

Tadano Group Mid-Term Management Plan (21-23)

TADANO LTD.

Mid-Term Management Plan (21-23) Index

 **TADANO**
Lifting your dreams

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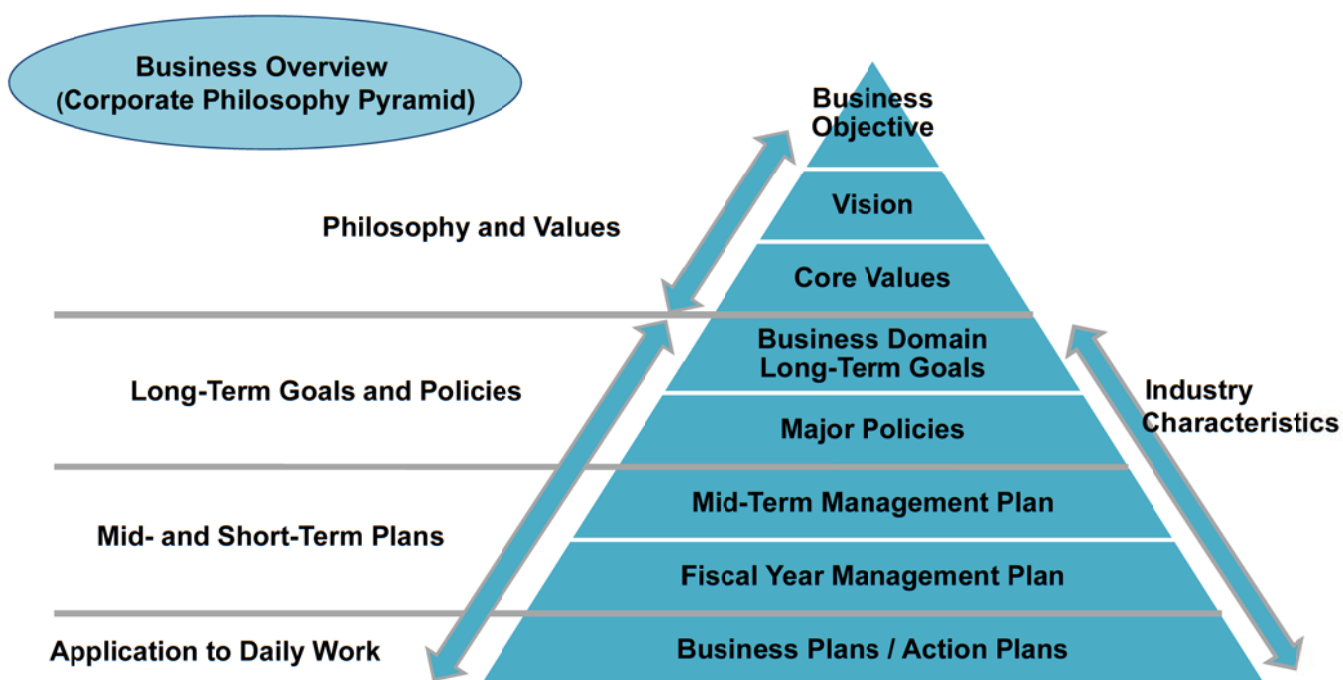
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I. Tadano Business Overview

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I-1. Business Overview



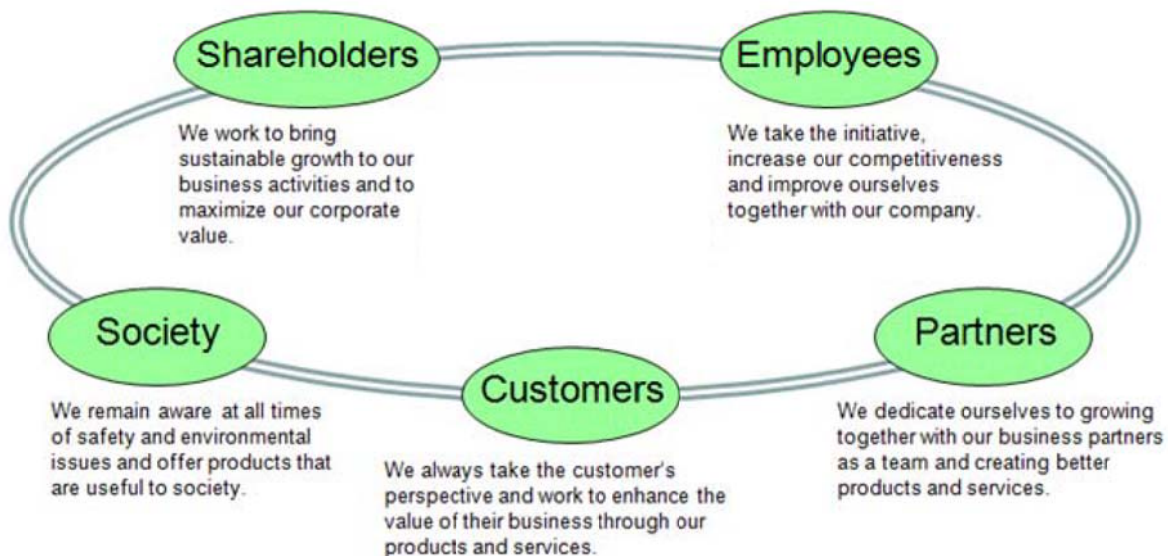
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Sozo (Creation):	We will create by innovating and taking pride in high-quality products.
Hoshi (Contribution):	We will contribute to our customers' success and serve society.
Kyoryoku (Cooperation):	We will cooperate to ensure our happiness and strengthen the bonds between us.

The Tadano Group's Business Objective is the implementation of our Corporate Philosophy. We consider this to be something towards which we must constantly and diligently strive.

I—3. Corporate Social Responsibility

We aim to meet the expectations of all stakeholders and create harmony through win-win relationships in order to maximize our corporate value.



Pursuing Further Excellence for the World and the Future

- The Tadano Group is working to meet the expectations of all stakeholders and to maximize our corporate value.
- We are also creating an organizational culture that allows for continued learning and growth.

I—5. Core Values :C+SQE (Safety, Quality, and Efficiency based on Compliance)

Compliance (C): Acting with fairness and honesty by obeying laws, regulations and rules, in addition to maintaining a high sense of ethics

Safety (S): Prioritizing the safety of society and of all those who make and use our products and services

Quality (Q): Pursuing quality improvement, including of products, services and business operations

Efficiency (E): Enhancing efficiency in our business operations, as well as contributing to improvements in customer business efficiency

Compliance forms the foundation for all action at Tadano. In addition to obeying rules, regulations, and corporate ethics, we are called to act in accordance with norms and demands of the greater society. Tadano's Core Values are "Safety First, Quality Second, Efficiency Third," and we always uphold them in this critical order of priority. However, since it is impossible to manage our company without the third value of efficiency, we must ensure "Safety First, Quality Second, Efficiency Third" by any means necessary. Compliance provides the groundwork that enables Tadano to actualize each of these Core Values of Safety, Quality, and Efficiency.

**Our business domain is Lifting Equipment
(Mobile machinery used for lifting loads and
carrying out aerial work)**

- **Becoming No. 1 Worldwide in the Lifting Equipment Industry**
- **Attaining a sales ratio of 80% outside of Japan**
- **Becoming a company with stable and high profitability
(Attaining an average operating margin of 20%)**

Safety and Health Policy

In order to provide our customers and the greater society with safety and reliability, we will engage in the following:

1. We aim to have zero accidents in our work.
2. We will work to ensure mental and physical health.
3. We will enhance internal awareness of the importance of safety.
4. We will work toward ensuring safety and good health in the workplace.
5. We will follow established rules thoroughly.

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Quality Policy

We Aim to Provide No.1 Quality in the Lifting Equipment Industry.

1. Give priority to safety and quality over all else.
2. Focus on society and customers.
3. Enhance human resources and overall corporate strength.
4. Thoroughly implement TAS (Tadano Anzen* Standard).
5. Give importance to quick execution and to the actual site, the actual object, and the actual situation.

Environmental Policy

We serve society by harmonizing the balance of people, machinery and the environment.

1. Promote environmentally responsible behavior.
2. Develop environmentally friendly products.
3. Conduct environmentally responsible business activities.

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Technology Policy

Lifting your dreams

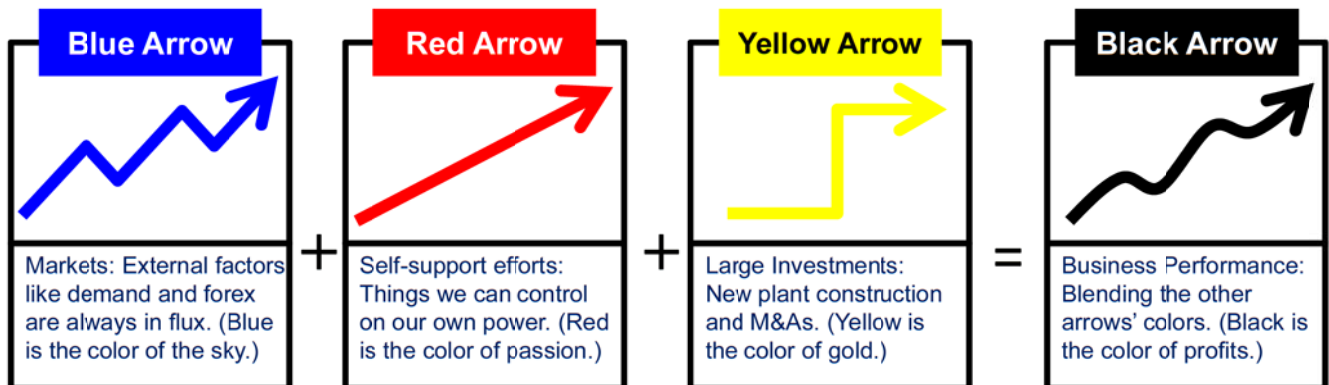
– For the Customer and the Greater Society –

Tadano's Technology Policy Incorporates the Following 5 Concepts:

- ① The Technology Policy is the starting point for idea generation in our research and development activities.
- ② We will pursue the 5 Functionalities: "Safety," "Higher, Farther, Faster," "Working at Will (Autonomous, Intelligent)," "Easy to Build, Hard to Break, Easy to Repair," and "Economy of Use." (Despite certain contradictions existing among these 5 Functionalities, we seek to achieve beyond these and engage in outstanding research and development.)
- ③ We will continuously enhance the 5 Technologies: "Structure," "Control," "Power/Drive," "Information and Communications Technologies," and "Monozukuri (Manufacturing that Improves Continuously)."
- ④ We will create cutting edge products through the enhancement of the 5 Technologies and the pursuit of the 5 Functionalities.
- ⑤ By putting the Technology Policy into practice, we aim to realize the vision of "Lifting your dreams."



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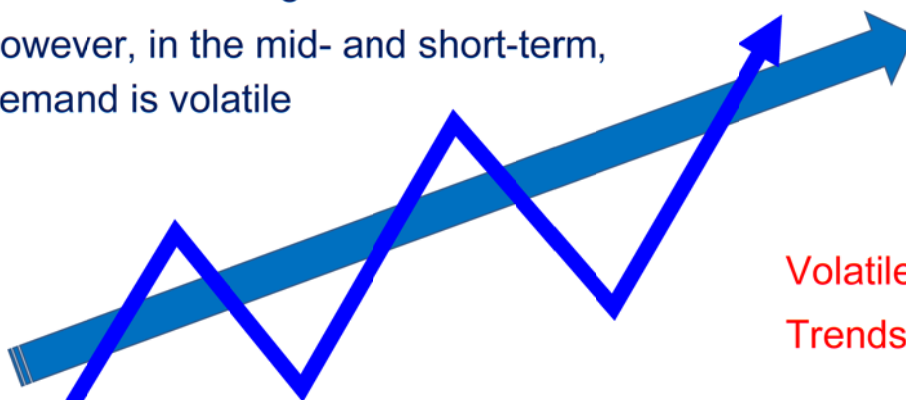
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I—10. Industry Characteristics (1)

- From the perspective of demographics,
Lifting Equipment is a Growth Industry
- Both the Lifting Equipment industry and Tadano have big potential

Uptrends in the long term...

However, in the mid- and short-term,
demand is volatile



**Volatile Up-Down
Trends**

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- Sophisticated, Intricate Products:
 - Number of parts: Many
 - Production Process Accuracy: High
- Demand Fluctuation: Volatility: High
- Parts Sales Ratio: Low
- Used Equipment Value: High

II. Mid-Term Management Plan (21-23)

MTP(21-23) Context:

- **Overcoming Corona, Growing Organically Toward Becoming No. 1 Worldwide in the Lifting Equipment Industry**
- **Enhancing Centrifugal Force (Empowerment) and Centripetal Force (Control), Balancing Both at a High Level**
- **Beginning to Shift Focus From Lifting Equipment to Lifting Solutions**

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II—2. Basic Policy and Priority Points

MTP (21-23) Basic Policy:

- **Pursuing Further Excellence, Focusing on the Tadano Red Arrow**
- **Winning Both the “Battles in Front of Us” and the “Battle with the Times”**

Five Priority Points:

- **Maximize Tadano Group Synergy**
- **Increase Resilience**
- **Enhance Competitiveness**
- **Engage in ESG* and SDGs****
- **DX*** and GX **** Initiatives**

*ESG = Environment, Social, Governance, **SDGs = Sustainable Development Goals,
DX = Digital Transformation, *GX = Green Transformation

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<< Basic Policy >>

➤ **Pursuing Further Excellence,
Focusing on the Tadano Red Arrow**



“Further Excellence” Means:

- **Being a Robust Company**
- **Being a Company that Continues to Evolve**
- **Being a Company that Benefits Society and Customers**
- **Being a Company that Earns the Esteem of the Greater World**
- **Being a Company that Earns the Pride of its Employees**

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<< Basic Policy >>

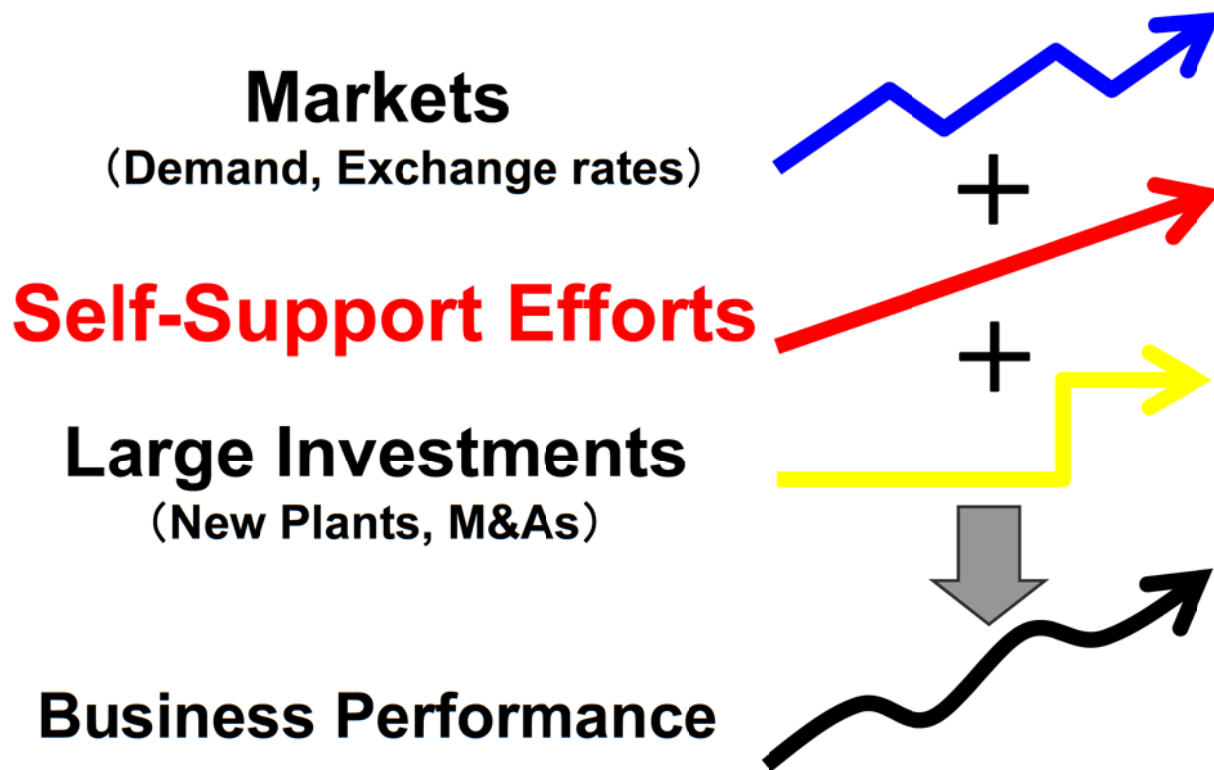
➤ **Winning Both the “Battles in Front of Us”
and the “Battle with the Times”**

“The Battles in Front of Us” include the way we deal with the current state of the economy and demand, as well as how we engage the competition.

“The Battle with the Times” includes how we deal with rapid, complex and extreme changes in technology and structural changes in demand.

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Focusing on the Tadano Red Arrow



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II—5. Priority Points Maximize Tadano Group Synergy

One Tadano

Becoming one team through the sharing of common values throughout the Tadano Group.

Breadth & Depth

Expanding globally with breadth, infusing the value chain with depth.

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Six Keys to Success

Extending our Capabilities

We must constantly strive to strengthen our profitability and to prepare for sudden demand changes.

Becoming Lean

We must become lean by reducing inventory to the proper level.

Flexibility

We must convert fixed costs to variable costs and reduce lead time, among other efforts, in order to attain flexibility toward sudden demand changes.

Diversification

We must avoid over-concentration in one area by diversifying in various aspects, such as product segmentation, sales area, customers and suppliers.

Agility

We must continuously and diligently make forecasts and preparations with heightened sensitivity. We must be prepared for both war and peace, with a Plan B at the ready for immediate action.

Quality Improvement

We must engage in quality improvements, including improvement of product, work and human resources. Product quality, despite the challenges involved in its continuous improvement, is an especially powerful instrument in the enhancement of overall corporate strength.

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A Manufacturer with Four Synergistic Strengths

Product Competitiveness

- + **Product Quality**
- + **Service Capability (Including Parts)**
- + **Used Equipment Liquidity**

Increased Cost Competitiveness

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◆ Spirit of “Great Harmony”

From the time of our founding, Tadano has held the firm belief that a company can exist only when it is in harmony with the people around it and the greater society. Under this belief, we have carried out our business activities while prioritizing harmony with our stakeholders. In the spirit of “great harmony,” **we want to contribute to a better global environment as a part of the society. As we step forward into our second century of business operations, we seek to achieve long-term growth as a company.** These ideas are the reasons for our engagement with ESG and SDGs.

◆ Pursuing Further Excellence

Tadano has long held our vision to be “Pursuing Further Excellence for the World and the Future.” This vision aligns with the aims of the UN’s Sustainable Development Goals. We will aim for “Pursuing Further Excellence for the World and the Future” through our products, services, and business activities and through the behavior of our individual employees.

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Pursuing Further Excellence for the World and the Future

▶ Tadano's DNA

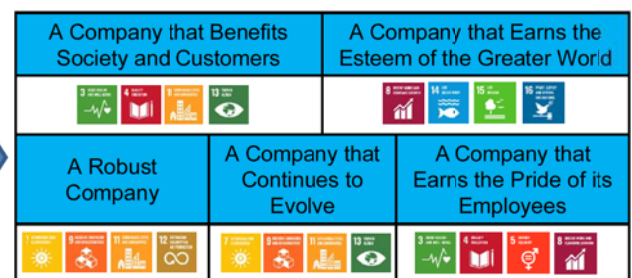
“We want to make something that will contribute to the world.”
“We want to be a company that can contribute to the advancement of society.”

▶ Permanent Philosophy and Values

- Business Objective: Implementing the Corporate Philosophy of Creation, Contribution, and Cooperation.
- Core Values: C + SQE (Safety, Quality, and Efficiency based on Compliance)

▶ Engage in ESG and SDGs

- In the spirit of “great harmony,” we contribute to better global environment as a part of the society.
- As we step forward into our second century of business operations, we seek to achieve long-term growth as a company.



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The Tadano Group is committed to contributing to a better global environment as a part of the society through our products, services, and business activities and through the behavior of our individual employees.

We aim for Net Zero Carbon Emissions by 2050.

We hereby declare that we will work to achieve the following targets:

【Long-Term Environmental Targets 2030】



<Reduce CO₂ Emissions> Compared to 2019 Baseline

- ① CO₂ emissions from business activities: **25% reduction**
- ② CO₂ emissions from product use: **35% reduction**

<Reduce Industrial Waste> Compared to 2019 Baseline

Industrial waste from business activities: 50% reduction

II—7. Digital Transformation (DX) and Green Transformation (GX) Initiatives

	DX Initiatives	GX Initiatives
Internal Initiatives	<ul style="list-style-type: none"> ◆ Further Utilization of Telematics Data ◆ Transition to Smart Factories ◆ Business Innovation from Efficiency/Automation, Information Integration and More 	<ul style="list-style-type: none"> ◆ Reduction of CO₂ and waste in products and supply chains ◆ Solutions for Action in a Fossil Fuel-Free Society and More
External Initiatives	<ul style="list-style-type: none"> ◆ Customer/Partner Business Innovation from Digital Technology Implementation ◆ Autonomous functionality in products ◆ Advancement of Solutions Through Utilization of Telematics Data and More 	<ul style="list-style-type: none"> ◆ Product Development for Clean Energy Demand (Offshore Wind Power, etc.) ◆ Electrification of Products and More

III. Strategies

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III—1. Strategies

Mid-Term Management Plan (21-23) Strategies

- ① Strengthen Market Position
- ② Enhance the Four Synergistic Strengths
- ③ Engage in Global and Flexible *Monozukuri**
- ④ Improve Life Cycle Value
- ⑤ Implement Electrification and AI Solutions
- ⑥ Ensure a Robust Financial Base
- ⑦ Strengthen the Tadano Group and Global Management Structure
(Restructuring of European Operations, Growth of Indian Operations)
- ⑧ Digital Transformation and Green Transformation Initiatives
- ⑨ Empower Human Resources

**Monozukuri* = Manufacturing with a focus on continuous improvement

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	FY 2020	FY 2023 Targets
Sales	¥186 billion	¥275 billion
Operating Profit	- ¥4.2 billion	¥27.5 billion
Operating Margin	-2.3%	10.0%
Outside Japan Sales Ratio	49.9%	66.9%
ROIC	-2.1%	more than 8.0%

Foreign Exchange Assumptions: USD : ¥105, EUR : ¥125

Notes:

- ROIC (Return on Invested Capital) = Net Operating Profit After Tax / Invested Capital
- Invested Capital = Net Assets + Interest Bearing Debt (Previous and Current Fiscal Year-End Average)

Go-Anzen-Ni !