In line with the policy of Anderson Mori & Tomotsune, the Company will not designate her as an independent officer as stipulated by the rules of the Tokyo Stock Exchange. However, she fully satisfies the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards stipulated by the Company. Accordingly, the Company determined that her independence from the Company is sufficiently ensured.</p>	—

Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Outside Director of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if her reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.
3. As the nominee is currently Outside Director of the Company, the Company has a limited liability agreement with her to limit the liability for damages to the amount set by law, pursuant to Article 27 of the Company's Articles of Incorporation. If she is reappointed, the Company will continue said agreement with her.

No.	Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares held
10	<p>Gideon Franklin (June 28, 1962) Newly appointed</p> <p>Outside Director, Independent Officer</p>	<p>September 1984 Joined Cazenove (now JP Morgan Chase & Co.) October 1986 Joined UBS Phillips & Drew (now UBS AG) January 1993 Director, Schweizerische Bankgesellschaft (Deutschland) AG (now UBS Europe SE) February 1994 Managing Director, Morgan Stanley Group Inc (now Morgan Stanley) January 2004 Outside Director, Culham Prints and Drawings Ltd July 2006 President, Gideon Franklin Limited November 2007 Managing Director, Mizuho International plc August 2013 CEO, Gideon Franklin Limited (to present) June 2019 Outside Director, MCJ Co., Ltd. (to present) April 2021 CEO, Culham Prints and Drawings Ltd (to present) March 2022 Outside Director, UMI Technology Holdings PLC (to present)</p> <p>Significant concurrent positions CEO, Gideon Franklin Limited Outside Director, MCJ Co., Ltd. CEO, Culham Prints and Drawings Ltd Outside Director, UMI Technology Holdings PLC</p>	—
<p>[Reasons for nomination as Outside Director and expected roles to fulfill] Mr. Gideon Franklin has abundant experience and extensive knowledge in corporate management as an analyst, M&A advisor, and management executive in international financial institutions and other organizations. He will not only provide advice and recommendations based on his extensive knowledge on global business management, but also enhance the diversity of the Board of Directors. Therefore, we would like him to assume the office of Outside Director to help us secure the transparency of management and enhance the supervision from an unconventional perspective.</p> <p>[Independence]</p> <ol style="list-style-type: none"> Mr. Gideon Franklin fully satisfies the requirements for the independence standards stipulated by the Company (page 27). There is no business transaction between Gideon Franklin Limited, MCJ Co., Ltd., Culham Prints and Drawings Ltd, and UMI Technology Holdings PLC, where he belongs; and the Company. If he is appointed as originally proposed, the Company plans to designate him as an independent officer as stipulated by the rules of the Tokyo Stock Exchange and provides such notification thereto. 			

Notes:

- There are no significant conflicts of interest between the nominee and the Company.
- The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will be insured by the insurance contract if his appointment as Outside Director is approved as originally proposed. The Company plans to renew the insurance contract with the same contents during the term of office of the nominee.
- If the nominee is appointed as Outside Director as originally proposed, the Company will conclude a

limited liability agreement with him to limit the liability for damages to the amount set by law, pursuant to Article 27 of the Company's Articles of Incorporation.

Proposals and References

Proposal 3: Election of One (1) Audit & Supervisory Board Member

The term of office of Audit & Supervisory Board Member Mr. Nobuo Wada will expire at the conclusion of the Meeting. The Company therefore proposes the election of one (1) Audit & Supervisory Board Member.

Regarding the policy and process of electing nominees for Audit & Supervisory Board Member, the Company submits the names of qualified persons who would be able to fulfill the duties and responsibilities to the Advisory Committee as those who could assume the fiduciary responsibility entrusted by the shareholders, and the Board of Directors appoints such persons as nominees upon obtaining the consent of the Audit & Supervisory Board.

This proposal has already gained the consent of the Audit & Supervisory Board.

The nominee for Audit & Supervisory Board Member is as follows.

Name (Date of birth)	Career summary, positions and duties in the Company (Significant concurrent positions outside the Company)		Number of the Company's shares held
Nobuo Wada (March 17, 1953) Reappointed Outside Audit & Supervisory Board Member Independent Officer Period of service as Outside Audit & Supervisory Board Member: Four (4) years	April 1980	Encouraging Researcher of Japan Society for the Promotion of Science	—
	March 1981	Research Associate of Faculty of Science, Hokkaido University	
	December 1989	Associate Professor of College of Arts and Sciences, the University of Tokyo	
	April 1994	Assistant Professor of Graduate School of Arts and Sciences Department of Basic Science, the University of Tokyo	
	April 2001	Professor of Graduate School of Science, Division of Material Science (Physics), Nagoya University	
	April 2018	Emeritus Professor (to present) and Adjunct Lecturer, Nagoya University	
June 2019	Outside Director of Daifuku Co., Ltd. (to present)		

<p>[Reasons for nomination as Outside Audit & Supervisory Board Member and expected roles to fulfill]</p> <p>Mr. Nobuo Wada had long been a professor at Nagoya University as a scientist majoring in physics. The Company occasionally receives highly advanced requests related to physics and chemistry especially from customers in electronics business. He has deep insight and extensive experience as an academic expert. The Company would like him to assume this position in expectation of obtaining advice and counsel to secure the transparency of management and enhance the functions of management supervision and auditing from him. Although he has not been involved in corporate management in a way other than being an outside member of the Audit & Supervisory Board, for the above reasons we believe that he is capable of properly executing the duties of outside member of the Audit & Supervisory Board.</p> <p>[Independence]</p> <ol style="list-style-type: none"> 1. Mr. Nobuo Wada satisfies the requirements for the independence standards stipulated by the Company (page 27), and the Company considers that his independence is sufficiently ensured. 2. The Company designated him as an independent officer as stipulated by the rules of the Tokyo Stock Exchange and provided such notification thereto. If he is reappointed as originally proposed, he will remain an independent officer. 	
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Notes:

1. There are no significant conflicts of interest between the nominee and the Company.
2. The nominee is currently Outside Audit & Supervisory Board Member of the Company. The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which includes the nominee as the insured. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. The insurance premiums of the insured are fully borne by the Company. The nominee will continue to be insured by the insurance contract if his reappointment is approved. The Company plans to renew the insurance contract with the same contents during the terms of office of the nominee.
3. As the nominee is currently Outside Audit & Supervisory Board Member of the Company, the Company has a limited liability agreement with him to limit the liability for damages to the amount set by law, pursuant to Article 35 of the Company's Articles of Incorporation. If he is reappointed, the Company will continue said agreement with him.

[References]

Correspondence to the Corporate Governance Code (skill matrix)

We are considering the best composition of the Board of Directors in terms of expertise, experience, diversity, etc., in consideration of changes in the business environment and the management policies and plans of the Daifuku Group.

If all nominees listed in this Notice are elected as originally proposed, the skill matrix of the Board of Directors will be as shown in the following table, and it is planned for five (5) out of ten (10) Directors (50%) to have independence.

Skill matrix of the Board of Directors after the conclusion of this ordinary general meeting of shareholders (planned)

Nominee No.	Name	Expertise/Experience							Diversity			
		Corporate management	Technology	Finance, Accounting	Legal affairs, risk management	Sales, marketing	Global	Environment, society, governance	Independence	Gender	Age	Major career
1	Hiroshi Geshiro	●			●	●	●	●		M	65	The Group
2	Seiji Sato	●				●	●			M	63	The Group
3	Toshiaki Hayashi	●	●				●			M	64	The Group
4	Hiroshi Nobuta	●	●				●			M	63	The Group
5	Hideaki Takubo	●		●	●		●	●		M	62	The Group
6	Yoshiaki Ozawa			●			●	●	○	M	69	Accounting firm, university, outside member of the Audit & Supervisory Board and Substitute Director (Audit & Supervisory Committee Member) of enterprises
7	Mineo Sakai	●		●			●	●	○	M	72	Trading company, IT company
8	Kaku Kato	●			●		●	●	○	M	68	Trading company, energy-related company, university
9	Keiko Kaneko				●		●	●	○	F	55	Trading company, university, law firm, statutory auditor and external director of enterprises
10	Gideon Franklin	●		●			●	●	○	M	60	Finance, M&A, corporate management,

													external director of enterprises
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Notes:

1. Numbers indicate nominee numbers.
2. Up to five skills of individuals are marked with "●".
3. The above list does not represent all of the knowledge, experience, and abilities of individuals.
4. The age is at the nearest birthday as of the conclusion of the Meeting.

[References]

Correspondence to the Corporate Governance Code

The Group has established “Daifuku Group’s Basic Policy for Corporate Governance.” In addition, the status of efforts for all 83 items of the Corporate Governance Code have been summarized. For details, please see the Company’s website:

www.daifuku.com/ir/policy/governance

Main points required by the Tokyo Stock Exchange and the Company’s response status (“▶” indicates the Company’s response)

1. Enhancing board independence

- Ensure that at least one-third of directors are independent outside directors
 - ▶ 44% (4 out of 9) (for the fiscal year ended March 31, 2023)
- Establish a nomination committee and remuneration committee (independent outside directors appointed as the majority of the committee)
 - ▶ We have established a voluntary Advisory Committee (nomination/remuneration). In the fiscal year ended March 31, 2023, the Committee comprised four outside directors and one representative director, and was chaired by one of these outside directors. (For independence, please refer to page 27)
- Disclose a skill matrix of board members conforming to the Company’s business strategy
 - ▶ We have disclosed a skill matrix.
- Appoint independent directors having managerial experiences at other companies
 - ▶ Appointed two (2) persons (for the fiscal year ended March 31, 2023).

2. Ensuring diversity in the core human resources of the company

- Disclose a policy and voluntary measurable targets for ensuring diversity in managerial positions by promoting women, foreign nationals and mid-career professionals
 - ▶

Ensuring diversity		Goals and results	Time
Women	Goal for promoting female managers	31 persons	Fiscal year ending March 31, 2024
	Result of promoting female managers	31 persons	As of April 1, 2023
Foreign nationals	Foreign nationality ratio of regular hires	13.5%	
	Number of foreign managers	4 persons	
Mid-career professionals	Career recruitment ratio	42.7%	
	Career recruitment ratio for assistant managers	41.1%	
	Career recruitment ratio for managers	31.5%	

3. Dealing with sustainability issues

- Enhance the quality and quantity of climate-related disclosure based on the TCFD recommendations or equivalent international disclosure frameworks
 - ▶ In 2019, we expressed our assent to the TCFD recommendations.
 - ▶ In 2020, we disclosed information on the impact of climate change risks and opportunities on our business activities, profits, etc.
- Develop a basic policy on sustainability and disclose our initiatives
 - ▶ In 2021, we announced the Sustainability Action Plan.
 - ▶ In 2021, we announced the Daifuku Environmental Vision 2050 (crucial issue areas and goals by 2030).
 - ▶ In 2021, we established the Daifuku Group Human Rights Policy.
 - ▶ In 2023, we revised the Daifuku Environmental Vision 2050.

4. Main issues other than the above

- Promote the use of electronic voting platforms and disclose in English
 - ▶ We have already been using the Electronic Voting Platform. We disclose timely disclosures, financial statements, financial results briefing materials, convening notices, annual securities report, corporate governance reports, Daifuku Report, etc. in English.
- Cross-shareholdings:
As of the end of March 2023, the amount of cross-shareholdings recorded on the consolidated balance sheets was 11.8 billion yen, accounting for 3.6% of net assets, and remains on a downward trend.

[References]

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

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

Article 1

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

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

Article 2

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

Article 3

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

Article 4

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

Article 5

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

(Notes)

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

Business Report

(April 1, 2022 - March 31, 2023)

1. Overview of the Daifuku Group

[1] Business progress and results

During the fiscal year (from April 1, 2022 to March 31, 2023), the business environment surrounding the Daifuku Group continued to see a high level of investment in the logistics- and semiconductor-related sectors. In addition, demand was also manifested in the accelerated shift to electric vehicles and the recovery of airport usage. Nonetheless, the overall economic environment remained uncertain due to inflation, supply chain disruptions, and concerns about a slowdown in the U.S. and European economies.

Amid this economic and business environment, orders received by the Group grew for all businesses. In particular, orders for cleanroom systems for semiconductor and flat-panel display production lines and airport systems remained strong. Sales were generally strong, driven by cleanroom systems and airport systems underpinned by an extensive order backlog from the end of the previous fiscal year, although some projects were affected by the prolonged procurement period for materials and components.

Specifically, the Group received orders of 737,475 million yen, up 25.2% from the previous fiscal year, and recorded sales of 601,922 million yen, up 17.5%.

Consequently, despite the impact of higher raw material and labor costs, the Group posted operating income of 58,854 million yen, up 17.1% from the previous fiscal year, and ordinary income of 59,759 million yen, up 16.6%. Net income attributable to shareholders of the parent company was 41,248 million yen, up 15.0%.

Orders received, net sales, operating income, ordinary income, and net income attributable to shareholders of the parent company all reached new record highs.

Consolidated Operating Results for the Fiscal Year Ended March 31, 2023

Orders received	737,475 million yen	Up 25.2% year-on-year
Net sales	601,922 million yen	Up 17.5% year-on-year
Operating income	58,854 million yen	Up 17.1% year-on-year
Ordinary income	59,759 million yen	Up 16.6% year-on-year
Net income attributable to shareholders of the parent company	41,248 million yen	Up 15.0% year-on-year

[Results by reportable segment]

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

(1) Daifuku Co., Ltd.

Orders and sales saw positive growth in all businesses.

Segment income rose due to increased sales and other factors, despite the impact of soaring raw materials and other costs.

As a result, the Company recorded orders of 293,125 million yen, up 11.7% from the previous fiscal year, sales of 238,855 million yen, up 6.1%, and segment income of 34,053 million yen, up 18.8%.

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

In the Japanese market, sales of industrial computers and IoT devices, including measuring and control boards, increased, reflecting a recovery in industry-wide capital investment.

However, segment income decreased, reflecting soaring prices in materials and components.

As a result, Contec posted orders of 19,292 million yen, down 1.6% from the previous fiscal year, sales of 18,604 million yen, up 17.8%, and segment income of 988 million yen, down 19.6%.

(3) Daifuku North America Holding Company and its subsidiaries

Orders increased in all businesses. In particular, automotive systems and airport systems were strong. Sales were positive, benefiting from an order backlog from the end of the previous fiscal year.

Segment income declined, reflecting soaring labor costs.

As a result, Daifuku North America achieved orders of 211,047 million yen, up 56.1% from the previous year, sales of 158,769 million yen, up 13.0%, and segment income of 6,184 million yen, down 17.6%.

(4) Clean Factomation, Inc.

Orders, sales, and segment income increased from the year-ago results, due to robust capital investments by South Korean semiconductor manufacturers.

As a result, Clean Factomation posted orders of 48,177 million yen, up 31.0% from the previous fiscal year, sales of 42,694 million yen, up 48.9%, and segment income of 2,961 million yen, up 41.2%.

(5) Other

The Group has a total of 68 consolidated subsidiaries worldwide. The Other segment includes all consolidated subsidiaries excluding the aforementioned Contec and its subsidiaries, Daifuku North America and its subsidiaries, and Clean Factomation. These companies primarily manufacture, sell, install, and service material handling systems, car wash machines, and other equipment. The status of major subsidiaries is as follows.

Japan subsidiaries

Daifuku Plusmore Co., Ltd. provides various types of car wash machines and related services. Sales volume was the highest ever for a full year, due to government subsidies for customers.

Non-Japan subsidiaries

The Group has production sites for material handling systems in China, Taiwan, South Korea, Thailand, India, and other regions, which also provide sales, installations and services, playing a global role in the optical local production and procurement framework.

In addition, the Group has subsidiaries in the regions of North and Central America, Asia, Europe, and Oceania, which provide sales, installations, and services.

Orders and sales were strong, driven by cleanroom systems in Asia. Also, segment income increased significantly from the previous fiscal year.

As a result, the segment reported orders of 165,832 million yen, up 22.8% from the previous fiscal year, sales of 140,914 million yen, up 34.4%, and segment income of 5,635 million yen, up 51.0%.

[2] Capital investment, etc.

The Group's capital investment during the fiscal year ended March 31, 2023 totaled 16,811 million yen, which included maintenance and upgrades of production facilities of Daifuku Co., Ltd. and expansion of production facilities of subsidiaries outside of Japan mainly in North America.

[3] Capital procurement

The above-mentioned capital investment was implemented on a self-financing basis.

[4] Challenges to be addressed

(1) Basic management policy

To meet the needs of the times such as changes in the business environment and social environment, digital transformation, and sustainability management, we revised our management philosophy to "Automation that Inspires" on October 1, 2021. We aim to inspire society and enhance well-being through our core competence—automated material handling technology—while transforming the value we provide to customers with our established material handling technologies for storage, transport, sortation and picking.

(2) Medium- to long-term company management strategy

Under the three-year business plan “Value Transformation 2023” (hereinafter referred to as the “business plan”) that started in April 2021, we are promoting DX² (DX Squared)* based on major changes in the environment surrounding the Group, such as the new normal and expanding global automation needs.

*DX² (DX Squared) = Digital Transformation x Daifuku Transformation

In addition to promoting Digital Transformation (DX), Daifuku itself will also be revolutionized (Daifuku Transformation) to transform the value provided to our customers and other stakeholders.

Furthermore, the Group positions the business plan and the Sustainability Action Plan as the two cornerstones of its management strategy and will contribute to the realization of a sustainable society through its business activities. In terms of the environment, in the Daifuku Environmental Vision 2050 revised on May 12, 2023, we aim to realize a world where our material handling systems have zero environmental impact by 2050, and we have established three crucial areas and environmental targets to achieve by 2030.

For details about the business plan, please refer to “Daifuku Announces New Three-Year Business Plan and Related Items,” announced on February 5, 2021, and “Notice of Revision of the Management Targets for the Three-Year Business Plan, Value Transformation 2023,” announced on May 13, 2022. For details about the Daifuku Environmental Vision 2050, please refer to “Revision of the Daifuku Environmental Vision 2050,” announced on May 12, 2023 and for details about the Sustainability Action Plan, please see the PDF on our website.

www.daifuku.com/ir/assets/0205_2.pdf

www.daifuku.com/ir/assets/20220513_01e.pdf

www.daifuku.com/sustainability/assets/20230512_01e.pdf

www.daifuku.com/sustainability/assets/pdf/management/plan/actionplan_2021.pdf

(3) Management environment

1) Business environment

The outlook for the industry as a whole is uncertain due to factors including global inflation, rising labor costs, and concerns about a slowdown in the U.S. and European economies. In this situation, our customers are facing major changes in their business environment, including the expansion of e-commerce, progress to digitalization, shift to electric vehicles, and smarter airports, as well as the social issue of labor shortages. For this reason, we are confident that expectations for “smart logistics” we provide will continue to grow.

2) Competitive environment

With the expansion of the material handling market, emerging competitors from China and other countries have been growing in the market, joining the traditional Western competitors, and competition is expected to intensify in the future. We will succeed in this highly competitive environment by taking advantage of the Group’s strength: providing the best systems globally using its integrated framework that encompasses everything from consulting and manufacturing to installation and after-sales service, together with its

extensive lineup of both products and services, including in-house developed software.

(4) Business and financial issues to address with priority

In regard to the business portfolio that forms the basis of the business plan, we aim for continuous corporate development in the global market with our four core businesses, (i) intralogistics systems, (ii) cleanroom systems, (iii) automotive systems, and (iv) airport systems as before.

In the fiscal year ended March 31, 2023, to increase profitability and drive the growth of the entire Group, we

- enhanced profitability by re-examining and reforming the business structure;
- established a growth strategy through the development of advanced technology and new businesses; and
- further increased the productivity through the acceleration of DX promotion.

Steady results are being achieved in cleanroom systems, where cost reduction efforts have been underway since the fiscal year ended March 31, 2022, referencing the production innovation methods for intralogistics systems that have already been proven. In addition, profitability of airport systems improved as a result of changes in the structure of subsidiaries in Europe. In the fiscal year ending March 31, 2024, we will work on structural reforms to accelerate the increase of profitability of non-Japan subsidiaries in particular.

With regard to the development of advanced technology and new businesses, for which we have newly appointed an responsible officer and have been working, we will focus on human resource development with AI (artificial intelligence) as the theme for advanced technology. To identify new businesses, we will move into the stage of and narrowing down themes and core business divisions.

In addition, concrete results have been achieved with regard to DX, using AI for engineering and design efficiency and safety measures. We will continue to promote the use of AI in the areas of information security and operational reform as well, at the initiative of DX Division.

During the fiscal year ended March 31, 2023, the Group's non-Japan sales ratio was around 67%. With respect to increasing production capacity and localizing production toward further sales boost and sustainable growth, a new plant in North America (Jervis B. Webb Company) started operation, while the production capacity was strengthened in China (Daifuku (Suzhou) Cleanroom Automation Co., Ltd.), India (Daifuku Intralogistics India Private Limited), and South Korea (Clean Factomation, Inc.) in the fiscal year ended March 31, 2023. In the future, we will proceed with redevelopment including increase in the production capacity in Japan (Shiga Works) as well.

Also, "sustainability," "compliance," "corporate governance," and "safety" continue to be important issues.

1) Sustainability management

The Group positions the business plan and the Sustainability Action Plan as the cornerstones of its business strategy. The Sustainability Committee, chaired by the President and CEO, was established in April 2020 as an organization to promote

sustainability management, and its efforts are reported to the Board of Directors as appropriate.

The Sustainability Action Plan sets five themes in line with the SDGs (Sustainable Development Goals): "Contribute to a smart society," "Maintain and improve the quality of products and services," "Enhance operational framework," "Respect human dignity," and "Contribute to the environment through our business." Together with identifying 18 material issues associated with each theme, it summarizes a three-year action plan.

Prior to this, we disclosed the analysis results of climate change risks and opportunities based on the TCFD Recommendations in 2020. In October 2021, we formulated and announced "Daifuku Group Human Rights Policy" in accordance with the United Nations Guiding Principles on Business and Human Rights.

In November 2022, Shiga Works, the Group's largest core factory, switched all electricity used within the Works, to renewable energy sources including the mega solar power. This will reduce CO₂ emissions equivalent by about 60% of the Scope 1 and 2 emissions in Japan (about 16% international).

The main revisions of the Daifuku Environmental Vision 2050, as of May 12, 2023, are as follows: (1) we have raised our reduction target of CO₂ emissions in Scope 1 and 2 for 2030 from "25% or more" to "50.4%" compared to fiscal 2018, to meet the 1.5°C global warming limit required by the Paris Agreement, (2) we have set new targets for water resources and biodiversity conservation, as well as for awareness-raising activities.

For investment in human capital, we have adopted various human resources management systems and are striving to develop and promote human resources from a global and diverse perspective.

2) Thorough compliance and strengthening of Group governance

Compliance is a prerequisite for all business activities. Rather than being satisfied with just following the law, through education and training, we will thoroughly ensure and instill the idea that the present and the future of the Group rest on high ethical standards and responsible behaviors of each and every one of us, on a global basis. We will also transform our business structure to the one where fraud cannot occur.

Regarding corporate governance, four (4) out of nine (9) directors have been elected as outside directors in the fiscal year ended March 31, 2023, and with individuals with experience in corporate management; specialists in finance, accounting, and the law; those with experience outside of Japan; and the appointment of women, diversity of the Board of Directors is ensured.

In addition, we established the Risk Management and Governance Office (now the Governance Promotion Department) in April 2021, and the Risk Management Committee, chaired by the CEO, in April 2022. Furthermore, effective April 2023, we established new C-suite roles for our chief officers to strengthen governance and speed up decision-making.

C-suite roles are described below.

- Chief Financial Officer
- Chief Human Resources Officer
- Chief Information Officer
- Chief Production Officer: renamed from Production Officer
- Chief Technology Officer: renamed from Advanced Technology & New Business Development Officer

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

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

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

[5] Trends in assets and income

(1) Trends in Daifuku Group assets and income

(Million yen, unless otherwise specified)

Category	FY2019 (104th fiscal year ended March 31, 2020)	FY2020 (105th fiscal year ended March 31, 2021)	FY2021 (106th fiscal year ended March 31, 2022)	FY2022 (107th fiscal year ended March 31, 2023)
Orders received	483,184	451,065	589,069	737,475
Net sales	443,694	473,902	512,268	601,922
Ordinary income	40,976	45,846	51,253	59,759
Net income attributable to shareholders of the parent company	28,063	32,390	35,877	41,248
Total assets	410,887	445,456	483,322	551,552
Net assets	237,356	262,012	292,059	332,323
Net assets per share (yen)	616.76	680.02	769.13	878.24
Net income per share (yen)	74.32	85.71	94.90	109.11

- Notes:
1. Net income per share is calculated based on the average number of shares during the period.
 2. Since the Board Benefit Trust (BBT) was introduced in fiscal 2016, shares in the Company held by the Custody Bank of Japan, Ltd. (Trust Account E) have been recorded under the number of treasury stocks, which are not included in the calculation of net assets per share and net income per share.
 3. The Company conducted a three-for-one split of its common stock effective April 1, 2023. Net assets per share and net income per share are calculated, assuming that the stock split was conducted at the beginning of the 104th fiscal year.

(2) Trends in Daifuku Co., Ltd. assets and income

(Million yen, unless otherwise specified)

Category	FY2019 (104th fiscal year ended March 31, 2020)	FY2020 (105th fiscal year ended March 31, 2021)	FY2021 (106th fiscal year ended March 31, 2022)	FY2022 (107th fiscal year ended March 31, 2023)
Orders received	257,328	225,436	321,592	334,678
Net sales	243,400	239,592	266,460	290,278
Ordinary income	30,400	36,811	39,831	45,543
Net income	18,699	26,039	28,652	34,053
Total assets	277,107	301,560	330,068	349,892
Net assets	186,021	204,574	221,919	244,570
Net assets per share (yen)	492.49	541.18	587.01	646.91
Net income per share (yen)	49.52	68.91	75.79	90.08
Total number of shares issued at end of year (thousand shares)	379,830	379,830	379,830	379,830

- Notes:
1. Net income per share is calculated based on the average number of shares during the period.
 2. Since the BBT was introduced in fiscal 2016, shares in the Company held by the Custody Bank of Japan, Ltd. (Trust Account E) have been recorded under the number of treasury stocks, which are not included in the calculation of net assets per share and net income per share.
 3. The Company conducted a three-for-one split of its common stock effective April 1, 2023. Therefore, net assets per share, net income per share, and total number of shares issued at the end of fiscal year are calculated, assuming that the stock split was conducted at the beginning of the 104th fiscal year.

[6] Parent company and significant subsidiaries (as of March 31, 2023)

- (1) Parent company
Not applicable
- (2) Significant subsidiaries

Company name	Capital	Daifuku's percentage of voting rights	Principle business
Contec Co., Ltd.	450 million yen	100.0%	Manufacturing, retail, and after-sales services for computers, peripheral devices, and software
Daifuku North America Holding Company	2,010 USD	100.0%	A holding company with operating companies that manufacture, sell, and provide after-sales services for material handling systems and other equipment.
Clean Factomation, Inc.	3,000 million KRW	100.0%	Sales and after-sales services for material handling systems in cleanroom factories

Notes: The Company has 68 consolidated subsidiaries, including the above-mentioned three companies, and one equity-method affiliate.

[7] Major business (as of March 31, 2023)

The Daifuku Group is involved primarily in conveying, storage, sorting, and picking systems and the manufacture and sale of electronic devices, etc. and involved in ancillary operations to this business. Our major products include the following:

Category	Key products	
Transport/Conveying	Conveyor systems Electrified monorail systems Conveyor system auxiliary equipment Automatic guided vehicles Airport technologies	Chain conveyor systems, Flexible Drive System, Conveying Flow System RAMRUN, Space Carrier, Cleanway Engine test systems, other automated equipment FA Vehicle, FA Cart, Sorting Transfer Vehicle Baggage Tray System, Tilt Tray Sorter, belt conveyor systems, Self Bag Drop System, Mobile Inspection Table
Sorting/Picking	Sorting systems Picking systems	Surfing Sorter, Surfing Sorter Mini Pick-to-light systems
Storage	Automated warehouse systems Mobile racks, flow racks Rotating racks	Rackbuil System, Unit Load AS/RS, Mini Load AS/RS, Shuttle Rack-M, Clean Stocker Mobile Rack, Shuttle Rack-L Vertical Carousel
Electronics	Interface boards, industrial computers, network related equipment, energy saving and environment related solutions	
Car wash machines related	Car wash machines, car wash related products	

[8] Major sales offices and factories (as of March 31, 2023)

Daifuku Co., Ltd.

Name	Location	Name	Location
Headquarters	Osaka, Osaka	Shiga Works (factory)	Gamo-gun, Shiga
Komaki Works	Komaki, Aichi	Tokyo Head Office	Minato-ku, Tokyo
Hokkaido Branch	Sapporo, Hokkaido	Tohoku Branch	Sendai, Miyagi
Niigata Branch	Niigata, Niigata	Kitakanto Branch	Soka, Saitama
Fujisawa Branch	Fujisawa, Kanagawa	Nagoya Branch	Komaki, Aichi
Shizuoka Branch	Shizuoka, Shizuoka	Hokuriku Branch	Kanazawa, Ishikawa
Tokai Branch	Toyota, Aichi	Osaka Branch	Osaka, Osaka
Chugoku Branch	Aki-gun, Hiroshima	Kyushu Branch	Tosu, Saga

Subsidiaries in Japan

Company name	Location
Contec Co., Ltd.	Osaka, Osaka
Daifuku Plusmore Co., Ltd.	Kawasaki, Kanagawa

Subsidiaries outside Japan

Company name	Location
Daifuku North America Holding Company	U.S.A.
Daifuku Europe GmbH	Germany
Daifuku Mechatronics (Singapore) Pte. Ltd.	Singapore
Daifuku Canada Inc.	Canada
Taiwan Daifuku Co., Ltd.	Taiwan
Daifuku (Thailand) Limited	Thailand
Daifuku Korea Co., Ltd.	South Korea
Clean Factomation, Inc.	South Korea
Daifuku (China) Co., Ltd.	China
Daifuku Oceania Limited	New Zealand
Daifuku Intralogistics India Private Limited	India

[9] Employees (as of March 31, 2023)

(1) Daifuku Group

Number of employees: 13,020

(2) Daifuku Co., Ltd.

Category	Male	Female	Total or average
Employees	2,955	420	3,375
(YoY change)	(+155)	(+18)	(+173)
Average age (years old)	40.9	42.3	41.0
Average years of service	15.1	14.5	15.0

Notes:

1. The above data does not include 131 employees on secondment (123 males, 8 females).
2. The above data includes two employees (2 males) seconded to the Company from other companies.
3. In addition to the above-mentioned employees, we employ 381 temporary employees (average number of employees during the period).
4. We cannot obtain birth dates and other information of some employees at overseas branches. Thus, they are excluded from the population for the calculation of average age.

[10] Major lenders (as of March 31, 2023)

Lender	Amount borrowed (million yen)
Mizuho Bank, Ltd.	7,657
Sumitomo Mitsui Banking Corporation	1,278
MUFG Bank, Ltd.	266

2. Status of Shares (as of March 31, 2023)

The Company conducted a three-for-one split of its common stock effective April 1, 2023. The following information is based on the total number of shares before the stock split.

[1] Total number of shares authorized to be issued: 250,000,000

[2] Total number of shares issued: 126,610,077 (including 487,535 treasury shares)

[3] Number of shareholders: 28,054

Note: The number of shareholders increased by 4,904 compared to the end of the previous fiscal year.

[4] Major shareholders

Shareholder name	Number of shares held (thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,152	14.4
Custody Bank of Japan, Ltd. (Trust Account)	8,706	6.9
Mizuho Bank, Ltd.	4,117	3.3
Sumitomo Mitsui Banking Corporation	3,060	2.4
Daifuku Supplier Shareholder Association	3,014	2.4
MUFG Bank, Ltd.	2,875	2.3
Nippon Life Insurance Company	2,745	2.2
Chuo-Nittochi Group Co., Ltd.	2,690	2.1
NORTHERN TRUST CO. (AVFC) SUB A/C AMERICAN CLIENTS	2,678	2.1
PICTET AND CIE (EUROPE) SA, LUXEMBOURG REF : UCITS	2,241	1.8

Note: The Company holds 487,535 shares in treasury stock, but the shareholding ratio is calculated after deducting treasury stock. The treasury stock does not include the 103,700 shares in the Company that were stipulated to be held by the Custody Bank of Japan, Ltd. (Trust Account E) when the BBT was introduced.

[5] Status of the Company shares presented to directors (excluding outside directors) and corporate officers of the Company for the execution of duties during fiscal 2022

The equity compensation delivered during fiscal 2022 is outlined below.

Category	Number of shares	Number of target recipients
Directors (excluding outside directors)	– shares	– persons
Corporate officers	2,700 shares	1 person
Total	2,700 shares	1 person

- Notes:
1. Delivered through the BBT.
 2. We have established a practice of providing corporate officers with equity compensation when they reach the retirement age of 60 years.
 3. There were no provision to a corporate officer who also serves as a director.

[6] Other important stock-related matters

- (1) Based on the resolution passed at the 100th Ordinary General Meeting of Shareholders held on June 24, 2016 and the Board of Directors meeting that followed, the Company introduced BBT plan as equity compensation scheme for directors and corporate officers (excluding outside directors) in order to motivate them to contribute to improving the Company's business performance in the medium to long terms and boosting corporate value.
- (2) The Company amended Article 6 of its Articles of Incorporation on April 1, 2023 pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act, and accordingly the total number of shares authorized to be issued has increased by 500,000,000 to 750,000,000.
- (3) Based on the resolution at the Board of Directors meeting held on February 9, 2023, the Company conducted a stock split effective April 1, 2023 where the Company's common stock owned by shareholders listed or recorded in the final shareholder register as of March 31, 2023 was split into three shares. The total number of shares issued has, as a result, increased by 253,220,154 shares to 379,830,231 shares.

3. Matters Relating to Company Share Warrants, etc.

[1] Share warrants granted to directors and Audit & Supervisory Board members on the final day of fiscal 2022 in recognition of their execution of duties

Not applicable.

[2] Share warrants granted to employees, etc., during fiscal 2022 in recognition of the execution of duties

Not applicable.

[3] Other important matters relating to share warrants, etc.

Not applicable.

4. Company Officers

[1] Names of directors and Audit & Supervisory Board members (as of March 31, 2023)

Position in the Company	Name	Duties, significant concurrent positions
President and Chief Executive Officer (CEO)	Hiroshi Geshiro	Overall management
Director Senior Managing Officer	Shuichi Honda	President and CEO of Daifuku North America Holding Company
Director Managing Officer	Seiji Sato	Cleanroom Global Business Head Cleanroom Division Manager
Director Managing Officer	Toshiaki Hayashi	Automotive and Airport Global Business Head Chief Officer of Shiga Works
Director Managing Officer	Hiroshi Nobuta	Intralogistics Global Business Head Intralogistics Division Manager
Director	Yoshiaki Ozawa	Professor of Faculty of Business Administration at St. Andrew's University Outside Audit & Supervisory Board Member, Daido Life Insurance Company Representative Director, Andrew Partners Co., Ltd.
Director	Mineo Sakai	—
Director	Kaku Kato	Visiting Professor of Faculty of Law and Politics at Rikkyo University
Director	Keiko Kaneko	Partner, Anderson Mori & Tomotsune External Statutory Auditor, Fast Retailing Co., Ltd. Statutory Auditor, UNIQLO Co., Ltd. External Statutory Auditor, The Asahi Shimbun Company
Audit & Supervisory Board Member (full-time)	Tsukasa Saito	—
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	Representative, Aihara Law Office
Audit & Supervisory Board Member (outside)	Tsukasa Miyajima	Professor of Law, Asahi University and its Graduate School Chairman of the Asset Disposition Council of Japan Railway Construction, Transport and Technology Agency Outside Director, Hulic Co., Ltd. Outside Director, Dai Nippon Printing Co., Ltd. Audit & Supervisory Board Member (outside), Mikuni Corporation
Audit & Supervisory Board Member (outside)	Nobuo Wada	—

- Notes:
1. Audit & Supervisory Board member Tsukasa Saito was newly elected and appointed at the 106th Ordinary General Meeting of Shareholders held on June 24, 2022.
 2. Audit & Supervisory Board member Yoshihisa Kimura resigned from office at the conclusion of the 106th Ordinary General Meeting of Shareholders held on June 24, 2022.
 3. Audit & Supervisory Board member Tsukasa Saito has extensive practical experience in the Finance and Accounting Division and possesses considerable knowledge of finance and accounting.

4. The following 15 people are corporate officers (excluding those who are concurrently appointed as directors) and audit officers of the Company:
 (Managing Officers) Akihiko Kishida, Yoshiyuki Horiba, Takaya Uemoto, Yasuhisa Mishina, Hideaki Takubo, and Takuya Gondoh
 (Corporate Officers) Akihiko Nishimura, Hiroaki Kita, Norihito Toriya, Tetsuya Hibi, Seiji Yamamoto, Tsutomu Maeda, Tomoaki Terai, and Atsushi Sonoda
 (Audit Officer) Toshikatsu Takahashi
5. Four (4) Directors Yoshiaki Ozawa, Mineo Sakai, Kaku Kato, and Keiko Kaneko are from outside the Company.
6. Three (3) Audit & Supervisory Board members Ryosuke Aihara, Tsukasa Miyajima, and Nobuo Wada are from outside the Company.
7. Six (6) officers, Directors Yoshiaki Ozawa, Mineo Sakai, and Kaku Kato and Audit & Supervisory Board members Ryosuke Aihara, Tsukasa Miyajima, and Nobuo Wada have been designated and notified as independent officers in accordance with the rules of the Tokyo Stock Exchange.
8. The duties of directors have been changed in line with the organizational reforms implemented on April 1, 2023. In addition, new C-suite roles for the Group's chief officers were established.

Position/Duties in the Company	Name
Director, Senior Managing Officer Cleanroom Global Business Head President and CEO of Daifuku North America Holding Company	Seiji Sato
Director, Managing Officer Chief Officer of Shiga Works Safety and Health Management Division Manager	Toshiaki Hayashi
Director, Managing Officer Intralogistics Global Business Head	Hiroshi Nobuta
Director, Corporate Advisor	Shuichi Honda

C-suite roles

Chief Executive Officer

Chief Financial Officer

Chief Human Resources Officer

Chief Information Officer

Chief Production Officer

Chief Technology Officer

[Reference]**Corporate officers and audit officers who do not to concurrently serve as directors (as of April 1, 2023)**

Corporate Officers

Job title	Name
Senior Managing Officer Chief Production Officer Chief Information Officer Production Innovation Division Manager DX Division Manager	Yasuhisa Mishina
Managing Officer Chairman of Daifuku (China) Co., Ltd.	Akihiko Kishida
Managing Officer Auto Wash Global Business Head Auto Wash Division Manager President of Daifuku Plusmore Co., Ltd.	Yoshiyuki Horiba
Managing Officer Automotive and Airport Global Business Head Airport Division Manager	Takaya Uemoto
Managing Officer Chief Human Resources Officer Corporate Functions Head	Hideaki Takubo
Managing Officer Chief Technology Officer General Manager of Engineering Operations, Intralogistics Division	Takuya Gondoh
Managing Officer Deputy Automotive and Airport Global Business Head Automotive Division Manager General Manager of Sales and Service Business Strategy Operations, Automotive Division	Akihiko Nishimura
Managing Officer Intralogistics Division Manager General Manager of Sales Operations, Intralogistics Division	Norihito Toriya
Managing Officer Chief Financial Officer Deputy Corporate Functions Head Finance and Accounting Division Manager	Tetsuya Hibi
Corporate Officer CEO of Daifuku Oceania Limited	Hiroaki Kita
Corporate Officer General Manager of Installation and Service Operations, Intralogistics Division	Seiji Yamamoto
Corporate Officer General Manager of Domestic Market Business Unit, Automotive Division	Tsutomu Maeda
Corporate Officer Cleanroom Division Manager General Manager of Production Operations, Cleanroom Division	Tomoaki Terai
Corporate Officer Deputy Cleanroom Division Manager General Manager of Sales Operations, Cleanroom Division Chief Officer of Komaki Works	Atsushi Sonoda
Corporate Officer Corporate Communications Division Manager	Hirobumi Akiba

Audit Officer

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

[2] Amount of remunerations for directors and Audit & Supervisory Board members

(1) Items relating to compensation, etc.

Name	Basic remuneration	Performance-linked remuneration	
		Bonus	Non-monetary remuneration, "Board Benefit Trust (BBT)"
Target recipients	All officers	Inside directors and Audit & Supervisory Board member (full-time)	Inside directors
Indicator for performance-linked remuneration	—	The remuneration is funded by a certain proportion of consolidated net income for each year and determined based on the recipient's qualifications and position and the results of quantitative and qualitative assessments of the area for which the recipient is responsible.	<ul style="list-style-type: none"> - Degree of achievement in each fiscal year: Degree of achievement of performance targets (net income amount and margin) - Degree of achievement of a three-year business plan: Achievement of targets for net sales, operating income, ROE, etc. in the "Value Transformation 2023" (from April 2021 through March 2024)

1) Basic remuneration

Basic remuneration is determined based on fixed remuneration for executive remuneration by position. The remuneration level is determined based on a comprehensive consideration of qualifications, position, and company performance.

2) Performance-linked remuneration—Bonus

Bonuses, which serve as short-term performance-linked remuneration for directors, are funded by a certain proportion of consolidated net income for each fiscal year, allocated as a basic component that corresponds to an officer's qualifications and position and an evaluation component that reflect performance, and distributed once a year at a fixed time. We selected consolidated net income as the indicator for determining bonuses because it depicts the result of unified efforts made by all officers and employees. When calculating bonuses, we determine the "basic component factor" based on qualification and job title, and the "performance-linked evaluation component factor" based on quantitative (profit growth) and qualitative aspects. In terms of calculations, the basic component constitutes approximately 80% of the allocation and the performance-linked evaluation component constitutes approximately 20%. The performance-linked evaluation component is calculated based on an evaluation of individual performance. The actual results for consolidated net income, a bonus indicator, are described in 1. [5] (1) Trends in Daifuku Group assets and income above.

3) Performance-linked remuneration—non-monetary remuneration, "BBT"

The BBT, a performance-linked equity remuneration scheme, is a system to further clarify the linkage of the officers' remuneration and the Company's business performance as well

as its stock value, which enables officers to share the benefit of increase in stock value and the risk of decrease in stock value with shareholders. By doing so, it is expected to motivate officers to contribute to boosting corporate value in the medium and long terms. Under this system, eligible officers are granted points calculated by multiplying standard points set for each position by coefficients between 0.0 and 1.0 (four levels) determined based on the degree of achievement of each business year target and the three- or four-year business plan targets. The Company's stocks and money are paid according to the accumulated points at the time of retirement. The degree of achievement in a fiscal year is calculated based on the ratios of the net income amount and margin to the initial targets in the fiscal year. The degree of achievement in the three- or four-year business plan is calculated based on the latest management targets (including net sales, operating income, ROE targets) announced by the end of the previous fiscal year. We selected the degree of achievement in the business plan as the indicator for determining the BBT because it depicts medium- and long-term business results. We also selected the degree of achievement of net income amount and margin for the same reason as that of selecting the performance indicator for bonuses. For the fiscal year ended March 31, 2023, net income amount was calculated based on the initial schedule and the expected value announced in February 2023, and the amount achieved the initial schedule, whereas margin was slightly lower than the initial schedule. No results of achievement of the business plan have been obtained since the period of the business plan has not been completed.

(2) Matters relating to the policy on determination of remuneration, etc. for individual directors

1) How we determine the policy

The Company has established the policy on determination of remuneration, etc. for individual directors by a resolution of the Board of Directors (through consideration and reporting by the Advisory Committee that is chaired by an outside director and consists of three or more members including one or more representative directors and one or more outside directors, and the majority of members is outside directors to enhance the transparency and fairness of judgement). Details of the policy are stipulated in related internal rules approved by a resolution at a Board of Directors meeting.

2) Overview of the policy

- The annual amount of remuneration for directors is set to be 700 million yen or less. The basic policy is to pay remuneration for directors in accordance with related internal rules so that the level of remuneration is appropriate for the roles and duties of directors. Specifically, the remuneration for directors consists of basic remuneration (fixed remuneration), a bonus (short-term performance-linked remuneration that is fluctuated based on performance), and medium- to long-term performance-linked equity remuneration, BBT. The ratio of each remuneration is not fixed because the link between the Company's results and stock value is reflected in remuneration. The Company determines the ratio, taking into consideration the levels at other companies based on survey by an external professional body and reports from the Advisory Committee. Outside directors are not eligible for bonuses and equity remuneration from the standpoint of their functions and independence.
- To determine annual remuneration for directors, the total amount of basic remuneration and bonuses is resolved at a Board of Directors meeting following verification by the Advisory Committee whether it is reasonable based on levels at other comparable companies and through deliberations and reporting by the Advisory Committee. For the

fiscal year ended March 31, 2023, the Advisory Committee for remuneration consisted of all four outside directors and one representative director, and met three times in April and November 2022, and March 2023.

(3) Matters relating to determination on remuneration, etc. for officers by resolutions of the General Meeting of Shareholders

At the Ordinary General Meeting of Shareholders held on June 29, 2006, the Company determined that the total amount of remuneration for directors should be capped at 700 million yen per annum and the total amount of remuneration for Audit & Supervisory Board members should be capped at 110 million yen per annum. As of the conclusion of the resolution, the Company had 18 directors and five (5) Audit & Supervisory Board members.

At the Ordinary General Meeting of Shareholders held on June 24, 2016, the Company introduced BBT and resolved that the total number of points granted to directors and corporate officers for three fiscal years be up to 140,000 points (out of which 80,000 points are for directors, and out of 140,000 shares of the Company's common stock, 80,000 shares are for directors). The Company had 10 directors when the resolution was made at such Meeting. Excluding two (2) outside directors, eight (8) directors were covered by the BBT scheme.

(4) Matters relating to the delegation of authority regarding determination of remuneration, etc. for individual directors

President and CEO Hiroshi Geshiro has been delegated to determine the amount of remuneration for individual directors for the fiscal year ended March 31, 2023 in accordance with related internal rules. The delegated authority includes determining the monthly allocation of basic remuneration for each director and the allocation of the performance-linked remuneration (bonus and BBT) based on the evaluation of performance for each director. The authority has been delegated to the President and CEO because the President and CEO is in the most suitable position for evaluating each director's roles and responsibilities while maintaining an overview of results for the entire Company.

To ensure that the delegated authority is exercised properly, the President and CEO determines the amount of remuneration for each director in line with the opinions of the Advisory Committee. The Board of Directors judged the details of individual remuneration, etc., for directors were in line with the policy on determination of remuneration, etc. for individual directors because the President and CEO determined the details of remuneration, etc., respecting the Advisory Committee's opinion deliberated in line with the policy described in "2) Overview of the policy" above.

(5) Remuneration, etc. for officers for the fiscal year ended March 31, 2023

Total amount of remuneration, etc., for, and number of, directors and Audit & Supervisory Board members

Type of officer	Total remuneration (Million yen)	Total remuneration, etc. by type (Million yen)			Number of target officers
		Basic remuneration	Performance-linked remuneration		
			Bonus	Non-monetary remuneration	
Directors (of which, number of outside directors)	576 (60)	273 (60)	241 (-)	61 (-)	9 (4)
Audit & Supervisory Board members (of which, number of outside Audit & Supervisory Board members)	76 (30)	51 (30)	24 (-)	- (-)	5 (3)

(6) Overview of the details and method for determining Audit & Supervisory Board members' remuneration

By unanimous agreement of all Audit & Supervisory Board members at the time of enactment of the Internal Rules on Executive Remuneration and Bonus for Officers, the remuneration of Audit & Supervisory Board members is capped at the annual remuneration total for Audit & Supervisory Board members of 110 million yen approved at the general meeting of shareholders held on June 29, 2006. The basic policy is to pay remuneration in accordance with the Internal Rules on Executive Remuneration and Bonus for Officers, which determine the remuneration standards established with unanimous agreement of all Audit & Supervisory Board members at the time of enactment of the rules. In addition, remuneration for Audit & Supervisory Board members is determined in consultation with the Audit & Supervisory Board each business year. Outside Audit & Supervisory Board members shall only receive basic remuneration in view of their duties.

[3] Matters pertaining to outside officers

(1) Directors

1) Significant concurrent positions and Daifuku's relationship with those organizations

Category	Name	Organization offering concurrent position	Concurrent position
Outside director	Yoshiaki Ozawa	Faculty of Business Administration, St. Andrew's University	Professor
		Daido Life Insurance Company	Outside Audit & Supervisory Board Member
		Andrew Partners Co., Ltd.	Representative Director
Outside director	Mineo Sakai	–	–
Outside director	Kaku Kato	Faculty of Law and Politics, Rikkyo University	Visiting Professor
Outside director	Keiko Kaneko	Anderson Mori & Tomotsune	Partner
		Fast Retailing Co., Ltd.	External Statutory Auditor
		UNIQLO Co., Ltd.	Statutory Auditor
		The Asahi Shimbun Company	External Statutory Auditor

Notes:

- Daifuku has no dealings or other relationship with St. Andrew's University where director Yoshiaki Ozawa works as a professor, or Andrew Partners Co., Ltd. where Mr. Ozawa is Representative Director.
- Daifuku has no dealings or other relationship with Rikkyo University where Company director Kaku Kato serves as a visiting professor. Mr. Kato resigned from the position of visiting professor of Faculty of Law and Politics, Rikkyo University on March 31, 2023.
- While Daifuku may outsource individual cases to Anderson Mori & Tomotsune, of which Company director Keiko Kaneko is a partner, the two parties have not signed any consulting agreement and the value of any transactions is less than 1% of consolidated sales for both parties.

2) Main activities

Name	Attendance (Number of times attended)	Summary of remarks made and duties performed in relation to expected roles
Yoshiaki Ozawa	Board meeting Ordinary 12/12 Extraordinary 5/5 Advisory Committee 7/7	Mr. Yoshiaki Ozawa has considerable knowledge in financial and accounting matters and teaches accounting as a university professor by leveraging his experience working abroad. At meetings of the Board of Directors, he offers professional advice and counsel to secure the transparency of management and enhance the supervision thereof based on his abundant experience and extensive knowledge, as well as to help promote the globalization of the Daifuku Group. In addition, he works to supervise the management team at Advisory Committee meetings by mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.

Name	Attendance (Number of times attended)	Summary of remarks made and duties performed in relation to expected roles
Mineo Sakai	Board meeting Ordinary 12/12 Extraordinary 5/5 Advisory Committee 7/7	Mr. Mineo Sakai has abundant experience and extensive knowledge in corporate management that he has cultivated through his positions as the Chairman and CEO of an IT company, etc. At meetings of the Board of Directors, he offers advice and counsel to secure the transparency of management and enhance the supervision thereof based on his abundant experience and extensive knowledge. In addition, he works to supervise the management team at Advisory Committee meetings by mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.
Kaku Kato	Board meeting Ordinary 12/12 Extraordinary 5/5 Advisory Committee 7/7	Mr. Kaku Kato conducts research on law at a university by leveraging his abundant experience and extensive knowledge in corporation management, particularly in the fields of safety and ESG as well as compliance and internal control cultivated through his experience serving as executive officer at a trading company and an energy-related company. At meetings of the Board of Directors, he offers advice and counsel from a corporate legal affairs perspective to secure the transparency of management and enhance the supervision thereof from the viewpoint of corporate legal affairs. In addition, he works to supervise the management team at Advisory Committee meetings by mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.
Keiko Kaneko	Board meeting Ordinary 12/12 Extraordinary 5/5 Advisory Committee 7/7	Ms. Keiko Kaneko has experienced working at a trading company and as an associate professor of a graduate school. As a lawyer, she is actively involved in areas such as business acquisition, transactions and management of business enterprises, and regulations in the field of natural resources. At meetings of the Board of Directors, she offers advice and counsel to secure the transparency of management and enhance the supervision thereof from her professional viewpoint. In addition, she works to supervise the management team at Advisory Committee meetings, mainly reflecting the evaluation of corporate performance and other results in the nomination and remuneration for officers from an independent and objective perspective.

(2) Audit & Supervisory Board Members

1) Significant concurrent positions and Daifuku's relationship with those organizations

Category	Name	Organization offering concurrent position	Concurrent position
Audit & Supervisory Board Member (outside)	Ryosuke Aihara	Aihara Law Office	Representative
Audit & Supervisory Board Member (outside)	Tsukasa Miyajima	Law, Asahi University and its Graduate School	Professor
		Asset Disposition Council, Japan Railway, Construction, Transport and Technology Agency	Chairman
		Hulic Co., Ltd.	Outside Director
		Dai Nippon Printing Co., Ltd.	Outside Director
		Mikuni Corporation	Outside Audit & Supervisory Board Member
Audit & Supervisory Board Member (outside)	Nobuo Wada	–	–

- Notes: 1. Daifuku has no dealings or other relationship with Aihara Law Office of which Audit & Supervisory Board member Ryosuke Aihara serves as representative.
2. Daifuku has no dealings or other relationship with Asahi University where Audit & Supervisory Board member Tsukasa Miyajima serves as professor or with the Asset Disposition Council for the Japan Railway, Construction, Transport and Technology Agency, which Mr. Miyajima chairs.

2) Attendance and remarks at Board of Directors and Audit & Supervisory Board meetings

Name	Attendance (Number of times attended)	Summary of remarks made
Ryosuke Aihara	Board meeting Ordinary 12/12 Extraordinary 4/5 Audit & Supervisory Board meeting Ordinary 8/8 Extraordinary 1/1	Mr. Ryosuke Aihara extends advice and recommendations to Board of Directors meetings and Audit & Supervisory Board meetings when required based on his abundant experience and deep insight to secure the transparency of management and enhance the supervision thereof by professing opinions primarily from his professional standpoint as a lawyer.
Tsukasa Miyajima	Board meeting Ordinary 12/12 Extraordinary 5/5 Audit & Supervisory Board meeting Ordinary 8/8 Extraordinary 1/1	As a university professor specializing in law, Mr. Tsukasa Miyajima extends advice and recommendations to Board of Directors meetings and Audit & Supervisory Board meetings when required based on his abundant experience and deep insight to secure the transparency of management and enhance the supervision thereof by professing opinions primarily from his professional standpoint as an academic and legal expert.
Nobuo Wada	Board meeting Ordinary 12/12 Extraordinary 5/5 Audit & Supervisory Board meeting Ordinary 8/8 Extraordinary 1/1	As a longtime professor of condensed matter physics, Mr. Nobuo Wada extends advice and recommendations to Board of Directors meetings and Audit & Supervisory Board meetings when required based on his abundant experience and deep insight to secure the transparency of management and enhance the supervision thereof by professing opinions on a wide range of science and technology topics from his professional standpoint as an experienced academic.

(3) Content and overview of limited liability agreement

The Company has concluded limited liability agreements with its outside directors and outside Audit & Supervisory Board members to limit the liability for damages to the amount set by laws and regulations, pursuant to the provision of Article 427, Paragraph 1 of the Companies Act as well as the provisions of Articles 27 (Limited Liability Agreements for Outside Directors) and 35 (Limited Liability Agreements for Outside Audit & Supervisory Board Members) of the Company's Articles of Incorporation.

5. Matters Relating to Liability Insurance Contracts for Company Officers

The Company has concluded a directors and officers liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act. Under the insurance contract, damages and legal fees, etc. incurred by the insured as a result of claims for damages arising from any acts (including inaction) committed in the insured's capacity as officer, etc. of a business enterprise shall be covered. However, any damage to officers themselves who intentionally committed criminal acts such as bribery or other illegal acts will not be compensated in order to ensure the appropriateness of officers' execution of duties is not compromised. The persons covered under this insurance contract are Company directors, Audit & Supervisory Board members, corporate officers, audit officers, and officers serving at domestic subsidiary companies. The insurance premiums for all insured persons are paid by the Company and the individual domestic subsidiaries concerned.

6. Accounting Auditor

[1] Accounting Auditor's name

PricewaterhouseCoopers Aarata LLC

[2] Accounting Auditor's compensation, etc., for the fiscal year ended March 31, 2023

Type of remuneration	Amount of remuneration, etc.
1. Remuneration as the accounting auditor for fiscal 2022	90 million yen
2. Total amount of money to be paid by the Company and its subsidiaries in terms of owed monetary totals and other property gains	181 million yen

Notes: 1. The Audit & Supervisory Board acts in accordance with Article 399, Paragraph 1 of the Companies Act regarding the amount of remuneration, etc., to be extended to the accounting auditor after confirming and examining the contents of the accounting auditor's audit plan, the timing, and results of the previous fiscal year's audit plan, past trends for auditing remuneration for the Company and other companies, and the level of performance of duties by the accounting auditor.

2. Given that the amount of accounting auditor remuneration in contact between the Company and the accounting auditor is not categorized into auditing based on the Companies Act and auditing based on the Financial Instruments and Exchange Act, we have displayed these totals in the above-listed table.

[3] Matters pertaining to audits of consolidated subsidiaries

Of the Company's significant subsidiaries, subsidiaries located outside of Japan are audited by certified public accountants or auditing firms other than PricewaterhouseCoopers Aarata LLC.

[4] Description of non-audit services

Advice on the application of International Financial Reporting Standards (IFRS)

[5] Policy on Determination of Dismissal or Non-reappointment of Accounting Auditor

Having gained the consent of all members, the Audit & Supervisory Board shall dismiss the accounting auditor if it is found to fall under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act. If such an event occurs, the members selected by the Audit & Supervisory Board will explain the details of the decision to the first general meeting of shareholders to be held following the dismissal.

The Audit & Supervisory Board can also decide a proposal for submission to the general meeting of shareholders to dismiss or not reappoint an accounting auditor if, as a result of a comprehensive evaluation based on the Company's evaluation standards for accounting auditors, it is deemed necessary to change the accounting auditor due to any factors that might hinder the accounting auditor's ability to execute its duties or in order to further enhance the appropriateness of the audit. The Board of Directors shall submit the proposal to the general meeting of shareholders based on that decision.

7. Overview of Systems to Ensure the Appropriateness of Business Affairs and its Operational Status

The content of decisions taken by the Board of Directors regarding internal control systems to ensure the appropriateness of business operations along with an outline of their operational status is listed below.

System to ensure appropriateness of business operations, etc.	Overview of operational status
[1] System to ensure that the performance of duties by the directors and employees complies with laws and regulations and the Articles of Incorporation of the Company	
<ol style="list-style-type: none"> 1) Directors shall take the lead in observing the Group Code of Conduct, which aims for compliance with laws and regulations, the Articles of Incorporation of the Company, the internal rules and regulations, and social norms, and strive to achieve a thorough understanding of the Code within the Company. 2) The Company has established the Compliance Committee consisting of all directors and corporate officers with the aim to ensure compliance with laws and regulations in its corporate activities and to raise and improve awareness of fairness and morality. 3) The Audit Division, which is independent of the Company's lines of business execution, conducts audits of the status of adherence to laws and regulations, the Articles of Incorporation of the Company and the internal rules and regulations. 	<ol style="list-style-type: none"> 1) To ensure that all officers and employees of the Group are fully aware of the Group Code of Conduct, the Company has prepared the Compliance Guidebook that clearly explains the Group Code of Conduct in several languages and made it accessible. The Guidebook explains the Group's approach to compliance as well as specific cases. It contains a message from the top management that compliance refers not only to legal compliance but also social norms and other ethical issues. The Company has made various efforts such as providing training to instill the approach in all officers and employees. 2) In fiscal 2022, the Company provided an expert lecture and held discussion between employees on the theme of "power harassment" in October that is designated as a month for compliance awareness, and distributed the contents of such lecture and discussion on the Company intranet. 3) In the internal audits to ensure the appropriateness of business operations, the Audit Division coordinates with the Audit & Supervisory Board members to objectively verify and assess the status of compliance with laws and regulations, the Articles of Incorporation of the Company, and internal rules and regulations, and provides instruction and advice to the audited units. We also used remote audits, etc. to carry out these efforts without delay.

System to ensure appropriateness of business operations, etc.	Overview of operational status
<p>4) The Company shall develop and operate a whistleblowing system for the early detection of risks associated with corporate activities and the prevention of material problems.</p> <p>5) In addition to the above, the Company shall establish and operate various committees for the purpose of solving important issues within the Group in a cross-organizational manner.</p>	<p>4) We have adopted a whistleblowing system to accept reports via two routes, namely one internal and one external route. The system's main features include the ability to submit reports anonymously and to report in eight different languages from different sites around the world. We also operate a counseling room for human resources that accepts consultations on personnel matters, in addition to the whistleblowing system. In fiscal 2022, the Company continued activities to promote the use of the system by making efforts such as preparation of posters as well as reviewing the system reflecting the revised Whistleblower Protection Act.</p> <p>5) The Company has committee organizations to promote company-wide efforts. In fiscal 2022, the Company newly established the "Risk Management Committee." The Committee determines how to address significant risks that affect the achievement of the Group's management goals and manages the progress of addressing the risks. In addition, we operate the Sustainability Committee that promotes activities to address a wider range of ESG (environment, society, governance), SDGs, and other social issues and to respond to requests regarding such issues. In fiscal 2022, the Committee discussed how to deal with carbon neutrality and managed the progress of the Sustainability Action Plan and other efforts. Including these Committees, all ten Committees take the leadership of company-wide efforts.</p>
<p>[2] System for the storage and management of information related to the execution of duties by the directors</p>	

System to ensure appropriateness of business operations, etc.	Overview of operational status
The Company properly stores and manages the minutes of general shareholders' meetings and meetings of the Board of Directors, and records, etc. related to the execution of duties by the directors in accordance with the Document Management Rules and other internal rules and regulations.	Directors store and manage the documents (including electromagnetic records) together with related materials in accordance with the Document Management Rules and other internal rules and regulations.
[3] Rules and regulations and other systems concerning the management of the risk of losses	
<p>1) For the timely and appropriate control of risks that may affect the achievement of management goals of the Group, the Company shall develop policies, regulations, and systems, while the Risk Management Committee shall promote overall risk management activities for significant risks that affect corporate activities.</p> <p>2) The Company shall develop a business continuity plan (BCP) promotion system in preparation for an emergency, implement preventive measures, education, training, etc., and promotes regular inspections of BCP and correction of deficiencies.</p> <p>3) The Company shall establish regulations concerning information security that stipulate the systems necessary for the maintenance and management of information security, functions and authorities of organizations for the promotion of information security and methods of handling information assets, thereby promoting the protection of information assets owned by the Group.</p>	<p>1) The Risk Management Committee is chaired by CEO, and composed of global business heads, division managers, and responsible persons of the Safety and Health Management Division, Corporate Functions unit and other units. In fiscal 2022, the Committee met three times and actively discussed how to address significant risks concerning management and challenges regarding such risks.</p> <p>2) Material handling systems are indispensable for daily lives and industrial activities as social infrastructure. If the facilities delivered to our customers are damaged by a natural disaster or other events, the Company responds to such damage as soon as possible by taking measures such as restoring the facilities. The Company has established and operates a BCP to quickly respond to disasters in the event of a disaster, and regularly conducts first-response drills at all Group companies in Japan, including officers' seats to raise awareness of business continuity and ensure that all officers and employees are fully familiar with the first-response.</p> <p>3) The Information Security Committee is taking the lead in appropriately operating the rules and regulations related to information security. To strengthen awareness of security issues, we conduct e-learning for officers and employees as well as targeted email training.</p>

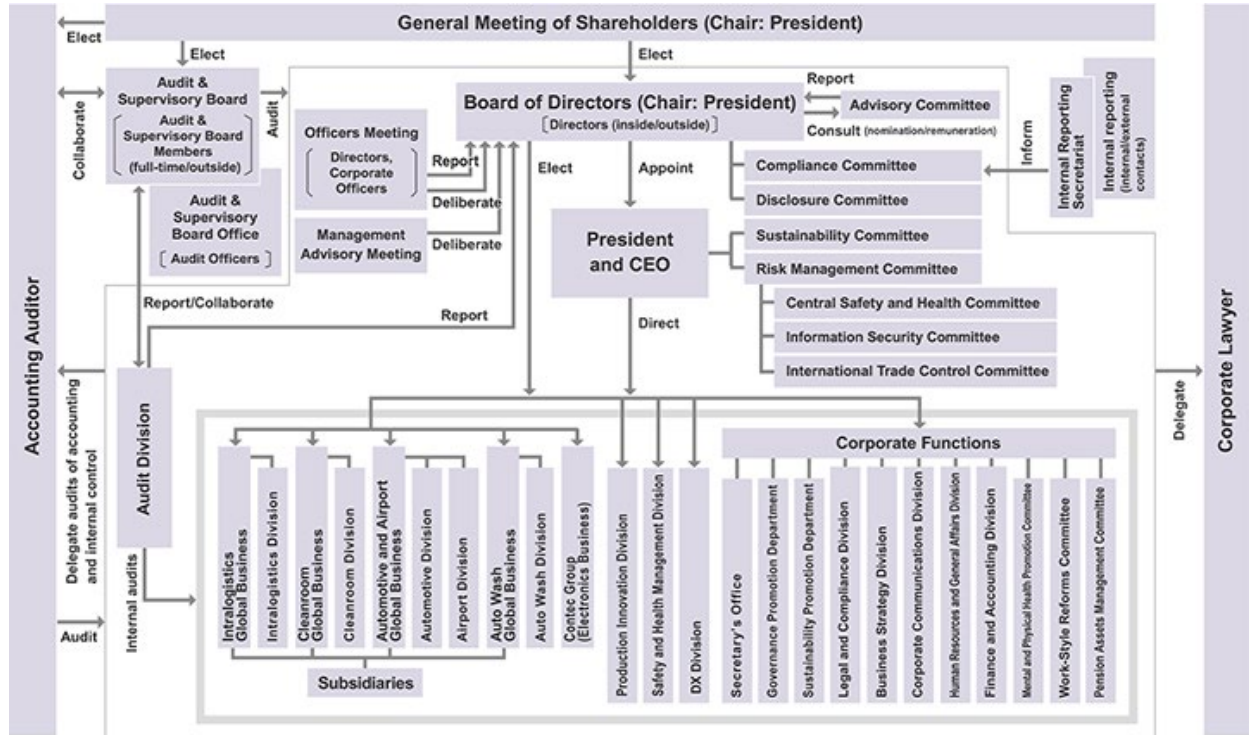
System to ensure appropriateness of business operations, etc.	Overview of operational status
[4] System to ensure the efficient execution of duties by the directors	
<p>1) The Board of Directors shall formulate management objectives and plans, etc. of the entire Group to be shared by the officers and employees and seek to instill them throughout the Group.</p> <p>2) The Company has introduced a corporate officer system. Management functions are separated into two: the management decision-making and supervision functions of the Board of Directors and the business execution functions of corporate officers. Corporate officers formulate specific goals and measures for their own units in light of the management objectives determined by the Board of Directors and execute operations to achieve those goals.</p>	<p>1) The Board of Directors discusses how to instill broad awareness and achieve the Company's three-year business plans. In addition, the CEO explains management policies through internal newsletters and videos transmitted on the Company intranet for the entire Group in Japan and overseas.</p> <p>2) The Company appropriately operates this system by narrowing down the agenda items to be discussed at meetings of the Board of Directors and by delegating certain decision-making authority to those in charge of executive functions, based on the Rules of the Board of Directors and the Rules on the Delegation of Authority.</p>
[5] System to ensure the appropriateness of business operations of the corporate group comprising the Company and its subsidiaries	
<p>1) In accordance with the Group Code of Conduct shared by the Group, officers and employees of the Group comply with relevant laws, the Articles of Incorporation of the Company, internal regulations, and social norms to act with integrity.</p> <p>2) In accordance with the Group Governance Rules, the Company shall appoint officers in charge of subsidiaries and ensure the appropriateness of the business operations of the entire Group by providing instructions, advice, etc. through these officers on all aspects of the management of its subsidiaries in Japan and overseas.</p>	<p>1) Translated versions of the Group Code of Conduct are distributed to officers and employees of subsidiaries in Japan and overseas, and the officers of the subsidiaries convey the spirit of the code.</p> <p>2) Based on the Group Governance Rules that clarifies the governance system of the entire Group, the officer in charge of the subsidiary makes swift and decisive decisions and executions at the subsidiary while maintaining an appropriate level of supervision by the Board of Directors, and operations for appropriate business are secured.</p>

System to ensure appropriateness of business operations, etc.	Overview of operational status
<p>3) Standing in a position that is independent from the business execution lines, the Audit Division conducts audits of the status of the development and operation of internal control systems in the Group.</p> <p>4) In accordance with laws and regulations, the Company and the entire Group shall take a resolute attitude toward anti-social forces and groups that threaten the order and safety of civil society. In addition, we will strive to develop and disseminate anti-bribery regulations, etc. in response to compliance risk on a global level.</p>	<p>3) In the internal audits to ensure the appropriateness of the Group's business operations, the Audit Division objectively verifies and assesses the status of development and operation of an internal control system, and provides instruction and advice to the audited units while coordinating with the internal audit units, Audit & Supervisory Board members and audit firms of companies of the Group. In fiscal 2022, we continued to improve the efficiency of operations overall by using digitalization (remote audits, digitization of vouchers, etc.).</p> <p>4) The Group has established policies for responding to organized crime groupings and other anti-social forces in the Group Code of Conduct, and ensures that all Group officers and employees are fully aware of those policies. In terms of anti-bribery measures, in addition to regulations for providing entertainment, gifts, etc., in April 2021, new rules were established and started operation for receiving entertainment and gifts. The Group is committed to strengthening its anti-corruption efforts by engaging in sound and transparent transactions Groupwide.</p>
<p>[6] Matters related to employees who should assist with the duties of the Audit & Supervisory Board members, matters related to the independence of the employees from the directors, and matters related to ensuring the effectiveness of instructions issued to the employees</p>	
<p>1) The Company has established an Audit & Supervisory Board Office staffed with employees assigned to assist with the duties of Audit & Supervisory Board members.</p>	<p>1) To enhance the effectiveness of audits conducted by Audit & Supervisory Board members, the Company has established the Audit & Supervisory Board Office to assist with the duties of Audit & Supervisory Board members.</p>

<p>System to ensure appropriateness of business operations, etc.</p>	<p>Overview of operational status</p>
<p>2) The Company respects the opinion of Audit & Supervisory Board members when making personnel decisions relating to the Audit & Supervisory Board Office and the Audit Division. The Company also considers the independence of the Audit & Supervisory Board Office as part of its endeavor to ensure the effectiveness of instructions given to Audit & Supervisory Board Office employees.</p>	<p>2) In addition to the Audit Division, which operates independently from the business execution line, the accounting and legal units under the Corporate Functions, will also play an auxiliary role in assisting the performance of Audit & Supervisory Board members' duties as part of our drive to enhance our auditing functions.</p>
<p>[7] System to enable directors and employees of the Company and its subsidiaries to submit reports to Audit & Supervisory Board members, and a system to ensure any person who has submitted a report is not treated disadvantageously as a result</p>	
<p>1) Directors and employees of the Company and its subsidiaries shall report the following matters to the Audit & Supervisory Board members:</p> <ol style="list-style-type: none"> 1. Matters that may cause significant damage to the Group 2. Important matters pertaining to business circumstances on a monthly basis 3. Important matters relating to the status of internal audits and risk management 4. Serious violations of laws or the Articles of Incorporation of the Company 5. Other significant compliance-related matters <p>2) The Group shall not take any adverse actions against directors, employees, etc. who reported to the Audit & Supervisory Board members on the grounds that they provided information to the said members.</p> <p>3) Members of the Audit & Supervisory Board, the Audit & Supervisory Board Office, and the Audit Division shall attend meetings of the Board of Directors of subsidiaries and other major meetings to collect information and ensure the effectiveness of audits.</p>	<p>1) If directors or employees of the Company and its subsidiaries discover any of the matters listed on the left, such matters will be reported to the Audit & Supervisory Board members by the person who discovered the facts or the person in charge to whom the facts were reported.</p> <p>2) We respond appropriately to any reports or information provided to Audit & Supervisory Board members based on our commitment to protect the providers of information.</p> <p>3) Members of the Audit & Supervisory Board, the Audit & Supervisory Board Office, and the Audit Division shall participate in the meetings listed on the left, receive reports from directors or employees of subsidiaries, and voice opinions as necessary.</p>

System to ensure appropriateness of business operations, etc.	Overview of operational status
[8] Other systems to ensure the effective execution of audits by Audit & Supervisory Board members	
<ol style="list-style-type: none"> 1) In accordance with auditing standards of the Audit & Supervisory Board, Audit & Supervisory Board members shall hold regular opinion exchange forums with the representative directors and outside directors on important audit issues, etc. 2) Audit & Supervisory Board members shall receive regular reports on audit plans and results from the Audit Division and request that the Department conduct investigations as necessary. 3) Audit & Supervisory Board members shall direct the Audit & Supervisory Board Office to enhance the effectiveness of audits and ensure the smooth execution of audit duties. 4) Audit & Supervisory Board members and the Audit & Supervisory Board shall meet regularly with the accounting auditor to maintain close contact and conduct effective and efficient audits. 5) The Audit & Supervisory Board may request that the Company make advance payment or reimbursement of expenses required for conducting audits, including the use of legal and accounting specialists. 	<ol style="list-style-type: none"> 1) The Audit & Supervisory Board held meetings with representative directors and outside directors on important auditing issues three times during fiscal 2022 to deepen mutual recognition of the issues in question. 2) Full-time Audit & Supervisory Board members attend regular auditors' meetings held by the Audit Division, etc., and share information on received reports on audit plans and results from the Audit Division. 3) The Audit & Supervisory Board Office, under the direction of Audit & Supervisory Board members, assists with audit duties and conducts business relating to the Audit & Supervisory Board. It also strives to improve the effectiveness of audits conducted by Audit & Supervisory Board members by obtaining more information from the Audit Division and other employees as well as subsidiaries. 4) The Audit & Supervisory Board deepens cooperation by holding periodic meetings for the accounting auditor to convey its audit plans and the quality of audits and for quarterly reviews and year-end reports on audit results, as well as special meetings when required. 5) When Audit & Supervisory Board members request the Company to cover any costs relating to the conducting of audits, the Company pays those expenses requested by Audit & Supervisory Board members in full.

Corporate Governance System



Updated in April 2023

8. Matters Relating to Dividend Payments, etc. from Surplus Funds

The Company regards the return of profits to shareholders as its most important management task and adopts a performance-based policy for cash dividends based on consolidated net income. The Company appropriates the remaining surplus to internal reserves for future growth.

As part of our Value Transformation 2023 three-year business plan that began in April 2021, we aim to increase corporate value by investing in growth and achieve a consolidated payout ratio of 30% or higher.

For the fiscal year ended March 31, 2023, the Company paid a Q2-end dividend of 40 yen per share, and at a meeting held on May 12, 2023 the Board of Directors passed a resolution to pay a year-end dividend of 70 yen per share, for an annual dividend of 110 yen per share, an increase of 5 yen from the initial plan. This represents a dividend payout ratio of 33.6%. Although the Company conducted a three-for-one split of its common stock effective April 1, 2023. We will pay dividends based on the number of shares before the stock split for the fiscal year ended March 31, 2023.

Furthermore, in order to enable us to flexibly pay dividends from any surplus funds, our Articles of Incorporation stipulate that the Board of Directors may determine the dividend to be paid from surplus funds without requiring a resolution from the General Meeting of Shareholders regarding matters stipulated in Article 459, Paragraph 1 of the Companies Act (The determination of articles that permit the Board of Directors to decide dividend payments from surplus funds), except when otherwise provided for in separate laws or regulations.

Payment of the year-end dividend for the 107th fiscal year

The Company will pay the year-end dividend to shareholders or registered pledgees of shares recorded in the last shareholder register as of March 31, 2023 as follows:

1. Year-end dividend: 70 yen per share
2. Date effective and date of commencement of payment: Monday, June 26, 2023

The document pertaining to the payment of year-end dividend will be sent to the registered address on June 23, 2023.

Consolidated Balance Sheets

(As of March 31, 2023)

(Million yen)

Item	Amount	Item	Amount
(ASSETS)	551,552	(LIABILITIES)	219,228
Current assets	433,144	Current liabilities	202,816
Cash on hand and in banks	102,746	Notes and accounts payable and construction contracts payable	63,581
Notes receivable, accounts receivable from completed construction contracts and other, and contract assets	250,076	Electronically recorded obligations - operating	30,503
Merchandise and finished goods	8,674	Short-term borrowings and current portion of long-term borrowings	10,359
Costs incurred on uncompleted construction contracts and other	19,211	Income taxes payable	6,088
Raw materials and supplies	38,171	Contract liabilities	63,901
Other	15,320	Provision for losses on construction contracts	451
Allowance for doubtful accounts	(1,058)	Other	27,929
Non-current assets	118,408	Non-current liabilities	16,412
Property, plant and equipment	65,037	Long-term borrowings	1,100
Buildings and structures	25,601	Deferred tax liabilities	698
Machinery and vehicles	10,590	Liabilities for retirement benefits	7,431
Tools and fixtures	2,654	Other reserves	432
Land	12,871	Other	6,749
Other	13,319		
Intangible assets	11,454	(NET ASSETS)	332,323
Software	5,565	Shareholders' equity	308,240
Goodwill	3,804	Common stock	31,865
Other	2,084	Capital surplus	20,397
Investments and other assets	41,916	Retained earnings	256,876
Investments in securities	12,265	Treasury stock	(899)
Long-term loans	45	Accumulated other comprehensive income	23,783
Assets for retirement benefits	9,038	Net unrealized gain (loss) on securities	4,075
Deferred tax assets	15,873	Deferred gain (loss) on hedges	3
Other	4,693	Foreign currency translation adjustments	20,058
Allowance for doubtful accounts	(0)	Accumulated adjustments on retirement benefits	(353)
		Non-controlling interests	299
Total	551,552	Total	551,552

Consolidated Statements of Income

(April 1, 2022 - March 31, 2023)

(Million yen)

Net sales		601,922
Cost of sales		492,123
Gross profit		109,799
Selling, general and administrative expenses		50,944
Operating income		58,854
Other income		
Interest income	646	
Dividend income	436	
Land and house rental revenue	276	
Other	445	1,806
Other expenses		
Interest expenses	320	
Foreign exchange losses	320	
Other	259	900
Ordinary income		59,759
Extraordinary income		
Gain on sales of property, plant and equipment	99	
Gain on sales of investments in securities	943	
Insurance claim income	68	
Other	107	1,219
Extraordinary loss		
Loss on sales of property, plant and equipment	6	
Loss on disposal of property, plant and equipment	505	
Value added tax and other for a prior period	2,078	
Impairment loss	819	
Settlement package	2,400	
Other	117	5,926
Income before income taxes		55,052
Income taxes - current	19,404	
Income taxes - deferred	(5,606)	13,797
Net income		41,255
Non-controlling interests		7
Net income attributable to shareholders of the parent company		41,248

Non-Consolidated Balance Sheets

(As of March 31, 2023)

Daifuku Co., Ltd.

(Million yen)

Item		Item	Amount
(ASSETS)	349,892	(LIABILITIES)	105,322
Current assets	234,475	Current liabilities	98,593
Cash on hand and in banks	31,109	Electronically recorded obligations - operating	28,083
Notes receivable	727	Accounts payable - trade	20,481
Electronically recorded monetary claims - operating	5,755	Construction contracts payable	1,863
Accounts receivable from completed construction contracts and contract assets	132,693	Short-term borrowings	2,621
Accounts receivable	17,699	Current portion of long-term borrowings	2,700
Merchandise and finished goods	57	Lease liabilities	167
Costs incurred on uncompleted construction contracts and other	9,932	Accounts payable - other	2,613
Raw materials and supplies	20,688	Accrued expenses	8,534
Prepaid expenses	2,607	Income taxes payable	3,509
Accounts receivable - other	4,499	Contract liabilities	27,085
Short-term loans receivable	16	Provision for losses on construction contracts	66
Short-term loans receivable from affiliates	7,038	Other current liabilities	866
Other current assets	2,096	Non-current liabilities	6,728
Allowance for doubtful accounts	(446)	Long-term borrowings	1,100
Non-current assets	115,417	Lease liabilities	533
Property, plant and equipment	26,836	Long-term accounts payable - other	14
Buildings	10,811	Provision for retirement benefits	4,481
Structures	1,080	Other reserves	371
Machinery and equipment	4,507	Other non-current liabilities	228
Vehicles	2		
Tools and fixtures	921	(NET ASSETS)	244,570
Land	7,995	Shareholders' equity	240,532
Leased assets	700	Common stock	31,865
Construction in progress	816	Capital surplus	22,876
Intangible assets	3,963	Legal capital surplus	8,998
Software	3,527	Other capital surplus	13,877
Software in progress	435	Retained earnings	186,690
Other	0	Legal retained earnings	112
Investments and other assets	84,617	Other retained earnings	186,577
Investments in securities	11,542	Reserve for dividends	7,000
Shares in affiliates	51,382	Reserve for tax purpose reduction entry of non-current assets	289
Investments in capital of affiliates	6,225	General reserve	30,000
Long-term loans	44	Retained earnings brought forward	149,287
Long-term prepaid expenses	826	Treasury stock	(899)
Deferred tax assets	6,410	Valuation and translation adjustments	4,037
Prepaid pension costs	6,734	Net unrealized gain (loss) on securities	4,035
Leasehold and guarantee deposits	819	Deferred gain (loss) on hedges	1
Other	632		
Total	349,892	Total	349,892

Non-Consolidated Statements of Income

(April 1, 2022 - March 31, 2023)

Daifuku Co., Ltd.

(Million yen)

Net sales		290,278
Cost of sales		234,509
Gross profit		55,769
Selling, general and administrative expenses		20,420
Operating income		35,349
Other income		
Interest income	62	
Dividend income	10,530	
Land and house rental revenue	202	
Other	110	10,905
Other expenses		
Interest expenses	90	
Foreign exchange losses	617	
Other	3	711
Ordinary income		45,543
Extraordinary income		
Gain on sales of investments in securities	928	
Other	25	954
Extraordinary loss		
Loss on disposal or sales of property, plant and equipment	270	
Value added tax and other for a prior period	2,078	
Other	16	2,365
Income before income taxes		44,132
Income taxes - current	11,178	
Income taxes - deferred	(1,099)	10,079
Net income		34,053

Independent Auditor's Report
(English Translation*)

May 23, 2023

To the Board of Directors of Daifuku Co., Ltd.

PricewaterhouseCoopers Aarata LLC
Osaka office

Kengo Yamamoto, CPA
Designated limited liability Partner
Engagement Partner

Kazuyuki Kitano, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 444 (4) of the Companies Act of Japan, the accompanying consolidated financial statements, which comprise the consolidated balance sheet, consolidated profit and loss statement, consolidated statement of changes in net assets, and notes to the consolidated financial statements of Daifuku Co., Ltd. and its subsidiaries (hereinafter referred to as the "Group") for the consolidated fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and its consolidated financial performance for the period covered by the consolidated financial statements in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Independent Auditor's Report
(English Translation*)

May 23, 2023

To the Board of Directors of Daifuku Co., Ltd.

PricewaterhouseCoopers Aarata LLC
Osaka office

Kengo Yamamoto, CPA
Designated limited liability Partner
Engagement Partner

Kazuyuki Kitano, CPA
Designated limited liability Partner
Engagement Partner

Opinion

We have audited, pursuant to Article 436 (2) (i) of the Companies Act of Japan, the accompanying financial statements, which comprise the balance sheet, statement of profit and loss, statement of changes in net assets and notes to the financial statements, and the supplementary schedules of Daifuku Co., Ltd. (hereinafter referred to as the "Company") for the 107th fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the financial statements and the supplementary schedules referred to above present fairly, in all material respects, the financial position and its financial performance for the period covered by the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements and the supplementary schedules in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the business report and the supplementary schedules. Management is responsible for the preparation and disclosure of the other information. In addition, those charged with governance are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements and the Supplementary Schedules

Management is responsible for the preparation and fair presentation of the financial statements and the supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of the financial statements and the supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements and the Supplementary Schedules

Our objectives are to obtain reasonable assurance about whether the financial statements and the supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to

influence the economic decisions of users taken on the basis of these financial statements and the supplementary schedules.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements and the supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements and the supplementary schedules are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.

Audit Report

In regard to the directors' performance of their duties for the 107th fiscal year from April 1, 2022 to March 31, 2023, the Audit & Supervisory Board has prepared this Audit Report as the unanimous opinion of the Audit & Supervisory Board members resulting from deliberations based on the audit reports prepared by each Audit & Supervisory Board member and reports as follows.

1. Method and Contents of Audits by the Audit & Supervisory Board Members and the Audit & Supervisory Board

- (1) The Audit & Supervisory Board determined the audit policies and audit plan, etc., and received reports from each Audit & Supervisory Board member regarding the implementation status and results of their audits, in addition to which it received reports from the directors, etc., and the accounting auditor regarding the status of the performance of their duties and requested explanations, as necessary.
- (2) In compliance with the Audit & Supervisory Board member audit standards established by the Audit & Supervisory Board and in accordance with the audit policies and audit plan, etc., each Audit & Supervisory Board member communicated with the directors, the Audit Division, and other employees, etc., endeavored to gather information and develop the audit environment and conducted audits using the following methods.
 - (i) The Audit & Supervisory Board members attended meetings of the Board of Directors and other important meetings, received reports from directors and employees, etc., regarding the status of the performance of their duties, requested explanations as necessary, viewed important decision-making documents, etc., and inspected the status of operations and assets at the headquarters and main business locations. Additionally, in regard to subsidiaries, the Audit & Supervisory Board members communicated and exchanged information with the directors and Audit & Supervisory Board members, etc., of subsidiaries and received reports on business from subsidiaries, as necessary.
 - (ii) In regard to the content of resolutions of the Board of Directors regarding the development of systems to ensure that the directors' performance of their duties complies with laws, regulations, and the Articles of Incorporation and other systems provided for in Article 100, Paragraph (1) and Paragraph (3) of the Ordinance for Enforcement of the Companies Act as systems necessary to ensure the appropriateness of operations of the corporate group composed of a stock company and its subsidiaries, as well as the systems developed pursuant to those resolutions (i.e., internal control systems) stated in the Business Report, the Audit & Supervisory Board members periodically received reports from directors and employees, etc., regarding the status of the establishment and operation of those systems and as necessary requested explanations and expressed opinions in regard thereto.
 - (iii) The Audit & Supervisory Board members oversaw and verified whether the accounting auditor maintained an independent position and conducted an appropriate audit, received reports from the accounting auditor on the status of the performance of its duties, and requested explanations, as necessary. Additionally, the Audit & Supervisory Board members received notification from the accounting auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations, as necessary.

Using the methods above, the Audit & Supervisory Board examined the Business Report, the supplementary schedules thereto, the financial statements (i.e., the balance sheets, statements of income, statements of changes in net assets, and explanatory notes to financial statements), the supplementary schedules to the financial statements, and the consolidated financial statements (i.e.,

the consolidated balance sheets, consolidated statements of income, consolidated statements of changes in net assets, and explanatory notes to consolidated financial statements) for the fiscal year.

2. Audit Results

(1) Results of audit of Business Report, etc.

- (i) We find that the Business Report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations, and the Articles of Incorporation.
- (ii) We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the Articles of Incorporation in relation to the directors' performance of their duties.
- (iii) We find the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the Business Report or the directors' performance of their duties relating to the internal control systems.

(2) Results of audit of financial statements and supplementary schedules thereto

We find the methods and results of the audit by the accounting auditor, PricewaterhouseCoopers Aarata LLC, to be reasonable.

(3) Results of audit of consolidated financial statements

We find the methods and results of the audit by the accounting auditor, PricewaterhouseCoopers Aarata LLC, to be reasonable.

May 24, 2023

Audit & Supervisory Board, Daifuku Co., Ltd.
Tsukasa Saito
Audit & Supervisory Board Member (full-time)
Ryosuke Aihara
Audit & Supervisory Board Member (outside)
Tsukasa Miyajima
Audit & Supervisory Board Member (outside)
Nobuo Wada
Audit & Supervisory Board Member (outside)