Annual Report 2017

For the fiscal year from April 1, 2016 to March 31, 2017

Note: Effective October 1, 2017, Mitsubishi Nichiyu Forklift Co., Ltd., will change its name to Mitsubishi Logisnext Co., Ltd. For details, please visit our corporate website and see the news release dated July 13, 2017, posted in the News & Topics section.

MITSUBISHI NICHIYU FORKLIFT CO., LTD.

A Message to Our Shareholders and Investors

Summary of market conditions and performance in fiscal 2016

In the consolidated fiscal year under review, the Group attempted to further increase sales and its share in the Japanese market through efforts to propose various solutions accurately meeting customer needs in terms of logistics advances and efficiencies. In overseas markets, efforts were made to enhance the Group's overall sales and earnings capabilities by responding to exchange rate fluctuation while promoting product development, production and after-sales services supporting sales strategies in each region. In addition, UniCarriers Holdings Corporation (hereinafter "UniCarriers"), which became a Group equity method affiliate on March 31, 2016, was converted into a wholly-owned subsidiary during the fiscal year under review on January 1, 2017.

As a result, Group net sales were 270.9 billion yen (up 11.7% from the previous fiscal year). Despite a decline in sales from overseas subsidiaries due to the impact of exchange rates, the three-month contribution from wholly-owned subsidiary UniCarriers made up for this decline.

Operating profit was 10.5 billion yen (up 4.2% from the previous consolidated fiscal year) due to the additional contribution of UniCarriers consolidated income, reduced material costs and improved profit at European subsidiaries.

At the same time, ordinary profit was 8.9 billion yen (down 6.5% from the previous consolidated fiscal year) due to equity method investment losses associated with UniCarriers up to the third quarter of the fiscal year under review. Net income attributable to parent company shareholders was 3.6 billion yen (down 22.9% from the previous consolidated fiscal year).

Hideaki Ninomiya
President and CEO

Initiatives and outlook for fiscal 2017

In fiscal 2017 (ending March 31, 2018), we will launch the Group's new mid-term management plan "Perfect Integration 2020."*

The mid-term management plan was formulated with the aim of accelerating and maximizing the creation of synergies, expanding the scale of our business in light of the management integration with UniCarriers and due to the evolving global economy as well as macro environment surrounding the Company. We will combine the expertise in sales, technology and production accumulated by Mitsubishi Nichiyu Forklift and UniCarriers thus far. As a result of our extensive experience, we will create a robust business structure and achieve scale expansion through management integration, with the aim of becoming the world's top-class general logistics equipment manufacturer engaged in increasing growth and profitability. Presently, we are making various preparations for the management integration which is scheduled for October 2017.

In light of this, our consolidated earnings forecast for fiscal 2017 (ending March 31, 2018) calls for net sales of 410.0 billion yen (up 51.3% from the previous consolidated fiscal year), operating profit of 9.0 billion yen (down 14.4% from the previous consolidated fiscal year), ordinary profit of 8.0 billion yen (down 10.9% from the previous consolidated fiscal year) and net income attributable to parent company shareholders of 3.5 billion yen (down 3.7% from the previous consolidated fiscal year).

Note: Please see page 5 for an overview of the mid-term management plan, its basic policies and numerical targets.

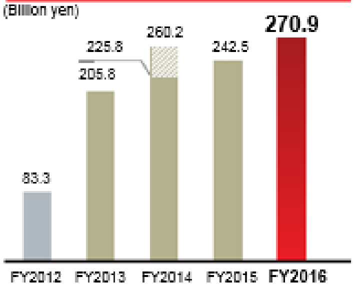
Message to our shareholders

Our basic dividend policy is to consider the balance between returning profits to shareholders and maintaining internal reserves required for establishing business infrastructure that appropriately reflects earnings in a given fiscal year. In accordance with this policy, in fiscal 2016 we will provide a dividend of 11 yen per share. In fiscal 2017, as a result of the aforementioned consolidated fiscal earnings forecast, we plan to pay a dividend of 11 yen per share.

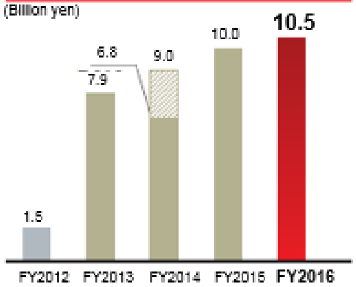
The continued understanding and warm support from shareholders is highly appreciated.

Financial Highlights

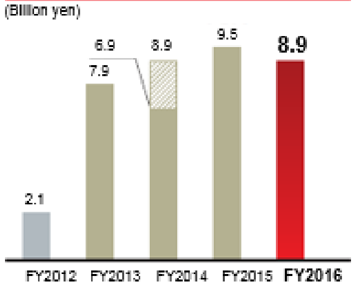
Sales



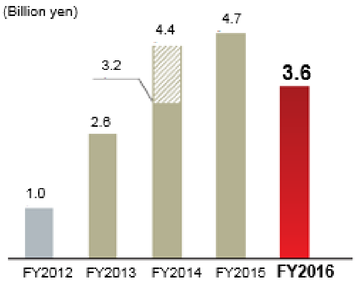
Operating Profit



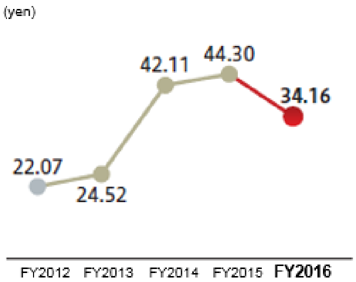
Ordinary Profit



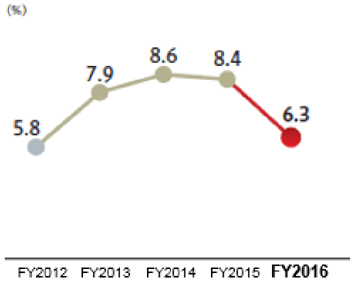
Profit attributable to owners of parent



Earnings per Share



Return on equity

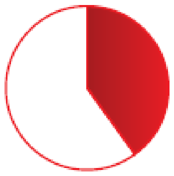


Nippon Yusoki Co., Ltd., data is listed for the fiscal year ended March 31, 2013.

Additional data (January–March) in accordance with overseas consolidated subsidiary accounting period changes.

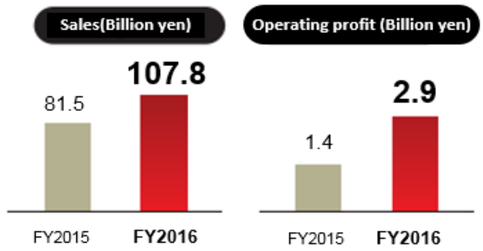
Overview by Each Segment

Domestic Business



Sales composition by
business segment

40%



Net sales were 107.8 billion yen (up 32.2% from the previous consolidated fiscal year) and segment profit was 2.9 billion yen (up 101.9% from the previous consolidated fiscal year). Net sales and segment profit increased substantially due to the consolidation of UniCarriers, as well as other factors including an increase in the number of battery-powered forklifts sold and increased sales of large logistics system projects.

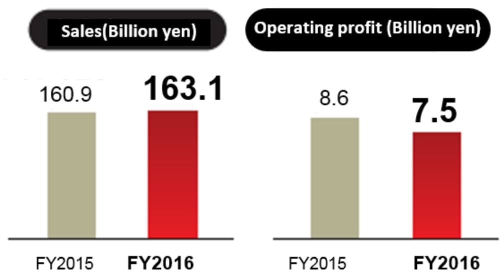
In terms of segment profit, despite the increase of positive factors such as cost reductions related to material expenses and excluding the impact of making UniCarriers into a subsidiary, segment profit declined slightly.

Moreover, in accordance with UniCarriers becoming a subsidiary and from the fourth quarter of the fiscal year under review, net sales and segment profit were consolidated and impacted domestic business, resulting in an increase in net sales of 25.2 billion yen and an increase in segment profit of 1.5 billion yen.

Overseas Business

Sales composition by
business segment

60%



Net sales were 163.1 billion yen (up 1.3% from the previous consolidated fiscal year) and segment profit was 7.5 billion yen (down 12.3% from the previous consolidated fiscal year). Segment profit, despite improvements in the European business, cost reductions, and tighter control of expenses, resulted in a significant decline due to the negative impact of exchange rate fluctuation as well as the amortization cost of good will associated with the consolidation of UniCarriers.

Moreover, the impact on the Group's overseas business due to UniCarriers becoming a wholly-owned subsidiary was an increase in net sales of 23.7 billion yen and a decrease in segment profit of 0.8 billion yen.

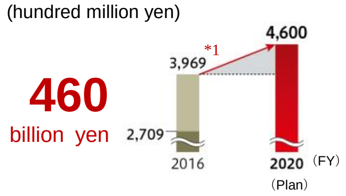
About New Mid-Term Management Plan

We Formulated a New Mid-term Management Plan to Maximize and Accelerate Business Scale Expansion and Creation of Synergies.

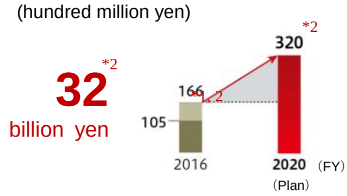
We worked hard to achieve the objectives of our previous mid-term management plan “Best Integration 2017” (fiscal 2014–fiscal 2017). In light of the management integration with the acquisition of UniCarriers as a wholly-owned subsidiary and substantial changes in the environment surrounding the Company, we have formulated “Perfect Integration 2020”. This plan is a new four-year mid-term management plan with its final year in the fiscal year ending March 31, 2020, which aims to achieve sustainable growth and improve profitability.

Fiscal 2020 Numerical Targets

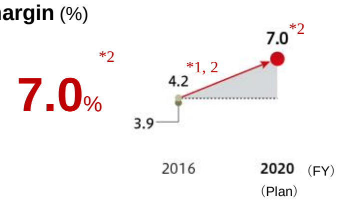
Consolidated net sales (hundred million yen)



Consolidated operating income (hundred million yen)



Consolidated operating income margin (%)



Fiscal 2016 Results

*1. Hypothetical consolidated figures (when UniCarriers and Company results are consolidated in fiscal 2016).
*2. Before goodwill amortization.

Basic policy

1. Growing by implementing the multi-brand / glocal*3 strategies

Support for mature country markets

Expand business in developing country markets

→Increase the scale of business by implementing specific strategies appropriate for the local needs

New Business Creation

- ●Reinforcement of electric forklifts development capabilities
- ●Expansion of solution business
- ●Utilization of advanced technologies

→Realizing the future needs by “utilizing advanced technologies” and “optimizing resources”

2. Reinforcing the management infrastructure that supports growth

Optimization of supply chains

- ●Improving production efficiency by segregating the produced models for each region
- ●Pursuing economies of scale by utilizing the global joint procurement activities

Improving efficiency and reinforcing the corporate functions

- ●Reinforcing significantly the headquarters’ corporate functions and supporting development of the glocal *3 / multi-brand management through the management integration

●Establish an integrated human resource system ●Promote human resource development ●Promote creation of a corporate culture ensuring thorough compliance	●Enhance corporate governance ●Enhance risk management ●Promote CSR
●Integrate and enhance accounting systems ●Maintain and enhance CMS*4	●Create global infrastructure ●Enhance security system

*3. Glocal: Aiming for global development while providing products and services tailored to specific needs of each region.
*4. CMS: Cash management system based on cash pooling

TOPICS

Mitsubishi Nichiyu Forklift Design Capabilities and Brand Power

1. Overseas Design Award Received in Recognition of Manufacturing Supporting Local Needs Rocla-Designed Reach-type Forklift SENSiA for the European Market Wins Reddot Award 2016!

SENSiA, developed and produced by Rocla Oy, a European Group company, received the internationally influential design prize “Reddot Award 2016.” This is the fifth time Rocla Oy has received this award, selected among 5,214 candidates from 57 countries, the largest entry pool in the award’s history. In developing SENSiA, thorough market research was conducted with the assistance of our customers. The judges’ high evaluation was based on innovations realized in all aspects of the product, from usability and loading to driving.

2. Our booth at Logis-Tech Tokyo 2016 Intended to Further Improve Brand Image

We participated at Logis-Tech Tokyo 2016, held at Tokyo Big Sight for four days during September 13–16, 2016.

At the exhibition, we shifted the concept of our booth from emphasizing current products being built today, to improving the Mitsubishi Nichiyu Forklift corporate brand image. We presented a new exhibit featuring a collaboration between actual machines and computer graphic visuals. The dynamic video shown on a large screen attracted the attention of many visitors whose vocal admiration led to enthusiastic applause. As a result of our booth being adjacent to the UniCarriers booth, we were able to successfully attract additional visitors.

Presentation corner

Safety and vehicle nagement

Stock Information

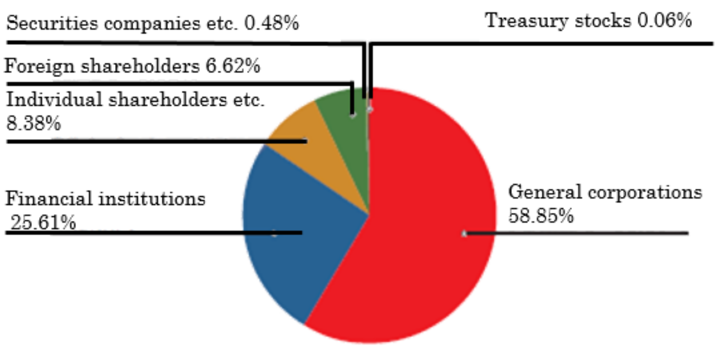
As of March 31, 2017

Total number of authorized shares	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
Shares issued	Common stock	76,611,269 shares
	Class A stock	32,274,744 shares
Number of shareholders	Common stock	3,185
	Class A stock	2

■ Major Shareholders (Common stock)

Name of shareholder	No. of shares	Equity position
	Unit: 1,000 shares	%
Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.	39,033	50.95%
GS Yuasa Corporation	4,701	6.14%
The Master Trust Bank of Japan, Ltd.	3,729	4.87%
Japan Trustee Services Bank, Ltd.	3,642	4.75%
Meiji Yasuda Life Insurance Company	2,765	3.61%
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,853	2.42%
CBNY-GOVERNMENT OF NORWAY	1,380	1.80%
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,363	1.78%
The Bank of Kyoto, Ltd.	1,301	1.70%
The Shiga Bank, Ltd.	941	1.23%

■ Shareholder Distribution (Common stock)



Consolidated Financial Statements

Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2015	FY2016
	(As of March 31, 2016)	(As of March 31, 2017)
Assets		
Current assets	97,999	178,195
Fixed assets	94,163	188,719
Tangible fixed assets	38,748	90,955
Intangible fixed assets	5,903	86,032
Investments and other assets	49,512	11,731
Total Assets	192,163	366,915
Liabilities		
Current liabilities	119,695	151,629
Fixed liabilities	14,269	155,264
Total Liabilities	133,964	306,893
Net worth equity		
Stockholders' equity	51,479	54,597
Capital	4,890	4,890
Capital surplus	35,842	35,839
Earned surplus	10,771	13,888
Treasury stock	(26)	(20)
Other accumulated comprehensive income	5,133	3,496
Equity warrant	112	143
Non-controlling interests	1,473	1,783
Total Net Worth Equity	58,199	60,021
Total Liabilities and Net Worth Equity	192,163	366,915

Overview of Consolidated Balance Sheets

Regarding total assets, although working capital improved as a result of efforts aimed at reducing inventories, total assets amounted to 366,915 million yen, mainly due to the acquisition of UniCarriers as a wholly-owned subsidiary. This resulted in a substantial increase in total assets of 174,751 million yen compared to the previous year.

In terms of total liabilities, increased borrowings related mainly to the acquisition of UniCarriers stock caused total liabilities to increase significantly by 172,928 million yen compared to the previous year, to 306,893 million yen.

Despite the recording of increased retained earnings, dividend payments and decreased foreign exchange adjustments due to recent yen appreciation caused net assets to increase to 60,021 million yen, 1,822 million yen higher compared

* From the previous consolidated fiscal year, the Group standardized the accounting period to end on March 31, thus with the exception of Nichiyu Forklift (Thailand), whose accounting period already ends on March 31, the fiscal year of overseas consolidated subsidiaries is presented as a 15-month period, from January 2014 to March 2015.

Consolidated Income Statements (Summary)

(Million yen)

Item	FY2015	FY2016
	From April 1, 2015 through March 31, 2016	From April 1, 2016 through March 31, 2017
Sales	242,519	270,969
Cost of sales	188,297	207,098
Gross profit on sales	54,222	63,871
Selling, general and administrative expenses	44,135	53,362
Operating profit	**10,086**	**10,508**
Non-operating income	616	1,127
Non-operating expenses	1,104	2,658
Ordinary profit	**9,598**	**8,978**
Special profit	40	88
Special loss	282	271
Current net profit unadjusted for tax	**9,356**	**8,795**
Corporation tax, residents tax and enterprise tax	3,073	4,803
Adjusted amount of corporation tax etc.	1,287	144
Net income	**4,995**	**3,847**
Profit attributable to non-controlling interests	282	211
Profit attributable to owners of parent	**4,713**	**3,635**

Overview of Consolidated Income Statements

Net sales increased to 270,969 million yen. Despite the impact from foreign exchange adjustments on overseas subsidiaries due to yen appreciation, the inclusion of three months of increased sales from the acquisition of UniCarriers as a consolidated subsidiary, higher demand for battery-powered forklifts in Japan and growth in logistics systems sales contributed to the increase in net sales

In terms of income, although the stronger yen led to income deterioration, operating income increased to 10,508 million yen due to materials expense reductions and improved income at European subsidiaries in addition to the contribution from UniCarriers consolidated income. At the same time, ordinary profit was 8,978 million yen due to equity method investment losses associated with UniCarriers up to the third quarter of the fiscal year under review. Net income attributable to parent

Company Outline

As of March 31, 2017

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

Operation Centers

Head Office and Kyoto Plant
2-1-1, Higashi-kotari, Nagaokakyo City, Kyoto 617-8585 Tel: 075-951-7171
Shiga Plant
8-1, Nishioiso, Azuchi-cho, Omihachiman City, Shiga Pref. 521-1334 Tel: 0748-46-5511
On-Site Training Center
576, Hongo, Sugito-machi, Kitakatsushika-gun,
Saitama Pref. 345-0023 Tel: 0480-37-2108

Executives

As of June 29, 2017

- Hideaki Ninomiya, President and CEO
- Takashi Mikogami, Director and Senior EVP
  (Senior Executive Vice President, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.)
- Masanori Kagami, Director and SVP
- Shinji Fujita, Director
  (Senior Vice President, General Manager of Research and Development Division, Unicarriers Corporation)
- Hiroaki Yamamoto, Director
  (Senior General Manager, Corporate Planning Business Strategy Office, Mitsubishi Heavy Industries, Ltd.)
- Takayuki Kato, Director
- Ken Okochi, Director
- Hiroshi Maeshima, Audit and Supervisory Board Member
- Norio Konishi, Audit and Supervisory Board Member
- Masahide Kuragaki, Audit and Supervisory Board Member
  (Director, GS Yuasa Corporation)
- Yasuyuki Fukuoka, Audit and Supervisory Board Member
  (Senior Corporate Audit, Dai Nippon Toryo Company, Limited)
- Takumi Saito, Audit and Supervisory Board Member