

Logisnext

Mitsubishi Logisnext Co., Ltd.

FY2024 - FY2026 Medium-Term Management Plan Briefing

March 22, 2024

Event Summary

[Company Name]	Mitsubishi Logisnext Co., Ltd.	
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[Event Name]	FY2024 - FY2026 Medium-Term Management Plan Briefing	
[Date]	March 22, 2024	
[Time]	16:00 – 17:02 (Total: 62 minutes, Presentation: 27 minutes, Q&A: 35 minutes)	
[Venue]	Webcast	
[Number of Speakers]	3	
	Yuichi Mano	Representative Director and President
	Takatoshi Uno	Director, Executive Officer, CFO, Division Head, General Manager, Corporate Strategy and Planning Office
	Hiroyuki Sugiura	Member of the Executive Team, Head of Engineering Headquarters

Presentation

Moderator: Thank you for your patience. We will now begin the briefing on Mitsubishi Logisnext Co., Ltd.'s new medium-term management plan, "Logisnext Transform 2026." Thank you very much for taking time out of your busy schedule to attend the briefing on our new medium-term management plan.

Today, we would like to review the current medium-term management plan, explain the business environment surrounding our company, and present our long-term management vision 2035 and the new medium-term management plan. I would now like to introduce today's attendees. Representative Director and President, Yuichi Mano.

Mano: I'm Mano. Thank you.

Moderator: Director, CFO, Division Head, General Manager, Corporate Strategy and Planning Office, Takatoshi Uno.

Uno: I'm Uno. Thank you.

Moderator: Head of Engineering Headquarters, Hiroyuki Sugiura.

Sugiura: I'm Sugiura. Thank you.

Moderator: That is all. As for today's proceedings, Mr. Mano, Representative Director and President, and Mr. Uno, Division Head, General Manager, Corporate Strategy and Planning Office, will explain about the new medium-term management plan, "Logisnext Transform 2026."

We will now move on to the explanation of the new medium-term management plan. President Mano, please begin.

Mano: I'm Mano, the president. Thank you very much for joining us today at this very busy time for the presentation of our medium-term management plan.

Today, I will present our new medium-term management plan, "Logisnext Transform 2026," which covers the three-year period from FY2024 to FY2026. Thank you very much for your cooperation.

- 1. Review of the Current Medium-Term Plan**
- 2. Business Conditions**
- 3. Vision 2035**
- 4. Medium-Term Plan**
 - “Logisnext Transform 2026”**
 - 4.1 Core Strategies**
 - 4.2 Financial and Non-Financial Targets**

The content of today's event is as shown.

I would like to begin in chapter one with a review of the current medium-term management plan.

1. Review of the Current Medium-Term Plan **Logisnext**

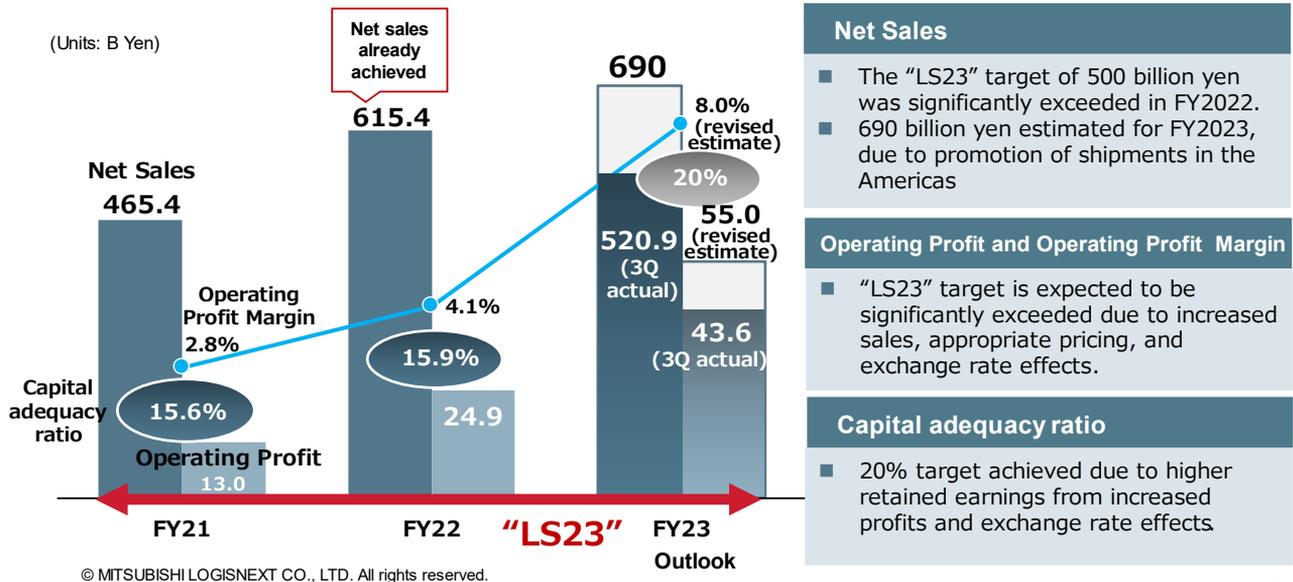
“Logisnext Solutions 2023” Medium-Term Management Plan(abbreviated “LS23”)

Build up Business Resilience

Accelerate Growth Strategy

Further Develop Our Global and Regional Branding Strategies

- ✓ Net sales of 500 billion yen
- ✓ Operating profit * of 30 billion yen and operating profit margin * of 6%
(*before amortization of goodwill, etc.)
- ✓ Capital adequacy ratio of 20% or more



Net Sales

- The “LS23” target of 500 billion yen was significantly exceeded in FY2022.
- 690 billion yen estimated for FY2023, due to promotion of shipments in the Americas

Operating Profit and Operating Profit Margin

- “LS23” target is expected to be significantly exceeded due to increased sales, appropriate pricing, and exchange rate effects.

Capital adequacy ratio

- 20% target achieved due to higher retained earnings from increased profits and exchange rate effects.

3

See page three.

The current medium-term management plan, LS23, which covers the period from FY2021 to FY2023, has three basic strategies, build up business resilience, accelerate growth strategy, and further develop our brand and regional branding strategies. In the final year of the plan, we targeted net sales of JPY500 billion, operating profit before amortization of goodwill of JPY30 billion, operating margin of 6%, and capital adequacy ratio of 20% or more.

As you are aware, we have already achieved our sales target of JPY500 billion in FY2022 ahead of schedule, and our forecast for FY2023 is JPY690 billion, a figure far exceeding our target.

Operating profit before amortization of goodwill is expected to be JPY55 billion, well above the target, due to the contribution of increased sales, price optimization, and the impact of foreign exchange rates, and operating profit margin is expected to be 8%.

The capital adequacy ratio is also expected to achieve the target of 20%, and all numerical targets are expected to be exceeded.

1. Review of the Current Medium-Term Plan **Logisnext**

Current "LS23" Medium-Term Plan Accomplishments and Challenges

Accomplishments

- In terms of numerical targets, net sales were achieved ahead of schedule in FY2022 and both operating profit and operating profit margin results are expected to significantly exceed targets.
 - In terms of core strategies, profitability was improved in North America due to growth, reorganization, and other factors at EQD ^{*1} direct-sales businesses, implementation of growth strategies by the Solutions Business, and increasing brand strength by establishing the long-term management vision and expanding/improving public relations functions.
 - Major changes in business conditions caused by the pandemic were appropriately addressed.
- *1 EQD: Equipment Depot, Inc. (direct-sales company in the United States)

Challenges

- Sales and profit targets were successfully achieved, but FCF improvements and total asset reductions were inadequate and improving fundamental financial health continues to be a challenge.
- Broken down by region, challenges include improving the operating profit margins of businesses in Japan, mitigating the risk of being overly dependent on business in North America, and improving the profitability in Europe, China, and APAC businesses.
- Also, due to the steady market penetration by Chinese forklifts in newly emerging market, Europe, and the United States, urgent countermeasures need to be implemented.

4

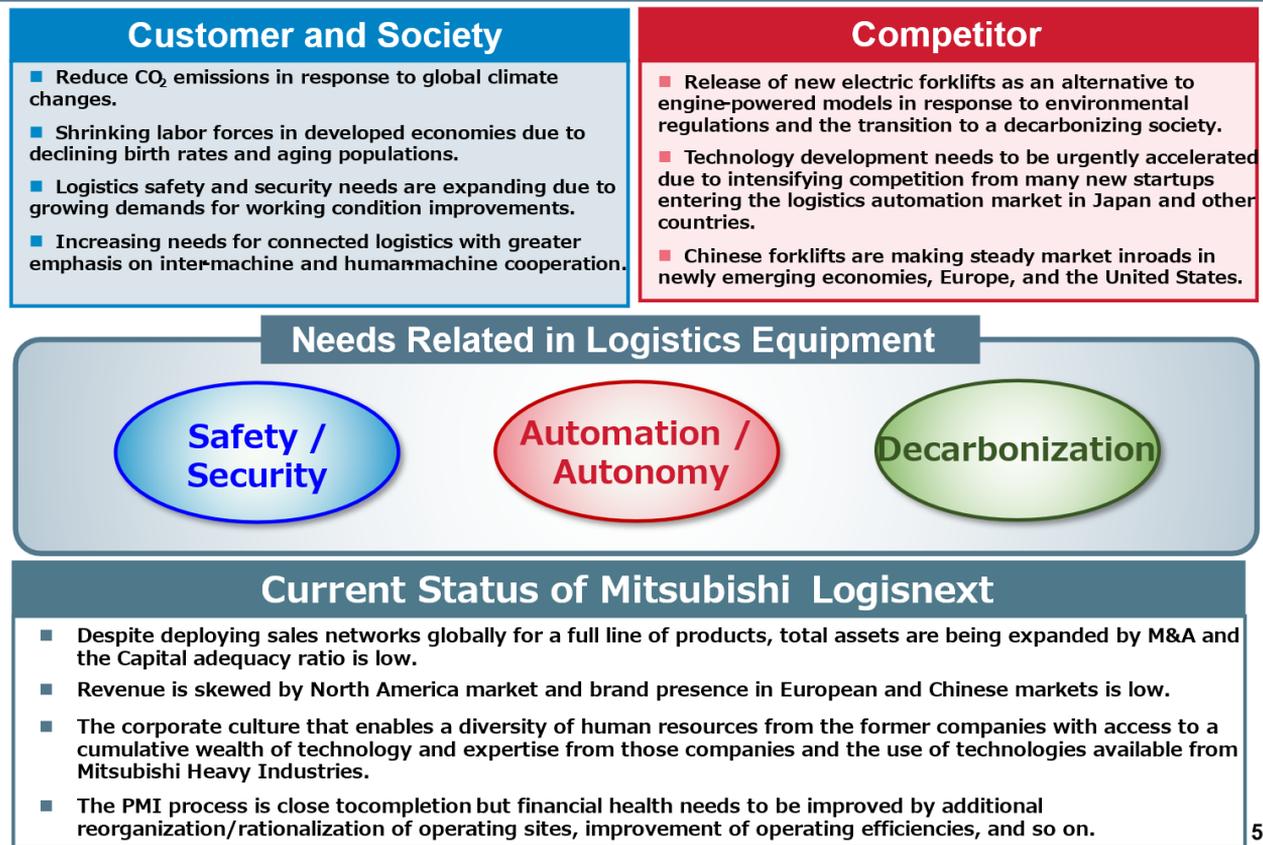
On page four, I will explain the achievements and challenges of LS23.

First of all, as achievements, amid the major changes in the business environment due to COVID-19, profitability improved, including efforts to optimize prices in response to cost increases, and all numerical targets are now expected to be achieved. In addition, we believe that we were able to grow our direct sales business in North America, strengthen our corporate resilience by reorganizing our bases, promote growth strategies in the solutions business, and enhance our brand power by establishing a long-term management vision and expanding our public relations function.

On the other hand, as challenges, cash flow and working capital have not improved sufficiently, and improvement of the financial structure remains a challenge. By region, the challenges include improving the profitability of the domestic business, eliminating the risk of overemphasis on the North American business, and strengthening the profitability of the European, Chinese, and APAC businesses.

In addition, Chinese products are perceived as a major threat here. After the pandemic, China's economy has modulated and has been largely steered toward decarbonization. The growth of Chinese-made forklift trucks has been remarkable worldwide against the backdrop of the dominance of Chinese-made lithium-ion batteries in the market.

2. Business Conditions



5

In chapter two, I will explain the business environment, which is the premise for the formulation of the new medium-term management plan.

Based on the recent environment of our customers and society, the competitive environment, and our own situation, we recognize that there are three needs surrounding logistics equipment that we should address, safety and security, automation and autonomy, and decarbonization, which are the key concepts of the new medium-term management plan we have formulated.

3. Vision 2035

Values Based on the Corporate Mission and Purpose	
Corporate Vision “Moving the world forward as the leading provider of innovative logistics and material handling solutions”	
Our Purpose We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions.	The Values We Support Employee satisfaction: Each employee can think independently, attempt new challenges and take the risk of making mistakes without fear of failure, while growing day to day.
Market Conditions Affecting Logistics (up to 2035)	Business Scale and Numerical Targets in 2035
<ul style="list-style-type: none"> Market conditions affecting logistics in 2035 will include a major shift toward decarbonization and general advancements in automation and autonomous operability, but manned forklifts will continue to be widely used. That will result in increasing needs for connected logistics with greater importance placed on intermachine and human-machine cooperation and logistics safety/security. 	<ul style="list-style-type: none"> To fulfill our purpose, we will achieve additional growth by 2035 based on the slogan “Transition from integration to growth”.
	<p>2035 Business Scale</p> <p>Net Sales: 1 trillion yen</p> <p>2035 Solutions Business Net Sales</p> <p>Net Sales: 200 billion yen</p> <p>2035 Ratio of Electric Forklift Ratio</p> <p>90% or higher</p>

6

See page six. In chapter three, I will explain vision 2035, which is the basis for our medium-term management plan.

Based on our corporate philosophy of “Moving the world forward as the leading provider of innovative logistics and material handling solutions,” we have established our purpose and the Values we support.

We then presented a big picture of what the Company should look like in 2035 and examined the next medium-term management plan backcasting from there. This information is also included in the integrated report published last year, but the key point is the purpose shown in the upper left corner of the slide: “We positively impact the lives of people around the world by demonstrating a pioneering spirit and using emerging technologies to deliver safe, automated and decarbonized logistics solutions”. Our goal is to achieve further growth under the slogan “Transition from integration to growth” by 2035.

In addition to sales of JPY1 trillion by 2035, we have added new numerical targets of JPY200 billion in sales from the solutions business and electric forklift ratio of 90% or more, and we aim to achieve these targets.

Promoting Sustainability Management

■ Basic policies for SDGs were revised to reflect the principles underlying our purpose. The following 4 basic policies have been specified

- (1) Conserve the global environment.
- (2) Ensure customer safety and security and offer automation and autonomy (revised).
- (3) Promote diversity and engagement (revised).
- (4) Strengthen corporate governance.

Basic Policies	(1) Conserve the global environment.	(2) Ensure customer safety and security and offer automation and autonomy.	(3) Promote diversity and engagement.	(4) Strengthen corporate governance.
				
Materiality	Reduce environmental impact (Reduce scopes 1 and 2)	Offer safe and secure logistics equipment to customers	Ensure diversity in human resources	Corporate governance
	Offer environmentally-friendly products (Reduce scope 3)	Offer automated and autonomous systems to customers	Train human resources	Compliance
			Job satisfaction and labor productivity	Risk management
			Occupational safety and health	

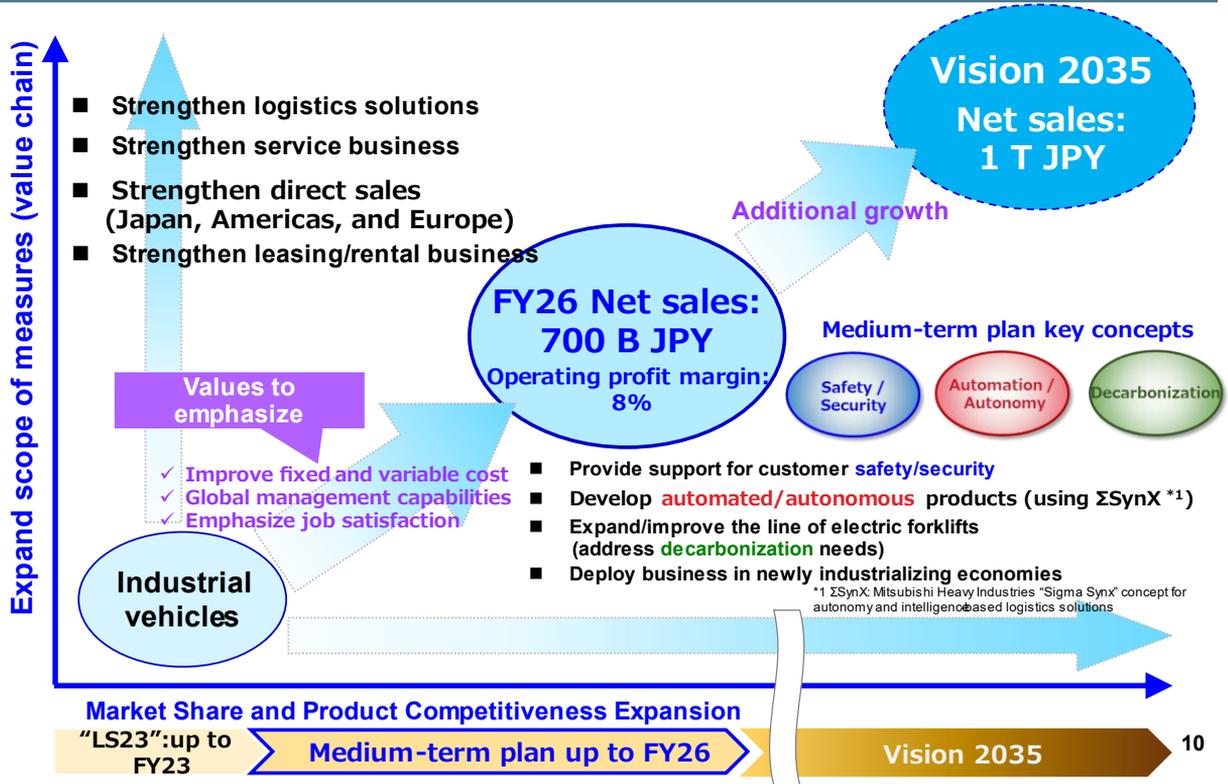
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7

Page seven.

As part of the promotion of sustainability management in our long-term management vision, we have reflected the purpose’s approach on the SDGs’ basic policy and revised the second item, promoting customer safety and security, as well as automation and autonomy, and the third item, promoting diversity and engagement.

Core Strategies in the Medium-Term Plan



In chapter four, I will explain our new medium-term management plan, “Logisnext Transform 2026,” which covers the period from FY2024 to FY2026.

First, the basic strategy. On page 10, the basic strategies of the medium-term management plan are represented in a diagram.

In order to achieve a business scale of JPY1 trillion in 2035, we will work to expand the areas as shown on the vertical axis and increase our market share as shown on the horizontal axis, and we will achieve growth by supporting these efforts with the values we place importance on. As a first step toward achieving sales of JPY1 trillion in 2035, we aim to achieve sales of JPY700 billion and an operating margin of 8% in FY2026.

To achieve this, we will work on basic strategic priority policies, such as strengthening logistics solutions, supporting customers’ safety and security, and improving fixed and variable costs.

Mitsubishi Logisnext Medium-Term Plan (FY2024 to FY2026)

~We Transform Customers' Logistics, Society, and Ourselves~

“Logisnext Transform 2026” (abbreviated “LT26”)

Three Core Strategies	Further Growth in Industrial Vehicles
	<ul style="list-style-type: none"> ■ Release new products for decarbonizing society. ■ Expand/improve line of high value-added products that help ensure safety and security. ■ Accelerate deployment of business in new markets.
	Breakthrough in Logistics Solutions Business
	<ul style="list-style-type: none"> ■ Release new AGV/AGF products based on automation/autonomy. ■ Develop system that supports human-machine cooperation. ■ Strengthen our ability to make connections and solve problems based on maximum use of customer contacts.
	Continuous Improvement for Corporate Resilience and Reform of Business Management Structure
	<ul style="list-style-type: none"> ■ Further improve fixed and variable cost. ■ Build truly global management capabilities. ■ Manage businesses with emphasis on importance of job satisfaction.

11

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On page 11, I will explain the three basic strategies of the new medium-term management plan.

The first is further growth in industrial vehicles. Specifically, we will work to introduce new products for a decarbonized society, expand high value-added products that support safety and security, and accelerate development in new markets.

The second is breakthrough in logistics solutions business. Specifically, we will introduce automated and autonomous products centered on AGV/AGF, develop systems that support “human-machine cooperation,” and strengthen our ability to connect and solve problems by making the most of our customer contacts.

The Third, continuous improvement for corporate resilience and reform of business management structure.

. Specifically, we will work to further improve fixed and variable costs, establish a truly global management structure, and promote management that emphasizes work satisfaction.

As shown in the upper part of the slide, we have named our next medium-term management plan, “Logisnext Transform 2026,” or “LT26”, to mean that we transform customers’ logistics, society, and ourselves through these efforts.

Regional Core Strategies		
<ul style="list-style-type: none"> Release products based on region-specific characteristics/needs that help realize a decarbonizing society. Expand the logistics solutions business in Japan, the United States, and Europe. Strengthen management practices and improve the efficiency of service operations by using direct-sales organizations in Japan, the United States, and Europe to fully utilize customer contacts. Strengthen management practices at APAC and in China while rebuilding product and sales strategies at the same time. 		
Region	Specific Issues	Regional Strategies
Japan	<u>Improve profitability</u>	<ul style="list-style-type: none"> Expand service revenue by using digital tools to improve work efficiency. Promote automation and saving labor by offering systems that include peripheral equipment.
Americas	<u>Accelerate shift to electric forklifts</u>	<ul style="list-style-type: none"> Release new electric forklifts and increase the production capacity of electric forklifts. Expand AGF/AGV sales and strengthen system engineering capabilities
Europe	<u>Promote advanced technologies</u>	<ul style="list-style-type: none"> Develop and release an integrated control system that supports human-machine cooperation. Globally deploy sales of electric forklifts and AGF models developed in Europe.
APAC · China	<u>Improve competitiveness and deploy in new markets</u>	<ul style="list-style-type: none"> Develop new markets by releasing cost-competitive products. Significantly improve the efficiency of production and sales functions.

12

From page 12, we will explain the key measures and major actions in each of the basic strategies.

First, we will discuss regional strategies. On page 12, we have presented the major issues to be addressed in each region.

We recognize that our main challenges are to improve profitability in Japan, accelerate the shift to electric forklifts in the Americas, address advanced technologies in Europe, and improve competitiveness and expand into new markets in APAC and China.

As shown in the upper part of the slide, the key points of the basic strategy by region are to introduce products that meet regional characteristics and needs for a decarbonized society, in light of the current shift to electric forklifts, and to expand the logistics solutions business in Japan, the US, and Europe by maximizing customer contacts through a direct sales system. In China and APAC, we believe it is necessary not only to strengthen our management structure but also to restructure our product and sales strategies.

4.1 Core Strategies — a) Further Growth in Industrial Vehicles

Develop and Expand Sales of New electric forklifts

Europe

- Develop new **medium/large electric forklifts** in response to expanding needs of customers with high environmental awareness.
- Promote sales by directly affiliated sales subsidiaries in Europe by **training and improving sales personnel for electric forklifts**.

Americas

- Jointly develop **U.S.-specific electric forklifts** in collaboration with affiliates in Europe/Americas.
- Expand sales of **existing models developed by affiliates in Europe** that can satisfy outdoor demand.

Japan

- **Expand/improve the line of LiB-equipped models** and establish techniques for **expanding LiB sales**.
- **Make design changes to existing electric forklifts** to strengthen the product line and reduce costs.

Global

- Develop **next-generation LiB-equipped models** with performance equivalent to engine-powered models.
- Develop **low-cost LiB-equipped models** for which demand is predicted to expand in newly emerging economies and even developed economies.

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13

On page 13, I will explain our priority measure in the industrial vehicles, the first pillar of our basic strategy, which is to develop and expand sales of products for a decarbonized society, namely new electric forklifts.

With the further shift toward electric forklifts, we need to meet diverse customer needs, from low-priced to high-performance vehicles.

We will concentrate our development and sales resources on electric forklifts and promote rapid response through a development method and development system that transcend regions and models. In addition to the high-performance products already on the market, we will also enter the low-end market and take on the challenge of developing next-generation lithium-ion battery-equipped small- and medium-sized electric forklifts, with performance comparable to that of engine-powered vehicles.

4.1 Core Strategies – a) Further Growth in Industrial Vehicles

Offer high value-added products with safety and security functionality.

- Expand/improve functionality and services for **supporting customer safety and security** in all sorts of logistics scenarios.
- Actively cooperate with business partners** to create added value in combination with key Mitsubishi Logisnext technologies.



AI Camera -Based Human -Sensing System

AIカメラ「人検知システム」
OmniEye

- 人への検知
- 手動機能付き

黄色エリア (黄色点灯)

危険エリア (赤色点灯 + 警音)

EDIA xl-based technology transfer

- Electronic friction lock
- Boost function
- Mast lowering control

Technology transfer already started on other EDIA-family products and planned for future projects.

長距離移動でも随時のアクセル操作が要らないため、疲れにくい。
操作に気を取られず、周囲確認にも集中できる。
速度制限のある構内でも素にスピード維持できる。

Remote Vehicle Diagnostic Tool

Use case 1: A remote lock also logging TCU will send alarm data based on Pigeon Connect.

Use case 2: Remote lock control user can monitor.

The TCU connects to an external server.

Use case 3: Support functions in development including: Remote lock, Remote start, Remote stop, Remote alarm, Remote management, JIS - identity and access management.

Functionality for Supporting Driving and Loading Operations

14

On page 14, I will explain the second priority measure in the industrial vehicles , which is to provide high value-added products with safety and security functions.

The needs for safety and security in the logistics scene are rapidly expanding due to the shortage of skilled workers and the global demand for improved working environments. We are expanding our functions and services to support the safety and security of our customers in all aspects of the logistics field. We will also actively collaborate with business partners to create added value by combining our vehicle element technologies.

Please take a look at the video of OmniEye, an AI-human detection system, as an example of our recent introduction.

[Video Begins]

Company Representative: Collision prevention support system with OmniEye, plus regenerative braking control. OmniEye automatically detects and monitors two types of human detection areas, warning areas in yellow and danger areas in red.

In the yellow zone warning area, if a person is detected, regenerative braking is activated and the vehicle automatically slows down to a preset speed. In addition, when the vehicle enters the red zone danger area, regenerative braking is strongly activated to stop the vehicle quickly and automatically, thereby restraining it from starting.

[Video Ends]

4.1 Core Strategies – b) Breakthrough in Logistics Solutions Business

Logisnext

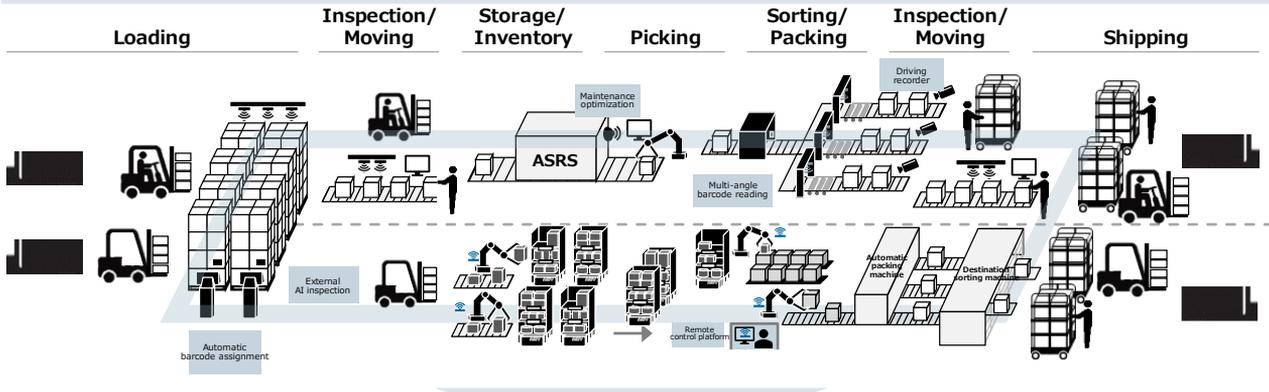
Future Warehouse Logistics

Safety / Security

Automation / Autonomy

Decarbonization

- Despite major advancements in the use of automation and IoT technologies expected in the future, many logistic operations will continue to involve both humans and machines
- That will result in **increasing needs for logistics with human -machine or machine -machine connections** and a **greater importance placed on inter -machine and human -machine cooperation and logistics safety/security** .



Logistics Solutions intended by Mitsubishi Logisnext

- **Fully utilize customer contacts**, considered a strength of Mitsubishi Logisnext, to **develop logistics solutions in close partnership with customers** that connect mainly human-powered forklifts and AGF/AGV units with automation and peripheral equipment **based on familiarity with customer processes, scale of operations, and needs**.

15

Mano: Starting on page 15, I will explain the second pillar of our basic strategy, breakthrough in logistics solutions business.

The middle of the slide shows an image of future warehouse logistics. The upper half of the image shows a manned cargo handling site, and the lower half shows an unmanned cargo handling site. Assuming coexistence and mixing of these sites, we believe that needs to connect people and equipment, and equipment and equipment, will emerge under such a cargo handling environment, and that human-machine coordination, equipment coordination, and safety and security will become more important.

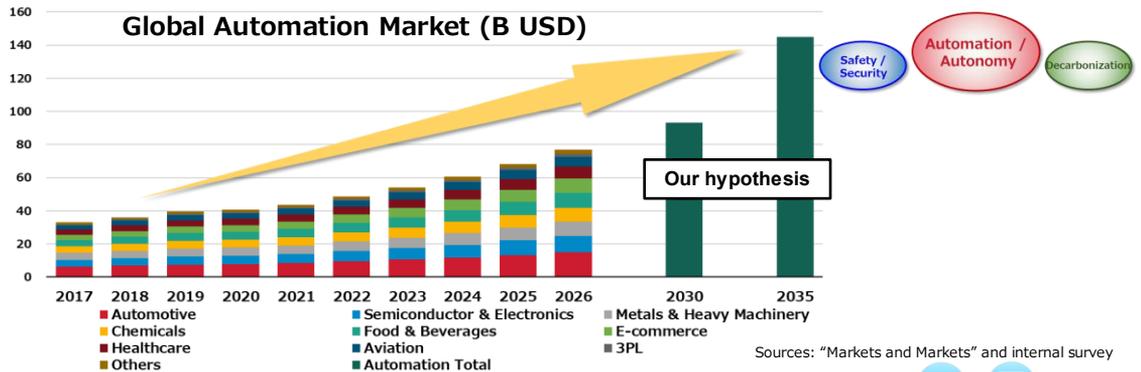
We will expand our logistics solutions business by matching our technology with customer issues, viewing our customer contact points as our group's strengths. Recently, we have been working with Mitsubishi Heavy Industries on picking solutions automation in frozen warehouses and loading and unloading trucks jointly with our customers.

4.1 Core Strategies —

b) Breakthrough in Logistics Solutions Business

Logisnext

- The automation market size is predicted to approximately double from 2020 to 2026 and is expected to expand further after that.
- We intend to increase Logisnext presence in the expanding automation market.



Labor-Saving and Automated Products / Human-Machine Cooperation Support System

- **Release new AGV/AGF-based labor-saving/automated products**
 - Use Σ SynX to **develop next-generation AGF platform at Mitsubishi Logisnext**. Achieve both timely development and flexible solutions for customer needs.
- **Develop and expand sales of an integrated control system for supporting human-machine cooperation (mixed-fleet solution).**
 - **Also incorporate non-Mitsubishi Logisnext vehicles and equipment that customers already own into the system** by integrating the management of manned forklift and unmanned equipment operations and using software for ensuring customer resources are utilized efficiently to issue work instructions optimized respectively for humans and machines. That is also expected to increase demand for replacement with Mitsubishi Logisnext products.



16

On page 16, we will explain our priority measure to achieve breakthrough in the logistics solutions business.

First, the size of the global automation market is expected to continue to grow significantly, as shown in the graph in the middle. In this expanding automation market, we will introduce manpower-saving and automated products with AGVs and AGFs at their core and will promote unique initiatives, such as the use of MHI's digital innovation, " Σ SynX" (Sigma Synx) technology, and the development of a new manned forklift-based AGF.

We will also promote the development and sales expansion of mixed fleet solution, the integrated control system that support human-machine coordination, and increase the market recognition of Logisnext Solutions.

Please watch a video of what the mixed fleet solution looks like.

[Video Plays]

4.1 Core Strategies –

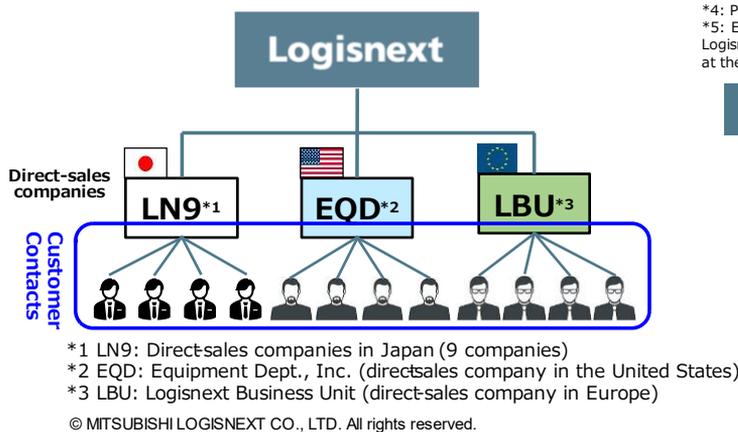
b) Breakthrough in Logistics Solutions Business

Utilize Customer Contacts from Strengthening Direct-Sales Capabilities

- With **the sales network of mostly direct -sales organizations defined as “customer contacts”**, which is considered a strength of Mitsubishi Logisnext, strengthen our ability to connect logistics process steps and solve customer logistical challenges by fully utilizing the presence of customers.
- To strengthen those abilities, ensure adequate development and engineering -related human resources and service personnel, cooperate with automation equipment manufacturers and system integrators to expand our engineering capabilities, and offer systems that include peripheral equipment.

Establish Organization for Promoting Logistics Solutions Business

- On April 1, 2024, a new **Logisnext Solutions Department (LogSol^{*4} Dept.)** was established as an organization for integrating logistical solution businesses globally.
- The department will be headed by Corporate Officer Tapio Rummukainen ^{*5}, who has extensive logistics experience working in the Logistical Solutions Business within the Mitsubishi Logisnext Group for many years and is very familiar with the businesses in Europe and the United States, where the next battlegrounds are expected to be. He will be in charge of proposing and implementing strategies for the business, managing globally integrated net sales and profits/losses, and ensuring resources are utilized efficiently.



*4: Pronounced “Log -Sol”

*5: Executive Vice-President of coordinating operations in Europe (Mitsubishi Logisnext Europe B.V.) and the first non -Japanese Division General Manager at the corporate organization in Japan.



Mano: Next, on page 17, I will explain the third priority measure for strengthening the logistics solutions business, namely strengthening the ability to connect and solve problems by making the most of customer contacts.

By customer contacts, we mean our sales network, centered on our direct sales system, which is one of our strengths. We will make the most of our good relationships with many customers from the past to further strengthen our ability to connect between logistics processes and solve customers’ logistics issues.

On April 1, we will establish the Logisnext Solutions Office or LogSol Office, an organization to promote these initiatives in a globally coordinated manner, within our headquarters. This organization will be our first head office organization with a foreign head and will develop our business globally.

Please take a look at the video of our Logisnext Solutions Fair held last month as an example of our logistics solution initiatives.

[Video Begins]

Company Representative: Now here in the demonstration area, we are seeing outgoing goods by AGF, coordination between AGF and AGV, and storing pallets of finished picked goods by AGF. AGF-X is mainly controlled autonomously by SynX and also controlled remotely in case of trouble. The required tool width is just 1.8 meters, allowing for increased storage efficiency.

[Video Ends]

4.1 Core Strategies

c) Continuous Improvement for Corporate Resilience and Reform of Business Management Structure

Profitability Improvements	Business Structural Reforms
<p>■ Implement job satisfaction reforms</p> <ul style="list-style-type: none"> ● Implement additional advancements to previous working practice reforms already executed and instilled. Implement job satisfaction reforms based on 3 key themes. <div style="text-align: center;"> <p>3 Themes and Key Measures</p> <p>① Increased engagement ② Ensuring diversity ③ Creating a comfortable work environment</p> <p>Promoting employee growth</p> </div> <div style="display: flex; justify-content: space-around; text-align: center;"> <div> <p>Sports team sponsorships</p> </div> <div> <p>Empowering women</p> </div> </div> <div style="display: flex; justify-content: space-around; text-align: center;"> <div> <p>Bus wrap advertising</p> </div> <div> <p>Interact with people outside the company</p> </div> </div> <div style="display: flex; justify-content: space-around; text-align: center;"> <div> <p>Transition to open offices</p> </div> <div> <p>Health Management Declaration</p> </div> </div> <div style="border: 1px solid #ccc; padding: 5px; margin-top: 10px;"> <p style="text-align: center;">The Values We Support</p> <p style="text-align: center;">Employee satisfaction: Each employee can think independently, attempt new challenges and take the risk of making mistakes without fear of failure, while growing day to day.</p> </div>	<p>■ Build truly global management capabilities</p> <ul style="list-style-type: none"> ● To build global management systems appropriate for a company with overseas operations currently accounting for over 70% of consolidated sales, expand/improve the appointment of non-Japanese corporate executive officers and subsidiary presidents. <div style="display: flex; justify-content: space-between;"> <div style="text-align: center;"> <p>Kenneth J. Barina Senior Vice President (as of 4/1) President of MLAG and MLA</p> </div> <div style="text-align: center;"> <p>Tapio Rummukainen Executive Officer LogSol Dept. Manager (as of 4/1) and MLE Executive Vice - President</p> </div> </div> <ul style="list-style-type: none"> ● Rationalize production locations globally, such as by closing functions at the Sweden plant and investing to increase production of electric forklifts at North America plant. <p>■ Increase supply chain resilience</p> <ul style="list-style-type: none"> ● Establish local procurement practices at production locations throughout the world and procure common parts from multiple sources globally ● To avoid concentrating critical parts in a specific country, accelerate development of new suppliers in emerging market. <p>■ Execute ICT/DX strategies</p> <ul style="list-style-type: none"> ● Offer new services based on utilizing LVS¹ data. (such as for detecting dangerous operations, troubleshooting, and mapping vehicle location) ● Improve business continuity by integrating the different core operation systems used at various locations around the world and by improving IT-BCP and IT security

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*1 LVS: Forklift operation management system that resolves safety, productivity, and cost-reduction problems at logistic workplaces by visualizing data. **18**

Mano: On page 18, I will explain the third pillar of our basic strategy, which is continuous improvement for corporate resilience and reform of business management structure.

With regard to improving the corporate structure, we will further promote the work satisfaction reforms already underway with three pillars, increased engagement, ensuring diversity, and creating a comfortable work environment.

With regard to reforming our business structure, we aim to establish a truly global management structure in line with our business structure, in which overseas sales account for more than 70% of consolidated net sales. In addition, we will promote reform of the foundation supporting our business, such as rationalization and upgrading of global production bases, supply chain reinforcement, and ICT strategy, including the closure of our Swedish plants, which we announced last year, and investment in increased electric forklift production at our North American plant.

Finally, CFO Uno will explain the financial and non-financial targets.

a) Financial Targets

- Achieve Vision 2035 by aiming to expand the business more quickly and achieve **700 billion yen in net sales, 56 billion yen in operating profit, and an 8.0% operating profit margin value by FY26.**
- Diligently improve financial health and aim to achieve a **capital adequacy ratio of 30% or higher.**
- Specify new ROE targets for establishing management practices based on an awareness of the cost of capital. Aim to achieve an **ROE value of 20% or higher** that exceeds shareholder cost of capital (10%).

(Units: B Yen)	Est. FY23 Results	Est. FY23 Results (values converted with "LT26" plan rates)	FY26 Plan
Net Sales	690	640	700
Operating profit (before amortization of goodwill)	55	48	56
Operating Profit Margin (before amortization of goodwill)	8.0%	7.5%	8.0%
Capital adequacy ratio	20%	–	30% or higher
ROE	30%	–	20% or higher

FY23/3Q actual rate: USD = 143.29 yen EUR = 155.29 yen
 "LT26" plan rates: USD = 130.00 yen EUR = 140.00 yen

20

Uno: This is Uno, the CFO.

On page 20, I will explain the financial targets of the medium-term management plan.

In the final year of the plan, FY2026, the Company aims for net sales of JPY700 billion, operating profit of JPY56 billion, operating margin of 8%, and capital adequacy ratio of 30% or more. Furthermore, in order to realize management, conscious of cost of capital, we have added ROE to our target and have set a target of ROE of 20% or more, which is higher than the 10% cost of shareholders' equity.

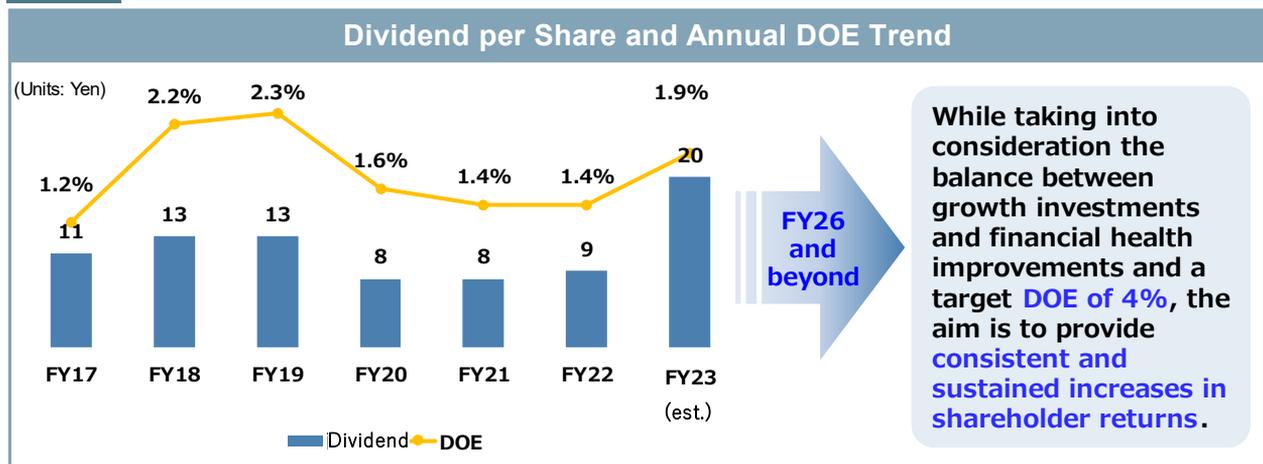
In the table, the forecast figures for FY2023 are shown for your reference, adjusted to the planned rates in the medium-term management plan, "LT26", of JPY130 to the US dollar and JPY140 to the euro. 70% of our consolidated net sales are generated from overseas operations. Using this value, which eliminates the current impact of the yen's depreciation, as a launching pad, the financial target is to achieve approximately 10% growth in sales for FY2026.

We aim to achieve all items by promoting the basic strategies described in the previous chapters.

4.2 Financial and Non-Financial Targets

b) Financial Policy and Shareholder Return Measures

Financial Policy	<ul style="list-style-type: none"> A steady accumulation of profits and working capital improvements provide adequate free cash flow that enables a well-balanced allocation of free cash flow for strategic investments, financial improvements, and shareholder returns.
Shareholder Return Measures	<ul style="list-style-type: none"> Given the basic policy of issuing consistent and sustained dividends that will not vary in response to performance fluctuations caused by sudden changes in economic conditions, Mitsubishi Logisnext will continue to issue consistent dividends based on a target 2% dividend on equity (DOE) until FY2025, when amortization of goodwill associated with the acquisition of former UniCarriers is finished.



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21

On page 21, I will explain our financial policy and shareholder return policy.

Our financial policy is to firstly achieve sufficient free cash flow by steadily accumulating profits and improving working capital, and then to allocate this free cash flow in a balanced manner to strategic investments, improvement of our financial position and shareholder returns, while responding flexibly and appropriately to changes in the business environment.

With regard to shareholder return, our basic policy is to provide stable and continuous dividends that are not affected by fluctuations in business performance due to sudden changes in the economic environment. We plan to continue stable dividend payments with a target DOE of 2% until FY2025, when the amortization of goodwill associated with the acquisition of the former UniCarriers will be completed.

From FY2026 onward, we will aim to increase stable and continuous shareholder returns with a target DOE of 4%, taking into consideration the balance between investment in growth and improvement of our financial position.

c) Non-Financial Targets

Note: Excludes use of new alternative fuels or engine fuel efficiency improvements.

		Criterion	2026	2035/40
Decarbonization	Scopes 1 and 2	Emissions Reduction (vs 2017)	-33%	2040: C and N
	Scope 3 - (11)	Emissions Reduction (vs 2017)	-29%	Note: -75% (Electric vehicle ratio of 90% or more)
Automation and Autonomy		Net Sales of Solutions Business	60 B yen	200 B yen

Finally, on page 22, we present non-financial targets.

In each of the two areas of decarbonization and automation and autonomy we have set targets as described in the table. All of these indicators are closely related to the implementation and realization of the basic strategies of the medium-term management plan, LT26, and we will vigorously promote the initiatives we have explained today to achieve these goals.

This concludes the presentation of the medium-term management plan. Thank you for your attention.

Moderator: Thank you very much. This concludes the explanation of the material.

Question & Answer

Moderator [M]: We will now move on to the Q&A session.

[Questioner1]

Q1: Two questions, please. First, in the basic strategy section, you talked about logistics solutions or labor-saving and automation. I understand that other companies in the same industry are also focusing on this area. If your company can improve its position in the industry, could you tell us again what competitive advantages you have? This is the first question.

Mano [A]: I understand that everyone is working on automation and labor-saving, and regarding our positioning and technological strengths, Mr. Sugiura, Head of Engineering Headquarters, will explain in more detail later.

Of course, we have strengths in our technical capabilities, but I also understand that one of our strengths is the solid relationships we have with our customers, besides technical strengths.

Therefore, it is not enough just to have the product, but since we have established a solid relationship with our customers, we are in a position to create various solutions and proposals together with our customers. I think this is more of a strength on the sales and marketing side.

As for the technical strengths, a little more detail will be explained by Mr. Sugiura.

Sugiura [A]: This is Sugiura of Engineering Headquarters.

As related to what Mr. Mano just explained, the strength of our technology lies in the fact that we are able to realize the ideas that our customers want to see realized by successfully connecting and integrating the technologies we have, the technologies around us, and the technologies that are already available in the world. I believe that our strength lies in the combination of these elemental technologies. We would like to further promote these creations together with our customers, and we would like to make this more visible and stronger in the future. My understanding is that this is our strength.

Q1: Thank you very much. Second, you have shown the financial targets on page 20 of the document. When I look at the sales, excluding foreign exchange effects, the annual growth rate is about 3%, so I don't think you are expecting such a large growth. I would like to ask you about the growth rate of the market, your company's market share increase, and other factors separately.

In addition, while sales will increase by JPY60 billion in real terms, operating profit will increase about JPY8 billion, so it appears that the growth in profit is small compared to sales growth. I wonder if it could work a little better in this area, because if the solutions increase as mentioned earlier, it would rather add value. Could you tell us more about this? This is the last question.

Uno [A]: I would like to answer. First, as for sales, we are showing you today as a comparison from the corrected value or the converted value that is replaced by the planned rate of the new medium-term plan in the document on page 20. As those of you who have been following us since last fiscal year understand, this fiscal year was a year in which we lowered the number of months of backlog by producing and shipping a considerable amount of backlog, which had built up in the previous fiscal year, mainly in North America.

Taking these factors into consideration, I believe that the JPY700 billion for the current fiscal year through FY2026 actually requires more growth than indicated today. The market on which this is based has been experiencing a backlash from the COVID-19 pandemic in FY2021 and FY2022, and amidst supply chain disruptions, we have received a significant number of orders from around the world. The market has also expanded greatly over the past two years.

We expect the global forklift truck market to dip temporarily in FY2023, when the production side of the market has been rectified worldwide, including other manufacturers and our company, and in FY2024, which will be an extension of the rectification process, then we are assuming a gradual recovery for 2025 to 2026, so unfortunately, the increase in the numbers will be as shown in the figures presented today.

However, even in this environment, we have set a non-financial target of JPY60 billion in 2026 for the solutions business, which we have designated as a priority area. We believe that growth in this solutions business will be one of the core growth drivers for the next three years.

Also, operating profit is expected to increase by JPY8 billion, from JPY48 billion to JPY56 billion. In percentage terms, this means an increase in operating margin of 0.5%, from 7.5% to 8%. In that sense, our company's business is centered around production, and as I mentioned at the beginning, if we cannot secure the number of units, our ability to earn profits will be reduced in recovering fixed costs after all.

However, we are trying to cover this by various efforts and growth, and we are trying to improve the operating margin from 7.5% to 8%. That is the content of the plan. That is all.

Q1: Thank you for the detailed explanation. That's all from me.

[Questioner2]

Q2: I have a question mainly on page six, in the long-term management vision, where you have newly added the solution business and electric forklift ratio to the goals. First of all, you have set a target for the electric forklift ratio to be 90% or more by 2035, but what is the current ratio and what is the target for the electric forklift ratio for FY2026, three years after the new medium-term plan?

Also, could you tell us again about the purpose or meaning of setting the goal of sales in the solutions business?

Mano [A]: Thank you for your question. Regarding the first question, the ratio of electric forklifts, for example, we have the results for FY2022, and the ratio for FY2022 is about 54%.

The current medium-term plan aims to raise this to 65% by 2026. We are aiming to raise this rate faster than the market, which is a bit ambitious, but we are aiming for 90% in 2035.

Second, as for the meaning of daring to set a goal for the solutions business, in fact, the current medium-term plan also calls for the expansion of the solutions business as a means of expanding growth areas. However, I have felt over the past three years that unless we present concrete targets to the world, it is difficult to achieve growth simply by shouting about it.

This time, JPY60 billion is about double the current amount. We have set a numerical target of JPY60 billion this time and JPY200 billion by 2035, and we have dared to set a numerical target in order to make our strategy more concrete. I hope this answers your question.

Q2: Thank you for your explanation.

Mano [M]: Thank you.

[Questioner3]

Q3: On page five, status of the company, there is a description of total asset expansion through M&A. I assume that you will continue to utilize M&A for growth. If you have any thoughts on what kind of targets you are considering, the scale, timing, et cetera, please let us know.

Mano [A]: This is Mano. Thank you for your question. In terms of future M&A, in 2019, we made a major M&A deal with EQD in the US, and since then we have continued to make smaller M&A deals to expand EQD's territory, and so on.

However, I believe that we have made considerable progress in the direct sales of major markets in the US. In that sense, a major M&A to expand direct sales is not currently in the plan. If there is any M&A or investment in the future, it would probably be in the field of logistics solutions, but we do not have any specific targets at present or anything like that.

Also, as a target, we may be asked to invest in various venture companies in the process of starting relationships with them, so we would like to consider such opportunities. At present, we do not have any concrete plans for large-scale activities in this area or in this target. That is all.

Q3: Thank you very much. Also, I understand that the target ratio of electric forklifts is over 90%. Basically, will the engines continue to be used, but will the electric forklifts have a higher growth rate?

Mano [A]: This is Mano. It is true that the market for electric forklifts is growing at a high rate, but we also believe that engine vehicles will be replaced by electric forklifts as part of the decarbonization initiatives. We will continue technological development in this area, and we will try electrification to meet the needs of the market for electric forklifts, with performance comparable to that of engine-powered vehicles, as well as for medium and large vehicles over 6 tons, which have been covered by engine-powered vehicles in the past. We are hoping to raise the percentage to 90% through such efforts, so we are thinking that quite a few conventional engine vehicle positions will be replaced with electric forklifts.

Q3: Understood. Thank you very much.

Mano [M]: Thank you.

[Questioner4]

Q4: As for the establishment of the LogSol Office, which was mentioned in today's materials, first of all, could you tell us about the purpose of establishing the LogSol Office, the purpose of appointing a foreigner to the top position, and some background on the person who was appointed? That is the first question.

Mano [A]: This is Mano. Regarding the aim of the LogSol Office, the solutions business, including automation, was basically region-specific, Europe for Europe, Japan for Japan, and the US for the US.

We have not had a global strategy where to allocate resources, or in which business to expand, but have been responding to the customers in each region. That was a good thing in that it allowed us to stay in close contact with our customers, but if we wanted to expand globally in the future, we felt that we really needed a division that could handle resource allocation and horizontal pass-through of technology and know-how. That is why we have decided to establish the LogSol Office this time.

However, at the starting stage, this is a rather virtual organization, so with a small number of elite people, we are trying to formulate strategies and optimize the allocation of resources with a bird's-eye view of the global situation. It will play the role of a coordinator to facilitate the horizontal pass-through of technology. This kind

of aim may become a business headquarters if it grows in the future, and this is the reason why we launched it in the first place.

The person who will be the head of the office, Tapio Rummukainen, is in Finland and he is Finnish. He was originally the head of a company called Rocla, which was acquired by MHI in 2008, I think. He is familiar with the latest trends in automation technology because he has been the head of Rocla, a company that leads the automation technology, especially in Europe.

Since he has been with us for more than 10 years, we have built a trusting relationship with him, and he has a good relationship with Japan, so we decided to have him as the head of this project. It is a bit of a new attempt. That is all.

Q4: Thank you. I would like to continue with just one more question. This may sound a bit abstract, but what do you think are the key technologies and key logistics scenes for the automation and autonomy of logistics, as mentioned today? Even if it is just an image or frequency, I would appreciate it.

Sugiura [A]: Let me answer. See page 15. This is the future diagram of warehouse logistics. The key point is that automation will, of course, continue to progress in the future, but not all of it at once. For the time being, the warehouse will be a space where people and machines, and not all the machines, are working together, and where a variety of devices and other things exist individually.

We will let them communicate bidirectionally, coordinate them, and make them work efficiently. Each of these devices, of course, has parts that operate autonomously, but the point is to allow them to operate autonomously while also allowing them to communicate and coordinate with each other.

Just the next page, on page 16, we have an introduction in the form of mixed fleet solution. We are currently developing middleware to support this human-machine coordination. This does not mean that once developed, it is over. We think we need to develop this in a step-by-step process and grow this by taking steps to bring it out into the world, have it used, and then evolve it further.

Q4: In relation to that, I'm sorry to be uninformed, but do you have any idea where the mixed fleet solution function would fit into a so-called warehouse system, or will it be something that will come under a different category?

Sugiura [A]: Basically, you can think of it as the system that controls the entire logistics in this warehouse, as shown on this page 15.

Q4: Do you mean something like coming into WMS?

Sugiura [A]: Yes.

Q4: I understand. Thank you very much.

Sugiura [M]: Thank you.

[Questioner5]

Q5: My questions are about the JPY1 trillion in sales for FY2035 and this new medium-term plan. Regarding the amount of capital investment and strategic investment, how much are you planning to spend toward JPY1 trillion, and how much do you plan to spend in this medium-term plan from backcasting? How much of the strategic investment, including capital investment, research investment, and others, should be considered, and what kind of entities should be involved?

Also, I think that local production for local consumption will probably be promoted in the capital investment, but if you have any concrete plans or ideas in this area, please let us know.

Uno [A]: This is Uno. First of all, we do not have a specific plan for capital investment for 2035, including a rough estimate of what it might be like.

On the other hand, as we look toward FY2026, the final year of the medium-term management plan we have explained, we will basically maintain our current facilities. Meanwhile, our global sales companies also provide vehicles to customers on a lease-rental basis, so we are considering increasing investment in this area as a growth area.

Today, I have given a very blurry explanation of that capital allocation aspect in my presentation. I said that we would allocate the free cash flow we have generated in a balanced manner to strategic investments, improvement of our financial position, and shareholder returns, while responding flexibly to changes in the business environment.

In that sense, if we decide how much we are going to invest now, it will be fixed there, so that is why we have chosen to use such an expression.

You mentioned the term “local production for local consumption,” and I think you were thinking of production and sales in Japan, the US, Europe, and Asia, including China, or local production for local consumption in these four areas. We have already established a system of local production for local consumption, with each of our regions accounting for 90% or more. We are not thinking of making any particular investment to further sharpen and promote the local production for a local consumption system.

On the other hand, we have set a long-shot goal of 90% electric forklift ratio, as we intend to increase the number of electric forklifts in the future. In this sense, I think it is necessary to invest heavily in the production of electric forklifts on a global basis. I hope this answers your question.

Q5: I would like to ask a follow-up question to what you just said. Is there already some kind of concrete plan in this new medium-term plan to increase the number of electric forklifts?

Uno [A]: It is not easy to suddenly increase the percentage of electric forklifts. In response to the second question, Mr. Mano said that our shipment of electric forklifts in FY2022 was 54% and that we will raise the percentage to about 65% by 2026. To this end, for example, in the US, we have already been investing since last fiscal year in a plant dedicated to electric forklifts. We are making such investments in the expansion of each production facility.

In addition, with regard to the investment in vehicles to be provided to customers on a lease-rental basis, we will consciously carry a slightly larger fleet of electric forklifts to encourage customers to use more electric forklifts. We are also working to create such an environment.

Q5: I understand. Thank you very much.

[Questioner6]

Q6: I have two questions. The first is about the mixed fleet solution talked about earlier on page 16. How much of the resources for the development of these items will have to come from MHI and be used? As for the LogSol story on the next page, it may be a difficult question to answer, but could you give us some idea of how much of this can Mitsubishi Logisnext do within its own company?

Also, if I may go ahead and ask one more question since we are running out of time, I think that gradually you are entering a world where the competition is not just forklifts, but like that “KIVA system”, for example. At

such times, for example, I wonder if it would be possible to build up a track record by working firmly with a major client.

On the other hand, I wonder if you don't need to have a logistics system in order to fight against those who are building various logistics centers, like the "KIVA system". I was hoping to hear something from a different angle. I know this is a bit vague, but I'd like to ask you these two questions.

Mano [A]: This is Mano. First, mixed fleet solution is basically an activity that we started, not MHI.

Sugiura [A]: Originally, this was from the Japanese side, and it was rather driven by the Finn technologies. We are currently evolving it and developing it in a variety of ways, and in fact, we are integrating some of MHI's resources, or rather knowledge, into the development process. However, we, Logisnext, are the main entity.

In terms of ratios, I think this is a very difficult area to answer. In terms of the time frame, it is also not a steady percentage, so I think it fluctuates quite a bit from moment to moment.

Mano [A]: We have strong technological capabilities in Finland, especially in automation, as is the case with mixed fleet solution, and we have a considerable technological network in Finland in the form of industry-academia collaboration. I hope you understand that there are some aspects of the project that are not necessarily with the help of MHI in various ways.

Secondly, in a competitive environment, there are still some things that we don't have. We would like to work together with various partners to build up the logistics systems, such as automated driving and horizontal transport, which we cannot provide on our own. We do not necessarily need to own everything ourselves. We can work together with people who have various technologies while maintaining strong contact with our customers. I apologize for the vague answer, but that's all I have to say.

Q6: The question was vague, so that's good enough. Thank you very much.

Mano [M]: Thank you.

Moderator [M]: Thank you very much. This concludes the presentation of Mitsubishi Logisnext Co., Ltd.'s new medium-term management plan.

Thank you very much for taking time out of your busy schedule to join us today.

[END]