

Logisnext

Financial Results for FY2022

(FY2022: From April 1, 2022 to March 31, 2023)

Logisnext Solutions

Comprehensive Manufacturer of Logistical Equipment,
Headquartered in Nagaokakyo, Kyoto.



June 1, 2023
MITSUBISHI LOGISNEXT



Summary of Financial Results for FY2022

(FY2022: From April 1, 2022 to March 31, 2023)

MITSUBISHI LOGISNEXT

Takatoshi Uno
Director, Executive Officer
CFO

1. FY2022 Summary

Economic Market Trends

- The global economy remains stagnant or continues to slow down due to policies of increasing interest rates by central banks in various countries in order to control inflation and the impact of Russian aggression in Ukraine since February last year. In addition, increasing material and transport costs and supply chain disruptions have shown signs of improvement overall but remain significant in some areas.
- In the material handling equipment market, demand in Japan remains at pre-COVID-19 levels. Overseas demand in the Americas, has continued to exceed pre-COVID-19 levels because logistics needs remain strong despite economic slowdowns. Demand in Asia remains at the same high levels as the previous year, but is declining in Europe although maintaining pre-COVID-19 levels. China has shown signs of modest recovery due to the lifting of the zero-COVID policy, but has yet to recover from the decline in the first half of FY2022.
- Mitsubishi Logisnext has been affected by longer lead times due to delays in the supply of components, by higher material and transportation costs and other factors, but orders are generally steady, though there are regional differences. Production and shipments are being promoted in Japan and overseas, and the effects of price optimization have begun to show.

Summary of FY2022 Results

- Net sales increased by 32.2% YoY due to an increase in units sold mainly in the Americas and Europe, as well as the impact of the weak JPY.
- Operating profit (before amortization of goodwill, etc.) increased 92.1% YoY due to a significant increase in sales against the background of strong orders in the Americas and strong performance in the rental business, as well as the impact of the weak JPY and price optimization.

2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2021	FY2022	YoY Change	
Net Sales	4,654.0	6,154.2	+1,500.1	+32.2%
Operating Profit <small>(Before amortization of goodwill, etc.) (Operating profit margin)</small>	130.1 (2.8%)	249.9 (4.1%)	+119.8	+92.1%
Amortization of Goodwill	94.2	102.8	—	—
Operating Profit <small>(Operating profit margin)</small>	35.9 (0.8%)	147.0 (2.4%)	+111.1	+309.4%
Ordinary Profit <small>(Ordinary profit margin)</small>	32.4 (0.7%)	116.4 (1.9%)	+84.0	+259.4%
Profit Attributable to Owners of Parent <small>(Net income margin)</small>	7.1 (0.2%)	69.1 (1.1%)	+61.9	+864.0%

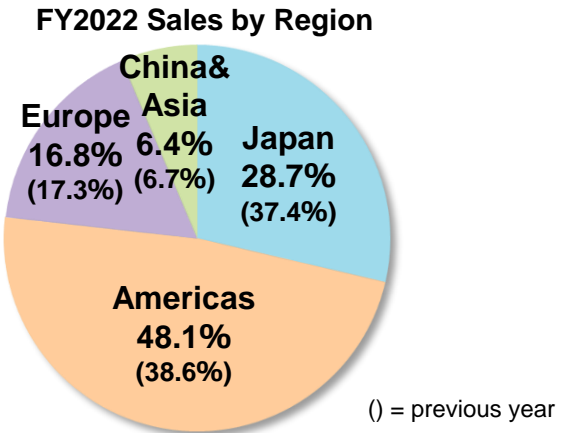
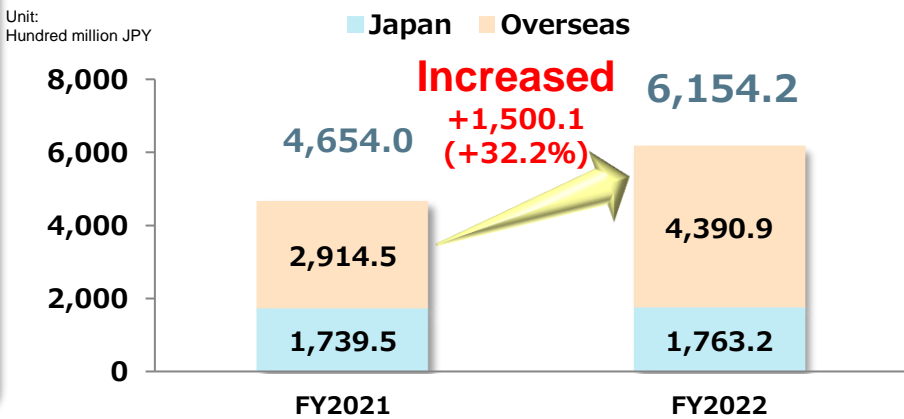
FY2021 actual FX rates: USD=JPY112.38 EUR=JPY130.56 CNY=JPY17.51
 FY2022 actual FX rates: USD=JPY135.47 EUR=JPY140.97 CNY=JPY19.75

Balance Sheet	FY2021	FY2022	YoY Change	
Total Assets	4,056.0	4,754.3	+698.3	+17.2%
Total Liabilities	3,418.6	3,994.0	+575.4	+16.8%
Net Assets	637.3	760.2	+122.9	+19.3%

3. Business Results by Segment

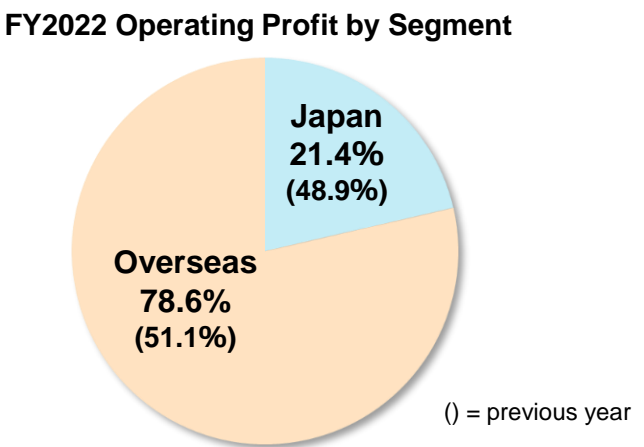
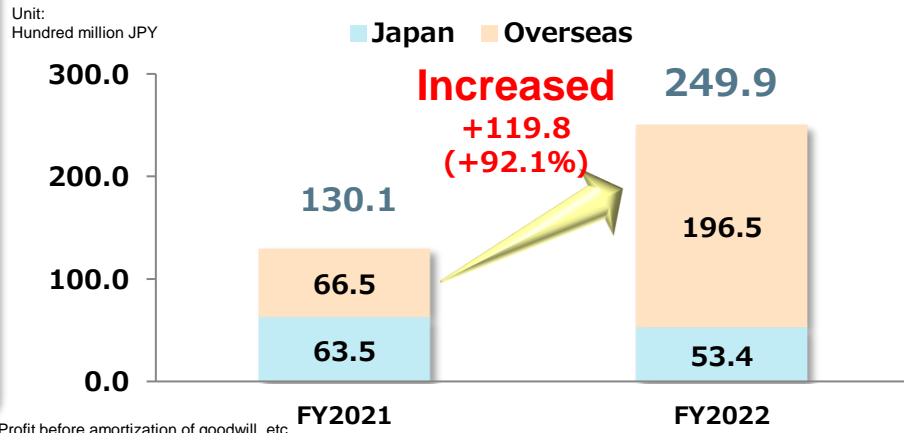
Net Sales

Net sales increased by 32.2% YoY, due to a slight increase in Japan and an increase in units sold overseas, mainly in the Americas and Europe, and the impact of the weak JPY



Operating Profit*

Operating profit increased by 92.1% YoY partly due to FX impacts. Profit in Japan decreased due to the limited effects of price optimization compared to higher costs, whereas overseas profit benefited from higher sales and price optimization effects

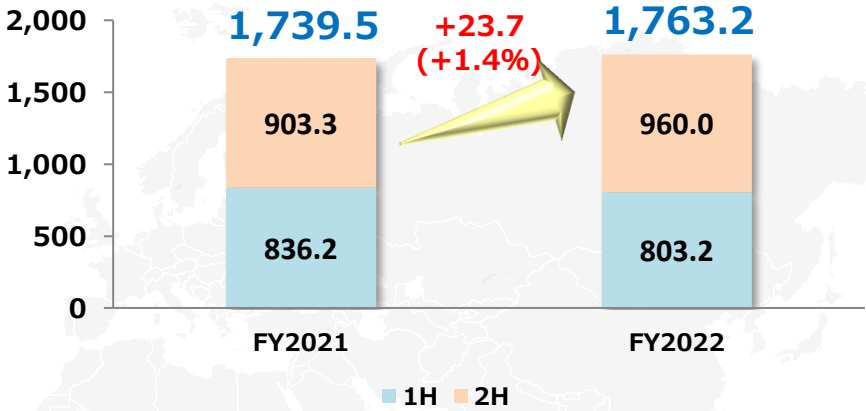


* Operating Profit before amortization of goodwill, etc.
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4. Net Sales by Region (including FX impacts)

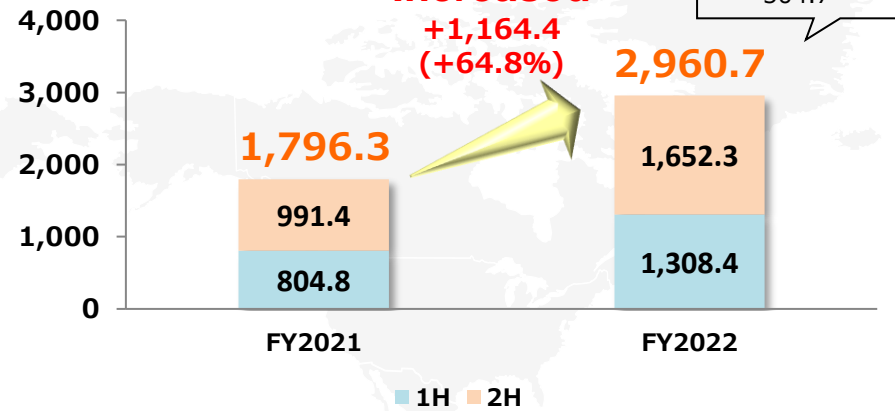
Japan

(Unit: Hundred million JPY)



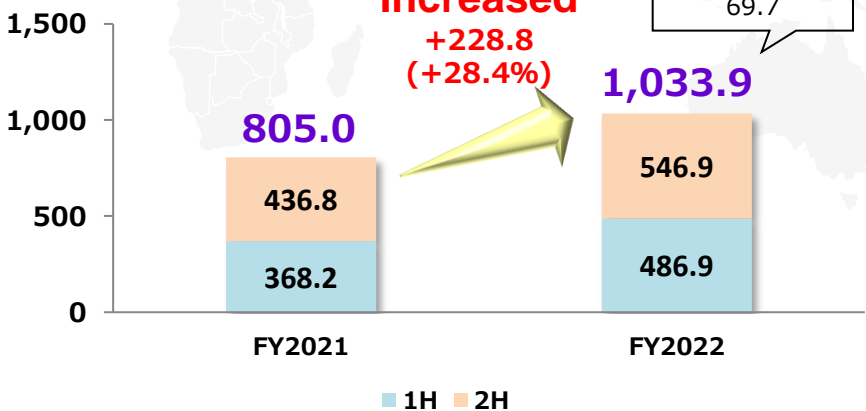
Americas

(Unit: Hundred million JPY)



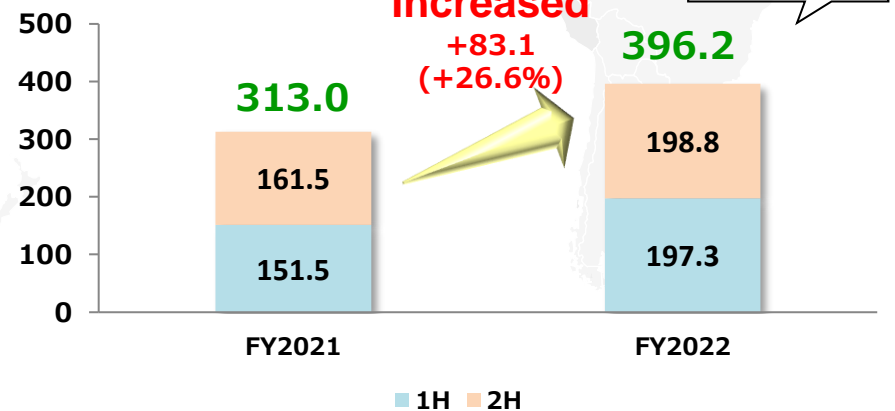
Europe

(Unit: Hundred million JPY)



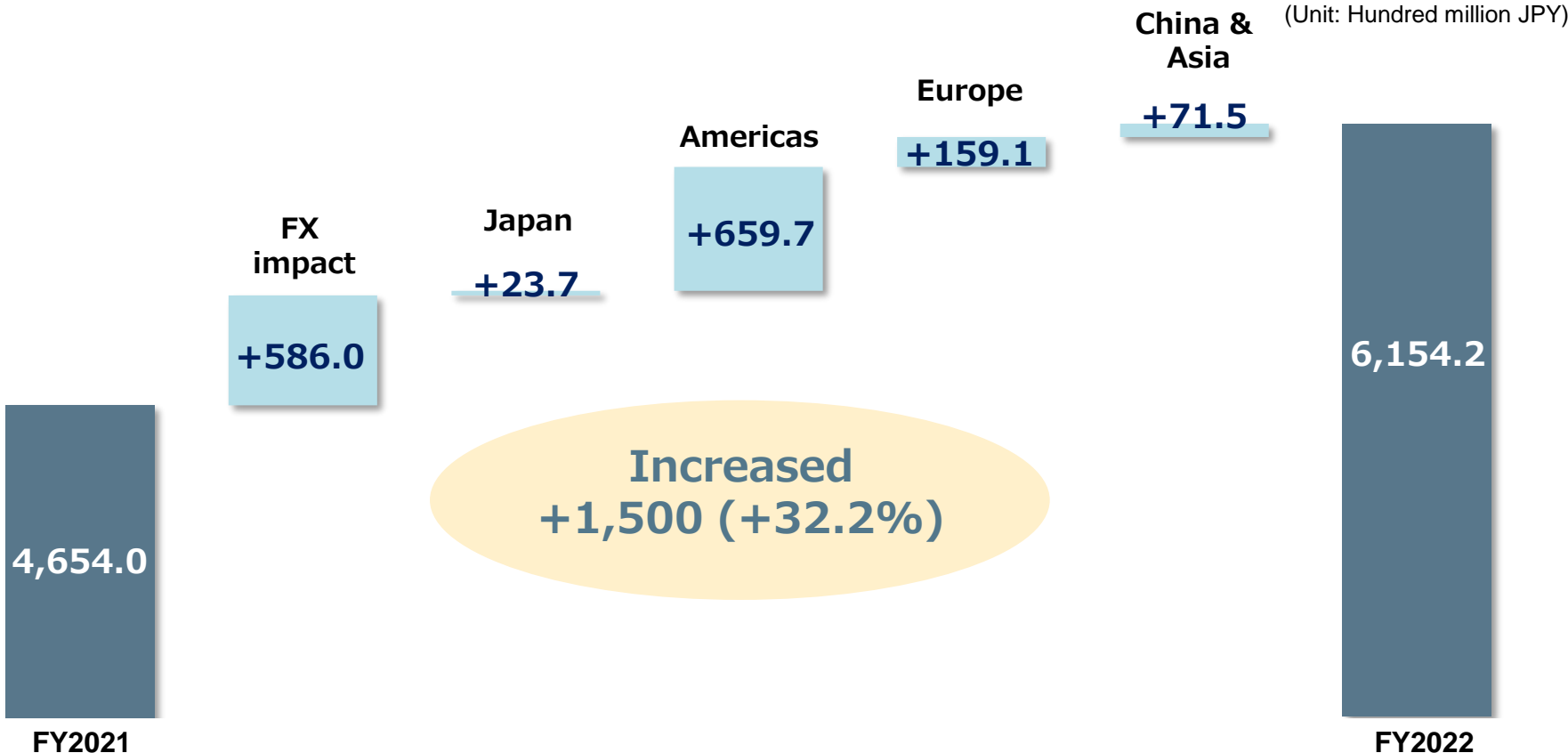
China & Asia

(Unit: Hundred million JPY)



5. Net Sales – FY2021 vs FY2022

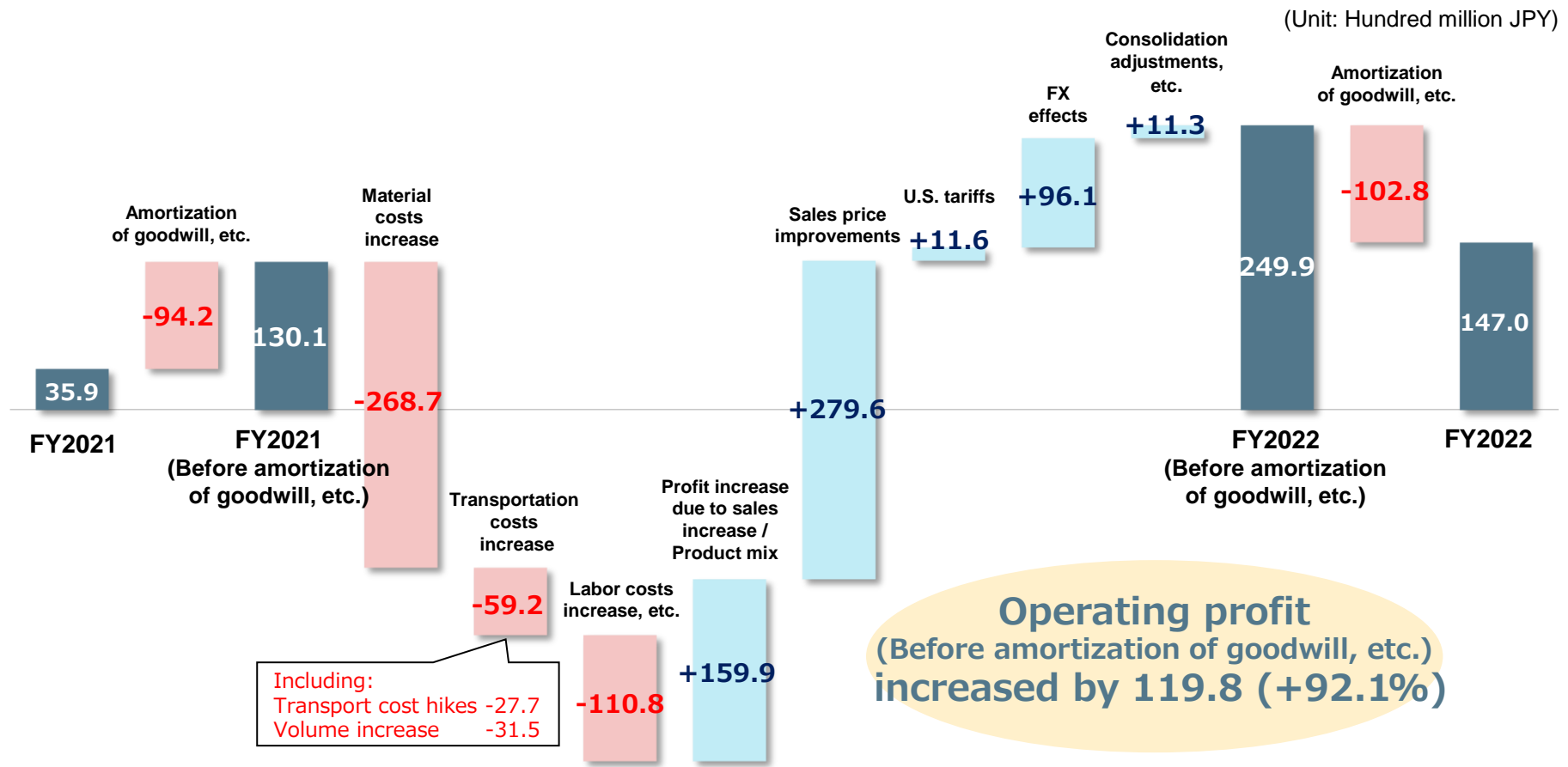
- Japan: Net sales increased slightly as service sales increased to compensate for decreased shipments due to parts shortages in the first half of FY2022.
- Overseas: Net sales increased due to contribution from increased units sold, mainly in the Americas, and growth in rental businesses at EQD*, in addition to the impact of the weak JPY. Sales also increased in Europe and Asia.



* Equipment Depot, Inc.

6. Operating Profit – FY2021 vs FY2022 Logisnext

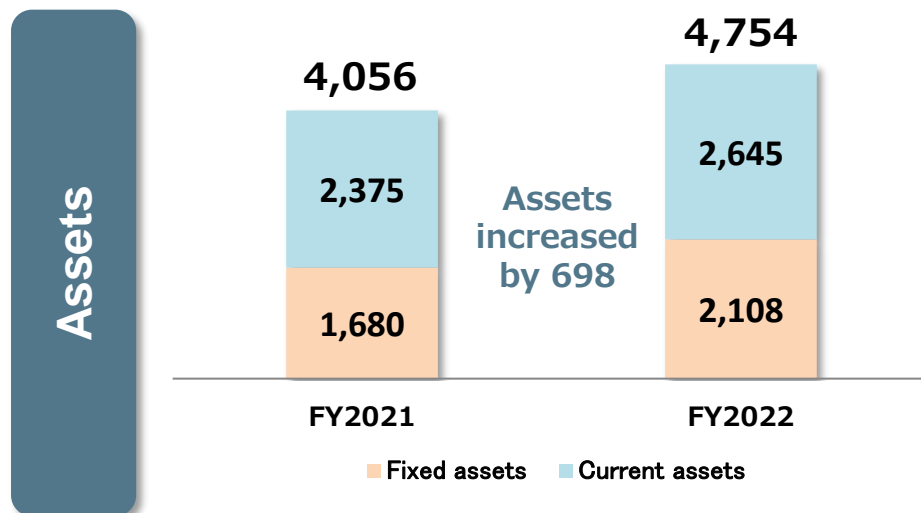
- Material costs have peaked out in the Americas, while remaining high in Japan. Labor costs are also seriously high due to inflation
- Operating profit (before amortization of goodwill, etc.) increased by 92.1% YoY due to higher sales, price optimization efforts, and the impact of the weak JPY



7. Consolidated Balance Sheet

- Total assets increased due to an increase in lease assets resulting from the adoption of the new U.S. lease accounting standards "ASC842" and the impact of the weak JPY

(Unit: Hundred million JPY)



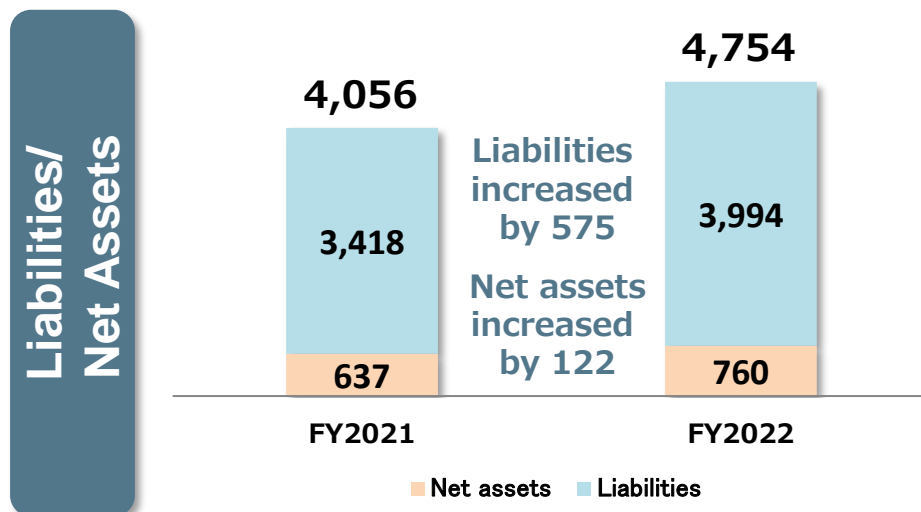
Item	FY2021	FY2022	Change
Current assets	2,375	2,645	+269
(Tangible fixed assets)	1,022	1,489	+466
(Intangible fixed assets)	470	411	-58
(Investments and other assets)	187	208	+20
Total fixed assets	1,680	2,108	+428
Total assets	4,056	4,754	+698

Current assets: Increased

Increased due to exchange rate conversion effects and increase in accounts receivable and inventories, etc.

Fixed assets: Increased

Increase in lease assets due to adoption of "ASC842".



Item	FY2021	FY2022	Change
Current liabilities	1,807	2,087	+280
Fixed liabilities	1,611	1,906	+295
Total liabilities	3,418	3,994	+575
Total net assets	637	760	+122
Total liabilities and net assets	4,056	4,754	+698

Liabilities: Increased

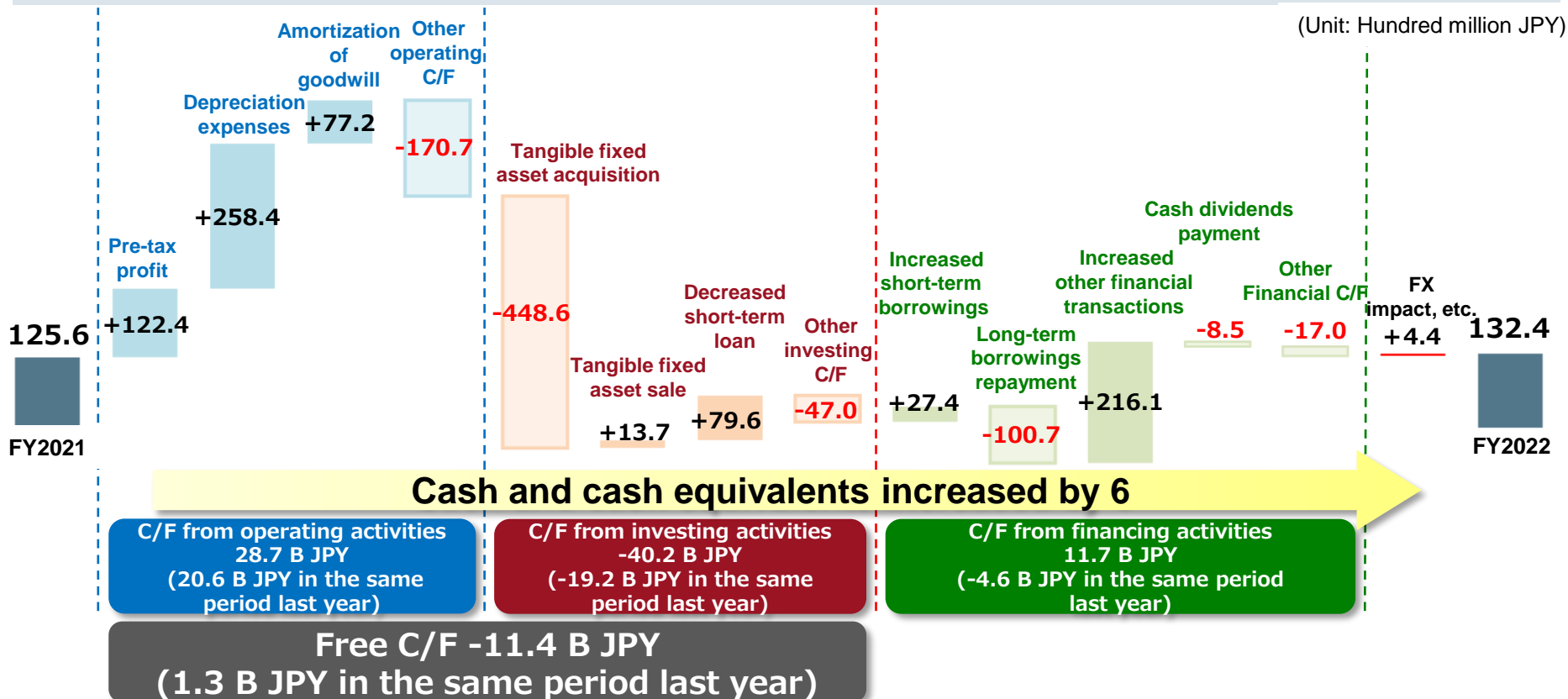
Increased due to exchange rate conversion effects. Increase in lease obligations due to adoption of "ASC842".

Net assets: Increased

Increase in retained earnings and foreign currency translation adjustments.

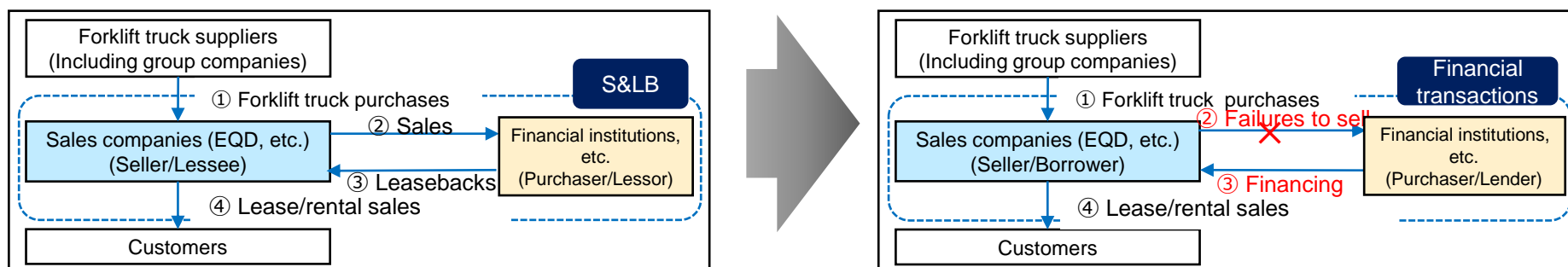
8. Cash Flow

- Positive 28.7 B JPY C/F from operating activities achieved
- C/F from investing activities was -40.2 B JPY due to increased investments in rental forklift trucks driven by strong rental demand in the Americas
- Free C/F was -11.4 B JPY, affected by the rearrangement of proceeds from asset sales from operating C/F to financing C/F, due to the adoption of the new U.S. lease accounting standards "ASC842" (* see page 11)



9. Cash Flow – Rearrangement Detail

- From FY2022, subsidiaries in the Americas adopted a new accounting standard for leases under US-GAAP “ASC842”
- As a result of the adoption of the standard, sales and leaseback transactions don’t meet the requirements for sales. Therefore, the proceeds from sales of assets, which were previously classified as operating C/F, are now recognized as financial transactions (financing C/F). This standard is also applied to similar transactions of European and other subsidiaries.
- Excluding the impact of the adoption of the new U.S. lease accounting standard, the free C/F is 13.5 B JPY, which is a significant improvement of +12.1 B JPY YoY



Unit: Hundred million JPY	FY2021	FY2022				YoY change		Rearrangement description
		Before rearrangement	Rearrangement amount		After rearrangement	Before rearrangement	After rearrangement	
			Operating C/F	Investing C/F				
Operating C/F	206.2	460.1	-172.7		287.4	+253.9	+81.2	Transfer of proceeds from the sale of assets of subsidiaries in the Americas to the financing C/F due to the adoption of “ASC842”
Investing C/F	-192.4	-324.7		-77.6	-402.3	-132.3	-209.9	Transfer to financing C/F for similar transactions of European subsidiaries, etc.
Free C/F	13.8	135.4	-172.7	-77.6	-114.9	+121.6	-128.7	
Financing C/F	-46.0	-133.1	+172.7	+77.6	117.2	-87.1	+163.2	

Reference: Key Performance Indicators

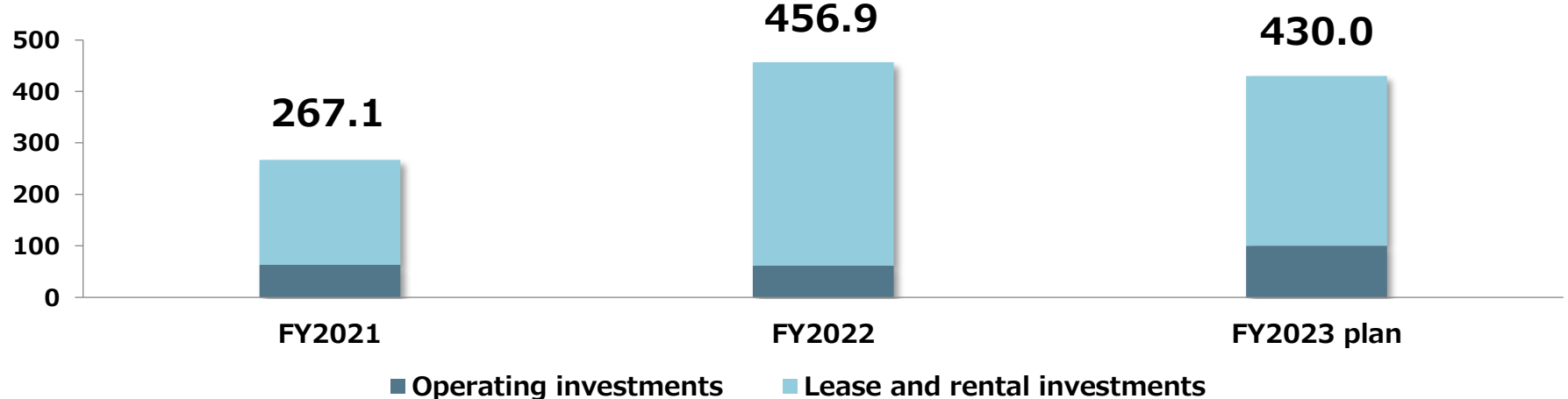
	Indicator	Formula	FY2021		FY2022		Comments
				Before amortization of goodwill, etc.*1		Before amortization of goodwill, etc.*1	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	0.2%	2.2%	1.6%	3.3%	Each indicator improved as a result of a recovery in performance due to a significant increase in sales, the effects of price optimization and the impact of JPY depreciation.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	1.2%	8.6%	10.0%	12.6%	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	0.8%	2.8%	2.4%	4.1%	
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	0.2%	2.1%	1.1%	2.7%	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.2 times		1.4 times		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	6.0 times		6.8 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.6 times		4.7 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.6%		15.9%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.0 times		3.0 times		
Shares	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	6.73 JPY	89.52 JPY	64.82 JPY	155.12 JPY	Stock prices: End of FY2021: 932 JPY End of FY2022: 941 JPY
	Price earnings ratio (PER)	$\frac{\text{Stock price}}{\text{Earnings per share}}$	138.5 times	10.4times	14.5 times	6.1 times	
	Price book value ratio (PBR)	$\frac{\text{Stock price}}{\text{Book value per share}}$	1.6 times		1.3 times		

*1 For reference purposes

■ CAPEX

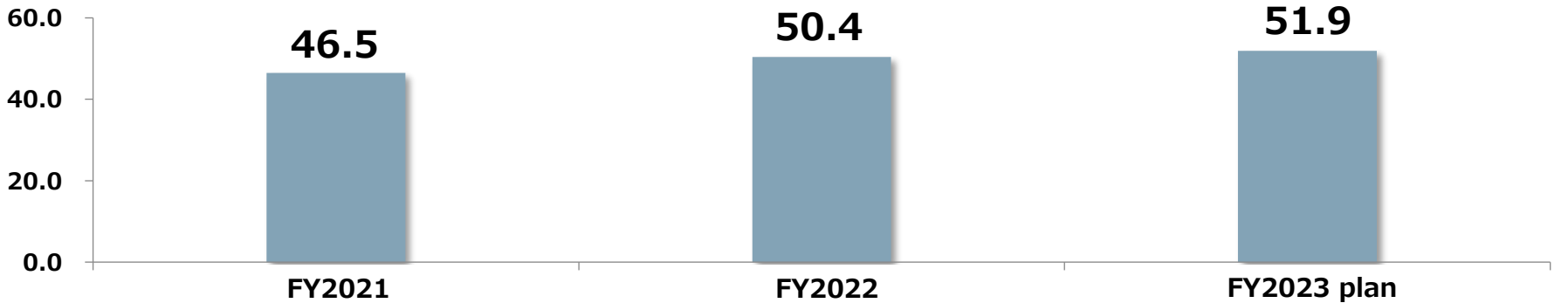
■ The significant increase in lease rental investments in FY2022 compared to FY2021 includes the impact of adapting to the new U.S. lease accounting standards.

Unit: Hundred million JPY



■ R&D Expenses

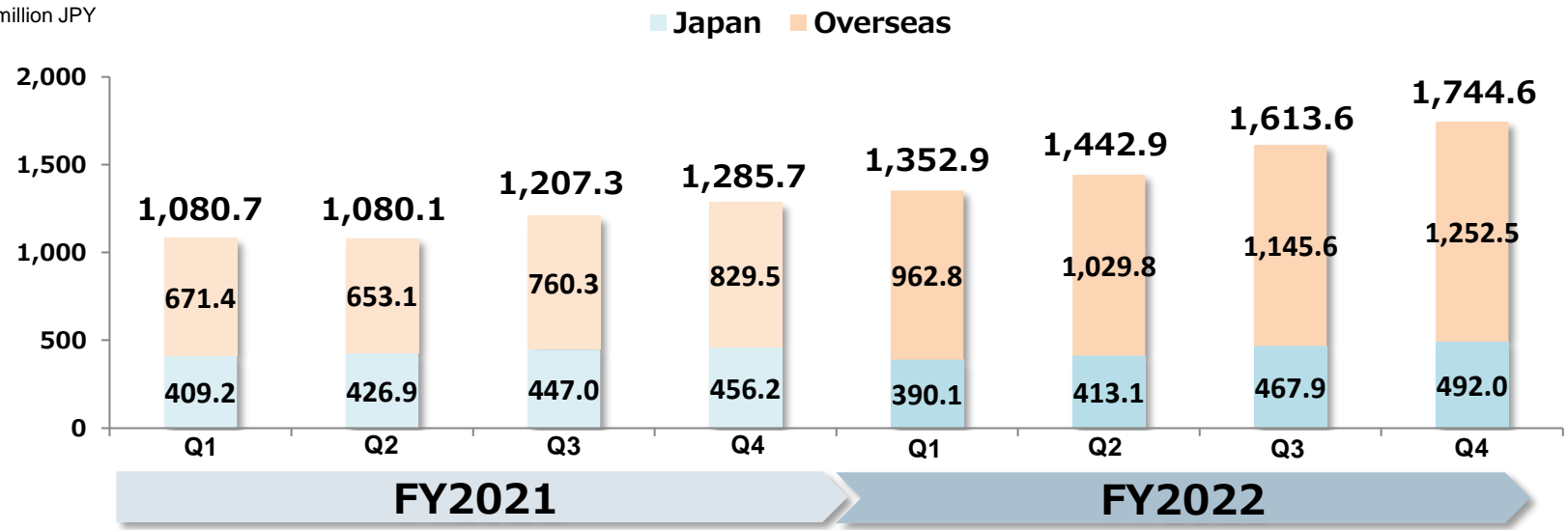
Unit: Hundred million JPY



Reference: Quarterly Financial Results (By Business) **Logisnext**

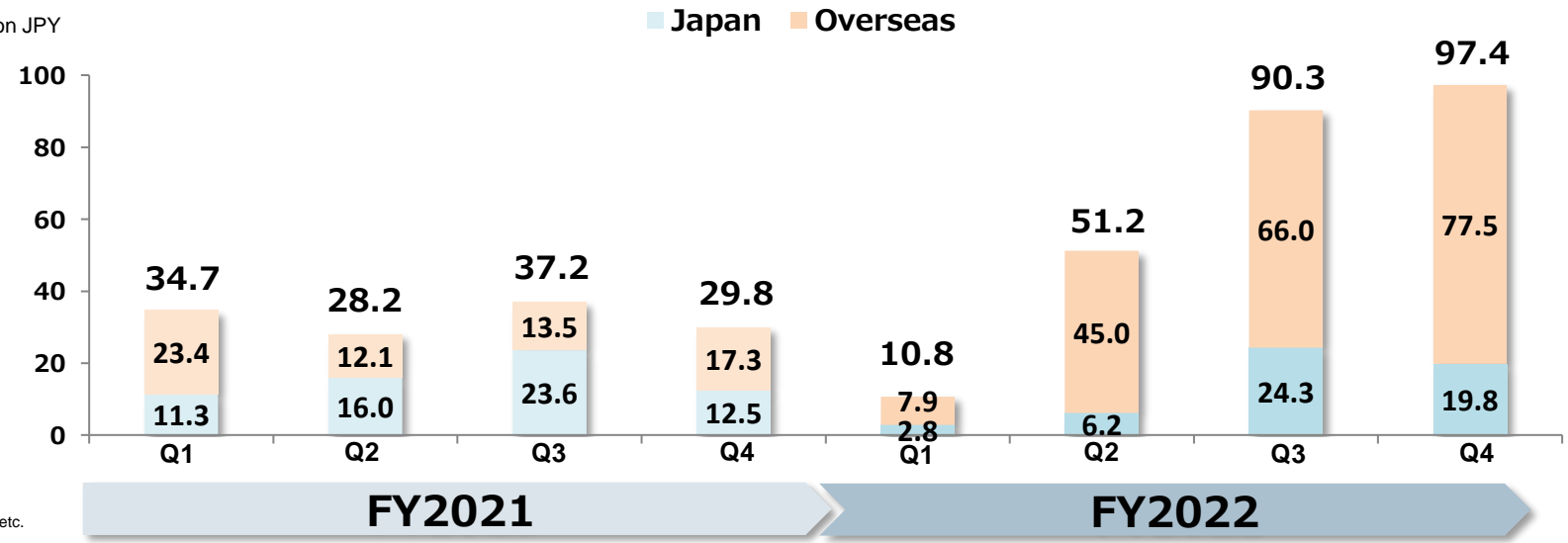
Unit: Hundred million JPY

Net Sales



Unit: Hundred million JPY

Operating Profit*

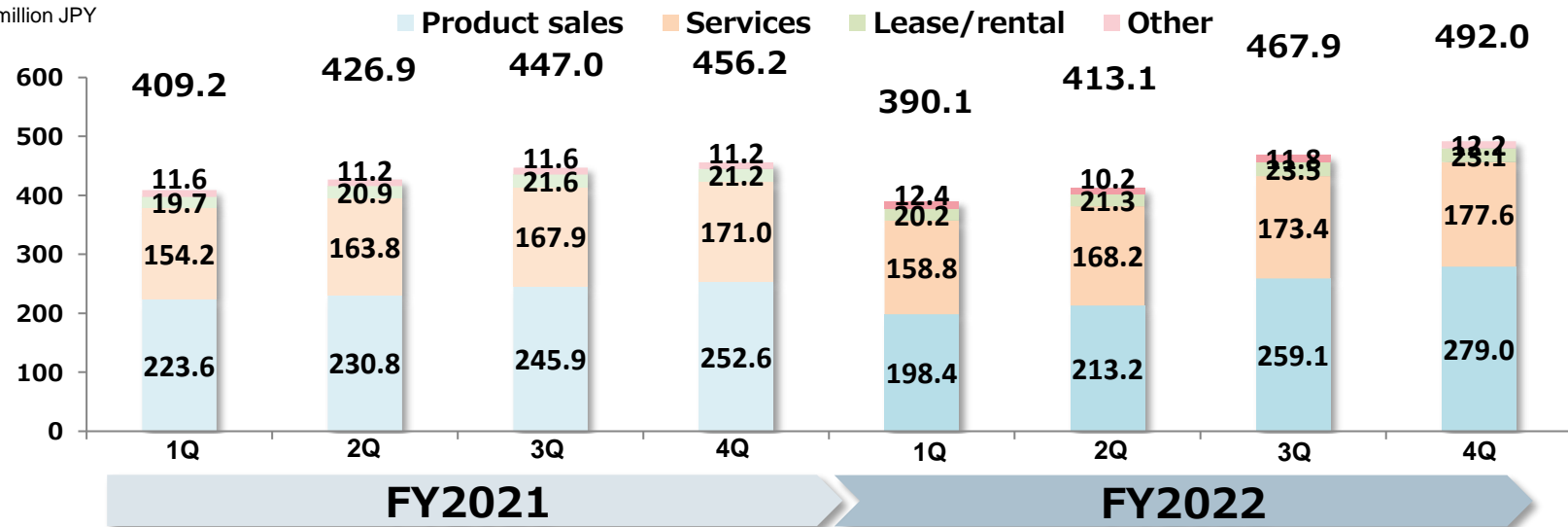


* Operating profit before amortization of goodwill, etc.

Reference: Quarterly Financial Results (By Category) **Logisnext**

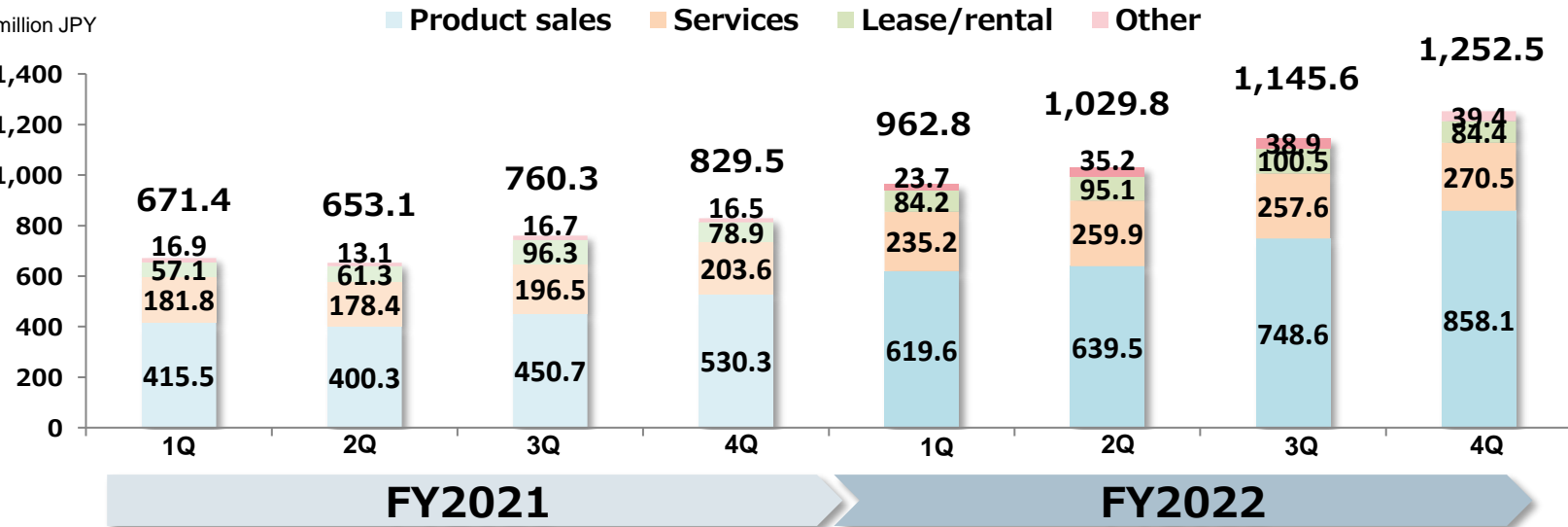
Unit: Hundred million JPY

**Net Sales/
Japan**



Unit: Hundred million JPY

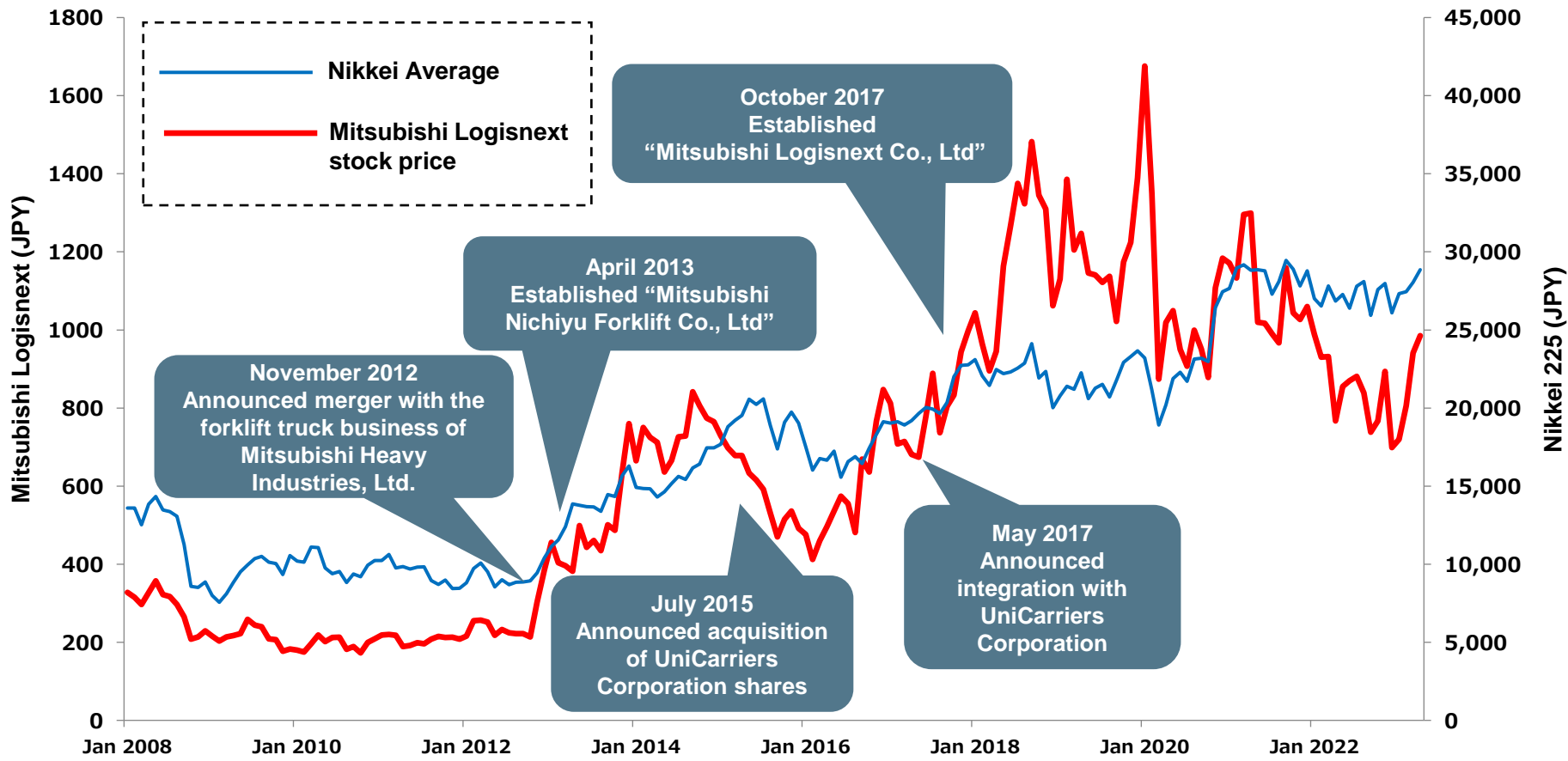
**Net Sales/
Overseas**



Reference: Stock Price Trends

In 2023
Year high value: 1,230 JPY (May 11)
Year low value: 635 JPY (Jan 16)
 (as of May 31, 2023)

Closing price on May 31
1,145 JPY



Logisnext

FY2023 Business Plan

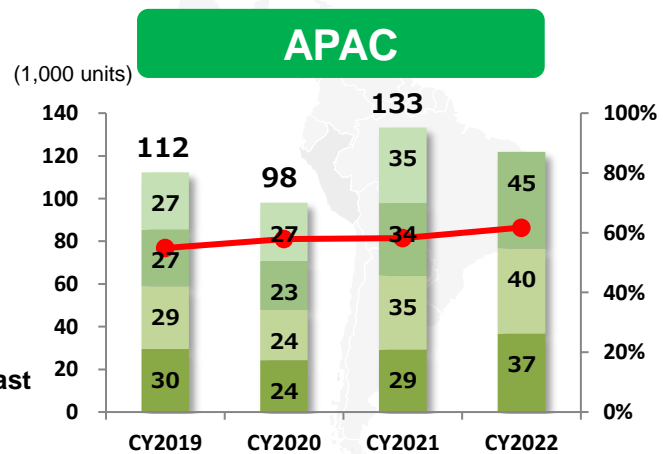
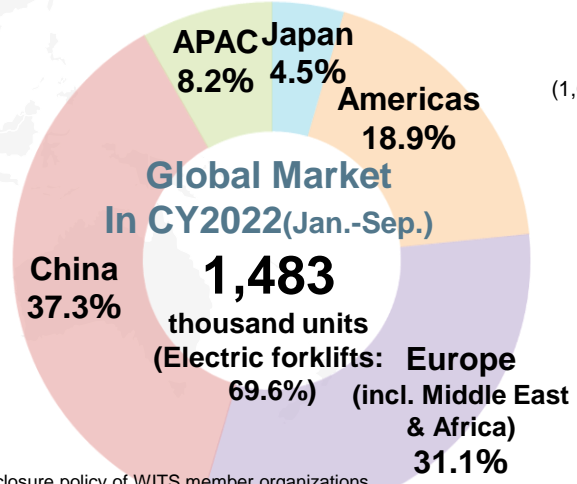
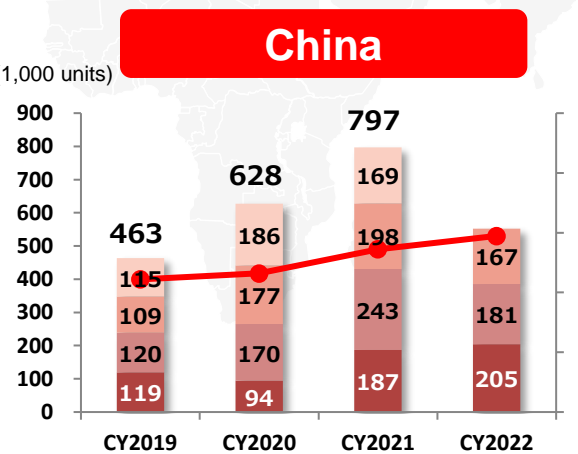
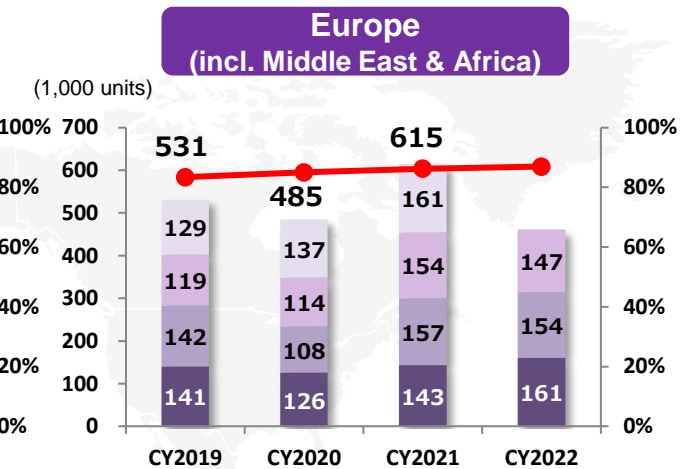
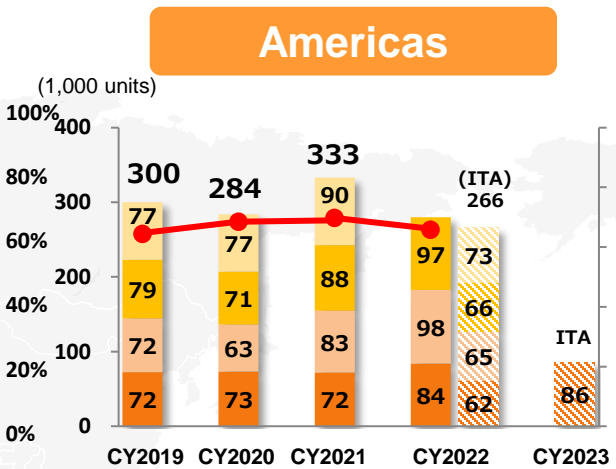
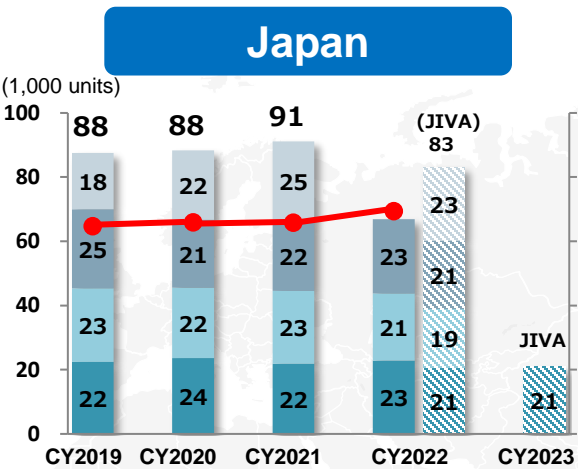
MITSUBISHI LOGISNEXT

Yuichi Mano

President

1. Forklift Market Trends – Shipping

■ Japan (JIVA statistics) remained at the same level as the previous year, while demand in the Americas (ITA statistics) continued to exceed the previous year levels because the material handling equipment market remained strong despite the economic slowdowns

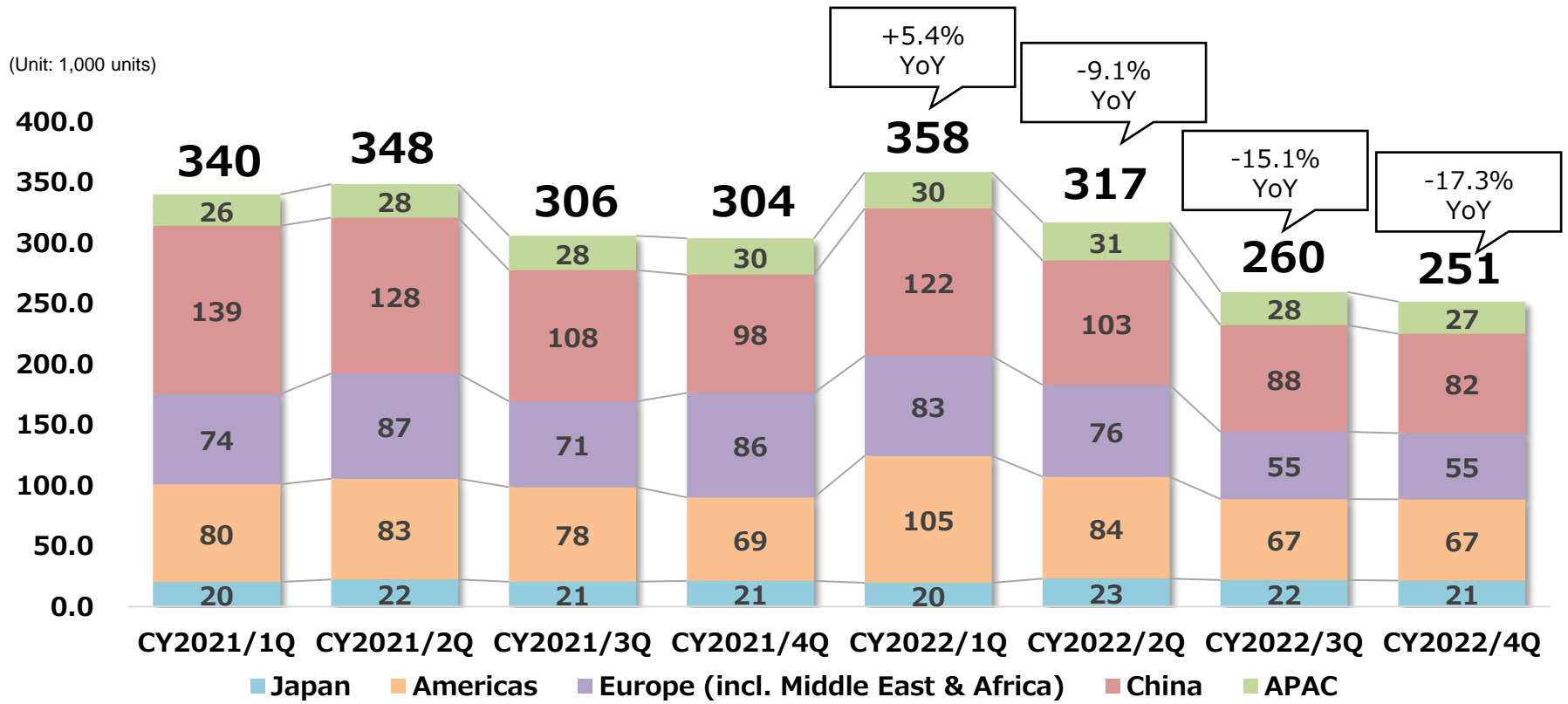


Note: Calculated in CY from January to December due to changes in statistical disclosure policy of WITS member organizations.
 Due to the above delay in the disclosure of WITS statistics, JIVA data was used to calculate Japan values and ITA data for the Americas.
 Other regions are blank after Q4 CY2022, because national statistical data has not been published.
 Due to different standards for JIVA and WITS, some models are not included. ITA does not include sales volumes of Chinese and Korean manufacturers.
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2. Forklift Market Trends – Orders (Quarterly)

- Orders decreased YoY in all regions except Japan
- Although demand is stronger than pre-COVID-19 levels, it has gradually declined due to the global economic slowdowns

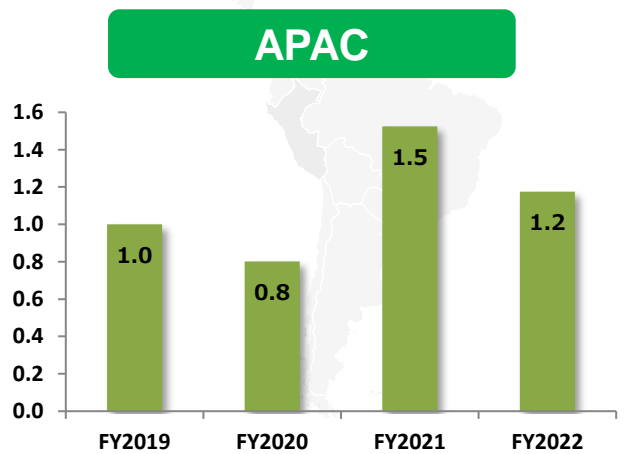
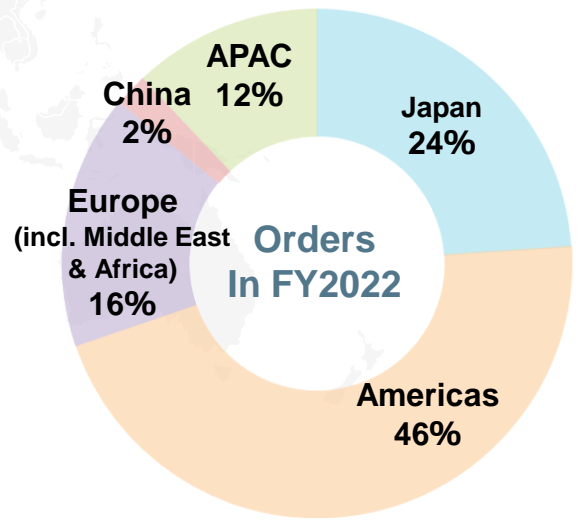
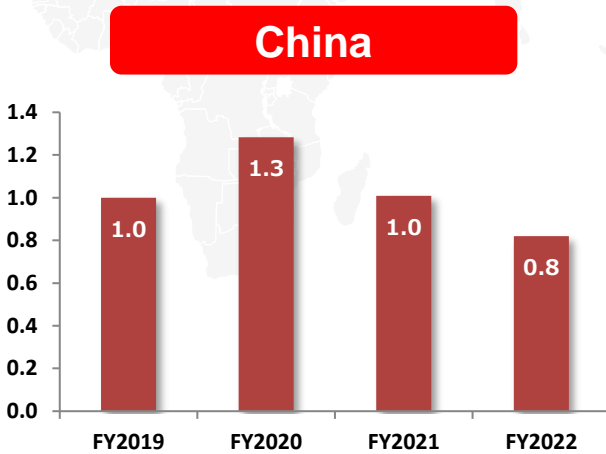
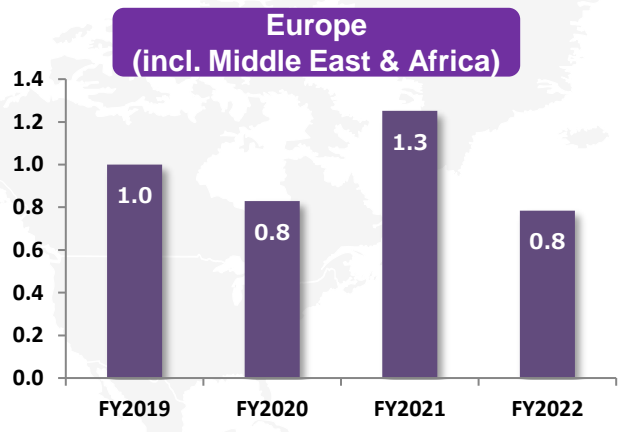
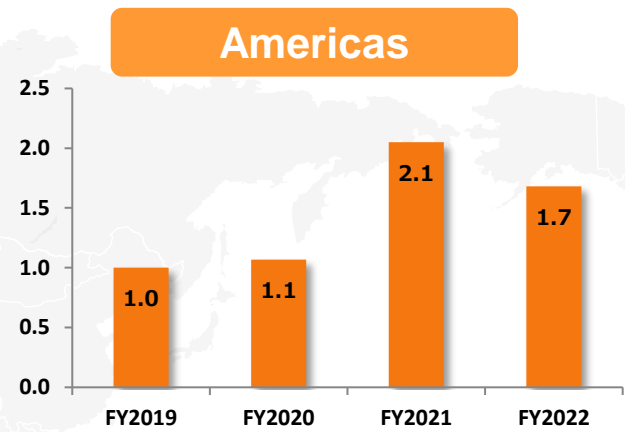
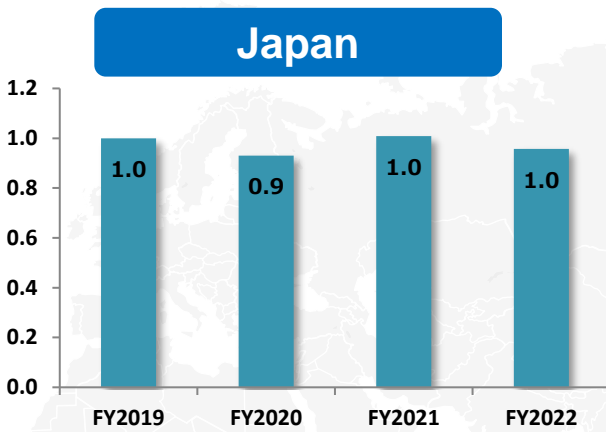
Purchase Orders (excl. Class III*)



*Class III: Self-propelled electric small lifts
 Note: Due to changes in the statistical disclosure policy of WITS member organizations, the figures are based on the calendar year from January to December.

3. Mitsubishi Logisnext Order Results (Apr. - Mar.) **Logisnext**

- Orders in the Americas and APAC are strong, and overall orders also exceed pre-COVID-19 levels in FY2019
- Orders decreased 20% YoY due to the global economic slowdowns



Note: Assuming FY2019 = 1. Even if the same number is indicated, the graph may have different heights due to decimal differences.

4. Forklift Market Outlook and Mitsubishi Logisnext Status **Logisnext**

- The market remains strong compared to pre-COVID-19 levels, but declining compared to FY2022, except in Japan and China
- Mitsubishi Logisnext shipments are expected to increase, recovering from delays in production and shipments due to shortages of semiconductors and other components in FY2022. In the Americas, there are backlog orders of about one year, so the recent market slowdown is expected to have little impact on results

	Market Outlook in FY2023	Mitsubishi Logisnext Status
Japan	The market has continued to remain flat at pre-COVID-19 levels for several years. Expected to increase slightly compared to FY2022	<ul style="list-style-type: none"> • Strive to relieve forklift truck shipment delays due to parts shortages in FY2022 • The effects of sales price improvement will begin to fully show in FY2023
Americas	The market remains strong compared to pre-COVID-19 levels. Expected to be lower than in FY2022 due to the recent economic slowdown caused by monetary tightening	<ul style="list-style-type: none"> • The effects of sales price improvement had fully shown in the second half of FY2022 • Securing semiconductors, relieving backlog orders for about a year, promoting production and shipments
Europe (incl. Middle East & Africa)	The market remains at the same level as pre-COVID-19 levels. Expected to be slightly lower than FY2022 levels due to the impact of Russian aggression in Ukraine and price increases by various companies	<ul style="list-style-type: none"> • The effects of sales price improvement had fully shown in FY2022 • Aiming to increase market share by promoting sales of new WH models launched in FY2022
China	The market is expanding and is expected to increase compared to FY2022. The introduction of Tier 4 emission regulations in 2022 will accelerate the shift to electrification	<ul style="list-style-type: none"> • Owing to the relaxation of the zero-COVID policy, we will capture demand for alternatives to engine forklifts by expanding sales of the "FB-80" compact electric forklift
APAC	The market is expanding due to the recovery phase from COVID-19, but sales are expected to decline slightly compared to FY2022 due to slowing economic growth	<ul style="list-style-type: none"> • Promote production and shipping to standardize lead times

5. Progress of Mid-Term Management Plan **Logisnext**

“Logisnext SolutionS 2023” (“LS23”)

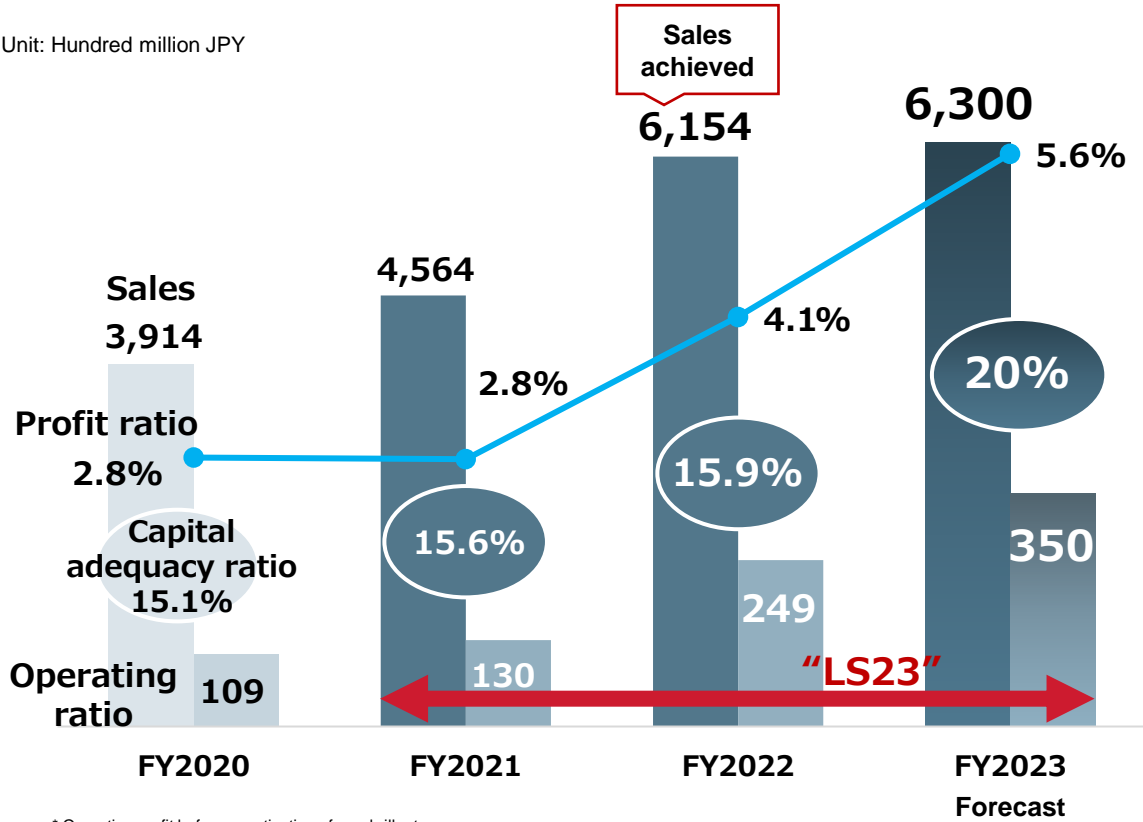
Build up Business Resilience

Accelerate Growth Strategy

Further Develop Global and Regional Branding Strategies

- ❑ Sales 500 B JPY
- ❑ Operating profit* 30 B JPY, Profit ratio 6%
- ❑ Capital adequacy ratio >20%

Unit: Hundred million JPY



■ “LS23” target sales of 500 B JPY exceeded in FY2022

■ Achievement of “LS23” target for operating profit* is expected in FY2023

- Operating profit* will increase due to the production and shipment of a large backlog orders and price optimization efforts

- Capital adequacy ratio is expected to improve to 20% through efforts to obtain free C/F

* Operating profit before amortization of goodwill, etc.

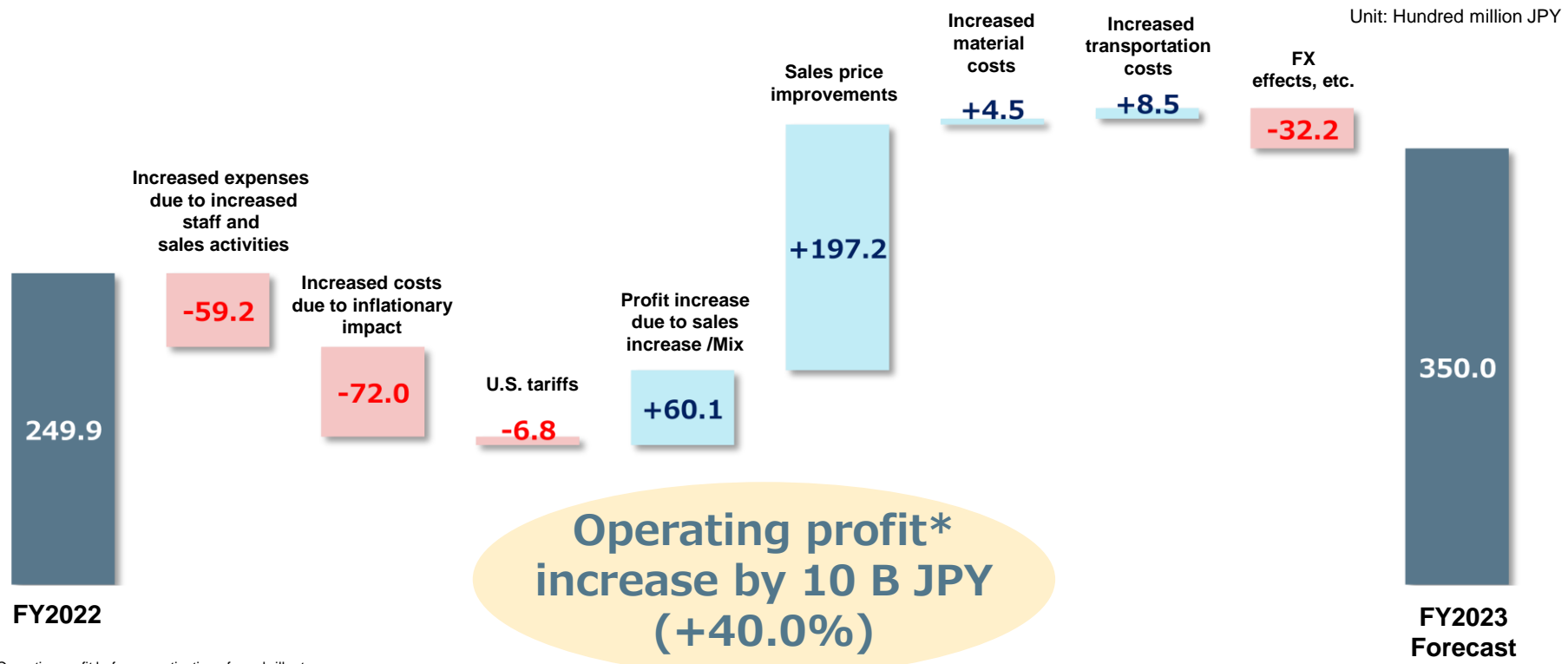
6. FY2023 Forecast

- Although the market environment is expected to deteriorate YoY due to concerns about the global economic slowdown, we are planning to increase unit solds by promoting production and shipments of backlog orders, mainly in the Americas, through production improvements
- Record highs are expected in sales and all profit categories

(Unit: Hundred million JPY)	FY2022	FY2023 Forecast	YoY Change	
Units Sold	112,000 units	115,000 units	+3.0	+2.7%
Net Sales	6,154.2	6,300.0	+145.7	+2.4%
Operating Profit <small>(Before amortization of goodwill, etc.)</small> (Operating profit margin)	249.9 (4.1%)	350.0 (5.6%)	+100.0	+40.0%
Amortization of Goodwill, etc.	102.8	100.0	–	–
Operating Profit (Operating profit margin)	147.0 (2.4%)	250.0 (4.0%)	+102.9	+70.0%
Ordinary Profit (Ordinary profit margin)	116.4 (1.9%)	230.0 (3.7%)	+113.5	+97.5%
Profit Attributable to Owners of Parent (Net income margin)	69.1 (1.1%)	130.0 (2.1%)	+60.8	+88.0%
Dividend per Share	9円	16円	–	–

7. Operating Profit* – FY2022 vs FY2023 Forecast Logisnext

- Procurement conditions are expected to improve YoY due to a decrease in material and transportation costs
- Increased labor costs and expenses are inevitable due to global inflation and normalization of business activities after-COVID-19
- Operating profit* is expected to increase by 10 B JPY to 35 B JPY due to an increase in units sold and the effects of price optimization that offset the impact of higher labor costs, etc.



* Operating profit before amortization of goodwill, etc.

8. Final Year of “LS23”

- In FY2023, as the completion and evolution phase, we will improve our profitability in various ways
- Providing safe and secure material handling solutions and promoting logistics operations



Strengthening Profitability	Initiatives in Material Handling Solutions	Improvement “Logisnext” Brand
<ul style="list-style-type: none"> • Further expand business in the Americas • Strive to relieve the backlog of orders for MLA*, strengthen Norlift (now EQD Northwest) acquired by EQD in FY2022, and strengthen the lease rental business • Strengthen direct sales and lease rental businesses in Europe 	<ul style="list-style-type: none"> • Strengthen the “EQ Solutions” business in the Americas • Implement differentiation strategy through mixed fleet solutions for Europe business • Collaborate with Mitsubishi Heavy Industries, etc. 	<ul style="list-style-type: none"> • Improve employee engagement • Improve stakeholder awareness • Recruit and develop next generation • Promote regional cooperation • Promote social contribution

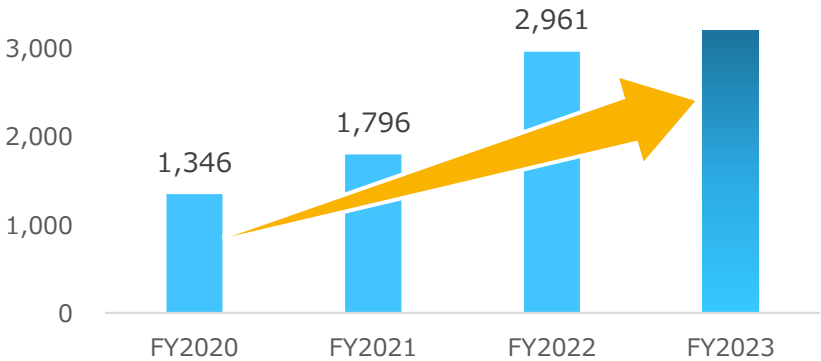
*Mitsubishi Logisnext Americas Inc.
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9. Strengthening Profitability

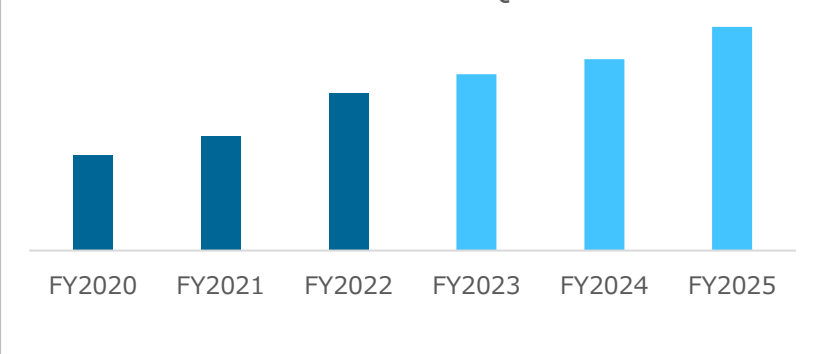
- Aim to secure sales by further promoting production in FY2023
- Price optimization efforts will begin fully contributing to sales from the second half of FY2022, expanding profitability.

Net Sales in the Americas

Unit: Hundred million JPY



Net Sales of EQD



MLA

- Promote a stable supply of semiconductors and relieve backlog orders of around one year
- Continue to secure orders despite growing fears of a recession

EQD

- Record performance achieved in FY2022
- Norlift (now EQD Northwest), acquired in 2022, exceeded revenue plan from the first year
- Additional investment in rental fleet to meet the growing rental market

10. Initiatives for Material Handling Solutions Business (1) Logisnext

- Promote the development of global material handling solutions business in collaboration with overseas bases
- Aim to expand material handling solutions business by offering Σ SynX*1 and human-machine coordination

Americas

➤ MLA

- Expand sales of Rocla-branded AGVs and other products manufactured by MLFI*2 through MLA's distributor network

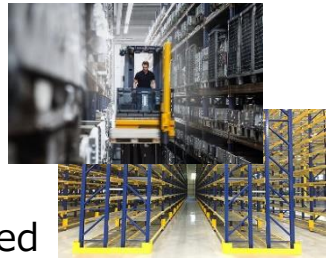


Automated Compact Truck ACT

- Established new "Rocla AGV Demonstration Center" at Marengo Plant

➤ EQD "EQ Solutions"

- Strengthen by expanding the organization and providing sales education
- The value of contracts signed in FY2022 reached a record high



Europe

- Differentiate with mixed-fleet solutions (forklifts and AGVs) in advanced decarbonization and automation markets
- Parallel development at MLFI based on MHI's Σ SynX technology

Japan

- Joint development with Mitsubishi Heavy Industries and other companies
- Automate warehouse logistics with AGF offering Σ SynX



*1 " Σ SynX" (Sigma Synx) is Mitsubishi Heavy Industries' concept for automation and intelligence in logistics equipment
 *2 Mitsubishi Logisnext Europe Oy

11. Initiatives for Material Handling Solutions Business (2) Logisnext

■ Japan: Collaboration with Rapyuta Robotics

- Mitsubishi Logisnext lunched a business alliance and collaboration with Rapyuta Robotics Co. Ltd., a startup company from ETH Zürich that has cutting-edge technology for robot solutions and provides development, integration and operation support. The collaboration will contribute to the advancement and acceleration of digital transformation in the material handling industry

Logisnext

**rapyuta
robotics**



Mitsubishi Logisnext' forklift trucks



No. 1 software company in AMR field



Made-in-Japan quality and support



12-14 Apr 2023.
Demonstration of autonomous forklift at Kansai Logix 2023

- Autonomous forklift trucks with Rapyuta Robotics' control unit mounted on Mitsubishi Logisnext electric forklift trucks

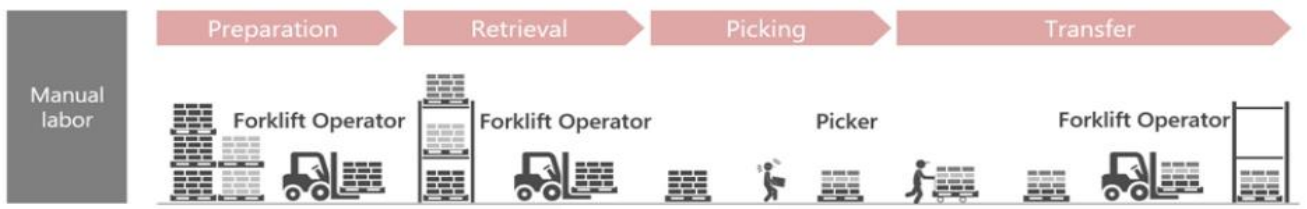
*Autonomous Mobile Robot

12. Initiatives for Material Handling Solutions Business (3) Logisnext

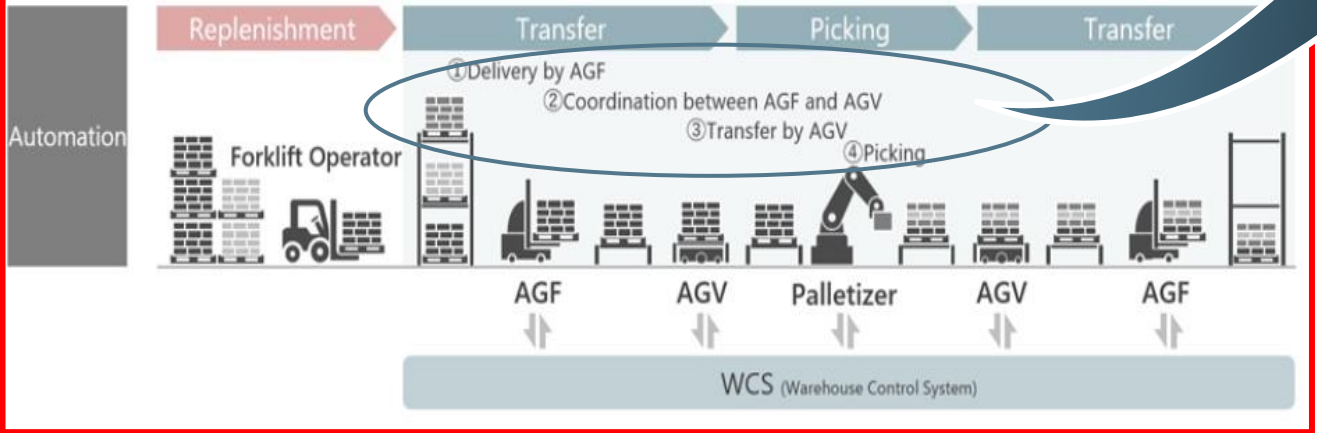
Japan: Collaboration with MHI and Kirin Group

- Mitsubishi Heavy Industries, Kirin Beverage Company, Ltd., and Kirin Group Logistics Co., Ltd. have jointly demonstrated an automated picking solution for beverage warehouses
- ΣSynX technology automates and makes picking operations intelligent, solving challenges of the beverage industry

(Conventional picking flowchart)



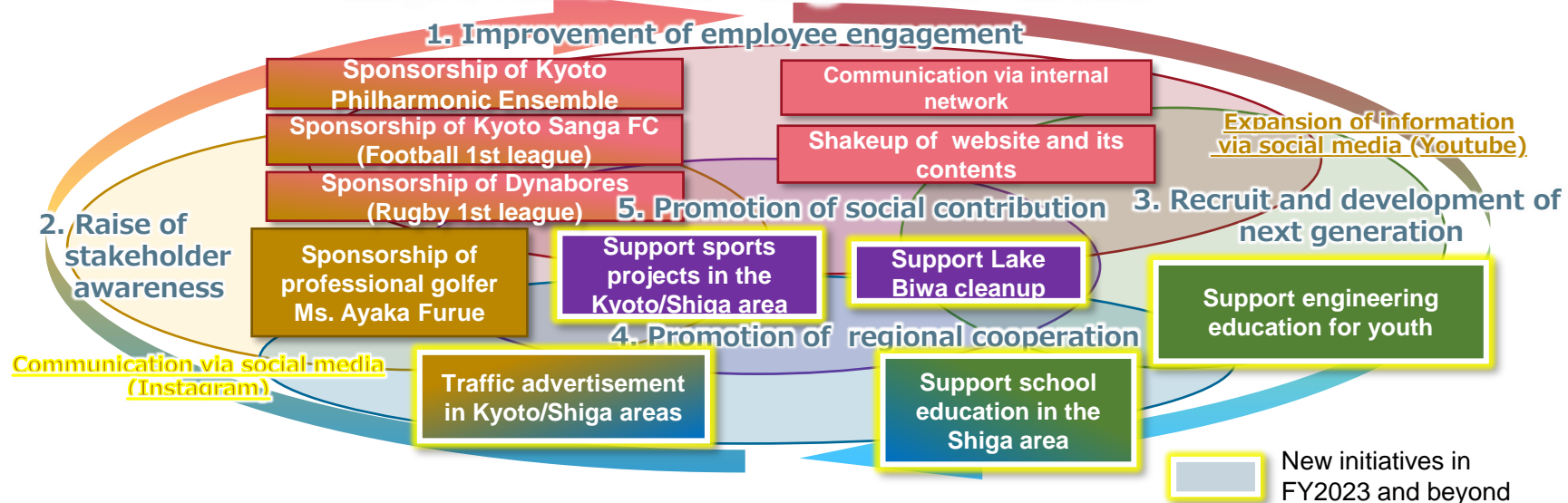
(Automated picking flowchart)



13. Improvement "Logisnext" Brand

- Continuous improvement of "Logisnext" brand through employee engagement, stakeholder awareness, regional cooperation and social contribution

Improvement of "Logisnext" Brand



- ### Initiatives
- ◆ Improve employee engagement
 - ◆ Improve stakeholder awareness
 - ◆ Recruit and develop next generation
 - ◆ Promote regional cooperation
 - ◆ Promote social contribution



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