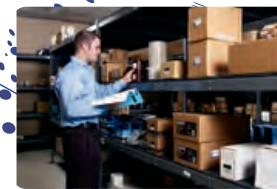


Logisnext

Logistical Equipment & System Solutions Next

Mitsubishi Logisnext

Integrated Report 2023





Our Purpose

We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.

In December 2022, to clarify the significance of our presence in the logistics industry, we reiterated our purpose by presenting it in new terms.

As a comprehensive manufacturer of logistics equipment that contributes solutions to societal issues through our business, we remain committed to devising optimal solutions to the logistics challenges faced by our customers around the world.

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Corporate Philosophy

Logisnext

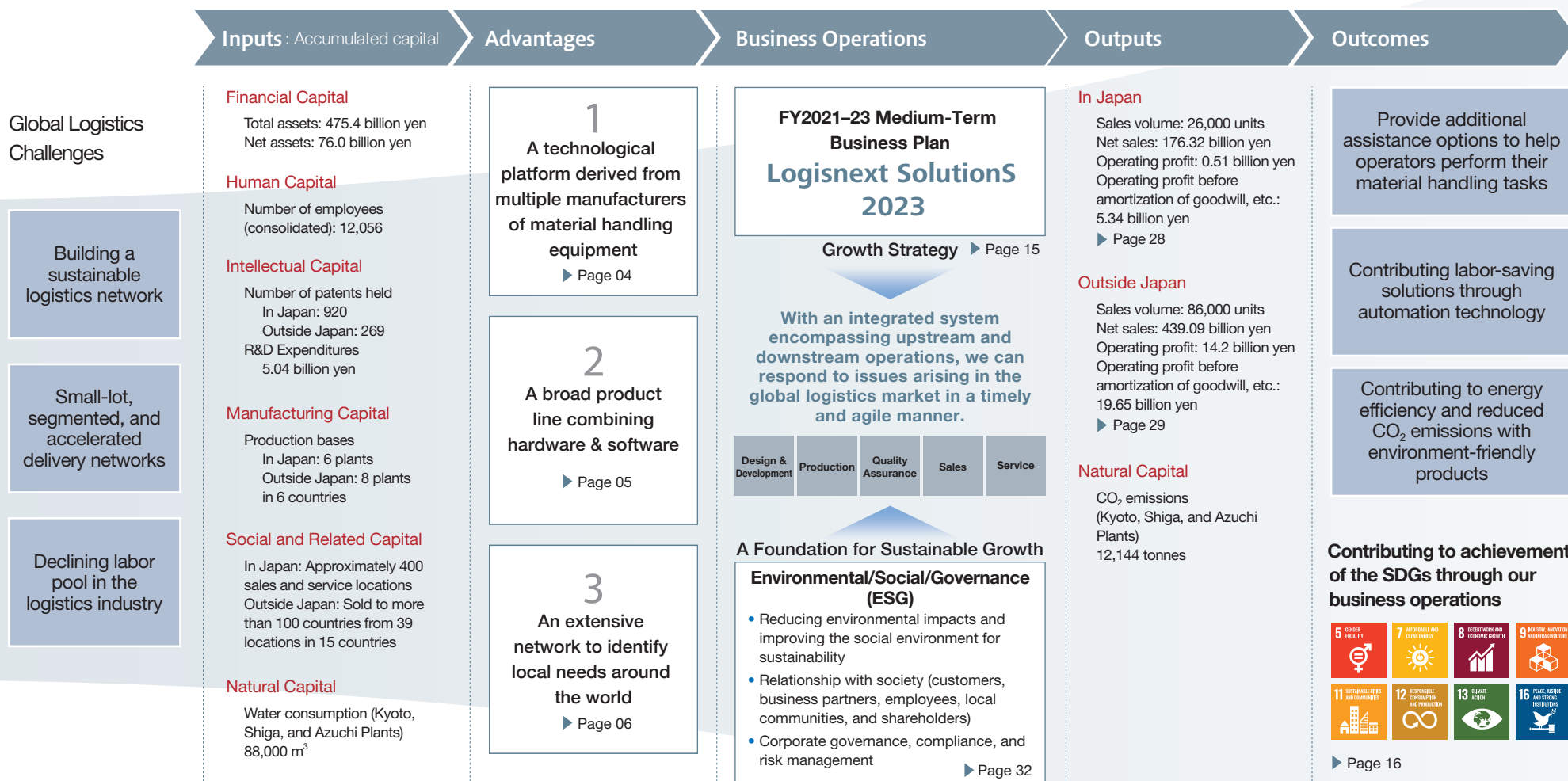
Logistical Equipment & System Solutions Next

Moving the world forward as the leading provider of innovative logistics and material handling solutions

Management Policy



As a comprehensive manufacturer of material handling equipment, we create value for society by providing solutions in the global logistics market.



Our Purpose

We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.

Our technological platform is derived from multiple material handling equipment manufacturers that have created many “Japan firsts” and “world firsts.”

Origins of Our Advantages

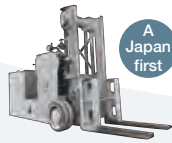
1937–
Nippon Yusoki Co., Ltd.

1970–
Forklift Division, Mitsubishi Heavy Industries, Ltd.

1949–
TCM Corporation

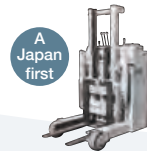
1957–
Nissan Forklift Co., Ltd.

Establishing a solid footing in the Japanese market



A Japan first

1939
Electric forklift developed.



A Japan first

1958
PLATTER stand-on electric reach forklift developed.



A world first

1971
Automated guided forklift developed and introduced.

Focused on Europe and North America



A world first

2009
4- and 5-tonne hybrid forklifts introduced.

Advantages in large vehicles for handling specialized cargoes



A Japan first

1949
Completed Japan's first engine-powered forklift (certified in 2010 as an element of Japan's Mechanical Engineering Heritage by the Japan Society of Mechanical Engineers).



2008
Hybrid transfer crane wins the second Japan Material Handling Grand Prize.

Accumulated expertise in incorporating automotive technology and in-house engine innovations in product development



1975
Nissan Motor starts production at the Murayama Plant (following a transfer from the Nissan Shatai Kyoto Plant).



1986
Production and sales of H01 and H02 Series small engine vehicles with full floating cabs begins.



Brands for the Japanese market

PLATTER



バッテリフォークリフト

PLATTER Auto



物流システム

ERSIS



三菱フォークリフト

FX



TCM フォークリフト

Transfer crane



TCM 特殊搬送車両

Brands for the international market



NICHYU
ELECTRIC FORKLIFT



mitsubishi
FORKLIFT TRUCKS

CAT
Lift Trucks



Rocla



TCM

UNICARRIERS

Our Technological Advantage

Technology for automation and unmanned operation

ISynX

ISynX autonomous and intelligent solutions



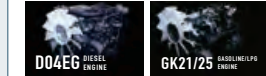
Environmental performance

F-ZERO

New rubber-tired gantry crane



Key components of our in-house group development



Environment-friendly clean engines, Models D04EG and GK21/25

Safety

Good Finder, an AI-powered human detection system for large forklifts



Incorporating development and design innovations targeting enhanced functionality and ease of use



An extensive product line supporting all aspects of logistics by combining hardware and software

Transportation

We support the safe and efficient transportation of a variety of materials and products in and between various locations, including indoor environments such as warehouses and low-temperature storage, and outdoor environments such as ports and in-between factories.



Reach-type forklift



Reach Stacker

Storage

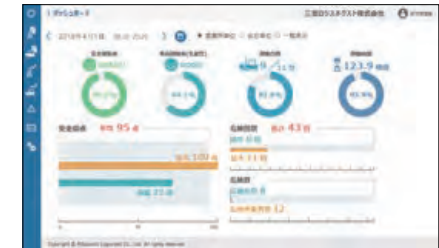
We contribute to not only the space efficiency, but also the time efficiency through work process improvement, such as location management based on the frequency of warehouse utilization, and the automation of routine operations.



Automated warehouse

Management

By real-time monitoring of various data including product storage and forklift operational status, we enhance operational efficiency and performance.



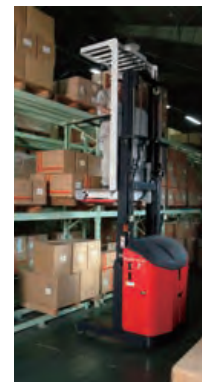
LVS Forklift operation management system



Automated guided vehicle



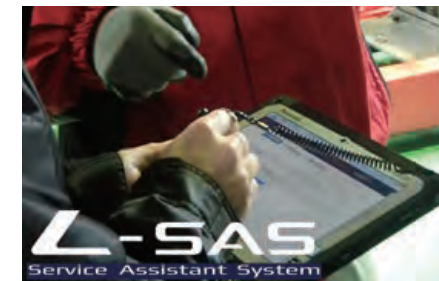
Rubber-tired gantry crane



Order picker

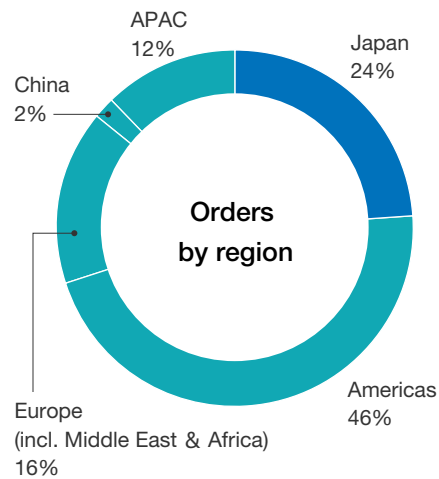
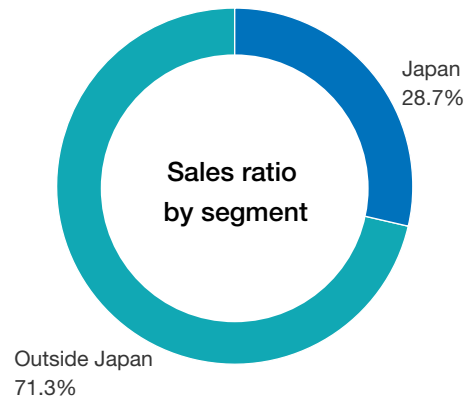


Lateral stacking truck



L-SAS Service-based troubleshooting system

Our global network identifies the local logistics needs of countries around the world and responds with local production for local consumption.



Global Network and Regional Strategies

Japan A Stable and Secure Market

We have established a strong sales and service network that is positioned as a stable and secure market because it rests on a stable business base, with high reliability and high customer recognition of our products.

- Focusing on resolving delays in forklift truck shipments due to parts shortages in fiscal 2022
- Pursuing joint development of the logistics solutions business in collaboration with Mitsubishi Heavy Industries, Ltd. and other companies

Americas Our Most Important Markets

The markets of the Americas lead the world economy. In the Americas, where demand is high, we have built a strong sales and service network and have developed diverse alliances. We position these as the most important markets because they drive our international operations.

- Strengthening the EQ Solutions and rental business of Equipment Depot
- Investing in strong independent and direct distribution channels
- Accommodating the rapidly growing demand for automation

Europe Maintenance & Information Markets

Europe is at the forefront of logistics. With our ability to develop products that meet customer needs, we emphasize steady growth as we pursue our global operations.

- Pursuing increased market share by promoting sales of new models introduced in fiscal 2022
- Differentiating our product offerings through mixed-fleet solutions (forklifts and AGVs) for markets where advances in decarbonization and automation are in demand

APAC (Asia and the Pacific) Markets with Potential

The Asia-Pacific region is expected to exhibit a high growth rate in the future due to the supply chain transition away from China. We will position ourselves to capture market growth in these promising markets.

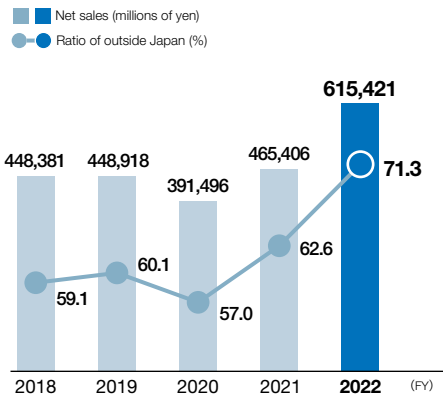
- Promoting production and shipping while focusing on standardization of lead times

China A Market Undergoing Strategic Restructuring

China's material handling equipment market is expanding rapidly. Amid the rise of local manufacturers who use low prices as a weapon, we will rebuild our sales network by reviewing our strategies.

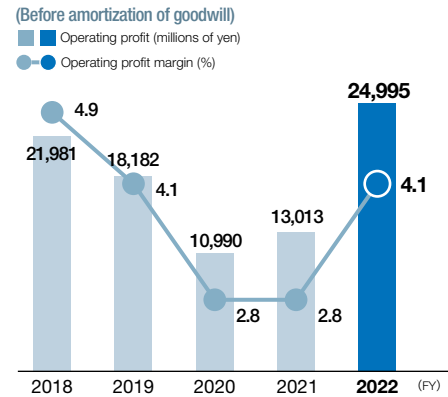
- Capturing demand for alternatives to engine-powered forklifts by expanding sales of small electric forklifts in markets where the adoption of electric forklifts is accelerating due to emissions regulations

Net Sales / Ratio of Outside Japan



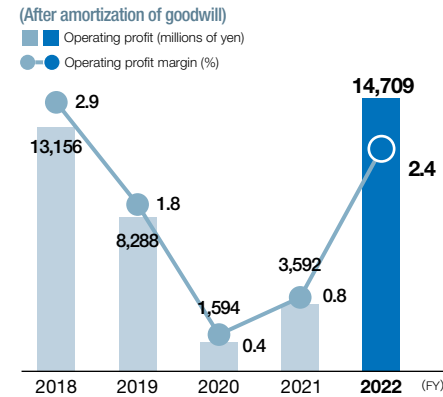
Sales outside Japan amounted to 439.095 billion yen due to increased unit sales in the Americas, Europe, and Asia, as well as tailwinds from the yen's depreciation. Moreover, consolidated sales reached a record high.

Operating Profit / Operating Profit Margin (Before amortization of goodwill)

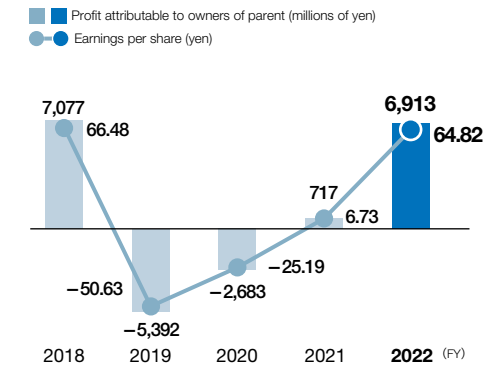


Despite the impact of soaring raw material and transportation costs, operating profit and operating profit before amortization of goodwill reached record highs due to increased sales and the significant contribution of price optimization.

Operating Profit / Operating Profit Margin (After amortization of goodwill)

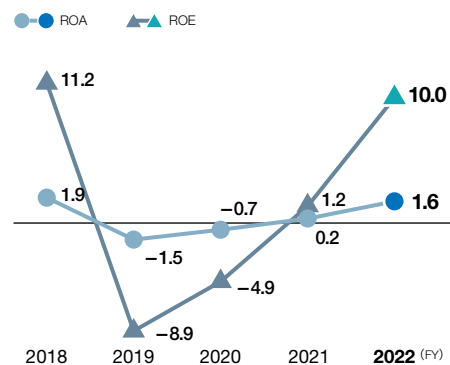


Profit Attributable to Owners of Parent / Earnings per Share



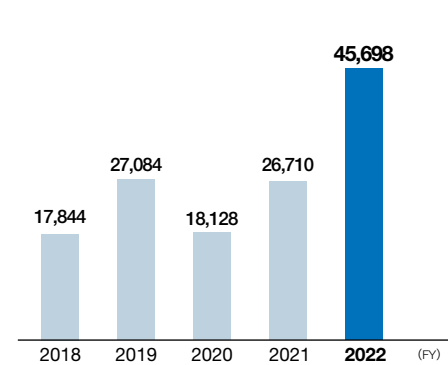
Profit attributable to owners of parent was 6.913 billion yen and earnings per share were 64.82 yen due to an increase in operating profit.

ROA/ROE (%)



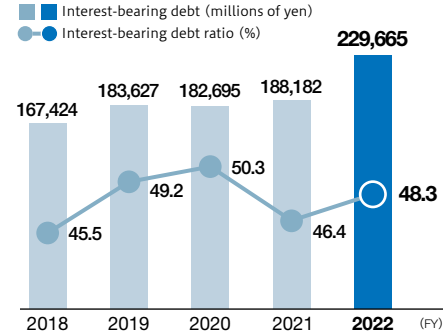
ROA was 1.6% and ROE was 10.0% due to an increase in profit attributable to owners of parent.

Capital Expenditure (millions of yen)



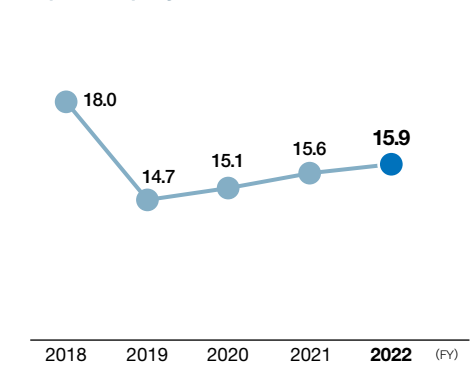
Our capital expenditures were 45.698 billion yen. Our book value investments consisted of the following: 9.547 billion yen was attributable to our business in Japan, mainly investments in forklift vehicles by sales subsidiaries for leasing and rental, while 62.371 billion yen was attributable to our business outside Japan, mainly investments in forklift vehicles by sales subsidiaries for leasing and rental as well as the purchase of machinery and equipment.

Interest-bearing Debt / Interest-bearing Debt Ratio

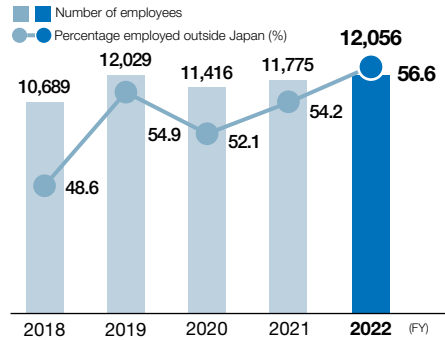


In fiscal 2016, we took on a large amount of debt to acquire shares of UniCarriers Corporation, so interest-bearing debt remains high compared to the scale of our business. We intend to increase free cash flow in order to improve our capital adequacy ratio as we continue to focus on strengthening our financial base.

Capital Adequacy Ratio (%)

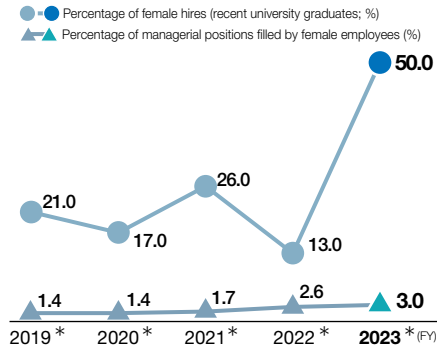


Personnel



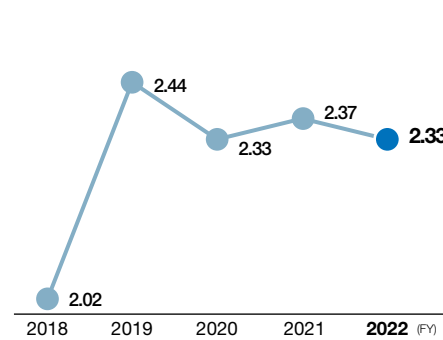
The company employed 5,234 in its businesses in Japan and 6,822 employees in its businesses outside Japan, indicating that 56.6% are employed outside Japan.

Percentage of Female Hires (Recent University Graduates) and Female Managers



We remain focused on promoting diversity, which includes the active participation of our female employees. Under our Action Plan, which is related to Japan's Act on Promotion of Women's Participation and Advancement in the Workplace, we have adopted a target of at least 3.4% for female managers and at least 20% for new female hires. We are committed to achieving these targets. *As of April 1

Percentage of Employees with Disabilities (%)



We are focused on creating a workplace in which individuals, regardless of their disability, can play an active role in accordance with their wishes and abilities.

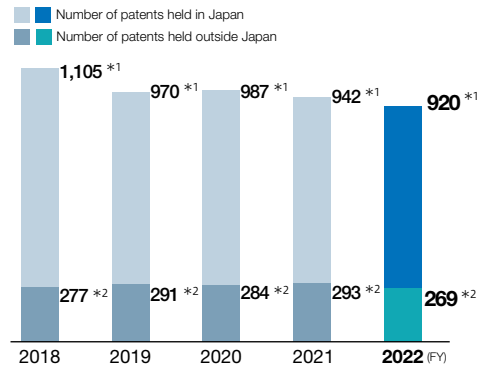
Occurrence of Occupational Accidents
Kyoto, Shiga, and Azuchi Plants

		Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Mitsubishi Logisnext	Accidents with lost time	1	5	5	1	0
	Accidents without lost time	17	11	12	8	21
Our affiliates	Accidents with lost time	*.	1	0	1	0
	Accidents without lost time	*.	7	9	6	6
Direct sales companies in Japan	Accidents with lost time	9	12	12	14	18
	Accidents without lost time	41	26	47	39	32
Production bases outside Japan	More than accidents without lost time	*.	33	34	46	56

* Data related to our affiliates and our production bases outside Japan have been collected only since fiscal 2019.

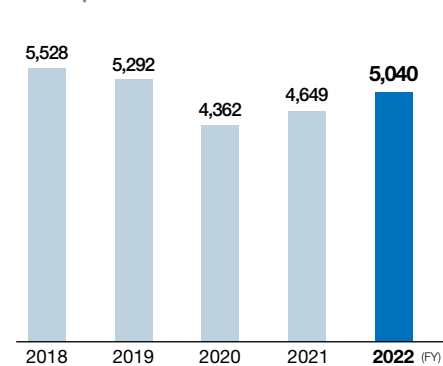
We remain focused on ensuring a safe and secure workplace environment in a multifaceted manner by adhering to our Group's safety credo: "Safety is the foundation of all that we do."

Number of Patents Held



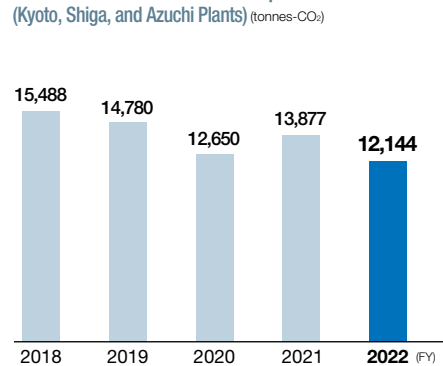
We have established a rewards system that motivates our employees to be inventive, and we are working to acquire intellectual property and enhance our intellectual creativity. *1 Patents filed by the company in Japan and patents owned by the company in Japan. *2 Patents filed by the company outside Japan and patents owned by the company outside Japan (Patents filed and held by group companies outside Japan are not included.)

R&D Expenses (millions of yen)



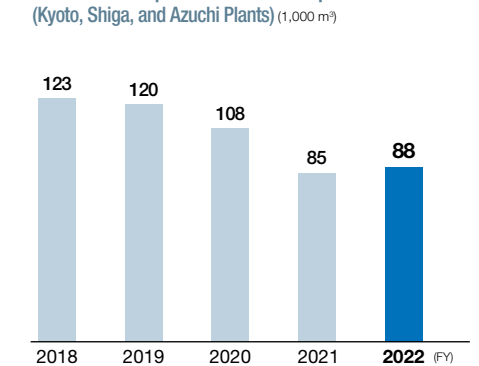
Looking to our R&D activity for fiscal 2022 under our medium-term business plan, Logisnext SolutionS 2023, while maximizing the strengths of our Engineering Headquarters, we worked closely with our development bases outside Japan to launch new products onto the market as planned. R&D expenses by segment were 3,076 million yen for our business in Japan and 1,963 million yen for our business outside Japan.

CO₂ Emissions from Plants in Japan
(Kyoto, Shiga, and Azuchi Plants) (tonnes-CO₂)



In fiscal 2022, CO₂ emissions were 2,540 tonnes-CO₂ from the Kyoto Plant, 6,461 tonnes-CO₂ from the Shiga Plant, and 3,143 tonnes-CO₂ from the Azuchi Plant, with all three plants posting a slight decrease in CO₂ emissions compared to the previous year.

Water Consumption at Plants in Japan
(Kyoto, Shiga, and Azuchi Plants) (1,000 m³)



In fiscal 2022, water consumption decreased at the Kyoto Plant due to a decrease in production; increased at the Shiga Plant due to an increase in production; and increased slightly at the Azuchi Plant due to an increase in production.

Chapter. 2

Our Value Creation Strategy

The EDiA XL is a mid-sized electric forklift launched in the European and Americas market. Ample cargo-handling, acceleration, and slope-climbing capabilities make this model an ideal choice for usage environments typically served by engine forklifts. It also contributes to the emergence of a society committed to decarbonization. Its modern design and excellent performance enabled us to win the Red Dot Design Award 2023.



The two growth strategies propelling our vision toward 2035

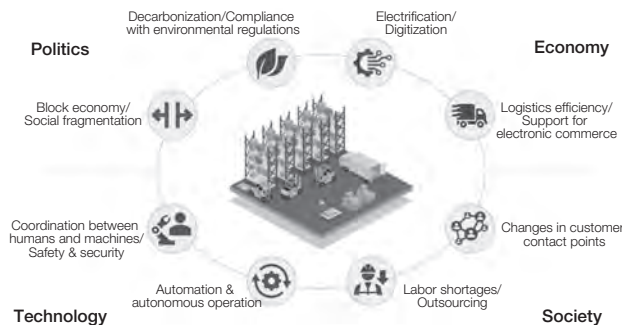
The Future of Logistics in a Changing Business Environment

Our Guidelines for 2035

As a comprehensive manufacturer of material handling equipment with operations around the globe, the Mitsubishi Logisnext Group is working to address a variety of issues. These include contributing to the safety of customers at logistics sites; mitigating labor shortages through automated and autonomous systems; and responding to climate change by taking steps toward decarbonization.

As we look even further ahead, we expect that the urgency to implement solutions to these issues will increase further by 2035 due to ongoing shifts in both society and the business world. While further progress is certain to be achieved in terms of automated and autonomous systems, manned forklift trucks will continue to fill a variety of needs across a wide range of use cases.

In light of these circumstances, we expect that the adoption of automated and autonomous systems will drive a growing need for more links between manned forklifts and other equipment and facilities. Moreover, in addition to pursuing coordination between devices as well as interconnections between people and equipment, we believe that our contributions to safety and security — which are a prerequisite for all aspects of progress — will continue to grow in importance.



Our Purpose

We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.

At the Mitsubishi Logisnext Group, we continue to operate our business according to our corporate philosophy. However, in light of the major changes occurring in the business environment, we have reexamined the rationale for our participation in the market and have clarified it in the form of Our Purpose. (See page 16.)

The Values We Support

Employee satisfaction: Each employee can think independently, attempt new challenges and take the risk of making mistakes without fear of failure, while growing day to day.

In order to realize our stated purpose in light of the many emerging societal issues as well as an economy in transition, each one of us must have the freedom to develop and demonstrate our abilities to the fullest. To outline the premise of this effort, we have also clarified what we call “the values we support.”

Vision 2035

Since its founding in 2017, the Mitsubishi Logisnext Group has remained focused on promoting its business according to our medium-term business plan that emphasizes growth and expansion. However, as we expect major changes to emerge in the environment surrounding the logistics industry, we have formulated a plan we call “Vision 2035” as a guideline for achieving this future growth. This plan entails the following:

- 1 Supporting decarbonization as well as safety and security in the market for forklifts and other industrial vehicles.**
- 2 Provision of automated and autonomous equipment to fulfill the second pillar of our business, which is to meet the twin needs of “connectivity” and “automation and autonomous operation.” We will also provide solutions to link these technologies and implement them in a safe and secure manner.**

Business Scale as of 2035

Sales of **1** trillion JPY



To build on our record high sales and operating profit, we are fostering a new corporate culture targeting sustainable growth.

Yuichi Mano
President

Growing demand leads to record high sales and operating profit

In fiscal 2022 (ended March 31, 2023), the material handling equipment market continued to experience long lead times due to delays in the supply of various parts as well as soaring raw material and transportation costs, continuing the challenges experienced during the previous fiscal year. Overall demand remained strong, and orders for our Group companies remained stable in general.

As a result, consolidated sales increased significantly to 615.4 billion yen (up 32.2% from the previous year), setting a record high. In terms of profits, although we were affected by soaring costs, operating profit reached a record high of 14.7 billion yen (up 309.4%) due to the effects of increased sales, streamlined production and shipping inside and outside Japan, and efforts to optimize selling prices around the world. Profit attributable to owners of parent also increased significantly by 6.9 billion yen (up 864.0%). Furthermore, operating profit before amortization of goodwill, which is an important indicator of profitability, reached a record high of 24.9 billion yen (up 92.1% year-on-year).



As part of this strong performance, we achieved our sales target of 500 billion yen one year ahead of schedule. This was one of the numerical targets outlined in Logisnext SolutionS 2023, the three-year medium-term business plan that has been in effect since fiscal 2021. Although some gaps still remain between the other numerical targets and our actual performance, the semiconductor shortages and shortages of various other parts are gradually resolving in fiscal 2023 (ending March 31, 2024). In the months ahead, the backlog of orders that has accumulated mainly in the North American market is likely to be cleared, and we expect that we can effectively align current pricing with products costs.

Going forward, we will continue to focus on further streamlining production and shipping products while continuing to manage fixed and variable costs in each business to strengthen profitability. In fiscal 2023, we forecast 690 billion yen in consolidated sales, 40 billion yen in operating profit, 23 billion yen in profit attributable to owners of parent, and 50 billion yen in operating profit before amortization of goodwill. We expect to achieve the numerical targets outlined in our current medium-term business plan.

Formulating a purpose and long-term business vision focused on the future of the Group

In light of these business conditions, our company has set out to reexamine the rationale for our Group’s participation in society. We have clarified the results of this effort as “Our Purpose.” Furthermore, we have established our “Vision 2035” as a concept the company is to achieve by 2035; both of these initiatives are incorporated in this Integrated Report. Since our Group’s inception in 2017, one of the challenges facing us after our corporate integration has been to establish a stable organizational structure. While our first medium-term business

Our Purpose

We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.

plan achieved a measure of success, we are also beginning to see challenges emerge to our next stage of growth. We have been considering this issue since the second half of fiscal 2022, with the aim of presenting a vision that will serve as a guideline for the future, both inside and outside of our Group.

Since assuming the position of president in June 2022, I have visited our manufacturing and sales bases in Japan as well as our Group companies and agencies around the world, and I have enjoyed many conversations with numerous colleagues through one-on-one conversations and townhall meetings. What I came to realize anew was the fact that our Group had many employees who all displayed diverse skills and personalities. In order to ensure the diversity of our personnel could benefit us as a strength and lead to our sustainable growth as a global company, it is essential that everyone be able to focus their diverse skills and personalities toward common goals with an eye on the future.

This is precisely the reason we have formulated our purpose and vision. In addition to being able to look at year-on-year comparisons and consider targets for a period three years from now, we need to have a vision and identify aspirations that look beyond that. In this way we can clarify where we want to be in 10 or 20 years. Through a backcasting exercise that considers that future vision, we can outline the path we should take, which includes a new medium-term business plan.

To formulate our purpose and vision, we first formed a select team in each department comprising mainly mid-career employees in their 40s who would be serving as the next generation of management, and we asked them to create a draft plan. For example, we borrowed phrases from our purpose, such as “pioneering spirit” and “power of our technology,” that were derived from meetings of the select teams. From this draft plan, we reached a final decision after repeated discussions at board meetings that included outside directors.

Of course, formulating this purpose and vision was not the end of the process. I remain committed to using every opportunity to raise awareness and disseminate this effort throughout the Group, formulate specific growth strategies based on these, and, through implementation, eventually realize our vision.

Expanding the social footprint of the Logisnext brand

For the past two-and-a-half years, our current medium-term business plan has been based on three pillars: building up business resilience; accelerating growth strategy; and further developing our global and regional branding strategies. The first pillar encompasses strengthening our resilience by continuing to expand sales, profits, and profit margins as mentioned above,

as well as forging a business structure for the future, such as optimizing sales prices in overseas operations and reorganizing production systems in Europe. I am confident that this part of the project is progressing smoothly.

Regarding the second pillar, although we have achieved certain results through the reorganization of sales networks around the world in an effort to accelerate the Group’s growth strategy, we require a clearer direction for an overall strategy that takes advantage of integration synergies. In particular, in our solutions business, which we have positioned as the core of our strategy, I will continue to focus on compiling concrete measures such as business concepts, profit models, and promotion systems. In our next medium-term business plan that is scheduled to begin in fiscal 2024, which we are currently formulating, we will go even further in making this plan even more specific. At the same time, we will formulate a growth strategy that responds quickly to changes in the business environment and establish an organizational structure to put it into practice. Specifically, we launched the LogisNext Solutions Preparation Office at our corporate headquarters in October 2023. The purpose of this initiative is to prepare for the launch of a new organization that will oversee our solutions business both inside and outside Japan. As we look to the expansion of warehouse logistics arising from the growth in global e-commerce, as well as demand for automation due to labor shortages, we aim to build a system that effectively provides the automated and autonomous equipment, systems, and services developed and sold by our Group.

Regarding the third pillar, in October 2022 we established a new public relations department intended to further develop our global and regional branding strategies. As a specialized organization, this department will play a central role in strengthening information dissemination both internally and externally. We remain focused on increasing awareness of the Logisnext brand and strengthening our internal branding.

Promoting initiatives intended to reduce GHG emissions and strengthen our human resources

In line with the formulation of our purpose and our long-term business vision, we have also reorganized the material issues that were established in 2020 to better align with our business (see page 17). One material issue on which we have placed particular emphasis is the reduction of greenhouse gas emissions (GHGs). Regarding GHG emissions attributable to the supply chain, known as Scope 1 and Scope 2, we are working toward our goal of reducing CO₂ emissions by 40% (relative to fiscal 2017 levels) across the entire Group by 2030 with the objective of achieving Net Zero by 2040. We will dedicate ourselves to strengthening our response in this area.

Furthermore, regarding Scope 3 emissions (GHG emissions attributable to the provision of products and services to customers), we have adopted a policy of proactively contributing to climate change solutions by expanding sales of electric forklift trucks and automated and autonomous systems around the world. We plan to present specific numerical targets in our next medium-term business plan.



Another material issue that I am emphasizing is the necessity of strengthening our human resources (human capital). The COVID-19 pandemic, while unfortunate, has presented our company with an opportunity to advance system reforms that enable employees to work flexibly, such as the introduction of a flexible work-from-home system. Moreover, we are currently promoting reforms that focus on job satisfaction. In order to fashion ourselves as a company that is easy to work in as well as rewarding for its employees, we are taking steps to expand our educational and training systems and programs that contribute to the growth of our employees. We are also focusing on revising career paths so that employees can gain a variety of work experience according to their wishes (see page 20).

The support of management is the key to reform initiatives that enable our employees to gain more experience and engage in an unprecedented scope learning opportunities through their work. For department managers, it can be difficult to transfer out an employee who has achieved much success in his or her current assignment. However, enabling such an individual to grow further through the experience gained in a new



environment and workplace will doubtlessly be beneficial to the company as a whole while creating value. Therefore, I always tell the heads of our various business headquarters to consider personal growth as more important than workplace circumstances. Through this approach, we are creating an environment in which the greatest possible number of employees can experience diverse work within the company and gain additional opportunities for growth.

It is also important to note that such opportunities for employee growth are not limited to positions within the company. Interacting with people from other companies and other industries also provides exceptional opportunities to gain new knowledge and awareness. We intend to increase such opportunities for interaction with various individuals outside the company at various levels.

Fostering a new corporate culture

To add to my observations above, another management issue that I believe to be of great importance going forward is the fostering of a new corporate culture. This theme is deeply related to not only strengthening our organization, but also the aforementioned pillars of further developing our global and regional branding strategies and strengthening our human capital.

I have always felt that the employees of our Group generally demonstrate the exceptionally high ability to carry out their duties in their respective areas of responsibility, and I believe this is one of the greatest strengths of our organization. In today's world having rapid change in every aspect, I believe that our company will continue to grow sustainably only if each one of our employees continues to feel rewarded and takes pride in the business they are involved in.

In these uncertain times, organizations that fear failure and that avoid new challenges will find it difficult to survive. As they

will fail to devise and implement solutions to the various issues that are constantly emerging. For this reason, ever since I became president, I have called out to everyone in the company to “catch the ball between third and short.” This baseball analogy is intended to inspire all to keep trying new things and attempting the unknown, rather than limiting ourselves to the known limits of our current tasks. Even when a baseball infielder jumps toward the ball but ends up missing the catch, it is not treated as an error; on the contrary, the fans tend to value the player's courage and initiative. This is the type of organizational culture that I want to create.

Of course, creating a new culture will take some time. Toward this end, I intend to provide all employees with opportunities to gain a variety of experiences and make discoveries as early as possible.

By fostering a corporate culture in which all employees can pursue their own personal growth while engaging in rewarding daily tasks, we will be able to further demonstrate the true value of our Group's inherent strength in diversity. In that sense, Mitsubishi Logisnext clearly holds great potential. I am confident all our stakeholders look forward to our Group fulfilling that potential in the years ahead.

Logisnext SolutionS 2023

Since fiscal 2021, Mitsubishi Logisnext has been working on implementing its first medium-term business plan, titled “Logisnext SolutionS 2023.” Fiscal 2023 marks the final year of this project, which is positioned as the culmination of the final phase, “completion and evolution.”

Basic Policy

1 Build up business resilience

Improve variable and fixed cost

In addition to reducing procurement and transportation costs, we will promote comprehensive cost reductions by producing parts in-house and re-examining labor costs.

Strengthen the existing business

In addition to increasing both sales and profits in all territories, we will strengthen our ability to withstand major economic fluctuations by reorganizing our businesses and managing fixed costs.

2 Accelerate growth strategy

Expand our solutions portfolio to meet the growing market requirements

In addition to providing manned forklifts, we have expanded our offerings to include solutions to our customers’ logistics challenges in terms of both hardware and software. This approach responds to specific needs in the areas of automation and unmanned vehicles, with a special focus on AGVs/AGFs.

Improve our profitability via enhancements to the distribution networks

We are maximizing the benefits of consolidation by devising regional strategies for Japan, the Americas, Europe, China, and Asia and the Pacific

Grow market share with an expanded product and service portfolio

Through collaboration with Mitsubishi Heavy Industries, Ltd., we have implemented rapid development of products and technologies.

3 Further develop our global and regional branding strategies

Utilize “Logisnext” brand and improve brand awareness for all of our brands

Taking advantage of the strengths of our category brands*, we aim to raise awareness of Logisnext as a comprehensive manufacturer of logistics solutions.

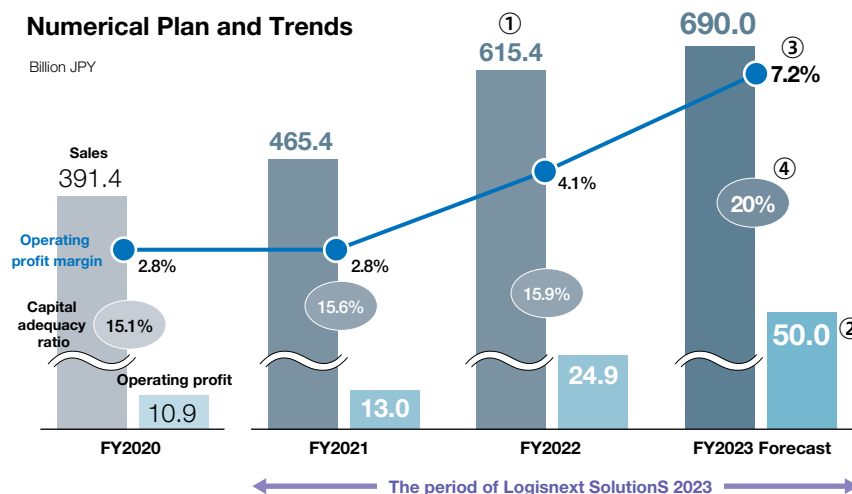
Create a new corporate culture under “Logisnext”

We will strengthen the sense of unity and the organizational strength of the entire company by focusing on the development of our Group’s human resources. As the driving force behind our sustainable growth, this approach will lead to the strengthening of our corporate culture. We intend to contribute to the achievement of the SDGs while enhancing our corporate value and contributing to the emergence of a society committed to sustainability.

* Mitsubishi Forklift Trucks, Nichiyu Electric Forklift Trucks, Nichiyu Logistics Systems, TCM forklifts, TCM Specialized Transport Vehicles and UniCarriers Forklift Trucks.

Numerical Plan and Trends

Billion JPY



Numerical Targets for Fiscal 2023	Progress	Overview
① Consolidated sales 500 billion yen	Achieved	The target value was already achieved in fiscal 2022. In fiscal 2023, sales are expected to increase by about 12% year-on-year, to 690 billion yen.
② Operating profit (Before goodwill amortization) 30 billion yen	Projected	We expect to exceed the target of 50 billion yen.
③ Operating profit margin 6%	Projected	The operating profit margin before goodwill amortization is expected to be 7.2%, so we anticipate achieving the target.
④ Capital adequacy ratio 20% minimum	Projected	By allocating free cash flow to repayment of interest-bearing debt, we expect to achieve the target in fiscal 2023.

We have partially revised our basic policy and material issues in line with our newly formulated purpose.

Our purpose

We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.

In order to implement our corporate philosophy of “Moving the world forward as the leading provider of innovative logistics and material handling solutions,” we must not only grow our company but also address environmental and societal issues at the same time. As interest in sustainability and climate change issues is growing, we believe that contributing to the resolution of societal issues through our business operations will lead to our sustainability as a company.

To clarify our company’s raison d’être, we have formulated our stated purpose according to our corporate philosophy and our approach to addressing societal and environmental issues.

This purpose was formulated primarily through discussions of the Sustainability Council, which was established in 2021 as a way to demonstrate the company’s vision and societal value more clearly. Beginning in 2022, the purpose has incorporated the opinions of young managers who will be responsible for steering the company in the future.

Partial revisions to our policies related to the SDGs

In October 2020, we formulated and adopted our policies related to the SDGs on the themes of the environment, society, and governance according to our corporate philosophy and

management policy. However, following the formulation of our purpose, which clarifies our raison d’être, we have partially revised our policies related to the SDGs to reflect this stated purpose.

Key points of the revision

2. Promoting customer safety and security as well as automation and autonomous operation

“Promoting the development of local communities,” which had been part of our policies related to the SDGs, has been revised to “promoting customer safety and security as well as automation and autonomous operation” in keeping with our stated purpose. We have also clarified the targets that contribute to the resolution of environmental and societal issues in light of the nature of our business.

3. Diversity and engagement

Similarly, we have replaced “human resource development” in our policies related to the SDGs to “diversity and engagement.” In addition to our policy of supporting diversity of human resources, we have announced a policy to increase engagement by encouraging Group employees to learn independently and experience growth and job satisfaction through their daily work.

Partial revision of material issues

We have identified material issues in consideration of their relevance to our business and their influence on and interest to our stakeholders. We partially revised our material issues in May 2023 in keeping with the adoption of our stated purpose.

For each material issue, we have set key performance indicators (KPIs) by which we can evaluate and publicize our performance at the end of each fiscal year. However, we will also introduce initiatives during the period that are difficult to evaluate with KPIs, such as R&D and product-related initiatives.

Policies related to the SDGs

As a comprehensive manufacturer of material handling equipment that supports logistics operations around the world, we support the objectives of the SDGs advocated by the United Nations, offer solutions to societal issues through our business operations, and contribute to the sustainable development of the planet and society at large while helping to build a better future.

1. Conservation of the global environment

We will strive to protect the environment with a global perspective.

2. Promoting customer safety and security as well as automation and autonomous operation

We will provide safe and secure products and services to our customers, address societal issues through our business operations, and contribute to continuous development.

3. Diversity and engagement

We will respect the human rights, individuality, and creativity of each and every employee, provide a rewarding work environment, support personal growth, and develop personnel who are capable of supporting our global society.

4. Strengthening corporate governance

We will implement an effective corporate governance system to ensure fair and honest business practices while fulfilling our social commitments as a good corporate citizen.

Key points of the revision

Environmental issues

In the past, we identified two environment-related material issues: “responding to climate change” and “recycling and remanufacturing,” however, these items have been abolished and replaced with “reducing environmental impacts (reducing Scope 1 and Scope 2 emissions)” and “providing environment-friendly products (reducing Scope 3 emissions).”

Through these changes, we are furthering the pursuit of our stated purpose and specifically addressing decarbonization of our entire supply chain, which encompasses the procurement of materials, the product manufacturing process, and delivery.

Societal issues

In terms of societal material issues, we have made changes in line with one of our new policies related to the SDGs, “promoting customer safety and security as well as automation and autonomous operation.” Specifically, the issues of “ensuring product quality and safety” and “pursuing customer satisfaction” have been revised as “providing customers with safe and secure material handling equipment” and “providing customers with automated and autonomous systems” in our role as a comprehensive manufacturer of material handling equipment.

In addition, “supply chain management,” which had been identified as one of our societal material issues, has been integrated into the newly adopted material issues indicated above. We remain committed to the ongoing maintenance and improvement of the quality of our supply chain management in our role as a manufacturing company.

3. Diversity and engagement



- 5. GENDER EQUALITY
- 8. DECENT WORK AND ECONOMIC GROWTH

4. Strengthening corporate governance



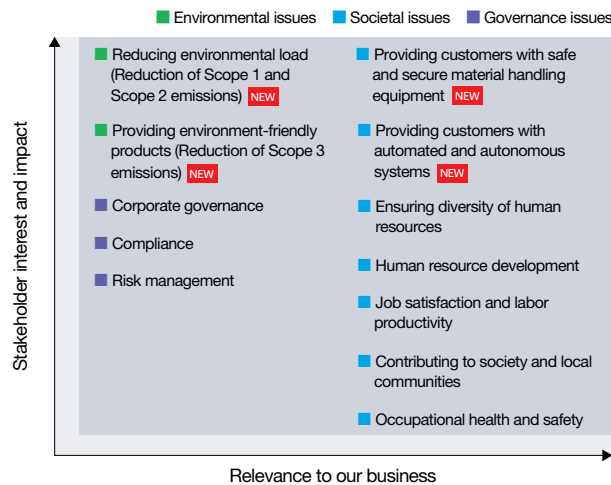
- 16. PEACE, JUSTICE AND STRONG INSTITUTIONS

Our goals as a company supporting the logistics infrastructure



- 11. SUSTAINABLE CITIES AND COMMUNITIES
- 12. RESPONSIBLE CONSUMPTION AND PRODUCTION

Issues of Material Interest to Our Group



Our priority SDGs

In formulating our revised policies related to the SDGs and items related to material issues, we have re-identified the eight material issues of particular relevance to our circumstances.

1. Conservation of the global environment



- 7. AFFODABLE AND CLEAN ENERGY
- 13. CLIMATE ACTION

2. Promoting customer safety and security as well as automation and autonomous operation



- 8. DECENT WORK AND ECONOMIC GROWTH
- 9. INDUSTRY, INNOVATION, AND INFRASTRUCTURE

Establishment of our sustainability system

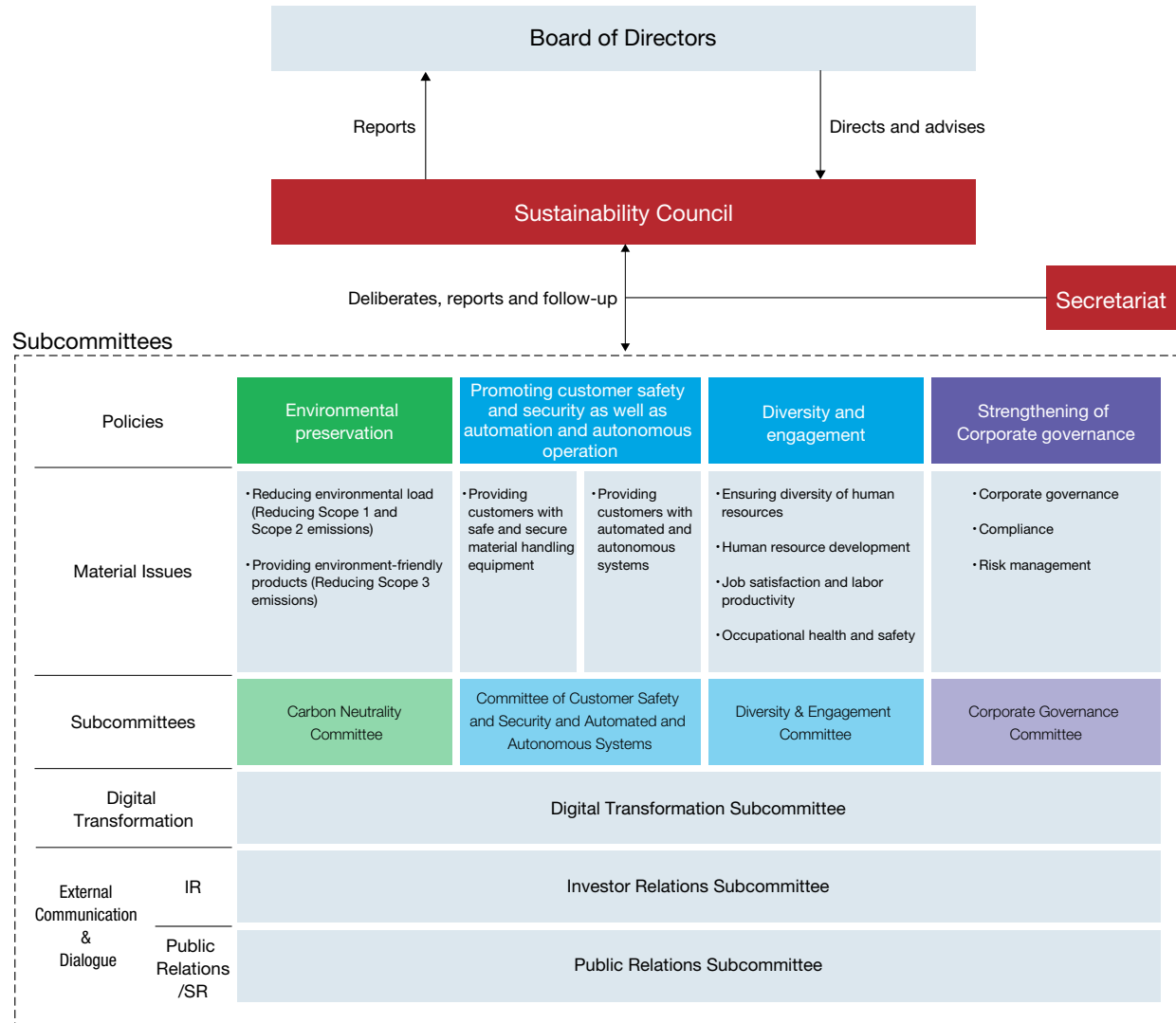
In 2021, we established our Sustainability Council with the aim of enabling management to oversee all internal sustainability initiatives. This was intended to enhance the effectiveness of our initiatives through intensive discussion and consideration. We identify material issues; approve policies and responses to issues; formulate, promote, and follow up on company-wide initiatives related to sustainability; and report the results to our Board of Directors. We have also established subcommittees for each field of activity to address the various material issues.

In May 2022, the Sustainability Council began to contemplate formulating “Our Vision for 2035” after considering the market outlook for 2035 and other factors, with a view to formulating medium-term and long-term strategies that envision the future of our Group in society.

In addition, our Carbon Neutrality Committee formulated initiatives in fiscal 2022 and identified actual CO₂ emissions in fiscal 2021.

At the Sustainability Council held in November 2022, we reconsidered the discussion of which SDGs we should focus on. According to the results of this discussion, we redefined our raison d’être and decided to stipulate our purpose.

In addition, a team comprising mainly young managers, recognized as those who will take the helm of the company’s management in the future, submitted recommendations to the management team on how to formulate the company’s medium-term and long-term strategies to coincide with the social trends envisioned in 2035 and the outlook for the material handling equipment market.



Utilizing IoT technology to tackle the issues facing logistics in 2024

In April 2024, an upper limit on working hours for drivers will be introduced. This is expected to aggravate an already serious labor shortage crisis. Some are concerned that this regulation will even make it difficult to maintain the conventional logistics network. In order to improve the efficiency and sustainability of the logistics industry, we have begun to promote several initiatives, such as demonstration projects incorporating IoT technology.

What are the issues facing logistics in 2024?

In April 2024, an upper limit of 960 hours of overtime work for truck drivers will be adopted, which is expected to exacerbate an already serious labor shortage situation. This could overload the logistics network, resulting in delivery delays and inventory shortages.



Main Initiatives

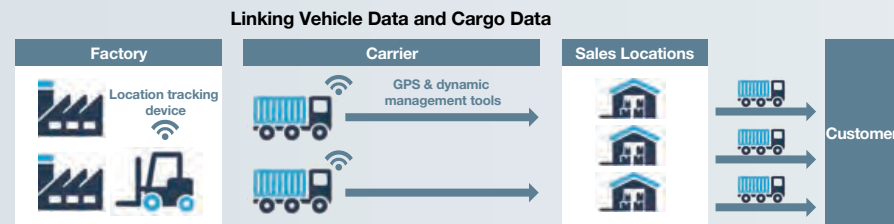
Visualizing cargo-handling operations through data analysis using IoT technology: A demonstration project conducted in collaboration with Shimadzu Corporation and NTT Data Corporation

We participated in a research, development, and demonstration project for implementing logistics MaaS*¹ held from August 2022 to March 2023. This project was aimed at visualizing cargo-handling operations through the adoption of internet of things (IoT) technology. We were in charge of organizing the entire demonstration project and compiling and analyzing data on forklift usage.

In the future, we will utilize the data thus obtained to resolve labor shortages, reduce the burden on drivers and other on-site workers, and improve safety.

*1 "Mobility as a Service" is an initiative aimed at increasing the efficiency of logistics operations — such as optimizing delivery routes and optimally allocating labor — through the optimal application of IT technology, data, and other elements.

Overview of the Logistics MaaS Demonstration Project



Visualization of operations that burden drivers with data

Practices that reduce the burden on drivers and prevent overloading

Automating logistics through demonstration projects conducted in collaboration with Mitsubishi Heavy Industries, Ltd.

Automation of cargo-handling operations on trucks

While logistics operations inside factories and warehouses are becoming more automated, outdoor truck loading and unloading continue to be performed mainly with manual labor.

At the Logistics Test Center, jointly operated by Mitsubishi Heavy Industries, Ltd. and our company, we are conducting tests and verifications in order to automate cargo-handling operations by applying more advanced technologies to automated equipment such as autonomous forklifts.



Logistics Test Center of Research & Innovation Center, Mitsubishi Heavy Industries, Ltd. in Takasago

Automation of picking tasks on the warehouse floor

A large number of workers are typically engaged in the picking work that takes place in warehouses. In light of the increasingly severe labor shortage in Japan, we are focused on overcoming the many challenges in the field, such as the burden of handling heavy loads and the occurrence of human error.

Our company and Mitsubishi Heavy Industries, Ltd. (MHI) have introduced an automated picking solution incorporating Σ SynX*² at the LogiQ X Lab, a demonstration facility within the Yokohama Hardtech Hub.



The LogiQ X Lab demonstration facility

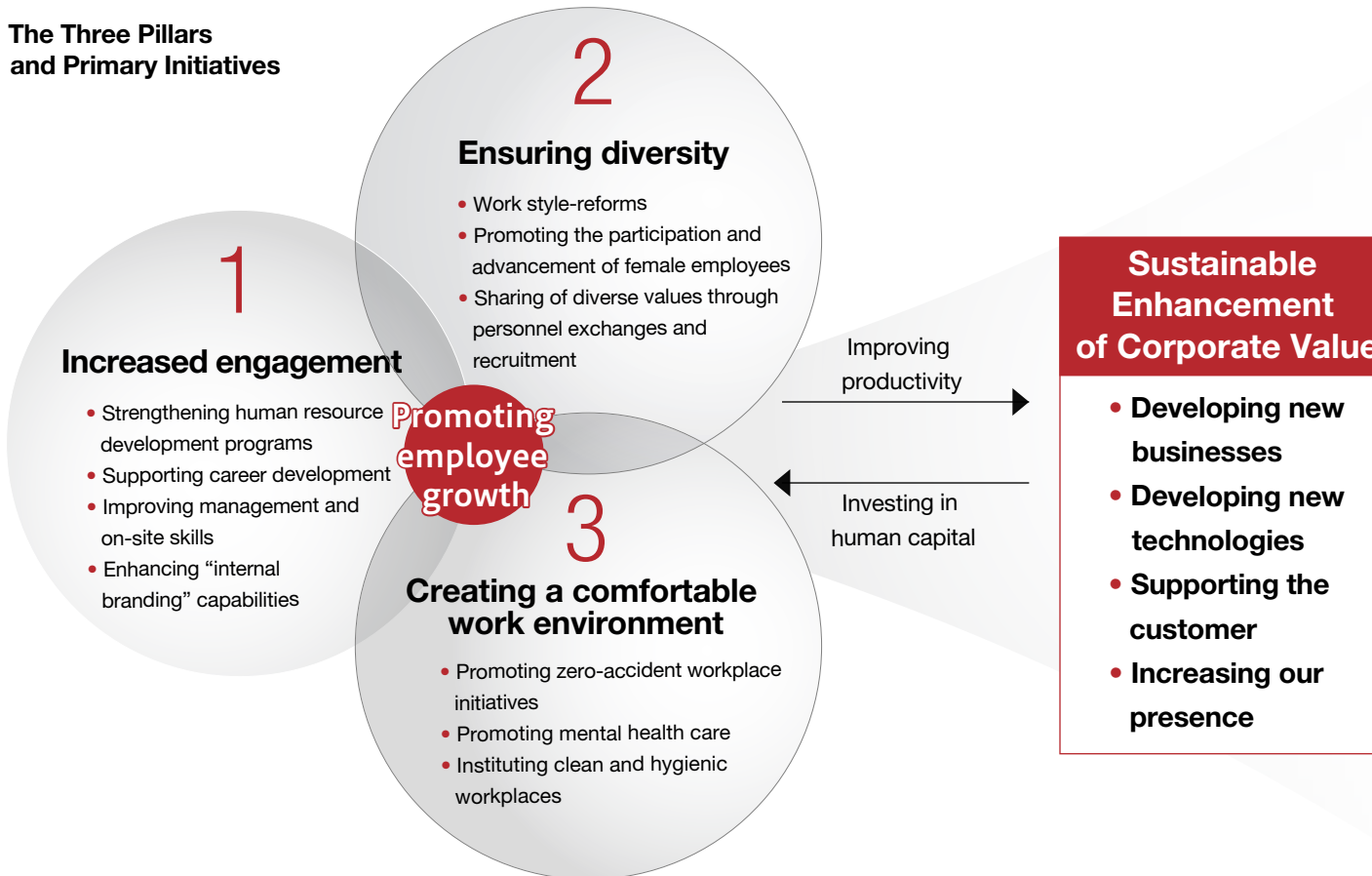


*2 Σ SynX ("sigma syncs") is MHI's standard platform for synchronizing and coordinating various types of machinery systems. It consolidates a lot of digital technologies that enable optimized operation by adding intelligence to machinery systems.

Under Mitsubishi Logisnext’s approach to job satisfaction reforms, the growth of each individual leads to the growth of the company.

We remain focused on job satisfaction reforms in the belief that the growth of each employee inevitably leads to the sustainable growth of the company as a whole. We are moving forward with the adoption of the three pillars of work satisfaction reform, which envision further development of the workstyle reforms initiated in the wake of the COVID-19 pandemic, including the introduction of a flexible work-from-home system. We aim to create a virtuous cycle in which employees feel that their work is rewarding, which thus increases corporate value and enables our employees to work with even greater motivation.

The Three Pillars and Primary Initiatives



Pursuing sustainable growth in both the financial and Non-financial fields



Takatoshi Uno

Director, Executive Officer, CFO, and Division Head, in charge of Corporate Finance and Accounting Headquarters, Corporate Strategy and Planning Office

Progress of financial strategies under our medium-term business plan

In fiscal 2021, we began implementing “Logisnext SolutionS 2023,” our medium-term business plan. As part of this effort, I focused on two main priorities in my role as CFO: to improve profitability, in other words, to increase our earning power; and to strengthen our financial position. In terms of the targets set out in our medium-term business plan, the former was specified as “achieving a profit margin of 6% and 30 billion yen in operating profit before amortization of goodwill, etc.” while the latter is “achieving a capital adequacy ratio of at least 20%.” As we are now halfway through the final year of our medium-term business plan, we are on track to achieve these targets (see page 15). However, the process that led us to this point included many aspects that differed from our initial expectations.

When we formulated this plan, we envisioned a scenario in which the global logistics market would shrink significantly due to the COVID-19 pandemic, so we set out to increase our manufacturing productivity to secure profits in this difficult circumstance. However, in reality, market demand recovered sharply in fiscal 2021, the first year of the medium-term business plan, as seen in the rapid increase in small-lot logistics due to the growth of what became known as “stay-at-home demand.” This phenomenon occurred mainly in the Americas and Europe, with the result that orders also increased rapidly. On the other hand, supply chain disruptions triggered by the shortage of containers and semiconductors, as well as supply constraints, kept us from achieving planned production levels despite a rapid increase in orders; moreover, order backlogs emerged in some regions. In addition, the company experienced soaring costs due to rapid inflation. Although we tried hard to absorb costs and optimize prices through our own diligent efforts, we did not

see the effects immediately due to production delays. In the second half of fiscal 2022, the shortage of parts finally subsided and product sales began to increase following price optimization, creating the current situation in which profits have been rapidly improving along with sales.

Although some aspects differed from the scenario we had envisioned, we believe that the Group’s earning power is steadily growing as a result of increased earnings, the streamlining of operations in each division in keeping with the medium-term business plan, the reorganization of the production system, and the optimization of the sales network. In addition, we have been able to communicate face-to-face with our customers around the world in the midst of the inflationary situation and optimize prices in line with costs, which we consider a major achievement that will lead to a positive future.

Operating Cash Flow, Investing Cash Flow, and Free Cash Flow

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Operating Cash Flow	21.9	42.0	33.5	20.6	28.7
Investing Cash Flow	(6.9)	(49.0)	(22.5)	(19.2)	(40.2)
Free Cash Flow	15.1	(6.9)	11.0	1.4	(11.4)

Billion JPY

Aiming for further progress under our next medium-term business plan

I recognize that the basis of our financial strategy is to ensure a sound financial foundation while making effective use of the cash acquired through our business operations to effectively allocate funds to support corporate growth. In that sense, I believe that one of the biggest challenges facing our Group today is determining how to establish a structure that can accrue a lot of cash.

Our free cash flow in fiscal 2022 was negative due to an increase in work-in-progress (inventories) arising from the production delays mentioned previously as well as the impact of the adoption of new lease accounting standards in the U.S.A. However, as the supply chain recovers, the backlog is being cleared and we are working to improve our free cash flow for fiscal 2023. From fiscal 2024 onwards, during which time the next medium-term business plan (spanning fiscal 2024–2026) is scheduled to take effect, we anticipate growing sales and profits as well as higher levels of free cash flow as the cycle of production, shipping, and sales normalizes.

Another positive financial impact will be the completion of amortization of goodwill assets associated with the acquisition of the former UniCarriers at the end of fiscal 2025. When our financial statements are compared with those of other global companies, what stands out is our lower level of profit, but a major reason for this is the burden of goodwill amortization. This is also the reason why our company uses “operating profit before amortization of goodwill” as an important key performance indicator. Going forward, we will focus on improving our cash flow, acquiring more free cash flow, repaying loans, and further strengthening our financial position. Through this effort, we will increase our investments in capital, businesses, and development with the goal of achieving sustainable growth.

Of course, our policy is to further enhance shareholder returns, which is an important management objective. At the same time, we will announce other targets as key performance indicators in areas such as return on equity, which indicates return on capital, an aspect for which we have not previously set targets. We remain focused on further improving our corporate value in alignment with the interests of shareholders and investors.

Three key concepts in support of sustainability management

Beginning in fiscal 2023, I will also oversee company-wide sustainability initiatives as the general manager of the Corporate Strategy and Planning Office. As revealed in the recent release of our stated purpose and our long-term business vision, the concept of “sustainability” has been positioned at the core of our management approach, in terms of both our social responsibility and economic growth.

In promoting sustainability management, we have placed particular emphasis on three key concepts: safety and security; automated and autonomous services; and decarbonization. We are committed to providing hardware measures that utilize advanced technology, such as digital tools, in order to transform the environment of logistics sites. Our objective is to facilitate work in an industry where safety, security, and the reduction of work-related accidents are important issues. We will also focus on software measures such as safety seminars and safety awareness initiatives. At the same time, by actively providing domestic and international markets with a variety of products, systems, and solutions that support decarbonization in the logistics field, such as energy-efficient electric forklifts, we will tackle the global challenge of reducing the environmental impact of this industry. We are intent on reducing emissions and realizing the sustainable growth of our Group’s businesses.

	Fiscal 2018	Fiscal 2019	Fiscal 2020	Fiscal 2021	Fiscal 2022
Operating Profit (Before amortization of goodwill, etc.)	21.9	18.1	10.9	13.0	24.9
ROE (Return on equity) (%)	11.2%	(8.9%)	(4.9%)	1.2%	10.0%

Billion JPY



Chapter. 3

Value Creation in Practice

Our PLATTER model exemplifies the Nichiyu Electric Forklift brand. Sixty-five years ago, our predecessor Nippon Yusoki Co., Ltd. developed this model as Japan's first electric reach forklift. Having modernized the logistics industry, the PLATTER has undergone several model changes to the present day and continues to meet the needs of exacting customers. In fiscal 2014, this highly acclaimed model won recognition by earning the Good Design Award.



Creating greater value through our commitment to monitoring the changing needs of customers



Hiroyuki Sugiura
Member of the Executive Team
Head of Engineering Headquarters

The focus of our engineering division: Deftly monitoring market trends while tracking shifting customer preferences through firsthand experience

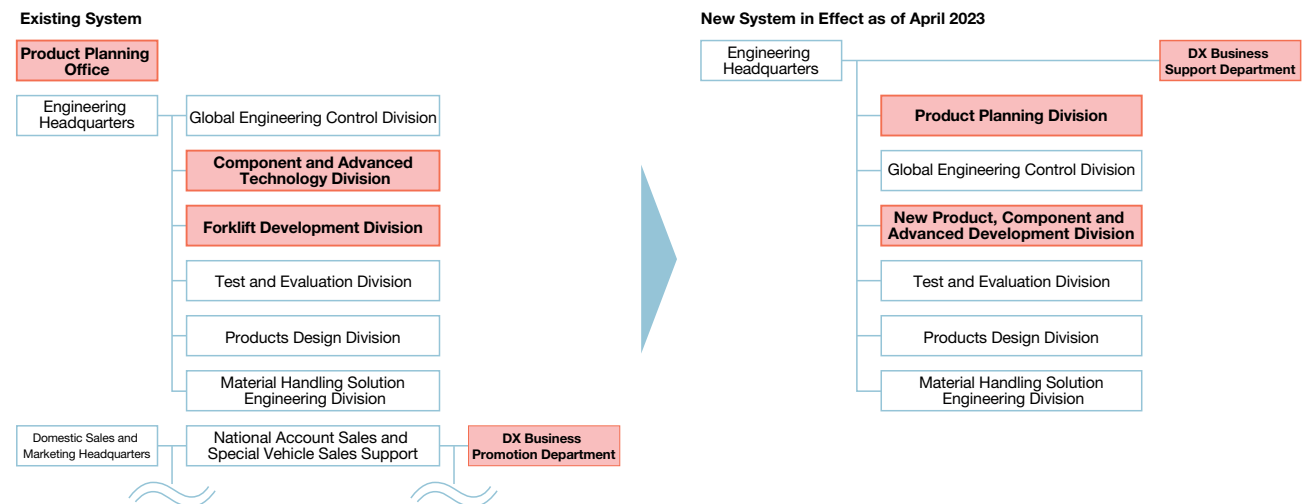
As a result of organizational reforms effected in April 2023, the Engineering Headquarters absorbed the Product Planning Office — which until then had been a separate entity — and re-established the Product Planning Division under its umbrella. The main objective of this restructuring effort was to bridge the distance between the engineers involved in product design, those engaged in technical research, and the customers who use our products at logistics sites in Japan and around the world.

In the past, information on our customers had been transmitted indirectly to the engineering division through various related departments, including sales departments and sales companies both inside and outside Japan. The advantage to this approach was that a variety of information was organized on the upstream side, and development requirements were clarified, ensuring that development work could proceed

efficiently. However, as an engineer at a manufacturing company, I believe that it is never desirable to engage in development work without taking the opportunity to hear our customers' comments and perspectives through firsthand experience.

When I was responsible for this aspect of our work, I would frequently travel to various parts of Japan and to other countries with representatives from our service and quality assurance departments in order to deal with defects and other issues. I learned much from these experiences, such as ideas for making improvements as well as inspiration for new features. I still remember the joy and sense of accomplishment I felt when a customer thanked us for working hard to resolve an issue. Nowadays, a broad range of technical data is readily available online and from other sources. Development work can now be carried out efficiently from the comfort of one's desk. However, I have misgivings about this approach, fearing that if we become passive and too complacent, we will be unable to respond to rapid changes in the market and in customer perspectives.

We are all aware that the material handling equipment market has had to respond to a series of game-changing events



in recent years. Above all, the rise of Chinese manufacturers is remarkable. Until recently, their products were perceived as inexpensive but not very reliable, so we had managed to maintain our quality advantage. In recent years, however, they have greatly improved their manufacturing capabilities, and a series of new models with new functions have been rapidly introduced onto the market. As result, these newcomers have been able to steadily grow their market share not only in China but also throughout Southeast Asia, Europe, and North America.

In order to compete with this new trend, our engineering division must also adjust and modify their conventional mindset. We need to hear from our customers one-on-one in order to appreciate the full extent of their changing perspectives. I encourage our staff not to remain in our offices; instead, I urge them to consciously create opportunities to visit customers together with sales agents and other departments.

Greatly improving our development capabilities with the launch of the Technology Development Center

Our core base for technological development is Technology Development Center which we opened on the premises of our Shiga Plant in the city of Omihachiman in 2020. This center



Technology Development Center

consolidates the various functions of the experimental facilities that each company had operated in dispersed locations before the business merger, and includes a laboratory building with bench testing equipment and an office building with an indoor test course. Also available is an outdoor test course that allows experimental runs with a payload of up to 23 ton truck. In addition to having the capability to conduct verification tests and simulations for the various products and systems handled by our Group, we have introduced a 4-axis vibration testing machine (4-poster) to improve the accuracy of vehicle strength evaluations. We also employ testing equipment for various components such as transmissions, steering wheels, motors, and controllers. Opening this center has greatly increased our development capabilities, leading to improved product quality and operational efficiency as well as shorter development lead times.

Another major strength of our company is the great research and development support we have received from the Mitsubishi Heavy Industries Group. Mitsubishi Heavy Industries, Ltd. maintains a specialized organization that supports group companies in their technological and product development, and through this contact organization we can access the vast database of information that Mitsubishi Heavy Industries, Ltd. has acquired. The businesses of the Mitsubishi Heavy Industries Group include many that operate in fields that have high technological compatibility with our business, such as transportation systems and control systems. Moreover, we can obtain advanced technical support services across a variety of fields whenever we request such assistance.

Devising a competitive product line by fusing a range of technological capabilities

Since we first undertook our business integration in 2017, we have been benefitting from the fusion of the strengths of the four former constituent companies, and we continue to make steady

progress in terms of technological development as well. We also remain focused on training personnel with a multitude of future-oriented skills; for example, many of the engineers who were previously involved in the development of internal combustion trucks are now taking charge of the development of electric trucks.

On the product front, over the past six years we have reorganized the product selection that the former four companies had developed individually and have been building a consistent and unified product line under the Logisnext brand. For example, we consolidated all our electric forklift trucks under the integrated ALESIS brand, while our internal combustion forklifts have been unified under the ERSIS brand. We remain focused on developing highly competitive products by skillfully integrating outstanding elements and superior features of the products of each of our respective companies.

This restructuring of our product line is expected to be completed during fiscal 2023. With the launch of our new medium-term business plan in fiscal 2024, we intend to build on this foundation and pursue the creation of even greater value in terms of both hardware and software by adhering to three key concepts: safety and security; automation and autonomous operation; and decarbonization.



Developing as a company where every individual gains motivation by leveraging the individuality and abilities of our diverse human resources



Kazuki Tanaka

Executive Officer
Head of Administration Headquarters

Transitioning our reform efforts from “work style” to “work satisfaction”

The Administration Headquarters strives to create an environment in which each individual employee can work in comfort while demonstrating diverse perspectives and values. We also seek to engender a workplace culture in which each employee can experience growth and pursue fulfillment on a daily basis. Particularly since fiscal 2021, when the current medium-term business plan “Logisnext SolutionS 2023” was launched amid the difficult circumstances of the COVID-19 pandemic, we have been aggressively promoting reform of our personnel system mainly in Japan to accommodate flexible work styles that suit the varied lifestyles and life stages of different individuals.

For example, we have introduced a flexible work-from-home system that allows individuals to work from home up to four days a week as a means of supporting the balance between work requirements and family needs such as childcare and nursing care. We have also improved our flextime system without setting core times, which allows our employees the freedom to choose their own starting and ending times between 6:00 a.m. and 10:00 p.m. Employees are also permitted to leave their desks during working hours. As well, we have introduced “free seating offices” offering unassigned desks in order to encourage cooperation across departments and improve work efficiency.

In addition to measures such as these that facilitate easier work situations, we are focusing on work satisfaction reforms that address the need for all employees to engage in rewarding work. We seek to create a corporate culture that enables all employees to think and act autonomously and engage in highly rewarding work while adhering to the three pillars of job satisfaction reform: increasing engagement, cultivating diversity, and creating a comfortable work environment. (See page 20.)

Providing all employees with opportunities for growth and career advancement

In order to increase employee engagement, it is important for employees to feel that they are growing in their assigned roles and improving their skills. Toward this end, we are expanding our education and training systems and programs to expand opportunities for growth. We now have a variety of educational programs in place, including rank-specific training and management education, tailored to length of service, type of job, desired skills, and other variables. Since last year we have been encouraging employees to take various training programs from our parent company, Mitsubishi Heavy Industries, Ltd. We are widening the scope of learning opportunities by significantly increasing the number of available options.

In order for a company to be a rewarding place to work, it is important that a system be developed that allows employees to design their own careers, expand their horizons, and improve their skills. To build on this concept, we are expanding systems that support autonomous career development.

For example, we offer the Career Interview System, which enables younger employees to clarify their future career vision through dialogue with their superiors. We are also developing the Career Challenge System, which offers opportunities for rotation to a different type of job or location based on the individual’s wishes. By utilizing these systems, we hope to enable young employees to believe in their own potential and take on various challenges without fear of failure.

Promoting a diverse workforce in order to achieve sustainable growth

In modern corporate management, employing personnel with diverse backgrounds, skills, perspectives, and values within a company is considered a strength that contributes to sustainable growth. In recognition of this perspective, our Group is expanding its efforts to ensure the diversity of our personnel.

In particular, we have positioned female empowerment as an important issue to support diversity, and we have set specific numerical targets for the ratio of women hired as new university graduates and the ratio of women assigned to managerial positions. We are now promoting initiatives to achieve these targets.

Regarding the balance between work obligations and childcare, we are committed to devising a system and work environment that make it easier to take childcare leave and to creating a work culture in which employees, regardless of gender, can continue to work while raising their children. In recognition of our efforts in support of childcare, the Japanese Ministry of Health, Labour and Welfare awarded us “Kurumin Mark” certification in July 2023. Going forward, we will continue to sustain a work environment that makes it easier for employees to balance both work and childcare requirements by improving the rate at which men take childcare leave as well as annual paid leave.

Apart from these initiatives, we are also promoting mid-career hiring as a means of increasing diversity. As a result of this effort, the ratio of mid-career hires among new hires increased to 25% between fiscal 2019 and fiscal 2022.

Creating a safe and comfortable work environment

In order to create a safe and comfortable working environment, we have launched a health and productivity management initiative that monitors the physical and mental health of our employees from a management perspective. The company’s president, Yuichi Mano, through his commitment to building an effective organizational structure intended to improve the health of employees, is clearly disseminating this health and productivity management philosophy and related policies both inside and outside the company. We are confident that implementing this health and productivity management initiative will revitalize the organization by enhancing employee vitality and productivity, thereby increasing job satisfaction.

Additionally, a major prerequisite for a comfortable working environment is the successful establishment of a safe, secure, and hygienic workplace; our Group has instituted rules to facilitate the execution of duties by ensuring a safe and comfortable working environment. We have also established a management system that establishes various health and safety conferences. Furthermore, each site and workplace has developed individual health and safety plans and is implementing initiatives under this plan.

With regard to employee mental health, which has become an essential issue in recent years, we continue to implement varied measures such as self-care training, line-care training for supervisors, and interviews and counseling with industrial physicians for highly stressed employees. We will continue to strengthen efforts to support the mental health of our employees.

Raising awareness of our new systems and programs

Through our efforts to date, we have achieved measurable progress in implementing reforms aimed at creating systems of more comfortable work environments, career development programs, and education and training systems intended to increase job satisfaction. However, awareness of these measures within the company is still not optimal, so we intend to continue increasing the effectiveness of our systems and programs by further disseminating them within the company. Moreover, since management’s cognizance is the key to ensuring diversity, we are dedicated to applying even greater effort to our in-house seminars and other educational opportunities.

By steadily implementing these measures and increasing awareness of them within the company, we hope to leverage the individuality and abilities of our diverse personnel and create a company in which every individual employee feels motivated.



Sales in Japan

Summary of Fiscal 2022 Results

The decline in shipments in Japan in the first half of the fiscal year, attributable to parts shortages, was offset by an increase in sales of services, resulting in net sales of 176,325 million yen (up 1.4% from the previous consolidated fiscal year) thanks to strength in orders received. Segment profit totaled 510 million yen (down 66.8% year on year), as price optimization had a limited effect relative to rising costs.

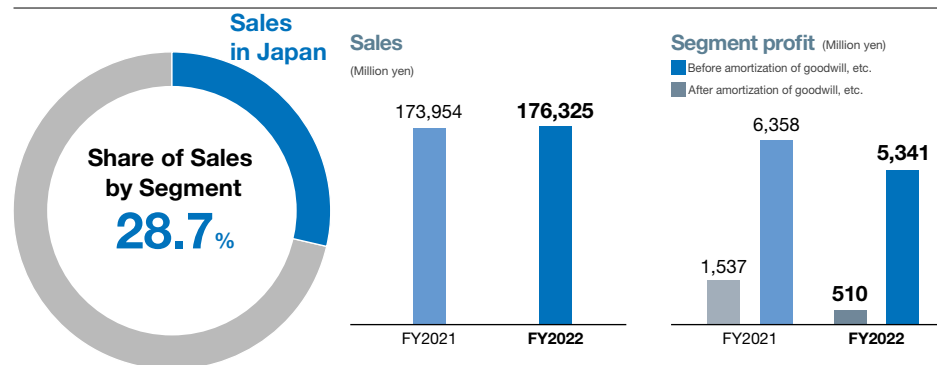
Excluding the impact of amortization of goodwill, segment profit declined to 5,341 million yen (down 16.0% year on year).

Major Initiatives for Fiscal 2023

In fiscal 2023, the material handling equipment market is expected to remain flat at pre-pandemic levels, posting only a slight increase compared to 2022.

While the business environment has been impacted by an ongoing rise in costs relative to the preceding fiscal year, we are beginning to accrue the benefits of price optimization as we streamline production and product shipments. With our continued focus on securing parts, we will facilitate shipments by streamlining production while also emphasizing cost reductions.

Review of Fiscal 2022



In Focus: Initiatives to Drive Growth

Offering sustainable solutions through our exhibits at Logis-Tech Tokyo 2022

In September 2022, we exhibited at Logis-Tech Tokyo 2022, the international logistics exhibition held at Tokyo Big Sight. In order to strengthen our approach of providing sustainable solutions that satisfy our customers as well as society at large, we collaborated with Mitsubishi Heavy Industries, Ltd. to introduce examples of products and digital transformation initiatives that contribute to the emergence of a decarbonized society, demonstrated actual equipment on-site, and collaborated in the production of videos by various research facilities. In addition to manning a booth at the venue, we posted videos online and proposed our solutions to customers across the country.



Virtual showroom
Showroom at venue Booth layout

Exhibits of Sustainable Solutions



On the main stage, we introduced examples of initiatives targeting the digital transformation as well as products and logistics aimed at contributing to the emergence of a decarbonized society. We also provided a vehicle demonstration on-site and collaborated in the production of videos by various research facilities.

Vehicle Demonstration Area and Virtual Event



We conducted a demonstration of an AGF vehicle in conjunction with the virtual events held in our online showroom.

Vehicle Display Corner



In light of the growing need for a new generation of environmental response efforts, we exhibited electric forklifts powered by lithium-ion (Li-ion) batteries as well as environment-friendly engine-powered forklifts.

Sales Outside Japan

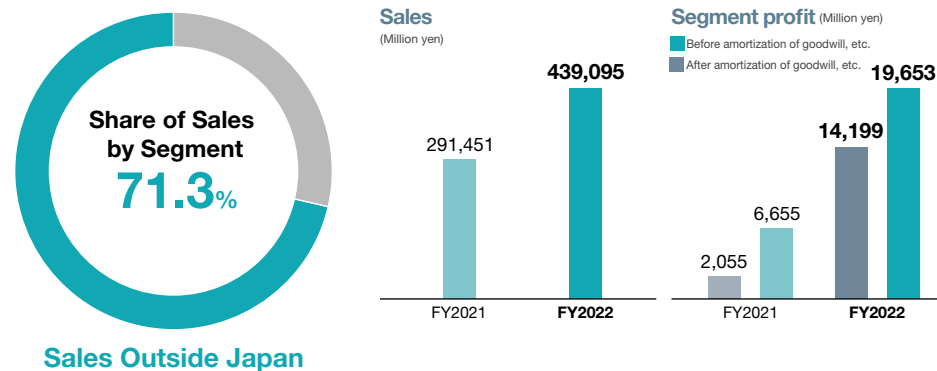
Summary of Fiscal 2022 Results

Looking to our businesses outside Japan, sales increased to 439,095 million yen (up 50.7% year on year) due to a rise in unit sales in the Americas, Europe, and Asia, and as a result of tailwinds from the depreciation of the yen. Segment profit totaled 14,199 million yen (up 590.7% year on year) due to an increase in net sales, the effects of price optimization, and the impact of the yen's depreciation.

Excluding the impact of amortization of goodwill, segment profit totaled 19,653 million yen (up 195.3% year on year).

In the Americas in particular, the increase in segment profit was attributable largely to a substantial increase in sales on the back of robust orders and a strong rental business operated by a sales subsidiary.

Review of Fiscal 2022



In Focus: Initiatives to Drive Growth

Addressing Demand for Automation in Europe and the Americas

We are proceeding with new initiatives to meet the demand for automation in Europe and the Americas.

In June 2023, Mitsubishi Logisnext Americas, Inc., our U.S. subsidiary, and Jungheinrich AG, an integrated material handling equipment manufacturer in Germany, agreed to establish Rocrich AGV Solutions, a joint venture in the North American AGV market. By effectively leveraging our broad expertise in the field of automated material handling equipment, the new company will satisfy our existing customers while also cultivating new customers in the North American market by providing timely support.

In addition, we have established AGV demonstration centers in Finland and North America with the aim of further contributing to the logistics solutions business. In addition to providing realistic demonstrations in mock warehouse environments, these centers will be used as training facilities to provide an even wider array of invaluable services.



AGV Demonstration Center in Finland



AGV Demonstration Center in North America

Major Initiatives for Fiscal 2023

The Americas

- Demand should remain strong in fiscal 2023 compared to pre-pandemic levels. However, demand is expected to decline below fiscal 2022 levels due to the recent economic slowdown resulting from monetary tightening.
- In terms of our current situation, our efforts to optimize prices have been bearing fruit since the second half of fiscal 2022, and we expect a similar result in fiscal 2023.
- We will focus on reducing our one-year order backlog as we strive to streamline production and shipments.

Europe (including Middle East and Africa)

- We expect market demand to remain at pre-pandemic levels in fiscal 2023. However, demand is expected to decrease compared to fiscal 2022 levels due to the situation in Ukraine and price increases imposed by various companies.
- Looking to our current situation, our efforts to optimize prices have been bearing fruit since the second half of fiscal 2022, and we expect a similar result in fiscal 2023.
- We will make an effort to increase market share by promoting sales of the new models introduced in fiscal 2022.



The ATX model of our AGV was developed by our European hub. It is also being supplied to our markets in the Americas.



The EDiA XL, winner of the Red Dot Design Award (See page 9.)

APAC (Asia and the Pacific)

- The market is predicted to grow in fiscal 2023 amid the post-pandemic recovery phase, but is expected to decrease compared to fiscal 2022 levels due to slowing economic growth overall.
- We will focus on production and shipments while striving to standardize lead times.

China

- The market in fiscal 2023 is forecast to hold steady at fiscal 2022 levels. The introduction of Tier 4 emissions regulations in 2022 is expected to accelerate the shift to electrification.
- With the lifting of restrictions following the relaxation of the zero-COVID policy, we will capture replacement demand for alternatives to engine-powered vehicles by expanding sales of small electric vehicles such as the model FB-80.



In September 2022, we reorganized our sales structure in China. The purpose of this initiative was to facilitate decision-making by taking full advantage of the respective strengths of the agency business (Mitsubishi and TCM brands) and the direct sales business (Nichiyu brand) handled by the former MLC [Mitsubishi Logisnext Forklift (Shanghai) Co., Ltd.]. The agency business in charge of LFC [Logisnext Forklift (Shanghai) Co., Ltd.] and the direct sales business was spun off into NIX [Nichiyu Forklift (Shanghai) Co., Ltd.].

Chapter. 4

The Foundation of Our Value Creation

The “TCM forklift” and “TCM special transport vehicle” brands have an overwhelming presence in port logistics and special environments.

The FD240-5 Heavy-Duty Forklift is equipped with an environment-friendly engine that meets the Japanese government’s stringent 2014 emissions standards. In addition, the Good Viewer all-around monitor system is provided as standard equipment for enhanced safety.



E Environmental Issues

Targeting Carbon Neutrality by 2040

The need to achieve carbon-neutrality is a global challenge. Our corporate philosophy is “to move the world forward as the leading provider of innovative logistics and material handling solutions.” Consequently, preserving the global environment, as the very foundation of this philosophy, remains our top priority. As a member of the Mitsubishi Heavy Industries Group, which boasts a proven track record in decarbonization, we believe it is our mission to take the lead in implementing countermeasures to fight climate change. In order to achieve carbon neutrality by 2040, the goal of the Mitsubishi Heavy Industries Group, we will contribute to the decarbonization, electrification, and enhancement of intelligence across all its businesses, products, and services.

Initiatives and systems for achieving the goals

Our initiatives to reduce CO₂ emissions associated with our business operations include the following:

1. increasing productivity;
2. promoting energy efficiency; and
3. introducing innovative decarbonization technologies from within the Mitsubishi Heavy Industries Group.

We will develop the following innovations for incorporation into our products and services in order to help reduce our customers’ CO₂ emissions:

1. energy-efficient electric forklifts;
2. energy-efficient cargo-handling equipment that contributes to the decarbonization of port logistics; and
3. logistics solutions that improve logistics efficiency.

In addition, as forests are believed to play a key role in achieving carbon neutrality, we will consider additional initiatives to address the need for forest conservation and afforestation.

In order to promote such initiatives, we have established a Carbon Neutrality Committee under the guidance of the president. This is being managed as a climate change subcommittee to implement these initiatives forcefully under the Sustainability Council.

CO₂ emissions reduction targets

Target year	Our reduction of CO ₂ emissions from business activities
2030	-40% (relative to fiscal 2017)
2040	Net Zero

We intend to reduce our global Scope 1 and 2* CO₂ emissions to Net Zero by 2040. As an interim target, we will reduce emissions by 40% by 2030 (relative to fiscal 2017 levels). We are taking this approach to reduce CO₂ emissions from our plants and offices in light of our Group’s production-centered business operations.

In addition, we are contributing to our customers’ efforts to reduce their CO₂ emissions through our products and services. The Mitsubishi Heavy Industries Group has declared that the entire Group will reduce CO₂ emissions throughout its value chain to Net Zero by 2040. We will also take steps to achieve this goal by providing appropriate products and services in the logistics segment.

* Under the GHG Protocol, Scope 1 and 2 emissions are the international standard for calculating and reporting greenhouse gas (GHG) emissions.

Environmental Policy and Environmental Action Guidelines

Environmental Policy

We are committed to protecting the global environment from an international perspective and contributing to the ongoing development of local communities.

Environmental Action Guidelines

Mitsubishi Logisnext Co., Ltd. and its affiliates are committed to proactively implementing the following action guidelines through our business operations, which encompass the development, manufacture, sales, and servicing of forklifts and other industrial vehicles, distribution systems, and logistics products. In keeping with our Environmental Policy, we aim to reduce our environmental impact and improve society on a sustainable basis as an essential part of our business.

- 1. We recognize that preserving the environment and maintaining harmony with the global ecosystem are among the most important management issues, and we shall continue to systematically promote environmental initiatives through our business operations.**
- 2. We shall strive to control environmental pollution and promote environmental preservation activities by accurately monitoring the environment impact of our business operations.**
- 3. We shall strictly comply with all environmental laws, regulations, and ordinances as well as all agreements and other requirements to which we are party; adopt voluntary standards; and takes steps to preserve the environment.**
- 4. In acknowledging the environmental impact of our business operations, we shall adopt the following important initiatives.**
 - (1) We shall manufacture eco-friendly products.**
 - (2) We shall reduce, recycle, and properly dispose of all industrial waste resulting from our business operations.**
 - (3) We shall become more efficient and reduce our consumption of raw materials, fuel, and energy, and we shall promote environmental preservation in our manufacturing activities.**
 - (4) We shall improve the transportation efficiency of our product and parts distribution, reduce the use of packing materials, and decrease our environmental load.**
- 5. We shall implement in-house training sessions and awareness campaigns to inform all our employees and trading partners of our environmental action guidelines and shall disclose them to the public.**

In order to implement the above action guidelines, we shall establish environmental goals and targets within our technical and economic scope and periodically review our progress. We shall remain committed to continuously improving our environmental management system and environmental performance.

Providing environment friendly products (Reducing Scope 3 emissions)

Decarbonization of cargo-handling equipment in ports and coastal facilities

To contribute to the emergence of a decarbonized society, we are working to reduce our electricity costs (through reduced energy consumption) and are expanding our line of electric forklift products as replacements for our engine-powered forklifts. This effort is intended to popularize our clean and energy-efficient electric forklifts.

Sales of our new ALESIS electric forklift series, introduced in 2019, continue to grow outside Japan. In 2021, we began production of this model in China.

The series incorporates an environment-friendly Eco mode that contributes to extended operation. By enabling a reduction in power consumption, this innovation contributes to economical and eco-friendly operation.

In 2021, we introduced the EDiA XL, a high-performance mid-sized electric forklift, in the European market, where such electric forklifts are becoming increasingly popular. This model boasts lowest-in-class electricity costs while delivering power and performance comparable to those of engine-powered forklifts. As a result, the EDiA XL can accommodate the work environment of a comparable engine-powered forklift truck. In 2022, we introduced this model onto the North American market.

In addition, this model won the Red Dot Design Award, a German international design award, under the Product Design category in July 2023. This unit earned high praise for its modern design and excellent performance thanks to its improved energy efficiency.

At the same time, in order to meet the needs of customers who use engine forklifts in a variety of environments, we continue to develop engine-powered forklifts that comply with emissions regulations even as they are becoming increasingly stringent every year across all our territories. Our new ERSIS engine-powered forklift, introduced in March 2022,

can be equipped with a variety of engines manufactured by the Group. It exhibits excellent environmental performance that satisfies the latest emissions standards as well as outstanding economy thanks to its fuel efficiency.

Moreover, in an effort to work toward carbon neutrality, we collaborated with Nippon Kensetsu Kogyo Co., Ltd. in a joint demonstration test of a fuel-cell-powered forklift that burns no fuel and emits no CO₂. It can be recharged with hydrogen in about three minutes, eliminating the need for the lengthy charging cycles typically required by electric forklifts.

Decarbonization of cargo-handling equipment in ports and coastal facilities

In order to help achieve the goal of carbon neutrality, we have launched an initiative with Mitsubishi Heavy Industries to reduce CO₂ emissions at ports. We are thus contributing to the carbon neutrality of ports by developing new models of cargo handling equipment and converting existing equipment to hydrogen fuel cells with the goal of achieving zero carbon emissions in the future.



ALESIS electric forklift



EDiA XL electric forklift



ERSIS engine-powered forklift



Fuel-cell-powered forklift truck undergoing demonstration testing

In September 2022, we delivered the first two units of our new Rubber-Tired Gantry Crane (RTG) to the Port of Kawasaki. Compared to conventional cranes, this innovative model features reduced greenhouse gas emissions and accommodates future conversion to hydrogen fuel cells. This model uses a smaller diesel generator to reduce the required engine displacement and output while also accommodating a storage battery with the same capacity as a conventional hybrid RTG. In addition, thanks to a new engine controller offering optimal and efficient combustion control, it satisfies the 2014 regulatory emissions standards of the Japanese Ministry of the Environment’s Specified Special Vehicle Exhaust Gas Control Act, reducing fuel consumption as well as emissions of CO₂, NOx (nitrogen oxides), and PM (black smoke particulate matter). What’s more, its diesel generator can be replaced with a hydrogen fuel cell to respond to the near future in which an environment-friendly hydrogen supply infrastructure will be developed.



Reducing environmental load (Reducing Scope 1 and 2 emissions)

EMS (Environmental management system)

We conduct internal audits twice a year and undergo an external examination by a certification body once a year to confirm that we are effectively using the ISO international standards as a tool for improving our business by maintaining and continuously improving our environmental management system.

In addition, to secure an adequate number of internal auditors and maintain their high level of competence, we regularly conduct ISO Internal Auditor Skill Improvement Training and Internal Auditor Training.

Establishment of our special environmental groups

Initiatives to reduce environmental load — such as reducing waste, increasing energy efficiency, and developing products that improve the environment — typically entail a cross-organizational effort. Tangible progress can be difficult to achieve in this area without collaboration across the entire company, or at least across multiple departments. Toward this end, we have identified important issues to be addressed in our Environmental Action Guidelines and have established four groups — the Environmental Preservation Group, Environmental Products Group, Energy Efficiency Group, and Logistics & Packing Group — to promote our environmental initiatives.

Company-wide initiatives of our special environmental groups

The Environmental Preservation Group is engaged mainly in initiatives intended to raise awareness about the environment, such as waste reduction and recycling, as well as community

support activities. The Environmental Products Group focuses on the development of environment-friendly products and green procurement, such as promoting energy efficiency and the management of chemical substances contained in our products. The Energy Efficiency Group is concerned with enhancing the efficiency of our consumption of energy, water, and raw materials and actively promotes eco-friendly production. The Logistics & Packing Group is concerned with improving transportation efficiency and reducing the use of packaging materials. We are engaged in a wide variety of environmental impact reduction efforts through the activities of each of these groups.

Moreover, our Environmental Management Committee manages and summarizes the progress of the activities of the four subcommittees and conducts management reviews on a regular basis.

Planned environmental investments

Mercury lamps and fluorescent lamps in the plant are gradually being replaced with LED fixtures offering high luminous efficiency. In fiscal 2022, we took steps to reduce CO₂ emissions further through increased energy efficiency achieved by updating our gas heat pump air conditioners and boilers and by converting warm air heating units using bunker oil to the units using gas.



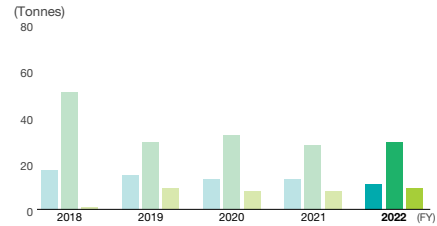
Plant upgraded with new LED lighting fixtures

Environmental initiatives

■ Kyoto Plant ■ Shiga Plant ■ Azuchi Plant

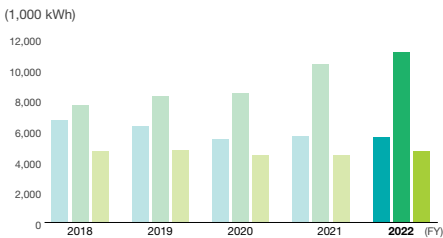
Burnable waste (domestic solid waste) generated

The Kyoto Plant is exhibiting a declining volume in this category due to a decrease in production, while the Shiga and Azuchi Plants are showing an increase due to growth in production.



Electricity consumption

Consumption decreased at the Kyoto Plant due to declining production, but increased at the Shiga Plant due to higher production and the introduction of air conditioning equipment to improve the working environment. Consumption increased at the Azuchi Plant as a result of higher production.



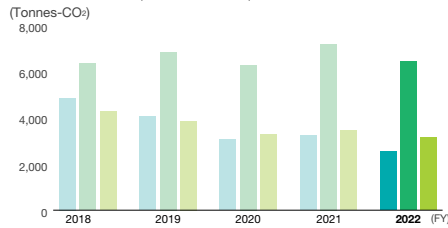
Summary of environmental impact (fiscal 2022)

Input

Item	Unit	Kyoto Plant	Shiga Plant	Azuchi Plant
Electricity	1,000 kWh	5,607	11,103	4,665
City Gas	1,000 m ³	385	1,260	678
Bunker A	kℓ	—	29	84
Kerosene	kℓ	—	18	—
Diesel Oil	kℓ	—	42	—
Gasoline	kℓ	—	19	—
LPG	m ³	—	5,629	—
Water	1,000 m ³	23	55	10

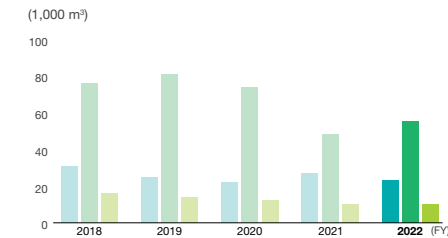
CO₂ emissions

At the Kyoto Plant, emissions declined due to a decrease in production and a decrease in emissions factors. At the Shiga Plant, despite an increase in production and increased load on air conditioning equipment, emissions decreased due to reductions in emission factors and initiatives to reduce labor hours. At the Azuchi Plant, emissions decreased due to reductions in emissions factors despite an increase in production.



Water consumption

At the Kyoto Plant, consumption decreased due to a decline in production, while at the Shiga Plant consumption increased due to growth in production. Consumption at the Azuchi Plant increased slightly due to higher production levels.



Output

Item	Unit	Kyoto Plant	Shiga Plant	Azuchi Plant
CO ₂	Tonnes	2,540	6,461	3,143
Chemical substances (emissions under PRTR)	Tonnes	34.6	81	5.9
General waste	Tonnes	11	29	9
Industrial waste	Tonnes	497	875	204
Chemical substances (transferred under PRTR)	Tonnes	37	50.1	7.2

Mitsubishi Logisnext Co., Ltd.

Compliance with laws and ordinances

Water quality

At the Shiga Plant, we installed wastewater treatment tanks to treat sewage and wastewater from factory processes before it is discharged from the plants. This treated wastewater is discharged into the tributaries of neighboring rivers. At the Kyoto and Azuchi Plants, drainage water is discharged into the drainage system after appropriate treatment.

Plant	Measured item	Unit	Regulated value	Observed value
Kyoto Plant	pH		5-9	7.7
	Biochemical oxygen demand (BOD)	mg/L	600	40.5
	Suspended solids (SS)	mg/L	600	21
	N-hexane extracts	mg/L	5	Less than 2.0
Shiga Plant	pH		6.0-8.5	7.2
	Biochemical oxygen demand (BOD)	mg/L	20	1.0
	Chemical oxygen demand (COD)	mg/L	20	5.7
	Suspended solids (SS)	mg/L	30	0.8
	Nitrogen	mg/L	12	0.9
Azuchi Plant	Phosphorus	mg/L	1.2	Less than 0.1
	N-hexane extracts	mg/L	3.0	Less than 0.5
	pH		5-9	7.3
	Biochemical oxygen demand (BOD)	mg/L	600	130
	Suspended solids (SS)	mg/L	600	46.0
Azuchi Plant	Nitrogen	mg/L	60	52.1
	Phosphorus	mg/L	10	6.0

Measurement dates: January 11, 2023 (Kyoto Plant); March 7, 2023 (Shiga Plant); March 25, 2023 (Azuchi Plant)

Odor

We undertake periodic odor measurements at the site boundary.

Plant	Measured item	Unit	Regulated value	Observed value
Kyoto Plant	Toluene	ppm	10	Less than 0.1
	Xylene	ppm	1	Less than 0.1
Shiga Plant	Toluene	ppm	10	Less than 1
	Xylene	ppm	1	Less than 0.1
Azuchi Plant	Toluene	ppm	10	Less than 1
	Xylene	ppm	1	Less than 0.1

Measurement dates: September 21, 2022 (Kyoto Plant); July 21, 2022 (Shiga Plant); November 15, 2022 (Azuchi Plant)

Noise

We undertake periodic noise measurements at the site boundary.

Plant	Measured item	Unit	Regulated value	Observed value
Kyoto Plant	8:00-18:00	dB	70	64
	18:00-22:00	dB	60	60
Shiga Plant	8:00-18:00	dB	70	63
	18:00-22:00	dB	65	—
Azuchi Plant	8:00-18:00	dB	70	55
	18:00-22:00	dB	70	54

Measurement dates: February 22, 2023 (Kyoto Plant); July 21, 2022 (Shiga Plant); November 15, 2022 (Azuchi Plant)

Atmosphere

We periodically undertake measurement of the concentrations of particulates in the atmosphere around warm air heating units. We also measure for hazardous substances as stipulated under local ordinances.

Plant	Measured item	Unit	Regulated value	Observed value	
Kyoto Plant	Warm air heating unit (city gas)	Particulate	g/m ³ N	0.10	Less than 0.001
		NOx	ppm	150	60
Shiga Plant	Cogeneration power generation equipment	Particulate	g/m ³ N	—	—
		SOx	m ³ N/h	—	—
		NOx	volppm	600	240
	Air conditioning equipment	Particulate	g/m ³ N	0.10	—
		SOx	m ³ N/h	—	—
Azuchi Plant	Warm air heating unit (fuel oil)	NOx	ppm	150	24
		Particulate	g/m ³ N	0.20	0.016
		SOx	m ³ N/h	1.2	0.011
Azuchi Plant	Warm air heating unit (fuel oil)	NOx	ppm	180	79

Measurement dates: January 6, 2023 (Kyoto Plant); July 15, and October 6, 2022 (Shiga Plant); February 16, 2023 (Azuchi Plant)

S Societal Issues

Providing Automation Systems for Customers

Providing unmanned and labor-saving products

Against the backdrop of rapidly growing labor shortages, we are developing safe, eco-friendly, and high-performance automated guided vehicles (AGVs) and automated guided forklifts (AGFs) to meet the need for automation at logistics sites.

In June 2022, we jointly developed the PLATTER Auto Forklift with a freezer warehouse specification (for 1.5 to 3.0 tonne models). This laser-guided automated forklift (laser-guided AGF), jointly developed with Nichirei Logistics Group Inc., can operate in freezer warehouses at temperatures as low as -25°C.

Because fog and condensation can be obstacles to laser-guided AGFs in the -30°C class when operating in refrigerated warehouses, we incorporated specialized components: those that can accommodate a refrigerated environment, which we developed for our conventional AGFs; and electrical components and sensors appropriate for -30°C class equipment. After conducting demonstration tests with vehicles incorporating corrosion-resistance features, we

achieved the commercialization of Japan's first laser-guided AGF that does not require the laying of magnetic guides on the floor along the operating route.

In addition, Mitsubishi Logisnext Europe has launched the Automated Compact Truck (ACT), a new AGV that exhibits excellent mobility and can transport heavy loads in confined spaces. Designed on the concept of collaboration in an efficient, safe, and smart manner, this vehicle is intended to work with AGVs and manned forklifts other than the ACT to optimize the capabilities of the entire logistics operation.

Using collaborations and alliances to promote and accelerate the digital transformation

In order to meet the growing need for automation, we are actively collaborating and forming business alliances with other companies.

We are manufacturing automated forklifts by installing automatic control equipment manufactured by Rapyuta Robotics Co., Ltd., with whom we have concluded a business alliance, in our electric forklifts.

Moreover, we are developing automated picking solutions incorporating the Σ SynX ("Sigma Synx") solution concept

currently under development by Mitsubishi Heavy Industries, Ltd. Since AGFs and AGVs do not require large-scale modifications such as the installation of embedded floor guidance systems, they can be introduced into multi-tenant logistics facilities, which are currently becoming mainstream, and can easily accommodate sudden changes in warehouse layouts.

Participating in demonstration tests intended to address societal challenges

We participate in demonstration initiatives as part of the development of automation systems intended to address societal issues.

In Yumeshima, Osaka, we are participating in demonstration tests aimed at driving the digital transformation for ports and container terminals using a local 5G network. In order to respond to the increasing congestion at container terminals and the shortage of workers, we established a local 5G network, visualized the congestion in trailer standby areas, and improved the efficiency of storage operations by transmitting container scheduling data in real time. This will demonstrate the benefits of the digital transformation for ports



PLATTER Auto forklift featuring the freezer warehouse specification (1.5–3.0 tonnes)



The ACT, an AGV from Mitsubishi Logisnext Europe



Our products incorporate an automatic control system produced by Rapyuta Robotics Co., Ltd.



Yumeshima

and container terminals in real-world environments.

Moreover, since November 2022, Mitsubishi Heavy Industries, Ltd. and the Kirin Group have been participating in a joint demonstration of an automated picking solution. Within the Kirin Group, automation is steadily being introduced on production floors, but logistics in the company's warehouses continues to rely heavily on manual labor and use of manned forklift trucks. The need to improve the work environment, especially through measures for picking heavy loads and rectifying the shortage of logistics operators, poses significant challenges.

In order to improve efficiency, the MHI Group's automated picking solutions, automation systems, and intelligence can be introduced into picking processes that were previously performed by workers themselves. The combination of optimized engines and an integrated control system, all developed in-house, are enabling efficient coordination of multiple automated guided forklifts (AGFs) and automated guided vehicles (AGVs). This results in fewer picking and transfer operations, optimized picking processing, and higher throughput.



LogiQ X Lab, a demonstration facility located within YHH

The demonstration is being conducted in LogiQ X Lab, a demonstration facility located within the Yokohama Hardtech Hub (YHH), which is operated by Mitsubishi Heavy Industries, Ltd. (MHI) in Yokohama.

Providing customers with safe and secure material handling equipment

Quality Management System

We are working to improve the quality of our operations through the ISO 9001 quality management system (QMS) and other such systems. We conduct internal audits twice a year and undergo an external examination by a certification body once a year to confirm whether ISO standards are being effectively used as a tool for business improvement by maintaining and improving the QMS and continuously improving it.

In addition, we regularly conduct ISO Internal Auditor Skill Improvement Training to support the competence of internal auditors and provide Internal Auditor Training as a means of securing internal auditors.

Quality Policy

In fiscal 2022, we formulated the following four quality policies and made them known to all employees working at our company. In keeping with this policy, we strive to ensure the continual improvement of the quality of all our operations as well as the development and manufacture of our products.

1. We will provide safe and secure products and services to customers and strive to improve customer satisfaction.
2. We will strive to eliminate non-conforming products and will always take prompt and effective action should such an instance arise.

3. We will raise the quality awareness of all our employees and work together with related parties to ensure the highest levels of quality.
4. We will continuously improve our quality management system.

Initiatives for quality improvement

We are working to maintain a global level of quality.

At MLA's (Mitsubishi Logisnext Americas) Houston Plant in North America, we have established a quality control process based on the Japanese system that has reduced warranty costs by 60%. This initiative earned the Best Innovation Award 2022 presented as part of the Quality and Business Process Awards under the group award system of Mitsubishi Heavy Industries, Ltd..

Product options contributing to enhanced safety

In the belief that all operations can be performed safely and that anyone can easily operate our equipment, we provide products incorporating features carefully selected for safety and security. In 2022, we launched new S-Assist options for the ALESIS Counterbalanced Electric Forklift; these features safely and comfortably support driving operations for the benefit of the operator. The two outstanding features of these options are Hill Stop Assist and Speed Control Assist.

Hill Stop Assist prevents the vehicle from rolling backward when the operator switches between the accelerator and the brake, contributing to easy and safe starting on a slope.

Speed Control Assist is a proprietary feature that maintains a constant speed as the operator is lightly stepping on the accelerator. We have received positive comments from customers who praise this feature for enabling the operator to concentrate on the surroundings without being distracted by accelerator operation.

Furthermore, we are offering a second new option: OmniEye® an AI-powered human detection system. OmniEye® incorporates a human detection function through two cameras attached to the front and rear of the vehicle to detect and warn of surrounding workers. These cameras prevent collisions by monitoring areas that are difficult for the operator to see. As a safe and secure product that can be mounted on all small forklifts, we provide this innovation in collaboration with its developer, Regulus Co., Ltd. Two additional enhanced safety features are also available as options: the Good Running System, which reduces shock and vibration during bump operation; and the LVS Forklift Operation Management System, which contributes to efficient vehicle operation and safety visualization.



S-Assist feature 1: Hill Stop Assist



S-Assist feature 2: Speed Control Assist



OmniEye®

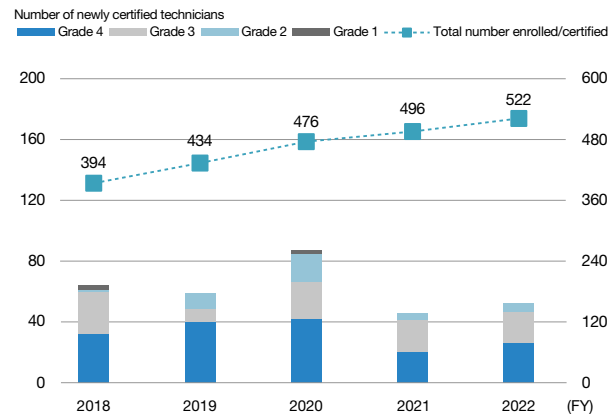
Providing a complete selection of services

In order to provide our customers with safe, secure, and reliable services, we hold training sessions for our Group service technicians in Japan and outside Japan.

In Japan, the curriculum includes rank-based training targeted to specific careers and experience levels as well as technical training that coincides with product launches. We also hold meetings for the sharing of defect information and countermeasures in order to accommodate the increasing sophistication of technology along with the increasing complexity of vehicle control systems.

We operate a service technician certification system to certify the service personnel of our distributors outside Japan. These service technicians can learn step-by-step at all levels from basic to advanced, which enables these individuals to acquire the necessary maintenance technical skills with assurance. Service technicians who meet the knowledge and skill requirements are granted new qualifications, which leads to increased motivation. The number of certified service technicians is increasing year by year (see graph), supporting our service technicians in improving their skills and capabilities.

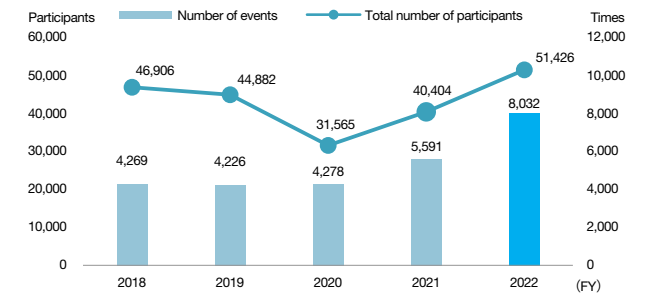
Trend in Number of Certified Service Technicians



Safety awareness initiatives

Our sales companies provide safety awareness and safety enhancement training to our customers in order to prevent accidents involving forklifts in industrial settings. We have made available a variety of tools, including our own self-produced safety DVDs, to promote safety initiatives. In addition, we are working to increase safety awareness throughout society by holding safety seminars tailored to customer needs and distributing safety awareness posters in conjunction with the National Safety Week campaign sponsored by Japan's Ministry of Health, Labour and Welfare.

Safety Seminars Held



Holding driving lessons

Those engaged in the operation of forklifts with a capacity of 1 tonne are required by the Industrial Health and Safety Act to complete an operator skills course. As a manufacturer of forklifts and shovel loaders that is registered as a training organization under the Director of Japan's Labour Bureau, we hold seminars at two locations in Japan and place the highest priority on driver safety.

Ensuring diversity of human resources, human resource development

Supporting women's participation and advancement in the workplace

To ensure the diversity of our human resources, we believe it is essential to support women's participation and advancement in the workplace; consequently, we have been implementing our own action plan. In fiscal 2022, we published a website highlighting the success of our female employees, which aligns with our goal of maintaining a female recruitment ratio of at least 20%.

Further details are available at the website below.
<https://www.logisnext.com/recruit/fresh/women-careers/>



Work-style reforms

(Providing support for raising future generations)

We are working to create comfortable workplaces that enable all our employees to gain greater satisfaction from their work. To enable the adoption of more flexible work styles, we have established systems that support telecommuting, flextime, and hourly paid leave. Our short-time work and leave systems for childcare and nursing care incorporate provisions that exceed those stipulated by law.

In this way, by making it possible for all individuals to choose a workstyle that matches their lifestyle, we will improve labor productivity and employee satisfaction while employing a greater diversity of personnel.

Job satisfaction reforms

In addition to implementing work-style reforms, we are developing measures to increase worker satisfaction by adopting job satisfaction reforms.

Strengthening Human Resource Development Programs

We seek to foster an organizational and corporate culture in which all employees can develop their careers autonomously while enjoying a sense of growth. We also offer a system that enables employees to take courses at the Mitsubishi Heavy Industries, Ltd. training center.

Improving Management Skills and On-site Skills

In order to improve the management skills and on-site skills of managerial personnel, we have introduced rank-based training and management training programs.

Supporting Career Development

We introduced the Career Interview System that encourages employees to share their career aspirations with their superiors as they consider their medium-term and long-term growth strategies. In addition, in 2022, we introduced the Career Challenge System to promote autonomous career development and personnel exchanges.

Improving Inner Brand Power

The president has been convening a series of townhall meetings with the aim of eliciting the candid opinions of employees. In fiscal 2022, a total of 15 townhall meetings were held for managers and general employees.

In the future, we intend to develop an action plan focused on job satisfaction reforms with the aim of revitalizing communication.

Occupational health and safety

"Safety is the foundation of all that we do." represents the Group-wide health and safety philosophy we have established in concert with our three basic policies.

Health and Safety Philosophy and Policies of the Mitsubishi Logisnext Group

- 1) Health and Safety Policy of the Mitsubishi Logisnext Group
"Safety is the foundation of all that we do."
We remain committed to putting safety first, in keeping with our philosophy that "safety is the foundation of all that we do."
- 2) Health and Safety Policy of the Mitsubishi Logisnext Group
 1. We will make safety awareness a priority.
 - We remain actively engaged in health and safety initiatives and strive to raise safety awareness.
 2. We will enforce the policies we have formulated and implement the initiatives we have approved.
 - In addition to complying with laws and regulatory requirements, we will adhere to all internal rules and regulations.
 3. We will maintain safe and secure workplaces.
 - We value human health and will remain actively engaged in providing safe and secure workplaces.

In keeping with this philosophy and our policies, we carry out a variety of initiatives with the aim of creating a safe and secure workplace.

In terms of safety, we conduct workplace checks, such as the workplace health and safety patrols we conduct almost every month.

Regarding physical and mental health, we are implementing a health management approach that monitors employee job satisfaction and employees' physical and mental health from a management perspective.

Guidelines for Our Health and Productivity Management Initiatives

1. Promoting employee-directed health maintenance (improvement of health literacy)
2. Creating a workplace where our employees can work with enthusiasm
3. Collaborating with the Health Insurance Society

Initiatives targeting an accident-free workplace

We are actively focused on achieving accident-free workplaces at all our production sites. At the Shiga Plant, our largest factory, we have introduced Logistics Vehicle Support (LVS), a forklift operation management system that provides visualization of the operation status of our forklifts. Moreover, we are taking additional steps to visualize the on-site environment by utilizing the improvement methods of Fleet Management Services (FMS) to streamline operations.

Status of Occupational Accidents

		Fiscal 2020	Fiscal 2021	Fiscal 2022
Kyoto Plant	Accidents with lost time	0	1	0
	Accidents without lost time	0	0	1
Azuchi Plant	Accidents with lost time	1	0	0
	Accidents without lost time	2	1	5
Shiga Plant	Accidents with lost time	4	0	0
	Accidents without lost time	10	7	13

Supporting mental health

The company continues to conduct stress checks on its employees, including those assigned to Group companies outside Japan. The purpose of this program is to monitor the levels of stress that employees are experiencing and to enhance self-care and create a comfortable working environment. We strive to provide appropriate work environments through counseling; workplace care; self-care and self-care training; workplace revitalization interviews and

interviews with high-stress employees; and explanations of the results of group analyses of stress checks.

Job satisfaction and labor productivity

Health and productivity management

We have published a Health and Productivity Management Declaration stating that we will implement a health and productivity management initiative that values the physical and mental health of our employees by promoting a sense of job satisfaction as well as physical and mental health. As a result, we have established specific key performance indicators under the ML Health and Productivity Management Plan (Action 5); moreover, we are working with health insurance associations to obtain certification as a 2024 Outstanding Organization for Health & Productivity Management.



Poster Promoting the Health and Productivity Management Declaration

Human rights

Formulation of the Mitsubishi Logisnext Group Human Rights Policy

Mitsubishi Logisnext Group formulated the Mitsubishi Logisnext Group Human Rights Policy in order to respect the human rights of stakeholders involved in our business activities and contribute to the development of a sustainable society.

This policy clearly demonstrates our stance of respecting the human rights of all and clarifies guidelines for fulfilling our corporate social responsibilities related to human rights. This approach is grounded in the understanding that our Group's operations in countries and regions around the world may directly or indirectly affect local human rights.

Contributing to society and local communities

We engage in a variety of social initiatives with the aim of contributing to sustainable growth and problem-solving in local communities and throughout society at large.

We are actively engaged in sponsoring cultural and sporting activities, including the Kyoto Philharmonic Chamber Orchestra, the Kyoto Sanga Football Club, and the Mitsubishi Heavy Industries Sagamihara DynaBoars Rugby Team. Furthermore, we are a supporter of "A Dream a Day in Tokyo," which provides support for children with intractable diseases, and we actively cooperate with volunteer events in the local communities where our plants and offices are located. In addition, we have been sponsoring female professional golfer Ayaka Furue since February 2023.

Further details are available at the website below. www.logisnext.com/sponsorship

We also contribute to the education of future generations by assisting with the training of maintenance engineers.

Nissan Automobile Technical College is working on a project to encourage its students to participate as staff members of a professional racing team, and we are supporting this initiative. We are also contributing to the development of maintenance engineers by supporting collaborations between industry and academia. This includes initiatives such as holding job fairs for students and exhibiting vehicles at school festivals.



Kyoto Sanga FC

G Governance Issues

The Board of Directors

Every fiscal year, we continuously strive to improve the effectiveness of the Board of Directors by evaluating its effectiveness and formulating policies on addressing issues related to the Board.

In fiscal 2022, the effectiveness of the Board of Directors steadily improved due to various new initiatives being implemented as planned. On the other hand, it was still deemed necessary to expand efforts to discuss medium- and long-term strategies, enhance internal controls, and undertake risk management. In fiscal 2023, we are promoting initiatives to address these issues.

Specifically, as part of our discussions of medium- and long-term strategies, we are working to enhance discussions on business strategies and reports related to sustainability. To enhance our internal controls and risk management, we are strengthening supervision of the Board of Directors regarding

the development of our internal control systems by holding regular liaison meetings between the Audit and Supervisory Board and the Internal Control Division. As well, the Board of Directors meets annually at a business-related facility and conducts inspections as a means of providing data to external officers.



Visit to the Logistics Test Center of Mitsubishi Heavy Industries Research & Innovation Center, located in the Takasago district

Nominating and Compensation Committee

In order to ensure the objectivity and appropriateness of the compensation of our officers as well as the appointment, we have established a voluntary Nominating and Compensation Committee as an advisory body to the Board of Directors. Comprising the Chairman of the Board, the President and CEO of the Board, and three external directors, this committee deliberates issues and comes to decisions regarding personnel affairs and compensation for the company's officers and reports its decision to the Board of Directors. In fiscal 2022, the Nominating and Compensation Committee met a total of nine times and deliberated on the matters outlined below.

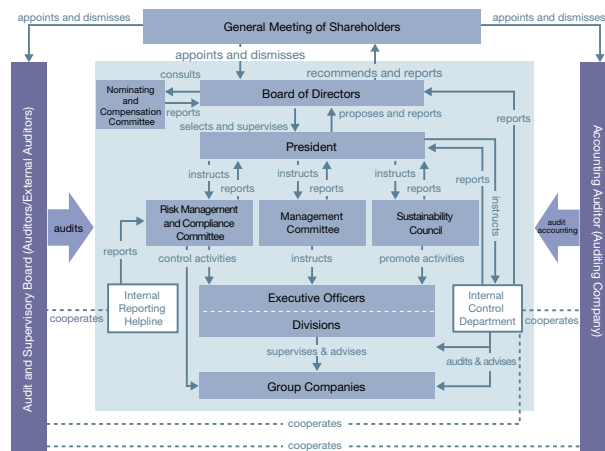
Main Undertakings in Fiscal 2022

- Review of current compensation level and mix
- Deliberation of payment rates and amounts of annual bonuses for officers
- Deliberation of the details of director compensation
- Consideration of the introduction of a new stock compensation system
- Deliberation of officer personnel affairs
- Consideration of succession planning

Risk Management and Compliance Committee

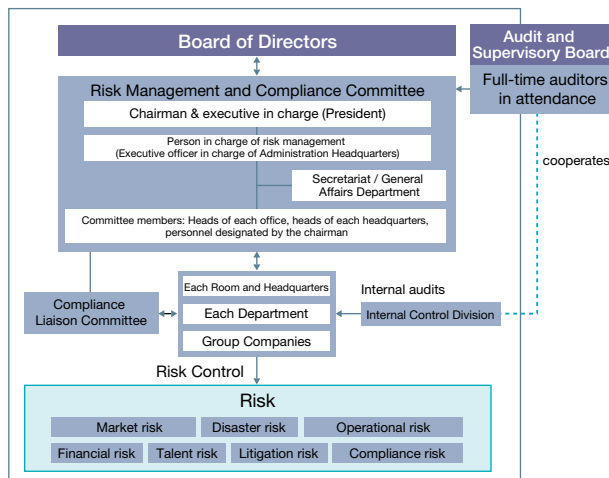
We established our Risk Management and Compliance Committee as the lead entity responsible for risk management in order to avoid risks with the potential to significantly impact management and to minimize such risks when they become apparent. We established a system to centralize and aggregate risk information and manage it in a uniform manner for the entire Group, as shown in the diagram at the next page. Each division identifies risks every six months and analyzes and

Corporate Governance Structure



evaluates these risks to determine which are considered serious. We have prepared an action plan for critical risks that are assigned a particularly high priority and are developing risk reduction initiatives on a daily basis. The status of these activities is reported to the Risk Management and Compliance Committee, which convenes quarterly, and the status of serious risks and the effectiveness of countermeasures are evaluated; the results are then reported to the Board of Directors, as shown in the diagram below. Each of our Group companies assigns a risk management supervisor to undertake risk management in a process similar to that adopted by the parent company.

Risk Management System



Policy for determining the amounts and calculation method of officers' compensation

Basic compensation

The compensation provided to directors (excluding external directors) is based on the basic compensation (fixed monthly salary), which is the total amount of compensation for the position according to the categories outlined below, as compensation for fulfilling the roles and responsibilities associated with the execution of duties, which includes managerial supervision and decision-making. This is paid from funds as a fixed salary.

Composition of basic compensation

Representative compensation	Compensation for fulfilling the roles and responsibilities associated with representation rights (company representation, conclusion of important contracts)
Director compensation	Compensation for fulfilling the roles and responsibilities associated with the execution of duties, including managerial supervision and decision-making
CXO compensation	Compensation for the role and responsibilities of the Chief Officer (CXO)
Chairman compensation	Compensation for fulfilling the roles and responsibilities associated with management and supervision of business execution and serving as chairperson of the board of directors
President and executive officer compensation	Compensation for fulfilling the roles and responsibilities associated with business execution

Performance-linked bonuses

Performance-linked compensation is an annual bonus paid to directors (excluding part-time directors and external directors) with the aim of contributing to the achievement of performance

targets for a single fiscal year. Payment is 100% performance-based, and in consideration of the balance between expanding business scale and securing profits, the bonus amount is determined based on indicators such as sales (35% allocation) and operating profit before amortization of goodwill (65% allocation) and is determined annually. The bonus is paid in cash in July of each year.

Stock compensation

For non-monetary compensation, directors (excluding part-time directors and external directors) are granted stock compensation in the form of stock options in August of each year. Regarding the determination of which individuals are to be allocated this compensation each year and the number of shares to be allocated, this is calculated based on the standard amount established for each position and the allocation is determined through a resolution of the Board of Directors.

Furthermore, beginning in fiscal 2023, the company will introduce a restricted stock compensation system with the aim of providing incentives for sustainable improvement of our corporate value and promoting further sharing of value with shareholders.

Enhancing internal discussions on business strategy

In addition to holding Board of Directors' meetings, the company convenes regular Business Strategy Discussions to enhance internal discussions about the company's business strategies and management issues. In fiscal 2022, a total of 11 Business Strategy Discussions were held to discuss 10 themes, including strategies for increasing corporate value and devising a personnel strategy.

Adhering to our Compliance Guidelines

To ensure all officers and employees of the Mitsubishi Logisnext Group adhere to compliance in their daily business activities and to further strengthen compliance with laws, regulations, and corporate ethics, the Mitsubishi Logisnext Group has compiled Compliance Guidelines covering particularly important items and published them on wallet cards. The card has been translated into 11 languages and is distributed to employees within Group companies around the world.

Establishment of our Internal Reporting Helpline

In order to strengthen compliance management and promptly detect and correct any misconduct, such as violations of laws and regulations and corporate ethics, the company has established a helpline to provide contact points for whistleblowers within the Group. These contact points are established both internally and at external law firms to ensure independence. As for Group companies outside Japan, all subsidiaries have established their own whistleblowing hotlines. In fiscal 2022, the Group in Japan received 83 whistleblowing reports in total. We have appropriately investigated each instance, implementing appropriate responses and formulating measures to prevent any recurrence.

Compliance checks related to order optimization

We strive to deter any inappropriate order-acceptance activities while promoting fair transactions. Consequently, we have established compliance check guidelines to be followed when an order is sought or lost by the company or submitted by a government entity for a public demand project in Japan, public demand project outside Japan, or construction project.

Anti-fraud and anti-bribery procedures

In order to prevent fraud and suspected acts of bribery, we have prepared detailed procedures for examining offers of entertainment and gifts, offers of donations, invitations, and appointment of agents and trading companies.

Compliance training

To ensure all officers and employees carry out their corporate activities in a fair and appropriate manner, we provide regular training intended to impart the necessary knowledge while raising compliance awareness.

Adoption of our Information Security Policy

We established the Information System Security Policy for the ML Group in order to ensure information security across the business operations of the Mitsubishi Logisnext Group. This policy applies to intellectual property, technical information, sales information, and personal information.

In order to respond to the risks arising from the increasing sophistication and diversification of cyberattacks, we are constantly strengthening our information security measures with the goal of improving the security of our information systems.

Protecting our information systems with a security system

We established the IT Security Management System of the Mitsubishi Logisnext Group to clarify roles and responsibilities associated with IT security management.

In formulating our security regulations, we conduct annual security audits of each Group company. The results of these

audits and the status of corrections are reported to the presidents of Mitsubishi Logisnext and its Group companies. Any deficiencies detected through the audits are corrected at an early stage.

Raising awareness of secure information systems

As part of our effort to raise awareness of information system security, we published an information security handbook on our internal portal site as well as processes for identifying targeted attack e-mails.

As part of our regular educational opportunities, we also offer a training program for new employees and managers regarding information system security. We also provide Group employees located inside and outside Japan with training programs twice a year in information security offered through e-learning. In addition, we send training emails simulating targeted attacks to email users twice a year. This offers an opportunity to alert employees to the presence of such emails while providing training in appropriate measures for dealing with such emails.

Evaluating the effectiveness of the Board of Directors

To ensure the Board of Directors effectively fulfills its roles and responsibilities, the company regularly verifies whether the Board as a whole is functioning appropriately through an effectiveness evaluation, addresses any issues, strengthens the Board's capabilities, and continuously improves the Board's functions.

In fiscal 2022, we utilized the results of the fiscal 2021 survey to evaluate the effectiveness of the Board of Directors,

conducted in April 2022, to determine a policy for initiatives for the current fiscal year and promoted initiatives to enhance the effectiveness of the Board of Directors. The progress of these efforts is outlined below.

In March and April 2023, as part of the seventh evaluation

of the evaluating the effectiveness of the Board of Directors effectiveness of the Board of Directors, we conducted a survey titled “Progress and Current Issues Related to Initiatives in Fiscal 2022” that covers the seven themes listed below, deliberated on its results at the Business Strategy Discussion

in May and at the Board of Directors meeting in June, and determined the effectiveness of the Board of Directors in fiscal 2022 and the action policies for fiscal 2023.

Progress on the initiatives undertaken in fiscal 2023 will be reported in next year’s report.

Fiscal 2022 Policies and Progress

1. Providing a forum for discussion of business strategies	To ensure the Board of Directors could fulfill all its roles and responsibilities, we streamlined the current operation and increased the number of proposals related to sustainability and governance.
2. Focusing on enriching and revitalizing discussions	To secure sufficient time for preliminary deliberation and discussion, we took steps to distribute all reference materials to the Board of Directors as early as possible and succeeded in moving up the delivery date sooner than expected. Furthermore, by compiling an executive summary, we were able to provide easy-to-understand explanations that were to the point. As a result, more time was allocated to discussions, and we were able to ensure enriched and energized discussion through the proceedings prepared by the chairperson.
3. Responding to the increasing sophistication of internal controls and risk management	We continued to hold regular liaison meetings between the Audit and Supervisory Board and the Internal Control Division, while external directors also participated in these liaison meetings. We also strengthened supervision of the Board of Directors by regularly reporting to the Board of Directors the operating status of the internal control system.
4. Providing information and interacting with external officers	From the results of the survey, we analyzed the competition as well as technology trends. A Board of Directors meeting was held in the Takasago District, where the Research & Innovation Center of Mitsubishi Heavy Industries is located. In addition to providing a tour of the Logistics Testing Center in the same district, we provided a variety of business-related information to external officers.
5. Formulating a succession planning	The Nominating and Compensation Committee deliberated on succession planning measures and formulated an appropriate response.

Fiscal 2022 Survey and Fiscal 2023 Policies

Themes of the Survey Evaluating the Effectiveness of the Board of Directors

(Period covered: July 2022–April 2023)

- | | |
|---|--|
| 1. Operation of the Board of Directors | 4. Roles of directors and auditors |
| 2. Composition of the Board of Directors | 5. Initiatives for improving the effectiveness of the Board of Directors |
| 3. Management decision-making and supervision by the Board of Directors | 6. Provision of information to directors and auditors |
| | 7. Voluntary Nominating and Compensation Committee |

Results of Fiscal 2022 Evaluation

Initiatives focused on reviewing the operation of the Board of Directors were evaluated highly as laying the groundwork for improving overall effectiveness. In addition, the capabilities, skills, and diversity of the Board of Directors as a whole have been ensured, and the effectiveness of the Board of Directors has been steadily improved through the strengthening of the supervisory function of external directors. On the other hand, it was determined that further improvement measures are needed as an ongoing priority issue as part of discussions on medium- and long-term business strategies and on the internal controls and risk management. In light of the above results, we will continue to take steps to improve the effectiveness of the Board of Directors in fiscal 2023 according to the following policies.

Fiscal 2023 Policies

- | | |
|---|--|
| <p>1. Enhancing discussions on business strategy</p> <ul style="list-style-type: none"> Enhancing discussions on company-wide strategies: Conducting discussions under Business Strategy Discussions when formulating the medium-term business plan Enhancing sustainability-related reporting: Regular reports on specific initiatives and plan progress status Updating data on industry competition and industry trends | <p>3. Responding to the sophistication of internal controls and risk management</p> <ul style="list-style-type: none"> Continuing regular liaison meetings between the Audit and Supervisory Board and the Internal Control Division: Ensuring the participation of external directors to provide objective and multifaceted deliberation Strengthening the supervision by the Board of Directors regarding the development of internal control systems: Enhancing report contents Domestic and overseas group companies’ status report |
| <p>2. Taking steps to deepen understanding of details of the agenda</p> <ul style="list-style-type: none"> Securing time for preliminary discussions: Distributing reference materials at an early date and continuing to accept questions submitted in advance Promoting understanding of agenda materials: Improving explanatory materials through illustrations and securing time for a question-and-answer session | <p>4. Providing information and interacting with external officers</p> <ul style="list-style-type: none"> Enhancing information provision (including inspections of business-related facilities, etc.) |



① Representative Director and Chairman
Takashi Mikogami

② Representative Director and President
Yuichi Mano

③ Director
Takatoshi Uno

④ Director
Masayuki Suematsu

⑤ External Director
Osamu Ando

⑥ External Director
Kyoko Kobayashi





⑦ External Director
Fumio Kobayashi

⑧ Audit and Supervisory Board Member
Shinji Ichihara




⑨ Audit and Supervisory Board Member
Katsutoshi Yuasa

⑩ External Audit and Supervisory Board Member
Shigeru Yoshimura

⑪ External Audit and Supervisory Board Member
Kazuhiro Fukuoka

Biographies	 <p>Representative Director and Chairman Takashi Mikogami</p>	 <p>Representative Director and President Yuichi Mano</p>	 <p>Director Takatoshi Uno</p>	 <p>Director Masayuki Suematsu</p>
	<p>Apr. 1981 Joined Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2011 General Manager of Turbocharger Business Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2012 Deputy Head of General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2013 Director, the Company Senior Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2014 Senior General Manager of Quality Control Division, Deputy Head of the Machinery, Equipment & Infrastructure Domain, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2015 Head of Sagamihara Machinery Works, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2016 Executive Vice President, Mitsubishi Heavy Industries, Ltd.</p> <p>Jun. 2016 Resigned as Director, the Company</p> <p>Jun. 2017 Representative Director, Senior Executive Vice President, Assistant to the President, the Company President and CEO, the Company</p> <p>Oct. 2017 Executive Vice President, President and CEO, Logistics, Thermal & Drive Systems, Mitsubishi Heavy Industries, Ltd. (to present)</p> <p>Jun. 2020 Resigned as President and CEO, the Company</p> <p>Jun. 2021 Representative Director and Chairman, the Company (to present)</p>	<p>Apr. 1986 Joined Mitsubishi Heavy Industries, Ltd.</p> <p>Jul. 1996 Assistant to General Manager of Product Support, Mitsubishi Caterpillar Forklift America Inc.</p> <p>Apr. 2003 Chief of Planning & Accounting Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2004 Chief of Business Strategy Group, Material Handling Equipment Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2009 Deputy General Manager of Material Handling Equipment Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Oct. 2011 General Manager of Forklift Sales Department, Forklift Business Division, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2013 Director, Senior Executive Officer, Head of Corporate Planning Office, the Company</p> <p>Jul. 2014 Representative Director and President, Mitsubishi Caterpillar Forklift Europe B.V.</p> <p>Jun. 2017 Resigned as Director, the Company</p> <p>Jun. 2018 Senior Executive Officer, Deputy General Manager, Strategic Planning Office, the Company</p> <p>Apr. 2019 Senior Executive Officer, General Manager, Strategic Planning Office, the Company</p> <p>Apr. 2020 Senior Executive Officer, Head of Overseas Sales and Marketing Headquarters, the Company</p> <p>Jul. 2020 Senior Executive Officer, Head of Overseas Business Headquarters, the Company</p> <p>Apr. 2022 Senior Executive Officer, Division Head, General Manager, Corporate Strategy and Planning Office, the Company</p> <p>Jun. 2022 Representative Director and President, Division Head, General Manager, Corporate Strategy and Planning Office, the Company</p> <p>Apr. 2023 Representative Director and President, the Company (to present)</p>	<p>Jul. 2006 Joined the Company</p> <p>Jul. 2009 Vice President, Shanghai Nichiyu Forklift Manufacturing Co., Ltd.</p> <p>Oct. 2012 Executive Vice President, Nichiyu Forklift (Thailand) Co., Ltd.</p> <p>Feb. 2015 Division Head, General Manager, Corporate Finance and Accounting Division, Administration Headquarters, the Company</p> <p>Jun. 2018 Assistant to Head of Administration Headquarters, the Company</p> <p>May 2019 Member of the Executive Team, Head of Corporate Finance and Accounting Headquarters, the Company</p> <p>Apr. 2021 Executive Officer, CFO, Head of Corporate Finance and Accounting Headquarters, Division Head, General Manager, Corporate Finance Planning Division, the Company</p> <p>Apr. 2022 Executive Officer, CFO, Head of Corporate Finance and Accounting Headquarters, the Company</p> <p>Jun. 2022 Director, the Company (to present)</p> <p>Apr. 2023 Executive Officer, CFO, Division Head, General Manager, Corporate Strategy and Planning Office, in charge of Corporate Finance and Accounting Headquarters, the Company (to present)</p>	<p>Apr. 1986 Joined Mitsubishi Heavy Industries, Ltd.</p> <p>May 2001 Controller, Mitsubishi Caterpillar Forklift Europe B.V.</p> <p>Jan. 2009 Deputy General Manager of Planning & Accounting Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2011 Deputy General Manager of Planning & Administration Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.</p> <p>Jan. 2012 Managing Director, Mitsubishi Agricultural Machinery Co., Ltd.</p> <p>Apr. 2014 Deputy General Manager of Planning & Administration Department, Business Strategy Division, the Machinery, Equipment & Infrastructure Domain, Mitsubishi Heavy Industries, Ltd.</p> <p>Jan. 2016 CEO, President, Mitsubishi Mahindra Agricultural Machinery Co., Ltd.</p> <p>Apr. 2019 Senior Vice President, Head of Business Strategy Office and Senior General Manager of Corporate Planning Department, Mitsubishi Heavy Industries, Ltd.</p> <p>Jun. 2019 Director, the Company (to present)</p> <p>Apr. 2021 Head of Business Strategy Office, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2022 Vice President, Logistics, Thermal & Drive Systems, Mitsubishi Heavy Industries, Ltd.</p> <p>Apr. 2023 Executive Vice President and CSO, Mitsubishi Heavy Industries, Ltd. (to present)</p>
Experience and Skills	<p>Corporate Management/ Business Management</p> <p>Financial Accounting</p> <p>Legal</p> <p>Marketing</p> <p>Research & Development</p> <p>International Experience</p> <p>Sustainability</p>	<p>Corporate Management/ Business Management</p> <p>Financial Accounting</p> <p>Legal</p> <p>Marketing</p> <p>Research & Development</p> <p>International Experience</p> <p>Sustainability</p>	<p>Corporate Management/ Business Management</p> <p>Financial Accounting</p> <p>Legal</p> <p>Marketing</p> <p>Research & Development</p> <p>International Experience</p> <p>Sustainability</p>	<p>Corporate Management/ Business Management</p> <p>Financial Accounting</p> <p>Legal</p> <p>Marketing</p> <p>Research & Development</p> <p>International Experience</p> <p>Sustainability</p>

Note: As the above list is not comprehensive, it does not represent all the knowledge and experience of our directors.

 <p>External Director Osamu Ando</p>	 <p>External Director Kyoko Kobayashi</p>	 <p>External Director Fumio Kobayashi</p>
<p>Biographies</p> <p>Apr. 1979 Joined Shimadzu Corporation Apr. 1999 Technical Manager, Analytical Instrument Division, Shimadzu Corporation Apr. 2000 President, Shimadzu Scientific Instruments, Inc. Jun. 2007 Director, General Manager, Analysis and Measurement Division, Shimadzu Corporation Jun. 2011 Managing Director, in charge of Production, CS, and Information Systems, Shimadzu Corporation Apr. 2013 In charge of Production and CS; General Manager, Aircraft Equipment Division, Shimadzu Corporation Jun. 2013 Senior Managing Executive Officer, Shimadzu Corporation Jun. 2017 President, Shimadzu Access Corporation (to present) Jun. 2020 Director, the Company (to present)</p>	<p>Apr. 1999 Registered as Attorney Joined Irokawa Law Office (currently Irokawa Legal Professional Corporation) Sep. 2009 Seconded to Legal Affairs Office, Sharp Corporation Sep. 2014 Returned to Irokawa Law Office Jan. 2018 Partner, Irokawa Law Office Feb. 2018 External Audit and Supervisory Board Member, Kawakami Paint Manufacturing Co., Ltd. (to present) Jan. 2020 Partner, Irokawa Legal Professional Corporation (to present) Jun. 2020 Director, the Company (to present) Jun. 2021 External Director, Nippon Pillar Packing Co., Ltd. (to present)</p>	<p>Apr. 1970 Joined Daifuku Co., Ltd. Apr. 1997 General Manager, Metropolitan Area Sales Division, Daifuku Co., Ltd. Jun. 1998 Director, General Manager, Regional Business Division, Daifuku Co., Ltd. Apr. 2003 Managing Director, Chief Operating Officer (COO), Sales and Marketing Operations, Daifuku Co., Ltd. Deputy General Manager, FA&DA operations General Manager, Sales Division, FA&DA Operations, Daifuku Co., Ltd. Apr. 2004 Representative Director, Senior Managing Officer, Sales and Marketing Operations, General Manager, FA&DA Operations, Daifuku Co., Ltd. Apr. 2005 Representative Director, Senior Managing Officer, Sales and Marketing Operations, COO, FA&DA, DTS Operations, General Manager, FA&DA Operations, Daifuku Co., Ltd. Representative Director and President, Daifuku Logistic Technology Co., Ltd. Apr. 2006 Executive Vice President, COO, Sales and Marketing Operations, COO, FA&DA, DTS Operations, Daifuku Co., Ltd. Apr. 2015 Director, Adviser, Daifuku Co., Ltd. Jun. 2015 Adviser, Daifuku Co., Ltd. Nov. 2016 Managing Director, Japan Material Flow Institute Oct. 2017 Senior Managing Director, Japan Material Flow Institute Jun. 2022 Director, the Company (to present) Aug. 2022 Adviser, Japan Material Flow Institute (to present)</p>
<p>Experience and Skills</p> <p>Corporate Management/ Business Management ✓</p> <p>Financial Accounting</p> <p>Legal ✓</p> <p>Marketing ✓</p> <p>Research & Development</p> <p>International Experience ✓</p> <p>Sustainability</p>		

Note: As the above list is not comprehensive, it does not represent all the knowledge and experience of our directors.



Audit and Supervisory Board Member
Shinji Ichihara



Audit and Supervisory Board Member
Katsutoshi Yuasa



External Audit and Supervisory Board Member
Shigeru Yoshimura



External Audit and Supervisory Board Member
Kazuhiro Fukuoka

Biographies

Apr. 1981 Joined Mitsubishi Heavy Industries, Ltd.
Jan. 2009 General Manager of Planning & Accounting Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.
Jun. 2011 Deputy Head of Sagami-hara Machinery Works, Mitsubishi Heavy Industries, Ltd.
Apr. 2013 Deputy Head of General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.
Jan. 2014 CEO, Mitsubishi Heavy Industries Europe, Ltd.
Apr. 2017 Assistant to Head of Administration Headquarters, the Company
Jun. 2017 Senior Executive Officer, Deputy Head of Administration Headquarters, the Company
Jun. 2018 Head of Administration Headquarters, the Company
Apr. 2020 Assistant to President, the Company
Jun. 2020 Audit and Supervisory Board Member, the Company (to present)

Apr. 1986 Joined Nissan Motor Co., Ltd.
Apr. 2013 Manager, Business Development Department, UniCarriers Corporation
Apr. 2016 Manager, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.
Mar. 2017 Joined the Company
Oct. 2017 Chief, PMI Promotion Office, the Company
Jul. 2020 Fellow, Deputy General Manager, Corporate Strategy and Planning Office, the Company
Apr. 2021 Member of the Executive Team, Division Head, General Manager, Corporate Strategy and Planning Office, the Company
Apr. 2022 Member of the Executive Team, Division Head, General Manager, Product Planning Office, the Company
Apr. 2023 Member of the Executive Team, Assistant to President, the Company
Jun. 2023 Audit and Supervisory Board Member, the Company (to present)

Apr. 1976 Joined Mitsubishi Heavy Industries, Ltd.
May 1997 President, Mitsubishi Caterpillar Forklift Asia Inc.
Apr. 2002 Deputy Manager of Industrial Vehicles Sales Department, General Machinery & Special Vehicles Business Headquarters, Mitsubishi Heavy Industries, Ltd.
Jan. 2003 Director, Mitsubishi Caterpillar Forklift America Inc.
Jun. 2007 Director, General Manager, Fleet Sales Department, Mitsubishi Heavy Industries Forklift Sales Co., Ltd.
Mar. 2008 President, Mitsubishi Heavy Industries (Thailand) Ltd.
May 2013 Advisor, Domestic Corporate Sales Office, Global Strategy Headquarters, Mitsubishi Heavy Industries, Ltd.
Jun. 2020 Audit and Supervisory Board Member, the Company (to present)

Apr. 1982 Joined Japan Storage Battery Co., Ltd. (currently GS Yuasa International Ltd.)
Apr. 2004 General Manager, Corporate Strategic Planning Office (Information Systems), GS Yuasa Corporation
Apr. 2008 General Manager, Corporate Strategic Planning Office (Strategic Planning), GS Yuasa Corporation
Aug. 2008 Executive Vice President, Siam GS Battery Co., Ltd.
Jul. 2011 Associate General Manager, Human Resources Division, GS Yuasa International Ltd.
Jun. 2015 Officer, GS Yuasa International Ltd.
Jun. 2017 General Manager, Human Resources Division, GS Yuasa International Ltd. (to present)
Jun. 2019 Senior Officer, GS Yuasa International Ltd.
Apr. 2020 Director, GS Yuasa International Ltd. (to present)
Jun. 2020 Director, GS Yuasa Corporation (to present)
Jun. 2023 Audit and Supervisory Board Member, the Company (to present)

Providing effective recommendations to enhance corporate value



Osamu Ando

Lead Independent External Director
Nominating and Compensation Committee

Contributing to corporate sustainability by developing organizational infrastructure and supervising business execution

Since being appointed as an external director in 2020, I have built on my existing knowledge and experience by expanding my understanding of the business, its organization, and its people. I have focused my efforts on three priorities: determining whether the company's business operations are being carried out reasonably and appropriately; determining whether we are

headed toward a sustainable increase in corporate value; and investigating whether, as a company with a controlling shareholder, the interests of minority shareholders are being protected. In addition, in fiscal 2022, as a member of the Nominating and Compensation Committee, I participated in the committee's examination of the presidential succession planning and in system improvements for the long-term incentive portion of executive compensation, providing reports to the Board of Directors. I am confident this work will help to strengthen the company's future sustainability.

In fiscal 2022, the circumstances surrounding the company's main North American business changed significantly in a short period of time: as orders increased, they experienced an increase in the order backlog and in inventory due to production delays. This was followed by a recovery period characterized by production normalization and price optimization. The Board of Directors has always remained focused on providing timely and accurate responses in support of improved business performance. In my role as external director, I focused on the late delivery of electronic control components that had contributed to a major disruption in production. I also addressed the gap between orders and sales in the U.S. market and called for appropriate response to these issues.

Envisioning the continued evolution of growth strategies and sustainability in light of the smooth implementation of the medium-term business plan

Looking to the progress achieved in implementing the medium-term business plan in fiscal 2022, sales increased significantly mainly in North America due to an increase in orders and a recovery in production volumes. Moreover, price revisions outside Japan as well as currency exchange rates affected

performance, resulting in the company achieving its sales targets ahead of schedule. Profits also increased significantly, which prompted the company to revise its sales and profit targets upward for fiscal 2023, the final year of the business plan. In addition to these efforts, I suggested that the company take steps to further improve its profit margin and strengthen its financial foundation by using the capital adequacy ratio as an indicator in the lead-up to the next medium-term business plan, which is currently being formulated.

As a growth strategy, the company is upholding the expansion of its business domains with solutions that meet various market needs, although the word "solution" can be interpreted in various ways. Through the pursuit of technological developments in the markets of North America and Japan, the company should determine in which business fields it can provide services and to which customers it will offer them. As a consequence, through clarification of its goals and responsibilities, the company should seek to expand its solutions business as part of its overall portfolio.

Because the company was established through the integration of four companies, I believe some areas still remain to be fully integrated and reorganized. Brand integration and the establishment of a sales and manufacturing company structure both inside and outside Japan are progressing steadily under the current medium-term business plan; moreover, the Logisnext brand is becoming more prevalent both within and outside the company. I look forward to their continued efforts to establish a business structure that will allow them to maximize the effects of integration.

Looking to the issue of sustainability, the first thing that comes to mind is the issue of the environment. What society most expects from the company is an effort to reduce the emissions of CO₂ and other greenhouse gases that occur as a result of the operation of the products the company manufactures and sells, such as forklifts, in order to contribute

to the achievement of a decarbonized society. It seems that some issues still remain to be resolved in terms of technological development and sales, but in the global forklift market, where electrification is progressing ahead of other vehicles, it is necessary to set goals for product development, sales and service systems in order to keep up with competitors. I believe that strengthening the business and contributing to the environment will lead to the sustainable development of the company.

Regarding the issue of diversity, one of the company's remaining challenges is to address the lack of females in management positions. Although this depends on the various types of businesses being operated and their histories, I still think a conscious effort needs to be made to improve this situation. The increase in the proportion of newly graduated female employees hired in fiscal 2023 is a positive sign, and I have high expectations for the future.

Strengthening group governance and addressing other challenges amid the steady improvement in the effectiveness of the Board of Directors

To date, the company has taken steps to strengthen its governance through self-evaluations of the Board of Directors. These steps include improving the criteria for selecting proposals and managing meetings. As a result, I feel that the provision of information to external directors has become appropriate and that practical discussions are progressing. In addition, even outside of the Board of Directors meetings, opportunities for reporting and discussing matters related to business operations have also increased, such as individual interviews with executives at the general-manager level and tours of business facilities. As an external director, I have gained a deeper understanding of the company, and this has particularly improved the quality of my oversight of business execution. Furthermore, by having external directors participate in regular information exchanges with general affairs, internal control, human resources, and other departments that the Audit and

Supervisory Board has traditionally conducted, I have become more involved in governance involving related departments and the Audit and Supervisory Board. I believe this approach has further strengthened the company's governance structure.

Since the days the company was founded through the integration of four companies, it has succeeded in expanding its scale. As a result, a growing need has arisen to extend governance to the individual workplaces of each of the numerous group companies that exist both inside and outside Japan. I believe that the challenge regarding governance is determining how to develop a system and implement it systematically and efficiently.

Furthermore, regarding the recently introduced presidential succession planning and long-term incentive system for executive compensation, simply introducing them is a meaningless exercise, as their function must be continuously monitored in the future.

Reason for Appointment

Osamu Ando

Mr. Ando offers excellent insight and is experienced in global business management with a manufacturer of measuring and medical instruments. Building on his track record and insight, he has provided constructive opinions and suggestions and continues to supervise management as appropriate from an objective and neutral standpoint as an Independent Director. We have therefore determined that he is suitably qualified and have appointed him as an External Director.

Kyoko Kobayashi








Ms. Kobayashi has an extensive track record as an attorney providing insights mainly related to corporate legal affairs. She has worked for a listed company and served as an Independent Director at another listed company. Using her experience and insight, she has provided constructive opinions and suggestions and supervised management appropriately from an objective and neutral standpoint as Independent Director. Therefore, we have appointed her as an External Director.








Fumio Kobayashi




Mr. Kobayashi has gained extensive experience in management and offers excellent insights in the material handling equipment industry. In light of his expertise and insight, the company believes he will provide constructive opinions and suggestions and supervise management appropriately from an objective and neutral standpoint as an Independent Director. We have therefore appointed him as an External Director.






Initiatives Intended to Maximize the Effectiveness of External Directors



Specific Measures	Frequency	Details
Preliminary explanation of proposals for the Board of Directors meeting	Prior explanations / Irregular Prior questions / Monthly	Prior explanations of proposals to the Board of Directors meeting are provided to External Directors as necessary. In addition, prior questions on bills are accepted and answered at meetings of the Board of Directors.
Convening of a forum for discussion of business strategies	Monthly	In our Business Strategy Discussions, we address medium- and long-term strategies as well as other themes.
Regular debriefing session with the Internal Control Division	Monthly	External Directors also attend regular debriefing sessions between the Audit & Supervisory Board and Internal Controls Division to share information on internal controls.
Meeting with the chairman and president	4 times a year	External Directors also participate in an exchange of opinions between the Audit & Supervisory Board members, the chairman, and the president, openly exchanging frank opinions.
Implementation of officer seminars	About 3 times a year	Seminars by external lecturers are held regularly as officer training events that contribute to the effective functioning of the Board of Directors.
Site visits and meetings of the Board of Directors held outside the head office	About once a year	Management interviews are conducted with executives and the results are fed back to the chairman and president.
Interviews of senior management by External Directors	Annually	Management interviews are conducted with executives and the results are fed back to the chairman and president.
Appointment of a lead independent External Director	—	With the aim of strengthening the supervisory functions of the External Directors and improving the effectiveness of the Board of Directors, the lead independent External Director is appointed to handle the leading role and duties in a dialogue with executives and in cooperation with the Audit & Supervisory Board and the Board of Directors Secretariat.




Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
E	Development and provision of decarbonized and low-carbon products	<ol style="list-style-type: none"> To develop electric forklifts offering lower electricity consumption To expand the lineup of electric forklifts to replace engine-powered forklifts To develop engine-powered forklifts in compliance with emissions regulations 	<ol style="list-style-type: none"> To launch a new stacker in the European market To launch the EDIA XL model in the North American market To develop models in compliance with local emissions regulations 	★★★	<ol style="list-style-type: none"> Introduced a new stacker in the European market Introduced the EDIA XL model in the North American market Introduced a model that complies with China's Stage IV Emissions Regulation 	<ol style="list-style-type: none"> To introduce electric models powered by lithium-ion batteries in the Japanese market To develop a pilot post-ICE vehicle and new mid-sized electric forklifts To introduce models in compliance with local emissions regulations 	      
	Development of carbon-neutral rubber-tired gantry cranes	<ol style="list-style-type: none"> To help achieve the carbon-neutral ports policy being promoted by the Ministry of Land, Infrastructure, Transport and Tourism To reduce CO₂ emissions attributable to ports 	<ol style="list-style-type: none"> To participate in the Osaka "Minato" CNP Study Group and the Port of Tokyo CNP Study Group To start production of the first rubber-tired gantry cranes equipped with diesel generators in compliance with the fourth emissions regulation and to adjust, verify, and improve fuel efficiency 	★★★	<ol style="list-style-type: none"> Participated in the Osaka Minato CNP Study Group and the Port of Tokyo Study Group Produced, adjusted, and verified the first F-ZERO rubber-tired gantry cranes equipped with diesel generators in compliance with the fourth emissions regulation and launched them on the market 	<ol style="list-style-type: none"> To participate in CNP study groups To select vehicles for real-world fuel consumption testing in the market To consider systems capable of supporting further progress toward carbon neutrality 	
	Initiatives of our special environmental groups and the entire company	To upgrade the environmental initiatives of Group companies	To improve the accuracy of environmental data collected from sales companies in Japan and locations outside Japan	★★★	Improved data accuracy by establishing a system that enables sales companies in Japan to input data directly	To examine the waste sorting methods of sales companies in Japan and make any necessary improvements	
		To improve our waste and emissions intensity	To achieve a 1.0% improvement in waste and emissions intensity (excluding resources) relative to fiscal 2020 levels	★★★	Achieved a 4.9% improvement in waste and emissions intensity at the Kyoto, Shiga, Azuchi, and Hanyu plants relative to fiscal 2020 levels	To continue monitoring the amount sent for final disposal and recycling in addition to focusing on improving waste and emissions intensity	
		To increase our recycling rate	To improve the recycling rate relative to the results for fiscal 2020	★★	Posted improvements at the Kyoto, Shiga, and Hanyu plants, but the results deteriorated at the Azuchi Plant.	To achieve a recycling rate that exceeds fiscal 2020 results by practicing sorting awareness and conducting patrols as necessary	
		To improve our VOC emissions intensity	To improve the VOC emissions intensity relative to the results for fiscal 2020	★★★	Posted improvements at the Kyoto, Shiga, and Azuchi plants by a total of 15.2% relative to fiscal 2020	To maintain the improvement trend relative to fiscal 2020 through facility improvements and other measures	
		To ensure the costs of environmental protection are calculated and clearly disseminated in-house	To gain an appropriate understanding of environmental protection costs	★	Cancelled due to societal trends	To continue monitoring costs related to waste disposal and energy consumption	
		To establish methods and standards for calculating CO ₂ emissions reductions attributable to product usage	To conduct environmental assessments of vehicles in development to confirm target values and evaluation results at the development stage	★★★	Established targets at each stage of development and verified the results of the evaluation	To continue conducting reliable environmental assessments of vehicles in development	
		To reduce the amount of environmentally hazardous substances contained in products	<ol style="list-style-type: none"> To continue requiring suppliers to conduct SVHC surveys and request them to submit a "declaration of non-use or non-inclusion of prohibited substances" To revise the Guidelines for the Management of Environmentally Hazardous Substances 	★★★	Continued to conduct SVHC surveys of suppliers and revision of the guidelines	To request the cooperation of new suppliers	
		To improve our energy intensity	To improve energy intensity by 2% relative to fiscal 2020 levels	★★★	Achieved a 19.1% improvement relative to fiscal 2020 levels	To continue implementing energy-efficiency initiatives such as capital investments and reduction of work-hours	
		To reduce water intensity	To improve water intensity by 1% relative to fiscal 2020 levels	★	Worsened by 5.6% relative to fiscal 2020 levels	To conduct daily inspections intended to detect water leaks at an early stage	
		To reduce wood pallet waste	To achieve a 1% improvement in wood pallet waste intensity relative to the preceding year (1.11 kg/million-yen max.)	★★★	0.31 kg/million-yen max.	To continue improving wood pallet waste intensity by 1% relative to the preceding year	
	To reduce the weight of packaging material purchased per unit of sales	To achieve a 1% reduction in the purchase of packaging material for parts shipments per unit of sales relative to the preceding year (18.18 kg/million-yen max.)	★★★	16.14 kg/million-yen max.	To continue improving in this category by 1% relative to the preceding year		
	To improve the usage rate for returnable containers	To promote the adoption of returnable containers	★★	Procurement Headquarters promoted the conversion to plastic containers after scrap cardboard was detected at the delivery site. Engaged in a mix of projects, several of which achieved their goals.	To investigate suppliers posting a low rate of returnable containers and promote the reduction of packaging materials and wood waste		

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
E	Initiatives of our special environmental groups and the entire company	To determine product shipments (by tonne-kilometer) and maintain or improve management methods	To determine product shipments (by tonne-kilometer) in an appropriate manner and reduce energy intensity related to transportation	★★★	Achieved an improvement in tonne-kilometers relative to the fiscal 2021 level	To continue accommodating the Energy Conservation Law (Specified Shippers)	
	Environmental investment	To reduce CO ₂ emissions through energy efficiency	To reduce CO ₂ emissions by 246 tonnes/year (to achieve an emissions reduction of 85.4 tonnes/year through environmental investments) 1. To introduce LED lighting at the Kyoto Plant (7.7-tonne reduction) 2. To update the air conditioner (gas heat pump) in the cafeteria (1.0-tonne reduction) 3. To update the air conditioner (gas heat pump) in the electric components factory (3.7-tonne reduction) 4. Updated the gas heat pump air conditioner for the frame factory (6.1-tonne reduction) 5. To convert to LED lighting on the 3rd floor of the Office Building of the Azuchi Plant (12.6-tonne reduction) 6. To convert to LED lighting in the Azuchi Plant painting booth (12.0-tonne reduction) 7. To convert the ceiling fixtures at the Azuchi Plant to LED lighting (4.6-tonne reduction) 8. To convert the heaters in the mast factory to gas (23.6-tonne reduction) 9. To introduce LED lighting at the Shiga Plant (1.1-tonne reduction) 10. To update the cylinder coating boiler (1.7-tonne reduction) 11. To update the transformer at the Shiga Plant (3.0-tonne reduction) 12. To convert equipment and vehicles at the Shiga Plant to electric power (8.3-tonne reduction)	★★★★	Reduced CO ₂ emissions through investments in environmental equipment (achieving a reduction of 115.0 tonnes/year). Added the following item during the period in addition to those listed at left. 1. Updated the air conditioners at the Electric Components Factory and Employee Welfare Building (0.3-tonne reduction)	To achieve a CO ₂ emissions reduction of 52 tonnes/year through the following measures: 1. Updating of compressors at the Kyoto Plant (3.8-tonne reduction) 2. Replacement of gas heat pump in cafeteria (2.1-tonne reduction) 3. Updating of gas heat pumps at the Electric Components Factory (9.9-tonne reduction) 4. Replacement of air conditioners at parts inspection sites (1.1-tonne reduction) 5. Reduction of LED ceiling lighting at Azuchi Plant (19.3-tonne reduction) 6. Installation of thermal insulation in drying equipment at the Attachment Production Factory (12.7-tonne reduction) 7. Updating of air conditioners at the headguard powder coating facility (3.1-tonne reduction)	      
	Global inventory management and optimization of spare parts	1. To reduce environmental load by controlling the amount of goods by reducing global inventory on a consolidated basis 2. To increase efficiency through operation of a common platform	To ensure stability of supply amid logistical disruptions and achieve appropriate inventory management	★★	Global inventories increased 7.9% year-on-year due to the accumulation of buffer stock to respond to logistics disruptions on a transitional basis.	To reduce inventory by streamlining logistics and strengthening global inventory management	
	3 R initiatives	1. To ensure effective use of resources by reusing surplus items 2. To reduce waste disposal volume	To promote timely internal notification to ensure surplus items end up at departments in need	★★★★	Provided four in-house announcements as information on the "3 R" giveaway initiative	To be implemented on an ongoing basis	
	Zero waste movement	1. To cooperate in local government initiatives (530 campaign) 2. To contribute to a society in which everyone seeks to take ownership of the waste issue by cultivating the practice of picking up waste and not littering	To hold waste collection events twice annually in spring (May) and autumn (October)	★★★★	Implemented at a reduced scale to reduce spread of the COVID-19 virus 1. May: 127 participants 2. October: 121 participants	To hold waste collection events twice annually in spring (May) and autumn (October)	
	Participation in community cleanup activities	1. To increase the environmental awareness of employees 2. To promote environmental conservation in local communities	1. To participate in the Lake Iba-naiko Yoshi Reed-Harvesting project 2. To participate in the Oiso Cleanup Initiative 3. To participate in weeding of the Sammyo River 4. To participate in Shiga Prefecture Forest Maintenance Volunteer Activities	★★★★	1. Participation in the Lake Iba-naiko Yoshi Reed-Harvesting project: Canceled 2. Participation in the Oiso Cleanup Initiative: Continued 3. Participation in weed removal along the Sammyo River: Continued 4. Zero Waste Movement 5. Nishiyama Forest Volunteers	To be implemented on an ongoing basis	
	Encouraging use of returnable pallets	1. To reduce the use and disposal of wood packaging materials 2. To improve loading efficiency by pallet stacking and reducing the number of containers used	1. To promote a switch to reinforced corrugated cardboard packaging and increase the number of suppliers 2. To research the development of returnable plastic containers 3. To address the chronic shortage of returnable pallets	★★	1. Started to do business with new vendors 2. Postponed adoption of returnable plastic containers 3. Added some returnable pallets	1. To introduce additional iron racks for transporting engines 2. To continue reducing the use of wooden crates as a packaging material	
	Used car sales	1. To improve the image of recycled products 2. To promote the reuse of resources	To consider introducing an AI-based appraisal system for used cars	★★★★	Extended to sales companies as of April 2023 and began trial operation	As fiscal 2023 marks the final year of system development, a relearning function will be installed to improve the accuracy of appraisal pricing.	

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
S Customers	Development of labor-saving and unmanned products	<ol style="list-style-type: none"> To reduce the environmental impact of AGVs/AGFs To improve the safety of AGVs/AGFs To increase the throughput of AGVs/AGFs To promote the introduction of AGFs to manned forklift sites To promote autonomous control systems for AGVs/AGFs 	<p>To improve the laser-guidance method of our AGFs</p> <ol style="list-style-type: none"> To introduce a vehicle with a -25°C freezer specification To provide support for a wing-body truck To comply with the JIS D6802 (2022) standard for functional safety 	★★★	<ol style="list-style-type: none"> Introduced a vehicle with a -25°C freezer specification Customers began truck unloading tests Completed design verification 	<ol style="list-style-type: none"> To improve the function of laser-guided automated forklifts <ol style="list-style-type: none"> To commence actual operation of the wing-body truck To start sales of equipment compliant with the JIS D6802 (2022) standard for functional safety To develop a next-generation AGF system 	
	Safety awareness initiatives (safety seminars, safety awareness DVDs, calendars, etc.)	<ol style="list-style-type: none"> To increase our customers' safety awareness To raise awareness of and prevent occupational accidents 	<ol style="list-style-type: none"> To present safety seminars (5,500 seminars with 45,000 participants) To distribute safety awareness DVDs: 3,000 copies To distribute safety awareness posters: 23,000 copies To distribute KYT hazard prediction training calendars: 10,000 copies 	★★★	<ol style="list-style-type: none"> Presented safety seminars (8,032 seminars with 51,426 participants) Distributed safety awareness DVDs available via download Distributed safety awareness posters: 23,000 copies Distributed KYT hazard prediction training calendars: 9,830 copies 	<ol style="list-style-type: none"> To present safety seminars (5,500 seminars with 45,000 participants) To produce safety awareness videos To distribute safety awareness posters: 23,000 copies To distribute KYT hazard prediction training calendars: 9,800 copies 	
	Operator qualification training for forklifts, shovel loaders, etc.	Ensuring the safety of operators of forklifts and shovel loaders	<ol style="list-style-type: none"> Number of scheduled sessions Shiga Plant: 33 sessions / On-site Training Center: 14 sessions Estimated number of participants at the Shiga Plant: 330 / On-site Training Center: 162 	★★★	<ol style="list-style-type: none"> Number of sessions held Shiga Plant: 39 sessions / On-site Training Center: 14 sessions Number of participants: Shiga Plant: 363/ Onsite Training Center: 162 	<ol style="list-style-type: none"> Number of scheduled sessions Shiga Plant: 37 sessions / On-site Training Center: 14 sessions Estimated number of participants Shiga Plant: 430 / On-site Training Center: 162 	
	Offering product options (safety equipment) and special features	<ol style="list-style-type: none"> To provide forklifts and other material handling equipment with product capabilities focused on safety and security To offer a variety of options for safety equipment To strengthen support for special features to meet special-order requests from customers 	<ol style="list-style-type: none"> To provide examples of specialized specifications to sales companies in Japan To produce a video introducing a case study of our forklift operation management system known as LVS (Logistics Vehicle Support); to raise awareness of initiatives such as proposals for efficient operation of forklifts and operation analysis that contribute to safer work 	★★★	Examples of unique specifications were provided to domestic sales companies. An LVS introduction video was developed for the food industry and provided to sales companies as a sales promotion tool. In addition, this video was introduced at the International Logistics Exhibition 2022.	<ol style="list-style-type: none"> Specification features: Acrylic guard in front of levers, hydraulic operation lock when operated (brake pedal interlock), driver's seat pipe guard (on PLATTER model), cargo-handling interlock when operated, interlocked buzzer sounding during overload (ALESIS) Forklift safety support equipment is available as an option, (SAssist, OmniEye®, etc.) and will be exhibited and demonstrated at "Logis-Tech Tokyo 2023 & The 3rd INNOVATION EXPO." 	 
	Customer questionnaire	To visualize the degree of customer satisfaction and dissatisfaction through testimonials for rapid response and case sharing	To distribute two or more surveys in a year	★★★	Distributed twice during the fiscal year (July 2022 and February 2023)	To distribute the questionnaire twice during the fiscal year as before; to consider distributing questionnaires through CRM software	
	Publication of the promotional magazine monogram	To provide examples of optimal logistics solutions provided by the Company as well as information on logistics topics and the like	To publish a booklet and web edition <ol style="list-style-type: none"> September 2022 Vol. 14 March 2023 Vol. 15 	★★★	We published a booklet and web edition <ol style="list-style-type: none"> September 2022 Vol. 15 April 2023 Vol. 16 	To publish a booklet and web edition <ol style="list-style-type: none"> September 2023 Vol. 17 March 2024 Vol. 18 	
	Staging of the Logistics Solutions Fair	<ol style="list-style-type: none"> To provide customers with solutions, tips, and knowledge to improve logistics To revitalize communication with customers with whom we cannot follow-up at any of the international logistics exhibitions and similar events 	In addition to exhibiting at the International Logistics Exhibition 2022 in September 2022, we will present "Logisnext Expo 3.0" at the same time	★★★	Logisnext Expo 3.0 was held on the ML online showroom (concurrently with the International Logistics Exhibition 2022 in September 2022).	To hold "Logisnext Expo 4.0" on the ML online showroom (concurrently with "Logis-Tech Tokyo 2023 & The 3rd INNOVATION EXPO" in September 2023)	
	Strengthening weak points through implementation of plant process audits	Strengthening weak points through reciprocal implementation of plant process audits	<ol style="list-style-type: none"> Kyoto Plant: To expand target processes Shiga Plant: To transfer production from the Kyoto Plant Azuchi Plant: To introduce process audits Onomichi Plant: To continue conducting audits 	★★★	<ol style="list-style-type: none"> Kyoto Plant: Implemented 11 of 11 planned audits Shiga Plant: Implemented 41 of 41 planned audits Azuchi Plant introduced audits jointly with Kyoto Plant. Onomichi Plant: Implemented 3 of 3 planned audits 	<ol style="list-style-type: none"> To increase the number of audits by 2, to 13 audits Shiga Plant: To introduce audits of unimplemented processes (53 audits planned) To conduct audits jointly with the Kyoto Plant while assuming primary responsibility Onomichi Plant: To conduct audit once every 4 months (KPI) 	

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
S Employees	Participation by females	To hire employees, retain them, and increase employee motivation by creating a workplace environment in which female employees can continue to work while developing their skills	To maintain a minimum ratio of 20% female employees in personnel recruitment efforts	★	Female employee ratio: 11.3% Note: Includes mid-career and part-time hires	To maintain a minimum ratio of 20% female employees in personnel recruitment efforts	    
	Diversity training	1. To secure personnel in an aging society with a declining birth rate by promoting the active participation of a diverse range of personnel 2. To strengthen our ability to respond to diversifying market needs and varied risks	To re-examine the target audience and the content of the lectures and to invite an external lecturer to deliver a presentation	★★★	Date of the event : March 16, 2023 Participants: 79	To hold seminars promoting female empowerment	
	Promoting employment of people with disabilities	To create an environment in which anyone can live an independent life by finding employment suitable to their abilities and aptitudes, regardless of whether or not they have a disability	To achieve the statutory employment rate of at least 2.3% for people with disabilities as of the end of fiscal 2022	★★	The ratio of people with disabilities to all employees at the end of fiscal 2022: 2.28% (Fiscal 2022: 2.33%)	To achieve the statutory minimum employment rate of 2.3% for people with disabilities as of the end of fiscal 2023	
	Trainee system for employees outside Japan	To foster personnel who can communicate both inside and outside Japan in a world of rapid progressing globalization	Depending on the COVID-19 pandemic situation, we will determine whether to dispatch participants to other countries or opt for online training.	★★★	Period: 5 days between January and March 2023 (online) Participants: 2	Depending on the COVID-19 pandemic situation, we will determine whether to dispatch participants to other countries or opt for online training.	
	In-house training (rank-specific training)	1. To develop personnel trained to achieve the company's vision by assigning them to the roles expected of them by the company 2. To raise the status of the entire company and improve motivation	To provide training for newly appointed general managers	★★★	Date of the event: September 27, 2022 Participants: Those promoted to Grade 8 in 2022 and newly appointed general managers (11 individuals)	To be implemented on an ongoing basis	
	Service workshop (in Japan)	1. To improve maintenance technology for service technicians 2. To improve the user-response skills of service technicians 3. To improve product knowledge 4. To share information on defects	1. To train new service technicians 2. To train new leaders 3. To implement a forklift mechanic certification system 4. To implement user-response training 5. To convene a service support exchange meeting 6. To convene a large forklift reach stacker technical liaison committee	★★★	1. Service skills training: 11 classes with a total of 262 participants 2-1. Forklift mechanic certification exam Note: Cancelled because of the COVID-19 pandemic 2-2 Service advisor certification exam: A total of 455 applicants 3. ERSIS new vehicle training: 4 classes with a total of 352 participants 4. Service support exchange meeting: 3 meetings with 300 participants	To merge the large forklift reach stacker technical liaison meeting into the service support exchange meeting (held simultaneously beginning in the second half of 2022)	
	Service technician certification system outside Japan	1. To ensure service technicians acquire the technical knowledge and technical skills required for maintenance and fault diagnosis 2. To confer qualifications on service technicians commensurate with the technical knowledge and skills they have acquired 3. To visualize the skill level of individual service technicians 4. To improve the motivation of service technicians by conferring appropriate qualifications	To increase the number of distributors participating and the number of applicants for examinations under the certification system	★★★	The number of agencies participating in the certification system was 12 companies compared to the target of 10, which exceeded the target (an increase of one company from fiscal 2021), and 121 applicants for the examination (an increase of 13 individuals). In the end, 52 participants were certified as new graduates or provided with advanced certification.	To increase the number of participants in the certification system and the number of applicants for the exam (Target number of participants from the MLOS region: 6 companies)	
	Conducting stress checks	1. To raise awareness of stress and ways of dealing with it 2. To foster a safe and comfortable working environment 3. To improve the workplace environment by conducting group analysis	1. To introduce advanced stress checks 2. To reduce the rate of highly stressed employees to the fiscal 2021 rate or lower 3. To improve the testing rate	★★	1. Introduced advanced stress checks 2. High-stress employee rate: Reduced from 14.0% to 11.8%, an improvement of 2.2 points 3. Examination rate: Reduced from 99.3% to 98.3%, a decline of 1.0 point	1. To reduce the rate of high-stress employees to the fiscal 2022 rate or lower 2. To improve the stress check examination rate 3. To reduce the overall health risks to the fiscal 2022 rate or lower	
	Conducting health and safety patrols	To improve safety, hygiene, and the "5 S" principle	1. To have the health and safety committee members conduct patrols 9 times a year according to a monthly theme 2. To have labor and management executives conduct "5 S" patrols twice a year	★★★	Implemented	1. To have the health and safety committee members conduct patrols 9 times a year according to a monthly theme 2. To have labor and management executives conduct "5 S" patrols twice a year	

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
Employees	Providing mental health training	<ol style="list-style-type: none"> To encourage employees to become aware of their own state and learn appropriate response measures To encourage managers to acquire knowledge and coping methods related to mental disorders To improve the workplace based on results of group analysis 	The following training will be held online: <ol style="list-style-type: none"> Executive briefing session on group analysis results Self-care training Workplace care manager training session Workplace revitalization interviews Line-care training 	★★★	<ol style="list-style-type: none"> Executive briefing session: Held September 12, 2022, with 14 participants Self-care training: Held September 14, 2022, with 125 participants Workplace care manager training: Held September 20, 2022, with 134 participants Workplace revitalization interviews: Held November 7 to December 9, 2022, at 15 workplaces Line-care training: Held December 14, 2022, with 39 participants and December 19, 2022, with 60 participants 	The following training will be held online: <ol style="list-style-type: none"> Executive briefing session on group analysis results Self-care training Workplace care manager training session Workplace revitalization interviews Line-care training 	
	Counseling rooms opened	To improve mental health care capabilities	To be implemented on an ongoing basis	★★★	Number of individuals who underwent counseling (total) Fiscal 2020: 225 Fiscal 2021: 263 Fiscal 2022: 235	To be implemented on an ongoing basis	
	Increasing the take-up rate of paid leave	To establish a comfortable workplace and promote a healthy work-life balance	To achieve a paid leave take-up rate of at least 68%	★★★	Achieved a paid leave take-up rate of 69.7%	To achieve a paid leave take-up rate of at least 70%	
	Implementing a childcare leave system / Reducing working hours for those providing childcare	<ol style="list-style-type: none"> To promote continuous work for employees providing childcare To promote employee welfare 	To achieve a take-up rate of at least 9.4% for childcare leave for male employees	★★★	Percentage of male employees who took childcare leave: 42.5%	To achieve a take-up rate of at least 50% for childcare leave for male employees	
	Implementing a nursing care leave system / Reducing working hours for those providing nursing care	<ol style="list-style-type: none"> To promote continuous work for employees providing nursing care To promote employee welfare 	To be implemented on an ongoing basis	—	No records available	To be implemented on an ongoing basis	
	Formulating and implementing an action plan for work-style reforms	To improve employee job satisfaction and purposeful living and maximize work output while improving customer satisfaction	To implement on an ongoing basis in each department based on the results of the fiscal 2020 employee awareness survey	—	Continued to implement initiatives in all departments	To implement action plans for all departments and check the progress of implementation	
Community	Sponsorship of the Mitsubishi Heavy Industries Sagami-hara DynaBoars	<ol style="list-style-type: none"> To promote sports To contribute to society by supporting the sound development of young people 	To provide sponsorship as a Platinum Partner	★★★	Implemented	To provide sponsorship as a Platinum Partner	
	Sponsorship of the Kyoto Sanga F.C	<ol style="list-style-type: none"> To pursue regional revitalization through sports To contribute to society by supporting the sound development of young people 	To continue our sponsorship by advertising at the home stadium in Kameoka, Kyoto prefecture	★★★	Implemented	To continue our sponsorship by advertising at the home stadium in Kameoka, Kyoto prefecture	
	Sponsorship of the Kyoto Philharmonic Chamber Orchestra	<ol style="list-style-type: none"> To pursue regional revitalization through music To promote cultural and artistic initiatives 	To support the orchestra as a corporate sponsor	★★★	Implemented	To support the orchestra as a corporate sponsor	
	Sponsorship of female professional golfer Ayaka Furue		Continued sponsorship	★★★	Implemented	Sponsorship information posted on billboards and in advertisements	
	Supporting the hospitality guesthouse of "A Dream a Day in Tokyo"	<ol style="list-style-type: none"> To donate to the project to support children with intractable diseases To invite children with intractable diseases and their families to travel To provide support for travel through volunteer activities 	To continue supporting the cause through donations	★★★	Implemented	To continue the support provided since fiscal 2020. We previously contributed as a Bronze Partner, but in order to support their social contribution initiatives to a greater extent, we plan to donate as a Gold Partner in fiscal 2023.	
	Sponsorship of the Super GT (Nissan Automobile Technical College)	To provide training for maintenance engineers by supporting student development projects at the Nissan Automobile Technical College	<ol style="list-style-type: none"> To participate as a race sponsor To exhibit at school festivals To participate in employment guidance 	★★★	<ol style="list-style-type: none"> Continued with race sponsorship Resumed participation in two school festivals and participated in exhibitions Continued to provide employment guidance 	<ol style="list-style-type: none"> To participate as a race sponsor To exhibit at school festivals To participate in employment guidance 	

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
S Community	Offering workplace experience to elementary and junior high school students through our On-site Training Center	1. To support local school education 2. To promote career training	This initiative was discontinued to prevent the spread of the COVID-19 pandemic.	—	This initiative was discontinued to prevent the spread of the COVID-19 pandemic.	Although the Japanese government has reclassified COVID-19 as Class 5, cancellations continued in order to minimize the spread of the infection.	
	Offering workplace experience to elementary and junior high school students through our Shiga Plant	1. To support local school education 2. To promote career training	To offer workplace experience to elementary and junior high school students	—	—	1. To offer work experience to junior high school students 2. To provide teaching materials about our business to elementary school students 3. To provide online factory tours to elementary school students	 
	To provide factory tours to high school students	To provide information that helps high school students choose a career and improve their skills	1. To provide company tours to three schools in Shiga Prefecture 2. To provide tours of target companies	★★★	1. Provided company tours to high school students 2. Offered internships 3. Provided workplace tours before employment 4. Provided practical training at high schools for persons with disabilities	1. To provide company tours to high school students 2. To offer internships 3. To provide workplace tours before employment 4. To provide practical training at high schools for persons with disabilities	
G	To improve the effectiveness of the Board of Directors	1. To improve the effectiveness of the Board of Directors 2. To reform the Board of Directors 3. To promote diversity 4. To enhance discussions on business strategies 5. To provide information to external officers 6. To strengthen supervisory functions	1. To provide a forum for discussion of business strategies 2. To enrich and enliven discussion 3. To respond to the increasing sophistication of internal controls and risk management 4. To provide information and interaction with external officers 5. To address the need for succession plans	★★★	Implemented	1. To enhance discussions on business strategies 2. To deepen understanding of the details of the agenda 3. To respond to the increasing sophistication of internal controls and risk management 4. To provide information and interaction with external officers 5. To follow up on the status of succession planning	
	Introduction of an electronic contract system	1. To digitize procedures for concluding various contracts that have been undertaken conventionally with paper media 2. To reduce various expenses previously incurred to conclude contracts and to increase operational efficiency 3. To strengthen compliance and security 4. To support various new work styles, such as teleworking, and to improve employee motivation	To further promote the use of the Electronic Contract System by responding to inquiries from internal departments, providing explanations to suppliers, and using Robotic Process Automation (RPA) in combination	★★★	Implemented	To continue promoting the use of the Electronic Contract System by responding to inquiries from internal departments, providing explanations to suppliers, and using RPA in combination	
	Establishment of a Risk Management System (convening meetings of the Risk Management and Compliance Committee)	1. To ensure the permanent development of our business operations by establishing a risk management system and continuously implementing risk management activities 2. To minimize risk by identifying serious risks 3. To minimize risk, recover quickly, and prevent any recurrence 4. To avoid harming the interests of customers, society, shareholders, officers, and employees 5. To improve the risk awareness and risk management capabilities of officers and employees to respond to societal needs	To continue the initiative to formulate a business continuity plan in 2023	★★★	1. Formulated a business continuity plan for our company and established relevant regulations in fiscal 2022 2. Published our business continuity plan on our corporate website	1. To provide practical exercises for the purpose of confirming the effectiveness of the business continuity plan forms prepared by each department 2. To engage management in conducting tabletop exercises for events that require management decisions when the business continuity plan is invoked 3. To ensure each of our nine direct sales companies in Japan establishes a business continuity guideline in alignment with the company's business continuity plan with the aim of improving the business continuity capabilities of these sales companies in the event of a disaster 4. To prepare forms for the purpose of minimizing the impact of business suspension by the company in the event of a disaster	
	Establishment of an Internal Reporting Helpline	To ensure prompt discovery of compliance violations	1. To accept reports and consultations regarding acts that violate laws, regulations, and corporate ethics 2. To accept reports from external stakeholders 3. To accommodate the revised Whistleblower Protection Act	★★★	Implemented	1. To accept reports and consultations regarding acts that violate laws, regulations, and corporate ethics 2. To accept reports from external stakeholders 3. To accommodate the revised Whistleblower Protection Act	

Category	Activity	Objective	Fiscal 2022 Initiatives	Achievement Rating	Fiscal 2022 Results	Fiscal 2023 Initiatives	Corresponding SDGs
G	Inquiry and reporting procedures regarding contact with competitors and government procurement agencies	To comply with the Anti-Monopoly Law and Competition Laws	To have the company and Group companies compile a monthly report on the content of and number of contacts with competitors and government procurement agencies and submit it to the department in charge	★★★	Implemented	To have the company and Group companies compile a monthly report on the content of and number of contacts with competitors and government procurement agencies and submit it to the department in charge	
	Compliance check related to order optimization	To ensure appropriate order acceptance	To have the company and Group companies compile a monthly report on the content of and number of compliance checks conducted and submit it to the department in charge	★★★	Implemented	To have the company and Group companies compile a monthly report on the content of and number of compliance checks conducted and submit it to the department in charge	
	Anti-fraud procedures	To prevent bribery and fraudulent conduct	To undertake examinations and various other procedures each time a targeted gift is proffered and submit it to the head of the department in charge for approval	★★★	Implemented	To undertake examinations and various other procedures each time a targeted gift is proffered and submit it to the head of the department in charge for approval	
	Compliance training	To increase awareness of compliance	1. New employee training: Offered once a year for 28 employees of the company and 41 employees of Group companies in Japan 2. Training for promoted managers: Offered once a year for 22 employees of the company 3. E-learning training: Offered twice a year for 6,250 officers and employees of all Group companies in Japan	★★★	Implemented * Provided training for newly appointed general managers * Provided training for all employees, including employees of group companies • Global Code of Conduct • Export controls (technical controls) • The Subcontract Act • Human rights due diligence • Revisions to the Whistleblower Protection Act • Information security	1. Training for new employees: To be provided once a year for 39 employees of the company and 26 employees of Group companies in Japan 2. Training for those promoted to managerial positions (section manager): To be provided once a year for 24 employees of the company 3. Training through e-learning: To provide follow-up to ensure that 100% of employees, including those of Group companies, take part in training, and to actively encourage employees to take the voluntary training	
	Information system security training	To raise awareness of information system security	To improve the quality of educational content	★★★	Implemented. Also incorporated video into e-learning materials to improve readability.	In addition to continuing last year's initiatives, to review our security training program in response to the increasing sophistication and diversity of cyberattacks	
	Conducting vulnerability assessments	To institute countermeasures for vulnerabilities	To increase the frequency of diagnosis	★★★	Implemented. For VPN devices, we increased the frequency of vulnerability assessments to monthly due to the magnitude of the risk	In addition to continuing the efforts of the previous fiscal year, to increase the frequency of diagnostic vulnerability assessments for devices other than VPNs from an annual basis	
	Strengthening the Information Security Risk Monitoring System (new initiatives for fiscal 2023)	To focus on early detection of unauthorized intrusions and minimization of damage, as it is becoming difficult to prevent 100% of the damage caused by cyberattacks due to their increasing sophistication and diversity	—	—	—	—	To establish a system for early detection of unauthorized intrusions caused by increasingly sophisticated and diverse cyberattacks and to minimize their damage

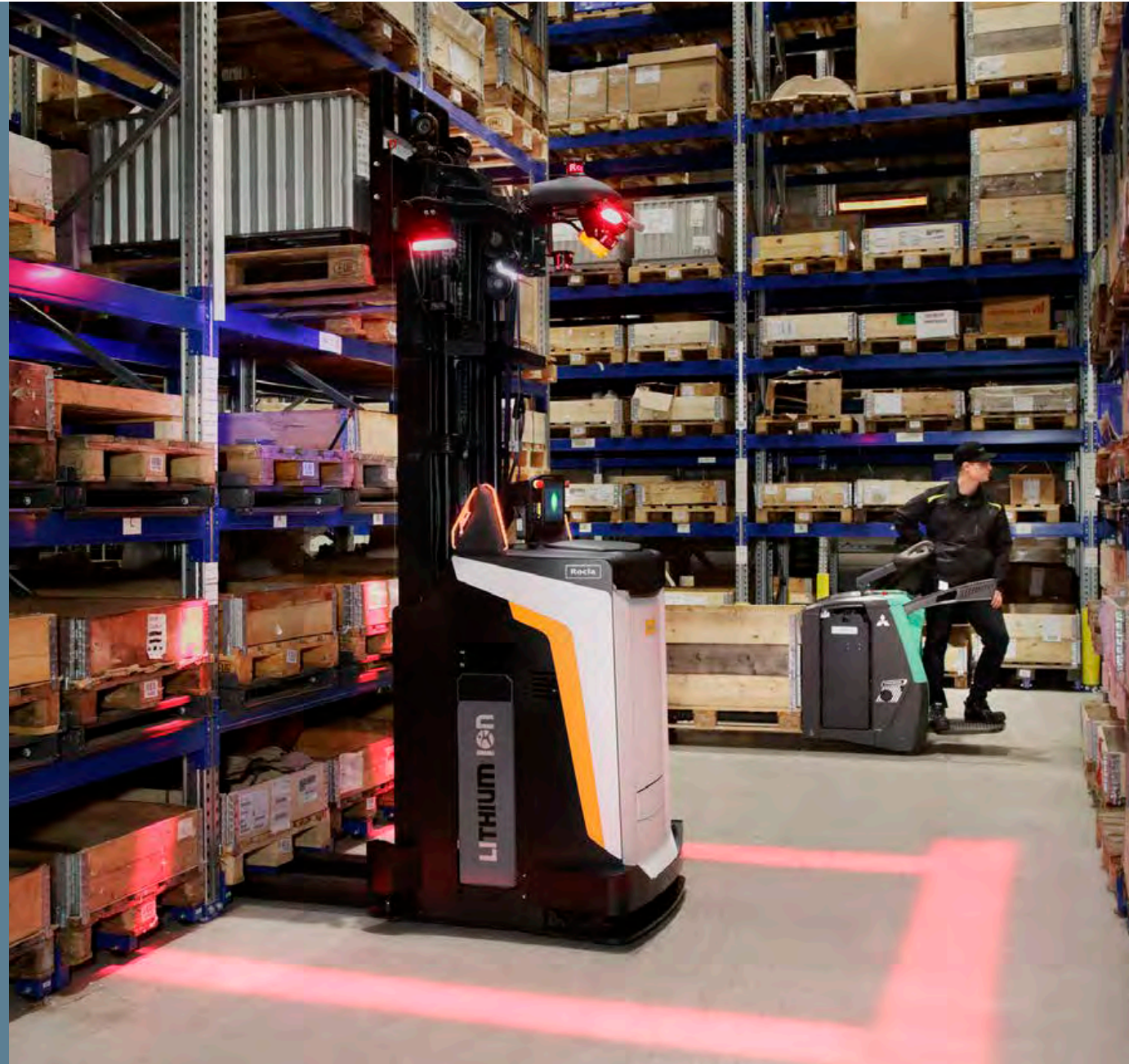


Chapter. 5

Corporate Data

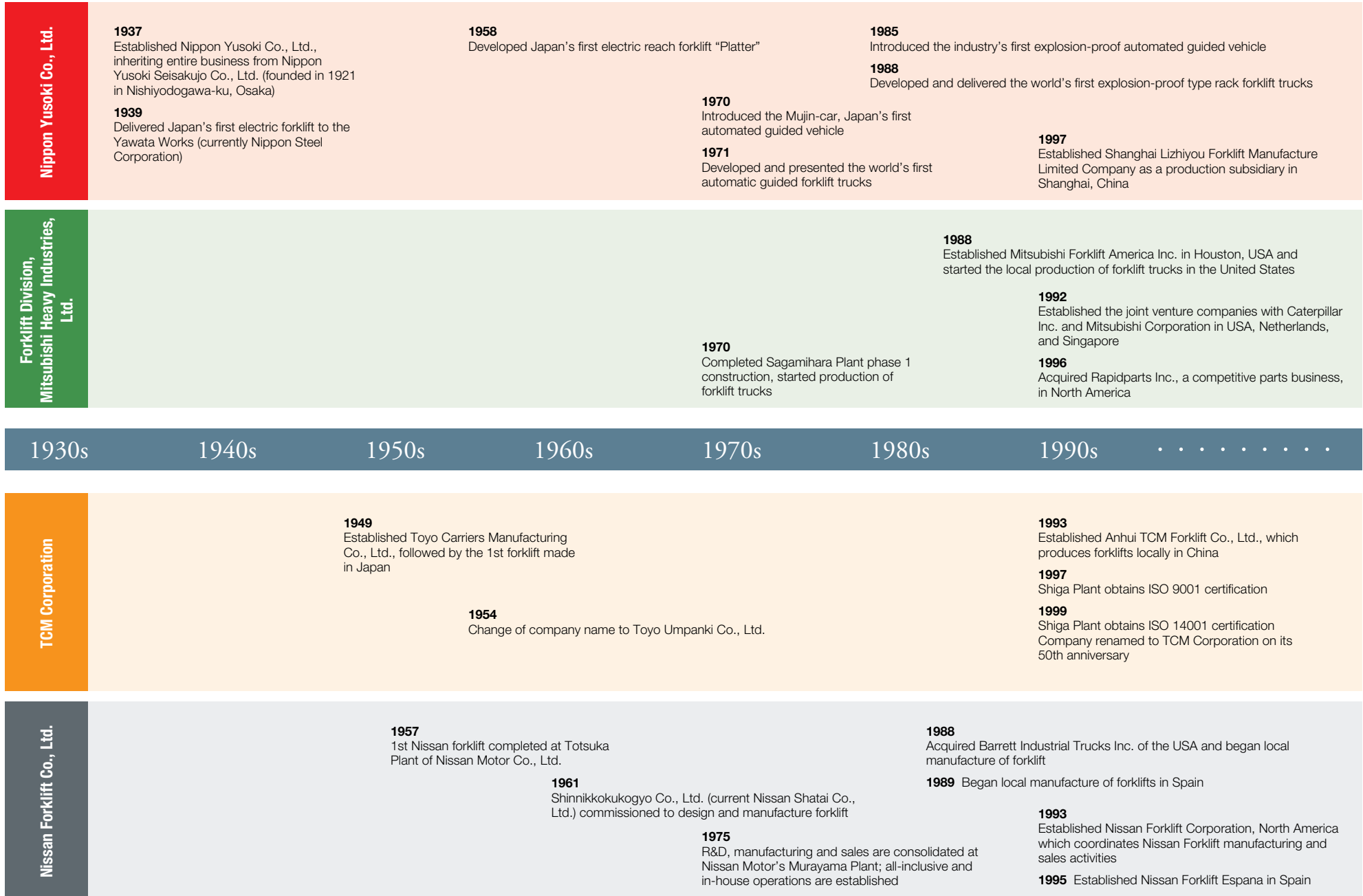
Part of our laser-guided AGF product line is manufactured by Mitsubishi Logisnext Europe Oy, our Group company in Finland.

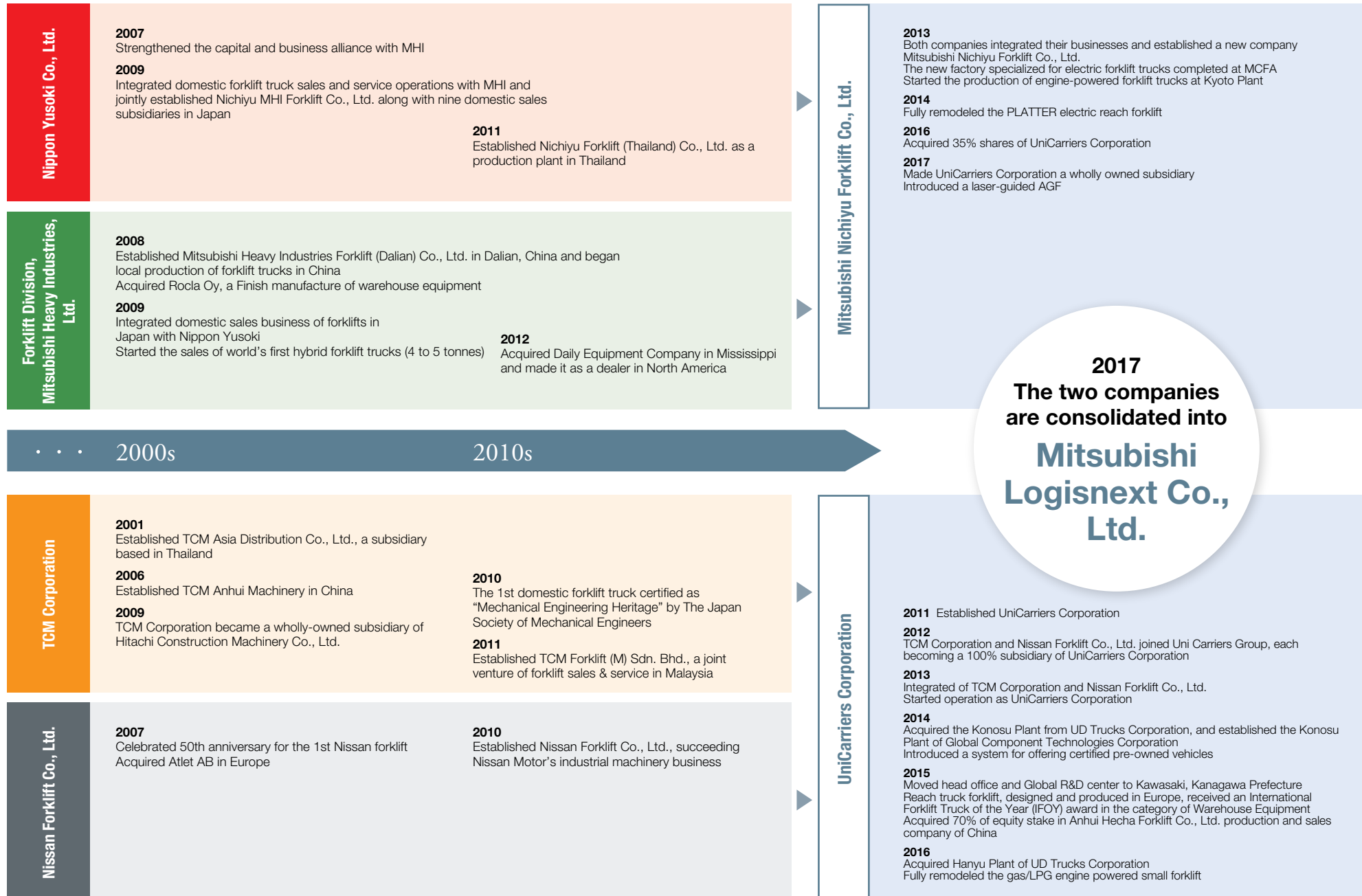
In Europe, a leading market in terms of decarbonization and automation, we are working to differentiate ourselves by offering mixed-fleet solutions incorporating both manned forklifts and AGVs.



		FY2018	FY2019	FY2020	FY2021	FY2022
Financial Data	Net sales (Millions of yen)	448,381	448,918	391,496	465,406	615,421
	Operating Profit (Before amortization of goodwill) (Millions of yen)	21,981	18,182	10,990	13,013	24,995
	Operating Profit (Millions of yen)	13,156	8,288	1,594	3,592	14,709
	Ordinary Profit (Millions of yen)	13,714	6,896	2,014	3,240	11,646
	Profit attributable to owners of parent (Millions of yen)	7,077	(5,392)	(2,683)	717	6,913
	R&D expenses (Millions of yen)	5,528	5,292	4,362	4,649	5,040
	Capital expenditure (Millions of yen)*	17,844	27,084	18,128	26,710	45,698
	Depreciation and amortization (Millions of yen)	18,669	23,367	23,522	23,956	25,844
Cash Flows	Cash flows from operating activities (Millions of yen)	21,925	42,004	33,480	20,621	28,743
	Cash flows from investing activities (Millions of yen)	(6,862)	(48,953)	(22,475)	(19,243)	(40,233)
	Cash flows from financing activities (Millions of yen)	(16,189)	9,600	(11,931)	(4,601)	11,729
	Cash and cash equivalents at end of year (Millions of yen)	13,273	15,335	15,000	12,562	13,245
Financial position	Total Assets (Millions of yen)	367,662	373,492	363,357	405,601	475,432
	Net Assets (Millions of yen)	68,503	57,178	55,394	63,737	76,027
	Interest-bearing debt (Millions of yen)	167,424	183,627	182,695	188,182	229,665
Per share amounts	Earnings per share (yen)	66.48	(50.63)	(25.19)	6.73	64.82
	Net assets per share (yen)	619.85	513.77	514.70	592.02	707.19
	Dividend per share (yen)	13	13	8	8	9
Key Performance Indicators	Operating profit margin (Before amortization of goodwill) (%)	4.9	4.1	2.8	2.8	4.1
	Operating profit margin (%)	2.9	1.8	0.4	0.8	2.4
	ROA (Return on assets) (%)	1.9	(1.5)	(0.7)	0.2	1.6
	ROE (Return on equity) (%)	11.2	(8.9)	(4.9)	1.2	10.0
	Current ratio (%)	127.1	125.5	129.4	131.5	126.8
	Capital adequacy ratio (%)	18.0	14.7	15.1	15.6	15.9
	DOE (Dividend on Equity Ratio) (%)	2.2	2.3	1.6	1.4	1.4
	D/E ratio (times)	2.5	3.4	3.3	3.0	3.0

* Includes forklifts for leases and rental business. It also includes intangible assets.





Company Name Mitsubishi Logisnext Co., Ltd.
Head Office 1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585 JAPAN
Establishment August 1937
Representative Yuichi Mano, President
Capital 4,938 million yen (as of March 31, 2023) (Standard Market, Tokyo Stock Exchange)
Net Sales 615,421 million yen (as of March 31, 2023)
Employees 12,056 (as of March 31, 2023)

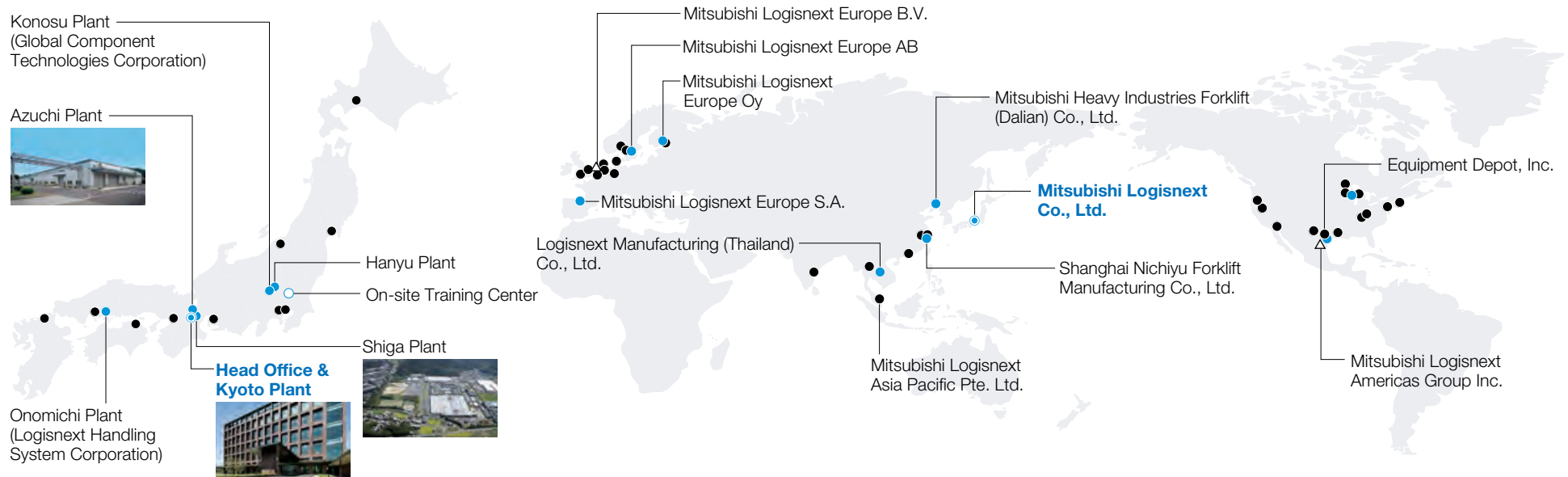
Scope of Business Development, design, manufacture and sale of logistics system products such as electric forklifts, engine-powered forklifts, container carriers, transfer cranes, transport robots, automated warehouses, and warehouse management systems (WMS)
Locations Head Office and Kyoto Plant, Shiga Plant, Azuchi Plant, Tokyo Office, On-site Training Center, Hanyu Plant
 Sales & Service: approximately 400 Service Depots nationwide
 International locations: U.S.A., Netherlands, Finland, Sweden, Spain, China, Thailand, and Singapore

Directors and Supervisory Board Members

Takashi Mikogami	Representative Director and Chairman
Yuichi Mano	Representative Director and President
Takatoshi Uno	Director
Masayuki Suematsu	Director Executive Vice President and CSO, Mitsubishi Heavy Industries, Ltd.
Osamu Ando	External Director President, Shimadzu Access Corporation
Kyoko Kobayashi	External Director Partner, Irokawa Legal Professional Corporation, Attorney External Audit and Supervisory Board Member, KAWAKAMI PAINT MANUFACTURING CO., LTD. External Director, Nippon Pillar Packing Co., Ltd.
Fumio Kobayashi	External Director Adviser, Japan Material Flow Institute
Shinji Ichihara	Audit and Supervisory Board Member
Katsutoshi Yuasa	Audit and Supervisory Board Member
Shigeru Yoshimura	External Audit and Supervisory Board Member
Kazuhiro Fukuoka	External Audit and Supervisory Board Member Director, GS Yuasa Corporation Director, General Manager, Human Resources Division, GS Yuasa International Ltd.

Networks (as of September 30, 2023)

● Production bases ● Major sales bases ▲ Regional HQ



Logisnext

Logistical Equipment & System Solutions Next

Editorial Policy

The purpose of this report is to create opportunities for dialogue by communicating the Group's sustainable growth initiatives to a wide range of stakeholders.

Reporting Period

This report spans the period from April 1, 2022 to March 31, 2023.

* Some initiatives undertaken before and after this period are also reported.

Organizational Scope

This report covers Mitsubishi Logisnext Co., Ltd., but some articles make reference to other group companies.

Reference Guidelines

This publication adheres to the Integrated Reporting Framework of the Value Reporting Foundation.

Cautionary Note on Future Prospects

The plans, strategies, earnings forecasts, and other forward-looking statements described in this report are based on currently available information and involve risks and uncertainties. Note that actual results may differ significantly from the company's forecasts due to changes in economic conditions, market trends, and other factors.