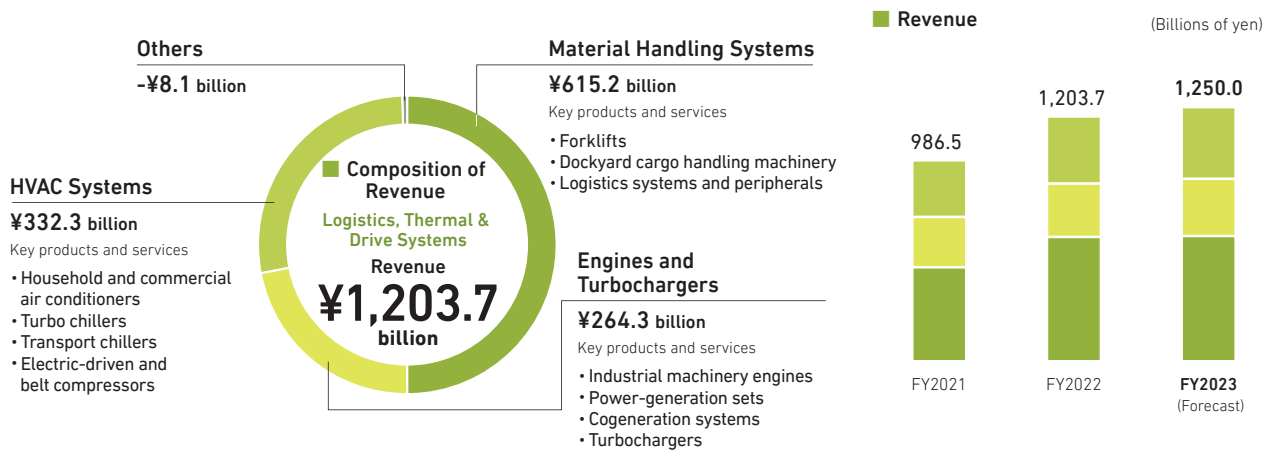


# Logistics, Thermal & Drive Systems



## Overview of FY2022 and Key Strategies in the Medium to Long Term

### Business Environment

Operations were impacted by soaring costs for raw materials and logistics, as well as supply chain turmoil, caused by the COVID-19 pandemic. Nevertheless, revenue is on a recovery track driven by a variety of measures, among them initiatives targeting robust demand growth in the post-pandemic world and appropriate pricing. Over the medium to long term, against a backdrop of progress toward a low-carbon or carbon-free society, the market for energy-saving and electric-driven products is expanding, as we push to develop new products.

In this domain, along with eyeing growth in existing businesses centered on the growth fields of logistics and HVAC systems, we are seizing the initiative to develop markets in the area of Smart Infrastructure, particularly for logistics intelligence and freezer and refrigerated warehouses.

### Business Status

Due primarily to increases in material handling and HVAC systems, against a backdrop of expansion in global demand, consolidated orders received increased year on year to ¥1,215.0 billion. Revenue was up year on year to ¥1,203.7 billion due mainly to increases in material handling systems and HVAC systems. Profit from business activities was up year on year to ¥38.9 billion due to appropriate pricing and an increase in profit associated with the overall increase in revenue, despite the impacts of rising material and logistics expenses, and the continuing effects of production adjustments by auto manufacturers due to semiconductor shortages.

As a new domain, in logistics intelligence, we are linking together the  $\Sigma$ SynX (Sigma SynX), which merges our advanced control technologies, with warehouse control systems, marking progress on trial testing for automating picking, incoming and outgoing deliveries, and freight loading and unloading, with steps underway toward commercialization. Additionally, in freezer and refrigerated warehouses, where we already have a track record in the delivery of such systems, in addition to high cooling efficiency and low power consumption, we are amassing simulation technology in a push to achieve greater optimization and are eyeing business expansion, including into South-east Asia, where greater needs are projected going forward.

## FOCUS Smart Infrastructure Enabled by DX Utilization



Image of completed freezer/refrigerated warehouse



In-warehouse simulation through 3D modeling

In Logistics, Thermal and Drive Systems, we are contributing heavily to the development of Smart Infrastructure leveraging DX. The key to digital solutions in this domain is the  $\Sigma$ SynX (Sigma SynX), a digital platform that consolidates our advanced control technologies. By providing one-stop solutions for reductions in labor, as well as optimization and high reliability, we are already advancing initiatives that answer customers' diverse needs.

For initiatives related to logistics intelligence, we began offering automated picking solutions anchored by Automated Guided Forklifts (AGF), and in November 2022, joined forces with Kirin Beverage Company, Limited and Kirin Group Logistics Co., Ltd. to launch joint trial tests of automated picking in beverage warehouses. In this way, we are working to solve the

range of logistics-related issues facing the beverage industry.

In freezer and refrigerated warehouses, in addition to equipment and building optimization and shorter construction times enabled through comprehensive engineering, we are also realizing high efficiency cooling and lower power consumption. Going forward, our aim is for future business expansion, including into the Southeast Asia market, through the pursuit of greater optimization that simulation technology will make possible. In January 2023, we delivered a freezer/refrigerated warehouse to Kyoto Enkangyo Oroshi Kyodo Kumiai, an intermediate wholesale cooperative in the Kyoto Municipal Central Wholesale Market, contributing significantly to shortening construction time, improving cooling efficiency and reducing power consumption for the cooperative.

### ► Stakeholder Voices



**Mr. Taizo Tsuji**  
Director  
Kyoto Enkangyo Oroshi Kyodo  
Kumiai

#### Proposed one-stop solution for achieving optimal design, reducing environmental impact & realizing energy and cost savings

Our cooperative serves as an intermediate wholesaler in the Kyoto Municipal Central Wholesale Market for products from northern seas and other areas. Since 1988, we have adopted the use of freezer equipment made by the former Toyo Seisakusho Kaisha, Ltd. (currently Mitsubishi Heavy Industries Air-Conditioning and Refrigeration, Ltd.). This time, based on a proposal from MHI Group, we opted for a one-stop solution that integrates the building and equipment. The ability to contract out everything in one stop, from the initial concept through to design and actual construction, not only allowed us to save costs, but also made equipment-side reductions in environmental impact and energy savings possible. Furthermore, the maintenance of quality through measures to prevent heat and moisture, essential for a freezer warehouse, coupled with the proposal of comprehensive solutions that include after-sales service following delivery of the equipment, have all been an incredible comfort to us as end users.