

Logisnext

Mitsubishi Logisnext Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2022

May 25, 2022

Event Summary

[Company Name]	Mitsubishi Logisnext Co., Ltd.	
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[Time]	15:30 – 16:29 (Total: 59 minutes, Presentation: 45 minutes, Q&A: 14 minutes)	
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[Participants]		
[Number of Speakers]	4	
	Takashi Mikogami	Representative Director and Chairman
	Takashi Kubo	Representative Director and President
	Yuichi Mano	Senior Executive Officer, Division Head, General Manager, Corporate Strategy and Planning Office
	Takatoshi Uno	Executive Officer, CFO, Head of Corporate Finance and Accounting Headquarters

Presentation

Moderator: Thank you for waiting. The time has arrived, so we will begin Mitsubishi Logisnext Co., Ltd.'s financial results for the fiscal year ended March 2022.

Thank you very much for participating in our financial results briefing today despite your busy schedule.

Today, we would like to present an overview of the financial results for the fiscal year ended March 2022, as well as the management policy for FY2022 and the progress of the medium-term management plan.

I would like to introduce today's speakers from the Company. Takashi Mikogami, Representative Director and Chairman.

Mikogami: I am Mikogami. Thank you.

Moderator: Takashi Kubo, Representative Director and President.

Kubo: I'm Kubo. Thank you.

Moderator: Yuichi Mano, Senior Executive Officer, Division Head, General Manager, Corporate Strategy and Planning Office.

Mano: I'm Mano. Thank you.

Moderator: Takatoshi Uno, Executive Officer, CFO, Head of Corporate Finance and Accounting Headquarters.

Uno: I'm Uno. Thank you.

Moderator: That's all.

As for today's proceedings, Uno, CFO, Head of Corporate Finance and Accounting Headquarters, will provide an overview of the financial results for the fiscal year ended March 2022, and Kubo, Representative Director and President, will explain the management policy for FY2022 and the progress of the medium-term management plan.

The presentation will last approximately 45 minutes, until approximately 4:15 PM. A 15-minute question and answer session will follow. I'll tell you how to ask questions later. Today's financial results briefing is scheduled to finish at 4:30 PM.

Today's presentation materials will be based on the presentation slides for the financial results meeting, which are available from the URL that we have provided to you by e-mail in advance.

We will now move on to the financial results for the fiscal year ended March 2022.

Mr. Uno, Head of Corporate Finance and Accounting Headquarters, please begin.

Economic Market Trends

- **The global economy continues to recover trend from COVID-19. However, the rapid recovery phase has not been able to keep up with demand, and increasing material and transportation costs, supply chain disruptions, and rising inflation in the U.S. are having a significant impact on production and costs.**
- **In Japan, the material handling equipment market has remained steady pre-COVID-19 levels. Overseas, although the elevated demand related to COVID-19 in some areas has slowed, the market has remained above the level prior to COVID-19 due to growing material handling needs.**
- **Although orders for material handling equipment remain strong, delays in the supply of various assembly components have resulted in longer lead times and higher costs for us as well.**

Summary of FY2021 Results

- **Net sales increased by 18.9% YoY due to the recovery of forklift demand after COVID-19.**
- **Operating profit increased 18.4% YoY (before amortization of goodwill, etc.) due to sales increases and efforts to reduce fixed costs, despite the impact of increasing material and transportation costs.**

Uno: Okay, I'm Uno of Mitsubishi Logisnext. Thank you very much for participating in our financial results briefing for the fiscal year ended March 2022.

I would like to begin with an overview of the financial results.

Let's start with the page three of the document.

The market environment surrounding our company differs from region to region and country to country, both domestic and overseas, but all are showing recovery from the COVID-19 crisis. In particular, the recovery in Europe, the United States, and Asia has been very strong, and has recovered to levels exceeding those before the COVID-19 crisis.

On the other hand, the effects of rising material and transportation costs, supply constraints, and supply chain disruptions had a significant impact throughout the year. Products cannot be made as planned due to shortages of production parts and materials and delays in transportation. Like other manufacturers, we are also under pressure to deal with the situation where costs are rising even if we can produce the product.

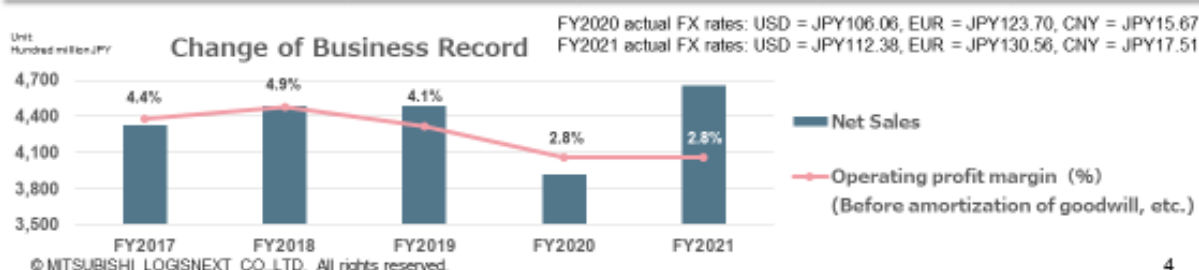
This is a summary of our consolidated financial results under these circumstances.

Net sales increased by 18.9%, thanks to the recovery and resumption of demand for forklifts, but not as much as the growth in orders. Operating income before amortization of goodwill and other items increased by 18.4%. After amortization of goodwill and other items, operating income under the system accounting increased by 125.3% YoY.

2. Financial Highlights

Net sales increased by 18.9% YoY to 465.4B JPY, achieving a record high. On the other hand, operating profit margin (before amortization of goodwill, etc.) remained flat due to the impact of increased material costs and other factors.

Profit and Loss Statement Unit: Hundred million JPY	FY2020	FY2021	YOY Change	
Net Sales	3,915.0	4,654.1	+739.1	+18.9%
Operating Profit (Before amortization of goodwill, etc.) (Operating profit margin)	109.9 (2.8%)	130.1 (2.8%)	+20.2	+18.4%
Amortization of Goodwill	94.0	94.2	—	—
Operating Profit (Operating profit margin)	15.9 (0.4%)	35.9 (0.8%)	+20.0	+125.3%
Ordinary Profit (Ordinary profit margin)	20.1 (0.5%)	32.4 (0.7%)	+12.3	+60.9%
Profit Attributable to Owners of Parent (Net income margin)	△26.8 (△0.7%)	7.2 (0.2%)	+34.0	—



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Please see the financial highlights on page four.

Once again, I will explain the key financial values. For the fiscal year ended March 2022, net sales were JPY465.4 billion, operating income before amortization of goodwill and other items was JPY13 billion, and operating income after amortization of goodwill and other items was JPY3.6 billion. While net sales were at an all-time high, operating income fell short of FY2018.

Below the table on page four are pictorial representations of sales and the ratio of operating income before amortization of goodwill and other items for the past five fiscal years. Here, please refer to this page.

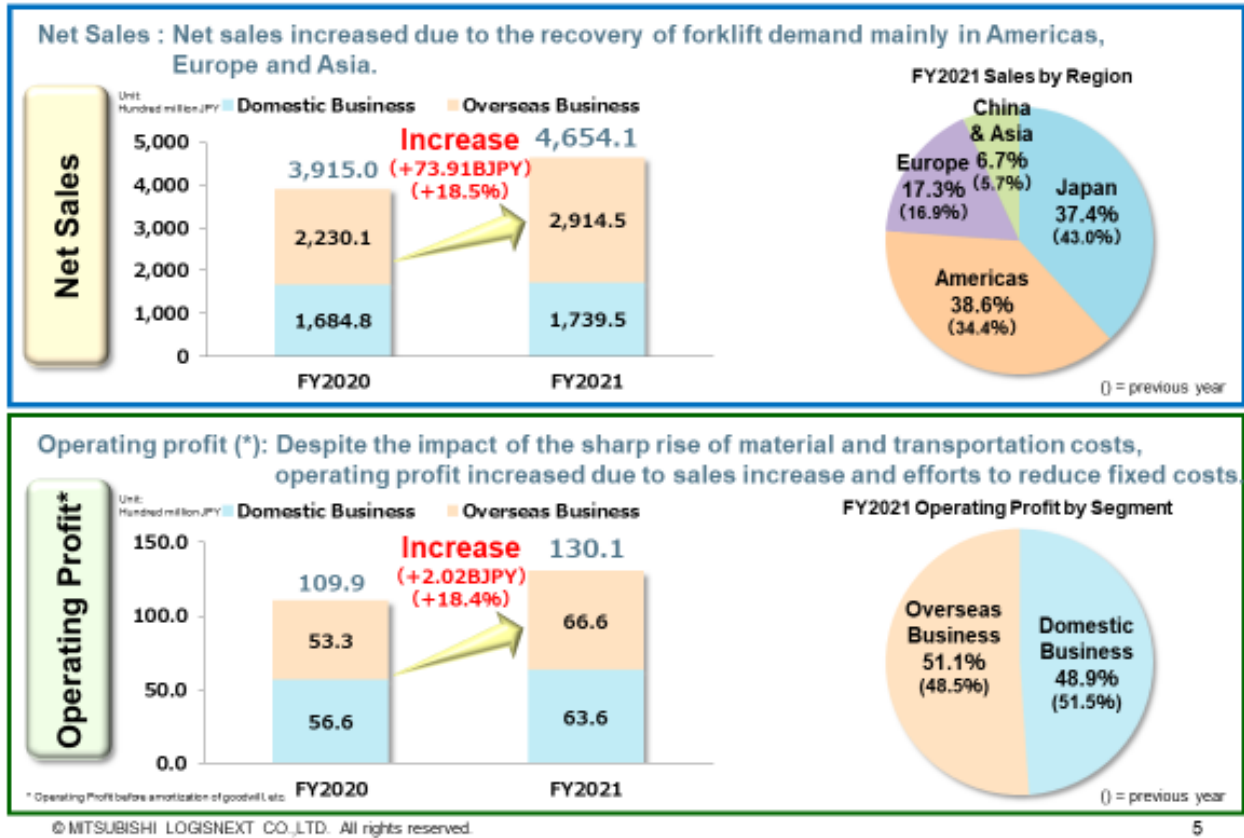
As for operating income, I would like to briefly introduce the transition in the short term, that is, every three months. For the fourth quarter of FY2021, net sales were JPY128.6 billion, the largest ever for a three-month period, while operating income was lower than in the fourth quarter of the previous fiscal year.

The impact of rising material and transportation costs is becoming more severe with each passing day, and we hope you can understand why record sales did not translate into operating income. You will see this point again today on page 13 of the document as we look at the figures.

Returning to the explanation of the full-year results, there were no non-operating income/loss items or extraordinary income or loss items that are worthy of special mention.

As a result, net income for the period, or final profit was positive JPY720 million. This is the first time in three fiscal years that the Company has posted a profit since it posted a net loss for two consecutive fiscal years in the fiscal year ended March 2021.

3. Business Results by Segment



On page five and page six, I will explain the situation by segment and by region.

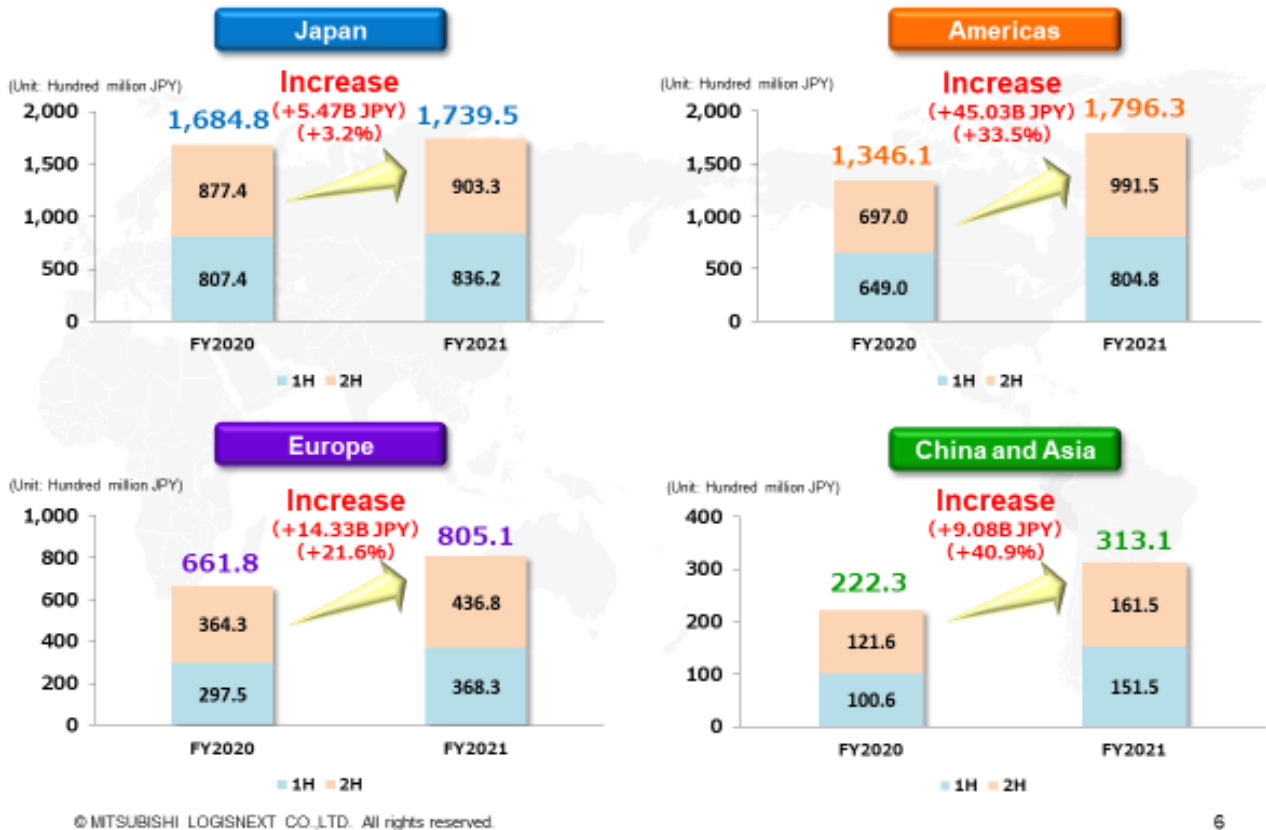
From this page onward, we will refer to operating income before amortization of goodwill, etc. as operating income. We appreciate your understanding.

Page five shows the results by segment.

This shows a breakdown of net sales and operating income by segment. As shown in the upper graph, net sales increased by 18.9%, but while domestic sales rose by JPY5.5 billion, or 3.2%, overseas sales increased by JPY68.4 billion, or 30.7%, showing a remarkable recovery in overseas markets.

Operating income in the lower row, the increase is 18.4%. The domestic business increased profit by 12.3% and the overseas business increased profit by 24.9%, and the growth in the overseas business still exceeds the growth in the domestic business. However, the reason why the growth rate was not as large as that of net sales was that overseas sales were more significantly affected by the sharp rise in material and transportation costs.

4. Sales by Region



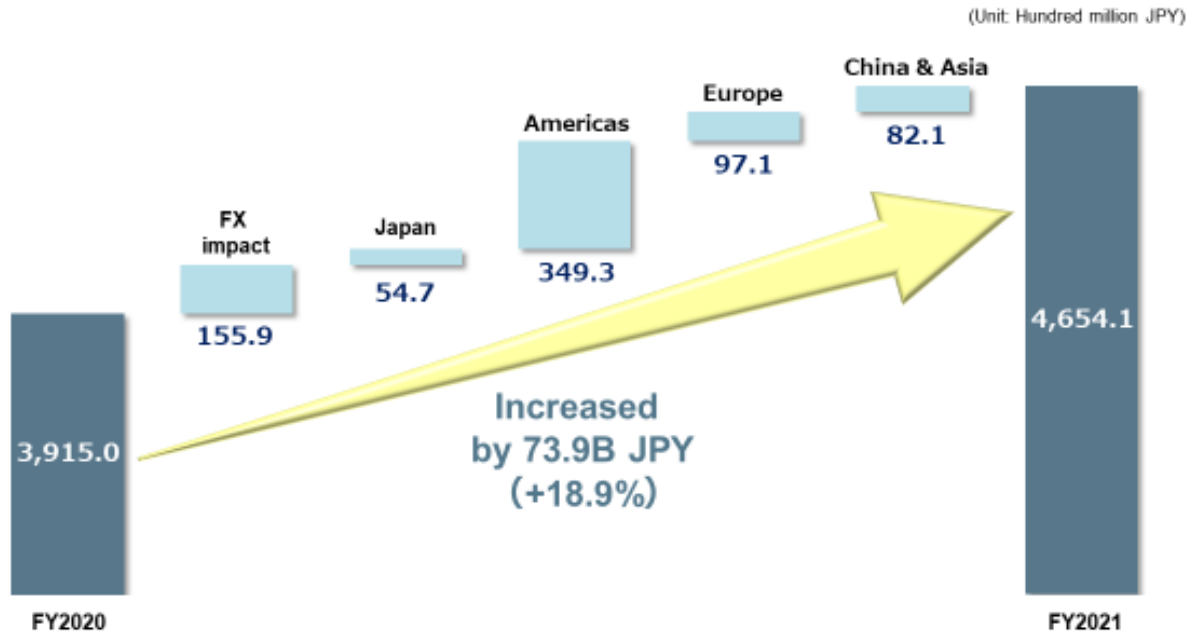
Page six shows YoY sales by region, with the first half shown in blue and the second half in beige.

As you can see, sales in the Americas, Europe, and Asia and China increased significantly, but here I would like to introduce the rate of increase in sales from the first half to the second half in each region. Sales increased by 23.2% in the Americas, from the first half to the second half of the year. In Europe, we achieved an 18.6% increase in sales from the first half to the second half of the year.

Against the backdrop of strong demand and favorable orders, we have prepared a system to increase production in the second half of the year, and this has been effective. However, as we have mentioned earlier, due to supply chain disruptions and supply constraints, production and shipments were not as initially planned. We recognize that this is an important issue in this progressive period.

5. Net Sales FY2020 vs FY2021

Net sales increased by 18.9% YoY due to increased post-COVID-19 demand. However, because of production and shipment delays caused by supply chain disruptions, sales were failing to keep up with the increase in orders, and the financial forecast of 470B JPY not being achieved.



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Page seven. This waterfall chart shows the factors that contribute to sales increase or decrease by region, excluding foreign exchange effects.

As indicated in the text at the top of the chart, we were unfortunately unable to achieve our earnings forecast of JPY470 billion due to the fact that we were unable to increase sales as much as market recovery in all overseas regions and orders received. Sales were JPY465.4 billion.

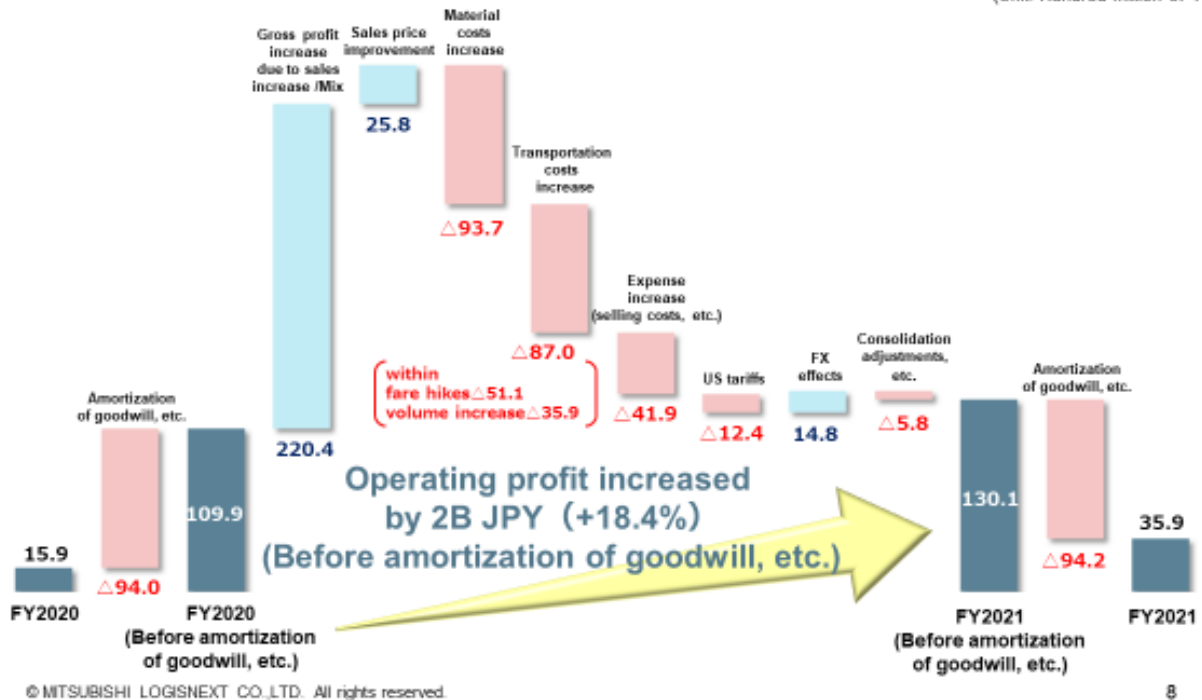
The leftmost column of the waterfall chart shows the impact of foreign exchange rates, which contributed JPY15.6 billion to the overall increase in sales. I would like to give you a brief breakdown by region: JPY10.1 billion in the Americas, JPY4.6 billion in Europe, and JPY900 million in Asia and China. The impact of the yen's depreciation against the US dollar and euro was a major factor contributing to the foreign exchange impact on net sales.

6. Operating Profit FY2020 vs FY2021

Logisnext

Operating profit (before amortization of goodwill, etc.) increased by 18.4% YoY due to increased sales spurred by the market recovery, despite the impact increasing of material and transportation costs.

(Unit: Hundred million JPY)



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Page eight. I would like to move on to the sheet of factors for changes in consolidated operating income.

Page eight shows the increase in operating income by factor. As you can see on page seven, sales growth was JPY73.9 billion. This JPY73.9 billion increase in sales was accompanied by an increase in gross profit of JPY22.04 billion. In contrast, variable costs deteriorated significantly due to soaring material and transportation costs, although there was a limited contribution of JPY2.58 billion to the selling price.

As for the increase in expenses, the yellow arrows indicate that the final result was an increase of only JPY2 billion YoY, due in part to an increase in expenses associated with an increase in the volume of corporate activities. Although not shown in the graph, the increase in operating income in the first half of the year compared to the previous year was just under JPY2 billion. In the second half of the year, although the YoY increase in revenue, profit remained flat.

I have just introduced the figure of JPY2.58 billion in sales price improvement in this explanation. I would like to offer a supplemental explanation for the small contribution to the rising cost of materials and transportation. In response to such major cost deterioration, we are raising prices to our customers in both domestic and overseas regions.

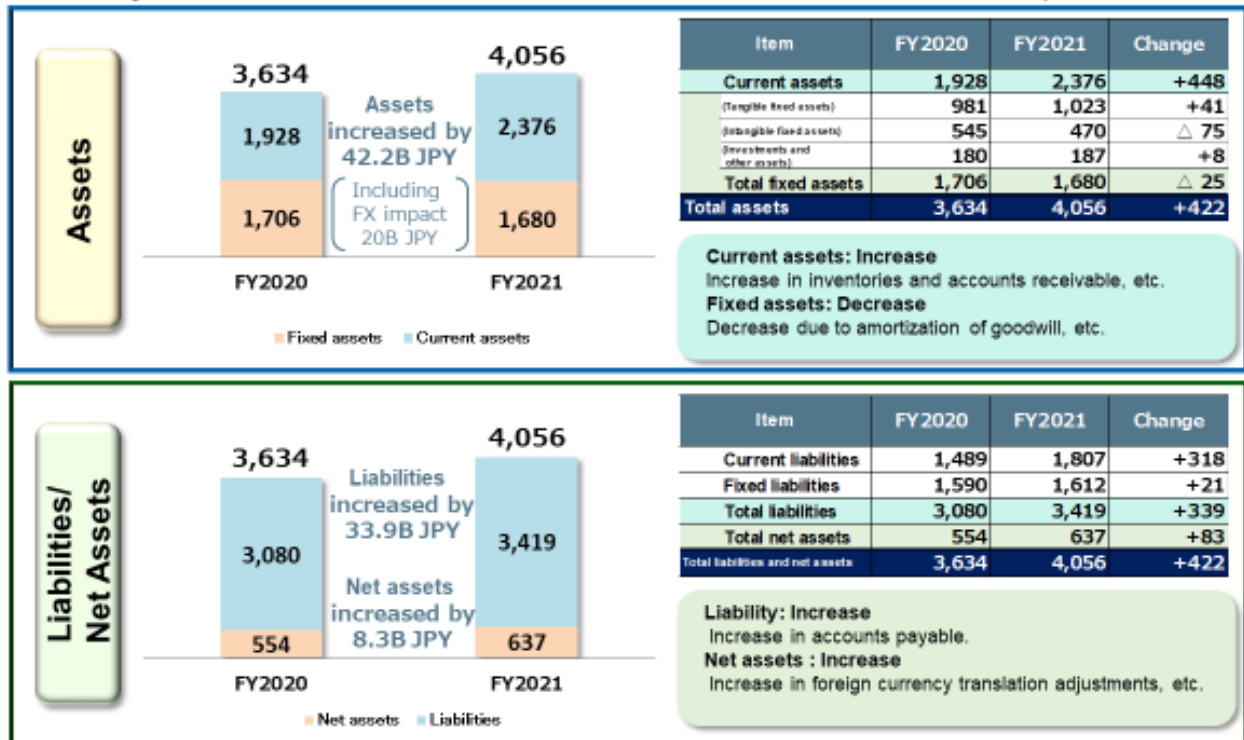
In the Americas and Europe, where cost deterioration has had a particularly large impact, we raised prices multiple times in line with cost increases during the period. However, under the production constraints, we were not able to expand production and shipments and increase production as planned. Orders received after the initial price increase accumulated as a backlog, and we were unable to produce and ship the relatively recent orders received at a price commensurate with the current cost level during the period.

This led to a limited amount of sales price improvement effect. This means that there is a situation in which the effect of sales price improvement is delayed.

7. Consolidated Balance Sheet

Total assets increased YoY to 42.2B JPY due to an increase in working capital such as inventory and accounts receivable.

(Unit: Hundred million JPY)



On page nine and page 10, I would like to briefly explain the balance sheet and cash flow.

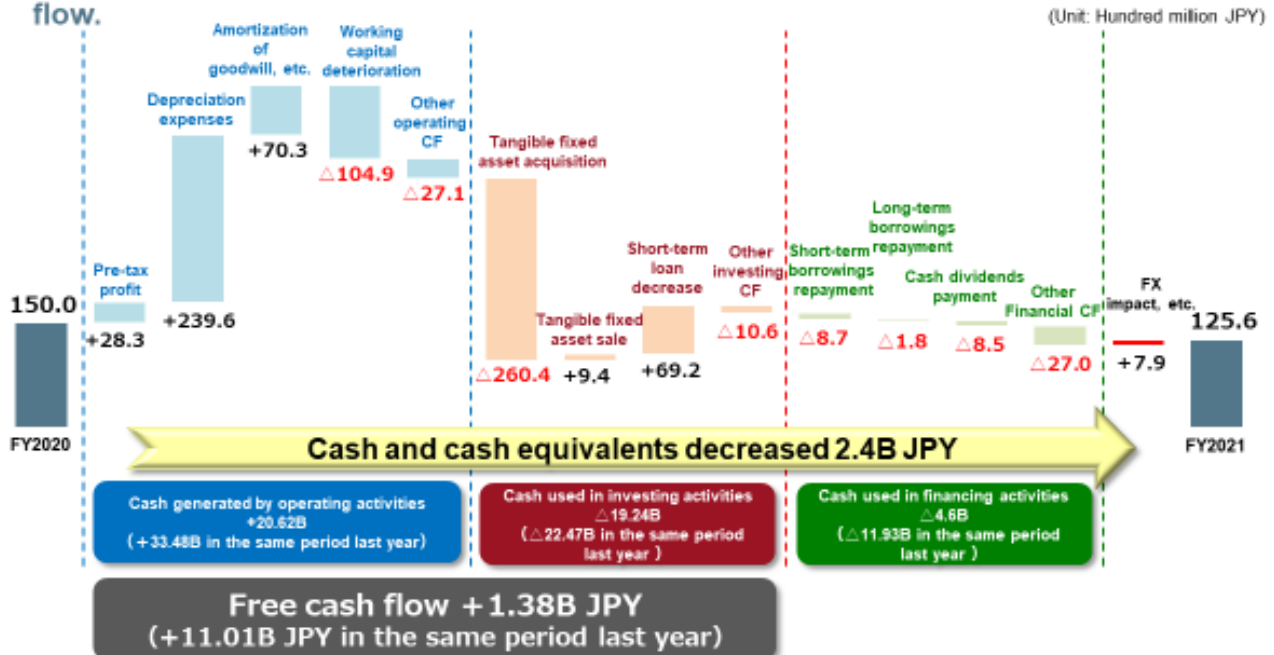
Page nine is the consolidated balance sheet.

Amid the increase in sales and further supply chain disruptions, inventories increased by JPY35.5 billion from the end of the previous fiscal year, mainly at manufacturing sites. In assets, although amortization of goodwill assets progressed, there was also an increase in the conversion of assets of overseas bases due to the weaker yen, resulting in an increase in total assets of JPY42.2 billion.

The capital adequacy ratio, which is a key issue for the Company, improved slightly from 15.1% at the end of the fiscal year ended March 2021. At the end of the fiscal year ended March 2022, the ratio was 15.6%.

8. Cash Flow

- Operating C/F decreased by 12.86B JPY (33.48B JPY in the same period last year).
- Working capital increased due to the increase in inventories caused by production and shipment delays.
- Free cash flow was decreased to YoY 9.63B JPY due to declines in operating cash flow.



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Next, on page 10, the status of cash flow.

Cash flow from sales activities decreased by JPY12.9 billion YoY. As we have just explained in the balance sheet, this is mainly due to the increase in inventories, which deteriorated working capital.

Also, as for cash flow from investing activities, the economic recovery in Europe and the US, as well as the economic and social activities, have led to a very large recovery in demand for lease and rental equipment, and the number of investments in forklift trucks for lease and rental equipment has increased.

As a result, free cash flow totaled JPY1.4 billion, down JPY9.6 billion from JPY11 billion in the previous year.

Supply chain disruptions, i.e., shortages of production parts, container shortages, and transportation delays due to port and loading and unloading congestion, have led to large inventory buildups, especially in manufacturing facilities, and reduced free cash flow. During the current fiscal year, the Company aims to achieve normalization of production and shipments and to restore cash flow.

【Reference】 Key Performance Indicators **Logisnext**

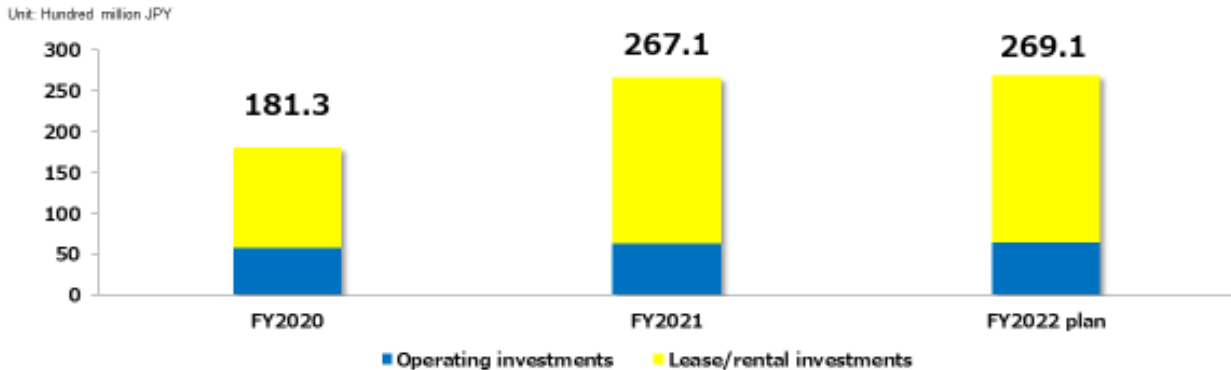
	Indicator	Formula	FY2020		FY2021		Comments
				(Before amortization of goodwill, etc.)		(Before amortization of goodwill, etc.)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	△ 0.7%	(1.5%)	0.2%	(2.2%)	The index improved due to turnaround in line with business performance.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	△ 4.9%	(6.4%)	1.2%	(8.6%)	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	0.4%	(2.8%)	0.8%	(2.8%)	The index improved due to the recovery of business performance as indicated by increased sales.
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	△ 0.7%	(1.6%)	0.2%	(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		6.0 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.9 times		4.6 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.1%		15.6%		Capital adequacy ratio improved due to the increase foreign currency translation adjustments resulting from the depreciation of the yen.
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.3 times		3.0 times		
Share	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY △25.19		JPY 6.73	(JPY 89.52)	
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	-		138.5 times	(10.4 times)	Stock prices : End of FY2020 : JPY 1,296 End of FY2021 : JPY 932
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	2.5 times		1.6 times		

Page 11 shows various financial indicators, including ROA, as reference material and main management indicators.

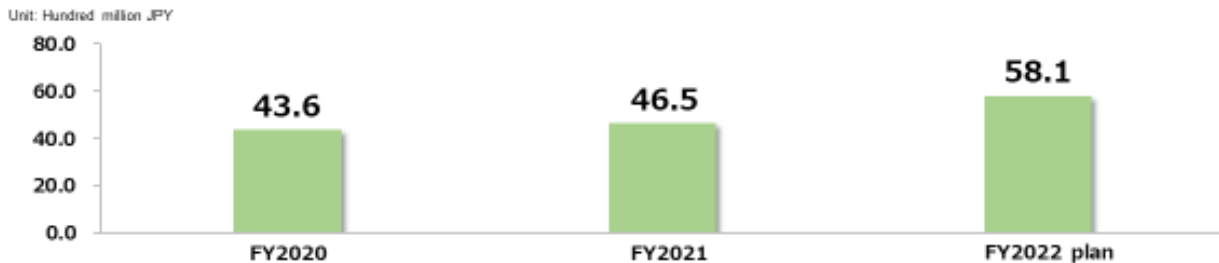
Profitability and safety indicators improved from the previous year, they still remain at low levels, and we will continue to strive for improvement.

【Reference】 Capital Expenditure and R&D Expenses **Logisnext**

■ Capital Expenditure



■ R&D Expenses



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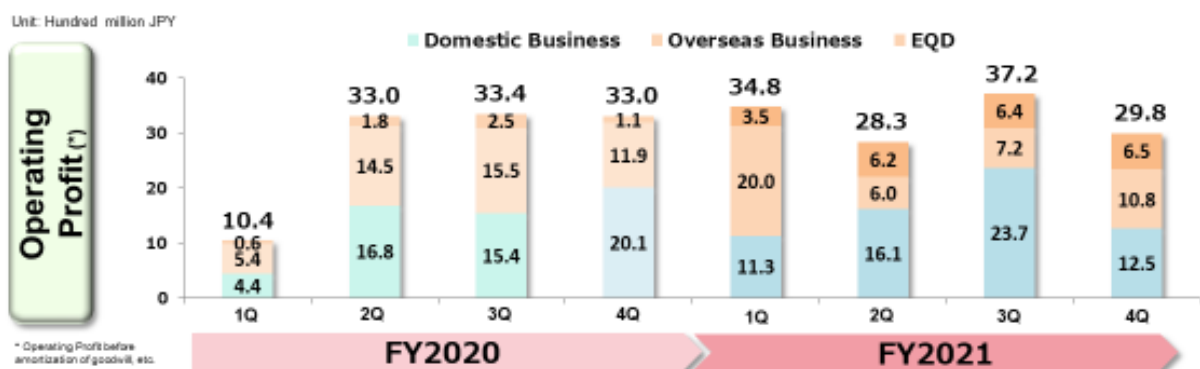
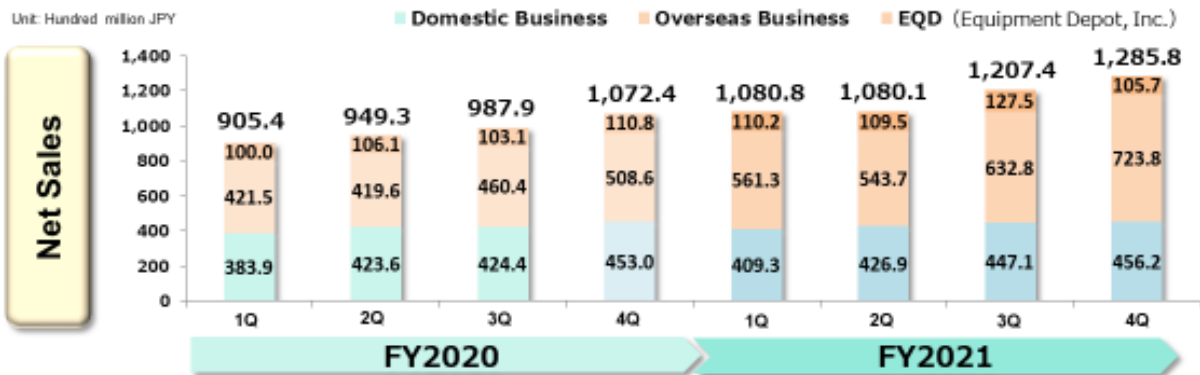
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Page 12 shows trends in capital expenditures and R&D expenditures for your reference.

Capital investment and recurring investment are generally at the same level as in the past, as shown here in blue. As I explained earlier in the cash flow situation, investment in leases and rentals in the yellow section has increased significantly from the fiscal year ended March 2021 to the fiscal year ended March 2022, and we are planning to maintain the same level of investment in the fiscal year ended March 2023.

As for R&D investment, we are gradually increasing R&D expenses for future growth, while maintaining a balance with the overall profit level.

【Reference】 Quarterly Financial Results **Logisnext**



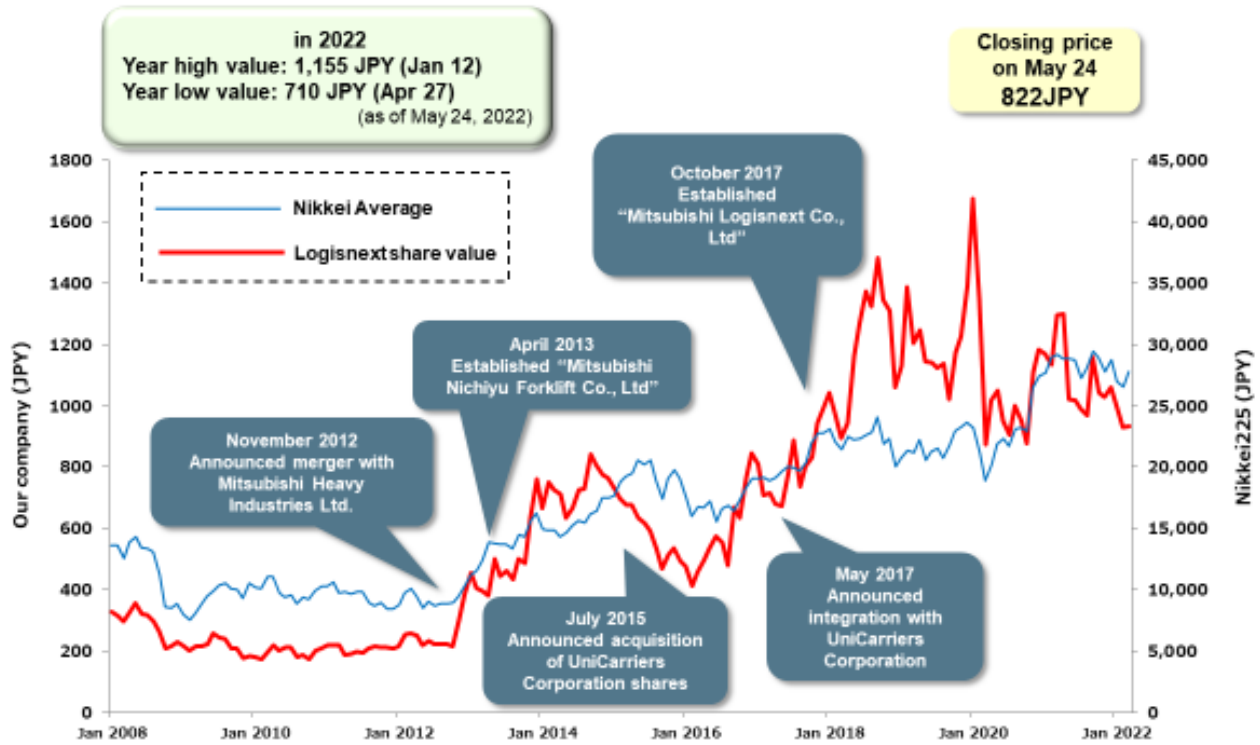
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On page 13, here are the quarterly trends, showing sales and operating income for each of the three short-term quarterly periods.

If you look from left to right from the fiscal year ended March 2021 to the fiscal year ended March 2022, you can see that we have steadily increased sales, especially in the second half of the fiscal year ended March 2022, and operating income has clearly recovered from the major decline in the fiscal year ended March 2021, when we were forced to severely restrict our activities around the world. As a result of the fact that the effects of gradual deterioration of material costs and transportation costs are gradually becoming more serious, in this graph, you can see the result that the increase in profits due to the increase in sales was not sufficient in the short term for the third quarter and the short term for the fourth quarter of the fiscal year ended March 2022.

[Reference] Stock Price Trend



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Page 14 shows the stock prices from 2008. In April 2013, Mitsubishi Nichiyu Forklift was born. The chart then shows the share price trends through the acquisition of UniCarriers' shares, and the birth of Mitsubishi Logisnext in October 2017, up to the present day.

That's all for my explanation about the financial results.

Moderator: Thank you. We will now move on to our management policy for FY2022 and the progress of our medium-term management plan. President Kubo, please begin.

1. Message from the President

We are now in the second year of our medium-term management plan, entering the growth and expansion phase. In addition to the current important issues of rectifying the parts supply network and recovering from production delays, the optimization of order backlogs and inventories is an urgent task for our group this fiscal year, and we are currently working as a unified group to quickly resolve these issues while strengthening our financial base and promoting our growth strategy.

Furthermore, we will make a full-fledged effort to manage our company with a strong awareness of sustainability, and strive to achieve sustainable growth of our company and increase our corporate value. As a comprehensive manufacturer of logistics equipment that supports social infrastructure, the entire group will do its utmost to meet your expectations.

Takashi Kubo, President



My name is Mano, and I will take over Kubo's position as President. We would like to build a strong business foundation that will provide stable performance despite the recent drastic changes in the business environment. At the same time, we would like to actively work on our growth strategy, which is focused on future logistics needs.

We will unite and work together to achieve our mid-term management plan, Logisnext SolutionS 2023. At the same time, we will strive to realize our corporate philosophy of moving the world forward as the leading provider of innovative logistics and material handling solutions. We ask for your continued support.

Yuichi Mano

(Scheduled to become president on June 24.)



Kubo: Thank you all for joining us today. I'm Kubo, President.

I will now explain our management policy for FY2022 and the progress of our medium-term management plan, but first I would like to say a few words.

We are now in the second year of our medium-term management plan, entering the growth and expansion phase. As Mr. Uno just explained, in addition to the current important issues of rectifying the parts supply network and recovering from production delays, the optimization of order backlogs and inventories is an urgent task for our group this fiscal year, and we are currently working as a unified group to quickly resolve these issues while strengthening our financial base and promoting our growth strategy.

Furthermore, we will make a full-fledged effort to manage our company with a strong awareness of sustainability, and strive to achieve sustainable growth of our company and increase our corporate value. As a comprehensive manufacturer of logistics equipment that supports social infrastructure, the entire group will do its utmost to meet your expectations.

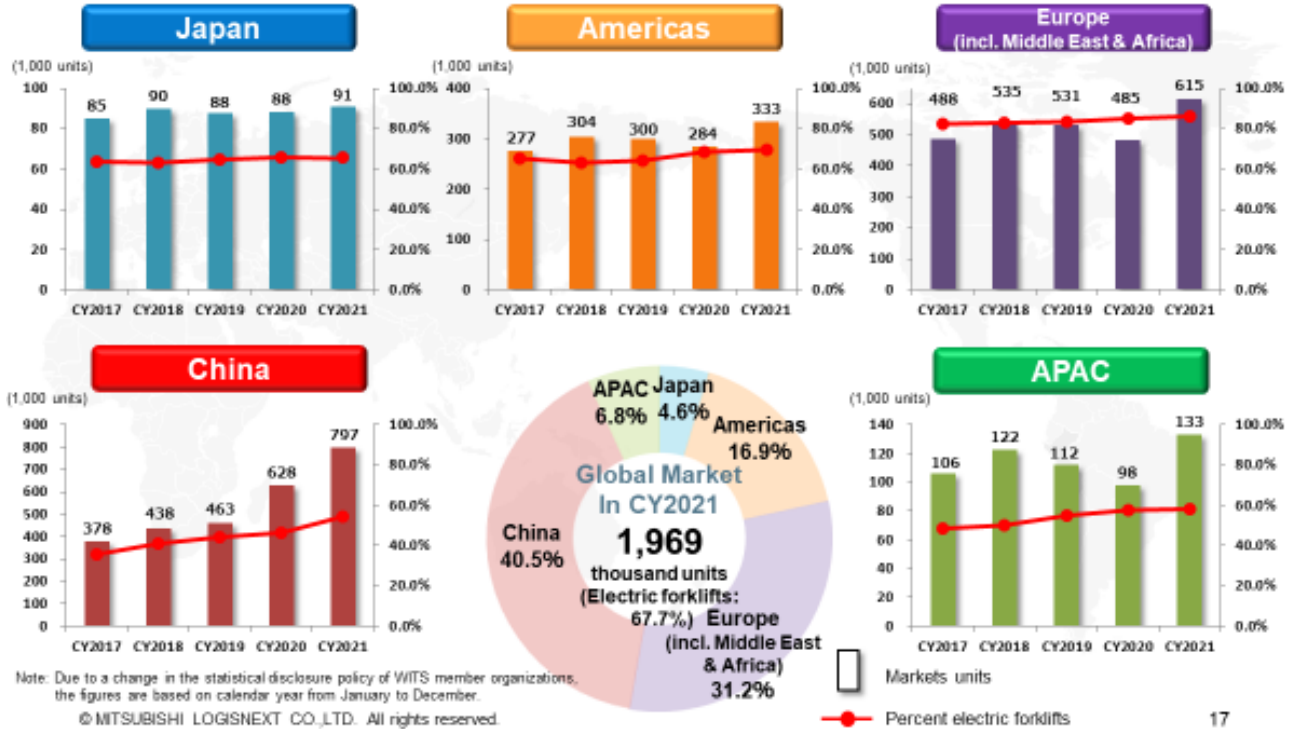
I will be stepping down as of next month, and today I would like to introduce my successor, Mr. Mano.

Mano: I'm Mano, and I will take over Kubo's position as President. He would like to build a strong business foundation that will provide stable performance under the recent drastic changes in the business environment. At the same time, we would like to actively work on our growth strategy, which is focused on future logistics needs.

We will work together to achieve our mid-term management plan, Logisnext SolutionS 2023. At the same time, we will strive to realize our corporate philosophy of contributing to the creation of the future by continuously providing solutions to our customers in every aspect of global logistics. We ask for your continued support.

2. Forklift Market Trends [Shipping](Jan. - Dec.) **Logisnext**

Shipments were up 24.4% YoY to 1,969,000 units in the forklift market for the January to December 2021 period, driven by the strong Chinese market, in addition to the strong economic recovery in Europe, Americas, and Asia.



Kubo: I will now explain our management policy for FY2022 and the progress of our medium-term management plan.

First, here are the results of global forklift shipments. Please be advised that from then on, the western calendar year will be read by the last two digits.

Please be aware that, while we have previously compiled the World Industrial Truck Statistics data by fiscal year, due to a change in the statistical disclosure policy of this organization, we have now compiled the data by calendar year, from January to December.

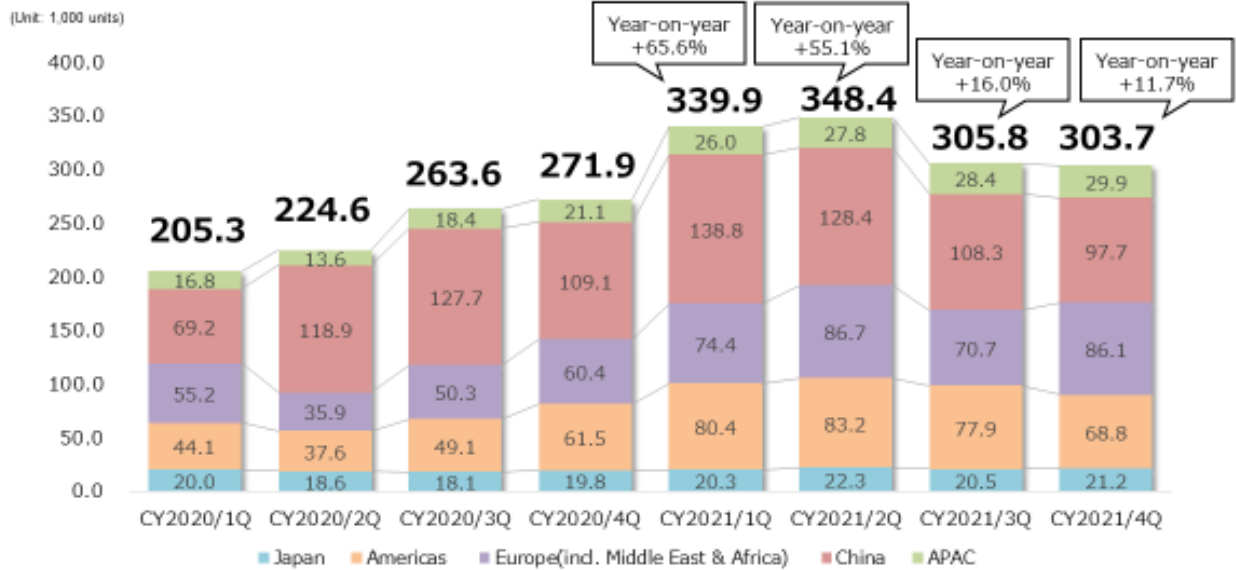
The bar graph shows the number of shipments for the past five years for each region, and the pie graph in the center shows the number of shipments in FY2021 as a percentage of shipments by region.

In 2021, the forklift market showed a strong recovery, with shipments in all regions exceeding those of the previous year, with global volume up 24.4% YoY to 1.969 million units.

3. Forklift Market Trends [Orders](Quarterly)

Although the post-COVID-19 growth surge is normalizing, demand remains strong. (+11.7% YoY to 304,000 units, excluding the Chinese market +26.5% YoY to 206,000 units)

Order intake (excl. Class III*)



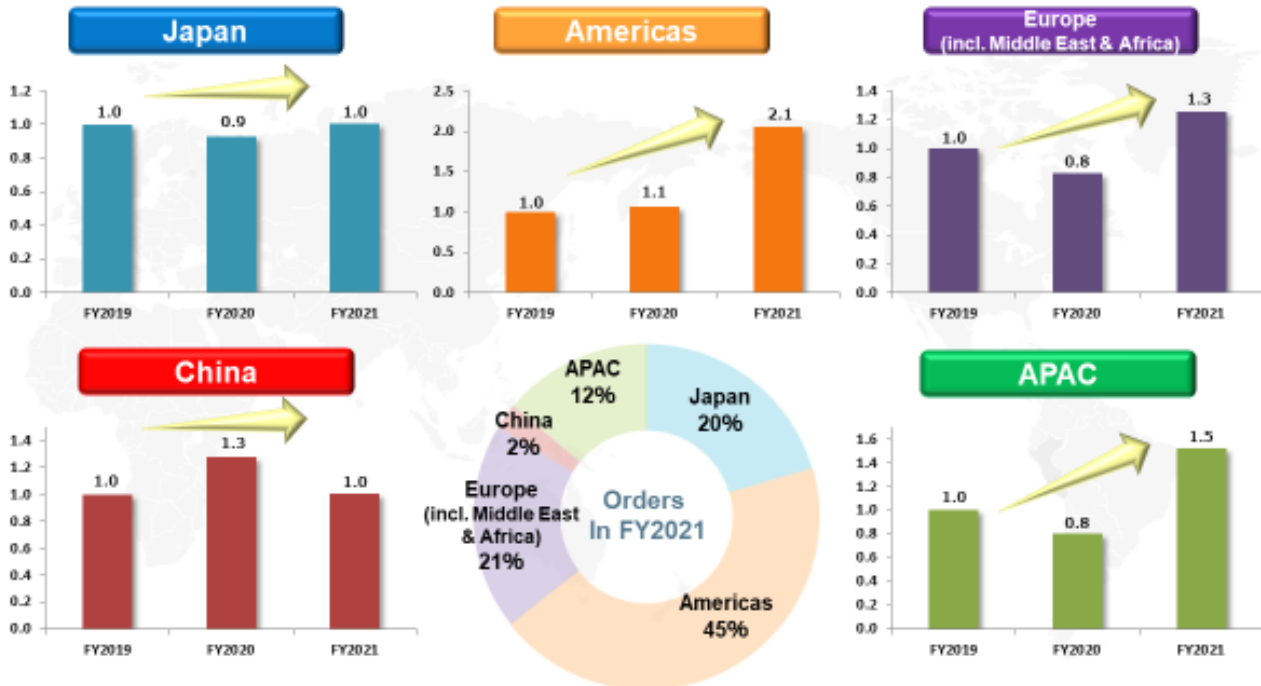
*Class III : Self-propelled electric small lift
 Note: Due to a change in the statistical disclosure policy of WITS member organizations, the figures are based on calendar year from January to December.
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This page shows the actual number of orders received in the forklift market, arranged by quarter.

Note that Class III self-propelled electric small lifts are excluded, and the number of orders received is also calculated on a calendar year basis. The third quarter and the fourth quarter of 2021 saw a decrease compared to the first quarter and the second quarter, and although the rebound in the COVID-19 disaster is subsiding, demand remains strong, growing by more than 10% YoY.

4. Our Order Results (Apr. - Mar.)

Orders in FY2021 were strong, up 55% YoY. Strong orders continue in the Americas, Europe, and Asia due to post-COVID-19 growth surge.



Note: As FY2019=1 indexation. Even if it is the same number notation, by the decimal difference, a difference may occur to the height of the graph in an appearance.

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This page shows the number of orders received by each region over the past three years, with the FY2019 results set as one, and a bar graph showing the index.

The pie chart in the center shows the number of orders received in FY2021 as a percentage of total orders by region.

As shown in the bar graph, strong orders continued to be received in the Americas, Europe, and Asia from FY2019 to FY2021 due to the rebound increase from the COVID-19 crisis. The result was a 55% increase over the same period last year.

5. Forklift Market Forecast and Sales Strategy **Logisnext**

Japan	<ul style="list-style-type: none"> The market is expected to be slightly higher than FY2021 levels. The market share of electric forklifts is expected to increase due to the normalization of production as a result of the elimination of delays in the supply of semiconductors, etc. in FY2021, but market share is expected to decrease slightly due to a decline in shipments caused by the launch of the new small engine vehicle, "ERSIS".
Americas	<ul style="list-style-type: none"> The market is expected to be lower than FY2021 due to a reactionary decline from the rapid increase in demand order backlog in FY2021 caused by longer lead time. We aim to increase the market share by strengthening our sales approach for large customers, strengthening rental business at EQD company, and launching a business solution division, as well as steadily focusing on accelerated orders, production, and shipments.
Europe (incl. Middle East & Africa)	<ul style="list-style-type: none"> The market is expected to be due to a reactionary decline from the rapid increase in demand in FY2021 and the impact of the prolonged problems in Russia and Ukraine. In addition to expanding sales of Class I products through the introduction of the new electric forklifts "EDIA XL", we aim to increase market share through sales promotion activities to customers at its European direct sales companies by utilizing its system, and by strengthening its response to customers by transferring production of compact engine forklifts to Spain.
China	<ul style="list-style-type: none"> The market is expected to be slightly lower than FY2021 due to the impact of COVID-19. We will enhance our demo program and strengthen our sales promotion tools for renewal of new models for customers who have been using old models to increase demand for a long time.
APAC	<ul style="list-style-type: none"> The market is expected to be lower than FY2021 due to a reactionary decline in related to replenishing distributors' new forklift inventory because of longer lead times in the second half of FY2021. We will maintain and strengthen our market share by steadily capturing new forklift demand.

On this page, I will explain our market outlook and sales strategies for each region for the current fiscal year.

In the Americas, Europe, and Asia, the market for the current fiscal year is expected to be lower than the previous year as a reaction to the rapid increase in demand in the previous fiscal year. On the other hand, Japan did not originally see a rebound increase from the COVID-19 crisis like other regions in the last fiscal year, and the market is projected to be slightly higher than the last fiscal year. In addition, China's prolonged lockdown is expected to widen and the market is expected to decline slightly.

With regard to sales strategy, in all regions, we are working to normalize production by eliminating delays in the supply of semiconductors and other components, and in the Americas, we are strengthening our sales structure, direct sales rental business, and solutions business. In Europe, although there are concerns about the prolonged problems in Russia and Ukraine, we will expand and strengthen our market share by introducing new battery-powered vehicles and transferring production of small engine vehicles to Spain.

6. Production

	FY2021 Production (Compared to plan)	FY2022 Production forecast (YoY)	FY2021 Production	FY2022 Production forecast
Japan			<ul style="list-style-type: none"> Production was steady despite supply delays of semiconductors, etc., and the impact of COVID-19. Production of "GRENDIA" and "FOZE", compact engine forklifts, was discontinued. 	<ul style="list-style-type: none"> Aim to maintain the shipment volume of the new compact engine forklift "ERSIS" by ensuring a timely production start.
Americas			<ul style="list-style-type: none"> Delays due to supply chain disruptions and delays in the supply of parts for semiconductors, etc., have been impacted. 	<ul style="list-style-type: none"> Expect to significantly increase production by improving the supply chain and aiming to reduce the order backlog.
Europe (incl. Middle East & Africa)			<ul style="list-style-type: none"> The impact of COVID-19, supply chain disruptions due to the problems in Russia and Ukraine, as well as parts supply delays led to a significant decline. 	<ul style="list-style-type: none"> Expect to increase production volume by reducing the order backlog and by transferring production of compact engine forklifts (from Dalian plant to Spain plant) in April FY2022.
China			<ul style="list-style-type: none"> Production volume increased from FY2020 due to strong orders from Asia. 	<ul style="list-style-type: none"> Production volume is expected to decrease due to the transfer of production of compact engine forklifts in April 2022.
APAC			<ul style="list-style-type: none"> Record production in its 10th year in business. 	<ul style="list-style-type: none"> Aim to increase production and promote shipments by improving supply chain.

On this page, I will explain the production status and production forecast for the last fiscal year and the current fiscal year.

The arrows indicate the increase or decrease in production volume in FY2021 compared to the original plan, and the increase or decrease in production volume in FY2022 compared to the plan in FY2021. Blue arrows indicate an increase or flat growth, and red arrows indicate a decrease.

As indicated by the arrows, in the last fiscal year, production in the Americas and Europe fell short of the plan due to disruptions in supply networks and delays in the supply of parts, but we expect a significant increase in production this fiscal year as a result of improvement, rectification, and reduction of vehicles left over from orders. In Japan, we expect to maintain production volume, while in China, as I mentioned earlier, production volume is expected to decrease due to the transfer of production of small cars for Europe to our plant in Spain.

7. Financial Forecast for FY2022

Key factors related to the financial forecast:

- Production delays due to shortages in the supply of electronic components used in semiconductors, and Continuous escalation of materials, transportation costs.
- Optimization of order backlogs and reduction of long delivery times should be assisted by rectifying parts supply network issues and recovering production and shipment levels.
- In Japan, the material handling equipment market remains steady at the same level as before COVID-19. Overseas, remain above the pre-COVID-19 level.
- Emergence of geopolitical risks, and negative impacts on the economy due to rising inflation in many countries must be considered.

(Unit: Hundred million JPY)	FY2021	FY2022	YoY Change	
Units Sold	103,000 units	118,000 units	+15,000 units	+14.6%
Net Sales	4,654.1	5,400.0	+745.9	+16.0%
Operating Profit <small>(before amortization of goodwill, etc.)</small> (Operating profit margin)	130.1 (2.8%)	175.0 (3.2%)	+44.9	+34.5%
Amortization of Goodwill, etc.	94.2	95.0	—	—
Operating Profit (Operating profit margin)	35.9 (0.8%)	80.0 (1.5%)	+44.1	+122.7%
Ordinary Profit (Ordinary profit margin)	32.4 (0.7%)	70.0 (1.3%)	+37.6	+116.0%
Profit Attributable to Owners of Parent (Net income margin)	7.2 (0.2%)	25.0 (0.5%)	+17.8	+248.7%
Dividend per Share	8 yen	9 yen	—	—

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FY2022 plan FX rate : USD=JPY120 EUR=JPY130 CNY=JPY18.5 22

Next, I will explain our financial forecasts for the fiscal year ending March 2023.

As I mentioned at the beginning of this presentation, we are currently working on the most important tasks for this fiscal year, which are to rectify the parts supply network and recover production and shipments, and to optimize the order backlog, which increased sharply last fiscal year, and to improve the long delivery time.

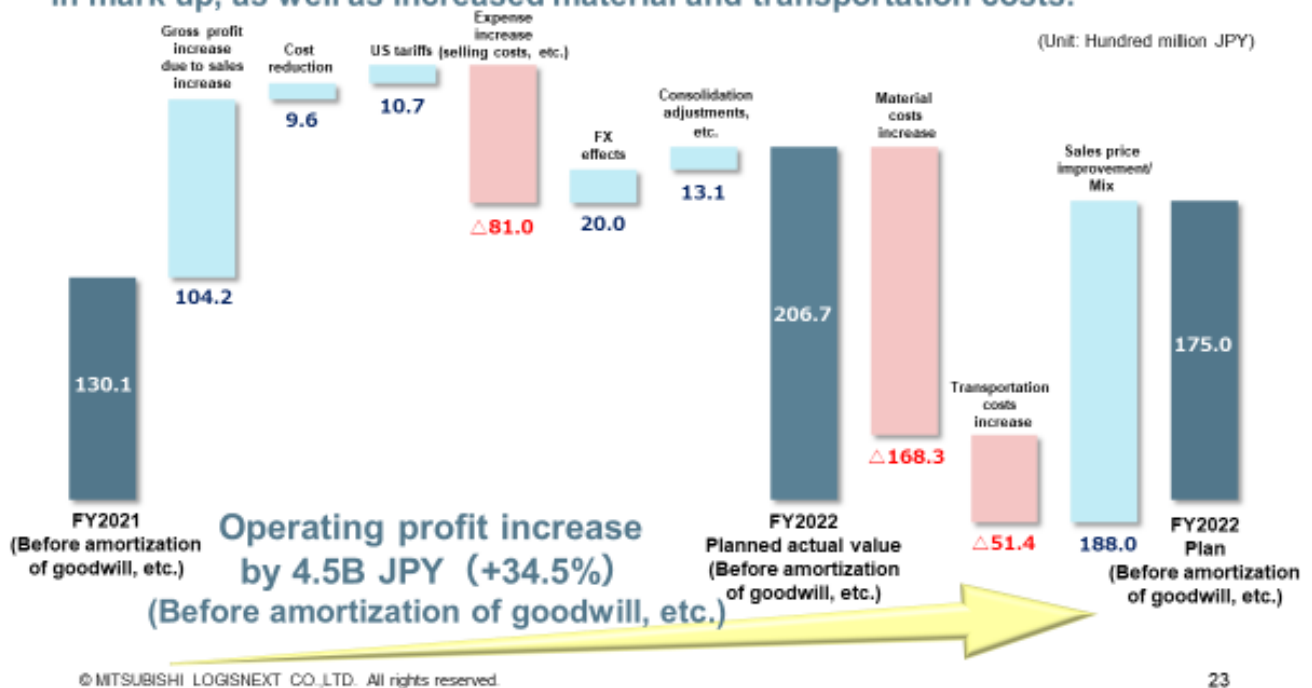
However, there are still concerns about production delays due to shortages in the supply of electronic components used in semiconductors, soaring material and transportation costs, the emergence of geopolitical risks, and rising inflation in many countries. The uncertainty of the economic environment is expected to increase further.

Under these circumstances, in Japan, the logistics equipment market such as forklift trucks is expected to be steady at the same level as before the COVID-19 crisis, and the overseas market is expected to exceed the level before the COVID-19 crisis, and we expect this trend to continue in the current fiscal year.

In this business environment, we forecast consolidated net sales of JPY540 billion, operating income of JPY8 billion, ordinary income of JPY7 billion, and net income attributable to owners of the parent of JPY2.5 billion for the fiscal year ending March 2023. Operating income before amortization of goodwill and other items will be JPY17.5 billion, with a profit margin of 3.2%. Based on the consolidated earnings forecast, we plan to pay a dividend of JPY9 per share.

8. Operating Profit FY2021 vs FY2022 Plan **Logisnext**

Operating profit (before amortization of goodwill, etc.) is expected to increase only 34.5% YoY due to longer lead times caused by delays in the supply of various components, including semiconductors, and the accompanying delay in mark up, as well as increased material and transportation costs.



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This page shows a waterfall chart of the planned increase in operating income from the end of the last fiscal year to the end of the current fiscal year, broken down by factor.

Once again, the chart shows our ability in the middle of the page based on the cost level at the end of the last fiscal year. In response to this, we have summarized on the right-hand side the expected increases in material and transportation costs for the current fiscal year and our measures to address these increases. Our planned value is shown in the bar graph on the far right.

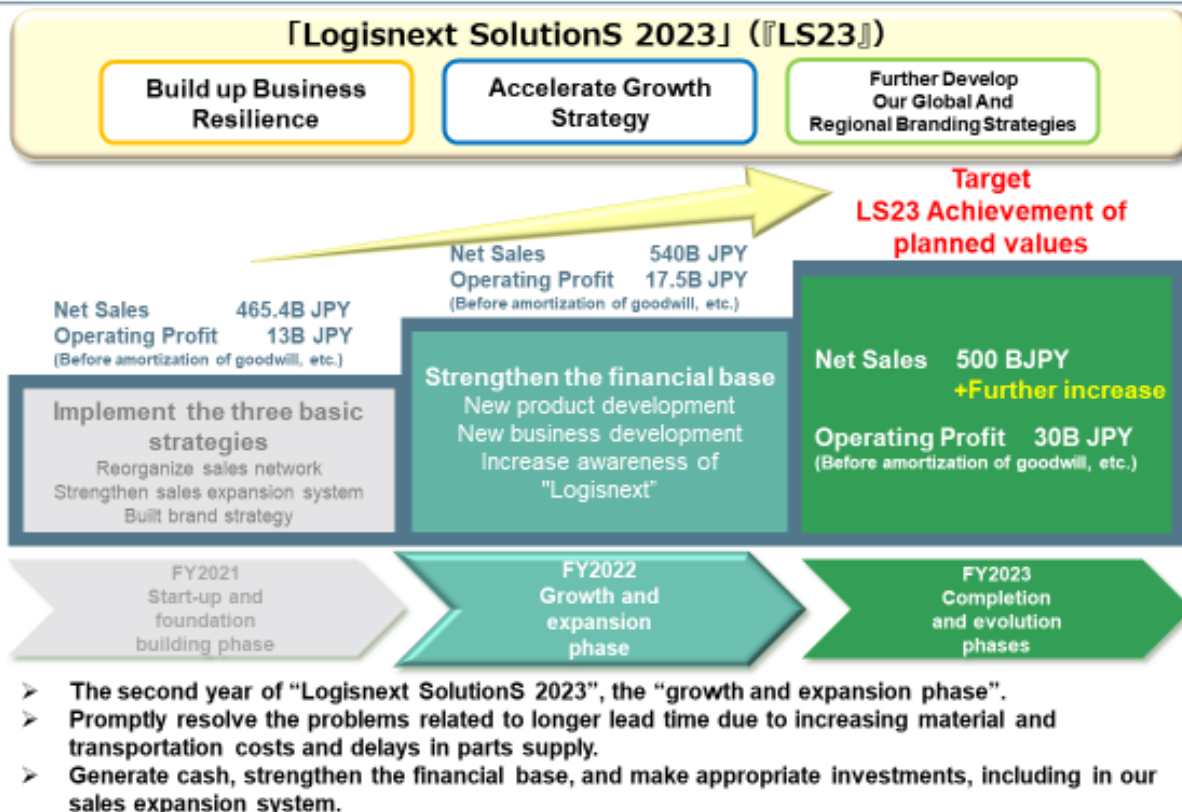
As I explained earlier, the longer lead times and delays in production and shipments due to delays in the supply of various components, including semiconductors, will have an impact. Gross profit is expected to increase by JPY10.4 billion due to the increase in sales in this period, and profit will increase by JPY1.1 billion due to cost reduction of JPY1 billion and partial exemption of US tariffs in the previous term.

As for the increase in profit, although there is an increase in expenses of JPY8.1 billion, mainly due to personnel costs in the Americas, we have added JPY2 billion due to yen depreciation, and our actual operating income is estimated to be JPY20.67 billion, an increase of JPY7.6 billion YoY.

On the other hand, material and transportation costs, which once appeared to have peaked out, are expected to deteriorate further, and the increased geopolitical risk in Ukraine and the lockdown in China are expected to cause a significant downward swing, totaling minus JPY22 billion in the current fiscal year, following the previous fiscal year.

We will make further efforts to reduce costs, raise prices, and strengthen our efforts in highly profitable business negotiations to compensate for these factors, and as shown on the far right, we have set a final operating income target of JPY17.5 billion, up 34.5% YoY.

9. FY2022 Business Plan



I would like to continue by explaining the progress of our medium-term management plan, LS23.

In LS23, we have three basic strategies: strengthening corporate strength, promoting growth strategies, and improving brand power. Last fiscal year was the first year of the mid-term management plan as the start-up and foundation-building phase, in which we worked to reorganize our sales network, strengthened our sales expansion system, and built our brand strategy in order to clarify the roadmap for implementing our basic strategies.

In the second year of the medium-term management plan, we will position the current fiscal year as a phase of growth and expansion, and will promptly resolve the problems of prolonged lead times due to soaring material and transportation costs and delays in parts supply, as well as the optimization of order backlogs and inventories, strengthen our financial base, make appropriate investments including sales expansion systems, and improve the recognition of the Logisnext brand. We will then aim to achieve the LS23 plan figures of JPY500 billion in net sales and JPY30 billion in operating income before amortization of goodwill and other items.

10. Build up Business Resilience -Strengthen the existing business- **Logisnext**

■ New Product Launch for the domestic market

➤ Integrated model of compact engine forklifts

- New small engine forklift truck, "ERSIS" launched in March 2022, is integrated model combines the strengths of engine forklifts "GRENDiA" and "FOZE".



Features

- Superb environmental impact levels**
 - Equipped with in-house engines that meet the latest emission standards
- High workability**
 - Mast ascent speed in top of class
 - Powerful climbing ability
- Full range of safety functions**
 - Integrated vehicle management system equipped on all models

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The next slide will explain the status of specific initiatives for the three basic strategies.

First of all, this page shows the launch of a new product for the domestic market as one of the measures to strengthen corporate resilience and existing businesses.

Following the battery-powered ALESIS forklift truck released in November 2019, we have launched the ERSIS, a new integrated model of small engine forklift trucks. The clean exhaust of the engine manufactured by the group company will provide excellent environmental friendliness, and the technology and track record cultivated over many years will be used to achieve high workability and safety, leading to an increase in domestic sales volume.

■ **New Product Launch for the overseas market**

➤ **Introduced new electric forklifts for the European market**

- Developed "EDiA XL", a high-performance mid-size (4.0-5.5tons) electric forklift, designed to meet the demand for combustion engine forklift replacements, was launched for the European market in April 2021.



Features

Superb environmental impact levels

- Best-in-class energy efficiency

High workability

- Auto-boost function increases driving power as needed

Stable handling

- Superior ability to reduce vibration when lowering the mast

Comfortable operability

- Compact steering wheel for security and safe driving
- Ergonomic dual joysticks

**Aim to expand sales in the European market,
where advanced carbon-neutral initiatives are strong**

On this page, I will explain the second part of strengthening existing businesses, new products developed overseas.

The EDiA XL is a new type of battery-powered forklift truck for the European market, which was launched in April last year. This is a new model in the mid-size class from 4 tons to 5.5 tons, designed to meet the demand for a replacement for engine-powered vehicles, and equipped with an auto-boost function to increase driving power as needed and a control to reduce vibration when lowering the mast. The new model is a highly functional model with greatly improved environmental friendliness, workability, and operability compared to the previous model.

With this, we aim to expand sales in the European market, where advanced carbon-neutral initiatives are underway.

12. Build up Business Resilience -Strengthen the existing business- **Logisnext**

■ Sales expansion in Asia and Oceania

➤ Strong sales of new electric forklifts launched in Asia and Oceania markets

- "FB-80" (ALESIS in Japan), a compact electric forklift manufactured at the Thailand plant (Logisnext Manufacturing(Thailand) Co., Ltd.) seen the addition of a 3 tons class edition, receiving high praise in the Asia and Oceania regions and is selling well.
- We contributed to achieving the highest annual production volume ever last year in FY2021, the 10th year since the Thailand plant was established.



Logisnext Manufacturing(Thailand) Co., Ltd.



FB-80

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On this page, I will explain the third area of strengthening existing businesses, sales expansion in Asia and Oceania.

To strengthen existing businesses, regarding the FB-80, the main compact battery-powered vehicle manufactured at the Thailand plant, we added the three-ton class last year, bringing the total range of small vehicles classes. Thanks to the high evaluation of the design, stability, and operability by many customers, we contributed to achieving the highest annual production volume ever last year in FY2021, the 10th year since the Thailand plant was established.

In the market, the trend toward battery-powered vehicles is expanding from the viewpoint of environmental protection, and we will continue to develop and launch attractive products that are environmentally friendly and easy to operate to meet the market needs.

■ Expansion of Solution Business

➤ Launched Solution Business Division in the U.S. EQD company

- Established "EQ SOLUTIONS" as a business solutions division of EQD company, a direct sales company.
- In addition to solutions for distribution warehouses, such as material handling products and warehouse products, "EQ SOLUTIONS" has expanded its offerings, including automated equipment such as unmanned forklifts and automated warehouses.
- We offer total solutions to customers across a wide range of industries, including not only distribution warehouses, but also manufacturing, beverage, food, and wholesale operations.



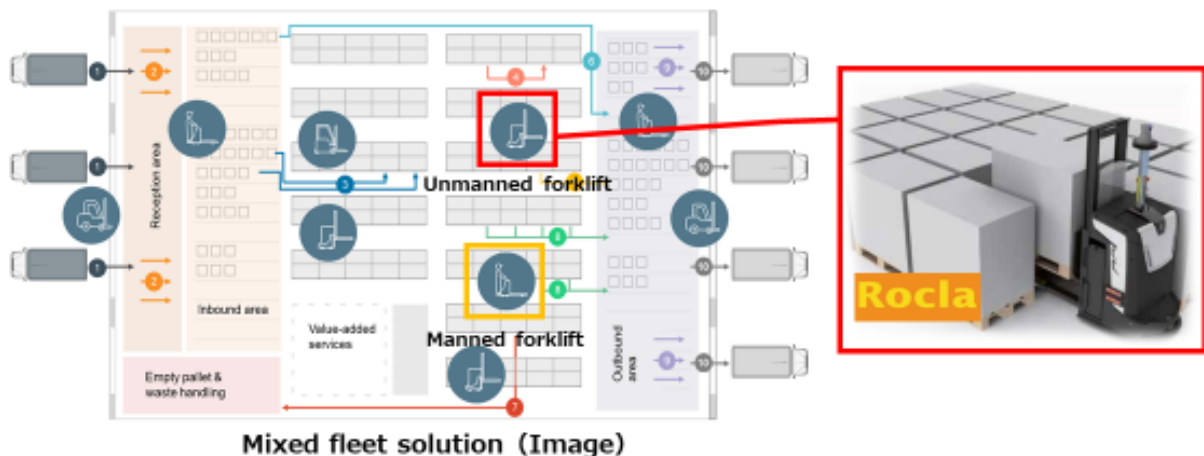
I would like to continue by explaining the second of our basic strategies, the promotion of the solutions business expansion as one of the growth strategies.

EQ Solutions was established as a solutions business unit of Equipment Depot, a direct sales company that has been contributing to our business growth since its acquisition in 2019. EQ Solutions has expanded its lineup of automated equipment, including material handling products such as racks and conveyors, unmanned forklifts, and automated warehouses, centered on reach-type forklifts and rack forklifts for logistics warehouses, and offers total solutions to customers in a wide range of industries, including manufacturing, beverage, food, and wholesale. Sales are steadily increasing.

■ Development of New Technology

➤ Development of a “mixed fleet solution”

- We have developed a “mixed fleet solution” at our European base, which is a comprehensive solution of middleware, software, and material handling equipment that enables manned and unmanned forklift trucks to coexist.
- Operations commenced at a customer warehouse in Belgium with DHL, a major European logistics company, as the pilot customer.



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On this page, I would like to continue with the second part of the growth strategy promotion, the development of new technologies.

The demand for unmanned forklifts is increasing due to the global expansion of e-commerce and as a solution to the labor shortage. However, many customers already have warehouse and storage facilities and operate their warehouses with manned forklifts, making it difficult to add unmanned forklifts to existing environments.

To solve this problem, we are developing a mixed fleet solution at our European base, which is a comprehensive solution of middleware, software, and material handling equipment that enables manned and unmanned forklift trucks to coexist.

Today, we would like to show you a video of a case study of DHL, a major logistics company that has started operation as a pilot customer. Now, please start the video.

[Video Begins]

Company Representative: DHL, the world’s largest logistics company, has introduced AGF, which was developed at our European site, to its warehouse in Belgium. It has installed several reach-type AGFs with a maximum lifting height of 8.5 meters, which operate 24 hours a day and automatically transport 1,000 pallets per day.

DHL is actively promoting the digitalization of logistics, and we, as its partner, are working on the joint development of logistics automation solutions.

[Video Ends]

Kubo: That is all for the video.

■ Use of Unmanned Transport Technology

- Start of demonstration experiment to automate the loading and unloading of trucks outdoors
 - The unmanned forklifts demonstration experiment for loading and unloading is to be conducted with Konoike Transport Co., Ltd. and Mitsubishi Heavy Industries by March 2024.
 - We aim to reduce the workload of forklift operators and reduce truck dwell time, thereby contributing to manpower and labor savings in the logistics field.



Image

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The third of our growth strategies, the use of unmanned transport technology, is a demonstration experiment to automate the loading and unloading of trucks outdoors.

As announced in this news release in March of this year, the project has been launched jointly with KONOIKE TRANSPORT CO., LTD. and MHI.

While indoor logistics in factories and warehouses are increasingly automated, truck loading and unloading outdoors, such as under eaves, is mainly performed by manned forklift trucks. Currently, the challenges are optimization of working hours and chronic labor shortages. By automating these operations, we aim to reduce the workload of forklift operators and reduce truck dwell time, thereby contributing to manpower and labor savings in the logistics field.

■ Efforts toward the realization of Carbon Neutrality

➤ Orders received for new tire-type gantry crane (RTG)

- Received orders from Kamigumi Co., Ltd. for RTGs that can reduce CO2 emissions and be converted to hydrogen fuel cell technology in the future. Two units will be installed during FY2022 and a total of 18 units by the end of FY2027.
- We aim for zero greenhouse gas emissions at ports, striving to realize the goal of carbon neutral ports (CNP).



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SUSTAINABLE DEVELOPMENT GOALS



Regarding the third basic strategy, brand enhancement, I would like to explain our efforts to realize a decarbonized society as one of our ESG management practices.

We have received an order from Kamigumi Co., Ltd. for a carbon-neutral tire-type gantry crane, RTG, which was jointly developed with MHI for the realization of carbon-neutral ports, which the Ministry of Land, Infrastructure, Transport and Tourism is studying to form. Starting with two units during FY2022, a total of 18 units are scheduled to be installed by FY2027, contributing to the realization of carbon neutral ports.

■ Published “Mitsubishi Logisnext SDGs Report 2021”

➤ Achieving towards the carbon neutrality by 2040

- Formulated our global CO2 emissions (Scope 1 and 2) reduction targets.
“40% reduction by 2030 (relative to fiscal 2017 levels), net zero by 2040”

➤ Establishment of Sustainability Promotion Structure

- The sustainability council was established as the supreme body for promotion and management of sustainability activities.
- Under the sustainability council, subcommittees are established for each materiality activity area.
- Each subcommittee sets its own policies and targets for each materiality and promotes its own initiatives.

➤ Integrated with Environmental Report

- Integrated environmental reports, which were previously published separately, into this SDGs report.
- Integrated information on environmental initiatives and achievements.



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As a second step to enhance our brand strength, we published the SDGs Report 2021 at the end of last year, summarizing our SDGs initiatives.

We would like to introduce a few of our SDG initiatives that are included in this report. Recognizing that climate change is an important issue for society as a result of global warming, we clarified our policy on carbon neutrality last December and set a goal to reduce our group-wide CO2 emissions by 40% by 2030 and to achieve Net Zero by 2040.

The entire group will take on the challenge of achieving this goal while making maximum use of the technologies and knowledge we have cultivated.

In order to make our efforts to address these important issues, including carbon neutrality, more effective, we have reorganized our internal promotion system and integrated our environmental reports, which were previously published separately, into this SDGs report. This SDGs report is available on our website, and we hope you will take a look at it when you have time.

■ Transition to Standard Market

➤ Efforts to achieve listing maintenance criteria

- We selected the "Standard Market" based on the overall judgment that maintaining the current capital relationship with Mitsubishi Heavy Industries and continuing to utilize and strengthen cooperation with the comprehensive strengths of Mitsubishi Heavy Industries as well as conducting independent management as a listed company would be optimal.
- As a result of efforts to achieve the 25% listing maintenance criteria, we have achieved standardization at 25.6% as of March 31, 2022.

Compliance with listing maintenance criteria in standard market

	Number of shareholders	Number of tradable units of stock	Total market capitalization of tradable shares	Tradable share ratio
Our status June 30, 2021 <small>(as of the transition reference date)</small>	12,014 people	242,746 units	27.4B JPY	22.7%
Our status March 31, 2022	21,257 people	272,582 units	26.4B JPY	25.6%
Listing maintenance criteria	400 people	2,000 units	1B JPY	25%
Plan period as stated in the original plan				March 31, 2023

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Finally, I would like to explain our response to the TSE market reform.

We have selected and applied for the Standard Market in the new market classification of the TSE. The Company believes that it is optimal to maintain the current capital relationship with MHI and continue to utilize and strengthen cooperation with MHI’s comprehensive capabilities, as well as to manage the Company independently as a publicly listed company.

As of June 30 of last year, the transition reference date, the tradable share ratio was 22.7%, which did not meet the standard of 25% to maintain the listing on the Standard Market. However, we are pleased to report here that we have achieved the 25% listing maintenance standard as of March 31 this year as a result of our efforts to improve the tradable share ratio.

This concludes our presentation of the financial results for the fiscal year ended March 2022, as well as our management policy for the current fiscal year and the progress of our medium-term management plan.

Thank you for your attention.

Moderator: Thank you. This concludes the presentation.

Question & Answer

Moderator [M]: We will now move on to the question-and-answer session.

Please ask questions now.

This is a good opportunity for you to ask us any questions you may have.

〈Q1〉

Q1: I would like to ask just one question. I was wondering if you have any concrete plans for when the soaring price of materials will peak out in the new fiscal year?

Uno: I'm Uno.

At the time of the initial planning process, I think the observed situation peaked around the end of the fiscal year that ended in Europe and the United States. In addition, since the prices of materials in Japan lag behind the rest of the world, we thought that the prices in Japan would peak around the end of the first quarter of this fiscal year, but at the end of the last fiscal year, Russia's invasion of Ukraine caused a sharp rise in energy prices, and there were signs in the US and Europe that material prices would start rising again. We expect to peak around the first half of the current fiscal year, or the end of the first quarter of the current fiscal year.

Q1: Thank you very much. I'm sorry, I have one more point to add, but can we assume that it is overseas where price shifting is most likely to occur?

Uno: Yes, I think it is easy for customers in the US and Europe to understand the price increase based on last year's one-year efforts and the feeling they have, and competitors are also taking the same measures to raise prices. We feel that it is easy to raise prices under such circumstances.

Q1: Okay. Thank you very much. That is all from me.

〈Q2〉

Q2: First, I would like to ask Mr. Mano about two things. I am sure that you are thinking about various things as you become the president. Looking at page 24, you are already planning to beat the JPY500 billion mark for the next fiscal year, and this year you are already planning to beat it.

In terms of profit level, you have been implementing aggressive strategies such as various restructuring, overseas impairment, and acquisitions over the past few years, but I was wondering if you could tell us what you think is necessary in order to raise the profit level or profit margin level to another level in a sense as a recovery period.

Mano: I'm Mano. Thank you for your questions.

Certainly, as you point out, we have expanded our business over the past several years through acquisitions and other means, and I think we have made some progress in this area, a kind of integration. I think that the results have been achieved to a certain extent, but from my point of view, I feel that there are still areas where more can be done, such as eliminating waste. As you have pointed out, the current profit level is less than 3%, but in order to raise it to the next level, I feel that we need to address the waste and duplication that still exists in some areas around the world.

Q2: Is there a bias toward one area or another in the various stages of production, sales, and development?

Mano: I think the functions of development are being organized in a certain way. I feel that it is organized in Japan, Europe, and the US. We have a number of production sites and direct sales outlets, but the rate of return varies considerably, so I feel that we need to look at this area in detail.

Q2: I see. Another thing is, this may sound a bit similar, but regarding the way you are involved with Mitsubishi Heavy Industries, is a bit sensitive when it comes to capital, so it may be difficult to have a conversation, but I would like to know something.

Is there anything that will change the distance in business in the future? For example, I was wondering if it would be possible to lighten the burden, such as procurement difficulties, which you mentioned earlier, by collaborating a little more with MHI.

On the other hand, I know that you have been talking about automatic loading and unloading of solutions for some time, but I was wondering if you could tell us about the next step. Can you tell us how you are changing, or would like to change, the distance between you and MHI, not in terms of capital, but in terms of business?

Mano: I'm Mano. I think you have a point. For example, as I mentioned earlier about procurement, there have been various procurement challenges this time, and I think there are quite a few problems that have been solved with MHI's support, or rather, with the help of various networks. I would like to make use of this experience, and in the near future, rather than asking for help after a problem arises, I think I have the experience to cooperate from the beginning, and I would like to cooperate proactively in the area of procurement.

One more thing about solutions. We have issued press releases about cooperation with MHI in various areas of automation, but from my point of view, there are still some areas where our targets are not completely aligned.

For example, I think that if we have more up-front discussions about whether we are targeting Japan or the world, we will be able to eliminate wasteful investments and use the money very effectively.

We have already started discussions in this area, but for example, we may ask MHI to do more of the elemental engineering work, or we may work on the applications around the customer. I feel that we can do a lot of good things if we use our resources in a way that does not conflict with each other. In this sense, I hope we can have open discussions and debates.

That's all.

Q2: Let me confirm. Do you mean that MHI is not so enthusiastic? Or is it not like that?

Mano: No, it's not like that. It's difficult to say this in front of Chairman.

Mikogami: I am Mikogami. Since I am also the domain head, I would like to say a few words.

Regarding procurement, we received considerable cooperation from the procurement department of MHI when there was a shortage of semiconductors. Even so, there were some things that did not go well, but I was introduced to various people who helped us a lot, and depending on from which side we see the situation, it is difficult to say whether we helped them or we were helped.

As Mr. Mano said, there are still many things we can do, and MHI has a lot of technology. There is quite a bit of technology that we don't have and ML doesn't have, and they are using it now to back it up.

However, it still takes time, and this is not something that can be done immediately to meet certain requirements. I am sure you are aware of the various things we are doing with MHI, and as you know, we released products like Σ SynX, etc. This is quite conscious of us, and we are doing cooperation quite closely

Q2: I understand. Thank you.

Company Representative [M]: Thank you.

Moderator [M]: Thank you. Does anyone have any other questions?

The time is almost up, so if there are no other questions, we will conclude the Mitsubishi Logisnext Co., Ltd.'s financial results briefing.

Thank you very much for taking time out of your busy schedule to join us today.

Company Representative [M]: Thank you very much.