Logisnext

Mitsubishi Logisnext Co., Ltd.

Financial Results Briefing for the Fiscal Year Ended March 2023

June 1, 2023

Event Summary

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[Number of Speakers]	4

Takashi Mikogami	Representative Director and Chairman
Yuichi Mano	Representative Director and President
Takatoshi Uno	Director, Executive Officer, CFO, Division Head, General Manager, Corporate Strategy and Planning Office
Junichi Oi	Member of the Executive Team, Head of Corporate Finance and Accounting Headquarters

Presentation

Moderator: Thank you for standing by. Welcome to the financial results briefing of Mitsubishi Logisnext Co., Ltd. for the fiscal year ended March 2023. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing.

Today, we would like to explain our financial results for the fiscal year ended March 2023 and our management policy for the fiscal year ended March 2023.

Now, let me introduce today's attendees. Takashi Mikogami, Representative Director and Chairman.

Mikogami: I am Mikogami. Hello.

Moderator: Yuichi Mano, Representative Director and President.

Mano: I am Mano. Hello.

Moderator: Takatoshi Uno, Executive Officer, CFO, and Head of Corporate Finance and Accounting Headquarters.

Uno: I am Uno. Hello.

Moderator: Junichi Oi, Member of the Executive Team and Head of Corporate Finance and Accounting Headquarters.

Oi: I am Oi. Hello.

Moderator: That is all. As for today's proceedings, Mr. Uno, Head of Corporate Finance and Accounting Headquarters, will provide an overview of the financial results for the fiscal year ended March 2023, and Mr. Mano, Representative Director and President, will explain the management policy for FY2023.

We will now move on to an overview of the financial results for the fiscal year ended March 2023. Please go ahead, Mr. Uno.

Uno: I am Uno from Mitsubishi Logisnext. Thank you very much for attending our FY2022 financial results briefing today.

I would like to begin with an overview of the first half of today's presentation.

1. FY2022 Summary

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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.

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Please begin by looking at page three of the material.

The market environment surrounding our company. The global economy continued to stagnate and slow down due to monetary tightening in the US and Europe and Russia's invasion of Ukraine. Overall, the rising cost of materials and transportation and supply chain disruptions, while improving, have yet to dispel concerns.

Against this backdrop, the domestic forklift market has been firm. Overseas, although the level of sales has remained higher than before the COVID-19 disaster, Europe and China are in a contractionary trend, and the Americas and Asia are also experiencing a slight slowdown in the current situation.

In the Company, although the large rebound from the COVID-19 disaster in FY2021 has slowed down, orders are still steady. In H2, we were able to increase production and shipments both domestically and overseas compared to H1, and this has enabled us to achieve price optimization.

This is a summary of our consolidated financial results under these circumstances. Sales increased 32.2% YoY due to increased production and sales in the Americas and Europe, strong performance by the US sales subsidiary, Equipment Depot, EQD for short, as well as the contribution of the weaker yen.

Operating income before amortization of goodwill and other items increased by 92.1% YoY due to the increase in net sales, strong performance of the rental business, profit contributions from price optimization, and the effect of the yen's depreciation.

2. Financial Highlights

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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 (Before amortization of goodwill, etc.) (Operating profit margin)	130.1 (2.8%)	**249.9 (4.1%)**	**+119.8**	**+92.1%**
Amortization of Goodwill	94.2	**102.8**	**—**	**—**
Operating Profit (Operating profit margin)	35.9 (0.8%)	**147.0 (2.4%)**	**+111.1**	**+309.4%**
Ordinary Profit (Ordinary profit margin)	32.4 (0.7%)	**116.4 (1.9%)**	**+84.0**	**+259.4%**
Profit Attributable to Owners of Parent (Net income margin)	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%**

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Please continue with the financial highlights on page four. I will again explain the main financial values.

Net sales were JPY615.4 billion, operating income before amortization of goodwill and other items was JPY25 billion, and operating income under the system accounting after amortization of goodwill and other items was JPY14.7 billion, all record highs. Net sales for H1 were JPY279.6 billion and operating income before amortization of goodwill and other items was JPY6.2 billion. This was a result of the production and shipments proceeded in H2 and the benefits of price optimization, which led to improved profitability.

Ordinary income and net income also increased significantly in H2, to JPY11.6 billion and JPY6.9 billion, respectively, up 259% and 864% from the previous fiscal year. Unfortunately, however, we were not able to reach the amount recorded in FY2018, and our goals for the current progressive fiscal year, FY2023, are to reach record highs in ordinary profit and net income.

The table below shows the balance sheet, which will be explained later on page nine.

3. Business Results by Segment

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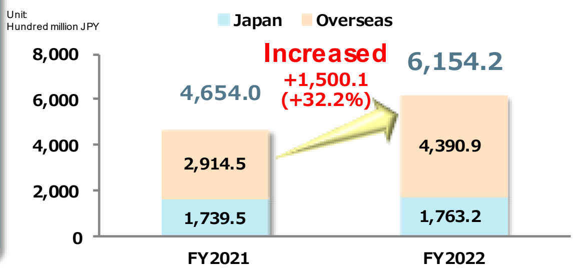
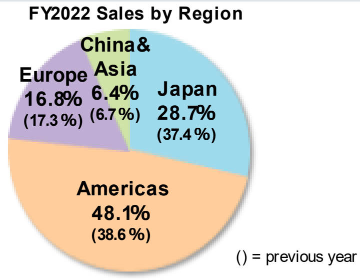
Net Sales

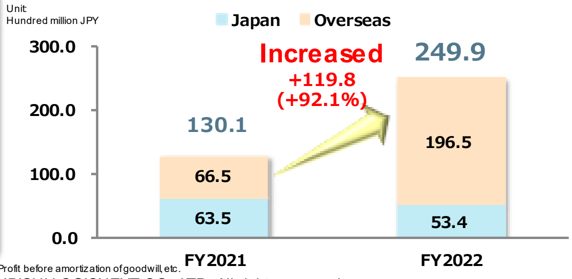
- Net sales increased by 32.2% YoY, due to a slight increase in Japan and an increase in units sold overseas, mainly in the Americas and Europe, and the impact of the weak JPY

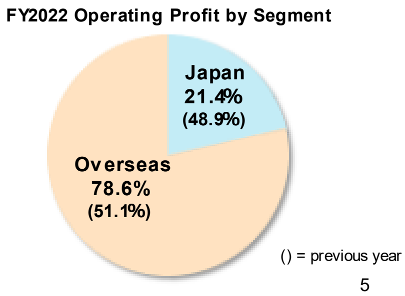




Operating Profit*

- 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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I will now explain in detail about sales and operating income in the next page onward.

Pages five and six explain the situation by segment and region. Please note that from this page onward, operating income before amortization of goodwill, etc. will be referred to as operating income. After posting goodwill assets, etc. associated with the acquisition of the former UniCarrier, we have designated operating income before amortization of goodwill, etc. as an important KPI from the viewpoint of comparability with past results and the results of other companies.

Page five shows net sales and operating income by segment.

As shown in the upper chart, net sales increased 32.2%, but the domestic business, shown in blue, increased only 1.4%, or JPY2.4 billion.

On the other hand, the increase in revenue from overseas operations, shown in beige, was very large, at 50.7%, or JPY147.6 billion.

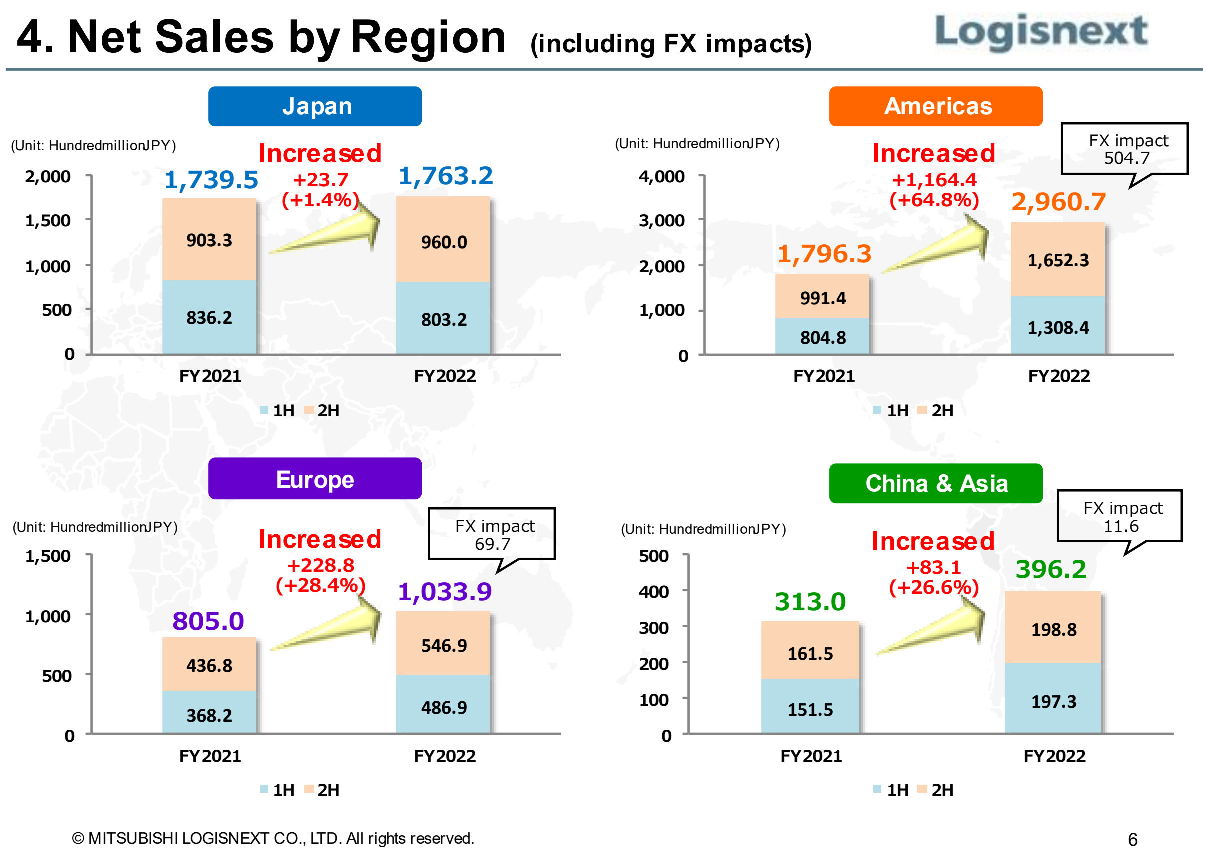
This was the result of efforts to rectify production both in Japan and overseas, but production in Japan was affected by the lack of smoothness in H1. The increase in overseas sales was particularly notable in the Americas. This was due not only to an increase in new vehicle sales, but also to the strong performance of EQD's rental business in the US and its new solutions business, as well as the translation effect of the yen's depreciation.

As a result, as shown in the pie chart on the right, Japan and the Americas each accounted for slightly less than 40% of total sales in FY2021, but in FY2022, the share of the Americas increased to nearly 50% and that of Japan decreased to less than 30%.

Operating income in the bottom line increased 92.1%. While the domestic business saw a decrease of JPY1 billion, or minus 16%, the overseas business saw an increase of JPY13 billion, or plus 195%, which is a significant increase in profit in the overseas business as well as in sales.

In FY2021, we were much more affected by the rising material and transportation costs overseas than in Japan. However, our early efforts to optimize sales prices in both the Americas and Europe contributed greatly to a large increase in profits, especially in H2, as a result of our production and shipments in FY2022.

On the other hand, in Japan, material and transportation costs soared from around the end of FY2021 to the Q3 of FY2022, resulting in delays in sales price responses, which had a limited effect during the period under review and forced a decline in profits.



Page six shows YoY comparisons of sales by region and by division into H1, shown in blue, and H2, shown in beige.

The sales of each overseas region achieved a significant increase, especially in the Americas, including the impact of the depreciation of the yen against the US dollar.

5. Net Sales – FY2021 vs FY2022

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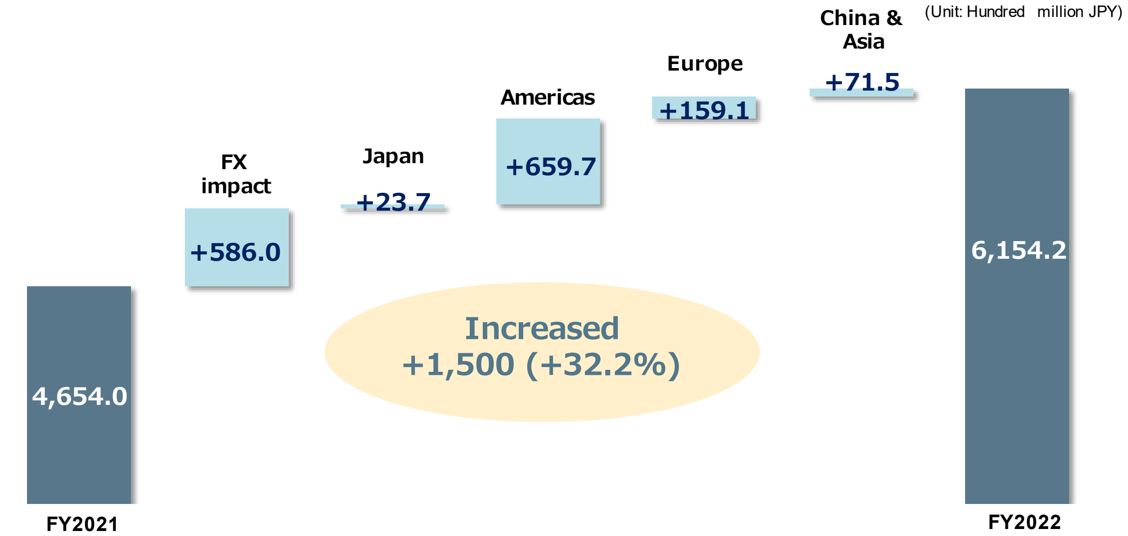
- Japan: Net sales increased slightly as service sales increased to compensate for decreased shipments due to parts shortages in the first half of FY2022.
- Overseas: Net sales increased due to contribution from increased units sold, mainly in the Americas, and growth in rental businesses at EQD*, in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



* Equipment Depot, Inc.

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Please turn to page seven. Here is a waterfall chart showing in which regions the increase in sales occurred, after removing foreign exchange effects.

A brief description is provided at the top of the chart. We believe that the situation in both Japan and overseas is as we have described so far. Of the 32% increase in sales over the previous fiscal year, the Americas contributed 14%. Foreign exchange contributed 13% of the total, and Europe and other regions contributed 5%.

6. Operating Profit – FY2021 vs FY2022

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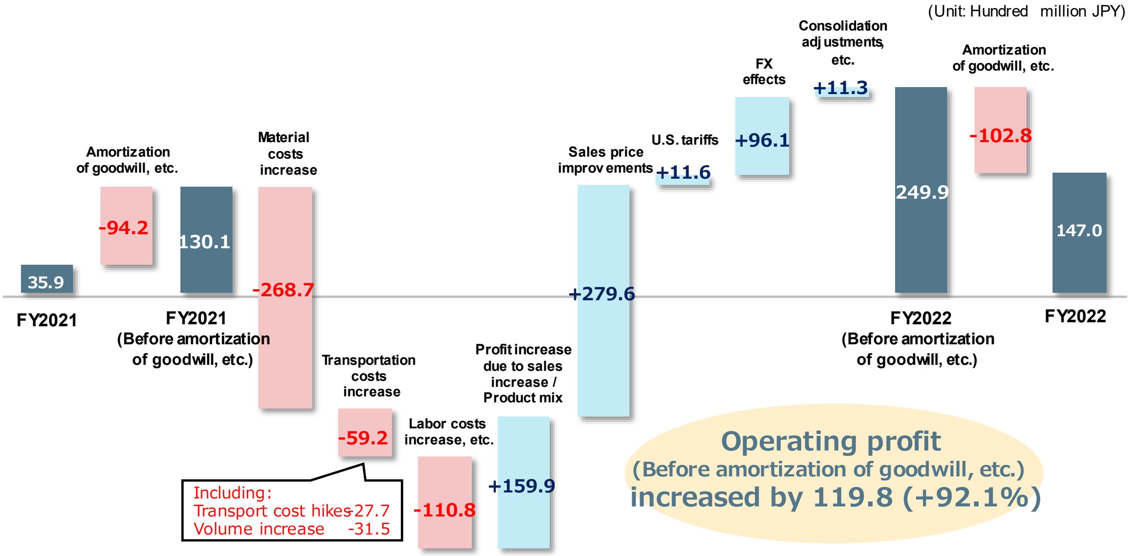
- Material costs have peaked out in the Americas, while remaining high in Japan. Labor costs are also seriously high due to inflation
- Operating profit (before amortization of goodwill, etc.) increased by 92.1% YoY due to higher sales, price optimization efforts, and the impact of the weak JPY

(Unit: Hundred million JPY)



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Please turn to page eight. This section shows YoY changes in operating income by factor.

First, the factors contributing to the decrease in profit are shown in order from the left side, and then the efforts on the right side and how they have been covered by the factors are shown.

From left to right, the cost side of the business was affected by the impact of rising material and transportation costs, as well as increases in labor and expenses due to the expansion of the business scale and inflation.

From here, an increase in gross profit due to higher sales will add JPY16 billion, plus JPY28 billion by optimizing sales prices. These two factors almost covered the disadvantage on the cost side, and with the addition of the impact of yen's depreciation, etc., I think you can clearly see the picture of the JPY12 billion increase in operating income from JPY13 billion to JPY25 billion.

7. Consolidated Balance Sheet

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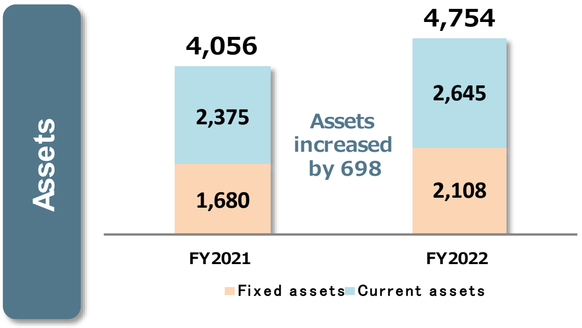
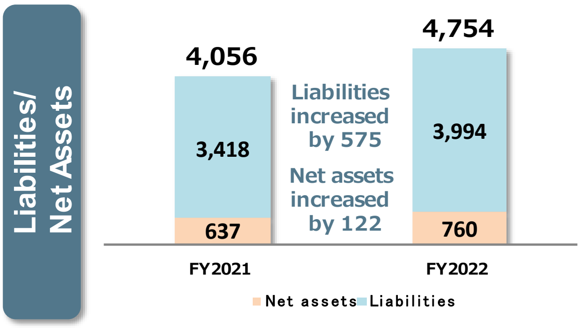
- Total assets increased due to an increase in lease assets resulting from the adoption of the new U.S. lease accounting standards "ASC842" and the impact of the weak JPY



(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.

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Please turn to page nine. I will explain the major changes in the balance sheet here.

In FY2021, inventories increased significantly, mainly at manufacturing sites worldwide, due to supply chain disruptions amid rising sales. This also resulted in a significant decrease in free cash flow. In FY2022, inventories continued to increase by JPY11.6 billion from the end of the previous fiscal year. Excluding the increase due to foreign currency translation, the increase was JPY5.3 billion, which was small compared to the increase in net sales. In real terms, taking into account the increase in production and sales volume, we can say that our efforts to rectify production have been successful, and we have been able to reduce the amount of production.

The increase in total assets at the end of FY2022 is mainly due to the impact of the adoption of the new lease accounting standards in the US and foreign currency translation effects. The amount of the former impact is JPY39.2 billion and that of the latter is JPY22.7 billion. The adoption of the new US lease accounting standard has resulted in off-balance conversion of those that were previously converted to off-balance through sale and leasebacks.

In addition to the impact on the balance sheet, this has a significant impact on cash flow, which will be discussed again in more detail on the next page.

Net assets increased by JPY12.2 billion due to the acquisition of net income and an increase in foreign currency translation adjustments resulting from the effect of yen's depreciation. However, because of the large increase in total assets due to the effects just described, the equity ratio increased only slightly from 15.6% at the end of the previous period to 15.9% at the end of the current period.

If the new lease accounting standards were not applied in FY2022 as in FY2021, the equity ratio would be 17.3%. I understand that we have made substantial progress in improving our financial position, which has been a challenge.

8. Cash Flow

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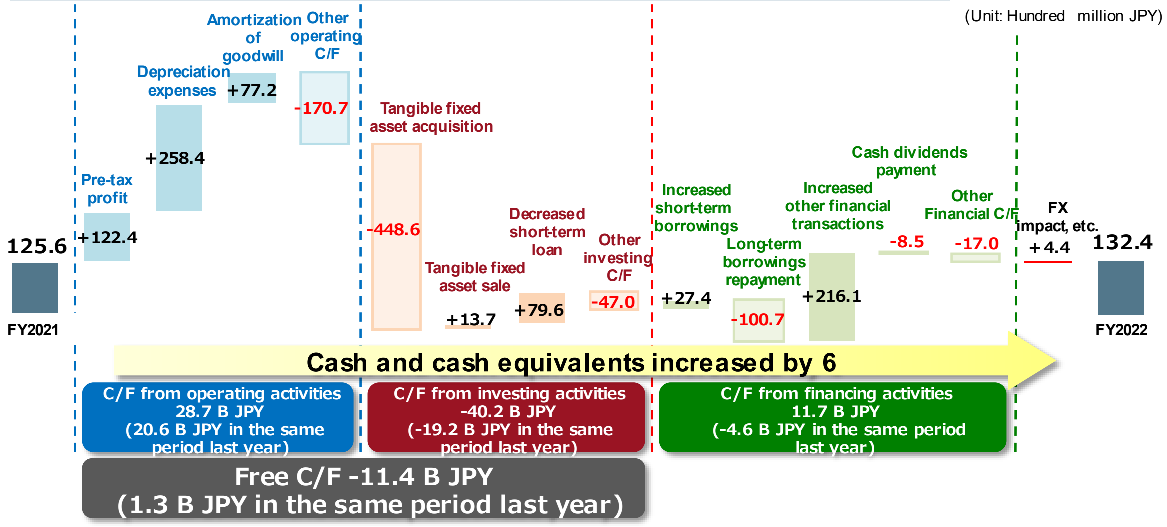
- Positive 28.7 B JPY C/F from operating activities achieved
- C/F from investing activities was-40.2 B JPY due to increased investments in rental forklift trucks driven by strong rental demand in the Americas
- Free C/F was -11.4 B JPY, affected by the rearrangement of proceeds from asset sales from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

(Unit: Hundred million JPY)



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Page 10 shows the status of cash flows.

Net cash provided by operating activities was JPY28.7 billion, an increase of JPY8.1 billion from the previous fiscal year.

Cash flows from investing activities increased investment in forklift trucks for rental use, as demand for rental equipment grew significantly, especially in the US, under the economic recovery and increased economic and social activity. In addition, the Company invested in the acquisition of a North American distributor. In addition to those, the impact of the new lease accounting standards resulted in a JPY40.2 billion outflow, a JPY21 billion increase from the previous fiscal year.

As a result, free cash flow turned from an inflow of JPY1.4 billion in the previous fiscal year to an outflow of JPY11.5 billion.

9. Cash Flow – Rearrangement Detail

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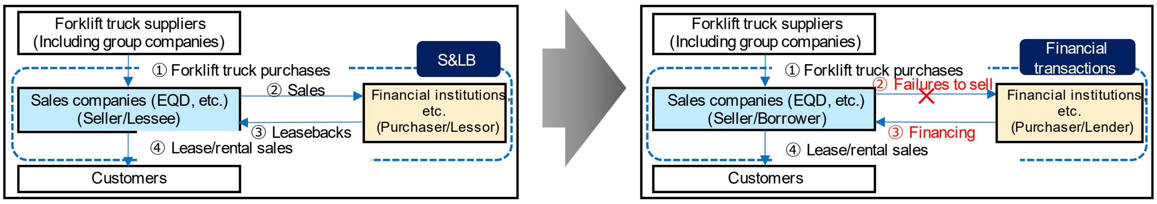
- From FY2022, subsidiaries in the Americas adopted a new accounting standard for leases under US-GAAP “ASC842”
- As a result of the adoption of the standard, sales and leaseback transactions don’t meet the requirements for sales. Therefore, the proceeds from sales of assets, which were previously classified 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 Before rearrangement	FY2022 Rearrangement amount: Operating C/F	FY2022 Rearrangement amount: Investing C/F	FY2022 After rearrangement	YoY change: Before rearrangement	YoY change: After rearrangement	Rearrangement description
Operating C/F	206.2	**460.1**	-172.7		**287.4**	+253.9	+81.2	Transfer of proceeds from the sale of assets o subsidiaries in the Americas to the financing C due to the adoption of “ASC842”
InvestingC/F	-192.4	**-324.7**		-77.6	**-402.3**	-132.3	-209.9	Transfer to financing C/F for similar transactio of European subsidiaries, etc.
FreeC/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	

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Continuing on page 11, we will reiterate the lease accounting standard impacts included here.

As described at the top of this page, we have changed and reviewed the accounting treatment of sale and leaseback transactions upon the adoption of the new lease accounting standards in the US.

As explained in the second item in the upper description, the sale portion of a sale and leaseback transaction is no longer considered as a sale of an asset. As a result, proceeds from the sale of assets, which were previously reported as operating cash flow proceeds or as investing cash flow proceeds, are now reported as proceeds from financing activities.

The table below summarizes the impact of this change. The leftmost column in the table shows the cash flows for FY2021, and the right-hand column shows the cash flows before reclassification that would have occurred without the accounting change in FY2022. The reclassified amount to the right is the effect of this accounting change.

As shown in the reclassification amount column, JPY17.3 billion from operating cash flow was transferred to financing cash flow and JPY7.8 billion from investing cash flow was transferred to financing cash flow.

As shown in the second line from the bottom of the before and after columns, free cash flow in FY2022 was an outflow of JPY11.5 billion, compared to an inflow of JPY13.5 billion before the reclassification.

The accounting changes and revisions were finalized at the end of the fiscal year. This led to the correction of disclosed financial values for Q1 through Q3 of FY2022. We would like to take this opportunity to apologize for any inconvenience caused.

Reference: Key Performance Indicators

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	Indicator	Formula	FY2021	FY2021 before amortization of goodwill, etc.*1	FY2022	FY2022 before amortization of goodwill, etc.*1	Comments
Performance	Return-on-assets (ROA)	Net income / 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)	Net income / Shareholders' equity	1.2%	8.6%	**10.0%**	**12.6%**	
Profitability	Operating profit margin	Operating profit / Sales	0.8%	2.8%	**2.4%**	**4.1%**	
	Net income margin	Net income / Sales	0.2%	2.1%	**1.1%**	**2.7%**	
Asset Efficiency	Total asset turnover	Sales / Total assets	1.2 times		**1.4 times**		
	Receivable turnover	Sales / Accounts receivable	6.0 times		**6.8 times**		
	Inventory turnover	Cost of sales / Inventories	4.6 times		**4.7 times**		
Financial Soundness	Capital adequacy ratio	Shareholders' equity / Total assets	15.6%		**15.9%**		
	D/E ratio	Interest-bearing debt / Shareholders' equity	3.0 times		**3.0 times**		
Sahres	Earnings per share	Net income / Shares outstanding	6.73 JPY	89.52 JPY	**64.82 JPY**	**155.12 JPY**	
	Price earnings ratio (PER)	Stock price / Earnings per share	138.5 times	10.4times	**14.5 times**	**6.1 times**	Stock prices: End of FY2021: 932 JPY End of FY2022: 941 JPY
	Price book value ratio (PBR)	Stock price / Book value per share	1.6 times		**1.3 times**		

*1 For reference purposes

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Page 12 shows ROA, ROE, and other financial indicators.

Profitability and efficiency indicators may still be low, but they are showing improvement. We recognize that financial security remains an issue and will continue to work to improve it.

Reference: CAPEX and R&D Expenses

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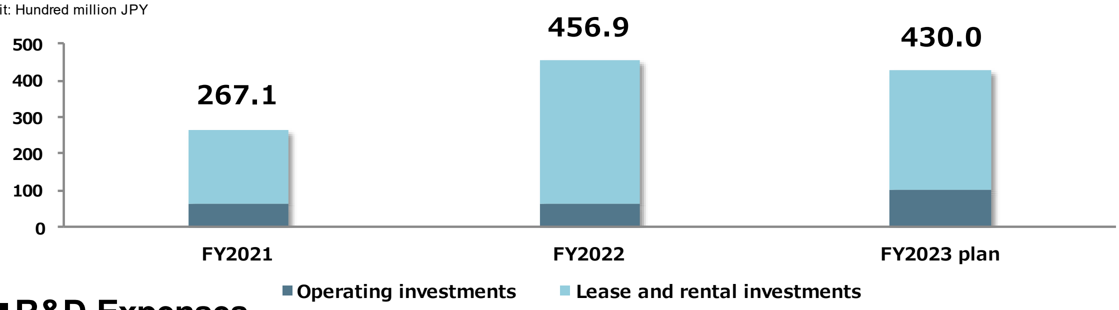
■ CAPEX

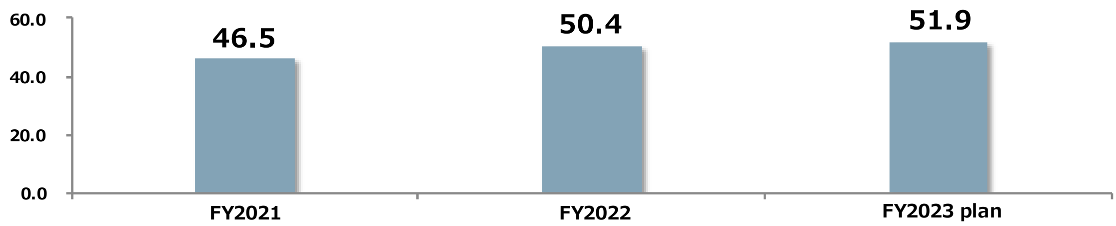
- The significant increase in lease rental investments in FY2022 compared to FY2021 includes the impact of adapting to the new U.S. lease accounting standards.

Unit: Hundred million JPY



■ R&D Expenses

Unit: Hundred million JPY



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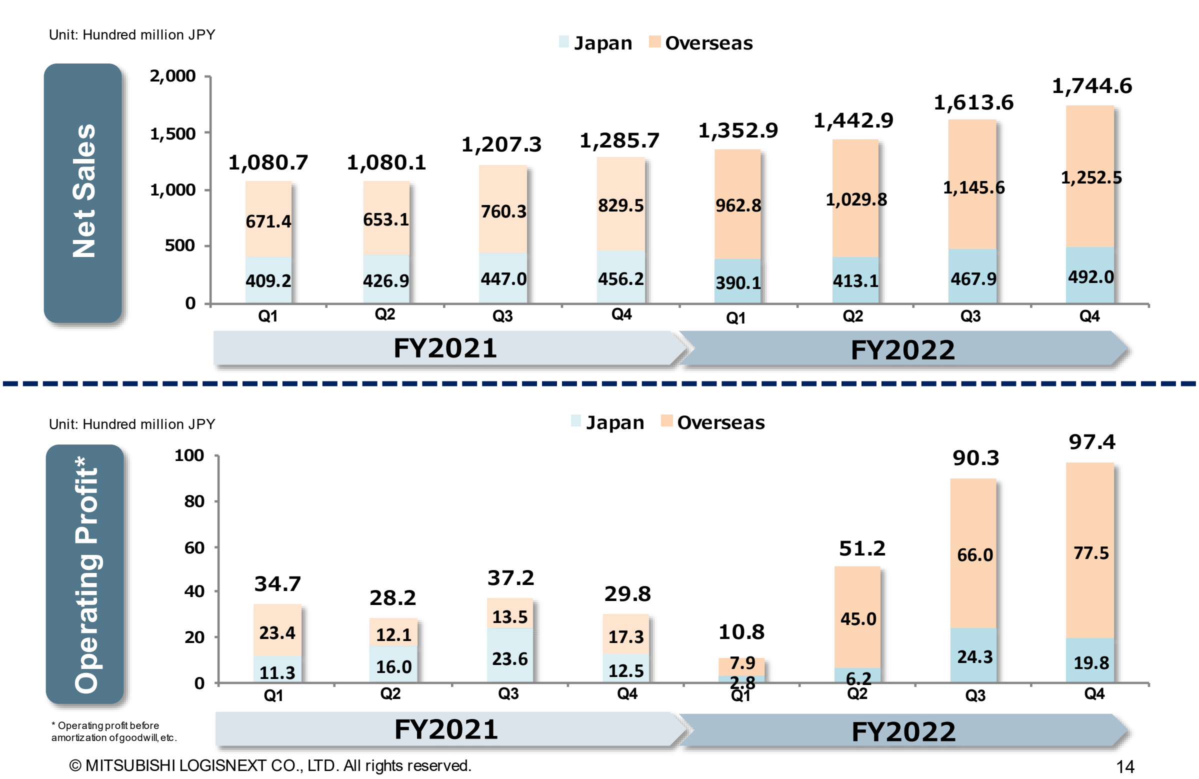
In the reference material, the first page is page 13 for CapEx/R&D expenses.

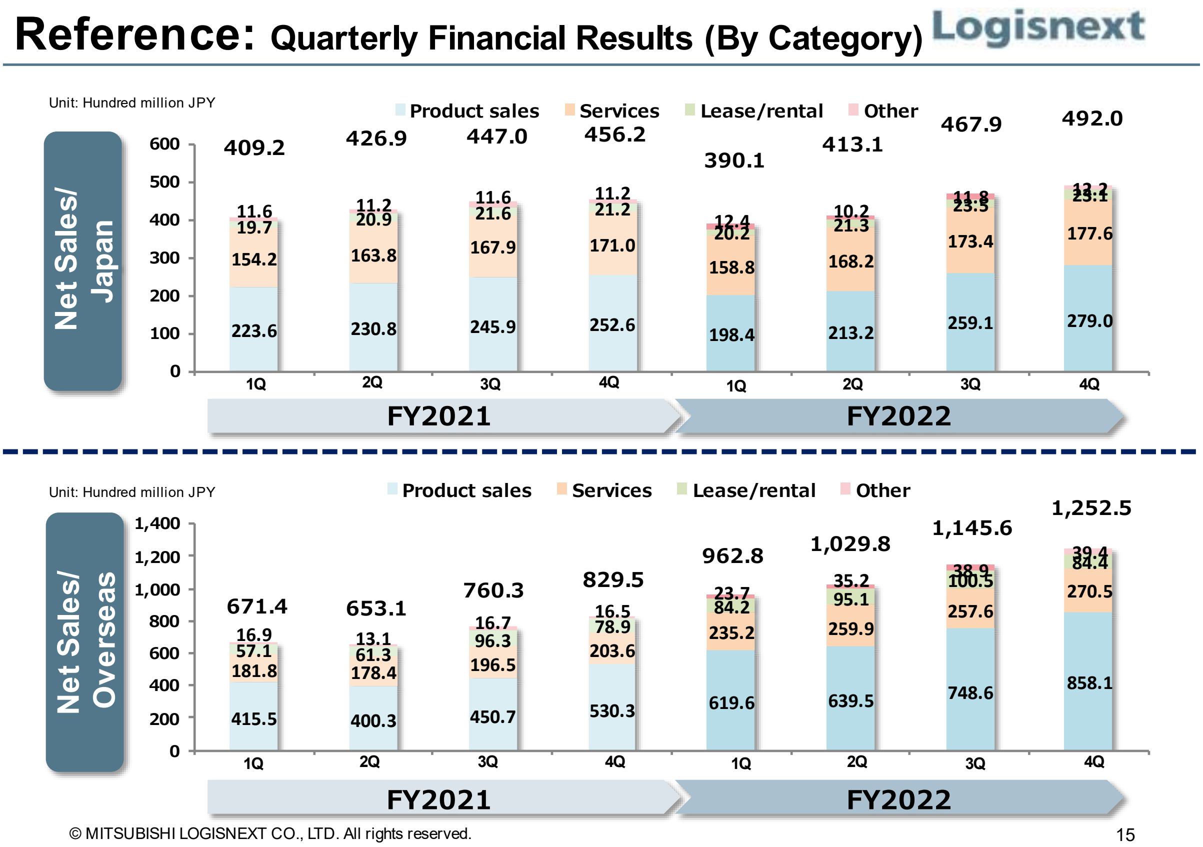
Reference: Quarterly Financial Results (By Business)



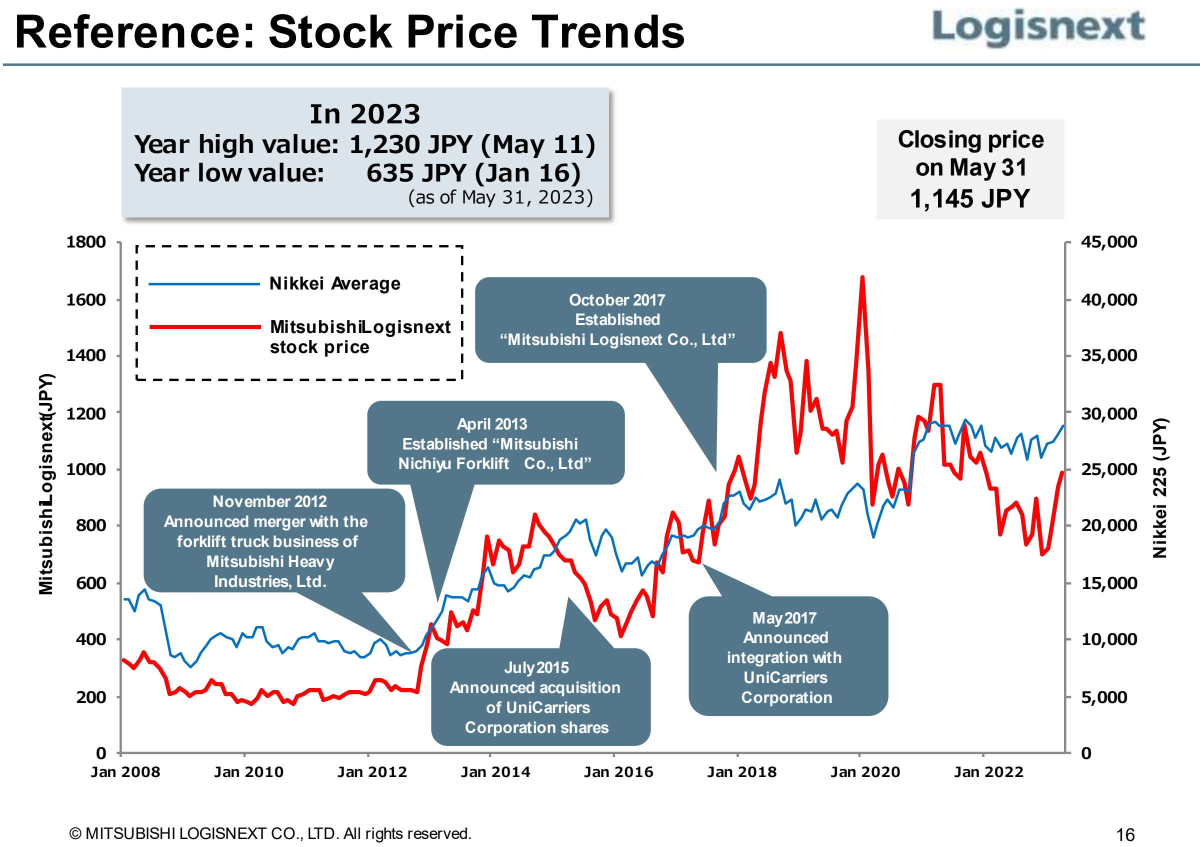
On page 14, we show quarterly sales and operating income by three-month period.

If you take a look at the operating income section here, you will see that for the three months of the Q4 of FY2021 and then for the three months of Q1 of FY2022, the effects of sales price optimization had not yet contributed to the extremely high material and transportation costs, and for two periods, the profit level had fallen due to the gap between these costs and the sales price.

From there, in Q2, Q3, and Q4 of FY2022, I think we can clearly see how the Company has been reaping the benefits of sales price optimization by promoting production and shipments, especially in its overseas operations.



Page 15 shows a table of sales by category, again broken down into domestic and overseas, for each of the three months.



Then the last page, page 16, shows the stock price.

This concludes my explanation on overview of the financial results.

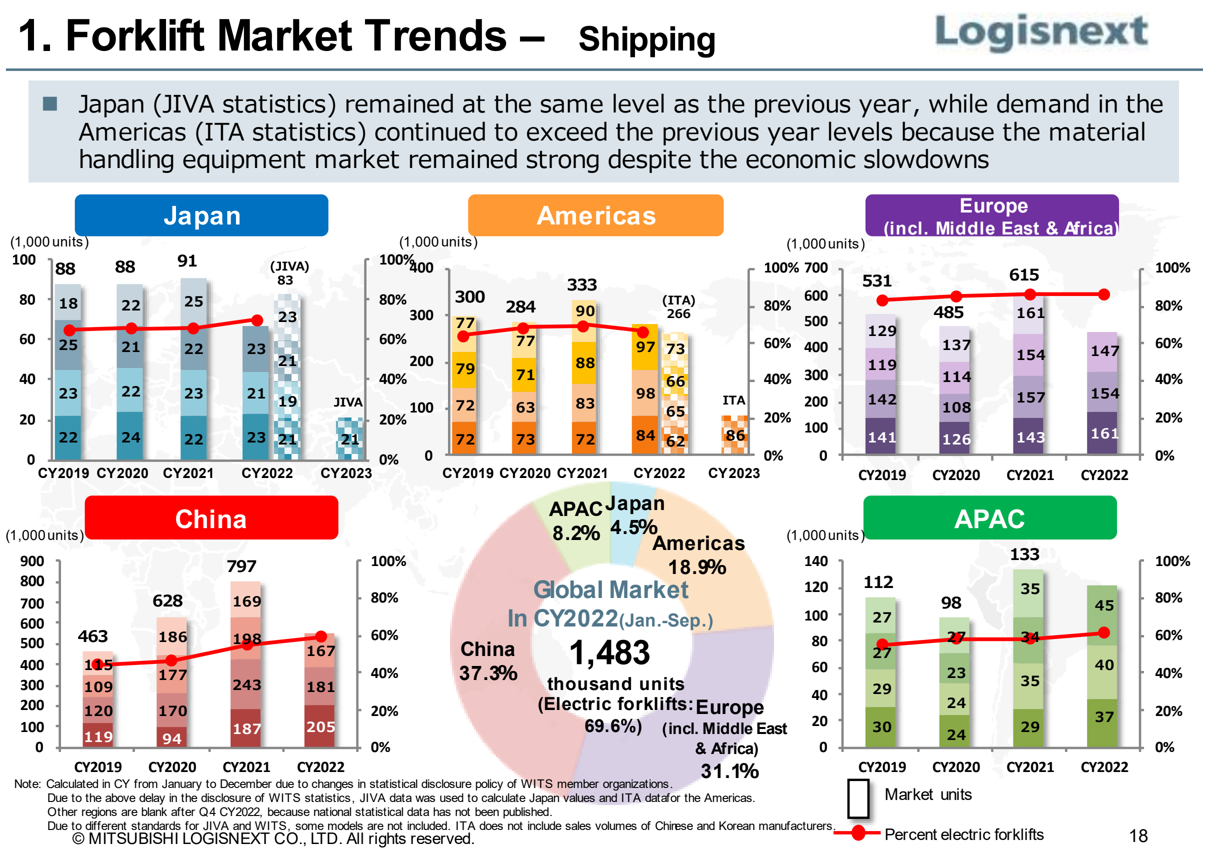
Moderator: We will now move on to the explanation of the management policy for FY2023. Mr. Mano, please.

Mano: I am Mano, and I am the Representative Director and President.

As mentioned earlier by Uno, sales for FY2022 reached a record high due to an increase in overseas sales volume and the impact of yen's depreciation on foreign exchange rates. Operating income also grew significantly YoY as the effects of increased sales and price optimization efforts were realized, offsetting the impact of higher material and transportation costs.

The outlook for the global economy remains unpredictable due to inflation and smoldering geopolitical risks around the world. The Company will continue its efforts to secure parts while working to further promote shipments through production rectification.

FY2023 is the final year of our medium-term management plan, which we call LS23. Today, I would like to explain the financial outlook for the final year of LS23 and the progress of the medium-term management plan.



First, page 18 shows the actual number of forklift trucks shipped worldwide.

Due to a change in the statistical disclosure policy of the member associations, shipments are delayed six months to Q3 of 2022, and the data is compiled for the calendar year from January to December.

The bar graph shows shipments for the past five years in each region, and the pie chart in the center shows shipments from January to September 2022 as a percentage of total shipments by region.

For Japan and the Americas, statistical data are disclosed by region, so the data for January to March 2022 and 2023 for JIVA in Japan and ITA in the Americas, respectively, are shown as light-colored bar graphs.

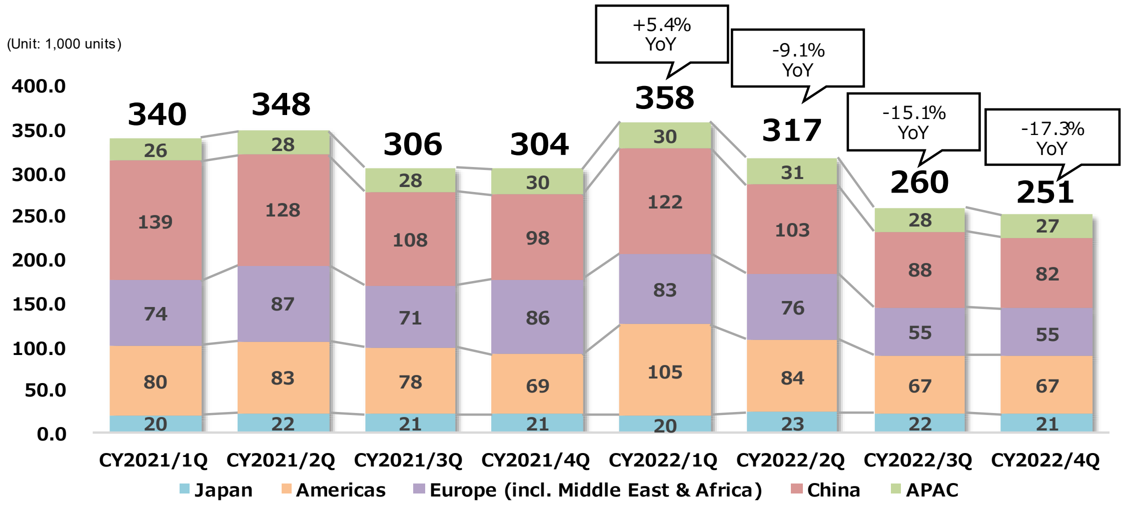
The JIVA and ITA are based on a different standard of calculation than WITS, so we introduce them only for your reference. However, you can see that the market shipment volume from January to March was almost the same level in Japan as the previous fiscal year, while the volume in the Americas was higher than the previous fiscal year, despite the growing uncertainty in the global economy.

2. Forklift Market Trends – Orders (Quarterly)

Logisnext

- 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*)

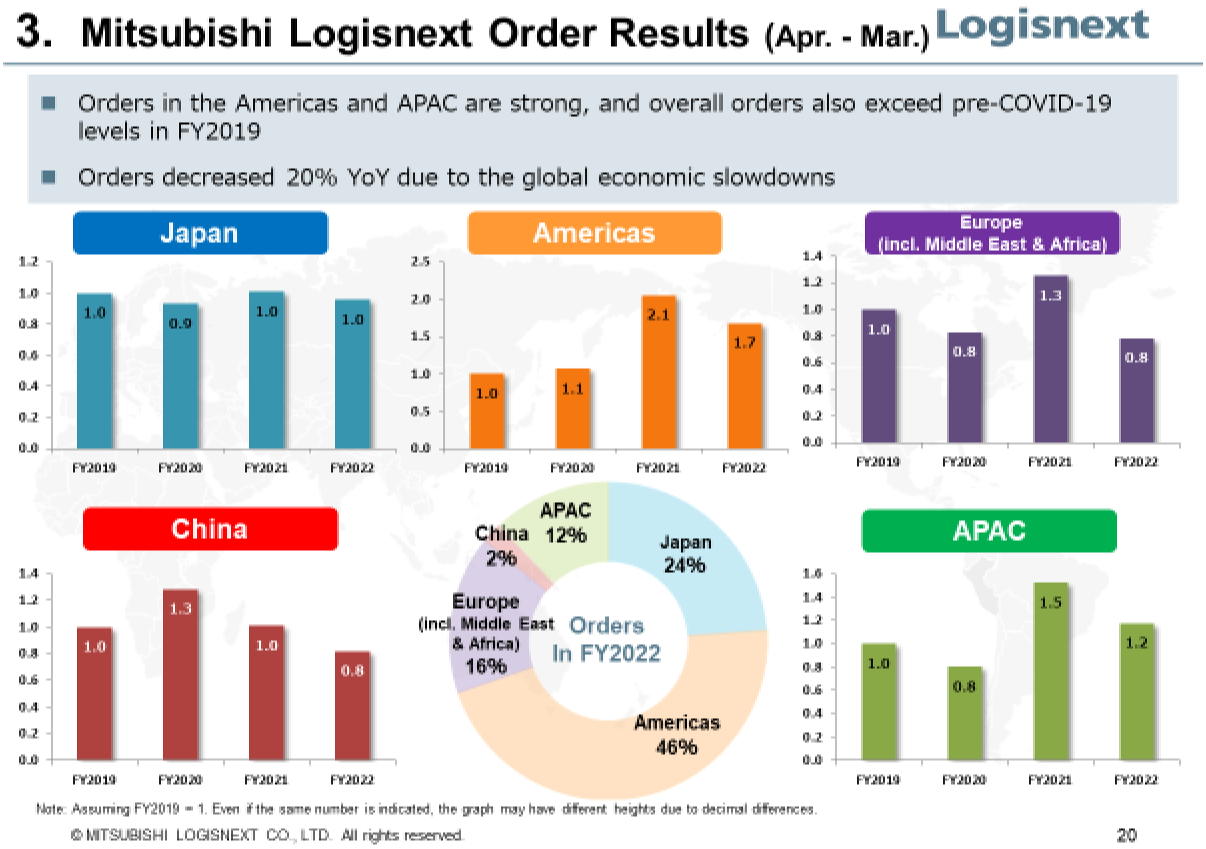


*Class III: Self-propelled electric small lifts

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.

On page 19, we show the orders received in the global forklift market, arranged by quarter, excluding the category of self-propelled electric small lifts, known as Class III. The number of these orders is also tallied on a calendar year basis.

In Q4 of 2022, orders received in all regions except Japan were down compared to the previous fiscal year. Although demand is stronger worldwide than in 2019 before the COVID-19 disaster, orders have been gradually declining due to increased concerns of a significant slowdown in the global economy caused by monetary tightening in Western countries, China's zero COVID-19 policy, and increased geopolitical risks due to Russia's invasion of Ukraine.



Continuing on page 20, the bar graph shows the number of orders received by the Company over the past three years, with the index making the actual performance in 2019 set as 1. The pie chart in the center shows the number of orders received in FY2022 as a percentage of total orders by region.

Our order volume for FY2022 is above the level before the COVID-19 disaster in 2019 in the Americas and Asia-Pacific, as well as the global market order trends I just explained. Although total sales remained steady, they were down about 20% from the previous fiscal year due to growing concerns about the global economic slowdown.

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	• 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	• 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	• 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	• 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	• Promote production and shipping to standardize lead times

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Next, on page 21, we will explain the market outlook for each region for FY2023 and our situation.

For the market in FY2023, we expect the market to remain robust compared to around 2019 before the COVID-19 disaster. However, compared to FY2022, Europe, the US, and Asia-Pacific will all show a downward trend due to the reaction to the large market expansion in FY2022 and the slowdown in the economy. On the other hand, we expect that the number of such cases will increase in Japan and China, and that the pattern will vary from region to region.

The Company expects that the shortage of semiconductors and other components will be resolved in FY2022, which will lead to a rectification of production and an increase in shipments.

In the Americas, there is a backlog of orders in excess of one year, and we believe that the recent market contraction will have a negligible impact on our business performance.

As for the effects of price optimization efforts, they have been fully realized in the Americas, Europe, and Asia-Pacific from the latter half of FY2022, and we expect the same effects in FY2023. For Japan, we assume that the effects of the price increase implemented in H2 of FY2022 will be fully realized from FY2023.

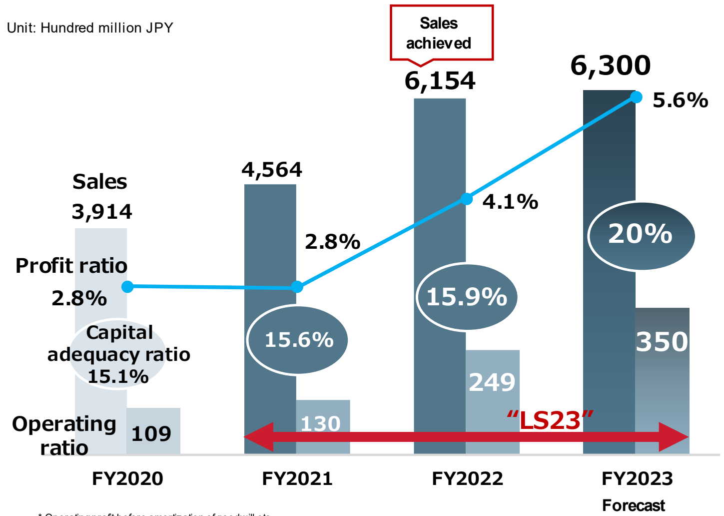
5. Progress of Mid -Term Management Plan

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 %



* Operating profit before amortization of goodwill, etc.

- "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

22

Starting on page 22, I will explain the progress of our medium-term management plan, LS23.

LS23 has three basic strategies: strengthening corporate resilience, promoting growth strategies, and enhancing brand power. For the final year of the plan, FY2023, our goals were net sales of JPY500 billion, operating income before amortization of goodwill of JPY30 billion, operating margin of 6%, and equity ratio of at least 20%.

As you are aware, we have already exceeded our sales target of JPY500 billion in FY2022, and we plan to achieve sales of JPY630 billion in FY2023, an increase of about 2% from the previous fiscal year.

Operating income before amortization of goodwill and other items is also expected to exceed the LS23 target of JPY35 billion, as we expect to secure sales by proceeding with production and shipments to eliminate the large backlog of orders in the Americas and other regions, as well as to benefit from price optimization efforts.

As for the capital adequacy ratio, we expect to achieve the LS23 target of 20% by improving working capital through further shipments and using the free cash flow generated from these shipments to repay interest-bearing debt.

6. FY2023 Forecast

Logisnext

- Although the market environment is expected to deteriorate YoY due to concerns about the global economic slowdown, we are planning to increase unitsolds 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 (Before amortization of goodwill, etc.) (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	–	–

FY2023 Plan FX rates: USD=JPY130 EUR=JPY140 CNY=JPY20

23

On page 23, we will explain our recently announced forecast for FY2023, which was released on May 10.

As I mentioned earlier, we expect the forklift market to deteriorate YoY due to the global economic slowdown. However, we expect sales volume to increase by about 3,000 units YoY to 115,000 units as we move forward with production and shipments of the backlog of orders, mainly in the Americas, through production streamlining.

With the increase in sales volume, net sales increased 2.4% YoY to JPY630 billion. Profits are expected to be much higher than in FY2022 in all categories, with operating income after amortization of goodwill, etc., at JPY25 billion, ordinary income at JPY23 billion, and net income at JPY13 billion.

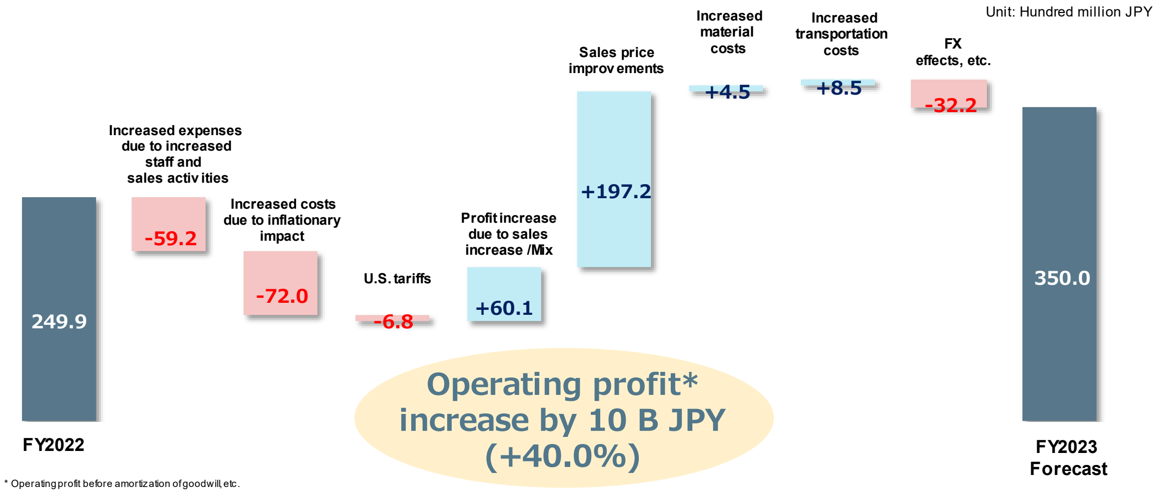
Operating income before amortization of goodwill and other items, which we have positioned as a key indicator, is also projected at JPY35 billion, an increase of JPY10 billion over the previous fiscal year.

Regarding dividends, we will increase the dividend to JPY16 per share, which is about 2% of DOE, dividend on equity, since we expect net assets to increase in line with the increase in profit.

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.

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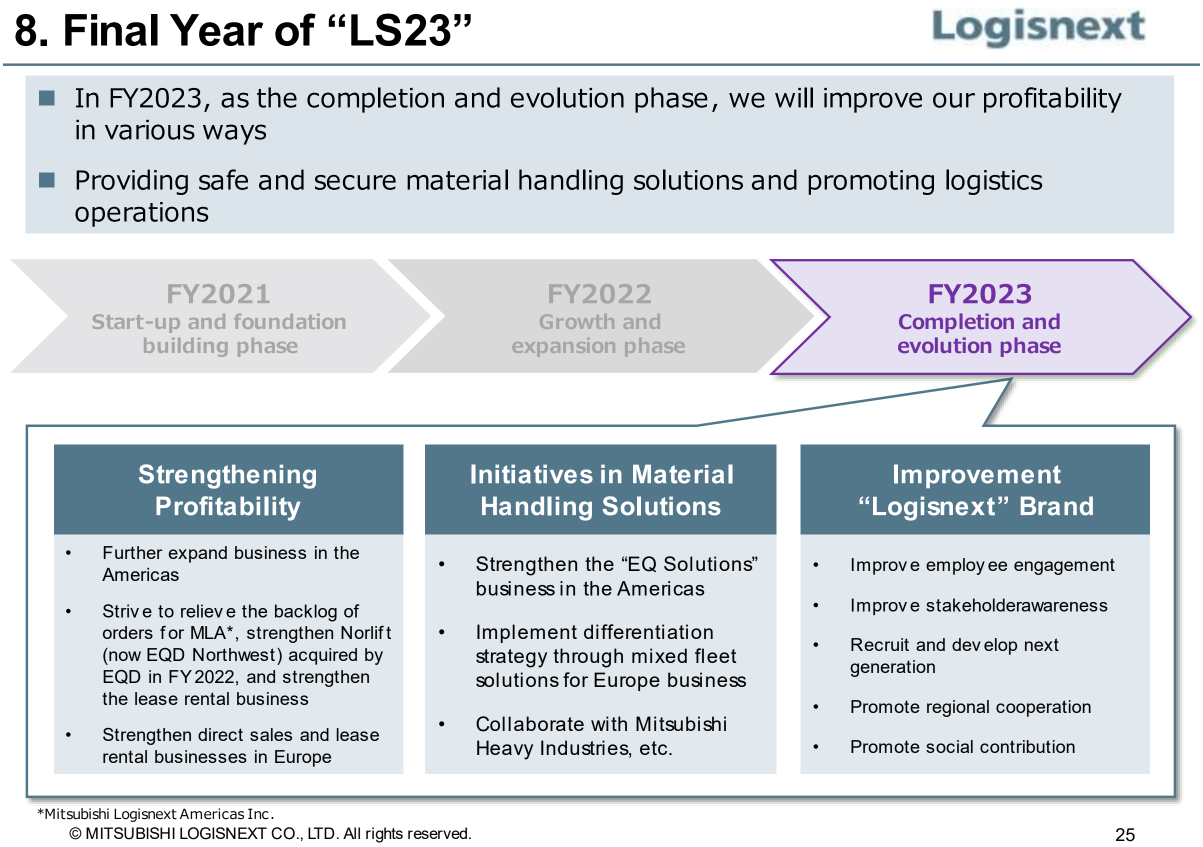
On page 24, we present a waterfall chart by item showing the factors behind the increase or decrease in operating income before amortization of goodwill and other items in the forecast for FY2023, which we explained earlier, versus the previous fiscal year's actual results.

In FY2023, we expect to see a downward swing in profits due to higher labor and expense costs and a stronger yen as a result of normalization of business activities under global inflation and after-COVID-19. Operating income before amortization of goodwill is expected to increase by JPY10 billion to JPY35 billion, as the soaring costs of materials and transportation settle down, sales increase due to higher sales volume, and the realization of the effects of price optimization initiatives will offset the negative effects of higher labor costs and other factors.



On page 25, we present our initiatives for the final year of LS23.

In FY2023, as the completion and evolution phase, we will improve profitability through every possible move, provide safe and secure logistics solutions, and promote automation initiatives. For specific measures, please see the bottom half of the slide.

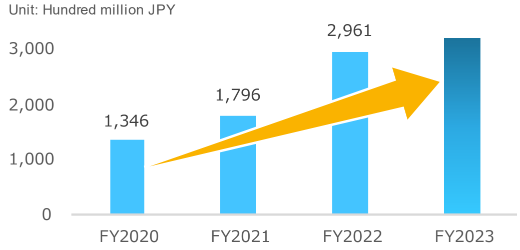
The first is the efforts of the Americas and European businesses to strengthen profitability. The second is the logistics solutions business initiatives in the Americas, Europe, and Japan, as well as cooperation with the parent company, Mitsubishi Heavy Industries. The third is about initiatives such as collaboration with stakeholders in many fields to improve brand strength. The following pages provide details on these three initiatives.

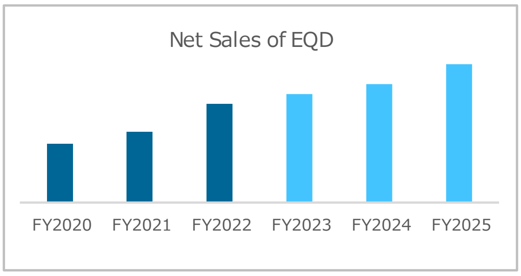
9. Strengthening Profitability

Logisnext

- 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





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

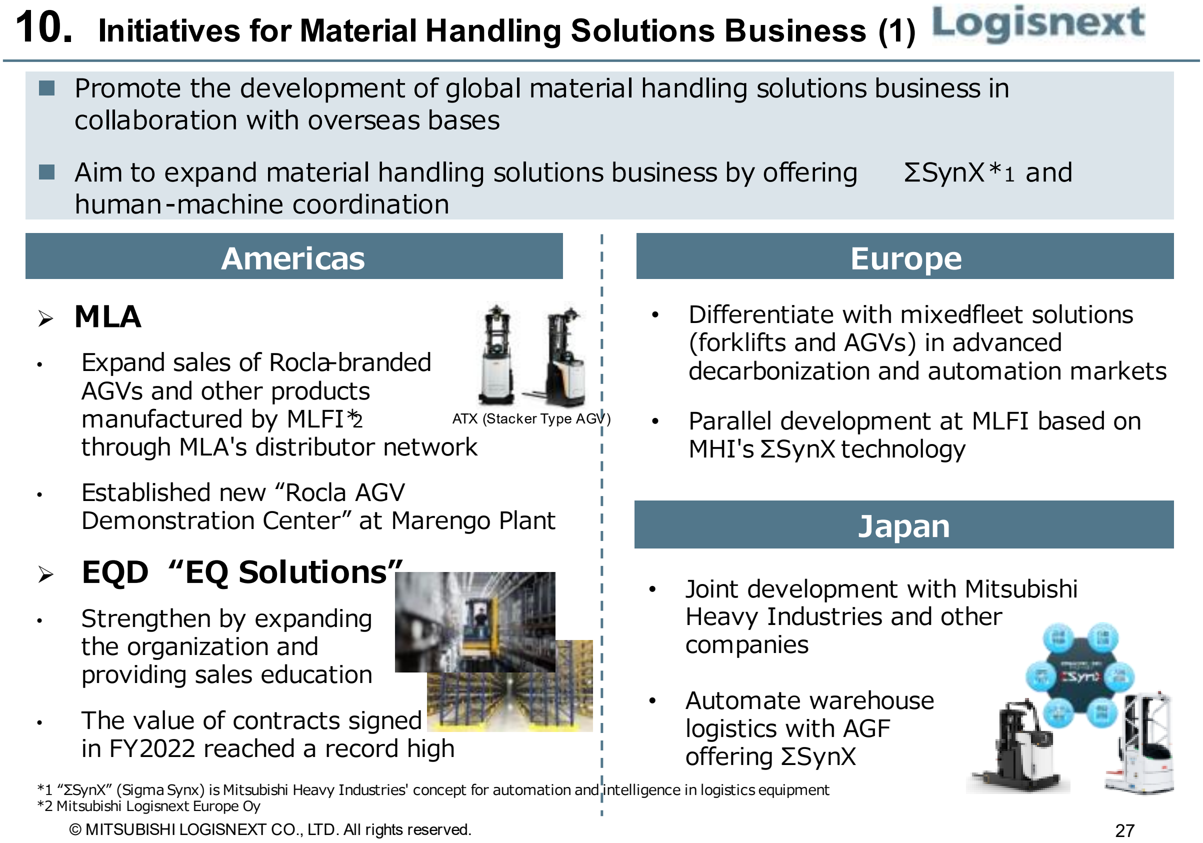
On page 26, we explain our efforts in the Americas business in strengthening profitability.

In the Americas business, the effects of the price optimization that we have been working on have been contributing in earnest since H2 of FY2022 through the rectification of production and the promotion of shipments. In addition to this, the impact of the yen's depreciation on foreign currency translation has also greatly improved our performance, resulting in a significant increase in sales to JPY296.1 billion in FY2022. In FY2023, we expect to eliminate the backlog of orders by further streamlining production, and sales are expected to grow steadily.

While orders received by MLA, a manufacturing company, expanded significantly due to the strong US economy, production could not keep up because of the shortage of semiconductors and other components, resulting in prolonged lead times. We have an order backlog of more than a year's worth, and we will work to eliminate the backlog and streamline production.

EQD, the sales company, achieved record results in FY2022, thanks to a strong rental business. Norlift, which we acquired last June and now call EQD Northwest, also exceeded the plan that we had envisioned at the time of acquisition from the first year.

Although we expect growth to be moderate to some extent in FY2023, the rental business is expected to continue to expand in the Americas, and we will make additional investments in rental vehicles to achieve further growth.



Next, on page 27, I will explain our efforts in the logistics solutions business.

In order to develop our global logistics solutions business, we are collaborating with our overseas offices and aiming to expand our logistics solutions business through the use of Σ SynX and the cooperation of human and machine resources.

In the Americas, MLA is working to expand its logistics solutions business by selling AGVs and other products through its distributor network and establishing a new Rocla AGV Demonstration Center at its Marengo plant in Chicago.

EQD's efforts to strengthen EQ Solutions by expanding its organization and providing sales training resulted in the largest contract amount ever recorded in FY2022.

In Europe, a leading market for decarbonization and automation, we are working to differentiate ourselves through mixed fleet solutions as forklift trucks and AGVs coexist.

We would like to show you a video about the mixed fleet solution we are working on in Europe to help you better understand the concept of human-machine coordination.

[Video Plays]

Mano: In Japan, we have also been working on joint development with Mitsubishi Heavy Industries and other companies, as well as on automation of logistics in warehouses using AGF with Σ SynX.

From the next page, we will explain our cooperative activities with Mitsubishi Heavy Industries and other companies.

Please turn to page 28. The first cooperative activity is the automated forklift truck business in Japan. We have entered into a business alliance and collaboration with Rapyuta Robotics, a venture company from ETH Zurich that possesses cutting-edge technology in robot solutions and provides development, implementation, and operation support.

The collaboration will involve the installation of Rapyuta Robotics' automatic control equipment on our battery-powered forklifts, enabling the forklifts to be automated. At the Kansai Logistics Expo held from April 12 to April 14, Rapyuta Robotics also gave a demonstration of its automated forklift trucks at its booth.

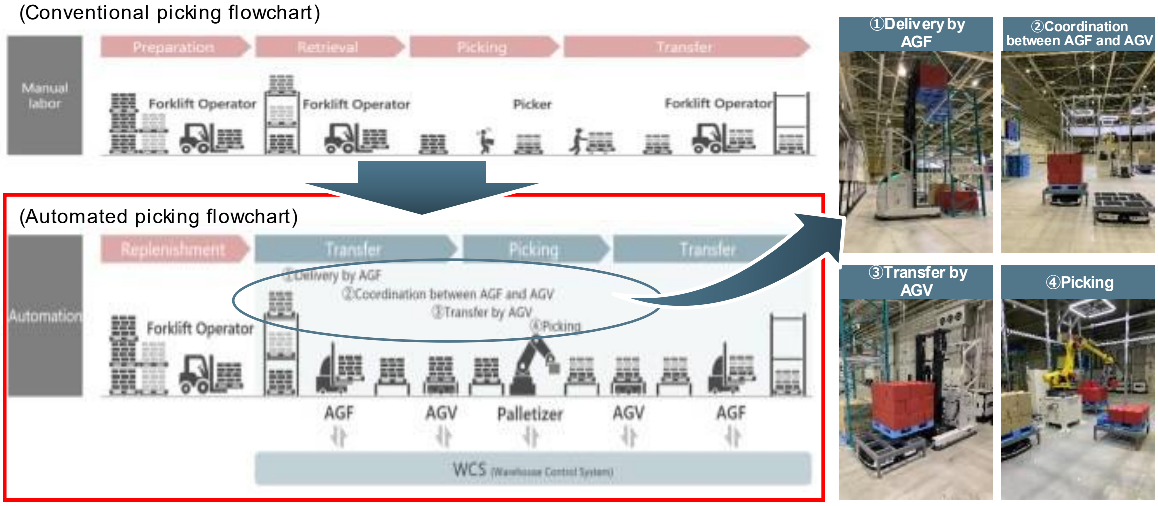
Going forward, Rapyuta Robotics and we will continue to collaborate to solve various issues in the logistics industry and contribute to the realization of a better society.

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



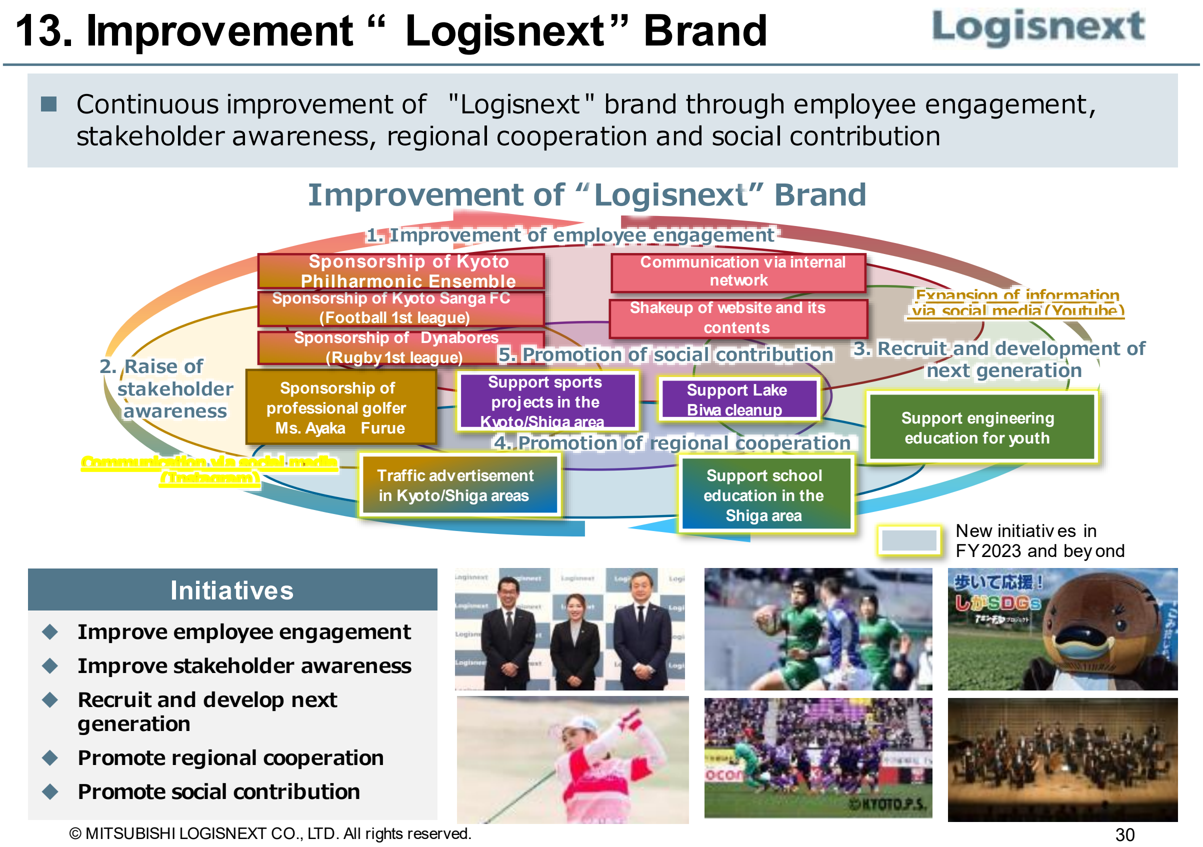
29

On page 29, I will explain the second cooperative activity, that of Mitsubishi Heavy Industries and the Kirin Group.

Mitsubishi Heavy Industries, Kirin Beverage Company, Limited, Kirin Group Logistics Co., Ltd. and we started a joint demonstration project to introduce an automated picking solution in a beverage warehouse in November 2022.

While the Kirin Group has been automating its factories, warehouse logistics is mainly handled manually by manned forklifts and workers. Improving the working environment, such as addressing the shortage of logistics operators and heavy-duty picking, has become a major issue.

In this verification experiment, AGF, AGV, and palletizers will be linked under Kirin Beverage's warehouse operating conditions, and optimization control by ΣSynX will be verified, aiming to solve issues at the warehouse logistics site with consideration for safety.



On page 30, we will discuss brand enhancement.

As a member of society, we work with stakeholders in various fields to increase employee engagement and awareness of our company and thereby enhance our group's brand power through measures such as next generation development, community collaboration, and social contribution.

As you can see in the photo at the bottom right of the slide, we have sponsored and supported, for example, Ayaka Furue, a professional women's golf player, Kyoto Sanga F.C. of the J-League, the Mitsubishi Heavy Industries Sagamihara Dynaboars rugby team, and also for cultural activities, the Kyoto Philharmonic Chamber Ensemble.

This year, we will also focus on further improving our brand power by developing new measures such as Lake Biwa cleanup activities, support for sports projects in the Kyoto and Shiga areas, and support for engineering education for young people.

This concludes our presentation of the financial results for the fiscal year ended March 2023 and the progress of the medium-term management plan. Thank you very much for your attention.

Moderator: Thank you. With that, we will conclude the presentation of the materials.

Question & Answer

Moderator: We will now move on to the question-and-answer session.

[Questioner1]

Q1: Thank you very much as always. Hello. I would like to ask three questions.

One is that there is probably a significant backlog of orders for this fiscal year's sales. I think the plan that is being put forth now can probably work. However, excuse me for mentioning the future a little too ahead, but when we look at the next fiscal year, based on the situation with the orders received and the current inquiries, is it correct to assume that the scale of business will be lower next year than this fiscal year?

Or will you be able to maintain a reasonable scale of operations in the next fiscal year because you will still have a high level of order backlog? It may be a little difficult to foresee that much ahead, but if you have any picture, please share that. This is my first question.

Mano: This is Mano. Hello.

In terms of the projected scale of business for the coming year, the current orders are certainly quite varied from region to region. Orders are still relatively strong in the US, but in Europe, orders have dropped considerably due to the problems in Russia and Ukraine. However, we believe that the US portion is quite large and will go up to a certain extent.

Also in the US, in addition to sales of new cars, the sales of EQD, a direct sales company, have been growing quite rapidly in recent years. Demand for rentals and other services is still strong, according to various industry statistics, and will probably be covered to some extent there. We are not at a stage where we can give you a specific figure right now, but we do not see it falling significantly.

Q1: I see. Thank you. Secondly, I would like to ask for a supplement explanation on the status of the value chain business, including leasing, rental, and after-sales services, which you have just mentioned.

Perhaps the number of units of the main unit has increased and the unit price has increased, so in percentage terms it may not have increased that much, but in monetary terms, how much has it increased? Can you tell us about the status of the value chain business other than the main body, including quantitative data?

Uno: This is Uno. Thank you as always.

As for the quantitative part, please see page 15 of the material we have prepared today. There are sales/domestic, sales/overseas by three months, products and after-sales service, and lease rentals and other. The other means almost exclusively used car sales. We are showing you how we are doing in these four categories with figures through Q4 of this current FY2022.

We sell new cars, which leads to after-sales service, and we also receive sales from customers not through new cars but through leasing and rental services. We believe that we are slowly and steadily growing both domestically and internationally in the area of lease rentals and after-sales service.

However, with regard to overseas lease rentals, we honestly believe that the figures for Q2 and Q3 were a little too good. We believe that it will be difficult to maintain the same level of performance as in Q2 and Q3. Does that answer your questions? That's all from me.

Q1: Thank you. Excuse me, but I missed it. Thank you for pointing out. Lastly, I am afraid that it may be too early to say, but this year is the final year of the mid-term plan, and I think that the next mid-term plan will probably be formulated over this fiscal year.

What direction are you thinking of taking at the moment? In particular, where are the challenges you are facing now? I assume that you will consider what to do about China in this mid-term plan, so please tell us what issues you will resolve in the next mid-term plan, including strategies for emerging countries. This is my first question.

Mano: This is Mano. This year, we will deepen the discussion on the medium-term plan. As I have said since taking office, for example in the Integrated Report, I believe that we must provide solutions to future social issues.

There are three axes. The first is safety and security, the second is automation, and the third is decarbonization. I have mentioned these three points on a regular basis, and I am now thinking about how we can build further growth around them.

We need to make investments in each region with clear intentions, considering which regions we need to expand or restrain. We will do that, and we are thinking of formulating our growth strategy with the three axes as big themes.

Q1: I think China was one of the remaining issues, but have you already decided on a strategy for that area?

Mano: For China, the reorganization of factories and other measures were taken during the current mid-term plan period. The current environment is very difficult for us to compete in China. Positioning ourselves in this situation of competition is very difficult, and I believe that China is described in the current medium-term plan as a market to be evaluated, and I wonder how we will complete that evaluation.

Q1: I understand. That's all from me. Thank you very much.

Mano: Thank you very much.

[Questioner2]

Q2: Could you tell us about price and demand trends in major regions, including overseas and Japan?

First of all, prices in Europe have been rising for the last year, FY2022, and demand has been declining. I think the US has been going through price increases since about late last year. However, it is still at a point where demand is still strong, and we are not sure what the price trend will be this year.

For example, in the US, is the price increase still going to be further than at the end of last year's fiscal year as the backlog of orders decreases, or is it going to remain flat? With demand falling so low in Europe, isn't there a concern that prices will come down a bit from last year's price increase?

On a similar question, I know that price increases have been slow in Japan as well, but could you tell us what the trend in prices will be compared to last year? That is my first question.

Mano: This is Mano.

As for the price trend, as you mentioned, the backlog of orders in Europe has been decreasing considerably, which means that the stock of the price increase is gradually decreasing.

On the other hand, demand itself is also becoming very severe, so we feel that it will probably decline to some extent. I have been telling not to drop too much, but it is not easy to do so, I think it is depreciatory in Europe.

In the US, the prices have been raised for about two years now, and the remainder of this year's order is still in the current fiscal year. We believe that prices are still high on a shipment basis because some of the full effects of the price increase were not reaped last year.

In Japan, the timing of the price change was a little delayed compared to Europe and the US. In this sense, we believe that the effect will be felt most in the current fiscal year. We think that this will be the case in terms of a shipping-based crisis.

Q2: Excuse me. As for US prices, do you think they will ever go up? In other words, the portion of the order backlog still in place now is pretty much the price that was finalized over a year ago.

Mano: In terms of actual income, we are thinking that it will be a little more this year for the US.

Q2: Ok, I see. And second, the demand in the US.

Perhaps it could be that forklifts are not necessarily linked to e-commerce giants, but Amazon and others are cutting CapEx significantly right now, and I think investment in autos has dropped significantly YoY.

When I look at your company's forklift orders, they are falling, but I think the pace of the fall is smaller than other warehouses and construction, or the way Amazon's CapEx is cut. In short, do you see the weight of the e-commerce giants as small, or do you see the CapEx cut of the e-commerce giants affecting the product a little further down the road, since the lead time is still short due to the nature of the product?

Uno: E-commerce is a very important area for us, but forklifts do not have a large role to play in warehouses where such small packages are actually moved vertically and horizontally at high speed. We are well aware of the situation of CapEx being cut and restrained at major e-commerce companies, and we also understand that the automated warehouse is not a part that affects forklifts that much, although we understand that there has been a significant decrease in orders.

Q2: Thank you. Lastly, the third question.

I believe that the shortage of truck drivers is now more pronounced in Japan and the United States. Can you tell us how you see this having a negative or positive impact on the demand for forklifts?

In Japan, truck drivers are also responsible for loading and unloading, so there is a risk that a drop in truck driver utilization could lead to a decrease in demand for forklift trucks. I'm wondering if there are both pluses and minuses, so if you have any thoughts or ideas about what might actually happen, I'd like to know. That's all from me.

Mano: There are problems for truck drivers, such as the 2024 problem. The results of the study showed that truck drivers are not only burdened by truck driving, but also by loading and unloading at the work site. We are currently studying how to automate this area using various technologies.

In that sense, I think it is possible that this part of the work will be partially automated, or perhaps replaced by something like an automated forklift. However, we are currently conducting various studies to see how far we can go in terms of technical perfection, so I think it will depend on the progress of these studies.

Q2: I see. Is it possible for example that the demand for Class III forklifts will increase? Or, is the demand for forklifts is not so directly related to the shortage of truck drivers?

Mano: In that sense, I think the demand for Class III has already gone as far as it can go in Europe and the United States. Therefore, I do not think that the number of Class III units themselves will explode in Europe and the US in the future. I think it is difficult to say how Class III will be used in Japan, but we will have to take a hard look at it.

Q2: I understand. Thank you.

[Questioner3]

Q3: Hello. Thank you very much for your kind explanation. I have two questions.

One is about pages 18 to 20, which shows the market trend and the trend of your company's orders. When do you expect the overall market or the Americas market to turn positive? Or when do you expect to see positive results in terms of orders for your company in a given quarter? This is my first question.

Mano: This is Mano.

I think page 19 shows this. Since they are lined up quarterly starting in 2021, it appears that orders are decreasing. As I mentioned in my explanation, we believe that the years 2021 and 2022 were two years in which demand grew more rapidly than we had expected, or rather irregularly, worldwide in the post-COVID-19 period. Therefore, we expect the US market to fall by about 20% this fiscal year from the previous fiscal year.

However, even with a 20% drop, this is still a considerably higher level than that before COVID-19. So, we are looking at a level where it will drop a bit more slightly and settle down to the level of 2019, etc.

So, we are looking at a slight drop now and then a gradual decline, and even then, it will settle around the 2019 level and flatten out; or repeat itself in the rest of the economic cycle.

Q3: Thank you. I see. Secondly, on page 22, you have shown the progress of the medium-term management plan, which is very clear, thank you very much.

This question is in light of the next plan. I do think that operating income before goodwill and other items are easy to understand and good for both administration and explanation. However, when considering corporate value and stock price, it would be appreciated if there were targets or references to capital efficiency indicators such as net income, EPS, ROE, ROIC, etc., which are the final profit/loss. What are your current goals, including your plans, if any? That is all from me.

Uno: This is Uno.

As you understand, in our current medium-term management plan, which we call LS23, we have set targets up to operating income as well as capital adequacy ratio. As you pointed out, many investors have requested that we set targets for ROA, ROE, and net income, including tax expenses, in the next medium-term management plan, with an awareness of capital costs and other factors. In the next mid-term plan, we would like to present something that will help you better understand our company.

At this point, I am afraid if we will not be able to present those figures for FY2023, but we would definitely like to present them in the next mid-term plan. That's all from me.

Q3: Thank you very much. I understand very well. Thank you.

Moderator [M]: Thank you very much. The time has come, and this concludes the financial results briefing of Mitsubishi Logisnext. Thank you all very much for taking time out of your busy schedules to join us today.