Annual Report 2018

For the fiscal year from April 1, 2017 to March 31, 2018

Logisnext

Contents

MITSUBISHI LOGISNEXT CO., LTD.

Aiming to become the World's Top Class Logistics Equipment Manufacturer, we move forward with Group integration, by leveraging the diversity of the former 4 companies as a strength.

New Company Message

We would like to express our sincere gratitude to all of our stakeholders for their extraordinary support. As you are already aware, on October 1, 2017, the Group conducted management integration with UniCarriers Co., Ltd. (hereinafter, "UniCarriers"). Accordingly, we changed the Company name to Mitsubishi Logisnext Co., Ltd., and at the same time, I, Mikogami, was appointed as President and CEO. The management integration resulted in the creation of the third largest company in the global forklift industry, with net sales of more than 400 billion yen and approximately 11,000 employees. This Company has its origins from four companies* having a long history of independently developing and cultivating various technologies and sales networks. In terms of products, the four companies have developed a wide range of lineups, from engine- and battery-powered vehicles, to automated guided vehicles (AGV) and automated guided forklifts (AGF), automated warehouses, warehouse management and other logistics systems and port and construction machinery. Leveraging this diversity as a major strength, we will move forward with integration into a truly unified Group to provide logistics machinery and solutions that are convenient and easy for customers around the world to use while also being environmentally friendly.

* Nippon Yusoki Co., Ltd.
Mitsubishi Heavy Industries, Ltd., Forklift Truck Operations
Toyo Carrier Manufacturing Co., Ltd.
Nissan Forklift Co., Ltd.

Takashi Mikogami
President and CEO

Apr. 1981	Joined Sagamihara Machinery Works, Mitsubishi Heavy Industries, Ltd.
Apr. 2007	General Manager, Turbo Technologies Department, General Machinery & Special Vehicle Headquarters
Apr. 2012	Deputy Head of General Machinery & Special Vehicle Headquarters
Apr. 2013	Director, Mitsubishi Nichiyu Forklift Co., Ltd. Executive Officer, Mitsubishi Heavy Industries, Ltd.
Apr. 2015	Head of Sagamihara Machinery Works, Mitsubishi Heavy Industries, Ltd.
Apr. 2016	Executive Vice President , Mitsubishi Heavy Industries, Ltd.
Jun. 2016	Director, Senior Executive Vice President, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.
Jun. 2017	Representative Director, Senior Executive Vice President, Mitsubishi Nichiyu Forklift Co., Ltd.
Oct. 2017	President and CEO, Mitsubishi Logisnext Co., Ltd. (current position) Director, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.

Summary of Market Conditions and Performance in Fiscal 2017

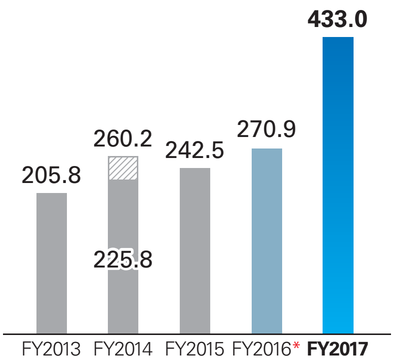
In fiscal 2017 (the fiscal year ended March 31, 2018), the inaugural year of the new Company, the domestic business segment showed forklift sales growth on the back of solid demand. In the overseas business segment, we achieved sales growth in all regions, including the United States, Europe, Asia and China. In addition to this, the contribution from the consolidation of UniCarriers resulted in a substantial increase in Group consolidated net sales, which amounted to 433.0 billion yen (up 59.8% compared to the previous fiscal year).

In terms of profit, due to the impact from goodwill amortization resulting from UniCarriers' becoming a wholly owned subsidiary, operating profit was 9.2 billion yen (down 11.7% YoY), ordinary profit was 8.4 billion yen (down 6.2% YoY) and profit attributable to owners of parent was 2.9 billion yen (down 19.1% YoY). Excluding the impact of goodwill amortization, operating profit was 19.1 billion yen, ordinary profit was 18.2 billion yen and profit attributable to owners of parent was 11.8 billion yen.

Financial Highlights

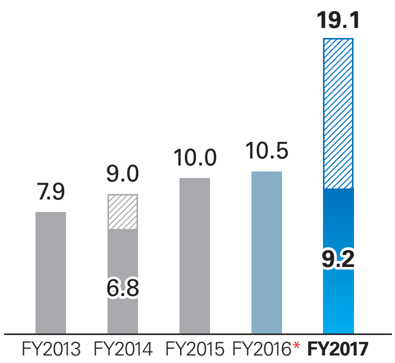
Sales

(Billion yen)



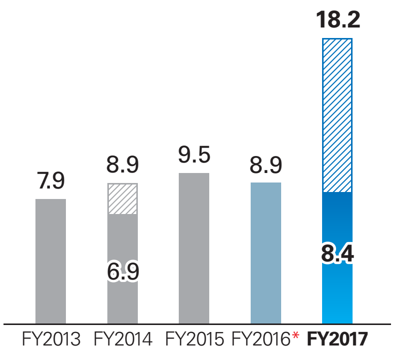
Operating Profit

(Billion yen)



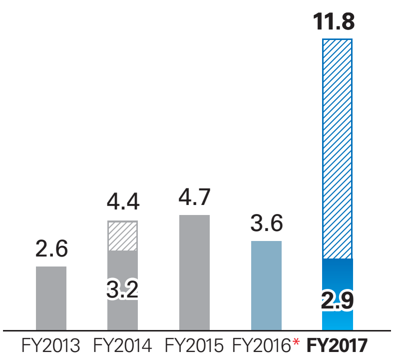
Ordinary Profit

(Billion yen)



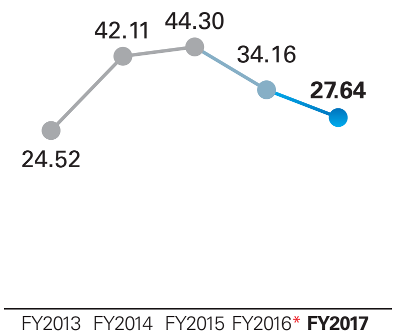
Profit Attributable to Owners of Parent

(Billion yen)



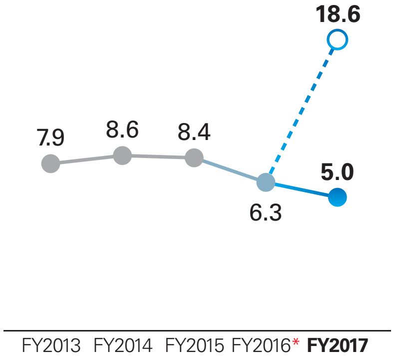
Earnings per Share

(yen)



Return on Equity

(%)



2014–2016 figures are Mitsubishi Nichiyu Forklift data. Additional data (January–March) in accordance with overseas consolidated subsidiary accounting period changes.
Goodwill amortization amount. Before amortizing goodwill.

* In accordance with UniCarriers becoming a wholly owned subsidiary on January 1, 2017, figures for January–March of the fiscal year ended March 31, 2017 show the consolidated figures for Mitsubishi Nichiyu Forklift and UniCarriers.

Initiatives and Outlook for Fiscal 2018

In terms of the global economy, although economic conditions in both developed and developing countries were favorable, uncertainty in overseas politics and economic trends, such as trade friction between the United States and China, as well as the impact from fluctuations in financial capital markets and rising geopolitical risks in some areas continue to make it difficult to anticipate future business conditions. In Japan, the economy is expected to continue gradual expansion due to improvements in employment, wage rates, and the effects of various political policies. However, it is necessary to take a cautionary view of political instabilities in Japan and uncertainties in overseas economies. In addition, there has been a remarkable rise in the price of steel and other raw materials, causing concerns with regard to the impact on materials procurement costs.

Amid these conditions, in fiscal 2018 (ending March 31, 2019), the Group will continue to promote initiatives in line with the medium-term management plan "Perfect Integration 2020." Although the global market for logistics equipment has been expanding more than anticipated due to growth in the e-commerce market and a shortage of personnel at warehouses and factories, market expansion trends vary by region and country, requiring a diverse range of response measures. Therefore, it will be important as to whether we focus on limited resources or engage in so-called "selection and concentration." We think the way forward is to identify regions and areas where we need to concentrate our efforts and advance into targeted regions and markets.

The forecast for fiscal 2018 calls for net sales of 435.0 billion yen (up 0.4% YoY), operating profit of 12.5 billion yen (up 34.7% YoY), ordinary profit of 11.0 billion yen (up 30.6% YoY) and profit attributable to owners of parent of 6.0 billion yen (up 104.0% YoY).

About Strengthening Management Foundation

After the launch of the new Company, the Group inherited the medium-term management plan announced in December 2016 and continues to promote growth strategies in line with this plan. The plan has "growing by implementing the multi-brand/glocal* strategies" as its basic approach, positioning the first two years after the management integration as the integration and foundation phase.

In terms of the Group's scale, this management integration resulted in the creation of the third largest corporate Group in the global forklift industry. However, the external environment surrounding the Company is changing rapidly in response to expanding needs for automation, unmanned operation, conservation of labor and the development of AI and IoT. To grow even further as a logistics equipment manufacturer, each Group company and department must work together in the truest sense.

Based on this approach, as for the management integration of October 2017, we had carefully prepared organizational integrations as a new Company, including consolidation of head office functions, unification of human resource systems and integration of various systems. Even after the management integration, we continue to steadily promote various initiatives aimed at creating Group synergies between departments. For example, with regard to purchasing and procurement, we are achieving synergy effects from the consolidation of suppliers and buying power improvements. Also, with respect to research and development, we are beginning to see the effects of joint development and other inter-Group activities.

Going forward, we will strive to realize the synergies expected from each department and focus efforts on strengthening our management foundation to support further growth throughout the Group.

* Glocal: Aiming for global development while providing products and services tailored to specific needs in each region.

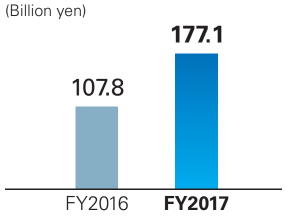
Takashi Mikogami
President and CEO

Domestic Business

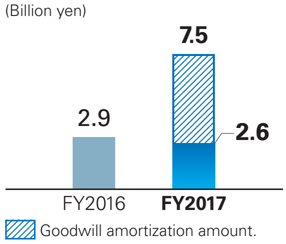
In the domestic business segment, growth in domestic forklift sales resulting from solid demand and the consolidation of UniCarriers contributed to net sales, in the amount of 177.1 billion yen (up 64.3% from the previous fiscal year). The consolidation of UniCarriers also contributed to segment profit, although the recognition of goodwill amortization (4.9 billion yen) resulted in segment profit of 2.6 billion yen (down 10.7% from the previous fiscal year), excluding the impact of goodwill amortization, segment profit was 7.5 billion yen.

Sales Composition by Business Segment

Sales



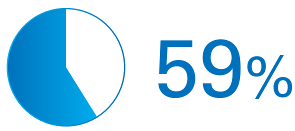
Operating Profit



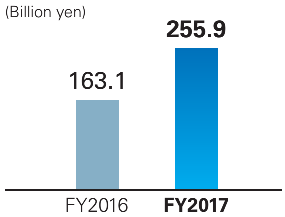
Overseas Business

In the overseas business segment, sales growth in all regions including the United States, Europe, Asia and China, along with the consolidation of UniCarriers, contributed to net sales, which amounted to 255.9 billion yen (up 56.9% compared to the previous fiscal year). UniCarriers also contributed to segment profit, although the recognition of goodwill amortization (4.8 billion yen) resulted in segment profit of 6.6 billion yen (down 12.0% from the previous fiscal year), excluding the impact of goodwill amortization, segment profit was 11.5 billion yen.

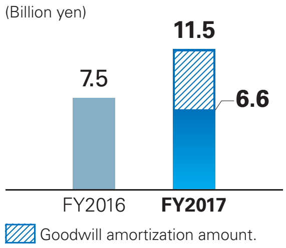
Sales Composition by Business Segment



Sales

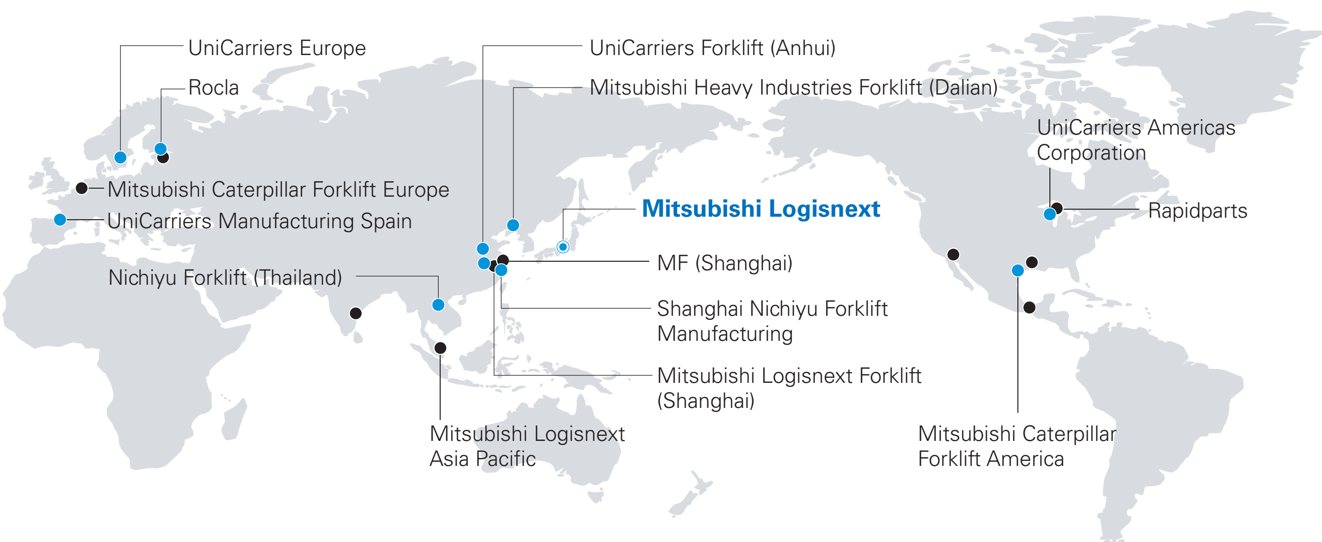


Operating Profit



Major Overseas Network

Head Office Production base Main sales base



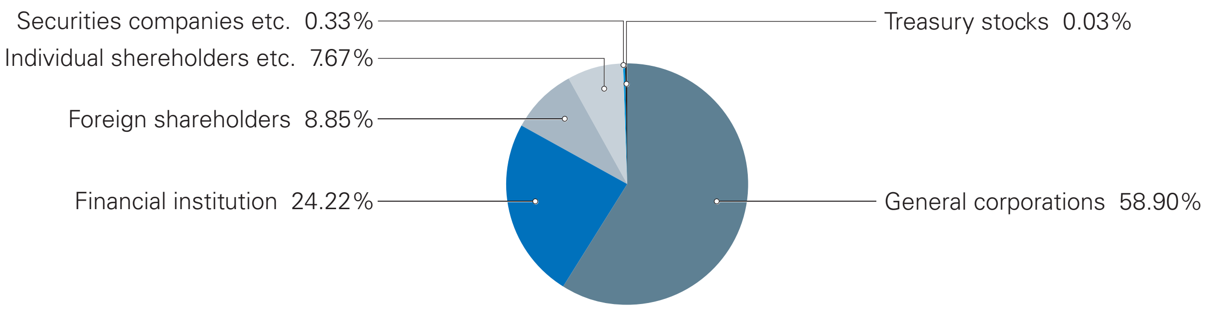
Stock Information As of March 31, 2018

Total number of authorized shares	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
Shares issued	Common stock	76,611,269 shares
	Class A stock	32,274,744 shares
Number of shareholders	Common stock	7,328
	Class A stock	2

Major Shareholders (Common Stock)

Name of shareholder	**No. of shares** (Unit: 1,000 shares)	**Equity position** (%)
Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.	39,033	50.95
GS Yuasa Corporation	4,701	6.14
Japan Trustee Services Bank, Ltd.	3,824	4.99
The Master Trust Bank of Japan, Ltd.	3,803	4.96
Meiji Yasuda Life Insurance Company	2,765	3.61
GOVERNMENT OF NORWAY	2,068	2.70
Tokyo Marine & Nichido Fire Insurance Co., Ltd.	1,575	2.06
MUFG Bank, Ltd.	1,363	1.78
The Bank of Kyoto, Ltd.	1,301	1.70
THE SHIGA BANK, LTD.	941	1.23

Major Shareholders (Common Stock)



Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2016 As of March 31, 2017	FY2017 As of March 31, 2018
Assets		
Current assets	178,195	**193,395**
Fixed assets	188,719	**183,142**
Tangible fixed assets	90,955	**91,777**
Intangible fixed assets	86,032	**78,157**
Investments and other assets	11,731	**13,207**
Total Assets	366,915	**376,538**
Liabilities		
Current liabilities	151,629	**161,424**
Fixed liabilities	155,264	**152,723**
Total Liabilities	306,893	**314,148**
Net worth equity		
Stockholders' equity	54,597	**56,378**
Capital	4,890	**4,890**
Capital surplus	35,839	**35,838**
Earned surplus	13,888	**15,659**
Treasury stock	(20)	**(9)**
Other accumulated comprehensive income	3,496	**3,938**
Equity warrant	143	**159**
Non-controlling interests	1,783	**1,914**
Total Net Worth Equity	60,021	**62,390**
Total Liabilities and Net Worth Equity	366,915	**376,538**

Overview of Consolidated Balance Sheets

Total assets amounted to 376,538 million yen, a year on year increase of 9,622 million yen, due to a rise in inventory and working capital from higher sales and an increase in short-term loans due to the deposit of surplus funds in the parent company.

Total liabilities amounted to 314,148 million yen, a year on year increase of 7,254 million yen, mainly due to a rise in accounts payable resulting from increased purchases.

Although net assets increased due to the recording of retained earnings, foreign exchange adjustments due to the recent yen appreciation resulted in net assets of 62,390 million yen, a year on year increase of only 2,369 million yen.

Consolidated Income Statements (Summary)

(Million yen)

Item	FY2016 From April 1, 2016 through March 31, 2017	**FY2017 From April 1, 2017 through March 31, 2018**
Sales	270,969	**433,092**
Cost of sales	207,098	**333,070**
Gross profit on sales	63,871	**100,022**
Selling, general and administrative expenses	53,362	**90,741**
Operating profit	10,508	**9,280**
Non-operating income	1,127	**1,484**
Non-operating expenses	2,658	**2,339**
Ordinary profit	8,978	**8,425**
Special profit	88	**179**
Special loss	271	**1,060**
Current net profit unadjusted for tax	8,795	**7,544**
Corporation tax, residents tax and enterprise tax	4,803	**6,071**
Adjusted amount of corporation tax etc.	144	**(1,756)**
Net income	3,847	**3,229**
Profit attributable to non-controlling interests	211	**288**
Profit attributable to owners of parent	3,635	**2,941**

Overview of Consolidated Income Statements

Revenue increased, totaling sales of 433,092 million yen. In addition to the full-year contribution from UniCarrers, the growth in sales was due to favorable economic conditions in both developed and developing countries and higher sales in all regions, including the United States, Europe, Asia and China.

In terms of profit, despite the contribution from the consolidation of UniCarriers, skyrocketing materials costs and goodwill amortization had an adverse impact which caused profit to decline. Operating profit was 9,280 million yen, ordinary profit was 8,425 million yen and profit attributable to owners of parent was 2,941 million yen.

Excluding the impact of goodwill amortization resulting from the creation of a wholly owned subsidiary, operating profit was 19,132 million yen, ordinary profit was 18,277 million yen and profit attributable to owners of parent was 11,878 million yen, a substantial increase in profit before goodwill amortization.

Company Outline As of March 31, 2018

Company name	Mitsubishi Logisnext Co., Ltd.
Established	August 4, 1937
Capital stock	4,890 million yen

Operation Centers

Head Office and Kyoto Plant	2-1-1, Higashi-kotari, Nagaokakyo-shi, Kyoto 617-8585	Tel: +81-(0)75-951-7171
Shiga Plant	578 Chokoji-cho, Omihachiman-shi, Shiga 523-0013	Tel: +81-(0)748-37-6700
Azuchi Plant	8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga 521-1334	Tel: +81-(0)748-46-5511
Shin Kawasaki Business Site	1-2 Shin-Ogura, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0031	Tel: +81-(0)44-330-9000
On-Site Training Center	576 Hongo, Ohaza, Sugito-cho, Kitakatsushika-gun, Saitama 345-0023	Tel: +81-(0)480-37-2108

Directors and Audit and Supervisory Board Members As of June 28, 2018

Hideaki Ninomiya	Chairman of the Board (Director, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.)
Takashi Mikogami	President and CEO (Director, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.)
Masanori Kagami	Director
Shinji Fujita	Director
Hiroaki Yamamoto	Director (General Manager of Corporate Planning Department, Business Strategy Office of Mitsubishi Heavy Industries, Ltd.)
Takayuki Kato	Director
Ken Okochi	Director
Hiroshi Maeshima	Audit and Supervisory Board Member
Norio Konishi	Audit and Supervisory Board Member
Masahide Kuragaki	Audit and Supervisory Board Member (Managing Director, GS Yuasa Corporation)
Yasuyuki Fukuoka	Audit and Supervisory Board Member (Statutory Auditor, DAI NIPPON TORYO CO.,LTD.)
Takumi Saito	Audit and Supervisory Board Member