

# Annual Report 2020

For the fiscal year from April 1, 2019 to March 31, 2020

# Logisnext

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**MITSUBISHI LOGISNEXT**

## Safety is our first priority. As logistics takes greater role in society, we will strive to increase our profitability.

Succeeding Mr. Mikogami, I, Takashi Kubo, was appointed to President and CEO of Mitsubishi Logisnext Co., Ltd. We are facing an extremely tough business environment, but Mitsubishi Logisnext Group will work together as one, and overcome this adverse environment positively. We will put forth every effort to ensure all of the stakeholders our further growth and development.

### Takashi Kubo President and CEO

Apr. 1984 Joined Mitsubishi Heavy Industries, Ltd.  
Oct. 2011 Managing Director, Mitsubishi Heavy Industries Forklift(Dalian)Co., Ltd.  
Jun. 2013 Executive Officer, Mitsubishi Logisnext Co., Ltd.  
Oct. 2017 Head of Quality Management Office, Mitsubishi Logisnext Co.,Ltd.  
Feb. 2019 Head of Overseas Sales and Marketing Headquarters, Mitsubishi Logisnext Co., Ltd.  
Jun. 2019 Senior Executive Officer, Mitsubishi Logisnext Co., Ltd.  
Jun. 2020 President and CEO, Mitsubishi Logisnext Co., Ltd.



## Summary of Business Performance in Fiscal 2019

**D**uring the consolidated fiscal year ended March 31, 2020, the global economy continued to attempt to find its footing as concern regarding future trends had an ongoing impact. Despite suggestions that long-term stagnation in the export industries of several countries originally caused by trade friction between the United States and China had finally reached its nadir, the economic environment did not improve to any notable extent as the tendency to refrain from conducting new investment appeared to pick up speed, especially in the manufacturing industry. The flow of people and goods in China came to a complete stop in China as COVID-19, which emerged in November 2019, continued its violent spread.

Of course, these economic conditions also have a substantial impact on the logistics industry, and many companies in a variety of regions have postponed capital investment. Under these conditions, the Group is facing an increasingly severe competitive environment and is currently unable to completely eliminate the large concerns regarding future market trends. As the Group faced circumstances above during the consolidated fiscal year ended March 31, 2020, consolidated net sales was 448.9 billion yen (up 0.1% YoY). Meanwhile, operating profit fell due to declines in the Americas and China and finished at 8.4 billion yen (down 35.9% YoY) while ordinary profit came to 7.0 billion yen (down 48.6% YoY). The Group recorded impairment loss at subsidiaries in Europe, China, and Thailand as extraordinary loss and, as a result, posted 5.2 billion yen in loss attributable to owners of parent.

When excluding impact from amortization of goodwill, operating profit was 18.3 billion yen (down 16.6% YoY), and the operating profit margin was 4.1% (down 0.8 percentage points YoY).

With regard to Equipment Depot, Inc. (all shares acquired on July 1, 2019), only results from the nine-month period spanning from July 1, 2019 through March 31, 2020 were included in our consolidated financial statements for the fiscal year ended March 31, 2020 because Equipment Depot changed its closing date from December 31 to March 31.

## Future Outlook

**A**s the international COVID-19 pandemic that originated in China continues its violent worldwide spread, the global economy continues to take on a form that is entirely different from ever before. Suppressing the flow of people and goods is largely considered to be the only effective way of preventing the virus's spread, and economic activity has come to a complete stop as a result. Consequently, we are currently unable to erase concerns about prolonged impact from COVID-19. Accordingly, we have decided to characterize its forecast for the fiscal year ending March 31, 2021 as "undetermined" until it is capable of making rational estimates regarding the future impact of the COVID-19 pandemic.

Mitsubishi Logisnext recognizes that the societal role of logistics is even becoming greater amid the current global crisis. Although we are facing difficult circumstances, we will achieve a unified synergy by solemnly performing

## A Message to Our Shareholders and Investors

our duties while prioritizing safety. In addition, we will earnestly strive to increase profitability by devoting all of our energies toward further streamlining operations and responding to rapid market deceleration.

## Actions Plans

**U**nder this business environment, we will establish a structure that will allow us to flexibly respond to environmental changes while closely monitoring COVID-19's impact on our businesses. At the same time, we will aim to raise our medium- to long-term corporate value by focusing on the following key actions:

### 1. Strengthen earning power through enhancement of PMI (Post Merger Integration)

Japan domestic business segment: Streamline operations and improve customer service through restructuring at direct sales companies (scheduled for October 2020); strengthen and expand sales of the ALESIS integrated-model forklift truck (launched in November 2019).

Overseas business segment: Merge subsidiaries in Europe and Asia (both in April 2020), as well as other regions; accelerate model integration and production restructuring in anticipation of demand fluctuation.

### 2. Diversify earning sources by capturing customer demand and strengthen after-sales business through direct sales network

Japan domestic business segment: Optimize personnel distribution by restructuring sales and service networks; promote the use of IT technology in service operations.

Overseas business segment: Restructure and enrich direct sales network in a continuation of efforts that began with the full acquisition of a North American sales company in July 2019.

### 3. Capturing demand in two growth fields: manpower reduction and automation

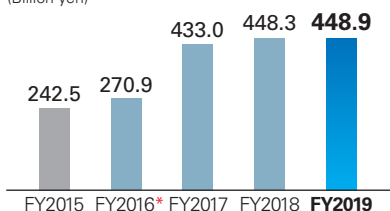
Freight handling operations are difficult to standardize. As a result, demand for urgent manpower reduction and automation measures that involve human cooperation is growing. Moving forward, the Group will develop automation technologies it refined in Japan and Europe, promote collaboration with other companies, and accelerate global business expansion in the United States and other countries where growth is anticipated.

We humbly ask for the continued support and understanding from our shareholders.

## Financial Highlights

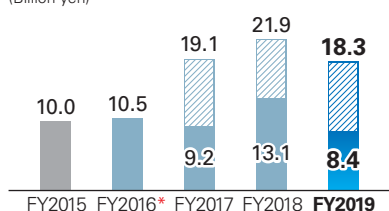
### Net Sales

(Billion yen)



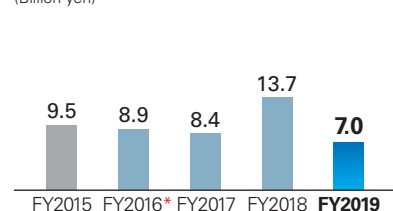
### Operating Profit

(Billion yen)



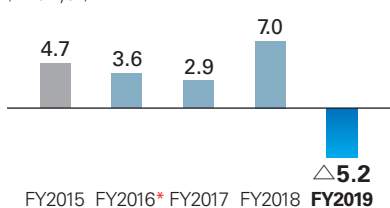
### Ordinary Profit

(Billion yen)



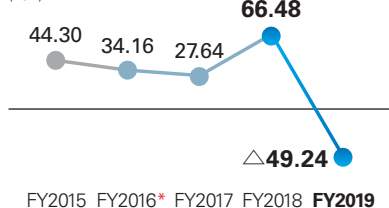
### Profit Attributable to Owners of Parent

(Billion yen)



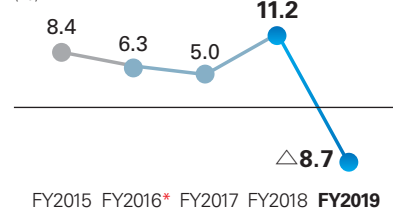
### Earnings per Share

(Yen)



### Return on Equity

(%)



■ FY2015–FY2016 figures are Mitsubishi Nichiyu Forklift data. ■ Goodwill amortization amount.

\* In accordance with UniCarriers becoming a wholly owned subsidiary on January 1, 2017, figures for January–March of the fiscal year ended March 31, 2017 show the consolidated figures for Mitsubishi Nichiyu Forklift and UniCarriers.

## Japan Domestic Business

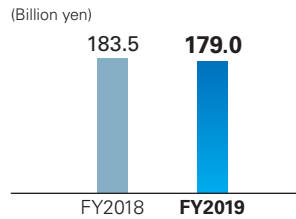
Sales of the domestic business segment were 179.0 billion yen (down 2.5% YoY) mainly due to a decline in exports caused by stagnation in overseas markets. Segment profit finished at 3.7 billion yen (down 18.6% YoY), primarily as a result of lower intersegment sales and higher expenses.

Excluding the impact of goodwill amortization, segment profit was 8.4 billion yen (down 9.1% YoY).

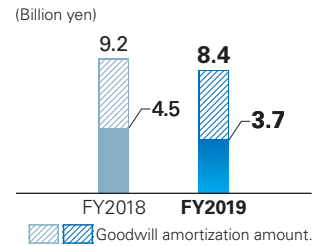
Sales Composition by Business Segment



Sales



Operating Profit



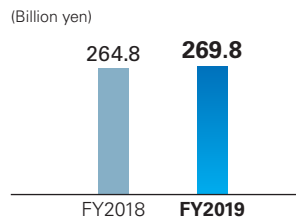
## Overseas Business

The inclusion of Equipment Depot, Inc. in the United States in the scope of consolidation compensated for declining forklift demand in the United States, Europe, China, and the rest of Asia, resulting in segment sales of 269.8 billion yen (up 1.9% YoY). Segment profit was 4.7 billion yen (down 45.1% YoY) mainly due to increasingly tough competitive environments in the United States and other countries caused primarily by trade friction between the United States and China and tariff-related issues. Expenses and amortization of goodwill associated with the acquisition of Equipment Depot also contributed to the decline in segment profit. Excluding the impact of goodwill amortization, segment profit was 9.8 billion yen (down 22.1% YoY).

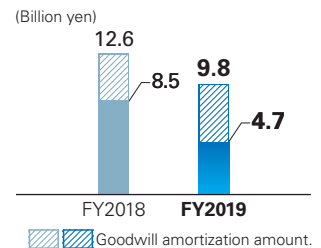
Sales Composition by Business Segment



Sales

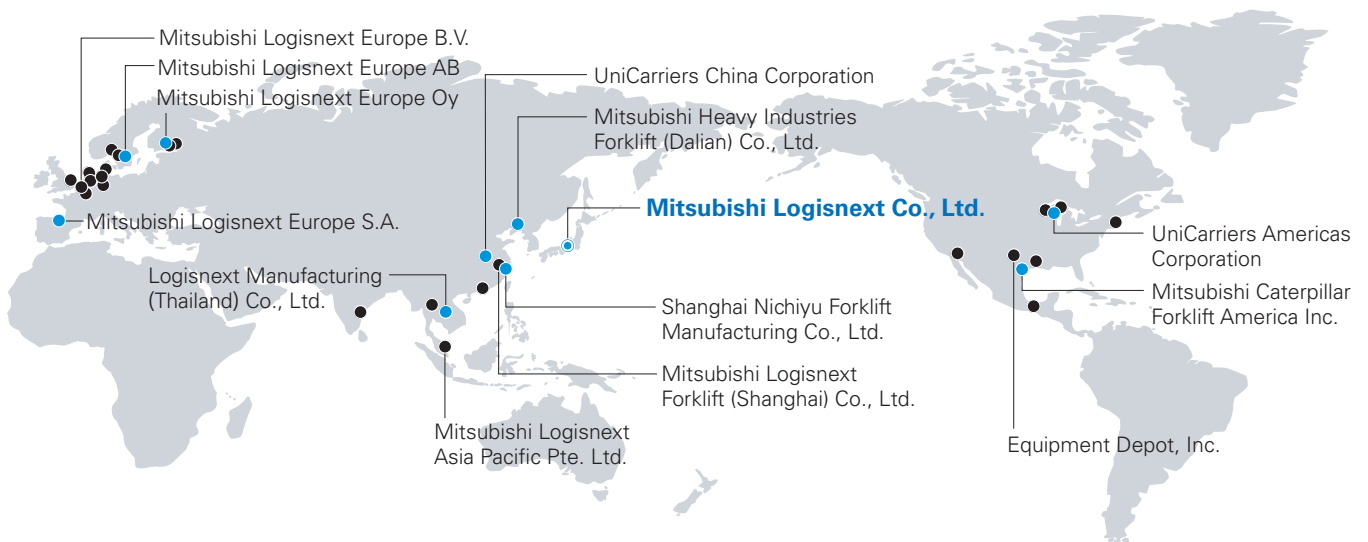


Operating Profit



## Major Overseas Network As of April 1, 2020

● Head Office ● Production base ● Main sales base



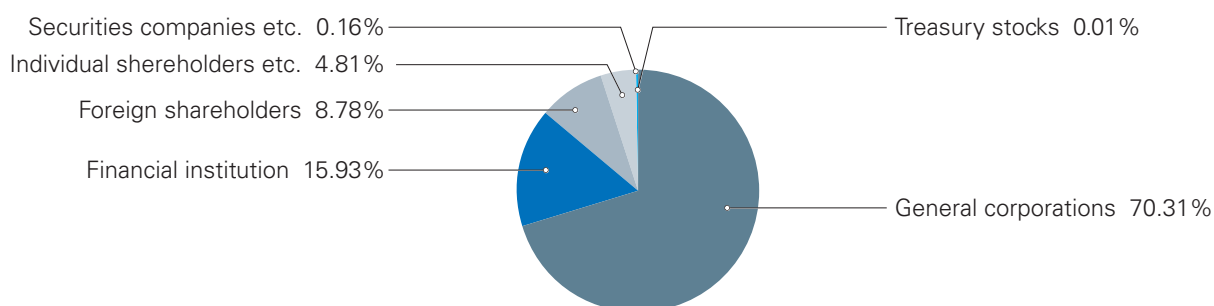
## Stock Information As of March 31, 2020

<b>Total number of authorized shares</b>	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
<b>Shares issued</b>	Common stock	106,536,013 shares
<b>Number of shareholders</b>	Common stock	8,223

## Major Shareholders (Common Stock)

Name of shareholder	No. of shares (Unit: 1,000 shares)	Equity position (%)
<b>Mitsubishi Heavy Industries Forklift, Engine &amp; Turbocharger Holdings, Ltd.</b>	68,888	64.66
<b>GS Yuasa Corporation</b>	4,701	4.41
<b>The Master Trust Bank of Japan, Ltd.</b>	3,912	3.67
<b>Japan Trustee Services Bank, Ltd.</b>	3,627	3.41
<b>Meiji Yasuda Life Insurance Company</b>	2,765	2.60
<b>GOVERNMENT OF NORWAY</b>	1,671	1.57
<b>MUFG Bank, Ltd.</b>	1,363	1.28
<b>The Bank of Kyoto, Ltd.</b>	1,301	1.22
<b>JP MORGAN CHASE BANK 385151</b>	1,097	1.03
<b>Tokyo Marine &amp; Nichido Fire Insurance Co., Ltd.</b>	971	0.91

## Major Shareholders (Common Stock)



## Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2018 As of March 31, 2019	FY2019 As of March 31, 2020
<b>Assets</b>		
Total current assets	195,059	<b>193,560</b>
Total non-current assets	172,602	<b>180,079</b>
Total property, plant and equipment	84,581	<b>101,423</b>
Total intangible assets	68,022	<b>63,219</b>
Total investments and other assets	19,999	<b>15,435</b>
<b>Total Assets</b>	367,662	<b>373,640</b>
<b>Liabilities</b>		
Total current liabilities	153,495	<b>154,445</b>
Total non-current liabilities	145,663	<b>161,868</b>
<b>Total Liabilities</b>	299,158	<b>316,314</b>
<b>Net assets</b>		
Total shareholders' equity	62,191	<b>55,483</b>
Share capital	4,894	<b>4,904</b>
Capital surplus	35,842	<b>35,785</b>
Retained earnings	21,456	<b>14,796</b>
Treasury shares	(2)	<b>(2)</b>
Total accumulated other comprehensive income	3,812	<b>(605)</b>
Share acquisition rights	168	<b>219</b>
Non-controlling interests	2,330	<b>2,227</b>
<b>Total net assets</b>	68,503	<b>57,326</b>
<b>Total liabilities and net assets</b>	367,662	<b>373,640</b>

**Overview of Consolidated Balance Sheets**

Total assets as of March 31, 2020 were 373,640 million yen, up 5,977 million yen YoY. This increase was primarily due to the addition of assets obtained through the acquisition of Equipment Depot, Inc.

Total liabilities were 316,314 million yen, up 17,155 million yen YoY. The rise was mainly the result of short- and long-term debt incurred through the acquisition of Equipment Depot.

Total net assets, which exclude share acquisition rights and non-controlling interests, were 54,878 million yen, down 11,125 million yen YoY. Primarily contributing to this decline were a 6,660 million yen slide in retained earnings and a 3,083 million yen decrease in the foreign currency translation adjustment.

## Consolidated Income Statements (Summary)

(Million yen)

Item	FY2018 From April 1, 2018 through March 31, 2019	FY2019 From April 1, 2019 through March 31, 2020
Net sales	448,381	<b>448,918</b>
Cost of sales	343,842	<b>341,665</b>
Gross profit	104,538	<b>107,253</b>
Selling, general and administrative expenses	91,382	<b>98,816</b>
<b>Operating profit</b>	13,156	<b>8,437</b>
Total non-operating income	1,906	<b>1,534</b>
Total non-operating expenses	1,348	<b>2,926</b>
<b>Ordinary profit</b>	13,714	<b>7,045</b>
Total extraordinary income	419	<b>2,107</b>
Total extraordinary losses	3,332	<b>8,673</b>
<b>Profit before income taxes</b>	10,801	<b>479</b>
Income taxes - current	4,788	<b>4,813</b>
Income taxes - deferred	(1,534)	<b>642</b>
Profit (loss)	7,546	<b>(4,976)</b>
Profit attributable to non-controlling interests	469	<b>266</b>
Profit (loss) attributable to owners of parent	7,077	<b>(5,243)</b>

**Overview of Consolidated Income Statements**

In the consolidated fiscal year ended March 31, 2020, consolidated net sales was 448,918 million yen (up 0.1% YoY). Meanwhile, operating profit fell due to declines in the Americas and China and finished at 8,437 million yen (down 35.9% YoY) while ordinary profit came to 7,045 million yen (down 48.6% YoY). The Group recorded impairment loss at subsidiaries in Europe, China, and Thailand as extraordinary loss and, as a result, posted 5,243 million yen in loss attributable to owners of parent.

## Company Outline As of March 31, 2020

<b>Company Name</b>	Mitsubishi Logisnext Co., Ltd.
<b>Established</b>	August 4, 1937
<b>Capital Stock</b>	4,904 million yen

## Operation Centers

<b>Head Office and Kyoto Plant</b>	2-1-1, Higashi-kotari, Nagaokakyo-shi, Kyoto 617-8585	Tel: +81-(0)75-951-7171
<b>Shiga Plant</b>	578 Chokoji-cho, Omihachiman-shi, Shiga 523-0013	Tel: +81-(0)748-37-6700
<b>Azuchi Plant</b>	8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga 521-1334	Tel: +81-(0)748-46-5511
<b>On-Site Training Center</b>	576 Hongo, Ohaza, Sugito-cho, Kitakatsushika-gun, Saitama 345-0023	Tel: +81-(0)480-37-2108

## Directors and Audit and Supervisory Board Members As of June 25, 2020

<b>Masanori Kagami</b>	Chairman of the Board
<b>Takashi Kubo</b>	President and CEO
<b>Shinji Fujita</b>	Director
<b>Masayuki Suematsu</b>	Director (Senior Vice President, Mitsubishi Heavy Industries, Ltd. Head of Business Strategy Office and Senior General Manager of Corporate Planning Department, Mitsubishi Heavy Industries, Ltd.)
<b>Ken Okochi</b>	External Director
<b>Osamu Ando</b>	External Director (President, Shimadzu Access Corporation)
<b>Kyoko Kobayashi</b>	External Director (Partner, Irokawa Legal Professional Corporation External Audit and Supervisory Board Member, KAWAKAMI PAINT MANUFACTURING CO.,LTD.)
<b>Koji Baba</b>	Audit and Supervisory Board Member
<b>Shinji Ichihara</b>	Audit and Supervisory Board Member
<b>Masahide Kuragaki</b>	External Audit and Supervisory Board Member (Managing Director, GS Yuasa Corporation)
<b>Yasuyuki Fukuoka</b>	External Audit and Supervisory Board Member (Full-time Corporate Auditor, Dai Nippon Toryo Co., Ltd.)
<b>Shigeru Yoshimura</b>	External Audit and Supervisory Board Member