

Logisnext

FY2023 Q3
Financial Results
(April 1 to December 31, 2023)

Feb. 13, 2024

MITSUBISHI LOGISNEXT

Economic Market Trends

- The global economy has seen price levels remain high despite a slowdown in inflation and central banks in various countries maintaining their monetary tightening measures, but it is beginning to shift to a phase in which interest rates are expected to be lowered. In addition, Russia's prolonged aggression in Ukraine has continued for two years and military clashes between Israel and Hamas have erupted, leaving the global economy in an uncertain situation, with slowing and stagnant growth. Although the increase in transport costs caused by the rapid recovery phase out of the COVID-19 pandemic has subsided since the beginning of the period under review, inflation is driving higher labor costs and higher costs in a wide range of areas. In Japan and overseas, this is having a growing impact.
- The domestic market for material handling equipment remained firm at pre-COVID-19 levels. Overseas, though temporary special demand following COVID-19 has leveled off in the Americas, the market has remained firm based on stable logistics needs. In Europe, despite the easing of inflationary pressures, the economy has not yet recovered, and after shrinking following the post-COVID-19 rebound demand, the economy has stagnated. In Asia, as in the Americas, while special demand following COVID-19 has subsided, demand for material handling equipment remains firm. However, in China, despite a temporary recovery trend due to the lifting of the zero-COVID-19 policy, the economy has slowed due in part to the deterioration of the real estate market, and the future of the market for material handling equipment is a concern.
- The longer lead times due to delays in the supply of various components is gradually abating but high costs persist. The Group as a whole secured sufficient orders and worked on accelerating shipments by achieving production improvements through the elimination of the components shortages in Japan and overseas. As a result, the effects of price optimization have effectively expanded, and the economic impact of the yen depreciation has acted as a tailwind so far.

Summary of FY2023 Q3 Results

- Net sales increased by 18.1% YoY due to an increase in units sold over the previous year, mainly in the Americas, the effects of price optimization, and the impact of yen depreciation.
- Operating profit before amortization of goodwill increased 186.1% YoY despite the persistent high-cost environment, due to the contribution of accelerating shipments in the Americas and the expanded effects of price optimization in Japan and overseas.

2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2022 Q3(*)		FY2023 Q3		YoY Change	
Net Sales	4,409.5		5,209.5		+799.9	+18.1%
Operating Profit (Before amortization of goodwill) (Operating profit margin)	152.5 (3.5%)		436.4 (8.4%)		+283.8	+186.1%
Amortization of Goodwill	78.2		76.6		—	—
Operating Profit (Operating profit margin)	74.3 (1.7%)		359.7 (6.9%)		+285.4	+384.1%
Ordinary Profit (Ordinary profit margin)	60.6 (1.4%)		328.4 (6.3%)		+267.8	+441.3%
Profit Attributable to Owners of Parent (Net income margin)	27.6 (0.6%)		245.8 (4.7%)		+218.2	+790.2%

* At the end of the fiscal year ended March 31, 2023, we finalized the provisional accounting treatment related with past M&A activity in United States. The figures (goodwill, etc.) for the six months ended December 31, 2023 reflect the detailed finalization of the provisional accounting treatment.

FY2022 Q3 actual FX rates: USD=JPY136.51 EUR=JPY140.59 CNY=JPY19.88
FY2023 Q3 actual FX rates: USD=JPY143.29 EUR=JPY155.29 CNY=JPY19.98

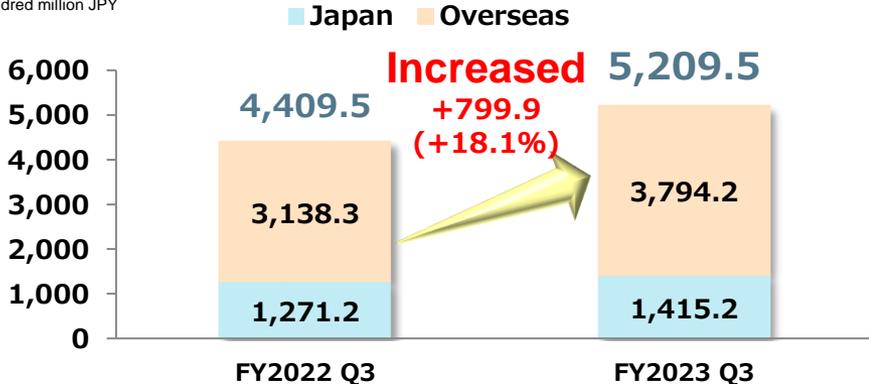
Balance Sheet	FY2022 Q4		FY2023 Q3		Change	
Total Assets	4,754.3		5,099.3		+345.0	+7.3%
Total Liabilities	3,994.0		4,038.7		+44.6	+1.1%
Net Assets	760.2		1,060.6		+300.3	+39.5%

3. Business Results by Segment

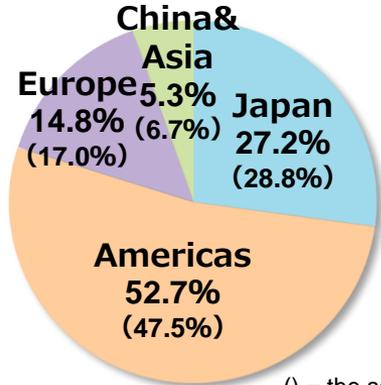
Net Sales

Net sales increased by 18.1% YoY due to an increase in units sold mainly in the Americas, the contribution from the effects of price optimization, and the tailwind from the economic impact of yen depreciation.

Unit:
Hundred million JPY



FY2023 Q3 Sales by Region

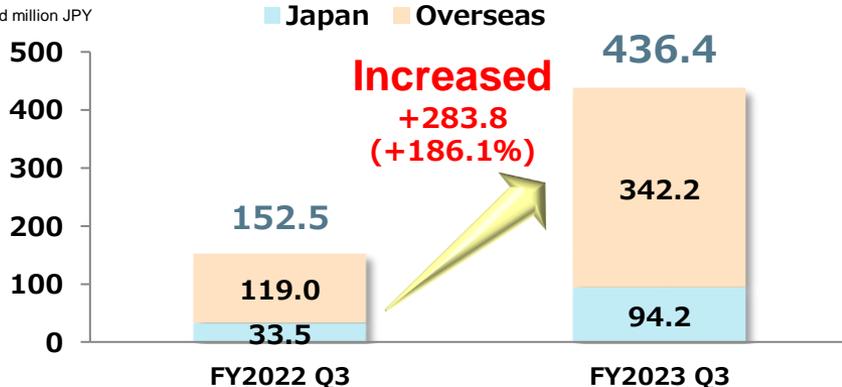


() = the same period last year

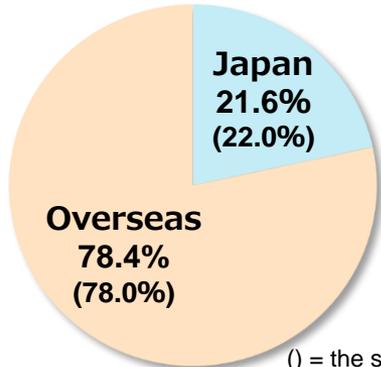
Operating Profit*

Operating profit increased by 186.1% YoY due to the expanded effects of price optimization, the settling of increase in marine transportation costs, and the impact of yen depreciation.

Unit:
Hundred million JPY



FY2023 Q3 Operating Profit by Segment

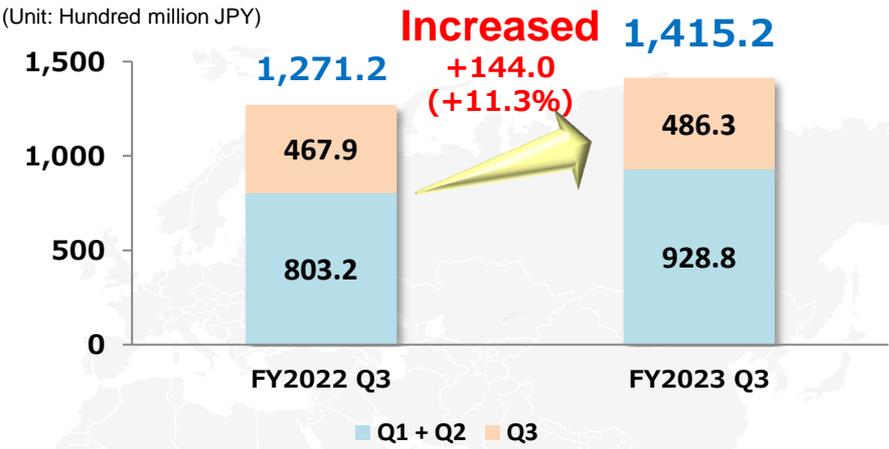


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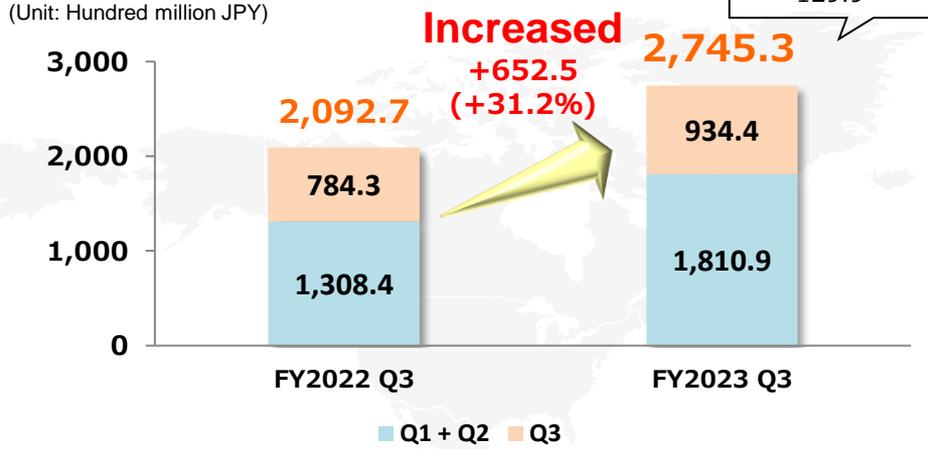
* Operating profit before amortization of goodwill

4. Net Sales by Region (including FX impacts)

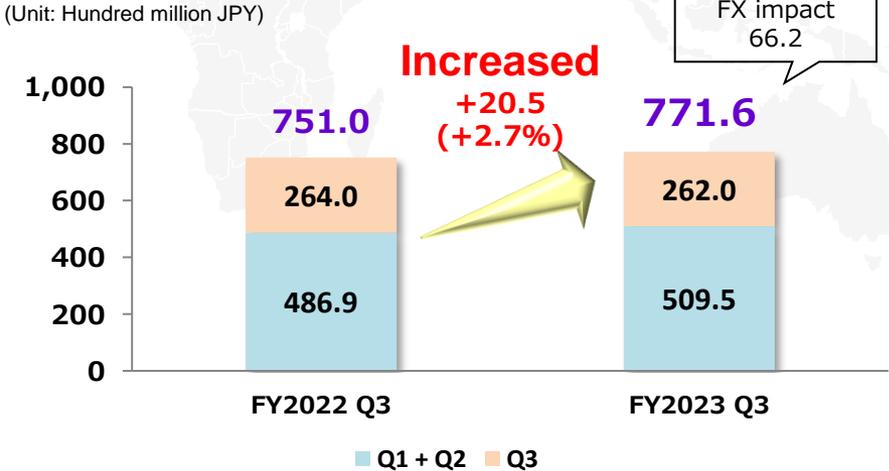
Japan



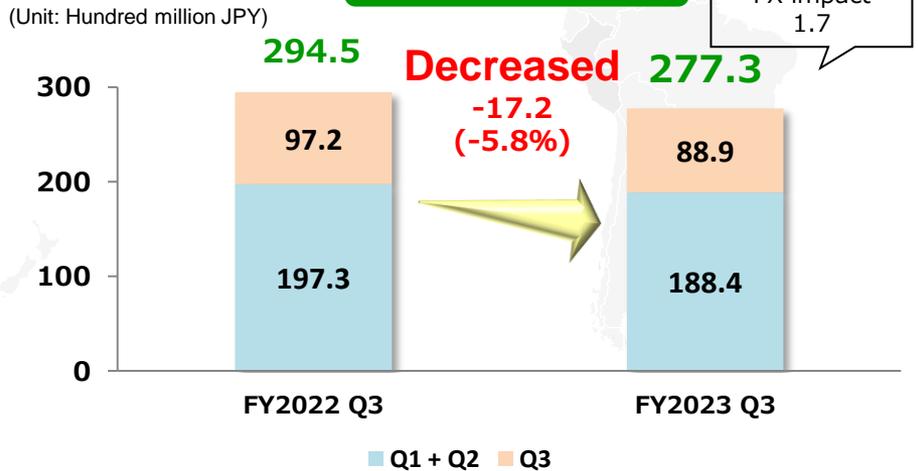
Americas



Europe



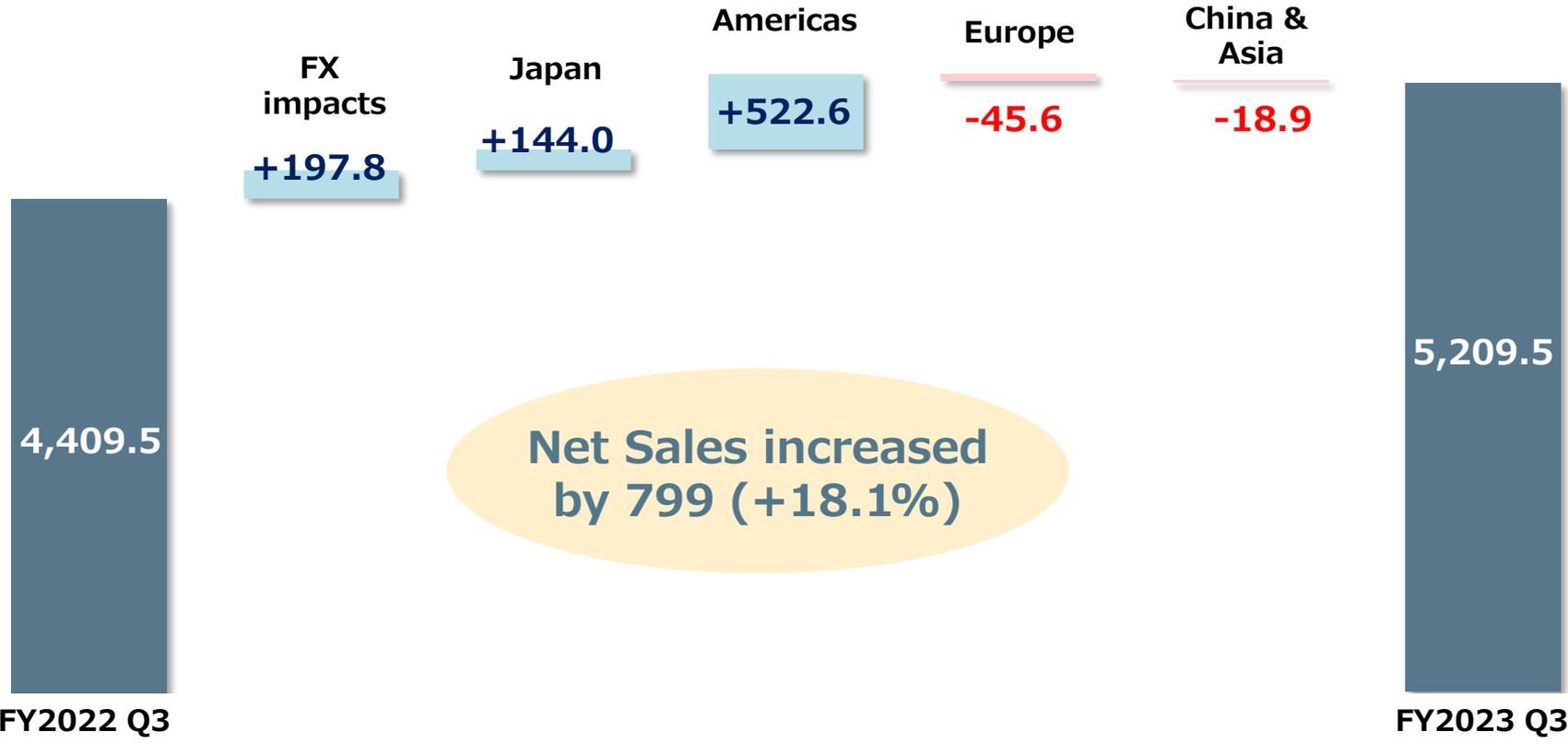
China & Asia



5. Net Sales – FY2022 Q3 vs FY2023 Q3 Logisnext

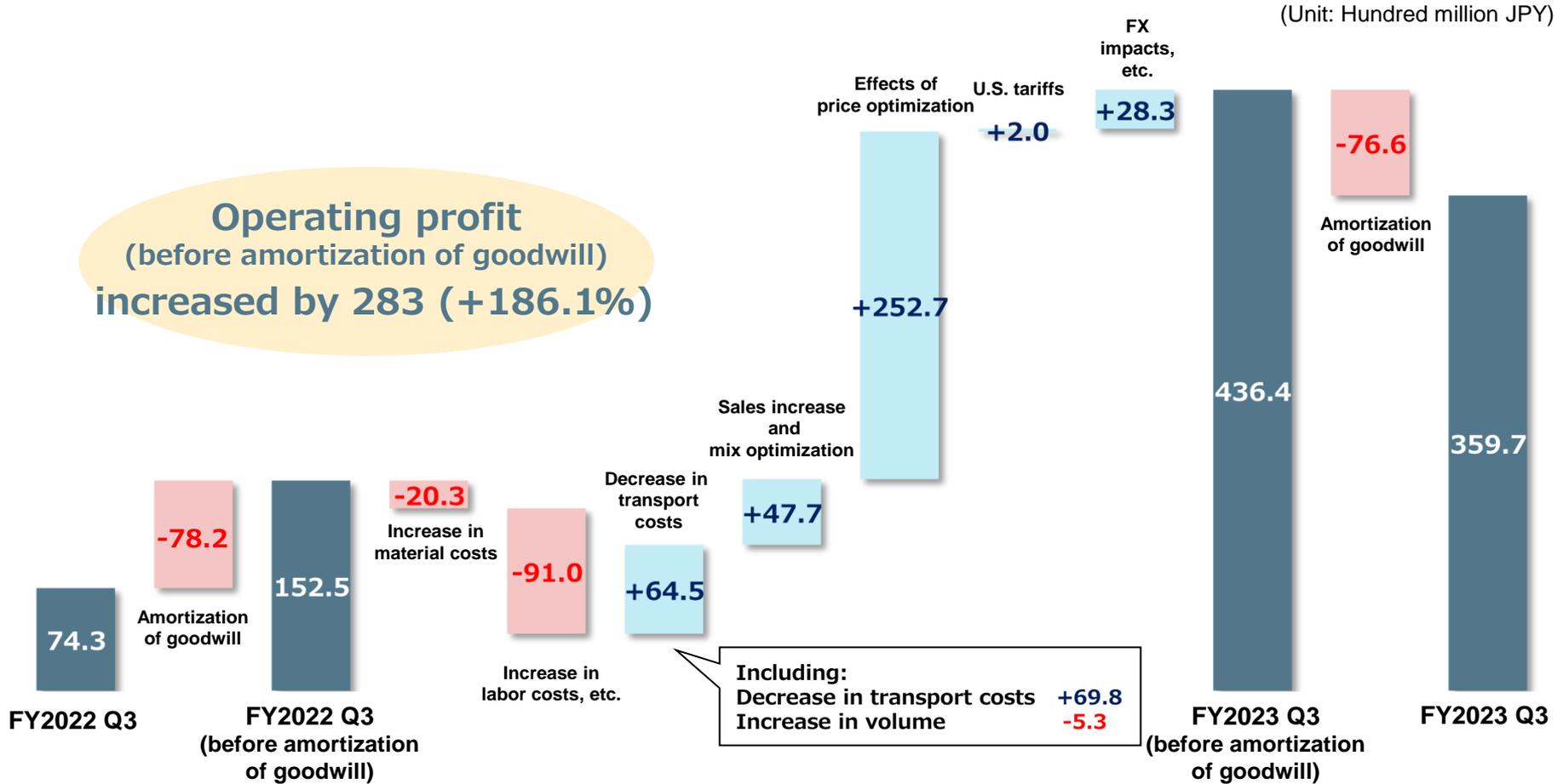
- Japan: Net sales increased as components shortages have been abating and the effects of price optimization are also starting to contribute.
- Overseas: Net sales increased due to the contribution of accelerating shipments in the Americas, the expanded effects of price optimization, and the impact of yen depreciation. However, net sales in Europe and China & Asia regions decreased.

(Unit: Hundred million JPY)



6. Operating Profit – FY2022 Q3 vs FY2023 Q3 Logisnext

- Material costs remain high in Japan but are improving in Europe and the Americas. Labor costs also remain high due to inflation.
- Operating profit before amortization of goodwill increased 186.1% YoY due to higher sales, the effects of price optimization, and the settling of increase in marine transportation costs.

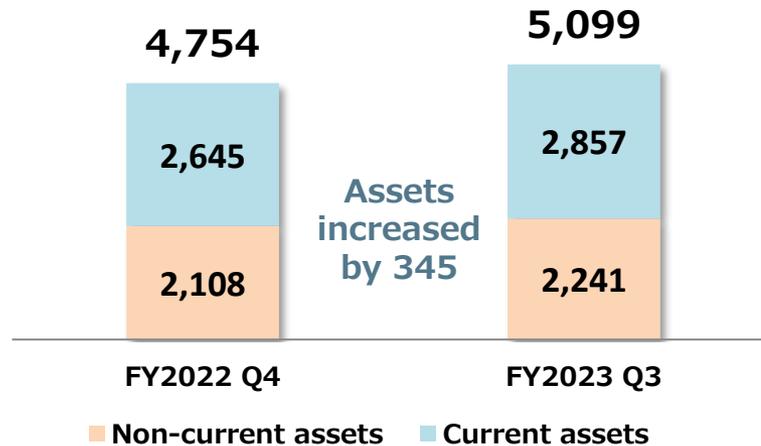


7. Consolidated Balance Sheet

- Net assets increased due to an increase in retained earnings from net profit and an increase in foreign currency translation adjustment. The capital adequacy ratio improved from 15.9% to 20.7%.

(Unit: Hundred million JPY)

Assets



Item	FY2022 Q4	FY2023 Q3	Change
Current assets	2,645	2,857	+212
Property, plant and equipment	1,489	1,649	+160
Intangible assets	411	350	-60
Investments and other assets	208	241	+33
Total non-current assets	2,108	2,241	+132
Total assets	4,754	5,099	+345

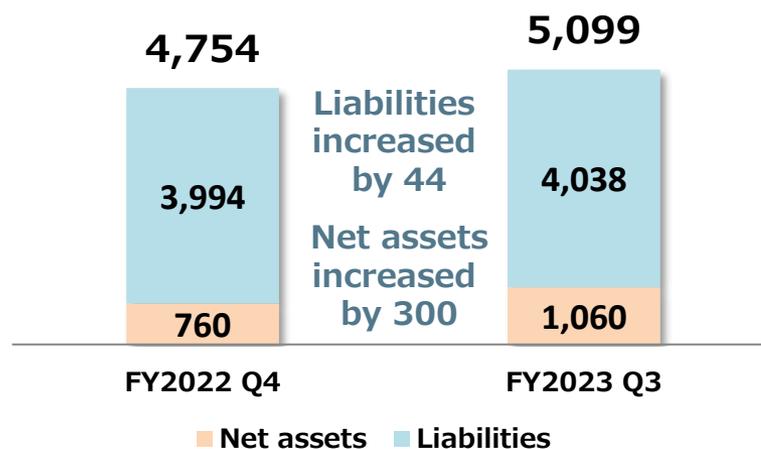
Current assets: Increased

Increased due to exchange rate conversion effects, cash and deposits, and inventories, etc.

Non-current assets: Increased

Increased due to exchange rate conversion effects, and property, plant and equipment, etc.

Liabilities/Net Assets



Item	FY2022 Q4	FY2023 Q3	Change
Current liabilities	2,087	2,016	-70
Non-current liabilities	1,906	2,022	+115
Total liabilities	3,994	4,038	+44
Total net assets	760	1,060	+300
Total liabilities and net assets	4,754	5,099	+345

Liabilities: increased

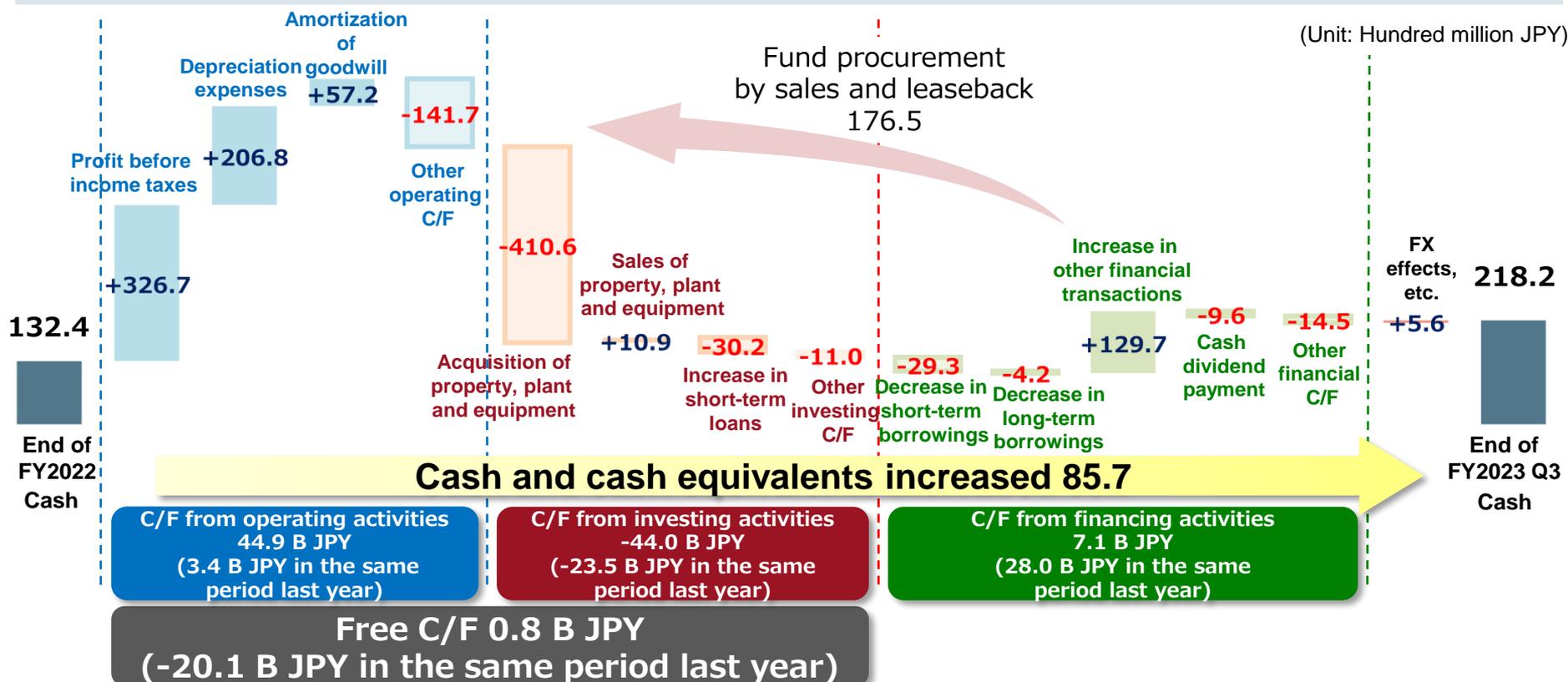
Exchange rate conversion effects and decrease in accounts payable, etc.

Net assets: Increased

Increased due to an increase in retained earnings and the foreign currency translation adjustment.

8. Cash Flow

- C/F from operating activities increased 41.4 B JPY (3.4 B → 44.9 B) YoY due to an increase in profit before income taxes.
- C/F from investing activities decreased 20.5 B JPY (-23.5 B → -44.0 B) YoY due to a shift from collection of short-term loans to deposits in FY2023 (impact: -13.3 B JPY) and an increase in acquisition of property, plant and equipment.
- Free C/F increased 20.9 B JPY (-20.1 B → 0.8 B) YoY due to improved C/F from operating activities (+34.3 B JPY YoY if the above short-term loan impact is factored in).



9. Upward Revision of FY2023 Forecast **Logisnext**

- Net sales are expected to be in line with the forecast announced in November 2023.
- Profits are expected to exceed the previous forecast in all profit categories, due to accelerated shipments in the Americas, mitigation of cost increases in Japan and overseas, and the expanded effects of price optimization, despite deteriorating market conditions in Europe and other regions.

(Unit: Hundred million JPY)	FY2023 Forecast (Published in Nov. 2023)	FY2023 Revised Forecast (Published in Feb. 2024)	Change Compared to Previous Forecasts	
Units Sold	115,000 units	115,000 units	–	–
Net Sales	6,900.0	6,900.0	–	–
Operating Profit <small>(Before amortization of goodwill)</small> (Operating profit margin)	500.0 (7.2%)	550.0 (8.0%)	+50.0	+10.0%
Amortization of Goodwill	100.0	100.0	–	–
Operating Profit (Operating profit margin)	400.0 (5.8%)	450.0 (6.5%)	+50.0	+12.5%
Ordinary Profit (Ordinary profit margin)	360.0 (5.2%)	400.0 (5.8%)	+40.0	+11.1%
Profit Attributable to Owners of Parent (Net income margin)	230.0 (3.3%)	290.0 (4.2%)	+60.0	+26.1%
Dividend per Share	19 JPY	20 JPY	+1 JPY	–

FY2023 initial plan FX rates: USD=JPY130.00 EUR=JPY140.00 CNY=JPY20.00
 FY2023 Q3 actual FX rates: USD=JPY143.29 EUR=JPY155.29 CNY=JPY19.98 10
 FY2023 Q4 plan FX rates: USD=JPY140.00 EUR=JPY150.00 CNY=JPY19.70

Reference: Key Performance Indicators

	Indicator	Formula	FY2022 Q4		FY2023 Q3*1		Comments
				Before amortization of goodwill *2		Before amortization of goodwill *2	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	1.6%		6.7%		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)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	10.0%		36.2%		
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	2.4%	4.1%	6.9%	8.4%	
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	1.1%	2.7%	4.7%	6.1%	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.4 times		1.4 times		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	6.8 times		7.5 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.7 times		4.4 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.9%		20.7%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.0 times		2.3 times		
Shares	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	64.82 JPY		307.45 JPY		
	Price earnings ratio (PER)	$\frac{\text{Stock price}}{\text{Earnings per share}}$	14.5 times		4.5 times	Stock prices: End of FY2022: 941 JPY End of FY2023 Q3: 1,382 JPY	
	Price book value ratio (PBR)	$\frac{\text{Stock price}}{\text{Book value per share}}$	1.3 times		1.4 times		

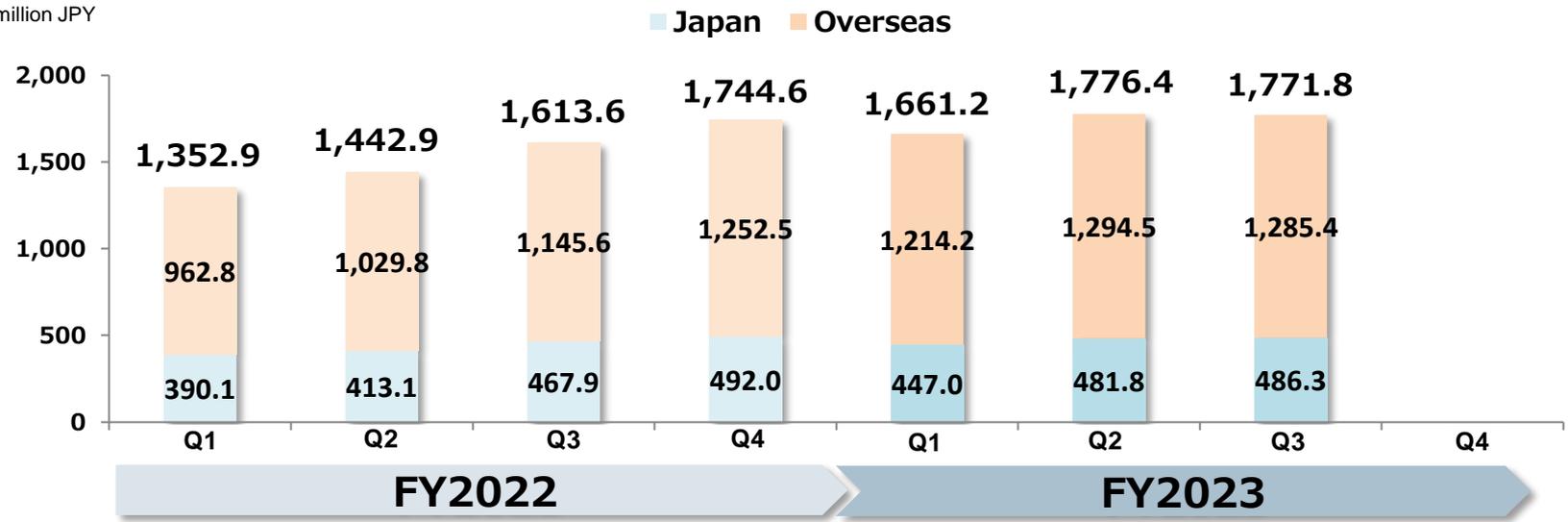
*1 P/L items are calculated on an annualized basis

*2 For reference purposes

Reference: Quarterly Financial Results by Segment **Logisnext**

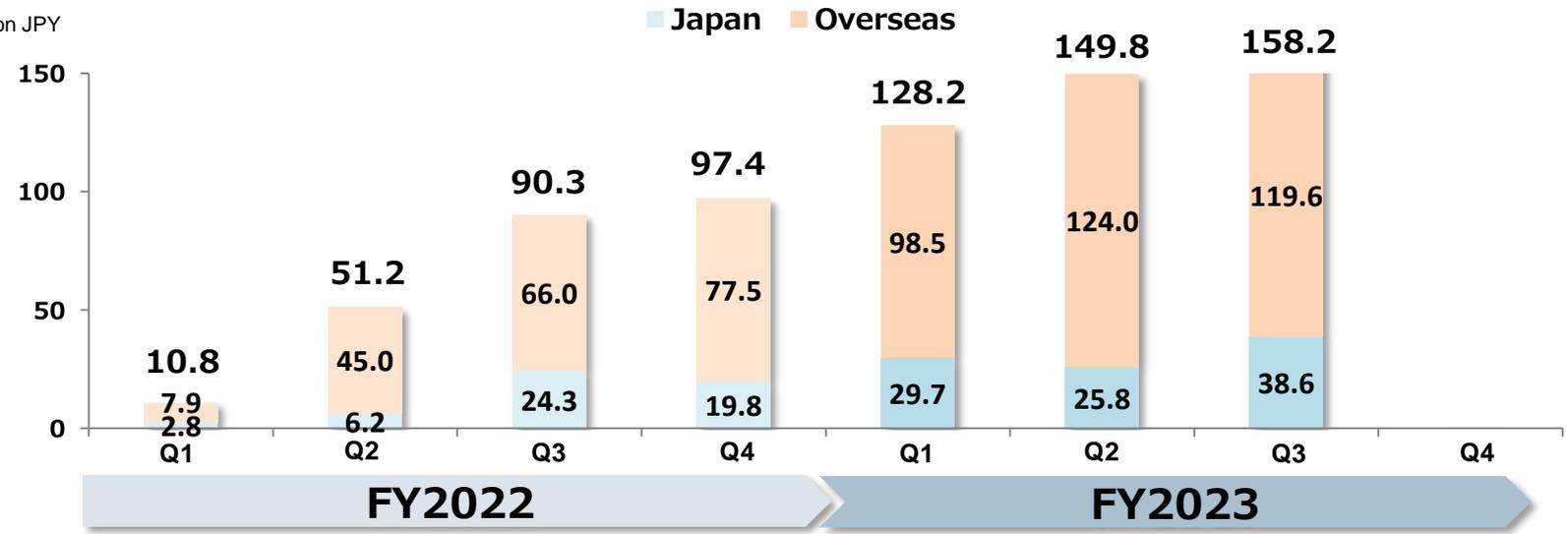
Unit: Hundred million JPY

Net Sales



Unit: Hundred million JPY

Operating Profit*

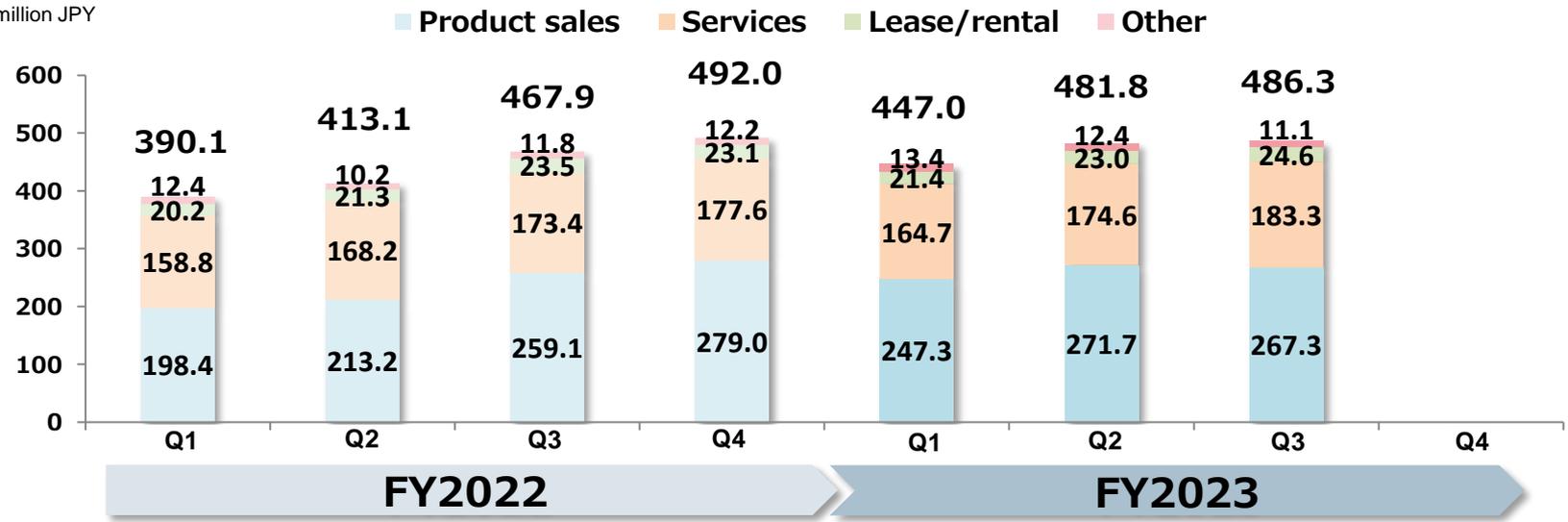


* Operating profit before amortization of goodwill

Reference: Quarterly Financial Results by Category **Logisnext**

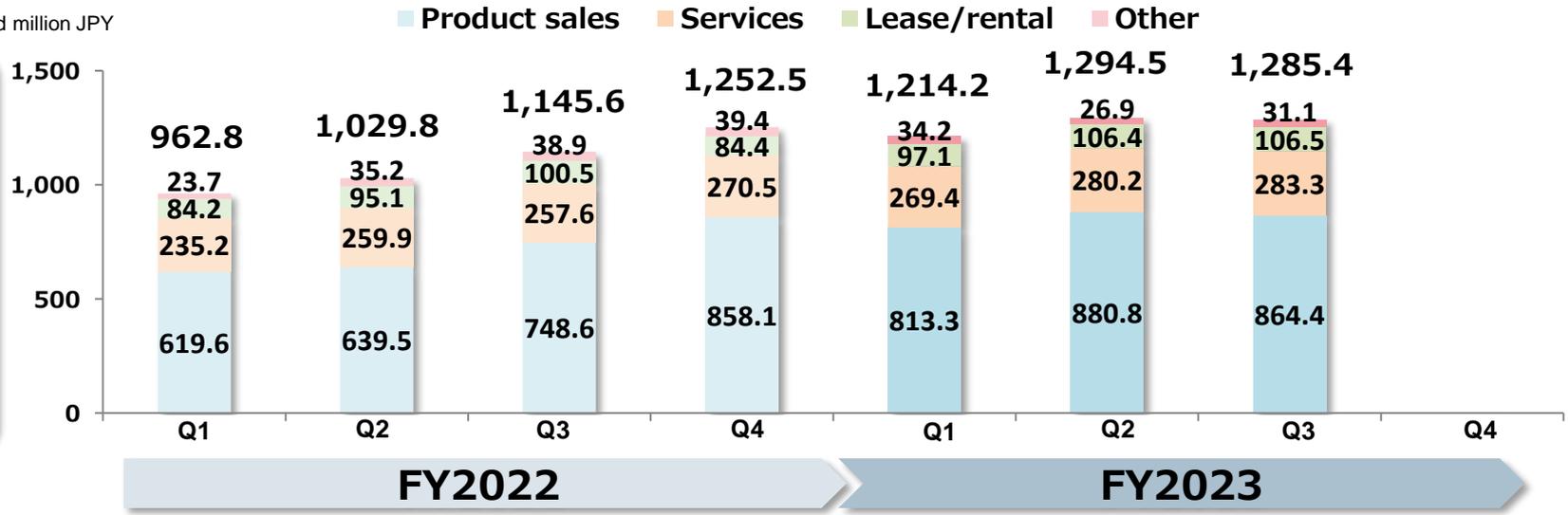
Unit: Hundred million JPY

Net Sales in Japan



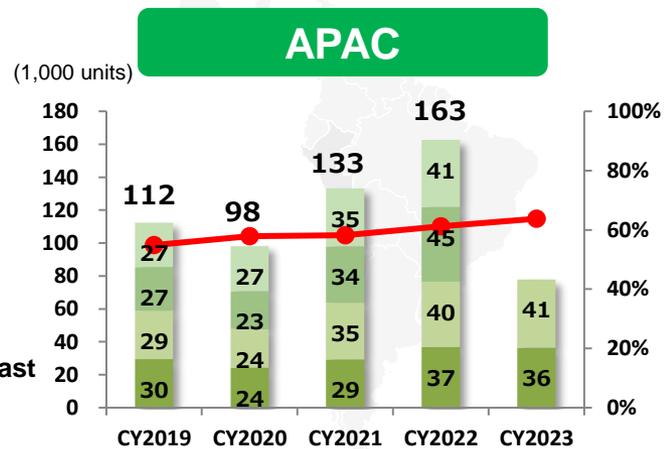
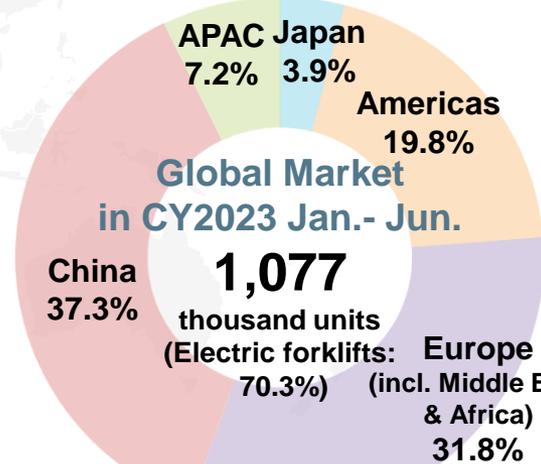
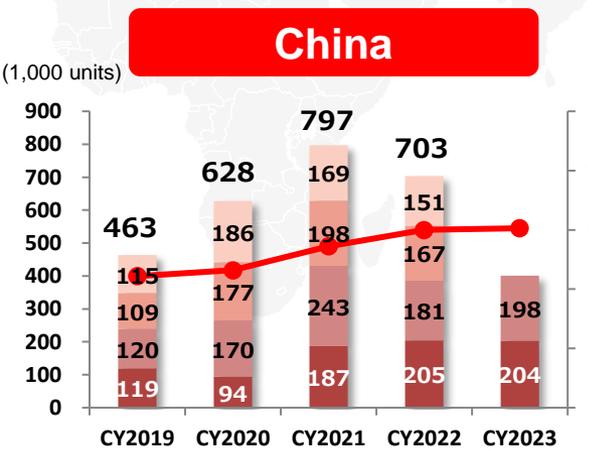
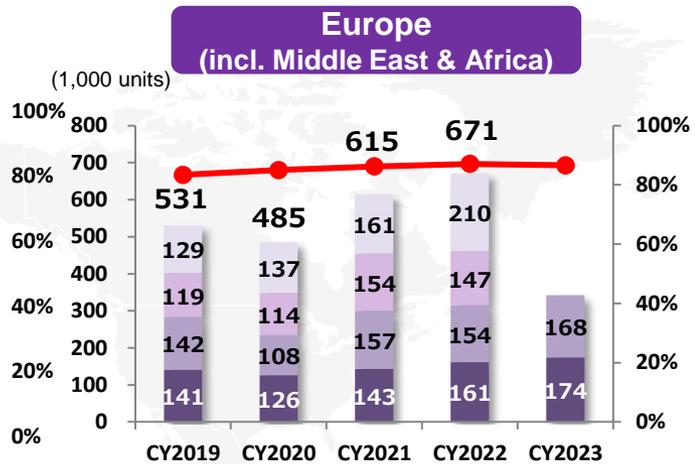
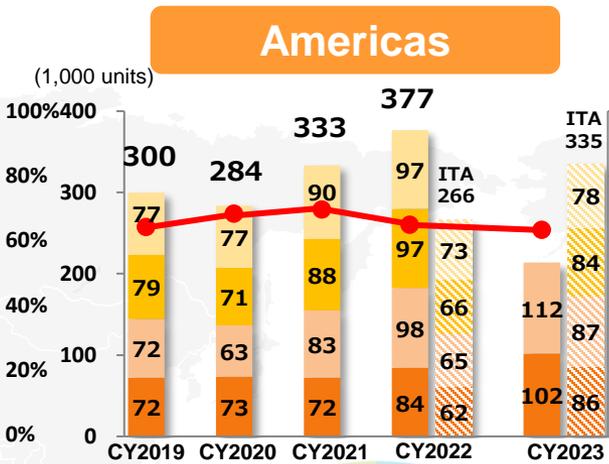
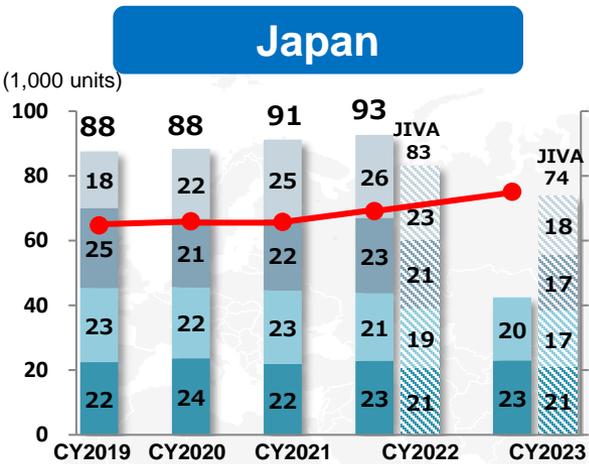
Unit: Hundred million JPY

Net Sales Overseas



Reference: Forklift Market Trends – Shipments

■ From January to December 2023, shipments in Japan (JIVA statistics) slowed compared to the previous year, but continued strong in the Americas (ITA statistics) despite economic slowdowns.



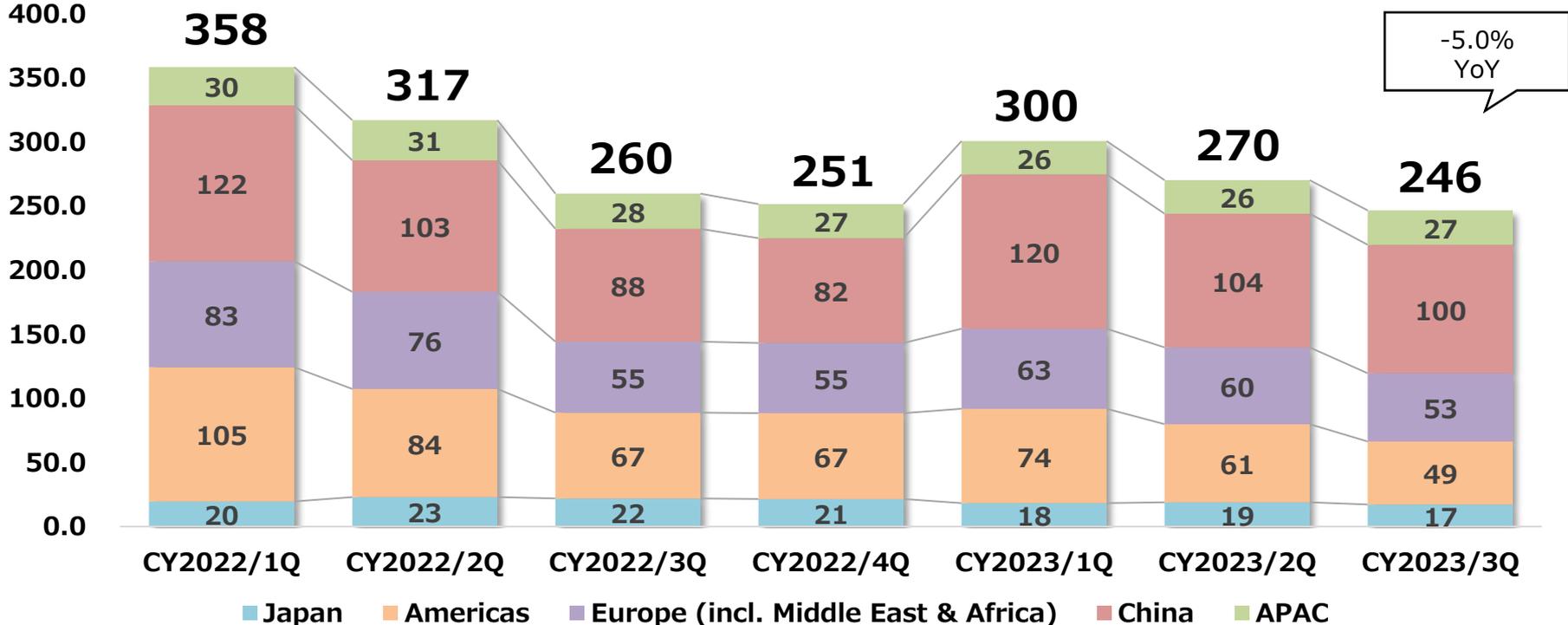
Note: Calculated for the CY from January to December due to changes in statistical disclosure policy of WITS member organizations.
 Due to the above delay in the disclosure of WITS statistics, JIVA data was used to calculate values for Japan and ITA data for the Americas.
 Other regions are blank after CY2023 Q3, 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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Market units
 Percent electric forklifts

Orders in all regions except China decreased YoY due to the global economic slowdowns, but the extent of the decline is gradually moderating.

Purchase Orders (excl. Class III*)

(Unit: 1,000 units)



*Class III: Self-propelled electric small trucks
 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.

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