

Logisnext

Q2 Financial Results for FY2022

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



Logisnext Solutions

Logisnext Solutions serving for you



Nov. 24, 2022

MITSUBISHI LOGISNEXT



Summary of Q2 Financial Results for FY2022

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

MITSUBISHI LOGISNEXT

Takatoshi Uno
Director, Executive Officer
CFO

Economic Market Trends

- In the global economy, there are growing fears of a recession due to tightening monetary conditions caused by rising prices in Europe and the Americas, the zero-COVID policy in China, and Russian aggression of Ukraine. Recessions have already begun in some regions. In addition, higher material and transportation costs and supply chain disruptions continue.
- The material handling equipment market has recovered to above pre-COVID-19 levels in Japan. Overseas, demand continues to exceed pre-COVID-19 levels in the Americas, remained firm in Asia, remained weak in Europe, and slowed down in China.
- At Mitsubishi Logisnext, orders are generally strong, but we have been affected by longer lead times due to delays in the supply of various assembly components and high costs, such as for materials and transportation, since the previous fiscal year. Under these circumstances, shipments have been delayed due to parts shortages in Japan, while the effects of shipping facilitations and sales price improvements have begun to show in the Americas and Europe.

Summary of FY2022 Q2 Results

- Net sales increased by 29.4% YoY due to an increase in units sold mainly in the Americas and Europe, as well as due to the impact of JPY depreciation.
- Operating profit (before amortization of goodwill, etc.) decreased 1.4% YoY due to increasing material and transportation costs and lower shipments caused by parts shortages in Japan, despite the contribution of an increase in units sold mainly in the Americas and Europe and the impact of JPY depreciation.

2. Financial Highlights

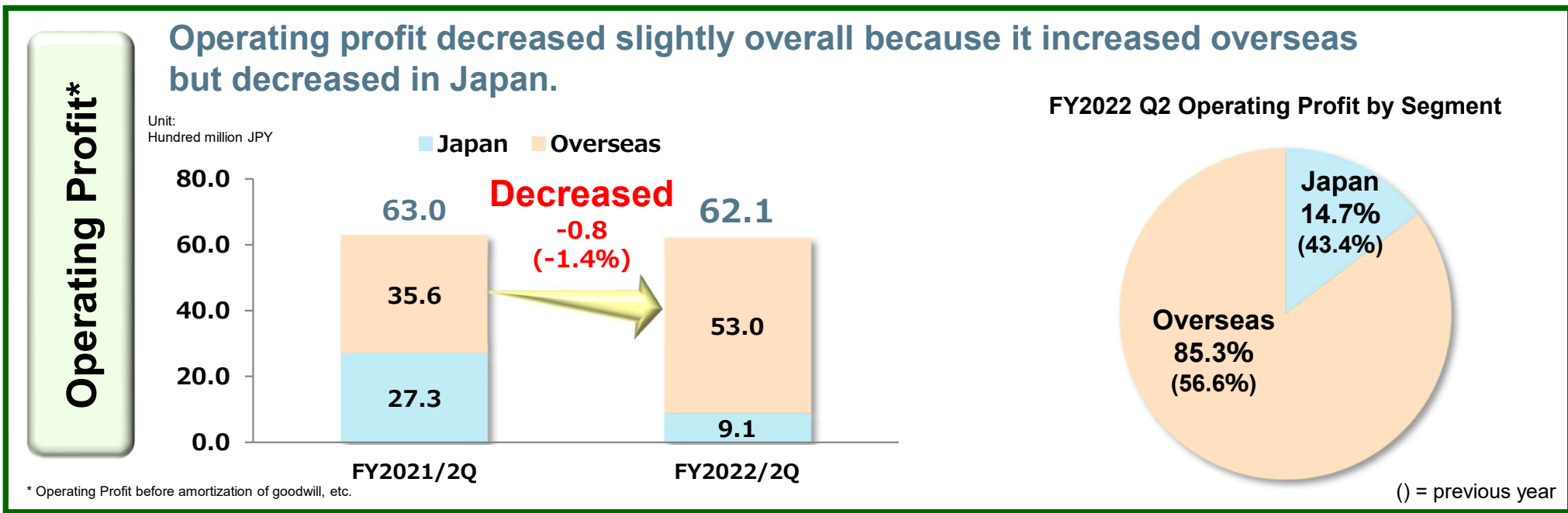
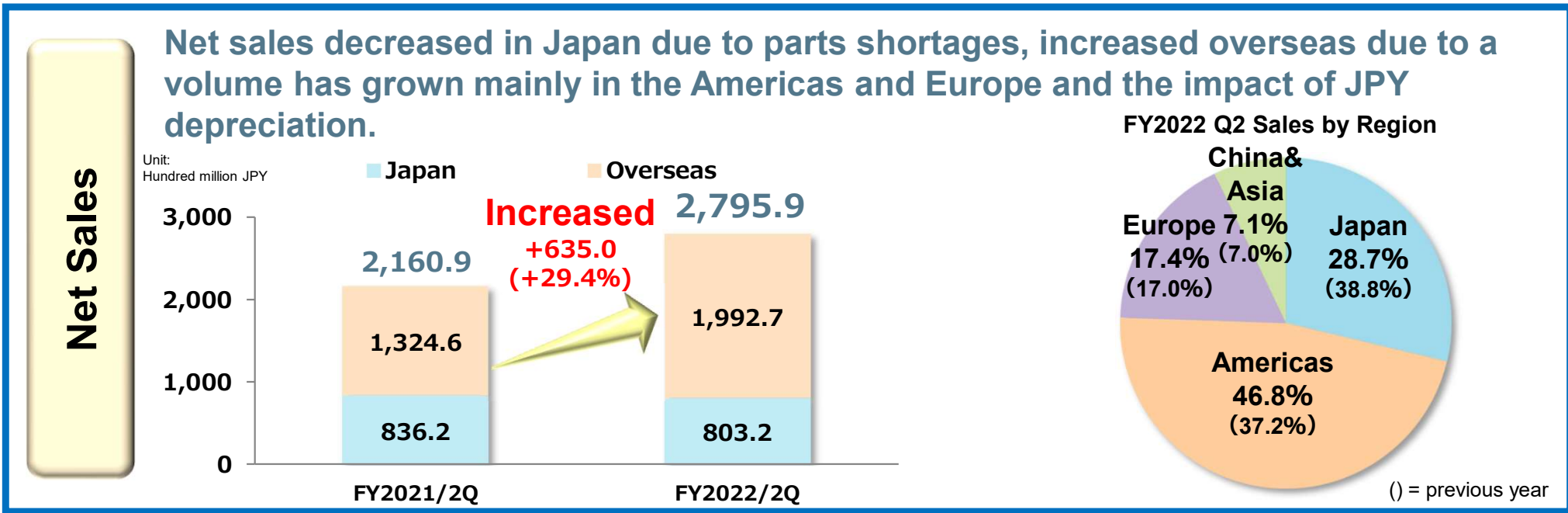
Unit: Hundred million JPY

Profit and Loss Statement	FY2021 Q2	FY2022 Q2	YOY Change	
Net Sales	2,160.9	2,795.9	+635.0	+29.4%
Operating Profit (Before amortization of goodwill, etc.) (Operating profit margin)	63.0 (2.9%)	62.1 (2.2%)	-0.8	-1.4%
Amortization of Goodwill	47.4	51.3	—	—
Operating Profit (Operating profit margin)	15.6 (0.7%)	10.8 (0.4%)	-4.8	-30.8%
Ordinary Profit (Ordinary profit margin)	14.3 (0.7%)	10.2 (0.4%)	-4.0	-28.3%
Profit Attributable to Owners of Parent (Net income margin)	0.2 (0.0%)	-13.5 (-0.5%)	-13.7	—

FY2021 Q2 actual FX rates: USD = JPY109.80 EUR = JPY130.88 CNY = JPY16.99
 FY2021 Q4 actual FX rates: USD = JPY112.38 EUR = JPY130.56 CNY = JPY17.51
 FY2022 Q2 actual FX rates: USD = JPY133.97 EUR = JPY138.73 CNY = JPY19.88

Balance Sheet	FY2021 Q4	FY2022 Q2	YOY Change	
Total Assets	4,056.0	4,638.9	+582.9	+14.4%
Total Liabilities	3,418.6	3,899.7	+481.1	+14.1%
Net Assets	637.3	739.1	+101.8	+16.0%

3. Business Results by Segment

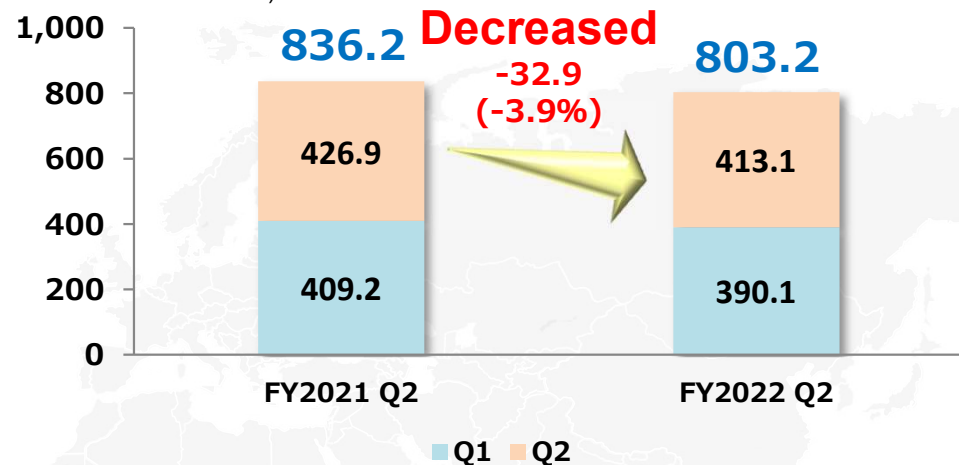


* Operating Profit before amortization of goodwill, etc.

4. Sales by Region (including FX impact)

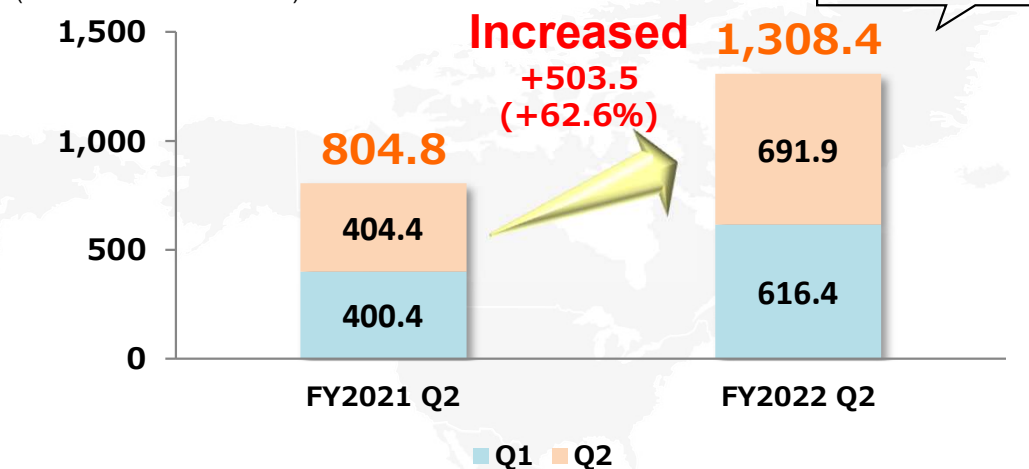
Japan

(Unit: Hundred million JPY)



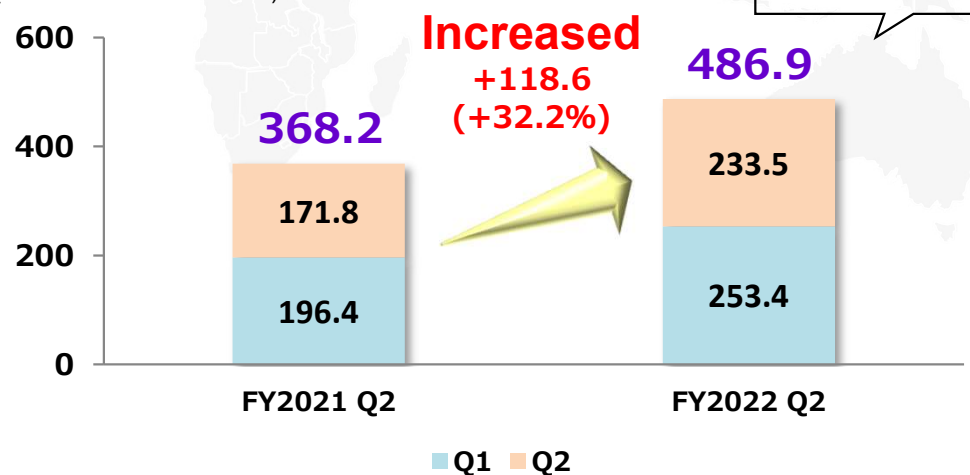
Americas

(Unit: Hundred million JPY)



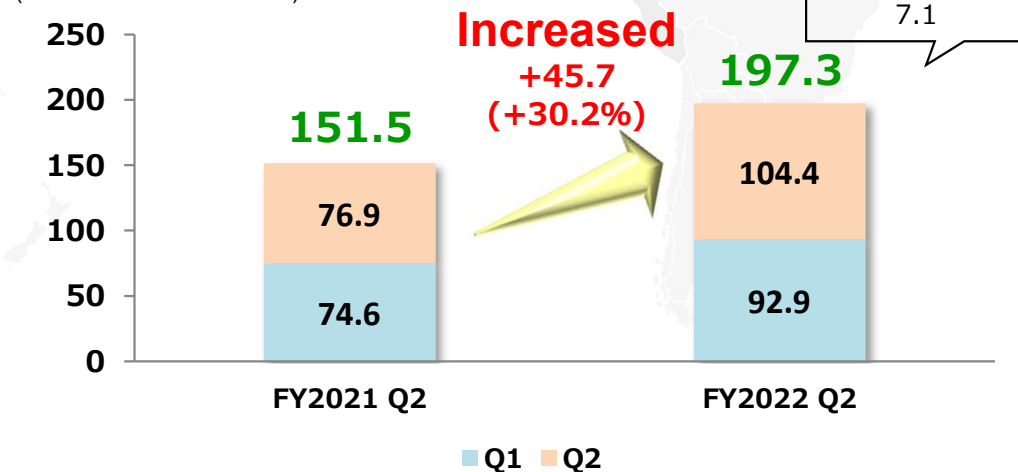
Europe

(Unit: Hundred million JPY)



China & Asia

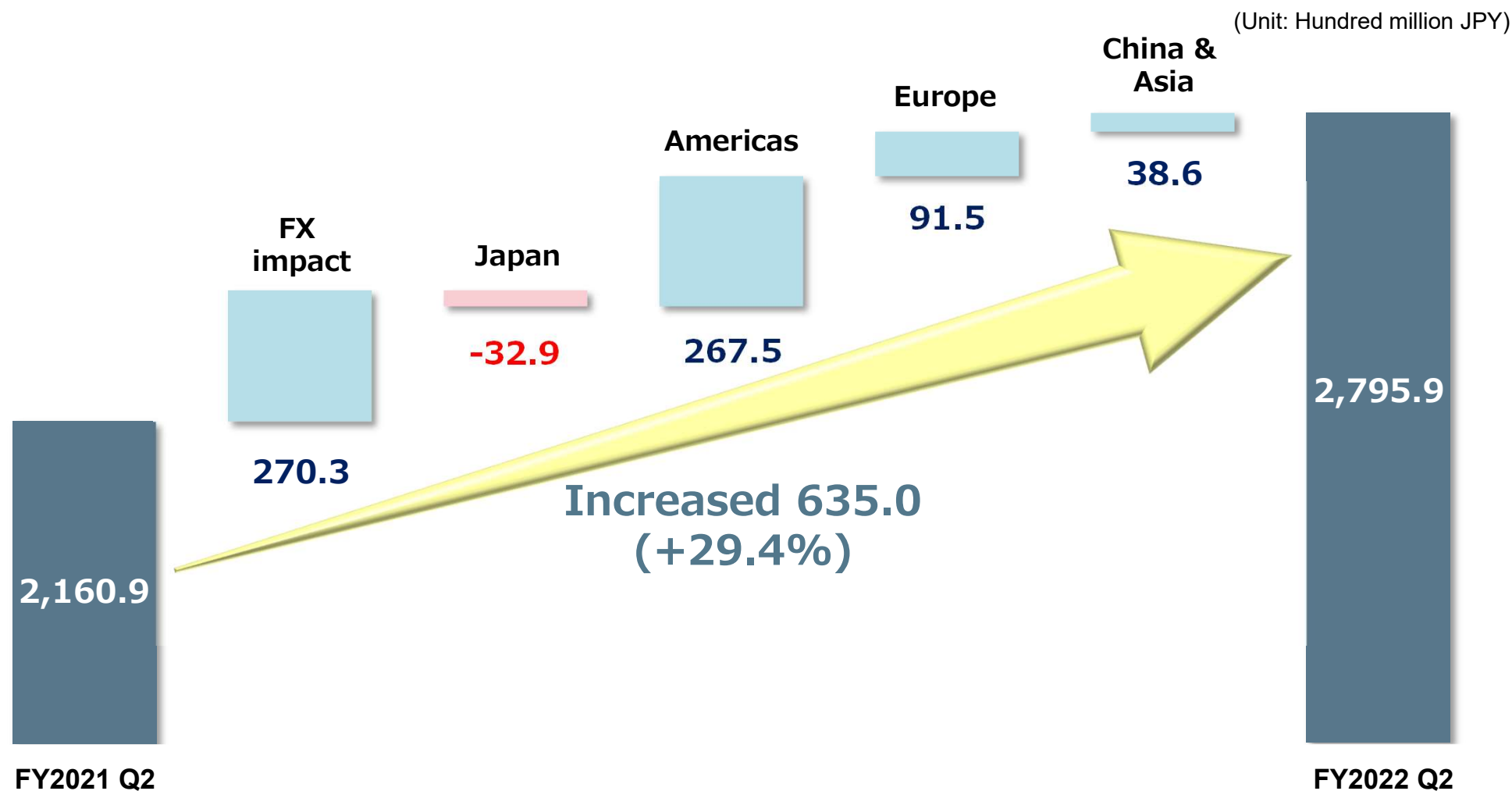
(Unit: Hundred million JPY)



5. Net Sales – FY2021 Q2 vs FY2022 Q2 **Logisnext**

Japan: Net sales declined due to the impact of parts shortages.

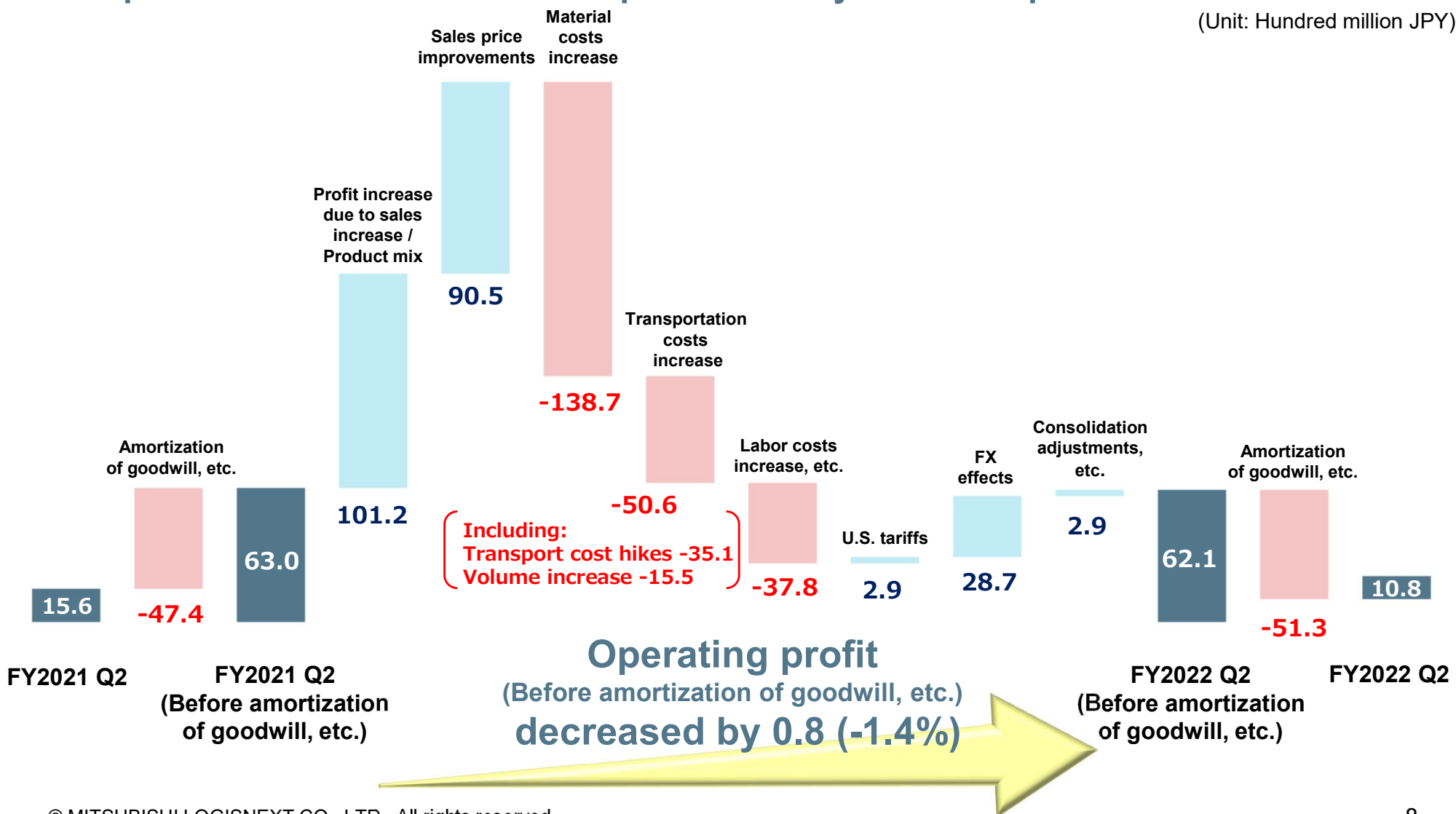
Overseas: In addition to the impact of JPY depreciation, sales volume growth in the Americas and growth in after services and rental businesses at EQD* contributed to sales. Net sales also increased in Europe and Asia.



* Equipment Depot, Inc.

6. Operating Profit – FY2021 Q2 vs FY2022 Q2 **Logisnext**

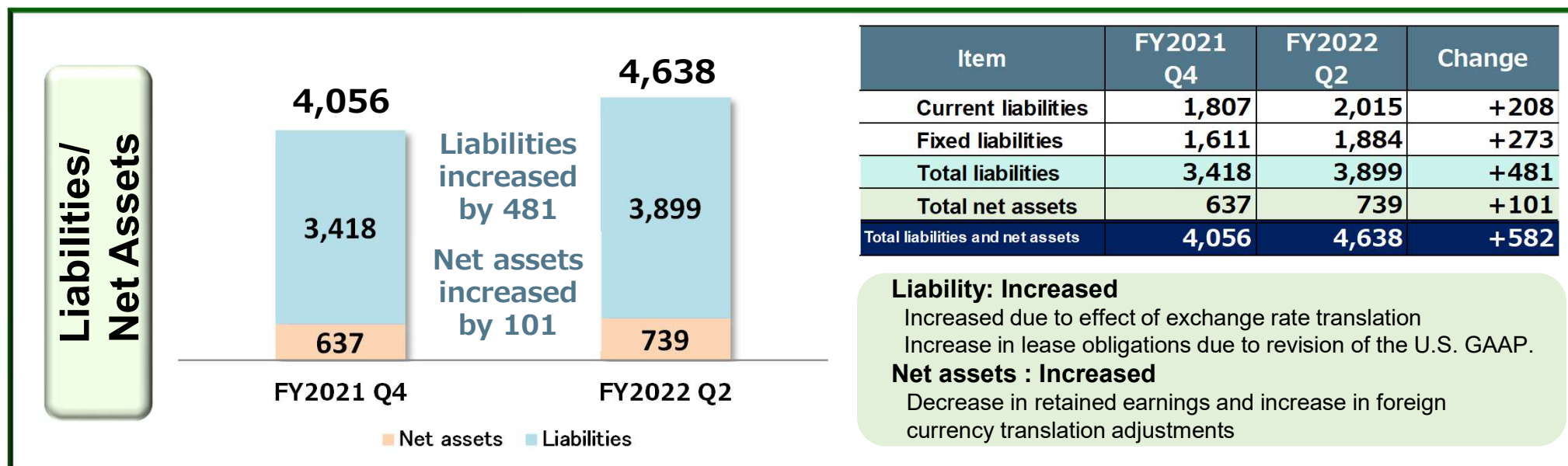
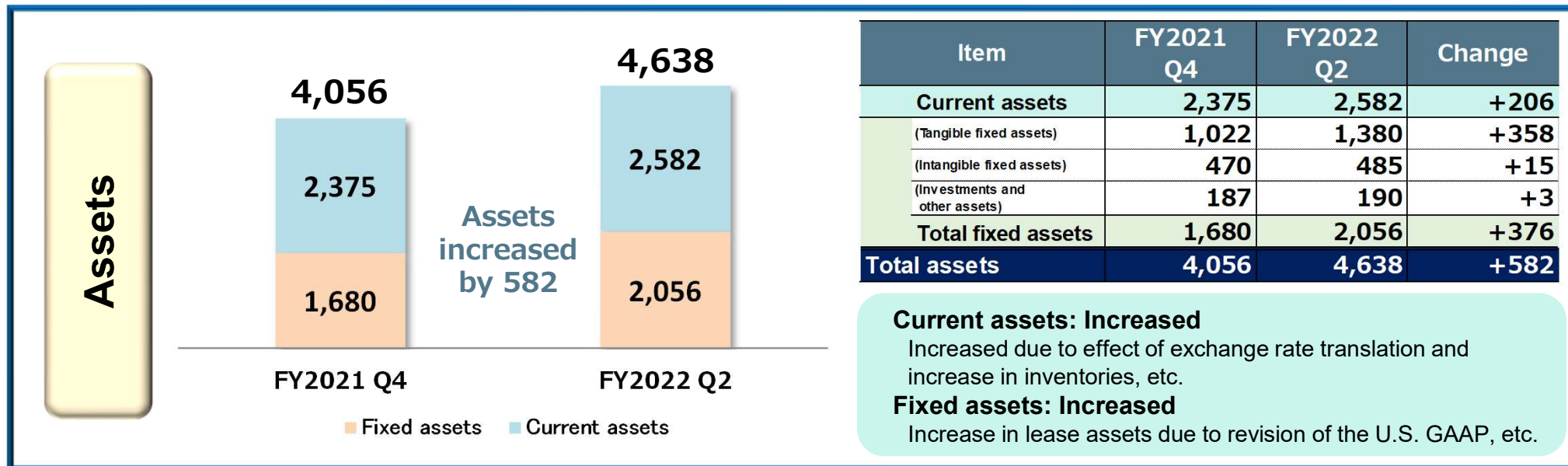
- The impact of higher material, transport and other costs exceeded the effect of selling price improvements.
- Operating profit (before amortization of goodwill, etc.) declined by 80 M JPY despite the contribution of JPY depreciation beyond our expectations.



7. Consolidated Balance Sheet

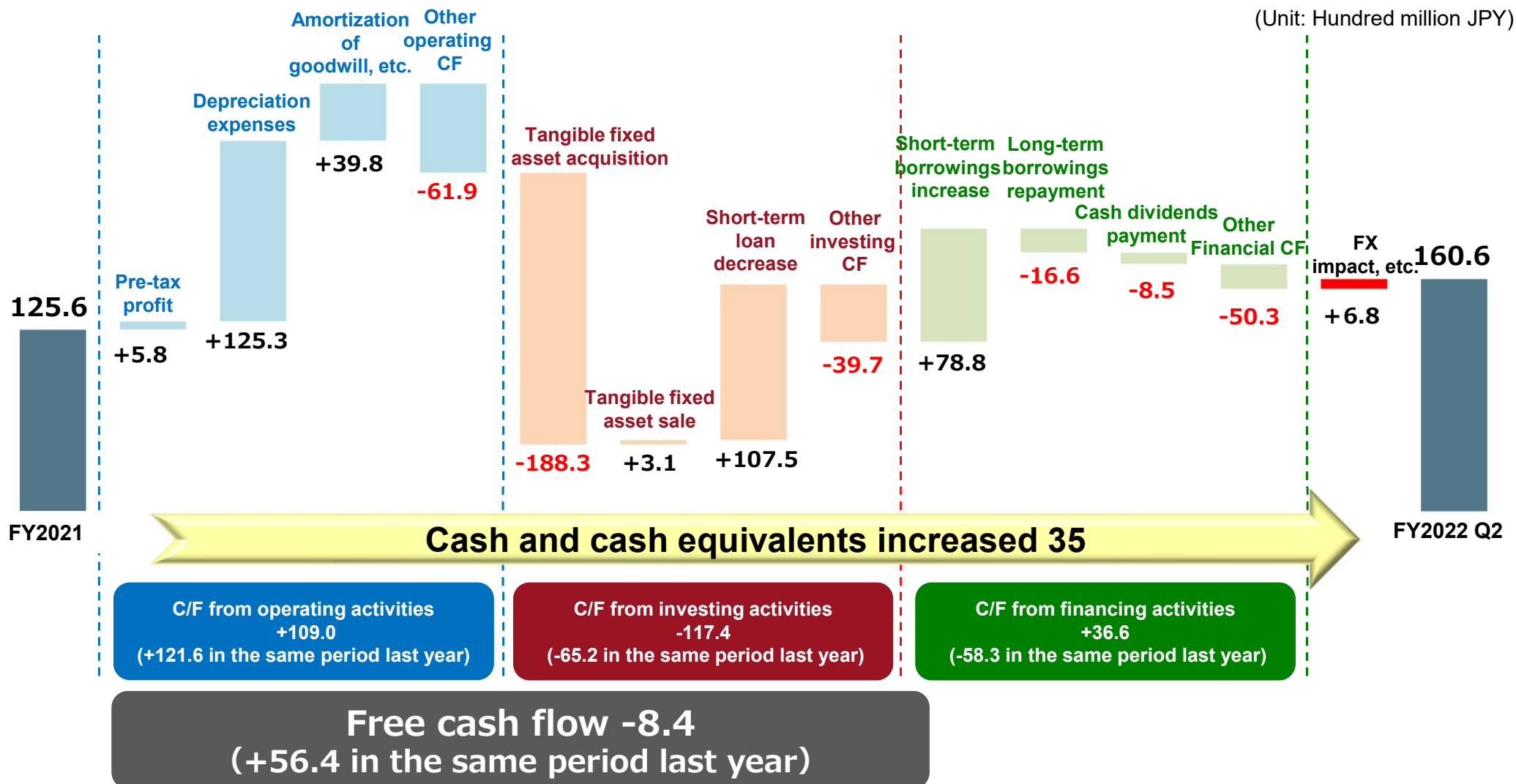
Total assets increased due to an increase in lease assets in Americas subsidiaries resulting from the revision of the U.S. GAAP and the impact of JPY depreciation.

(Unit: Hundred million JPY)



8. Cash Flow

- C/F from operating activities maintained into the black of 10.9 B JPY (-1.26 B JPY YoY due to increase in income taxes).
- Free cash flow got into the red of 0.84 B JPY due to active investments such as increasing rental forklifts and corporate acquisitions in the U.S.(YoY -6.48 B JPY).



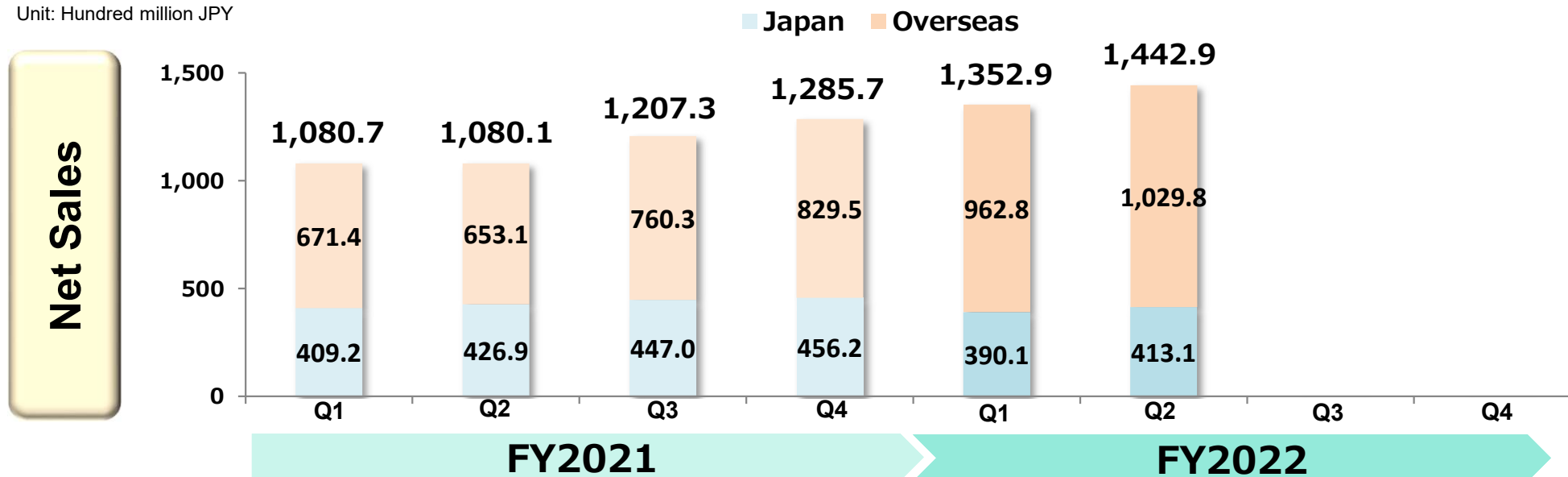
Reference: Key Performance Indicators

	Indicator	Formula	FY2021 Q4		FY2022 Q2		Comments
				Before amortization of goodwill, etc.		Before amortization of goodwill, etc.	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	0.2%	2.2%	-0.6%	1.4%	The indicator deteriorated due to the net loss. Even before amortization of goodwill, etc., the indicator deteriorated due to increasing materials and transportation costs, as well as declining domestic business revenues.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	1.2%	8.6%	-4.0%	5.5%	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	0.8%	2.8%	0.4%	2.2%	
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	0.2%	2.1%	-0.5%	1.2%	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.2 times		1.3 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		4.1 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.6%		15.8%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.0 times		3.2 times		
Shares	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	6.73 JPY	89.52 JPY	-25.34 JPY	65.18 JPY	Stock prices: End of FY2021 : 932 JPY End of FY2022 Q2: 738 JPY
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	138.5 times	10.4 times	-	11.3 times	
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.6 times		1.1 times		

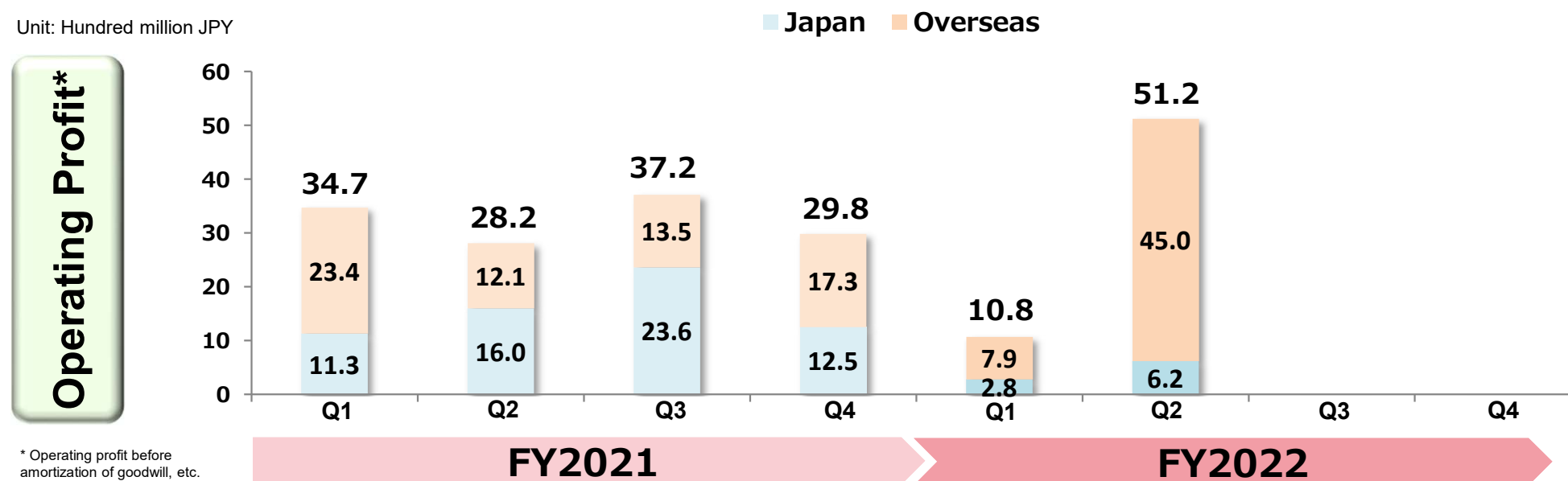
Note: P/L items are calculated on an annualized basis.

Reference: Quarterly Financial Results

Unit: Hundred million JPY



Unit: Hundred million JPY

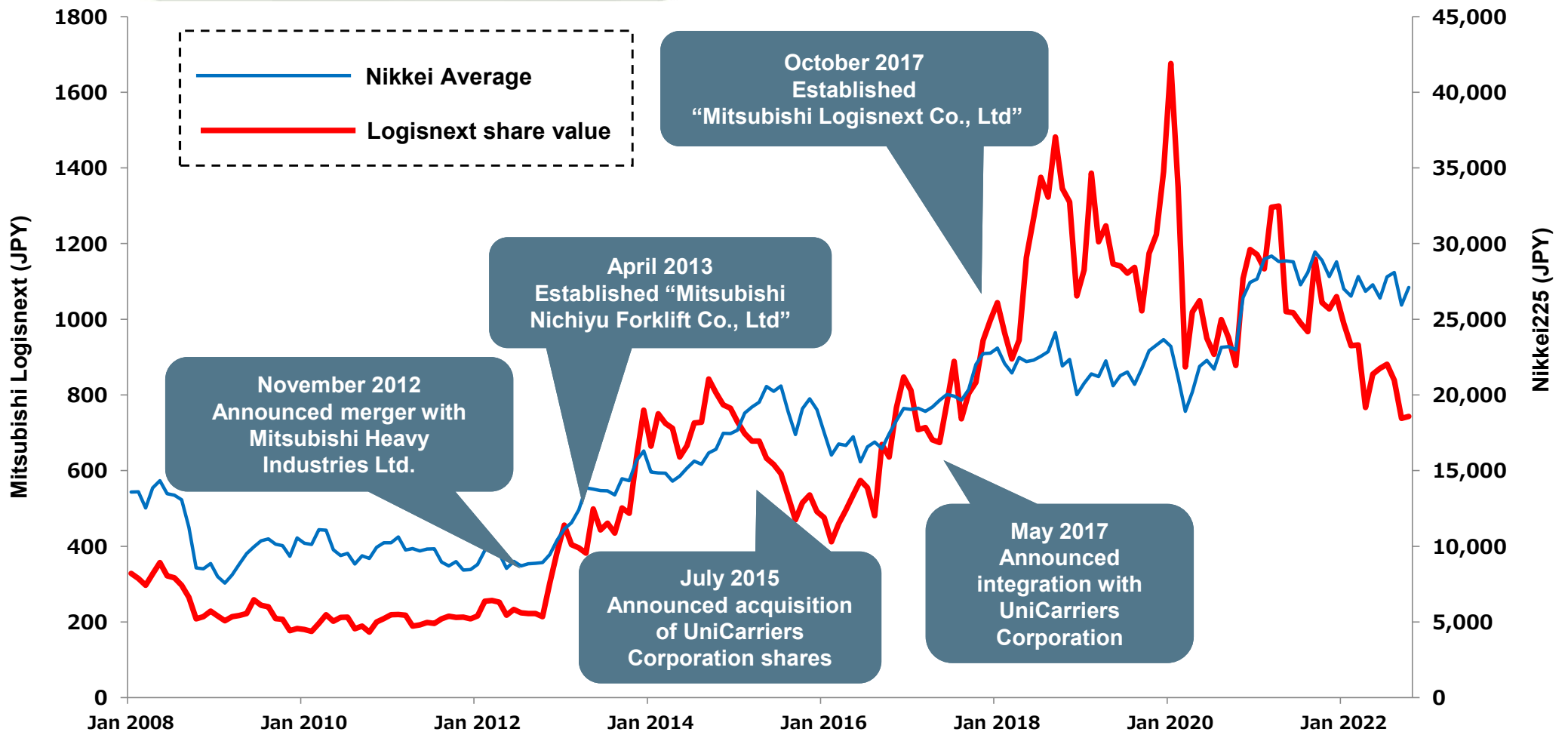


* Operating profit before amortization of goodwill, etc.

Reference: Stock Price Trends

In 2022
 Year high value: 1,155 JPY (Jan 12)
 Year low value : 682 JPY (Sep 28)
 (as of Nov 22, 2022)

Closing price on Nov 22
909 JPY



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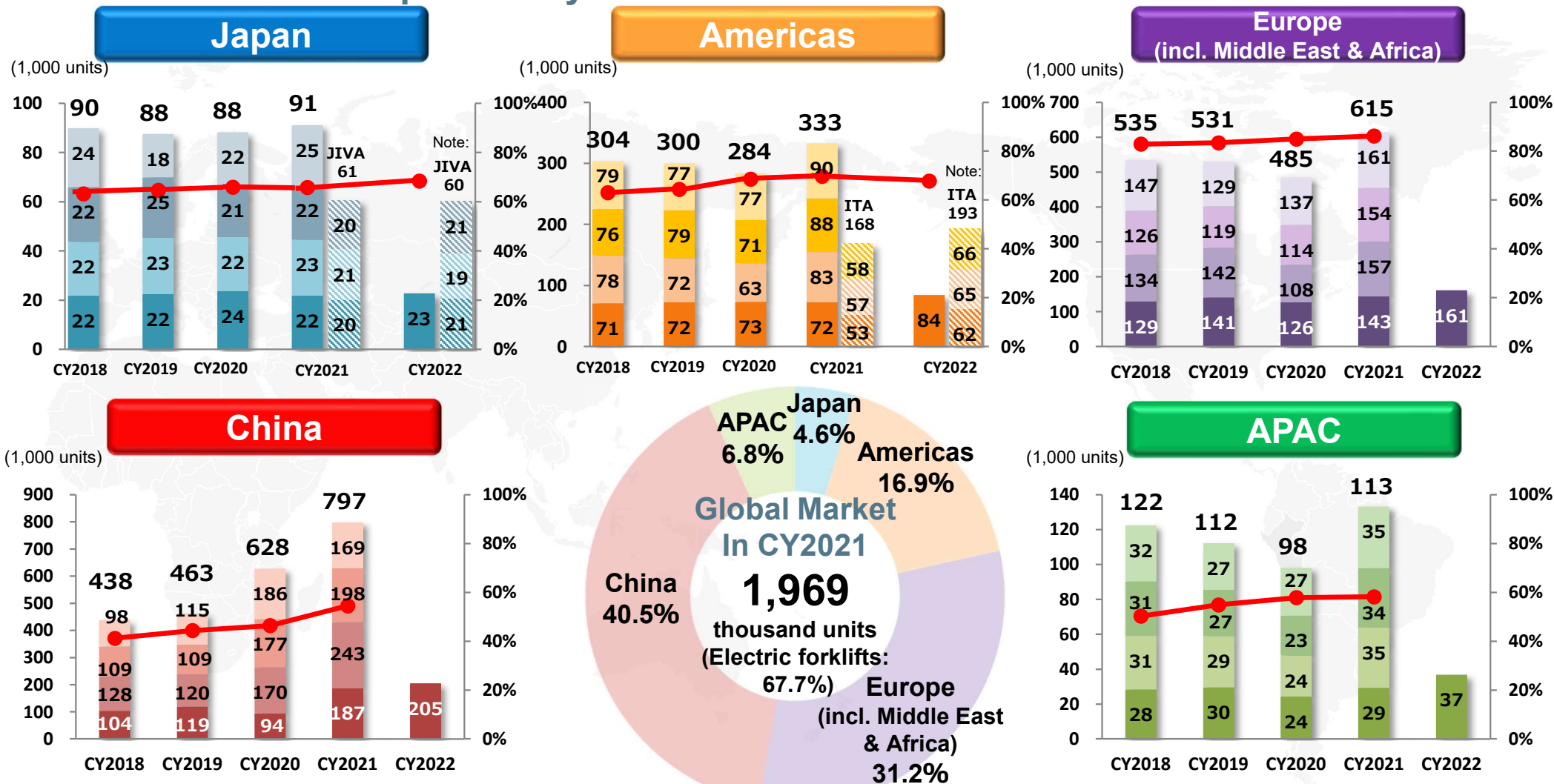
Progress of Mid-Term Management Plan

MITSUBISHI LOGISNEXT

Yuichi Mano
President

1. Forklift Market Trends – Shipping (Jan. - Sep.) **Logisnext**

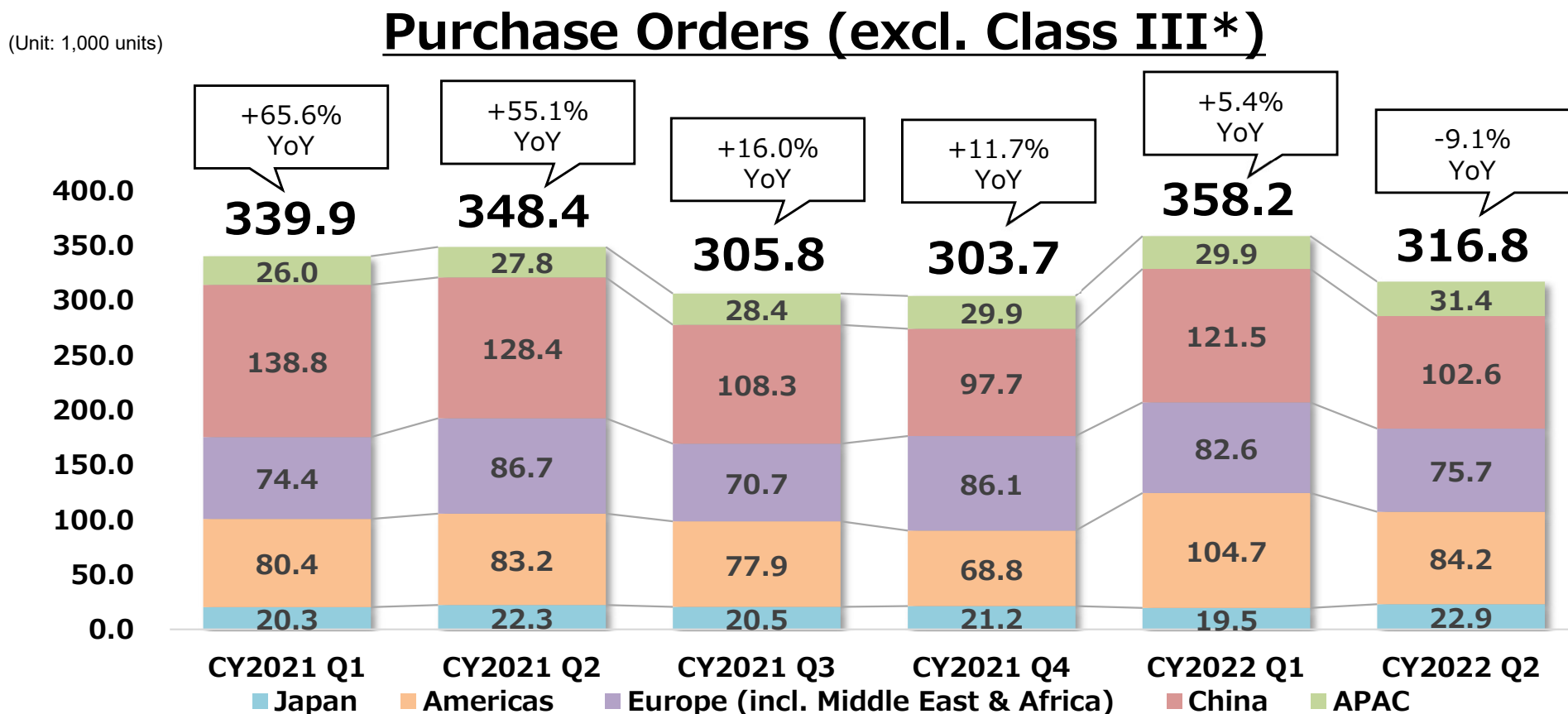
Despite growing uncertainty over the outlook for a global economy, Japan (JIVA) remained at about the same level as the previous year, while the Americas (ITA) increased from the previous year.



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 for Japan and ITA data for the Americas were collected.
 Other regions are blank after Q2 CY2022 due to non-disclosure of national statistical data.
 JIVA has different standards from WITS, and some models are not included. ITA does not include sales volumes of Chinese and Korean manufacturers.

2. Forklift Market Trends – Orders (Quarterly)

- Demand increased in Japan, the Americas and APAC, while it decreased in Europe and China compared to the same period last year.
- Although demand is stronger than pre-COVID-19 levels, demand has gradually declined as fears of a global economic slowdown have been heightened due to tightening monetary conditions for inflation in Europe and the Americas, the zero-COVID-19 policy in China, and Russian aggression in Ukraine.

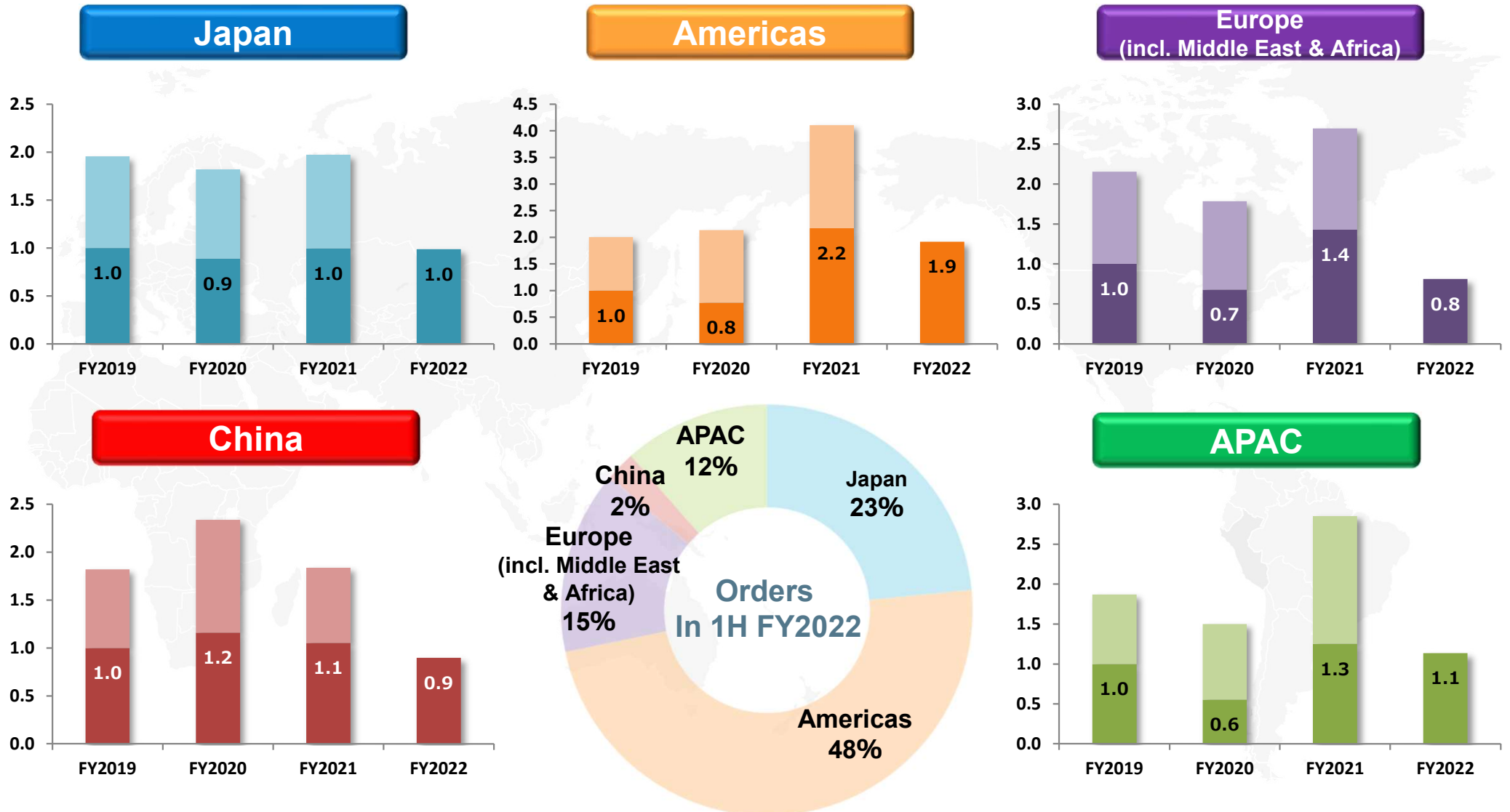


*Class III: Self-propelled electric small lifts

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. - Sep.) **Logisnext**

Orders decreased 16% YoY, as the reactionary increase from the COVID-19 pandemic in the Americas and Europe settled down.



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

4. Financial Forecast for FY2022

- Revised our financial forecast upward in light of higher sales, the effect of sales price improvements, and the impact of JPY depreciation.
- Operating profit (before amortization of goodwill, etc.) is expected to exceed initial forecasts by +22.9%.

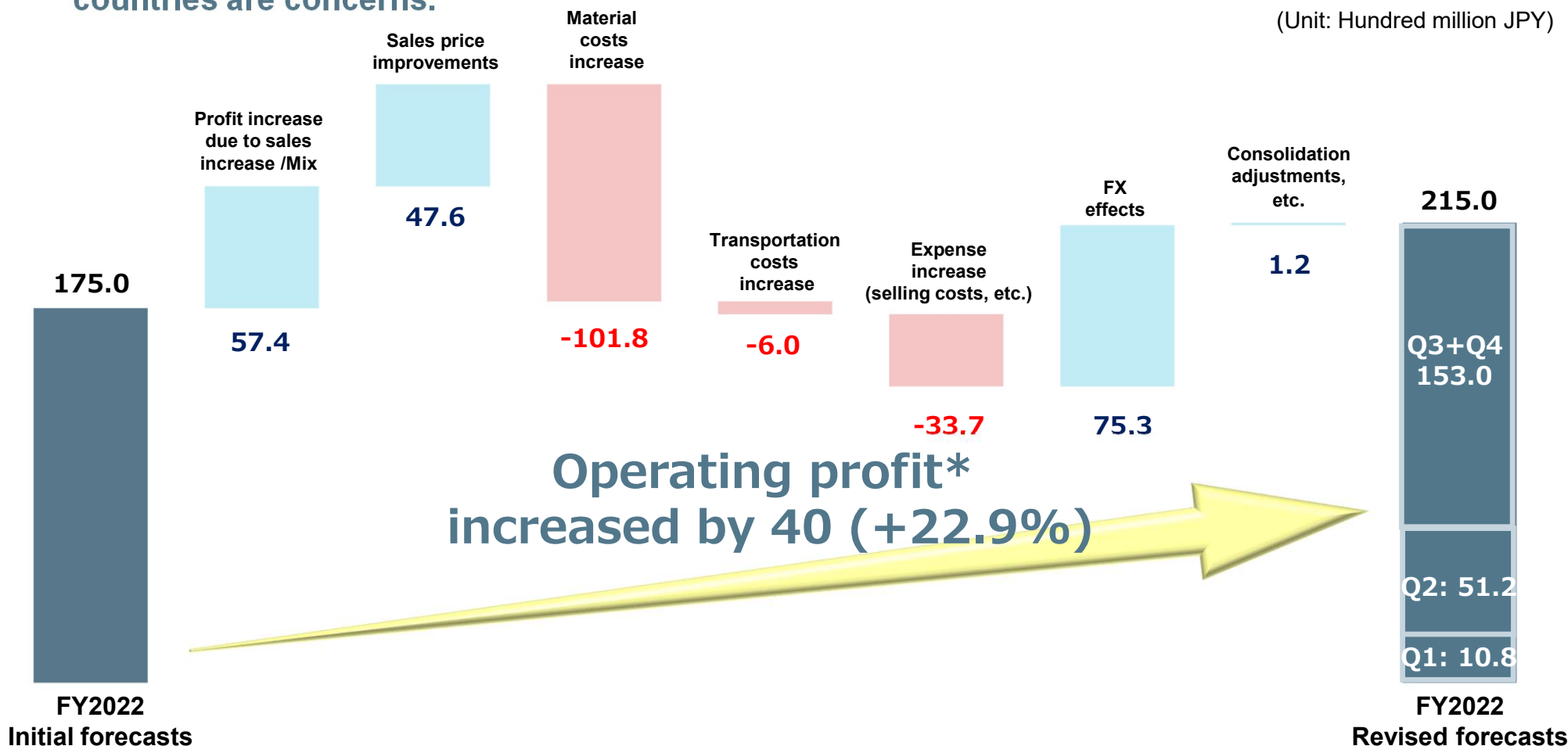
(Unit: Hundred million JPY)	FY2022 Initial Forecast (Published in May. 2022)	FY2022 Revised Forecast (Published in Nov. 2022)	Change Compared to Initial Forecasts	
	Units Sold	118,000 units	118,000 units	—
Net Sales	5,400.0	6,100.0	+700.0	+13.0%
Operating Profit <small>(Before amortization of goodwill, etc.)</small> (Operating profit margin)	175.0 (3.2%)	215.0 (3.5%)	+40.0	+22.9%
Amortization of Goodwill, etc.	95.0	100.0	—	—
Operating Profit (Operating profit margin)	80.0 (1.5%)	115.0 (1.9%)	+35.0	+43.8%
Ordinary Profit (Ordinary profit margin)	70.0 (1.3%)	100.0 (1.6%)	+30.0	+42.9%
Profit Attributable to Owners of Parent (Net income margin)	25.0 (0.5%)	35.0 (0.6%)	+10.0	+40.0%
Dividend per Share	9 JPY	9 JPY	—	—

FY2022 initial plan FX rates: USD=JPY120 EUR=JPY130 CNY=JPY18.5
 FY2022 2H plan FX rates: USD=JPY140 EUR=JPY140 CNY=JPY20

5. Operating Profit* – Initial vs Revised Forecasts for FY2022 **Logisnext**

- Supply shortages of semiconductors and other electronic components will pass the worst period, resulting in further recovery in production and shipments, sales price improvements, with favorable foreign exchange rate expected to contribute from Q3 onwards.
- Transport cost increases has passed the peak, but material costs are still expected to increase in Japan and Europe.
- Increased geopolitical risks and the negative economic impacts from rising inflation in various countries are concerns.

(Unit: Hundred million JPY)



* Operating profit before amortization of goodwill, etc.

6. 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



U.S.: Strengthening the Retail Business

- U.S. Market Trends
- EQD Growth Initiatives
- Expansion of EQD Business Performance

Addressing Automation Demand

Japan: Material handling solutions with "ΣSynX"

Europe: AGV demonstration center opened

APAC : Collaboration with xSquare

Other Initiatives

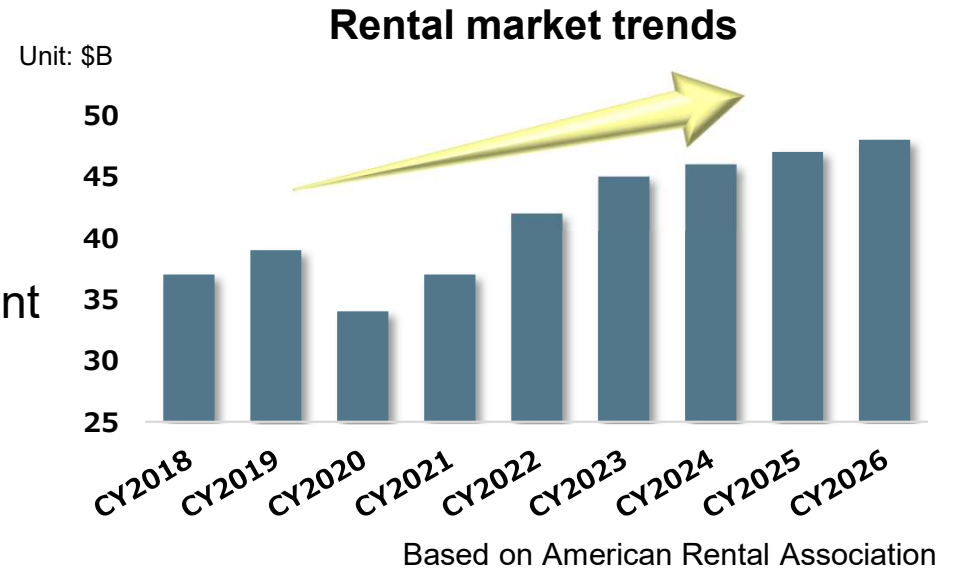
- Safeguard Technology
- ESG Management
- Publish Integrated Report

* Operating Profit before amortization of goodwill, etc.

■ U.S. Market Trends

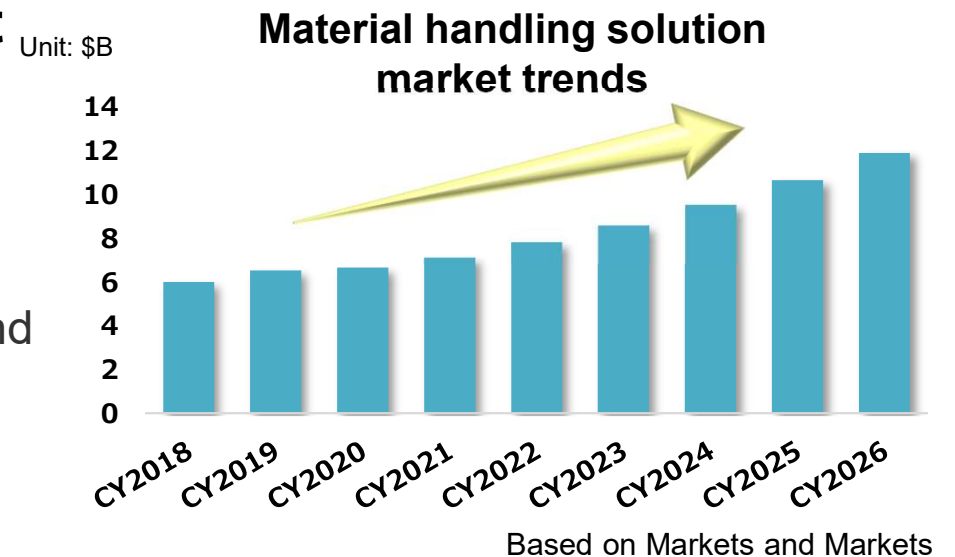
➤ Rental Market

- CY2022: Approx. \$42 B (estimate)
Record high expected, exceeding pre-COVID-19 levels.
- Demand will increase as private investment increased due to the approximately \$1 T infrastructure investment bill passed in 2021 and other factors.
Market is expected to expand beyond CY 2023.



➤ Material handling solution Market

- CY2022: Approx. \$ 80 B (estimate)
CY2026: Approx. \$120 B (estimate)
Demand for automated material handling solutions are expected to grow year by year due to the growth of e-Commerce and labor shortages.



■ EQD Growth Initiatives

Corporate Acquisition

On June 1, 2022, Mitsubishi Logisnext acquired Norlift, a material handling equipment distributor in the U.S. We aim to strengthen the sales structure for the Northwest U.S. (Oregon and Washington)

NORLIFT
OF OREGON, INC.



Rental Business Investment

Increased the number of units and ordered replacements to avoid rental fleet shortages. Rental utilization remains high. Revenue has also been strong since 2021.



Construction Fleet

Aerial

Forklift

Sales Expansion of Material Handling Solutions Business

For the solutions business division, “EQ SOLUTIONS”, focus on expanding its products by utilizing MLFI* products and increasing its workforce. Orders are currently strong.



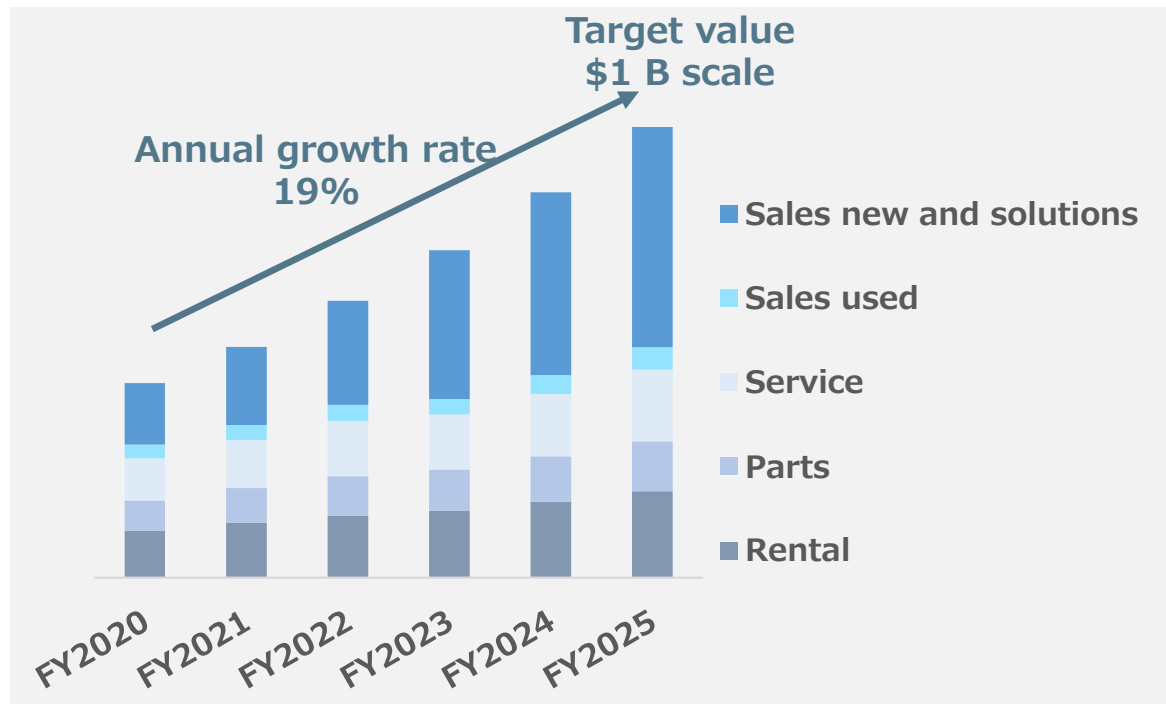
EQ SOLUTIONS

* Mitsubishi Logisnext Europe Oy (Finland)

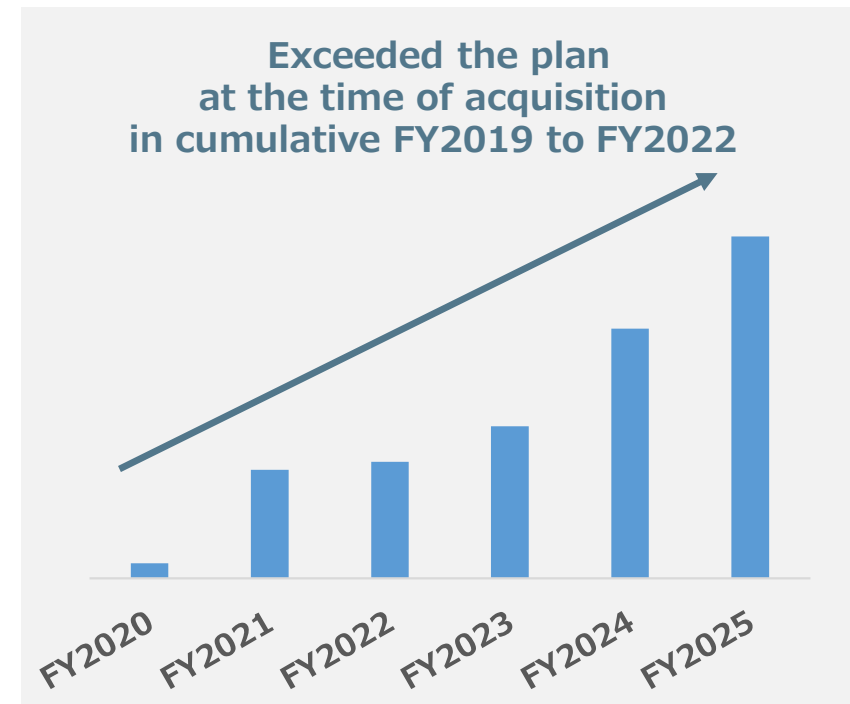
■ Expansion of EQD Business Performance

- Despite the impact of COVID-19, revenues and EBITA are expected to increase due to strong orders received and the strengthening of rental and solutions businesses. EQD's coverage in the U.S. increased by 10% from FY2019 to approximately 35% due to acquisitions.
- Going forward, EQD should focus on strengthening its existing core businesses, such as new forklifts, services and rentals, and expanding its market share, as well as on growth areas such as “EQ SOLUTIONS”.

Revenue Trends

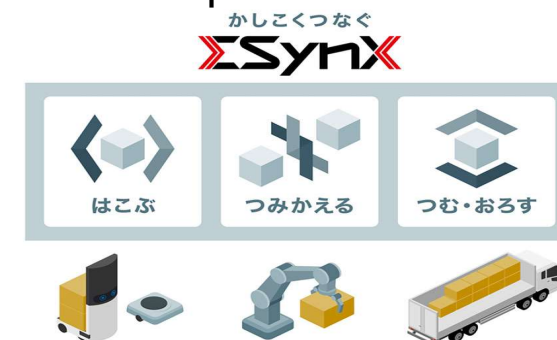
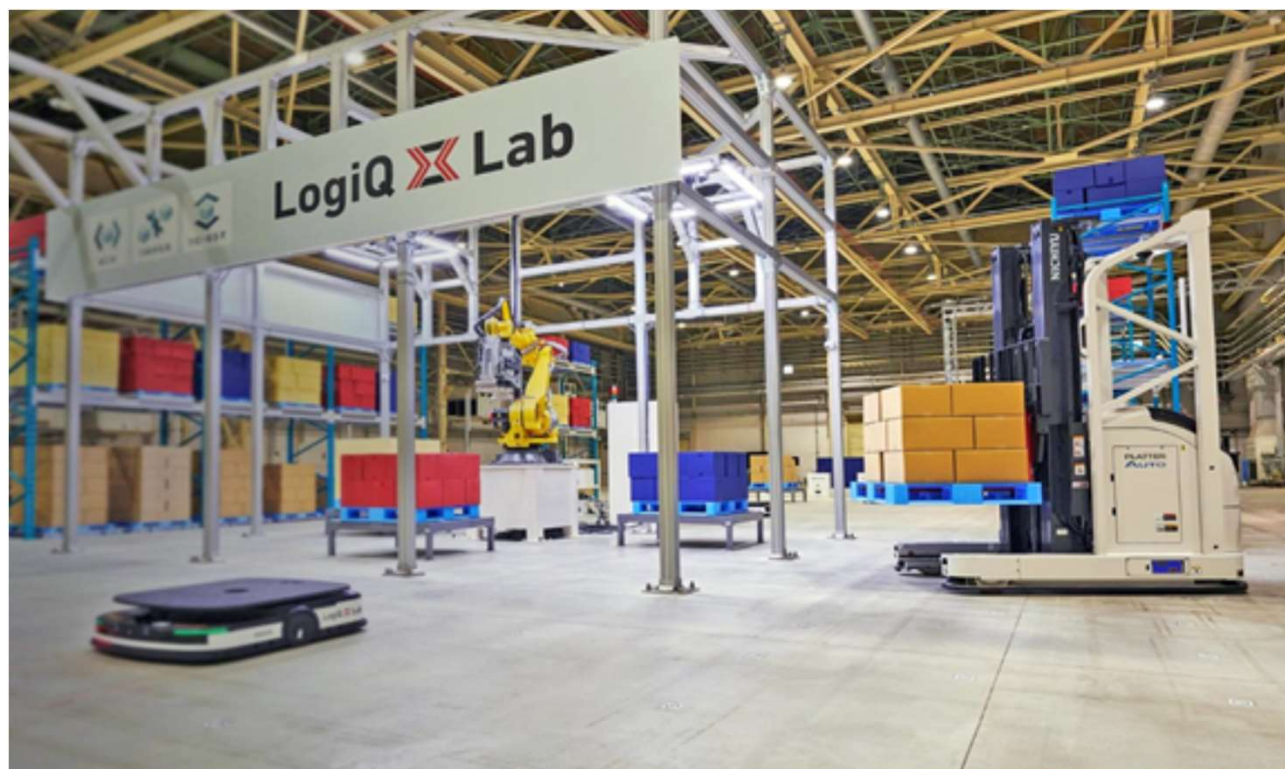


EBITA Trends



Japan: Launched a Line of Automatic Picking Solutions with Σ SynX*

- Mitsubishi Logisnext has jointly developed with Mitsubishi Heavy Industries an automated picking solution that efficiently links AGVs, AGFs and palletizers.
- The system was released for warehouse logistics customers from 1 September 2022.



“LogiQ X Lab”, a demonstration facility, started operating at Yokohama Hardtech Hub, operated by Mitsubishi Heavy Industries, and offering tours for customers.

Σ SynX technology achieves intelligence and automation in logistics and contributes to solving logistics operator shortage problems

* “ Σ SynX” (Sigma Synx) is Mitsubishi Heavy Industries' concept for automation and intelligence in logistics equipment.

Europe: AGV demonstration center opened

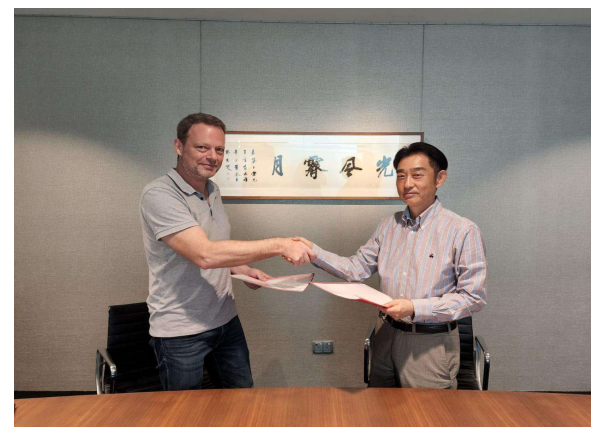
- To further contribute to the logistics solutions business, MLFI has opened an AGV demonstration center in Finland. Concrete demonstrations of actual warehouse environments have been well received by customers.



MLFI AGV demonstration center

APAC: Collaboration with xSquare

- In September 2022, MLAP* signed a collaboration agreement with xSquare (x2) for developing and marketing AGVs.
- To meet the growing demand for material handling solutions in the APAC market, a simple and low-cost AGV is being developed in collaboration with x2.



Agreement between xSquare and MLAP



* Mitsubishi Logisnext Asia Pacific Pte. Ltd.

12. Other Initiatives – Safeguard Technology Logisnext

■ Sales of safety systems that allow people and forklifts to coexist

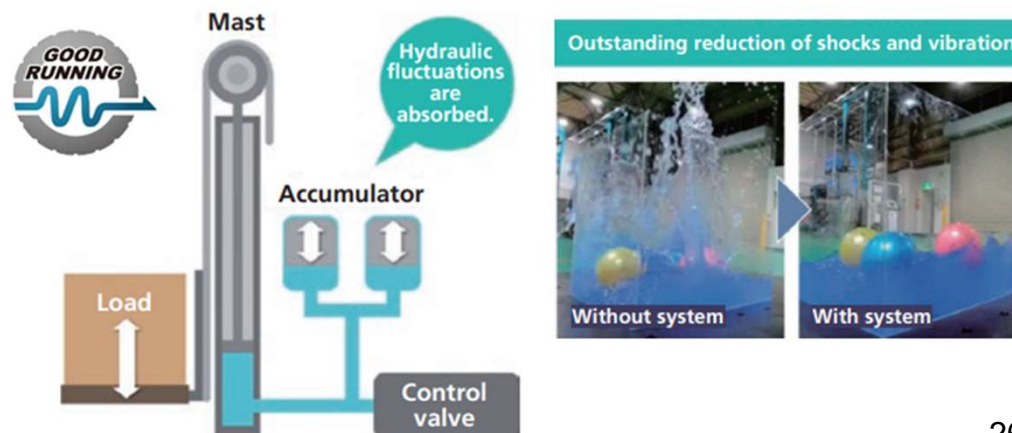
➤ “OmniEye®”, AI human detection and Alarm system

- “OmniEye®” is a device manufactured by REGULUS that supports safety checks around vehicles.
A hemispherical camera mounted on the mast and headguard uses AI camera system to detect “people” in various positions, and a stack light warns to prevent collisions.



➤ “Good Running System” absorbs operating vibration and impact shocks

- Two accumulators built into the forklift absorb body vibration and impact shocks during operation to prevent load damage, noise and operator fatigue.



■ Efforts toward the realization of Carbon Neutrality

- **Participated in operational demonstration of Fuel cell forklift trucks**
 - Jointly participated in an operation experiment using a fuel cell forklift at Nihon Kensetsu Kogyo Co., Ltd.
 - Fuel cell forklifts do not burn fuel and emit no CO2, making cargo handling operations compatible with carbon neutrality, which is friendly to the Earth.



Fuel cell forklift (under demonstration)



Fuel cells are filled with hydrogen at a hydrogen station.
Hydrogen filling takes approximately 3 minutes.
It doesn't need to be charged for long periods of time like a battery forklift.

■ Publish “Mitsubishi Logisnext Integrated Report 2022”

https://www.logisnext.com/investor/library/integrated_report.pdf

- The SDGs Report, which began publication in FY2020, has been expanded and published as an integrated report. This report describes addresses solutions to problems faced by the global logistics industry and societal challenges such as decarbonization, as well as covering the sustainable development goals and the current status and outlook for ESG-focused management.
- In addition to messages from the President, CFO, and CTO, messages from external directors are also newly included.



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- Forward-looking statements in this material are intended as targets or forecasts, with no commitment or guarantee as to their accuracy.
- Note that actual future business results of Mitsubishi Logisnext may differ from our current forecast.
- Statements concerning the business results are based on various data that we believe to be reliable, but we do not guarantee the correctness or completeness of such data.
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