



Financial Results Briefing for the 2nd quarter of FY2021

(FY2021:From April 1, 2021 to March 31, 2022)

Nov. 9, 2021

MITSUBISHI LOGISNEXT



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MITSUBISHI LOGISNEXT

President and CEO, Takashi Kubo

Economic Market Trends

- The global economy is continuing its recovery trend from COVID-19.
- The overseas market for material handling equipment has shown strong growth in Europe, the U.S., and Asia since around September last year, with China showing recovery ahead of the rest of the world. In Japan, the recovery trend is moderate, but it is returning to the level before COVID-19.
- On the other hand, the rapid economic recovery is still causing supply chain disruptions and increasing material costs and transportation costs have had a significant impact on production and costs.

Summary of FY2021/2Q Results

- Although orders have been strong due to the growth of the forklift market, the production and shipping system has not been able to meet demand, and meeting delivery deadlines is an urgent issue.
- Net sales increased by 16.5% YoY due to strong market recovery in overseas bases.
- Operating profit increased 45.2% YoY (before amortization of goodwill, etc.) due to the recovery in sales, despite increasing material costs and transportation costs.

2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2020/2Q		FY2021/2Q		YOY Change	
Net Sales	1,854.6		2,160.9		+306.3	+16.5%
Operating Profit <small>(Before amortization of goodwill, etc.) (Operating profit margin)</small>	43.4 (2.3%)		63.1 (2.9%)		+19.6	+45.2%
Amortization of Goodwill	48.0		47.5		—	—
Operating Profit <small>(Operating profit margin)</small>	△4.6 (△0.2%)		15.6 (0.7%)		+20.2	—
Ordinary Profit <small>(Ordinary profit margin)</small>	△7.0 (△0.4%)		14.3 (0.7%)		+21.4	—
Profit Attributable to Owners of Parent <small>(Net income margin)</small>	△19.6 (△1.1%)		0.3 (0.0%)		+19.9	—

FY2020/2Q actual FX rates : USD = 106.92JPY EUR = 121.30JPY CNY = 15.26JPY

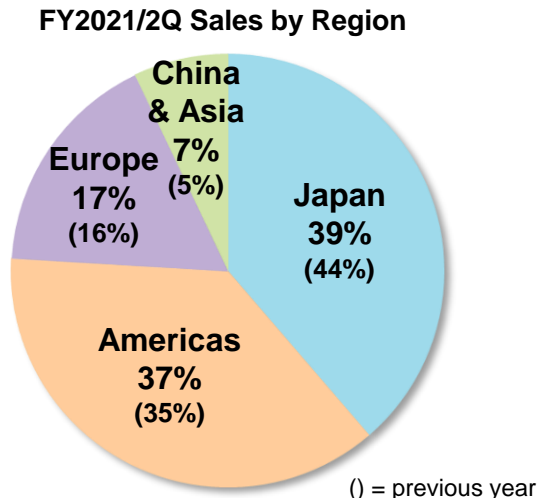
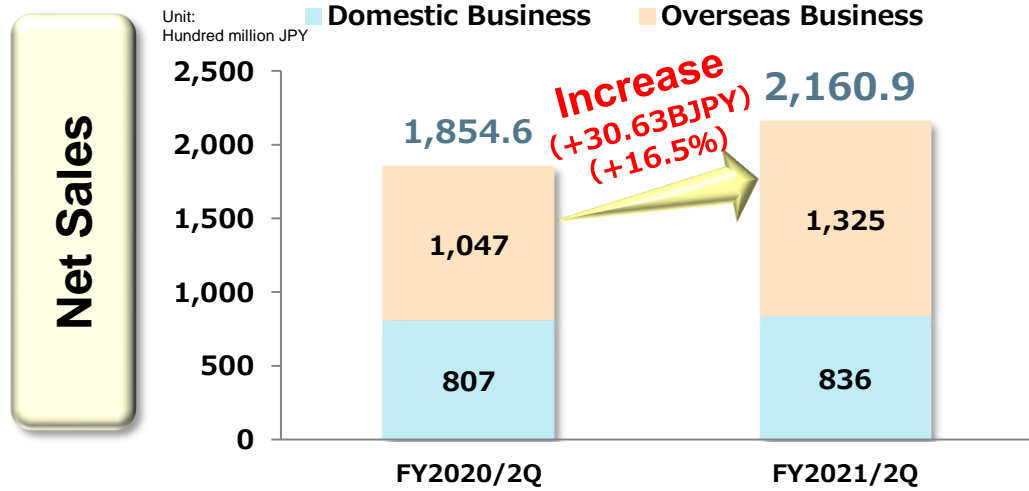
FY2020/4Q actual FX rates : USD = 106.06JPY EUR = 123.70JPY CNY = 15.67JPY

FY2021/2Q actual FX rates : USD = 109.80JPY EUR = 130.88JPY CNY = 16.99JPY

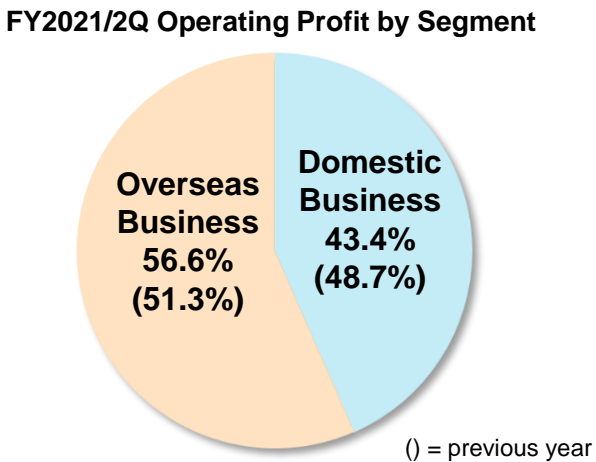
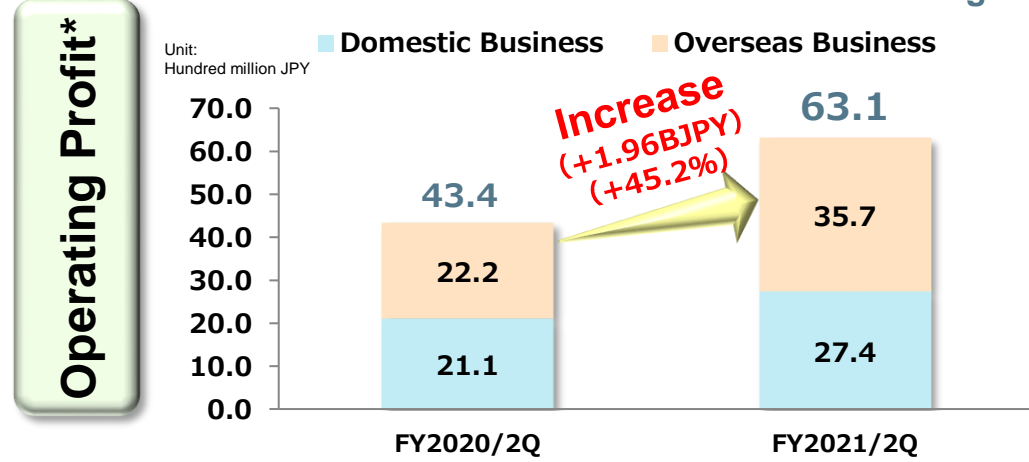
Balance Sheet	FY2020/2Q		FY2021/2Q		YOY Change	
Total Assets	3,635		3,656		+21	+0.6%
Total Liabilities	3,080		3,093		+14	+0.4%
Net Assets	555		563		+8	+1.4%

3. Business Results by Segment

Net Sale: Net sales increased due to strong market recovery mainly in Americas.



Operating profit (*): Despite the impact of the sharp rise of material and transportation costs, operating profit increased due to the contribution of higher gross profit from sales recovery.

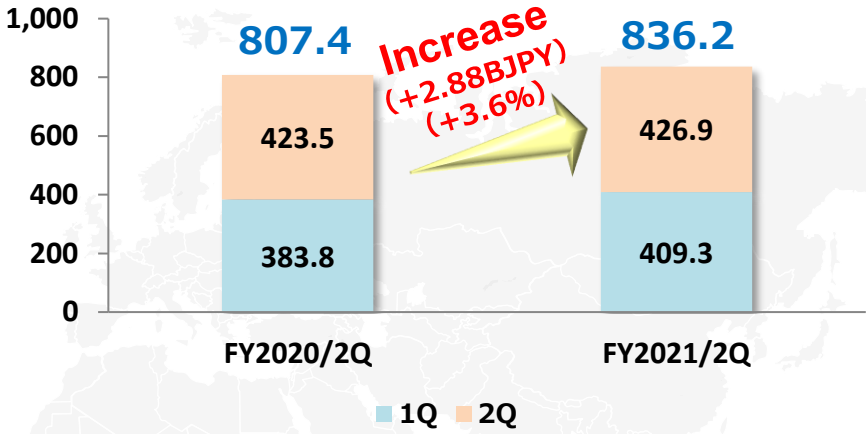


* Operating Profit before amortization of goodwill, etc.

4. Sales by Region

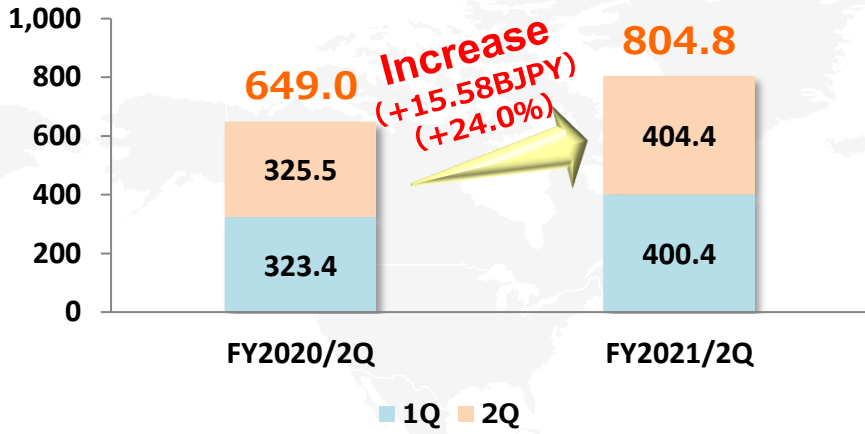
Japan

(Unit: Hundred million JPY)



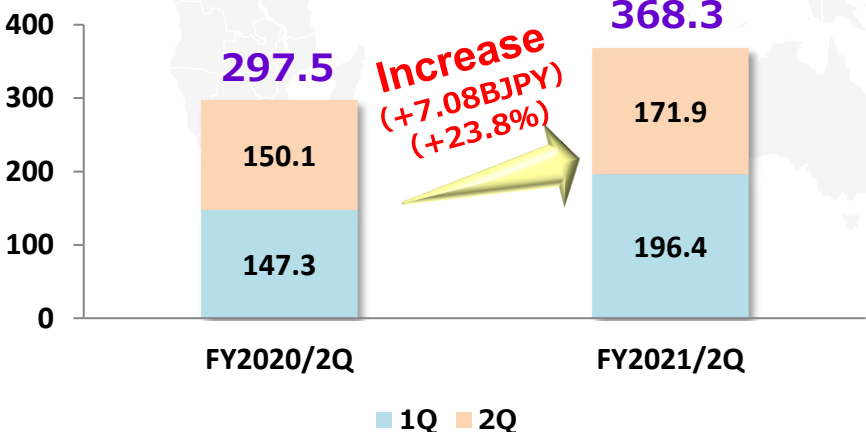
Americas

(Unit: Hundred million JPY)



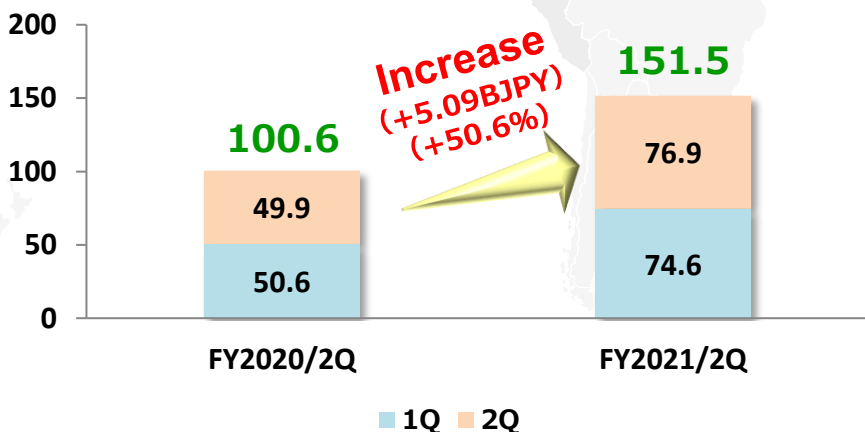
Europe

(Unit: Hundred million JPY)



China and Asia

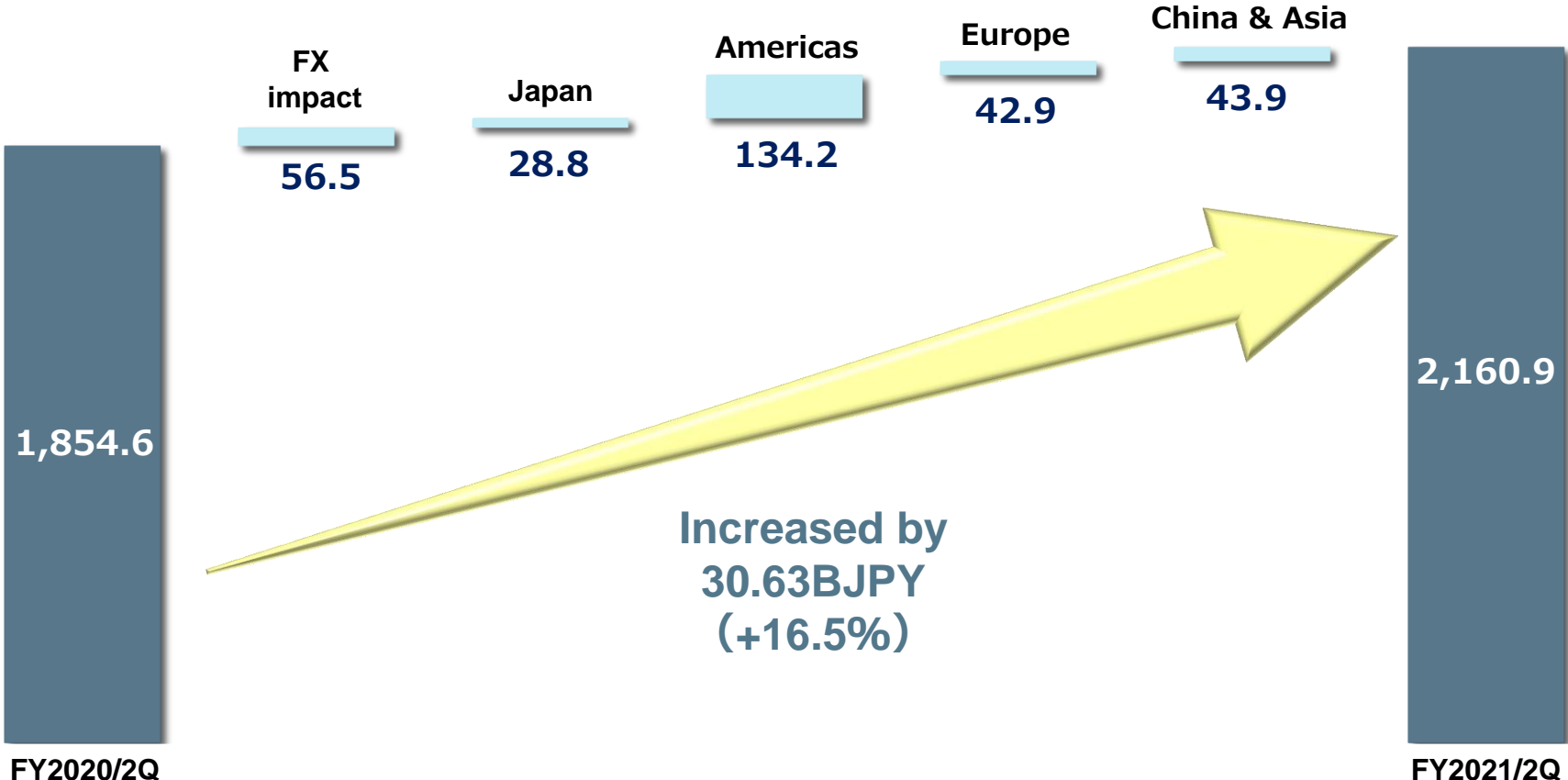
(Unit: Hundred million JPY)



5. Net Sales FY2020/2Q vs FY2021/2Q

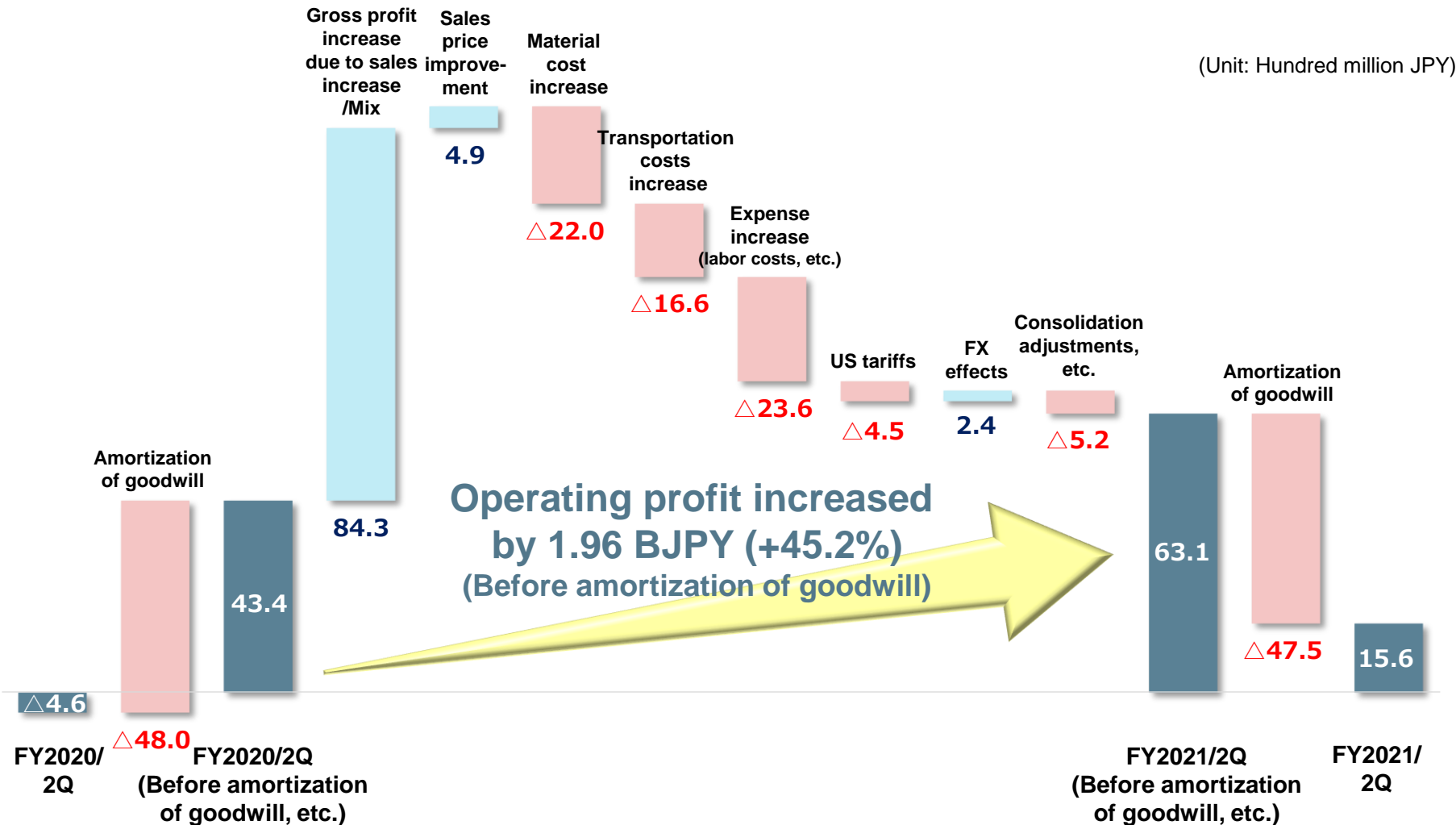
Net sales increased by 16.5% YoY because of strong recovery in overseas markets. Orders improved significantly, however because of production and shipment delays caused by supply chain disruptions, this has not directly led to an increase in sales. In addition, the recovery trend in Asia and other regions has slowed down due to the spread of COVID-19 infections.

(Unit: Hundred million JPY)



6. Operating Profit FY2020/2Q vs FY2021/2Q Logisnext

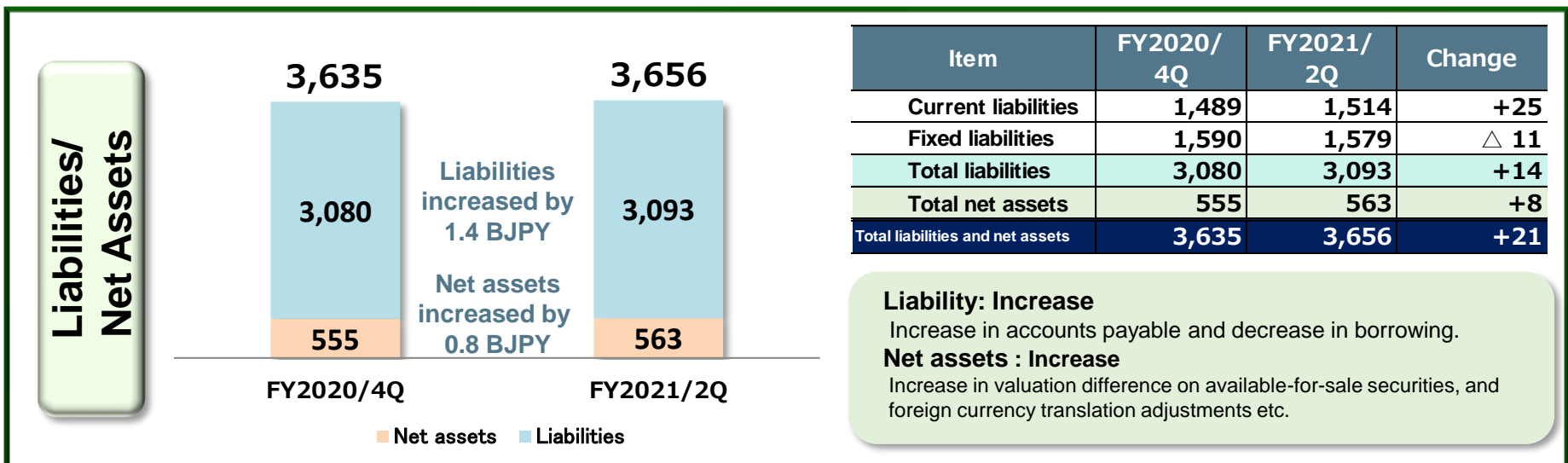
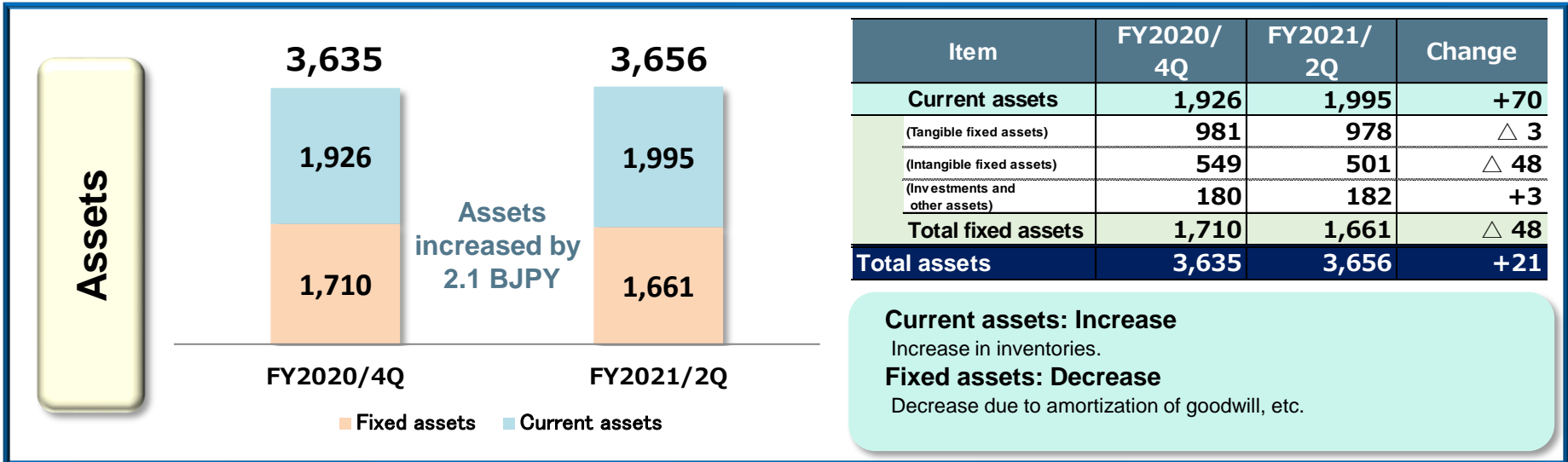
Despite the impact of higher-than-expected material and transportation costs, the increase in sales contributed to the increase in profit. Operating profit before amortization of goodwill, etc. increased by 45.2% YoY.



7. Consolidated Balance Sheet

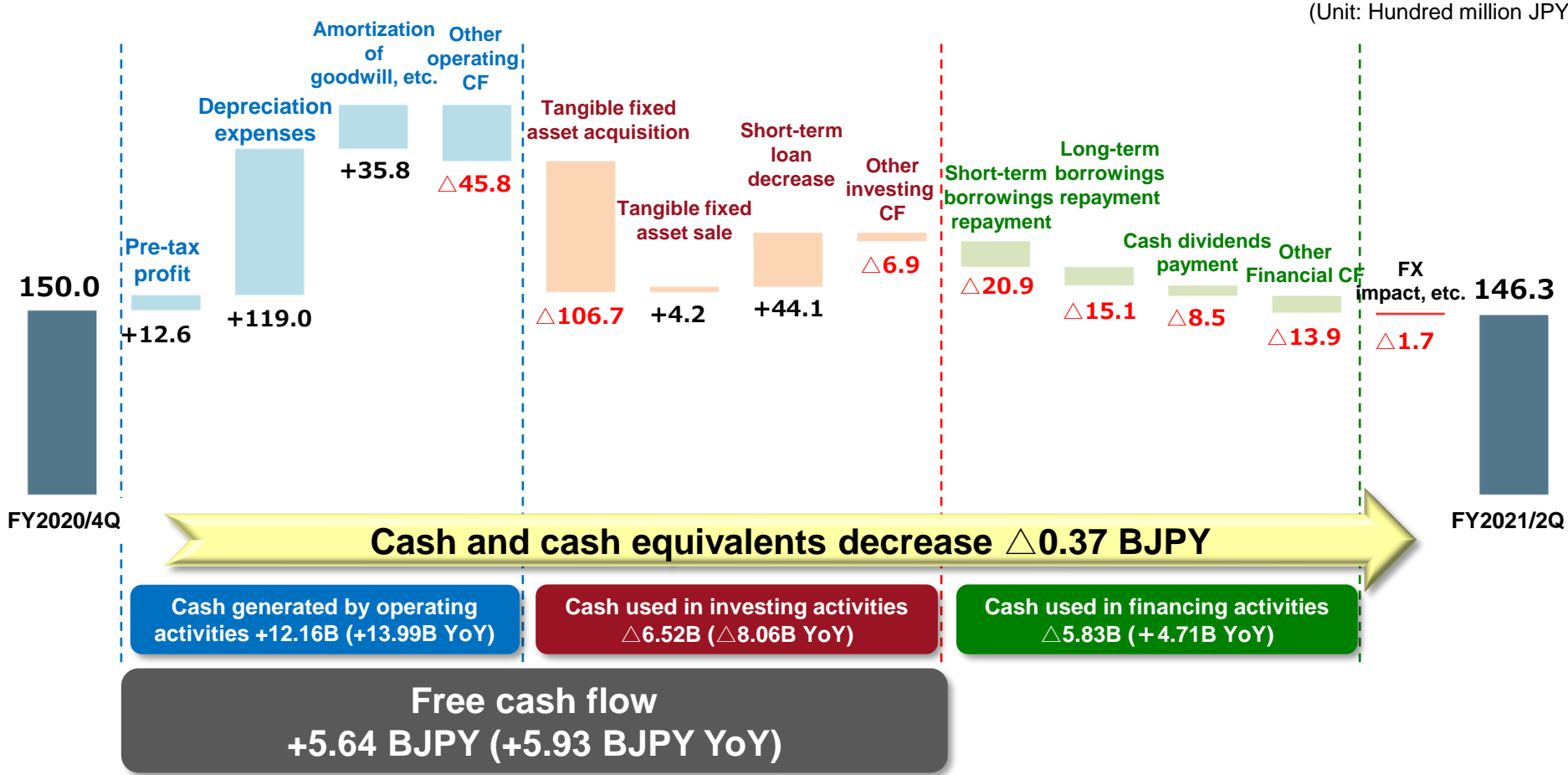
Total assets and liabilities increased due to an increase in working capital such as inventory and accounts payable as a result of business performance recovery.

(Unit: Hundred million JPY)



8. Cash Flow

Operating C/F decreased by 1.83 BJPY (14.0 BJPY in the same period last year). Working capital deteriorated from an increase in inventories caused by production and shipment delays. Free cash flow was slightly worse than last year due to the decrease in operating cash flow ($\Delta 0.29$ BJPY).



9. Financial Forecast for FY2021

On October 29, 2021, our FY2021 financial forecast has been revised because the forklift market is also recovering more than initially expected, as a major recovery trend is being seen all over the world as economic activities resume in earnest.

Main reasons for the revised FY2021 financial forecast

- Actual results up to 2Q (increase in sales compared to initial forecast) and current order situation.
- Increase in variable costs due to increasing material and transportation costs that far exceeded the initial forecast.

(Unit: Hundred million JPY)

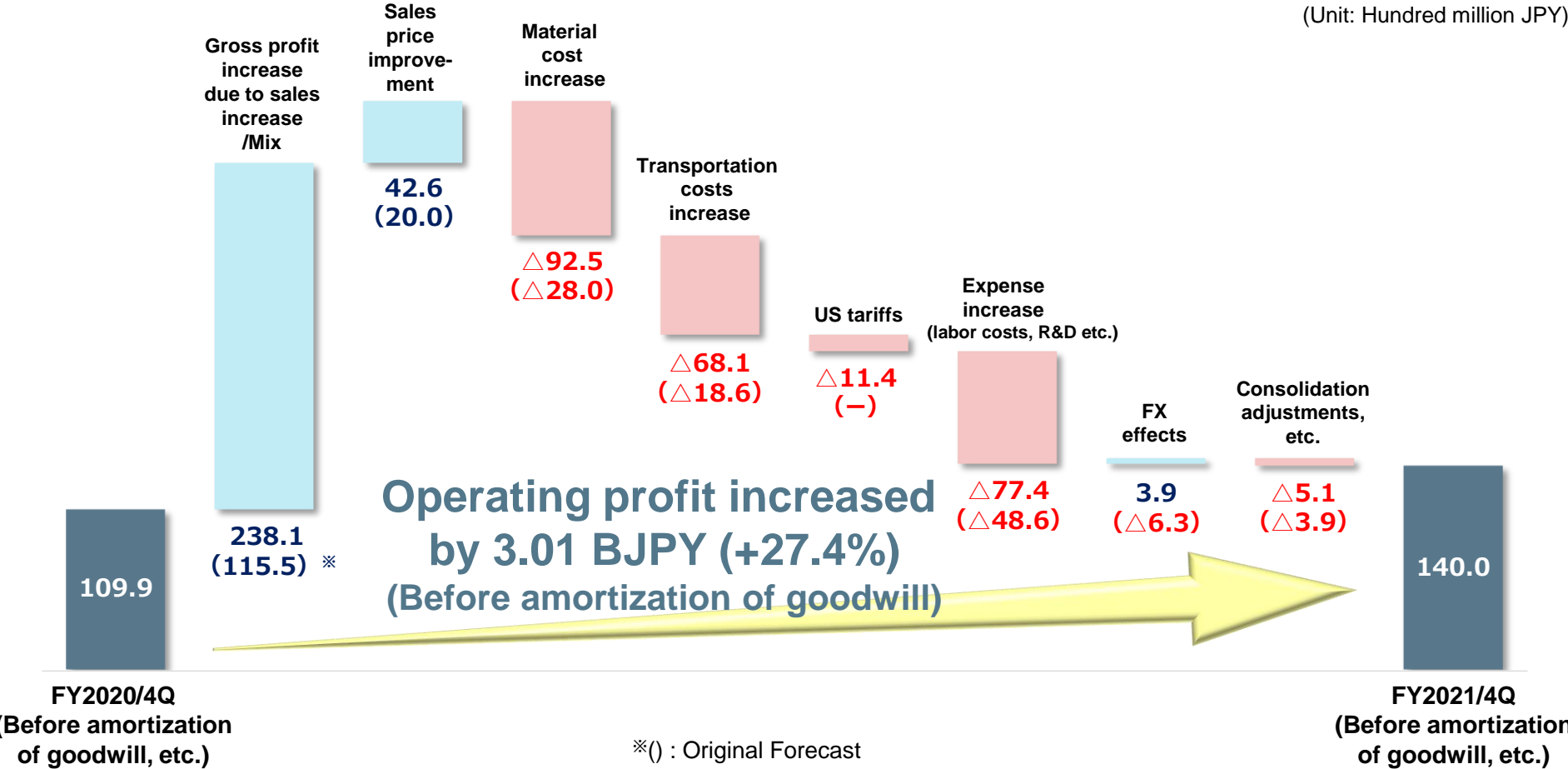
	FY2020/2Q (Results)	FY2020/4Q (Results)	FY2021/2Q (Results)	FY2021 Revised Forecast (Oct 29,2021)	FY2021 Original Forecast (May. 2021)
Units Sold	39,000 units	85,000 units	48,000 units	115,000 units	102,000 units
Net Sales	1,854.6	3,915.0	2,160.9	4,700.0	4,300.0
Operating Profit <small>(Before amortization of goodwill, etc.) (Operating profit margin)</small>	43.4 (2.3%)	109.9 (2.8%)	63.1 (2.9%)	140.0 (3.0%)	140.0 (3.3%)
Amortization of Goodwill	48.0	93.9	47.5	90.0	90.0
Operating Profit (Operating profit margin)	△4.6 (△0.2%)	15.9 (0.4%)	15.6 (0.7%)	50.0 (1.1%)	50.0 (1.2%)
Ordinary Profit (Ordinary profit margin)	△7.0 (△0.4%)	20.1 (0.5%)	14.3 (0.7%)	40.0 (0.9%)	40.0 (0.9%)
Profit Attributable to Owners of Parent (Net income margin)	△19.6 (△1.1%)	△26.8 (△0.7%)	0.3 (0.0%)	10.0 (0.2%)	10.0 (0.2%)
Dividend per Share	—	JPY8	—	JPY8	JPY8

FY2021 revised Plan FX rate: USD=110JPY EUR=130JPY CNY=17JPY

10. Operating Profit FY2021 (Forecast) vs FY2020

The forklift market is recovering more than initially expected, and the order situation is favorable. While net sales are expected to increase, there is a **delay in resolving production and shipment delays** caused by supply chain disruptions, and **variable costs have increased significantly due to increasing material and transportation costs**. We have left our initial forecast for operating income unchanged, as the effects of the price hike are expected to lag.

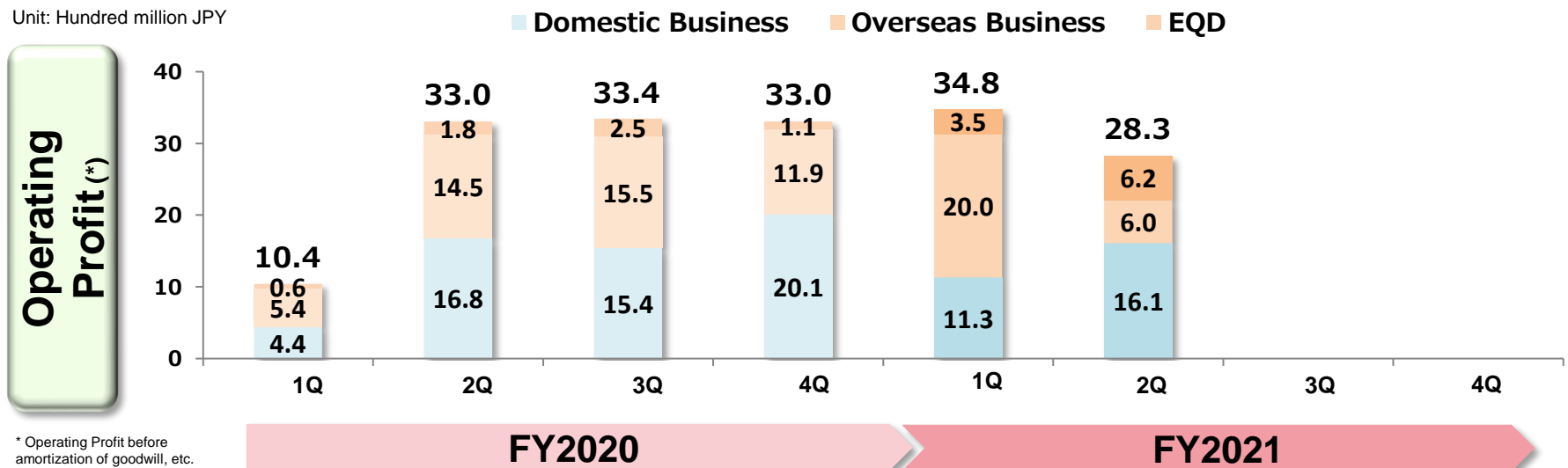
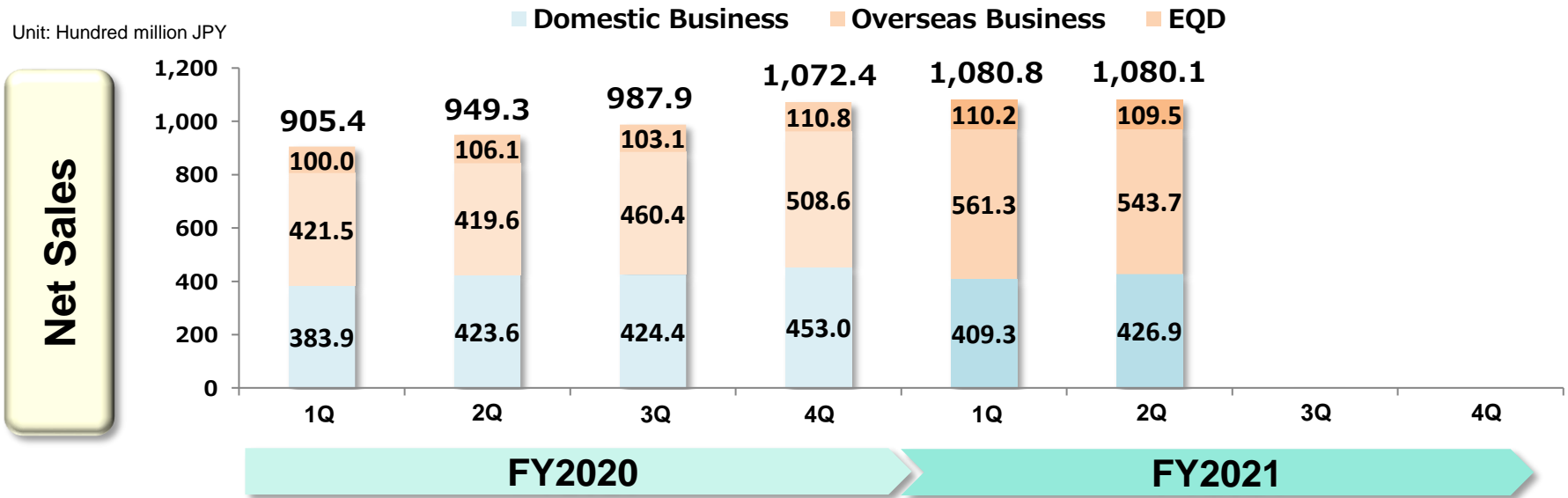
(Unit: Hundred million JPY)



【Reference】 Key Performance Indicators **Logisnext**

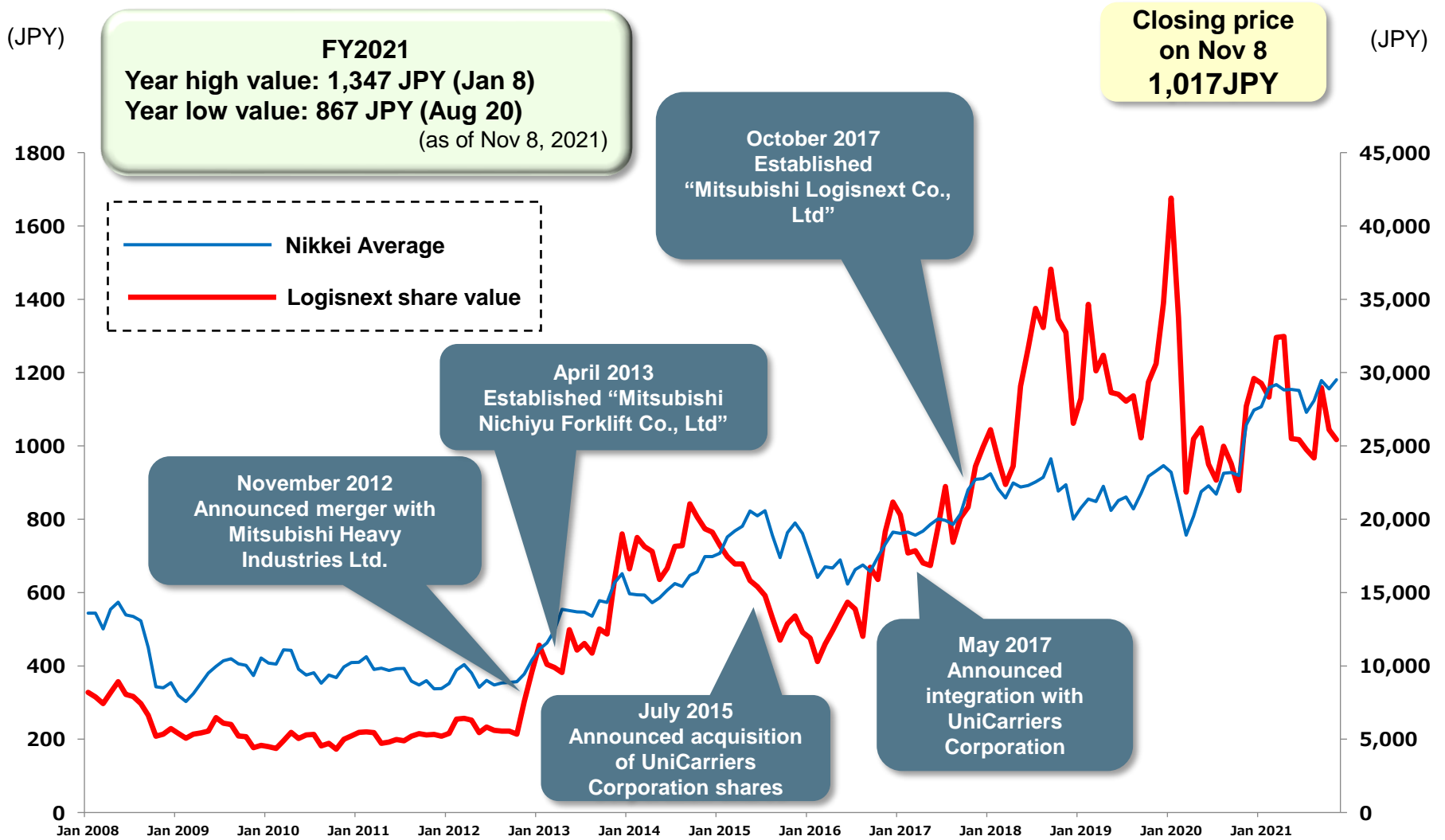
	Indicator	Formula	FY2020/4Q		FY2021/2Q		Comments
				(Before amortization of goodwill, etc.)		(Before amortization of goodwill, etc.)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	△ 0.7%	(1.5%)	0.0%	(2.2%)	The index improved due to the recovery of business performance accompanied by increased sales.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	△ 4.9%	(6.4%)	0.1%	(8.5%)	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	0.4%	(2.8%)	0.7%	(2.9%)	The index improved due to the recovery of business performance accompanied by increased sales.
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	△ 0.7%	(1.6%)	0.0%	(2.1%)	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.1 times		1.2 times		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	5.4 times		6.2 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.9 times		5.0 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.1%		15.2%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.3 times		3.2 times		
Sahre	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY △25.19		JPY 0.50		
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	-		-		Stock prices : End of FY2020 : JPY 1,296 End of FY2021/2Q : JPY 1,159
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	2.5 times		2.2 times		

【Reference】 Quarterly Financial Results **Logisnext**



* Operating Profit before amortization of goodwill, etc.

【Reference】 Stock Price Trend



Logisnext

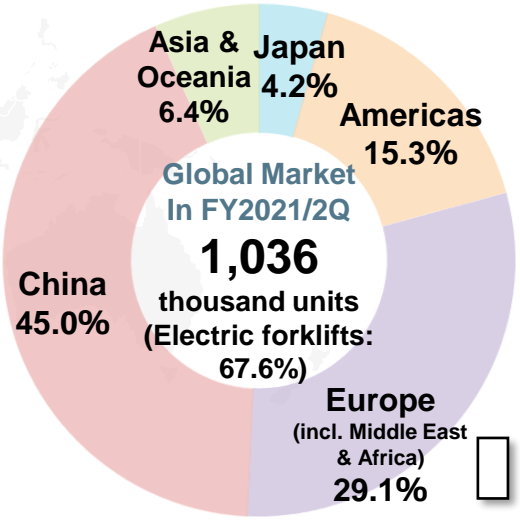
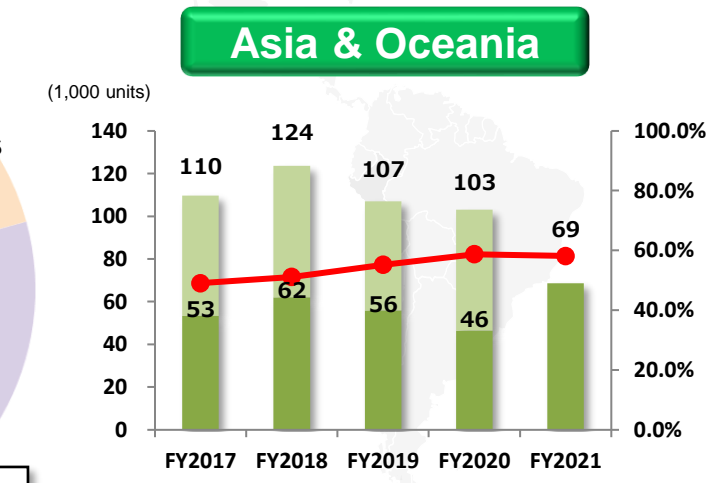
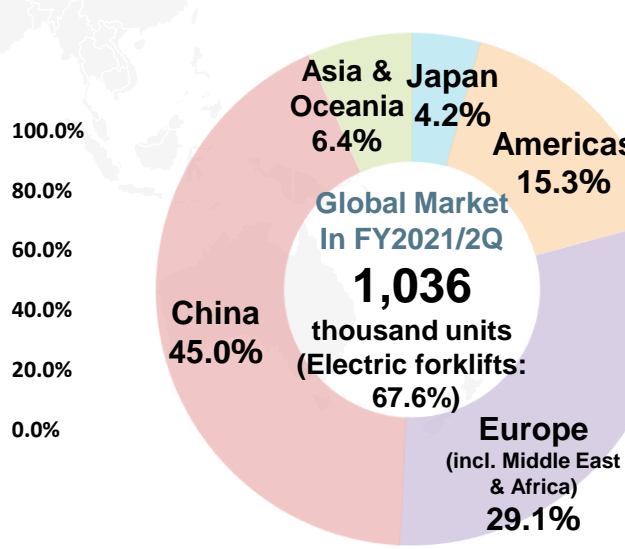
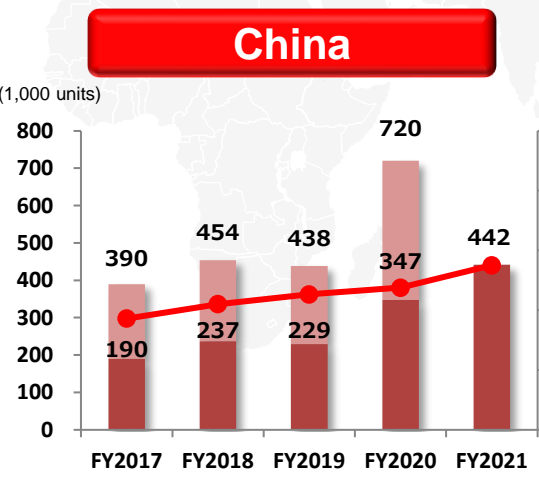
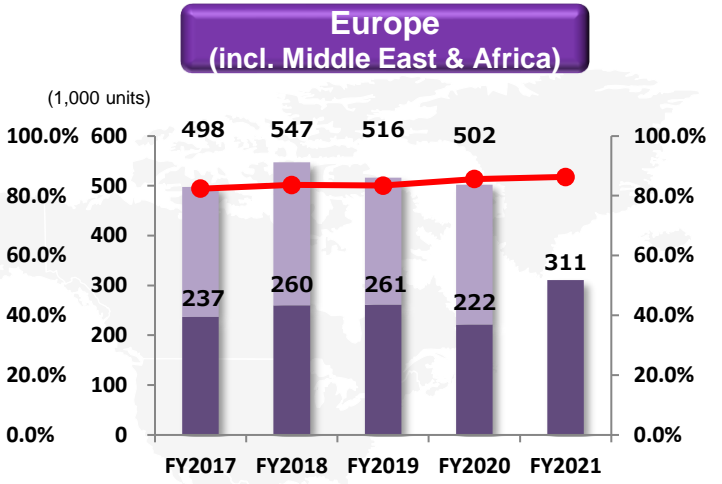
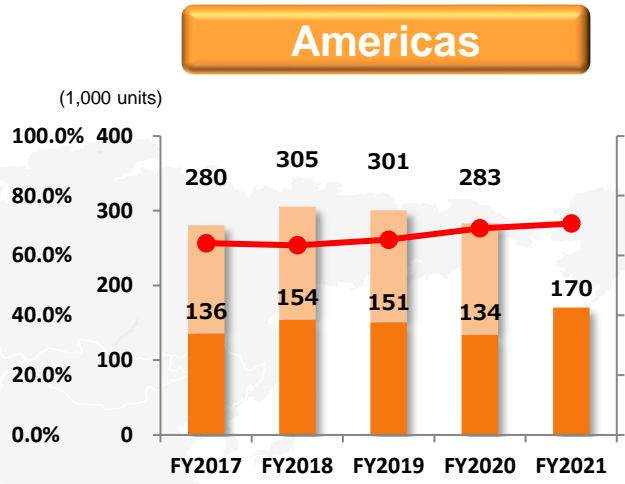
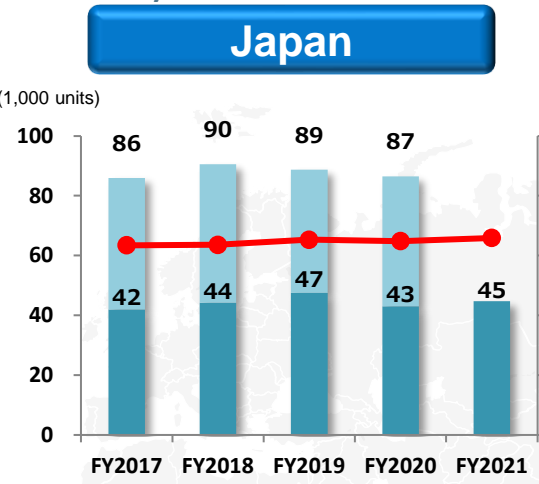
Progress of Business Plan

MITSUBISHI LOGISNEXT

President and CEO, Takashi Kubo

1. Forklift Market Trends [Shipping](Apr.- Sep.)

For the forklift market through 2Q FY2021, shipments were up 30.8% YoY to 1,036,000 units, driven by the strong Chinese market, in addition to the strong recovery in Europe, the United States, and Asia.



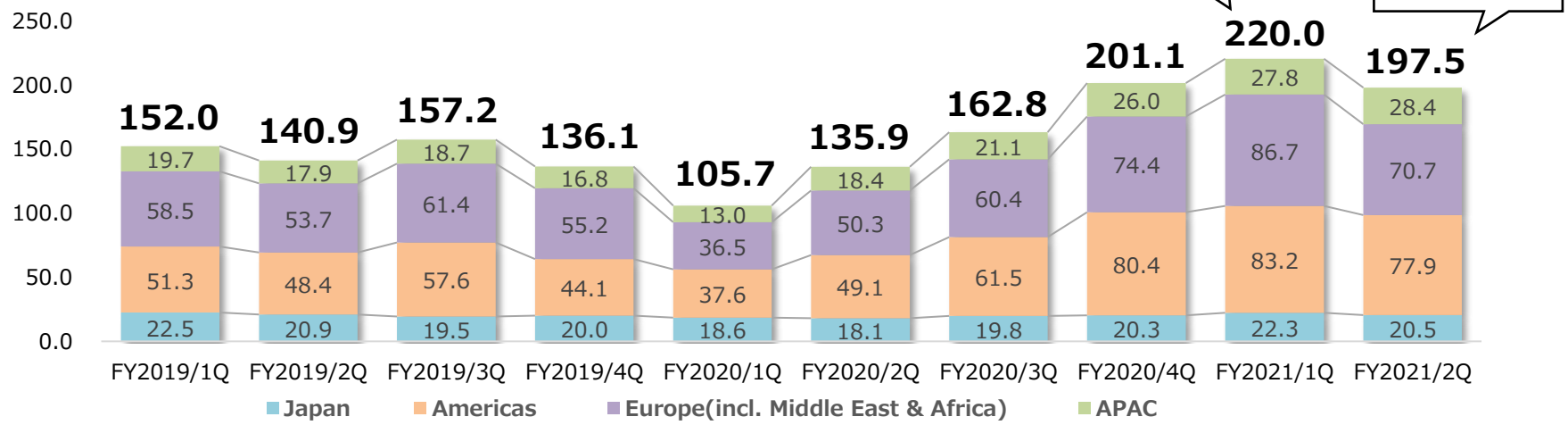
Markets units
 Percent electric forklifts

2. Forklift Market Trends [Orders](Apr.- Sep.) **Logisnext**

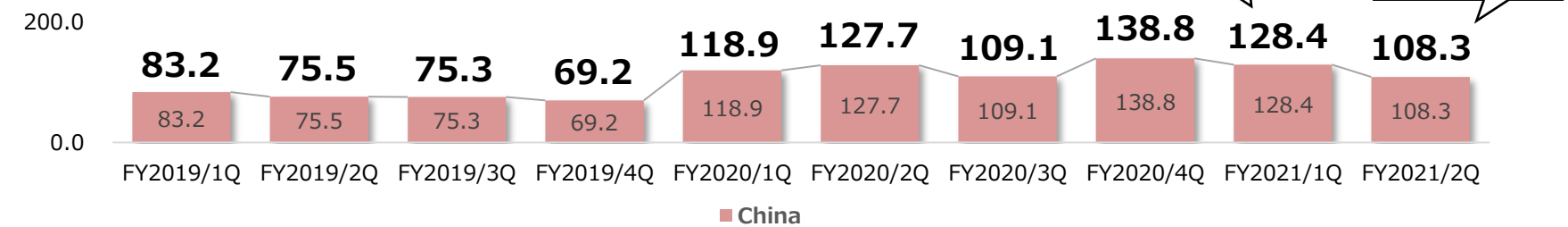
Although the reactionary growth of COVID-19 is settling down, demand remains strong (+16.0% YoY to 306,000 units, excluding the Chinese market +45.3% YoY to 198,000 units).

Order intake (excl. Class III*)

(Unit: Thousand units)

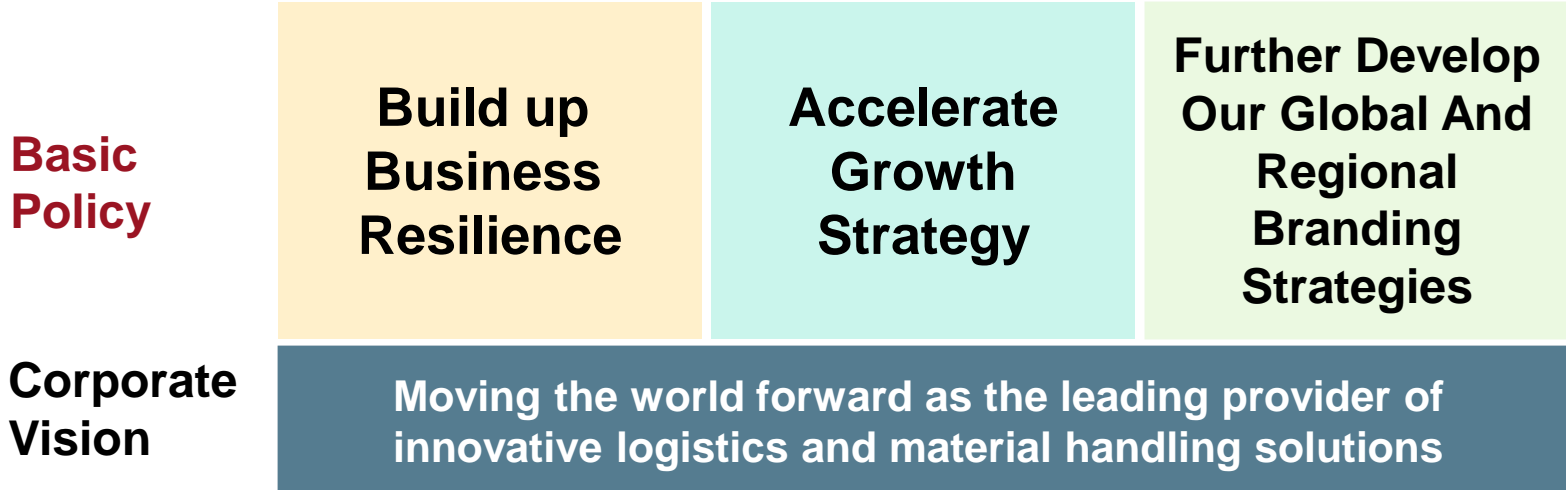


(Unit: Thousand units)



※Class III : Self-propelled electric small lift

■ Logisnext SolutionS 2023 (『LS23』)



■ 3 Basic Policies

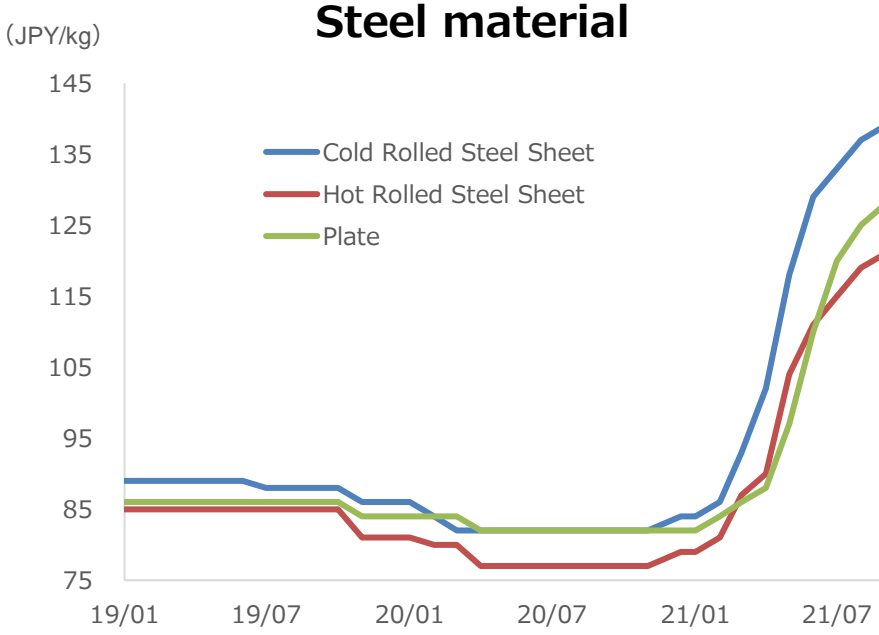


4. Build up Business Resilience

■ Responding to rising material costs

➤ Sales price revisions for forklifts and other equipment

- Changes such as the rise in steel prices because of the increasing prices of iron ore and coal, which are raw materials, and the increase in production due to expectations of economic recovery after COVID-19, have had a significant impact on material procurement.
- Our company has also raised the selling prices of forklifts and other equipment in many parts of the world in response to the increasing prices of raw materials.



Based on market price information from the Japan Metal Daily



Based on information provided by Nikkan Shikyo Tsushinsha

5. Build up Business Resilience -Strengthen the existing business-

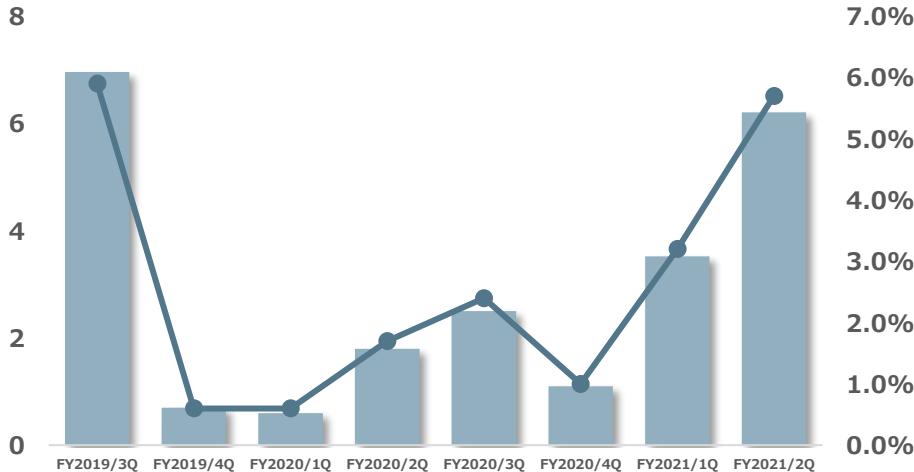
Expansion of EQD business

Recovery and expansion of rental demand in the U.S.

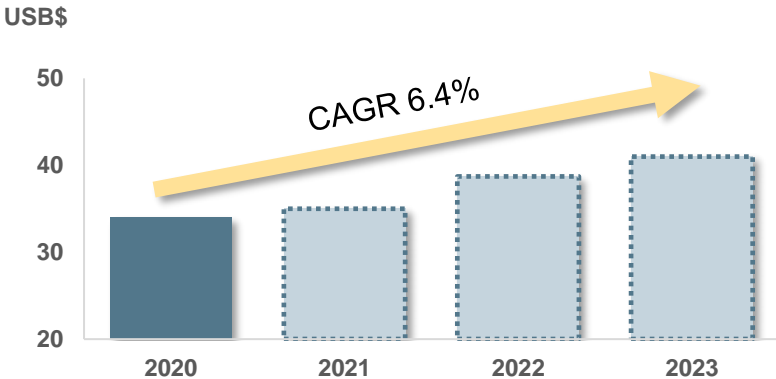
- In the U.S, rental demand for construction and industrial machinery is increasing as the economy recovers from COVID-19. The equipment rental market is expected to surpass that of 2019 by 2022 and continue to grow steadily thereafter.
Against the backdrop of a favorable market environment, EQD is experiencing a strong recovery not only in the auto body sales, parts and service sectors, but also in the rental sector, which is operating at a high level. EQD will continue to invest aggressively while keeping an eye on demand trends.

EQD Operating profit and operating profit margin

(Unit: Hundred million JPY)



Rental Market for Construction and Industrial Equipment (U.S.)



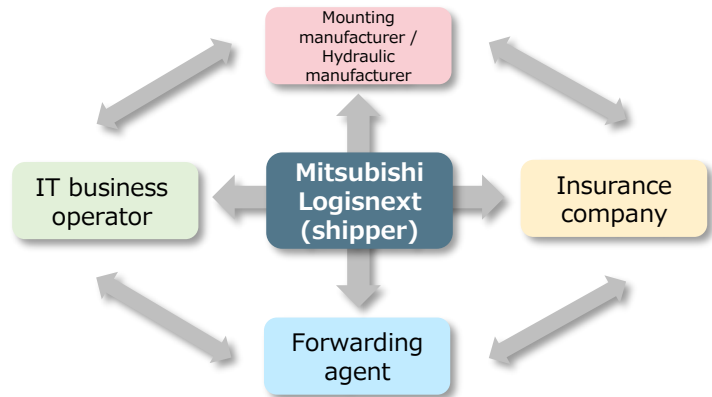
Based on American Rental Association's market outlook report

6. Build up Business Resilience -Improve variable and fixed cost-

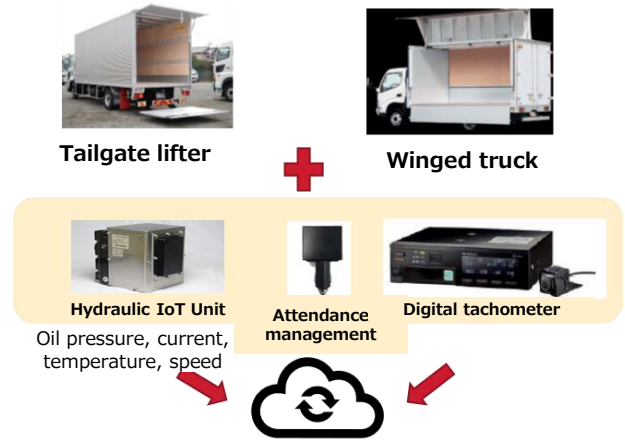
Logistics heightening

Logistics MaaS verification project

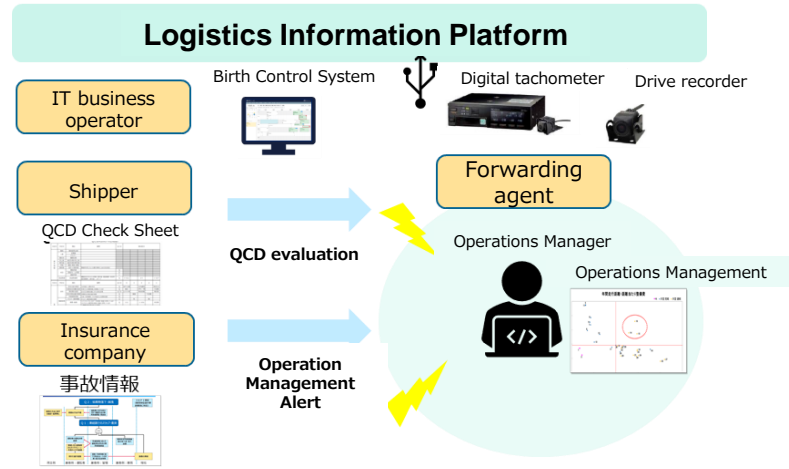
- Establish a system where shippers collaborate with carriers, insurance companies, etc., and all parties involved enjoy the benefits (reduced transportation costs, reduced accidents, reduced insurance payments, etc.).
- The goal is to optimize costs and increasing transportation efficiency by further improving QCD.



Verification of safety and efficiency by monitoring mounted equipment



Construction and verification of QCD improvement package services



7. Accelerate growth strategy -Expand our solutions portfolio-

Labor saving and automation

Joint Development of Japan's First Laser-guided Unmanned Forklift Truck for Frozen and Refrigerated Warehouses

- Joint development of laser-guided unmanned forklift truck for Frozen and Refrigerated Warehouses with Nichirei Logistics Group Inc. and Mitsubishi Heavy Industries, Ltd.
- It solves issues such as the burden on workers in low-temperature environments and the uncertainty of business operations due to chronic labor shortages.

The introduction of laser-guided unmanned forklifts has enabled automatic nighttime transport to refrigerated cargo handling rooms at -10°C.

Issues

- Concern about stable business operation due to chronic labor shortage.
- Worried about operator fatigue due to the harsh cold working environment and night work.
- Acquisition of forklift operation skills is time-consuming and expensive.
- Worried about forklift operation in a narrow warehouse.

<Automation>

工程 ① ② ③

Effects

- Labor saving and effective utilization of manpower
Automation of nighttime transport saves manpower and allows for effective use of manpower.
- Safety and logistics quality improvement
Workers can be freed from a harsh work environment. Safety and logistics quality are also improved.
- Best suited for installation in existing warehouses
The laser-guided AGF system requires no floor construction. Layout changes are also easy.
- Promotes automation of the cold chain
By introducing the latest automated equipment ahead of competitors, we can stay ahead in the industry.

工程 ①

タブレットにより自動モード開始設定
タブレットにて冷蔵庫側さま(-10℃)の搬送先ブロック(1~8)を指示。AGFの自動モード開始設定。

工程 ②

5階から製品を搬送
5階から垂直搬送機にて1階前室(+2℃)に降りてきた製品をAGFが受け取り。

工程 ③

搬送先ブロックへ製品を搬送
AGFが受け取った製品を冷蔵庫側さま(-10℃)の搬送先ブロック(1~8)まで搬送。

次工程(出荷エリア)へ搬送

導入企業様紹介
株式会社ニチレイロジグループ本社様

選ばれつつある仕事。
ニチレイロジグループ
革新性と国際性をますます高める
食品流通物流サービスにおける
国内No.1ブランド。

事業内容
冷蔵事業、動物用医薬品流通事業
はじめとした長距離物流サービスの提供

設立
2005年4月1日

資本金
20,000百万円

従業員
4,277名(令和3年3月期、連結)

売上高
21.5億円(令和3年3月期、100%)

本社所在地
東京都中央区豊洲6-10-20
ニチレイ豊洲ビル

システム構成

本システムは、以下のシステムなどにより構成されます。

- 無人搬送車 (AGF)
- システム管理PC
- 無線LANアンテナ
- 地上インターフェイス装置
- 反射板
- タブレット

① 無人搬送車 (AGF) × 2台 ⑤ 反射板

② システム管理PC ④ 地上インターフェイス装置

③ 無線LANアンテナ ⑥ タブレット × 2台

実用ムービーは
コチラから

8. Accelerate growth strategy -Expand our solutions portfolio-

■ New Product Launch

➤ Highly Efficient Unmanned Forklift Truck Launch of “Platter Auto H Type”

- Released the laser-guided unmanned forklift truck "Platter Auto H Type" on August 24. This highly efficient unmanned forklift truck achieves the same traveling, lifting speed, and turning radius as manned forklifts, making it ideal for logistics warehouses.
- We aims to continue to expand its market presence by responding to demands for automation in logistics sites to cope with labor shortages, the expansion of the e-commerce market, and non-contact and automation in logistics warehouses.

PLATTER
AUTO

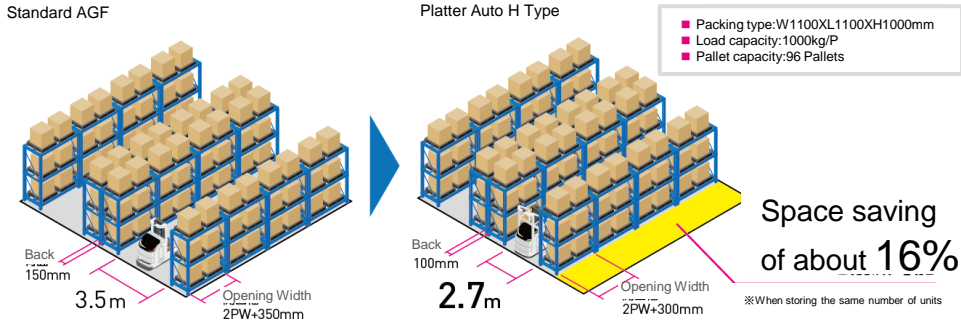
Platter Auto H Type



Space Saving

Effective use of the warehouse area is possible

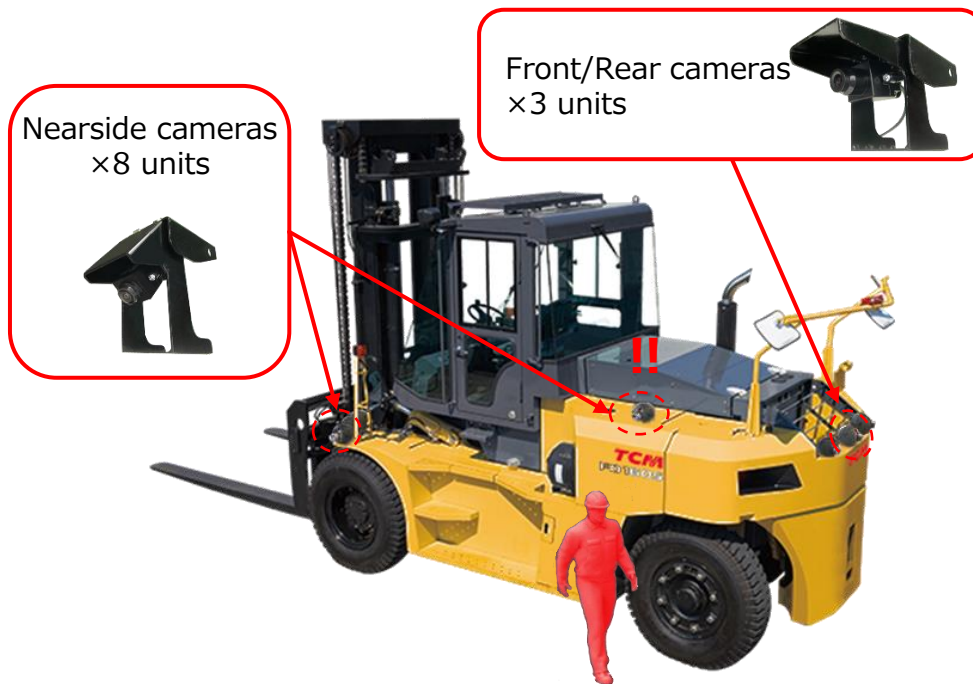
Right-angle stacking aisle width of 2.7m is achieved (for W1100XL1100 pallets), enabling rack delivery optimized for pillar pitch in multi-tenant warehouses. In addition, the height of the bottom row of racks can be set the same as that of manned forklifts at -50 mm compared to our standard AGF. If the same number of racks are used, the space savings of approximately 16% compared to our standard AGF will enable effective utilization of the warehouse area.



■ AI Product Launch

➤ Forklift AI human detection system "Good Finder" is favorable

- The forklift truck AI human detection system "Good Finder", developed in conjunction with Mitsubishi Heavy Industries, was launched on September 13 and has since received a number of positive reviews.
- Aims to further expand sales by increasing the number of compatible models with this system to improving the workability of forklifts, reduce accidents caused by forklifts and realize a safer work environment.



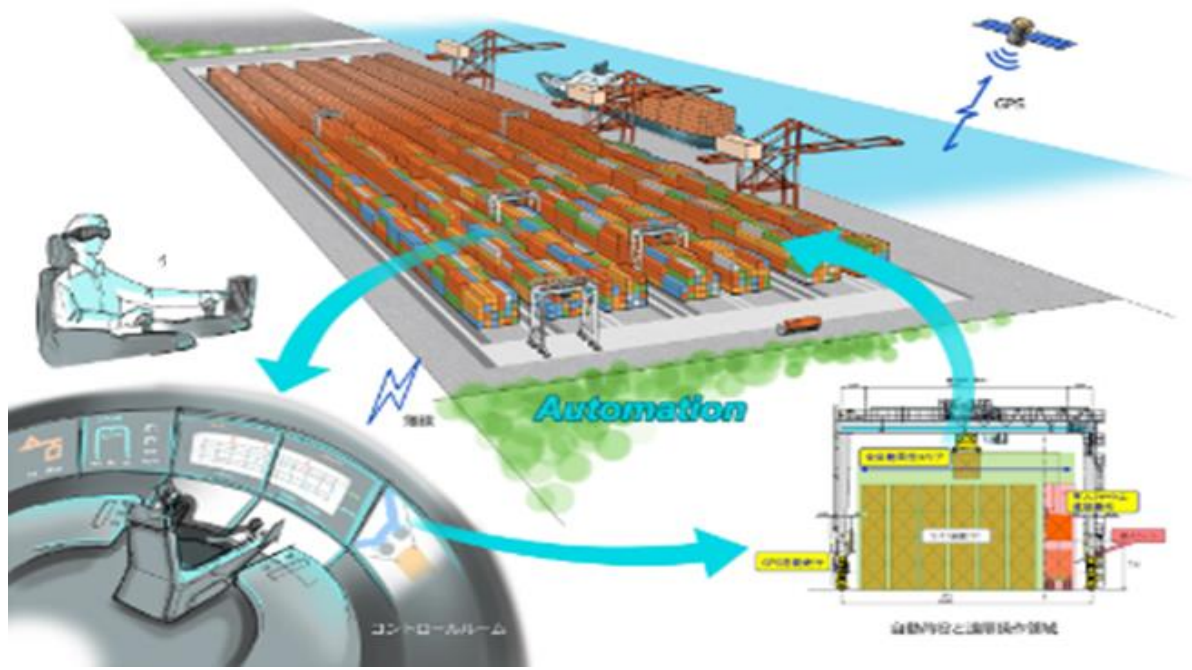
Main Features and Functions

- The AI automatically analyzes images from short- and long-range surveillance cameras installed throughout the vehicle and sends out warnings when it detects the approach of a person.
- Alerts the operator to detection results with sound (alarm) and light (LED indicator lights).
- Automatically switches between surroundings and distant views depending on the vehicle speed.
- The system is also equipped with a launch control function that prevents the vehicle from starting while a person is detected.

■ Toward the realization of an AI terminal①

➤ Remotely Operated RTG* (Hybrid Type, Carbon Neutral Type Specification)

- Enhancing the functions of remote-controlled RTGs to realize "human-assisted AI terminals" as an enhancement of the functions of international container strategic ports.
 - (1) Improving the working environment for dockworkers
 - (2) Improvements in automated driving technology and high-capacity data communication technology



Image

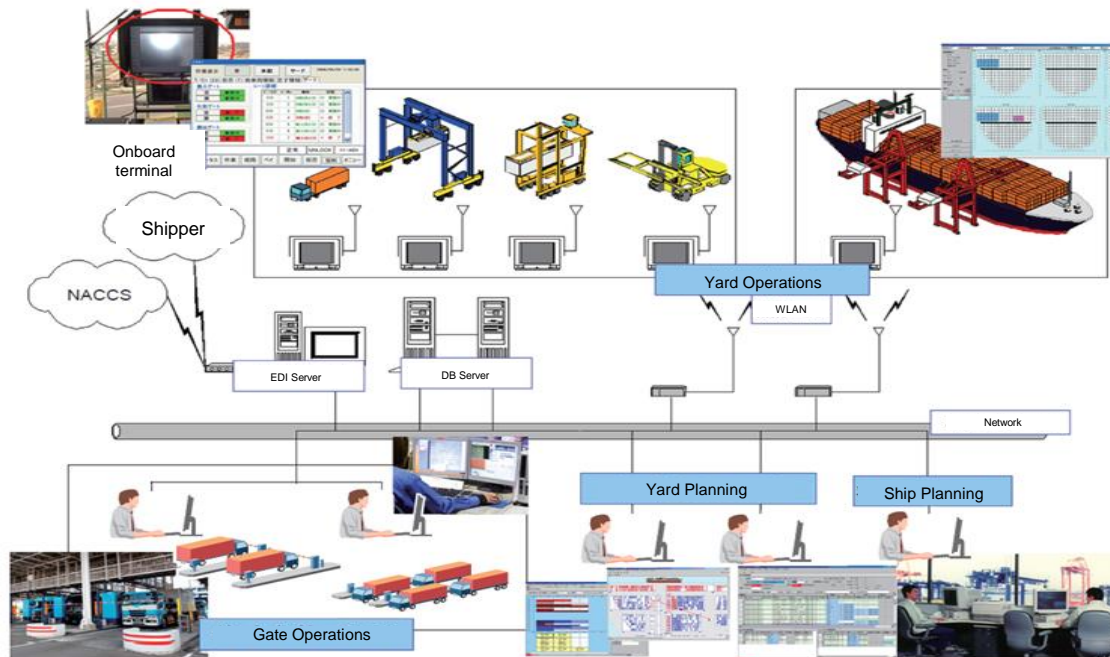
※RTG : Rubber Tired Gantry crane

11. Accelerate growth strategy -Expand our solutions portfolio-

■ Toward the realization of an AI terminal②

➤ Enhancements to CTMS (Container Terminal Management System)

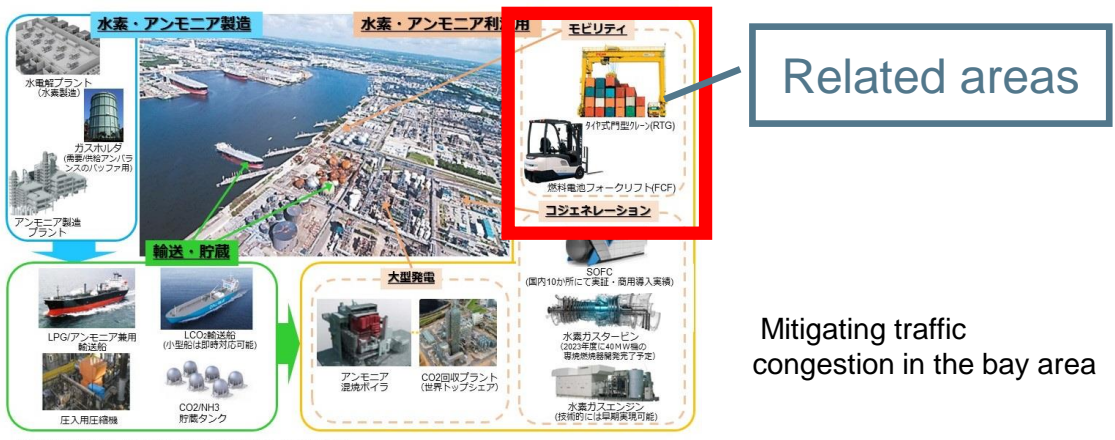
- Relieve traffic congestion in port areas
 - (1) Automatic vehicle number reading when using ETC
 - (2) Linkage with advance reservation system (WEB)
 - (3) Automatic Container Number Recognition Device
 - (4) Barcode, touch panel input device, etc.



Efforts toward the realization of a decarbonized society

Creation of Carbon Neutral Port (CNP)

- In cooperation with Mitsubishi Heavy Industries, we will contribute to the CNP, which is being studied by the Ministry of Land, Infrastructure, Transport and Tourism to reduce CO2 emissions at ports.



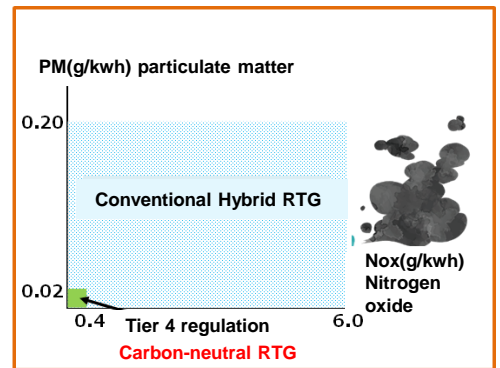
SUSTAINABLE DEVELOPMENT GOALS

7 Affordable and clean energy

13 Climate action

Carbon-neutral RTG

- Equipped with a Tier-4 exhaust gas reduction engine
- Can be converted to hydrogen fuel cell in the future



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Please direct inquires regarding this material to the following:

Nobuaki Kariya
Corporate Finance Planning Division
Mitsubishi Logisnext Co., Ltd.

1-1, 2-chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585
TEL: 075-956-8610 FAX: 075-951-4038
URL: www.logisnext.com

Logisnext

MITSUBISHI LOGISNEXT