

# Financial Results Briefing

November 2021

Tadano Ltd.

Results from FY 2021 First Half and Full Year Forecast

## 【FY 2021 First Half Results】

- First operating profit recorded during a fiscal year first half since FY 2019
- Reductions in fixed costs due to positive effects from the restructuring efforts in the European Operations

## 【FY 2021 Full Year Forecast】

- No upward revisions to the initial forecast
  - ① Pace of sales orders is favorable
    - Recovery trend mainly in Japan and USA
  - ② Production slowdowns stemming from parts supply delays, rising material prices
    - Concerns about impact on European Operations

# Effects of Coronavirus Disruption

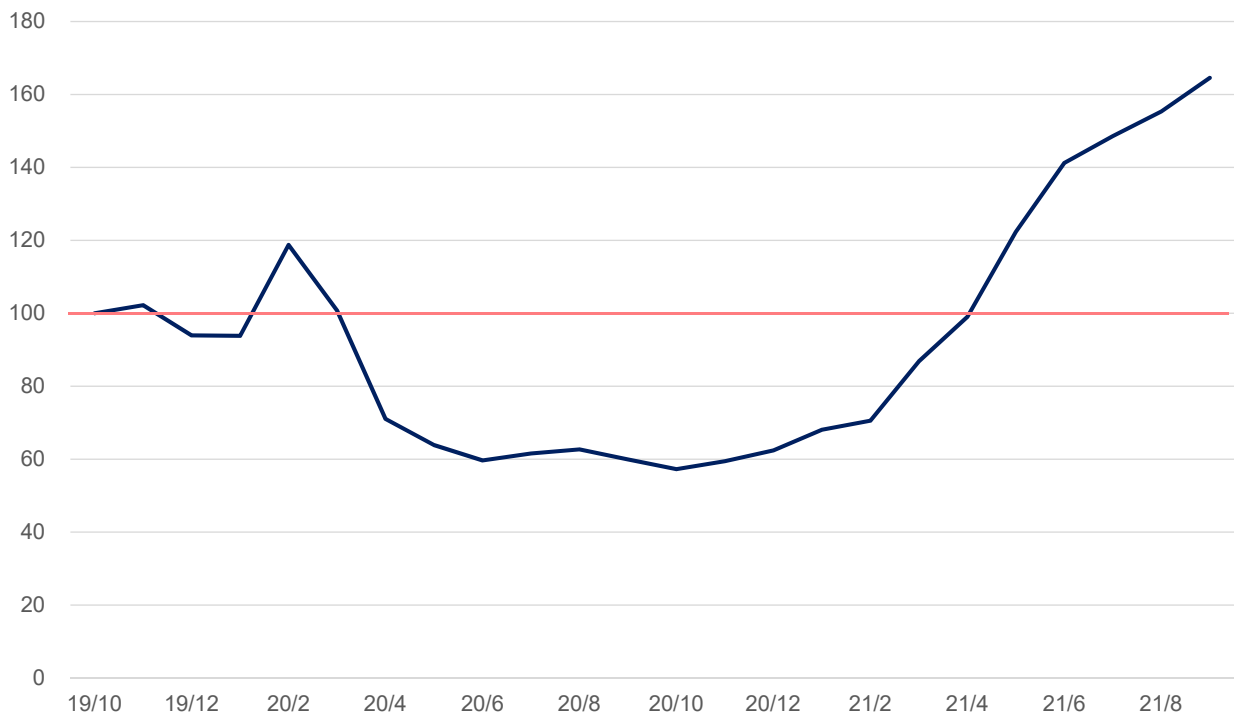
## Effects of Coronavirus Disruption (Unit Demand)

Before Coronavirus Disruption

(Unit : Number of units)

Region	2020				2021		
	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
Japan	620	250	410	240	480	260	420
Middle East	160	110	90	120	140	120	150
North America	280	230	220	240	210	280	230
Europe	410	360	330	300	350	370	300
Latin America	50	60	20	70	60	80	140
Asia	360	270	150	240	310	340	360
Other	290	390	220	290	420	520	620
<b>Total</b>	<b>2,170</b>	<b>1,670</b>	<b>1,440</b>	<b>1,500</b>	<b>1,970</b>	<b>1,970</b>	<b>2,220</b>

Trends in order backlog (by monetary value) with October 2019 normalized to the value of 100



## Supply Chain Current Situation

## ➤ **Parts Supply Delays**

**Japan: Suspension of operations at Kozai Plant(9 days),  
Shido Plant(1 day)**

**→Will recover during FY 2021**

**Europe: Responding to challenges through temporary  
short-time operations**

**→Deterioration in cost of sales ratio due to  
reduction of production efficiency**

## ➤ **Rising Material Prices**

**Concerns about full-scale impact next fiscal year**

**→Minimizing the impact via price revisions**

## **Progress in Restructuring of European Operations**

**FY 2021:** Fixed cost reductions insufficient to cover the impact of sales delays and deterioration in cost of sales, resulting in operating income lower than in the initial operating plan.

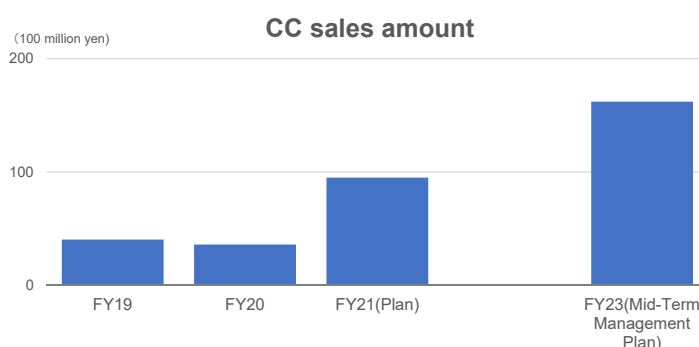
**Mid-Term Management Plan:** No change in timing of return to profitability

## 【Restructuring Efforts】

- Integrated production scheme in progress, with integrative functional efforts under way, such as “One Production,” “One ERP,” etc.
- Completion of TDG and TFG sales subsidiary streamlining (in United Kingdom, France, Netherlands, and Belgium)
- New all terrain crane jointly developed by TDG and TFG will be released in early 2022. A total of 15 jointly developed models will be launched over the next four years.

Note: TDG/TFG = German manufacturing subsidiaries

- Two-week customer event was held in Germany at the end of September to promote the new TDG and TFG
- Expanding sales of CC as a new driver of the Tadano Group’s efforts



Notes: TDG/TFG = German manufacturing subsidiaries CC = crawler cranes

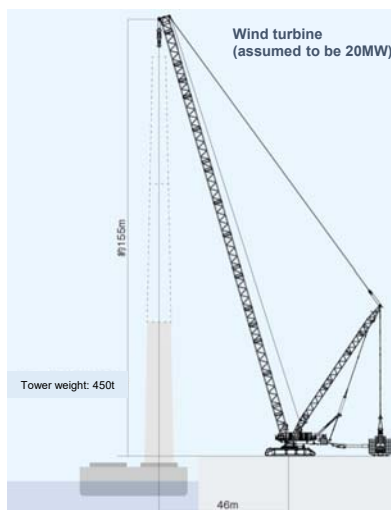
Customer event in Zweibrücken, Germany

# Wind Power Initiatives

## Wind Power Initiatives

### 【Crawler Cranes (CC)】

CCs are utilized at preassembly sites for offshore and onshore wind turbine construction. CCs are used not only for construction, but also maintenance, demolition and all other aspects of the infrastructure life cycle.



CC 88.3200-1TWIN work example

### 【All Terrain Cranes (AT)】

ATs are utilized for onshore wind power construction and maintenance.



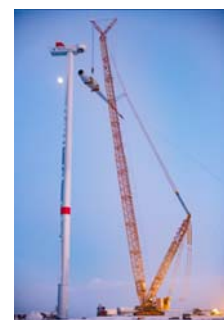
The AR-7000N boasts the largest lifting capacity of all 7-axle ATs in the Japanese market



All terrain crane lifting blades for assembly of an offshore wind turbine



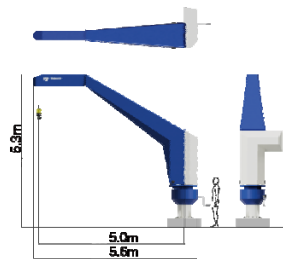
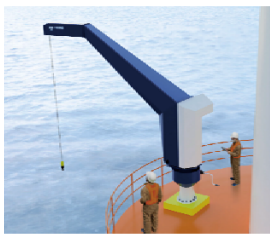
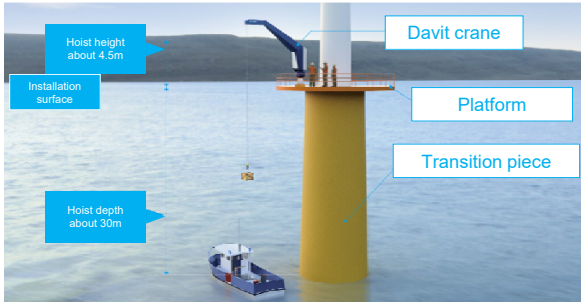
Crawler cranes loading offshore wind turbine components at a port



Crawler crane lifting blades for assembly of an onshore wind turbine

## 【Davit Cranes】

Davit cranes are essential for loading operations on wind turbines. (Product under development)



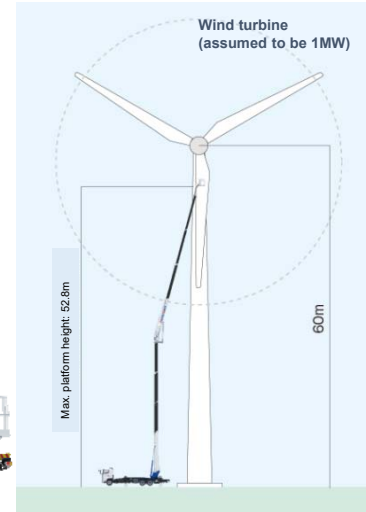
Davit crane (under development) work example

## 【Aerial Work Platforms (AWP)】

AWPs, including our newest model featuring the highest platform height in the Japanese market, are utilized for wind power maintenance work.



The AT-530CG boasts of the highest platform height and the largest working radius in Japan



AT-530CG work example

# ESG and SDG Endeavors

- Tadano concluded a Power Purchase Agreement (PPA) with a major provider in Japan, which installed solar generating equipment on Kozai Plant. It is expected to reduce CO2 emissions equivalent to about 18% of the plant's normal electricity use.



Solar power generating equipment on the roof of Kozai Plant

- The E-pack, which enables crane operation with an electro-hydraulic pump, contributes to reduced CO2 emissions, improved fuel consumption and low noise operation. More models will be available with the E-pack option in the near future.



The E-pack electro-hydraulic system

## Shifting From Lifting Equipment to Lifting Solutions



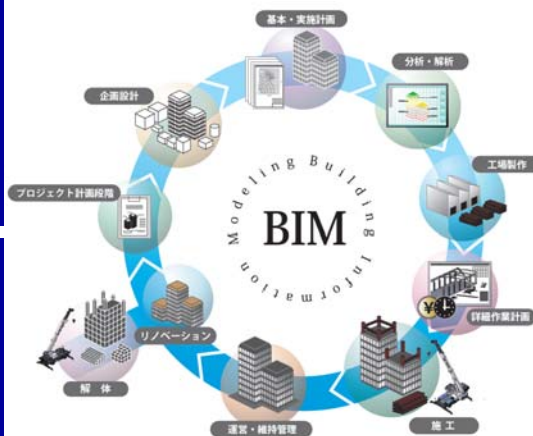
Tadano provides solution services that make construction sites safer, more precise, and more efficient in terms of design, construction planning, construction execution, and maintenance management.



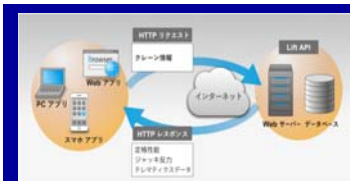
**Provision of BIM data**  
BIMobject® and Tadano website release BIM data for mobile cranes.



**“GENBADE Support”**  
Providing a smartphone app that solves problems for truck loader crane operations.



In progress



**Lift API**  
Providing crane performance calculation functions and telematics data via the internet.



Automatic operation by AI

Notes: BIM = Building Information Modeling “GENBADE” means “on the job site” in Japanese, “GENBADE-Support” is currently available only in Japan

## Initiatives for Automatic Crane Operation (AI Utilization)

### 【Background】

- Crane operation on job sites is **complex and dangerous**.
  - narrow spaces, night work, simultaneous work by many machines and workers
  - slight operational errors→lead to load swing→leads to serious accidents
- Crane operations have long relied on **the experience and intuition of skilled operators**. However, there is a serious shortage of workers due to the aging of the construction workforce and a decrease in the number of new hires.
- Tadano is working to integrate BIM with digital data and utilize AI to reproduce and automate the operations of skilled operators and achieve safe and efficient operations.

### AI Algorithm Competition

- The Crane Slewing Operation Challenge, Tadano’s first AI algorithm competition using an automated crane operation simulator, started in September 2021.
- Tadano aims to resolve the issues facing its industry together with open innovation initiatives that draws on the wisdom of the world.



Note: BIM = Building Information Modeling

# One Tadano Initiatives

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## One Tadano Initiatives

- **Harmonizing under the Tadano Brand (Demag and Mantis Brands integrated)**
- **Strengthening Brand Power as One Tadano**



Note: Brand harmonization will not occur at this time in certain limited sales regions.

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## Appendix I

### Overview of FY 2021 First Half Financial Results

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## Key Points of FY 2021 First Half Financial Results

- ✓ **First operating profit recorded during a fiscal year first half since FY 2019.**
- ✓ **Profits related to restructuring of European Operations were recorded as extraordinary gains.**

(Unit: millions of yen)

	FY2020 First Half		FY2021 First Half		Percent Change
	Amount	Percentage	Amount	Percentage	
<b>Net Sales</b>	<b>91,106</b>	<b>100%</b>	<b>98,680</b>	<b>100%</b>	<b>8.3%</b>
<b>Operating income</b>	<b>-1,038</b>	<b>-1.1%</b>	<b>2,476</b>	<b>2.5%</b>	<b>-</b>
<b>Ordinary income</b>	<b>-1,590</b>	<b>-1.7%</b>	<b>2,246</b>	<b>2.3%</b>	<b>-</b>
<b>Net income attributable to owners of the parent</b>	<b>-2,566</b>	<b>-2.8%</b>	<b>11,387</b>	<b>11.5%</b>	<b>-</b>
Capital investment		3,242		1,970	
Depreciation		2,457		2,664	
* Figures for capital investments include leased assets.					
USD		¥108.27		¥107.69	
EUR		¥119.30		¥129.82	

- ✓ **Net sales increased.**
- ✓ **Operating income increased due to positive effects from the restructuring efforts in the European Operations.**

(Unit: millions of yen)

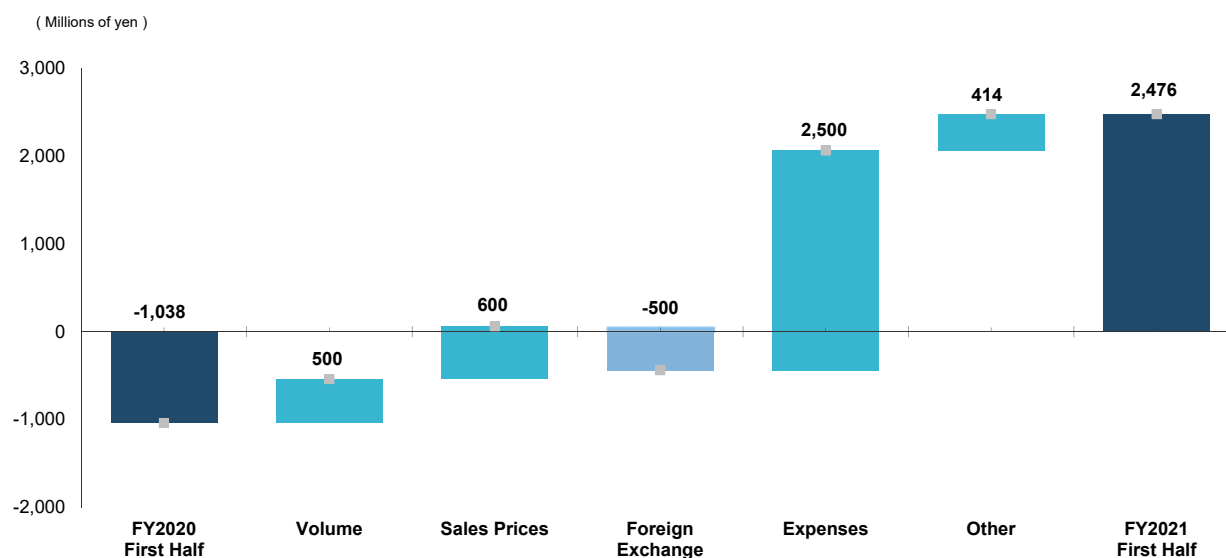
	FY2020 First Half		FY2021 First Half		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	
Net sales	91,106	100%	98,680	100%	7,574
Cost of sales	72,805	79.9%	77,505	78.5%	4,699
Gross profit on installment sales	32	0.0%	-	-	-32
Gross profit	18,332	20.1%	21,174	21.5%	2,842
Selling, general, and administrative expenses	19,370	21.3%	18,698	18.9%	-672
Operating income	-1,038	-1.1%	2,476	2.5%	3,514
Non-operating income and loss	-552	-0.6%	-230	-0.2%	322
Ordinary income	-1,590	-1.7%	2,246	2.3%	3,836
Extraordinary income and loss	85	0.1%	11,029	11.2%	10,944
Income before income taxes	-1,504	-1.7%	13,276	13.5%	14,780
Corporate taxes	1,051	1.2%	1,847	1.9%	795
Net income attributable to noncontrolling interests	10	0.0%	42	0.0%	31
Net income attributable to owners of the parent	-2,566	-2.8%	11,387	11.5%	13,953

Consolidated Financial Results(Comprehensive) for Second Quarter of FY 2021 (cited from P3)

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## Major Factors Leading to Change in Operating Income

- ✓ **Operating income increased by ¥3.5 billion due to increase in sales volume, improvements in sales prices and expense reductions, among other factors.**



Consolidated Financial Results(Comprehensive) for Second Quarter of FY 2021 (cited from P4)

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- ✓ **Interest-bearing debt denominated in currencies other than Japanese yen increased in response to temporary working capital needs in North America and Europe.**
- ✓ **Allowances for retirement benefits decreased due to restructuring efforts in the European Operations.**

(Unit: millions of yen)

	FY2020 Year-end	FY2021 First Half	Increase/ Decrease		FY2020 Year-end	FY2021 First Half	Increase/ Decrease
Cash deposits	103,110	110,006	6,896	Accounts payable	32,043	35,582	3,539
Accounts receivable	48,774	44,888	-3,885	Interest-bearing debt	94,586	100,847	6,260
Inventories	82,010	85,762	3,752	Other liabilities	51,885	40,201	-11,684
Other current assets	5,254	10,565	5,311	<b>Total liabilities</b>	<b>178,515</b>	<b>176,630</b>	<b>-1,885</b>
<b>Total current assets</b>	<b>239,149</b>	<b>251,223</b>	<b>12,074</b>	<b>Total equity</b>	<b>145,404</b>	<b>158,786</b>	<b>13,382</b>
Tangible fixed assets	68,046	67,414	-632	<b>Total liabilities and equity</b>	<b>323,920</b>	<b>335,417</b>	<b>11,497</b>
Intangible fixed assets	1,692	1,867	175				
Investment and other assets	15,031	14,910	-120				
<b>Total fixed assets</b>	<b>84,770</b>	<b>84,193</b>	<b>-577</b>				
<b>Total assets</b>	<b>323,920</b>	<b>335,417</b>	<b>11,497</b>				

	FY2020 First Half	FY2020 Year-end	FY2021 First Half
Receivable turnover	88.9 days	95.7 days	83.2 days
Inventory turnover	206.1 days	160.9 days	159.0 days
Equity ratio	49.3%	44.5%	46.8%

# Cash Flow

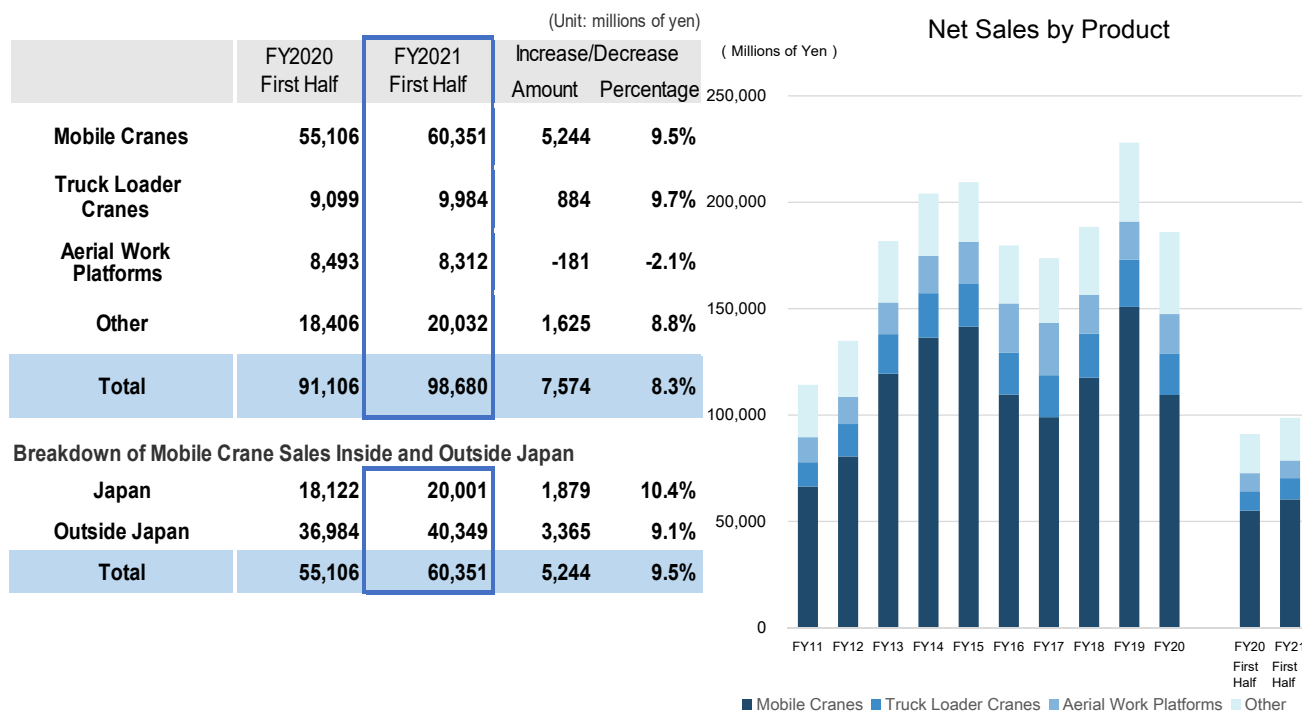
- ✓ **Cash flow from operating activities increased due to increases in accounts payable and income before income tax.**

(Unit: millions of yen)

		FY2020 First Half	FY2021 First Half	Increase/ Decrease
<b>Cash flow from operating activities</b>	Income before income tax	-1,504	13,276	14,780
	Depreciation	2,457	2,664	206
	Accounts receivable	18,382	4,620	-13,761
	Inventories	-6,287	-1,177	5,109
	Accounts payable	-15,244	2,518	17,763
	Other	428	-19,633	-20,061
	<b>Total</b>	<b>-1,769</b>	<b>2,267</b>	<b>4,037</b>
<b>Cash flow from investing activities</b>	<b>Total</b>	<b>-2,010</b>	<b>-5,438</b>	<b>-3,428</b>
<b>Cash flow from financing activities</b>	<b>Total</b>	<b>20,294</b>	<b>4,503</b>	<b>-15,790</b>
<b>Increase(decrease) in Cash and Cash Equivalents</b>		<b>15,973</b>	<b>2,637</b>	<b>-13,336</b>

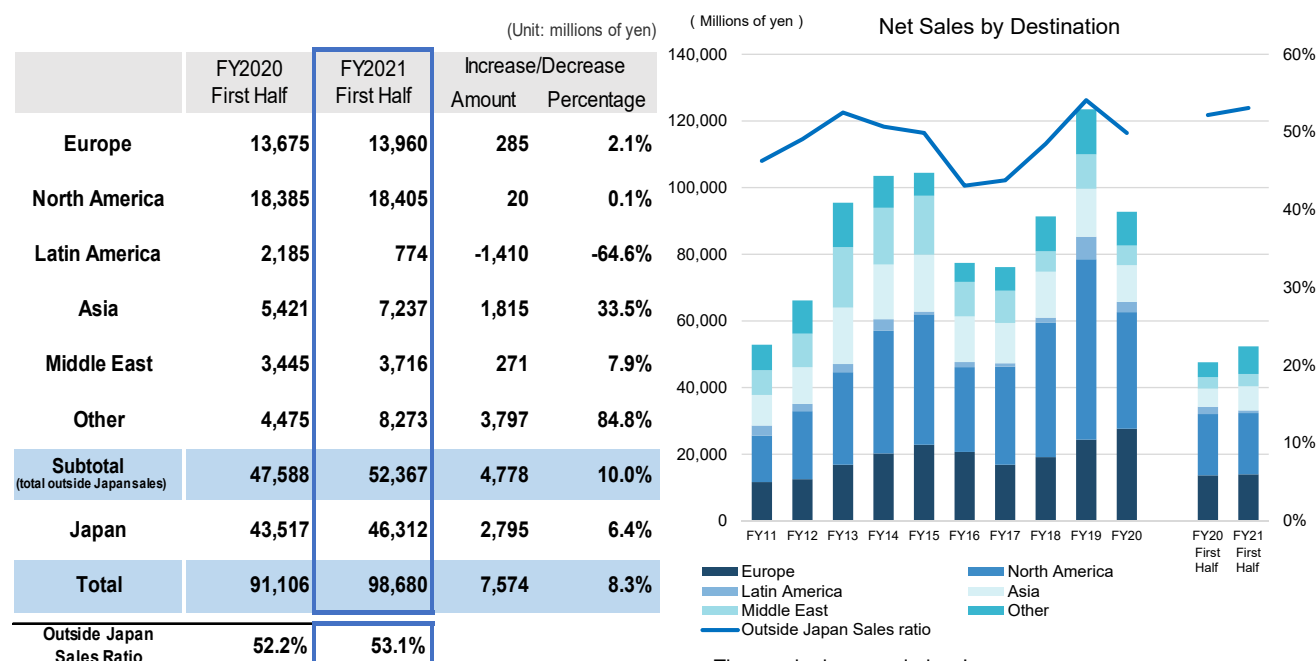
# Net Sales by Product

✓ Net sales increased in all segments except Aerial Work Platforms.



# Net Sales by Destination

✓ Net sales increased in all regions except Latin America.



The graph above excludes Japan.  
 "Other" is comprised of Oceania, Africa and the CIS.

## Appendix II

### Overview of FY 2021 Business Performance Forecast

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## FY 2021 Business Performance Forecast

(Unit: millions of yen)

	FY2020		FY2021		Percent Change
	Amount	Percentage	Amount	Percentage	
<b>Net Sales</b>	186,040	100%	215,000	100%	15.6%
<b>Operating income</b>	-4,196	-2.3%	4,200	2.0%	—
<b>Ordinary income</b>	-4,683	-2.5%	3,400	1.6%	—
<b>Net income attributable to owners of the parent</b>	-12,987	-7.0%	10,500	4.9%	—
USD		¥106.82	Second Half	¥110.00	
EUR		¥121.81	Second Half	¥130.00	
	Mid-year	¥0.00	Mid-year	¥3.00	
Dividends per share	Year-end	¥3.00	Year-end	¥4.00	
	Full-year	¥3.00	Full-year	¥7.00	

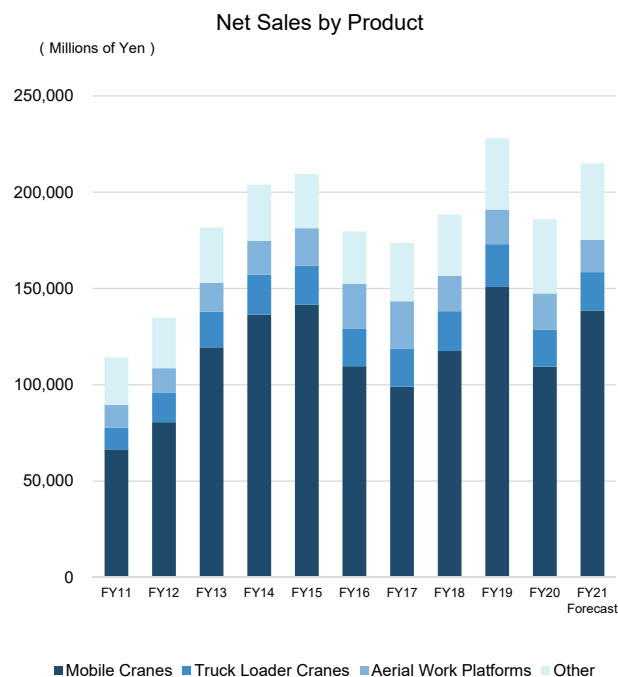
\* The exchange rates (USD/EUR) for the second half of the fiscal year have been changed as of October 29, 2021.

Currently, the pace of sales orders is favorable. However, due to production slowdowns stemming from parts supply delays, as well as the subsequent extension of production lead times in Europe, rising material prices worldwide, and other factors, we have not made upward revisions to the business performance forecast or the dividend forecast for FY 2021.

# FY 2021 Forecast (Net Sales by Product)

(Unit: millions of yen)

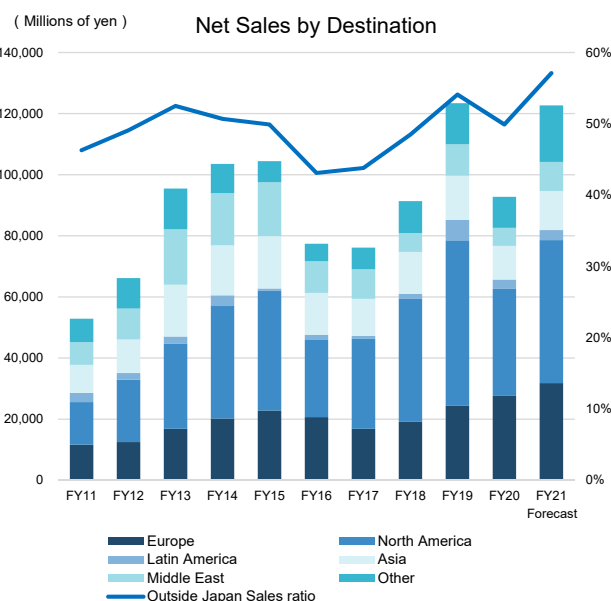
	FY2020	FY2021 Forecast	Increase/Decrease	
			Amount	Percentage
Mobile Cranes	109,430	138,600	29,169	26.7%
Truck Loader Cranes	19,314	19,900	585	3.0%
Aerial Work Platforms	18,701	16,700	-2,001	-10.7%
Other	38,593	39,800	1,206	3.1%
<b>Total</b>	<b>186,040</b>	<b>215,000</b>	<b>28,959</b>	<b>15.6%</b>
Breakdown of Mobile Crane Sales Inside and Outside Japan				
Japan	39,615	40,300	684	1.7%
Outside Japan	69,815	98,300	28,484	40.8%
<b>Total</b>	<b>109,430</b>	<b>138,600</b>	<b>29,169</b>	<b>26.7%</b>



# FY 2021 Forecast (Net Sales by Destination)

(Unit: millions of yen)

	FY2020	FY2021 Forecast	Increase/Decrease	
			Amount	Percentage
Europe	27,631	31,800	4,168	15.1%
North America	35,001	46,800	11,798	33.7%
Latin America	3,092	3,300	207	6.7%
Asia	11,013	12,800	1,786	16.2%
Middle East	5,898	9,500	3,601	61.1%
Other	10,126	18,500	8,373	82.7%
<b>Subtotal (total outside Japan sales)</b>	<b>92,763</b>	<b>122,700</b>	<b>29,936</b>	<b>32.3%</b>
Japan	93,277	92,300	-977	-1.0%
<b>Total</b>	<b>186,040</b>	<b>215,000</b>	<b>28,959</b>	<b>15.6%</b>
<b>Outside Japan Sales ratio</b>	<b>49.9%</b>	<b>57.1%</b>		



The graph above excludes Japan.  
"Other" is comprised of Oceania, Africa and the CIS.