

Annual Report 2021

For the fiscal year from April 1, 2020 to March 31, 2021

Logisnext

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MITSUBISHI LOGISNEXT

Through steadfast efforts, we will implement “Logisnext SolutionS 2023”, our mid-term management plan, to achieve further growth in this era of dramatic transformation.

Takashi Kubo
President



Summary of Business Performance in Fiscal 2020

During the current consolidated fiscal year, economic activity worldwide gradually recovered from the near stasis imposed by the COVID-19 crisis. China quickly returned to near-normal economic activity, European and American countries lifted their lockdowns, and Asian countries eased regulations. Forklift demand began to exhibit dynamic growth around September, particularly in Europe and America. In certain regions and during some months, demand recovered to levels seen for the same period in the preceding year. Despite lagging behind Europe and America, forklift demand in Japan in the fourth fiscal quarter returned to levels approaching those for the same period in the preceding year.

Under these circumstances, major instability factors—namely, the US Presidential election and Brexit—resolved in one direction or another, generating expectations for further economic recovery. However, the emergence and spread of new COVID-19 variants compelled the affected countries to respond, including suspending economic recovery measures and instituting additional lockdowns. Despite progress with vaccination programs launched in Europe and America and eventually launched in Japan, the overall situation is expected to remain unpredictable.

Consolidated net sales in the current consolidated fiscal year were 391.4 billion yen (down 12.8% YoY). Due to improvements in the economy, order intake continued to advance from the third consolidated fiscal quarter to the fourth consolidated fiscal quarter. Nevertheless, contributions to net sales proved insufficient compared to the previous period. With respect to profits, despite efforts to reduce fixed expenses in response to lower net sales, operating profit was 1.5 billion yen (down 81.1% YoY); ordinary profit was 2.0 billion yen (down 71.4% YoY); and losses attributable to owners of parent were 2.6 billion yen (compared to a loss of 5.2 billion yen in the same period of the preceding year).

Excluding the impact of goodwill amortization, operating profit was 10.9 billion yen (down 40.0% YoY). The operating profit margin was 2.8% (down 1.3 percentage points YoY).

Future Outlook

It still remains uncertain as to when COVID-19 will be contained, but vaccination is progressing in various countries and certain actions are being taken to maintain economic and social activities, leading to definite signs of economic recovery.

Markets for forklifts and other logistics equipment continue to recover after bottoming out in the first half of 2020. We expect this trend to continue in 2021.

COVID-19 has transformed the logistics industry. The first year of “Logisnext SolutionS 2023”, our new mid-term management plan, fell squarely in an era of such dramatic transformations.

The consolidated financial results forecast for the next consolidated fiscal year ending in March 2022 are 430.0 billion yen in net sales, 5.0 billion yen in operating profit, 4.0 billion yen in ordinary profit, and 1.0 billion yen in profit attributable to owners of parent.

We expect operating profit before goodwill amortization of 14.0 billion yen and operating profit margin before goodwill amortization of 3.3%.

Actions Plans

Emerging COVID-19 variants and continuing US-China tensions have led to conditions in which uncertainty is the New Normal. In the logistics industry, market recovery is generating growing forklift sales, especially in overseas markets. Nevertheless, the future remains uncertain. We are at a major crossroads, as suggested by current buzzwords like carbon neutral, DX promotion, and ESG-oriented management.

In 2020, given this management environment, we developed the “Logisnext SolutionS 2023” mid-term management plan, the first of its kind since our management integration. Target figures for fiscal 2023 include 500.0 billion yen in consolidated net sales, 30.0 billion yen in operating profit before goodwill amortization, profit ratio 6%, and a capital adequacy ratio greater than 20%. Based on our corporate vision—Moving the world forward as the leading provider of innovative logistics and material handling solutions—we will pursue three basic strategies: Build up business resilience; accelerate growth strategy; and further develop our global and regional branding strategies. The ultimate goals are to help identify and create solutions to social issues and to enhance our corporate value over the medium-to-long term.

1. Japan Domestic Business

- Measures to address rising materials costs and freight charges
- Early realization of the effects of direct sales companies restructuring
- Measures related to lithium-ion batteries
- Promoting workstyle innovations
- Expanding solution businesses for AGF (Auto Guided Forklift), port cargo handling machines, and the like
- Accelerating product release to markets

2. Overseas Business

- Measures to address rising materials costs and freight charges
- Expanding solution businesses in the United States
- Promoting branding strategies in Europe
- Reappraising production and sales systems in China
- Establishing IT infrastructures from a global viewpoint

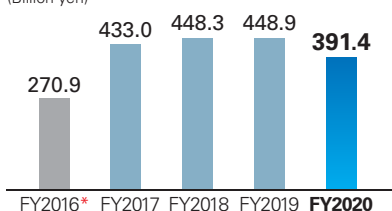
We humbly ask for the continued support and understanding from our shareholders.

[> Go here to review the “Logisnext SolutionS 2023” Mid-term management plan.](#)

Financial Highlights

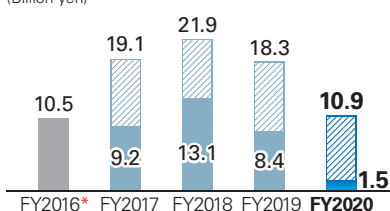
Net Sales

(Billion yen)



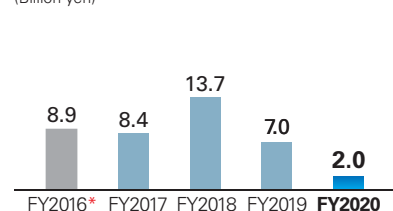
Operating Profit

(Billion yen)



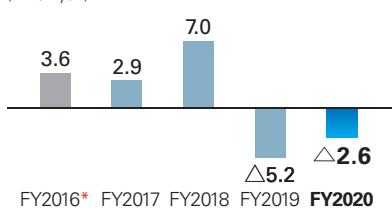
Ordinary Profit

(Billion yen)



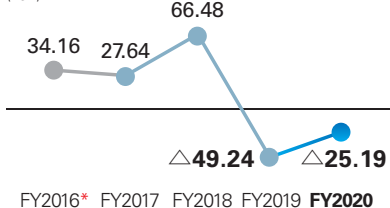
Profit Attributable to Owners of Parent

(Billion yen)



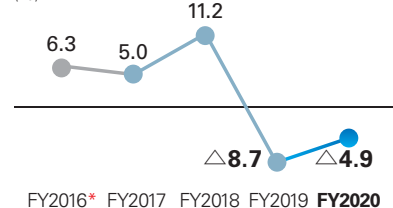
Earnings per Share

(Yen)



Return on Equity

(%)



■ 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

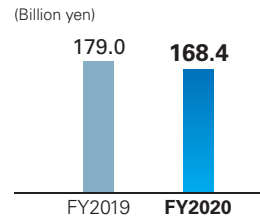
Supported by solid demand in Japan since June, the domestic business segment has operated profitably since the second consolidated fiscal quarter. Net sales were 168.4 billion yen (down 5.9% YoY), with additional contributions provided by the upswell in orders for export and sales, which had been sluggish. Our groupwide efforts to reduce fixed expenses failed to produce the results needed to offset lower profits due to lower net sales. Segment profit was 0.6 billion yen (down 81.5% YoY).

Excluding the impact of goodwill amortization, segment profit was 5.6 billion yen (down 33.0% YoY).

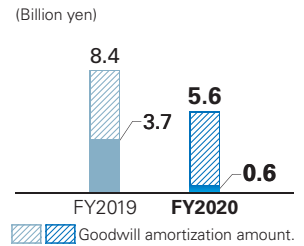
Sales Composition by Business Segment



Sales



Operating Profit



Overseas Business

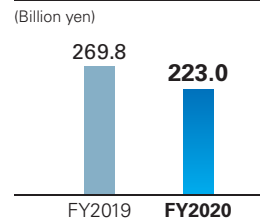
As with the domestic business segment, the overseas business segment has operated profitably since the second consolidated fiscal quarter. Contributing factors include the growth of the Chinese market, where the impact of COVID-19 has been relatively subdued, and growth in European, American, and Asian markets, where lockdowns were lifted. Nevertheless, it will take time for the segment to recover to the levels achieved in the previous fiscal year. Net sales were 223.0 billion yen (down 17.4% YoY), despite contributions to the yearly consolidated financial results from Equipment Depot, Inc., a US sales company acquired in July 2019. Reductions in fixed expenses achieved in the overseas business segment proved insufficient to offset lower profits due to lower net sales as with the domestic business segment; segment profit was 0.9 billion yen (down 80.8% YoY).

Excluding the impact of goodwill amortization, segment profit was 5.3 billion yen (down 46.1% YoY).

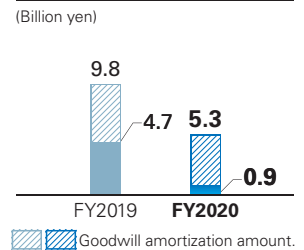
Sales Composition by Business Segment



Sales

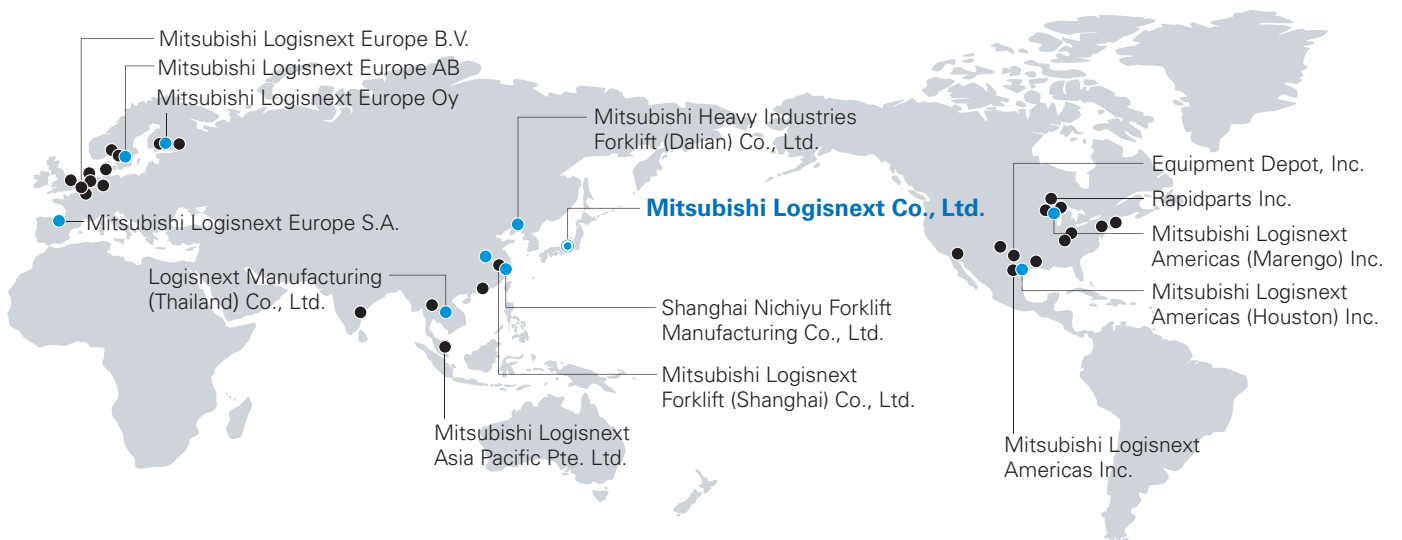


Operating Profit



Major Overseas Network As of April 1, 2021

● Head Office ● Production base ● Main sales base



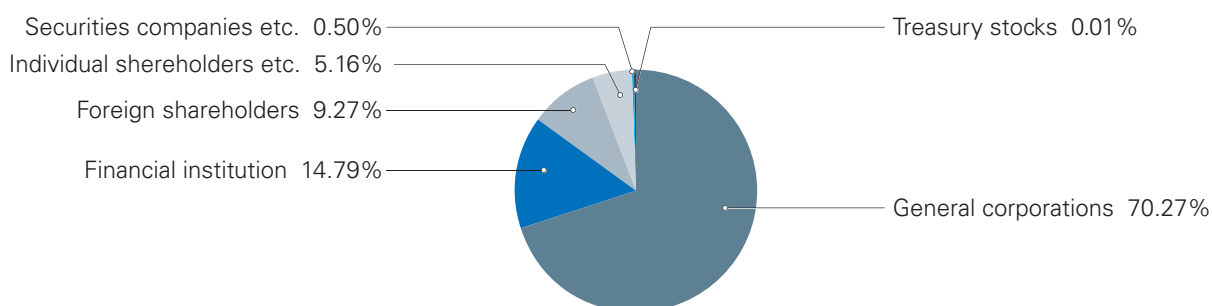
Stock Information As of March 31, 2021

Total number of authorized shares	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
Shares issued	Common stock	106,580,013 shares
Number of shareholders	Common stock	13,211

Major Shareholders (Common Stock)

Name of shareholder	No. of shares <small>(Unit: 1,000 shares)</small>	Equity position <small>(%)</small>
Mitsubishi Heavy Industries, Ltd.	68,888	64.64
GS Yuasa Corporation	4,701	4.41
Custody Bank of Japan, Ltd. (Trust Account)	4,071	3.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,549	3.33
Meiji Yasuda Life Insurance Company	2,765	2.59
GOVERNMENT OF NORWAY	1,945	1.83
MUFG Bank, Ltd.	1,363	1.28
The Bank of Kyoto, Ltd.	1,301	1.22
JP MORGAN CHASE BANK 385781	829	0.78
Nippon Life Insurance Company	764	0.72

Major Shareholders (Common Stock)



Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2019 From April 1, 2019 through March 31, 2020	FY2020 From April 1, 2020 through March 31, 2021
Assets		
Total current assets	193,560	192,552
Total non-current assets	180,079	170,952
Total property, plant and equipment	101,423	98,130
Total intangible assets	63,219	54,861
Total investments and other assets	15,435	17,960
Total Assets	373,640	363,505
Liabilities		
Total current liabilities	154,445	148,939
Total non-current liabilities	161,868	159,023
Total Liabilities	316,314	307,962
Net assets		
Total shareholders' equity	55,483	50,315
Share capital	4,904	4,913
Capital surplus	35,785	34,750
Retained earnings	14,796	10,655
Treasury shares	(2)	(2)
Total accumulated other comprehensive income	(605)	4,684
Share acquisition rights	219	251
Non-controlling interests	2,227	290
Total net assets	57,326	55,542
Total liabilities and net assets	373,640	363,505

Overview of Consolidated Balance Sheets

Total assets as of the end of the current consolidated fiscal year were 363,505 million yen, down 10,134 million yen YoY. Major factors included a goodwill decrease due to amortization and a decrease in trade accounts receivable.

Total liabilities were 307,962 million yen, down 8,351 million yen YoY. Major factors included a decrease in trade accounts payable.

Net assets other than share acquisition rights and non-controlling interests were 55,000 million yen, up 121 million yen YoY, due mainly to an increase of 5,289 million yen in total accumulated other comprehensive income, including translation adjustments, and despite a decrease of 4,140 million yen in retained earnings.

The capital adequacy ratio was 15.1% (compared to 14.7% as of the end of the previous consolidated fiscal year). Net assets per share were 516.08 yen (compared to 515.15 yen as of the end of the previous consolidated fiscal year).

Consolidated Income Statements (Summary)

(Million yen)

Item	FY2019	FY2020
	From April 1, 2019 through March 31, 2020	From April 1, 2020 through March 31, 2021
Net sales	448,918	391,496
Cost of sales	341,665	299,752
Gross profit	107,253	91,744
Selling, general and administrative expenses	98,816	90,149
Operating profit	8,437	1,594
Total non-operating income	1,534	2,157
Total non-operating expenses	2,926	1,737
Ordinary profit	7,045	2,014
Total extraordinary income	2,107	343
Total extraordinary losses	8,673	3,222
Profit (loss) before income taxes	479	(865)
Income taxes - current	4,813	4,301
Income taxes - deferred	642	(2,610)
Profit (loss)	(4,976)	(2,556)
Profit attributable to non-controlling interests	266	126
Profit (loss) attributable to owners of parent	(5,243)	(2,683)

Overview of Consolidated Income Statements

Consolidated net sales in the current consolidated fiscal year were 391,496 million yen (down 12.8% YoY). Orders intake continued to improve from the third consolidated fiscal quarter to the fourth consolidated fiscal quarter due to improvements in economic circumstances, but contributions to net sales proved insufficient compared to the previous period. With respect to profits, despite efforts to reduce fixed expenses in response to lower net sales, the operating profit was 1,594 million yen (down 81.1% YoY); ordinary profit was 2,014 million yen (down 71.4% YoY); and losses attributable to owners of parent were 2,683 million yen (compared to a loss of 5,243 million yen for the same period of the preceding year).

Excluding the impact of goodwill amortization, operating profit was 10,990 million yen (down 40.0% YoY). The operating profit margin was 2.8% (down 1.3 percentage points YoY).

Company Outline As of March 31, 2021

Company Name	Mitsubishi Logisnext Co., Ltd.
Established	August 4, 1937
Capital Stock	4,913 million yen

Operation Centers

Head Office and Kyoto Plant	2-1-1, Higashi-kotari, Nagaokakyo-shi, Kyoto 617-8585	Tel: +81-(0)75-951-7171
Shiga Plant	578 Chokoji-cho, Omihachiman-shi, Shiga 523-0013	Tel: +81-(0)748-37-6700
Azuchi Plant	8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga 521-1334	Tel: +81-(0)748-46-5511
On-Site Training Center	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 29, 2021

Takashi Mikogami	Representative Director and Chairman (Executive Vice President, President and CEO, Logistics, Thermal & Drive Systems, Mitsubishi Heavy Industries, Ltd.)
Takashi Kubo	President
Hirokazu Watanabe	Director
Shinji Fujita	Director
Masayuki Suematsu	Director (Senior Vice President, Head of Business Strategy Office, Mitsubishi Heavy Industries, Ltd.)
Ken Okochi	External Director
Osamu Ando	External Director (President, Shimadzu Access Corporation)
Kyoko Kobayashi	External Director (Partner, Irokawa Legal Professional Corporation External Audit and Supervisory Board Member, KAWAKAMI PAINT MANUFACTURING CO.,LTD.)
Koji Baba	Audit and Supervisory Board Member
Shinji Ichihara	Audit and Supervisory Board Member
Masahide Kuragaki	External Audit and Supervisory Board Member
Yasuyuki Fukuoka	External Audit and Supervisory Board Member
Shigeru Yoshimura	External Audit and Supervisory Board Member