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Logisnext



August 4, 2023

**Consolidated Financial Results
for the Three Months Ended June 30, 2023
(Under Japanese GAAP)**

Company name: Mitsubishi Logisnext Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 7105
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 Scheduled date to file quarterly securities report: August 10, 2023
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
June 30, 2023	166,127	22.8	10,322	–	9,629	–	6,608	–
June 30, 2022	135,296	25.2	(1,597)	–	(1,470)	–	(1,539)	–

Note: Comprehensive income For the three months ended June 30, 2023: ¥15,007 million [112.9%]
 For the three months ended June 30, 2022: ¥7,047 million [–%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2023	61.96	61.76
June 30, 2022	(14.44)	–

Reference: Operating profit before amortization of goodwill
 For the three months ended June 30, 2023: ¥12,829 million [–%]
 For the three months ended June 30, 2022: ¥1,089 million [(68.7)%]

Mitsubishi Logisnext Co., Ltd. (the “Company”) uses operating profit before amortization of goodwill as a key management indicator.

Note: The year-on-year change in operating profit before amortization of goodwill for the three months ended June 30, 2023 was 1,077.3%, and because the rate of increase exceeds 1,000% is shown as “–.”

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2023	508,766	89,874	17.6	838.12
March 31, 2023	475,432	76,027	15.9	707.19

Reference: Equity As of June 30, 2023: ¥89,289 million
As of March 31, 2023: ¥75,455 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	–	–	–	9.00	9.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		–	–	16.00	16.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2024	630,000	2.4	25,000	70.0	23,000	97.5	13,000	88.0	121.89

Note: Revisions to the earnings forecasts most recently announced: None

Reference: Operating profit before amortization of goodwill ¥35,000 million [40.0%]

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Excluded: 1 company (Mitsubishi Logisnext Americas (Marengo) Inc.)

- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

- (3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

- (4) Number of issued shares (common stock)

- (i) Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2023	106,712,013 shares
As of March 31, 2023	106,705,013 shares

- (ii) Number of treasury stock at the end of the period

As of June 30, 2023	175,916 shares
As of March 31, 2023	7,216 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2023	106,649,872 shares
Three months ended June 30, 2022	106,640,797 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements

The forward-looking statements, including the financial forecasts shown in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. As such, they do not constitute guarantees by the Company of future performance. Actual performance and other results may differ materially from these forecasts due to various factors. For matters related to the earnings forecasts, please see “1. Qualitative information regarding financial results for the first three months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 4 of the attached material.

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1. Qualitative information regarding financial results for the first three months

(1) Explanation of operating results

The global economy in the three months ended June 30, 2023, has seen inflation persist despite the continuing efforts of central banks in various countries to raise or maintain interest rates in order to control inflation and, with Russia's prolonged aggression in Ukraine showing no end in sight, its growth is slowing. Although the increase in transport costs caused by the rapid recovery phase out of the COVID-19 pandemic has subsided, inflation is driving not only higher labor costs but also higher costs in a wide range of areas including fuel and components. In Japan and overseas, this is having a growing impact.

Against this backdrop, the domestic market for forklifts and other material handling equipment remained firm at pre-COVID-19 levels. Though overseas demand in the Americas is on a downward trend as buyers take a wait-and-see approach due to a sense of economic slowdown, demand continues to exceed pre-COVID-19 levels, as it did in the previous fiscal year, due to stable logistics needs. On the other hand, Europe's economy has stagnated, in part due to the impacts of inflation. Although demand is trending downward from the temporary rebound, it is remaining at pre-COVID-19 levels. In addition, Asia was relatively unaffected by the situation in Ukraine, although the market has weakened slightly because of inflation and interest rate hikes. China is showing signs of recovery due to the lifting of the zero-COVID policy but behind market expectations.

At the Company, the major challenge of longer lead times due to delays in the supply of various components is gradually abating but high costs persist. Despite these circumstances, the Group as a whole secured sufficient orders. In addition, the Group worked on achieving production improvements by eliminating the components shortages in Japan and overseas, accelerating shipments. As a result, the effects of price optimization were effectively expanded. However, there are signs of interest rate policy reversal in Japan and the Americas at present, and the outlook for the global economy in the current inflationary environment remains unclear and unpredictable.

Under these circumstances, net sales for the period under review totaled ¥166,127 million (up 22.8% year on year).

Profits were affected by high costs but net sales increased contribute to the acceleration of shipments and the effect of price optimization, consequently operating profit was ¥10,322 million (compared to a loss of ¥1,597 million in the same period of the previous fiscal year), ordinary profit was ¥9,629 million (compared to a loss of ¥1,470 million in the same period of the previous fiscal year), and profit attributable to owners of parent was ¥6,608 million (compared to a loss of ¥1,539 million in the same period of the previous fiscal year).

Operating profit before amortization of goodwill was ¥12,829 million (up 1,077.3% year on year), and the operating profit margin was 7.7% (up 6.9 percentage points year on year).

(Billions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	
			(Billions of yen)	(%)
Net sales	135.29	166.12	30.83	22.8
Operating profit before amortization of goodwill	1.08	12.82	11.74	1,077.3
(%)	0.8	7.7		
Operating profit (loss)	(1.59)	10.32	11.92	–
(%)	–	6.2		
Ordinary profit (loss)	(1.47)	9.62	11.10	–
(%)	–	5.8		
Profit (loss) attributable to owners of parent	(1.53)	6.60	8.14	–
(%)	–	4.0		

Operating results by segment are as follows.

Japan

Net sales in Japan were ¥44,701 million (up 14.6% year on year) as orders remained steady, components shortages have been abating, and the effects of price optimization are also starting to contribute. Segment profit was ¥1,762 million (compared to a loss of ¥917 million in the same period of the previous fiscal year) given increased net sales and the impact of yen depreciation in the export business despite the persistent high-cost environment.

Segment profit before amortization of goodwill was ¥2,972 million (up 925.6% year on year).

Japan (Billions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	
			(Billions of yen)	(%)
Net sales	39.01	44.70	5.68	14.6
Operating profit before amortization of goodwill	0.28	2.97	2.68	925.6
(%)	0.7	6.7		
Operating profit (loss)	(0.91)	1.76	2.68	–
(%)	–	3.9		

Overseas

Net sales in Overseas were ¥121,426 million (up 26.1% year on year) due to an increase in units sold in the Americas, the contribution of the effects of price optimization, and the tailwind from the impact of yen depreciation. Segment profit was ¥8,560 million (compared to a loss of ¥679 million in the same period of the previous fiscal year) due largely to the increase in net sales.

Segment profit before amortization of goodwill was ¥9,857 million (up 1,132.3% year on year).

Especially in the same period of the previous fiscal year in Overseas, price optimization had not been able to cover the higher costs in the inflationary environment post-COVID-19. Since then, the gradual elimination of components shortages has led to increased production, accelerated shipments, the effects of price optimization have been steadily realized, and net sales and segment profit in Overseas increased significantly.

Overseas (Billions of yen)	Three months ended June 30, 2022	Three months ended June 30, 2023	Change	
			(Billions of yen)	(%)
Net sales	96.28	121.42	25.14	26.1
Operating profit before amortization of goodwill	0.79	9.85	9.05	1,132.3
(%)	0.8	8.1		
Operating profit (loss)	(0.67)	8.56	9.24	–
(%)	–	7.1		

(2) Explanation of financial position

As of June 30, 2023, total assets were ¥508,766 million, an increase of ¥33,334 million from the end of the previous fiscal year. Current assets increased by ¥21,403 million as a result of increases in accounts receivable and inventories, partly due to the impact of yen depreciation. Non-current assets increased by ¥11,930 million as a result of increases in machinery, equipment and vehicles, and leased assets, partly due to the impact of yen depreciation.

Total liabilities were ¥418,892 million, an increase of ¥19,487 million from the end of the previous fiscal year. The main factors were the impact of yen depreciation, as well as increases in income taxes payable, long-term borrowings, other current liabilities, and other non-current liabilities.

Net assets, excluding share acquisition rights and non-controlling interests, were ¥89,289 million, an increase of ¥13,834 million from the end of the previous fiscal year. The main factors were an increase in retained earnings from profit attributable to owners of parent and an increase in foreign currency translation adjustment.

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

There are no changes to the consolidated earnings forecasts announced on May 10, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	13,245	21,610
Notes and accounts receivable - trade, and contract assets	101,148	105,115
Electronically recorded monetary claims - operating	2,507	2,074
Merchandise and finished goods	62,840	77,820
Work in process	14,805	14,507
Raw materials and supplies	30,646	32,920
Other	40,749	33,512
Allowance for doubtful accounts	(1,383)	(1,596)
Total current assets	264,561	285,965
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	21,803	22,316
Machinery, equipment and vehicles, net	72,685	81,356
Land	22,133	22,177
Leased assets, net	27,758	28,637
Other, net	4,551	4,807
Total property, plant and equipment	148,933	159,295
Intangible assets		
Goodwill	25,473	24,676
Other	15,664	16,159
Total intangible assets	41,137	40,836
Investments and other assets		
Investment securities	7,152	7,609
Other	13,698	15,100
Allowance for doubtful accounts	(50)	(39)
Total investments and other assets	20,800	22,670
Total non-current assets	210,871	222,801
Total assets	475,432	508,766

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	86,240	86,517
Electronically recorded obligations - operating	15	-
Short-term borrowings	51,344	48,245
Lease liabilities	7,199	7,710
Income taxes payable	3,313	6,674
Provision for bonuses	4,798	2,399
Provision for bonuses for directors (and other officers)	94	28
Provision for product warranties	4,215	4,279
Provision for loss on liquidation of subsidiaries and associates	75	75
Other	51,411	57,191
Total current liabilities	208,709	213,122
Non-current liabilities		
Long-term borrowings	124,281	131,781
Lease liabilities	20,332	20,561
Provision for product warranties	2,561	2,933
Provision for retirement benefits for directors (and other officers)	7	7
Retirement benefit liability	16,263	16,639
Other	27,248	33,846
Total non-current liabilities	190,695	205,770
Total liabilities	399,405	418,892
Net assets		
Shareholders' equity		
Share capital	4,938	4,940
Capital surplus	34,775	34,777
Retained earnings	16,704	22,353
Treasury shares	(2)	(202)
Total shareholders' equity	56,415	61,868
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,387	2,693
Foreign currency translation adjustment	17,019	25,121
Remeasurements of defined benefit plans	(367)	(393)
Total accumulated other comprehensive income	19,040	27,421
Share acquisition rights	277	272
Non-controlling interests	294	312
Total net assets	76,027	89,874
Total liabilities and net assets	475,432	508,766

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Net sales	135,296	166,127
Cost of sales	108,323	123,714
Gross profit	26,973	42,413
Selling, general and administrative expenses	28,571	32,090
Operating profit (loss)	(1,597)	10,322
Non-operating income		
Interest income	161	276
Dividend income	143	41
Share of profit of entities accounted for using equity method	33	4
Foreign exchange gains	295	279
Other	101	96
Total non-operating income	734	698
Non-operating expenses		
Interest expenses	555	1,353
Other	52	37
Total non-operating expenses	607	1,391
Ordinary profit (loss)	(1,470)	9,629
Extraordinary income		
Gain on sale of non-current assets	77	235
Gain on sale of investment securities	–	0
Insurance claim income	–	54
Total extraordinary income	77	290
Extraordinary losses		
Loss on disposal of non-current assets	44	5
Impairment losses	–	29
Loss on liquidation of subsidiaries and associates	399	–
Loss on disaster	0	–
Business restructuring expenses	–	104
Other	88	–
Total extraordinary losses	533	139
Profit (loss) before income taxes	(1,927)	9,780
Income taxes - current	301	4,148
Income taxes - deferred	(688)	(986)
Total income taxes	(386)	3,161
Profit (loss)	(1,540)	6,618
Profit (loss) attributable to non-controlling interests	(0)	10
Profit (loss) attributable to owners of parent	(1,539)	6,608

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit (loss)	(1,540)	6,618
Other comprehensive income		
Valuation difference on available-for-sale securities	(40)	306
Foreign currency translation adjustment	8,551	8,118
Remeasurements of defined benefit plans, net of tax	78	(26)
Share of other comprehensive income of entities accounted for using equity method	(0)	(9)
Total other comprehensive income	8,588	8,388
Comprehensive income	7,047	15,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,038	14,989
Comprehensive income attributable to non-controlling interests	8	17

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

I. Three months ended June 30, 2022

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount reported on the quarterly consolidated statement of income (Note 2)
	Japan	Overseas	Total		
Net sales					
(1) Sales to external customers	39,014	96,282	135,296	–	135,296
(2) Intersegment sales or transfers	11,944	401	12,346	(12,346)	–
Total	50,959	96,683	147,642	(12,346)	135,296
Segment loss	(917)	(679)	(1,597)	–	(1,597)

- Notes: 1. Adjustments to segment net sales represent elimination of intersegment sales.
 2. Total segment loss is consistent with operating loss in the quarterly consolidated statement of income.
 3. The difference between segment loss and operating profit before amortization of goodwill, which the Company uses as a key management indicator, is depreciation and amortization of goodwill and other identifiable assets (valuation differences) acquired on the date of business combination.

	Japan	Overseas	Total
Segment loss	(917)	(679)	(1,597)
Amortization of goodwill	1,000	1,034	2,034
Depreciation and amortization of valuation difference	207	445	652
Operating profit before amortization of goodwill	289	799	1,089

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

Material impairment losses of non-current assets

There are no material matters to report.

Material changes in the amount of goodwill

Goodwill was newly recorded in the “Overseas” segment. The amount of this goodwill was ¥2,731 million for the three months ended June 30, 2022. However, this is a provisionally calculated amount of goodwill since the allocation of acquisition cost has not been completed.

II. Three months ended June 30, 2023

1. Information on the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustments (Note 1)	Amount reported on the quarterly consolidated statement of income (Note 2)
	Japan	Overseas	Total		
Net sales					
(1) Sales to external customers	44,701	121,426	166,127	–	166,127
(2) Intersegment sales or transfers	13,503	506	14,009	(14,009)	–
Total	58,205	121,932	180,137	(14,009)	166,127
Segment profit	1,762	8,560	10,322	–	10,322

- Notes: 1. Adjustments to segment net sales represent elimination of intersegment sales.
2. Total segment profit is consistent with operating profit in the quarterly consolidated statement of income.
3. The difference between segment profit and operating profit before amortization of goodwill, which the Company uses as a key management indicator, is depreciation and amortization of goodwill and other identifiable assets (valuation differences) acquired on the date of business combination.

	Japan	Overseas	Total
Segment profit	1,762	8,560	10,322
Amortization of goodwill	1,000	876	1,876
Depreciation and amortization of valuation difference	210	420	630
Operating profit before amortization of goodwill	2,972	9,857	12,829

2. Information on impairment losses of non-current assets or goodwill, etc. by reportable segment

There are no material matters to report.

3. Other

Reference: Consolidated financial results for the three months ended June 30, 2023

1. Financial highlights

(Billions of yen)

	Fiscal year ended March 31, 2023					Fiscal year ending March 31, 2024				
	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total
Net sales	135.29	144.29	161.36	174.46	615.42	166.12				166.12
Operating profit before amortization of goodwill	1.08	5.12	9.03	9.74	24.99	12.82				12.82
(Operating profit margin) (%)	0.8	3.5	5.6	5.6	4.1	7.7				7.7
Amortization of goodwill	(2.68)	(2.44)	(2.49)	(2.65)	(10.28)	(2.50)				(2.50)
Operating profit	(1.59)	2.67	6.54	7.08	14.70	10.32				10.32
(Operating profit margin) (%)	(1.2)	1.9	4.1	4.1	2.4	6.2				6.2
Ordinary profit	(1.47)	2.49	5.23	5.38	11.64	9.62				9.62
(Ordinary profit margin) (%)	(1.1)	1.7	3.2	3.1	1.9	5.8				5.8
Profit attributable to owners of parent	(1.53)	0.18	4.23	4.03	6.91	6.60				6.60
(Net profit margin) (%)	(1.1)	0.1	2.6	2.3	1.1	4.0				4.0

Exchange rates

(Yen)

USD	129.57	133.97	136.51	135.47	137.37				
EUR	138.12	138.73	140.59	140.97	149.47				

2. Segment information

(Billions of yen)

		Fiscal year ended March 31, 2023					Fiscal year ending March 31, 2024				
		Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total
Net sales	Japan	39.01	41.31	46.79	49.20	176.32	44.70				44.70
	Overseas	96.28	102.98	114.56	125.25	439.09	121.42				121.42
Operating profit	Japan	0.28	0.62	2.43	1.98	5.34	2.97				2.97
	Overseas	0.79	4.50	6.60	7.75	19.65	9.85				9.85

* Operating profit represents operating profit before amortization of goodwill

Net sales by region

(Billions of yen)

Region	Fiscal year ended March 31, 2023					Fiscal year ending March 31, 2024				
	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total
Japan	39.01	41.31	46.79	49.20	176.32	44.70				44.70
Americas	61.64	69.19	78.43	86.80	296.07	86.69				86.69
Europe	25.34	23.35	26.40	28.29	103.39	25.69				25.69
China & Asia	9.29	10.44	9.72	10.16	39.62	9.03				9.03
Total	135.29	144.29	161.36	174.46	615.42	166.12				166.12

3. Units sold of forklifts

(Thousands of units)

	Fiscal year ended March 31, 2023					Fiscal year ending March 31, 2024				
	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total	Q1 (Apr.- Jun.)	Q2 (Jul.- Sep.)	Q3 (Oct.- Dec.)	Q4 (Jan.- Mar.)	Total
Japan	6	6	7	7	26	7				7
Overseas	21	19	22	25	86	21				21
Total	27	25	29	31	112	28				28