

Making “One Tadano” a Reality is My First and Greatest Mission

Toshiaki Ujii
President and CEO



■ On my appointment as President

I am Toshiaki Ujii, and I am humbled and honored to serve as the new President and Chief Executive Officer of Tadano Ltd. since April 1st, 2021. First, to everyone who has suffered from the novel coronavirus, and to all of the family, friends, and acquaintances who have stood by to support them, I would like to express my sympathy and best wishes for a rapid recovery. I would also like to express my deep gratitude to everyone for your many efforts to help curb the spread of this global pandemic.

There is something that my predecessor, Koichi Tadano (now Representative Director and Chairman), has said to me many times. ‘Innovation is brought about by the young, the foolish, and the outsiders of our world.’ Putting aside the “young” part, I do feel that I fulfill the “foolish” and “outsider” requirements more than adequately. The purpose of appointing a new president is to bring about “change” or reform, and I believe that what is expected of me is speed and boldness in making that change happen. The validity of my “outsider” label will not last for much longer. I hope to implement a variety of initiatives while it remains valid.

The Tadano Group has established the long-term goal of becoming No. 1 worldwide in the lifting equipment industry, and we are working further to grow our business globally. With the acquisition of the Demag Mobile Cranes business in 2019, half of the Group’s employees now work overseas, and overseas sales account for 50% of our sales ratio. With the progress of globalization, I believe that my first and greatest mission as president and CEO is to make the concept of “One Tadano” a reality.

■ In anticipation of post-COVID times

To realize sustainable growth and the mid- to long-term enhancement of corporate value, the Tadano Group formulates a Mid-Term Management Plan every three years. We announced the Mid-Term Management Plan (20-22) in April 2020. However, the fiscal year 2020 was an extremely difficult year for us. In addition to the slowdown in global markets resulting from the coronavirus disruption, we also faced a number of challenges that were particular to the Tadano Group, including strategic restructuring in our German subsidiaries and the continuing negotiations with the United States regarding past emissions regulations programs. Moreover, the effects of the coronavirus disruption have accelerated changes that were already in motion, such as changes in the way we work and increasing awareness of environmental problems. In the midst of such change, expectations for the benefits of electrification and other new technologies have grown rapidly. In times of dramatic change, a slow start could put our company in a disadvantaged position. On the other hand, I believe that this same change can also lead us to further opportunities in our efforts to become an industry leader. With this in mind, we decided to revise our plan in the form of the Mid-Term Management Plan (21-23).

There are four key points to the revised plan – “Enhanced AT/CC sales and initiatives toward rising clean energy demand following the reorganization of Tadano’s European Operations,” “ESG/SDG Initiatives,” “Digital Transformation and Green Transformation initiatives as catalysts for a shift in business domain: from Lifting Equipment to Lifting Solutions,” and “Advancing the One Tadano Concept, enhancing governance, and diversifying company management.”

Enhanced All Terrain Crane(AT)/Crawler Crane(CC) sales and initiatives toward rising clean energy demand following the reorganization of Tadano's European Operations

We have proceeded with the integration of the Demag Mobile Cranes business (now Tadano Demag GmbH), which we acquired in 2019, and our German subsidiary, Tadano Faun GmbH in our efforts to demonstrate synergy as a Group. However, due to the impact of the COVID-19 pandemic, global demand for cranes stagnated, causing major delays in our plans for our European operations. For this reason, in a bid to rebuild our European operations, we decided to undertake business restructuring procedures under German law in October 2020. The requirements for Germany's restructuring procedures to apply to subsidiaries were that companies be solvent and for there to be prospects for a successful future rebuilding of the business. These procedures were completed in March 2021, and our newly restructured European operations were relaunched. With our aim of returning to profit in fiscal year 2023, One Tadano will provide full back-up for the two German companies. To carry out our restructuring plans, Tadano Europe Holdings GmbH, which will command the European operations, started operating in January 2021. Further, as an initiative for organizational integration, we merged our French subsidiaries, Tadano France SAS and Tadano Demag France SA, into a single company, Tadano France SA, and our UK subsidiaries, Tadano UK Ltd and Tadano Demag UK Limited, into Tadano UK Ltd. We will continue to move forward with the swift restructuring of the European operations, so that they may contribute to the Tadano Group's long-term growth.

Outline of the restructuring plan

- 1 Broader and more complete lifting equipment solutions portfolio featuring new, jointly developed models**
 - Plans to introduce 15 new AT models to the market over the next four years
- 2 Strategically leveraging the best of both companies through an integrated production scheme and reduced procurement costs**
 - Improvement of QCD through vertical integration
 - Enhancement of cost competitiveness through joint procurement and modularization/commonization of components
- 3 Optimization of workforce size, operations and organizational structure**
 - Integrated management of functions of Tadano Demag GmbH / Tadano Faun GmbH
 - Standardization of processes through harmonization of ERP systems
 - Optimization of workforce
- 4 Optimization of both companies' inventory, assets, and balance sheets**
 - Reduction of fixed costs
 - Reduction of inventory assets
 - Reduction of pension liabilities, etc.

Wind power generation is attracting attention as clean energy for responding to climate change and reducing CO₂ emissions. Practical application of offshore wind power generation is already underway in Europe, and there are expectations for more installation in the future even in Japan, a country with a small landmass. Offshore wind power generation equipment is usually pre-assembled in the harbor then

transported to the installation site. The Tadano Group boasts one of the world's largest crawler cranes with a lifting capacity of up to 3,200 tons. These cranes will be able to play an important role in erecting enormous posts in the harbor and loading onto a dedicated operating vessel. The Tadano Group's acquisition of Demag at such a time will also be of tremendous value for the rapidly growing offshore wind power generation market in Japan. In addition, Tadano Group's rough terrain cranes, all terrain cranes, and aerial work platforms are also essential for the construction and maintenance of wind power stations. As such, we predict that these and other of our products will make a major contribution to the Green Transformation (GX) market and to the expansion of business. We also have sales locations all over the world, and with our outstanding engineers, we consider this market to be a great opportunity for Tadano.



ESG/SDG Initiatives

From the time of our founding, the Tadano Group has held the firm belief that a company can exist only when it is in harmony with the people around it and greater society. Under this belief, we have carried out our business activities while prioritizing harmony with our stakeholders. In this spirit, we want to contribute to a better global environment as a part of society. As we step forward into our second century of business operations, we seek to achieve long-term growth as a company and are engaged in efforts to promote ESG and SDGs. In April 2021, we declared our goal of achieving "Net Zero Carbon Emissions" by 2050. As part of that process, we have set long-term Group environmental targets for 2030 of a 25% reduction in CO₂ emissions from business activities and a 35% reduction in CO₂ emissions from our products (both compared to the 2019 baseline). For example, for the reduction of CO₂ emissions from business activities, we have already been advancing a project to install solar power generation equipment on the roofs of our plants. Installation at our Kozai Plant was completed in October 2021, and work is scheduled to start at our Tadotsu Plant next year. One advanced feature designed to reduce CO₂ emissions from our products is the "E-Pack," which enables cranes to be operated without starting the engine. This function was first delivered in Europe in late 2020, and we intend to roll it out to other markets going forward. The Tadano Group also expressed its endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. Going forward, we will proactively disclose climate change-related financial and management information through our websites and others.

Digital Transformation and Green Transformation initiatives as catalysts for a shift in business domain: from Lifting Equipment to Lifting Solutions

We will work to deliver solutions and operational reforms through the adoption of digital, AI, and telecommunications technologies. Tadano Group products in Europe are equipped with "IC-1 REMOTE," while "HELLO-NET" is installed in our products in Japan and other markets. These features allow the operating status of a crane and pre-indications of equipment failure to be ascertained in real time with the use of communication satellites and mobile devices. As far as we know, Tadano is the only manufacturer of cranes and aerial work platforms to offer such a feature as standard. We began equipping our products with HELLO-NET in Japan in 2008, and the know-how we have accumulated to date has given us an edge in the market. The provision of "lifting solutions" that go beyond lifting equipment will be one of the Tadano Group's future missions. We will permeate and accelerate Digital Transformation (DX) in all aspects of operational reform. For example, we are considering the use of digital technology to ascertain the state of production lines. Our products play an active role in the construction industry, where, particularly in Japan, the decline in the working-age population and the number of construction workers as a result of falling birth rates is becoming a major problem. As skilled operators who have a complete mastery of crane operation become fewer in number, we hope to move toward improving the safety of worksites by employing technological innovations that will achieve the simplification, automation, and autonomy of crane operation. We believe the day will come when we are able to send fully automated machines out into the world. In the area of decarbonization, inevitably, we will need to rely on electricity in some form or another even more than we have done in the past. We are in the midst of research to determine how our products as a whole will change with electrification, and we intend to accelerate this work while identifying the needs of our customers. We will provide more details when we have more concrete prospects for launching such products on the market. Following on from Japan, we plan to establish an Advanced Technology Research Center in Germany to combine the essence of the superior technological abilities of Japan and Germany, two countries that excel in craftsmanship, and work toward our aim of becoming No.1 worldwide in the lifting equipment industry.

Advancing the One Tadano Concept, enhancing governance, and diversifying company management

Until recently, the Tadano Group has differentiated between the Tadano, Demag, and Mantis brands for individual products. From the perspective of long-term global strategy, in October 2021, we consolidated these three brands into the "Tadano" brand. As part of this, we are standardizing previous methods for the naming of product categories and models, as well as coloring. Other initiatives include the synchronization of Group management by standardizing the varying accounting periods used by Group companies, the launch of in-house projects that extend more across

the globe, and a review of our meeting bodies. Finally, in terms of strengthening of the Board of Directors, we have increased its diversity through a division of duties between the Chairman of the Board and the CEO, an increase in the number of Outside Directors (ratio of internal to outside directors raised from 4:3 to 4:5), and adding women to the line-up of Directors and Audit and Supervisory Board Members.

Aim to be No.1 worldwide in the lifting equipment industry

There is something that my supervisor told me in my first job after graduating from university. 'If you think something is odd, then it most definitely is odd. Trust your own senses.' Ever since then, if something feels wrong, I do not ignore it, but first investigate thoroughly myself. If I still think it is suspect, I make a point of communicating the issue properly. When I was appointed as President, my predecessor said to me, 'Feel free to change anything that you think looks odd from your outsider's perspective.' There are things that seem normal to people who have been at the same company for a long time, but which I have noticed were not right. If, having noticed, I did not say anything, then there will have been no point to my joining this company. As well as the internal systems and work processes that need to be changed, there is also a wide range of new things to be addressed. Electrification aimed at decarbonized, clean construction sites, automation, and autonomy, using AI to achieve load identification and efficient movement, and further reductions in the weight of materials used to make our cranes are some of the many areas where new technologies are evolving every day. We have no intention of being the runners-up when it comes to the development and implementation of these technologies. For this reason, I believe that speed is critical. Currently, it would be difficult to claim that Japan is ahead of the rest of the world in advanced technologies such as electrification and automation. I hope that all our employees around the world will become more attuned to the trends and changes in society and that they will act and communicate straightaway. As I said at the start, in times of dramatic change, a slow start could put our company in a disadvantaged position. On the other hand, I believe that this same change can also lead us to further opportunities in our efforts to become an industry leader. Guided by our vision of "pursuing further excellence for the world and the future," together with all Group employees, as "One Tadano," I hope to continue our quest to become No.1 worldwide in the lifting equipment industry.

