

Mid-Term Management Plan (21-23) Supplemental Explanatory Materials

April 2021

Tadano Ltd.

Mid-Term Management Plan Points of Revision

- ◆ Given dramatic changes in the external business environment caused by the coronavirus pandemic in 2020, Tadano has drafted the new Mid-Term Management Plan (21-23) as a revision of the preceding Mid-Term Management Plan (20-22).
- ◆ Points of Revision
 1. Enhanced AT/CC sales and initiatives toward rising clean energy demand following the reorganization of Tadano's European Operations
 2. ESG/SDG Initiatives
 3. Digital Transformation and Green Transformation initiatives as catalysts for a shift in business domain: from Lifting Equipment to Lifting Solutions
 4. Advancing the One Tadano Concept, enhancing governance, and diversifying company management

1. Enhanced AT/CC sales and initiatives toward rising clean energy demand following the reorganization of Tadano's European Operations

【European Operation Reorganization Outline】

- ① Broader and more complete lifting equipment solutions portfolio featuring new, jointly developed models
- ② Strategically leveraging the best of both TFG and TDG through an integrated production scheme and reduced procurement costs
- ③ Optimization of operations, organizational structure
- ④ Optimization of inventory, assets, and balance sheets



Crawler cranes loading offshore wind turbine components at a port.



A crawler crane lifting the blades for assembly of an offshore wind turbine.

Notes: AT = all terrain cranes, CC = crawler cranes, TFG/TDG = German manufacturing subsidiaries

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2. ESG/SDG Initiatives

- Setting and Advancement of Tadano Group Long-Term Environmental Targets
- Support for the Recommendations of the Task Force on Climate-related Financial Disclosures

We aim for Net Zero Carbon Emissions by 2050.

Towards that goal 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**



About TCFD:

The TCFD was established by the Financial Stability Board at the request of the G20. The TCFD has recommended that companies disclose information about climate related risks and opportunities.

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3. Digital Transformation and Green Transformation initiatives as catalysts for a shift in business domain: from Lifting Equipment to Lifting Solutions
 - Business innovation and delivery of solutions utilizing AI, digital, and telecommunications technologies
 - Development of products and services that are environmentally friendly (Example: electrification of products)
 - Establishment of an advanced research and development center in Europe



Tadano technology exhibit at a construction expo.



Expansion in 2020 of Tadano's Advanced Technology Research Center (In Takamatsu, Japan).

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

◆ Harmonization Under One Global Brand



◆ Advancement of the global concept of “One Tadano”

- Unified management through standardization of the Tadano Group accounting period
- Integrative global projects, streamlined meeting processes, etc.

◆ Enhanced Board of Director Governance

- Separation of responsibilities for Chairman of the Board and CEO
- Diversification through an increased ratio of external directors (From an internal/external ratio of 4 : 3 to 4 : 5)
- Tadano Group's first female director & first female Audit and Supervisory Board member
(Final approval pending at June 25th General Shareholder Meeting)

	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

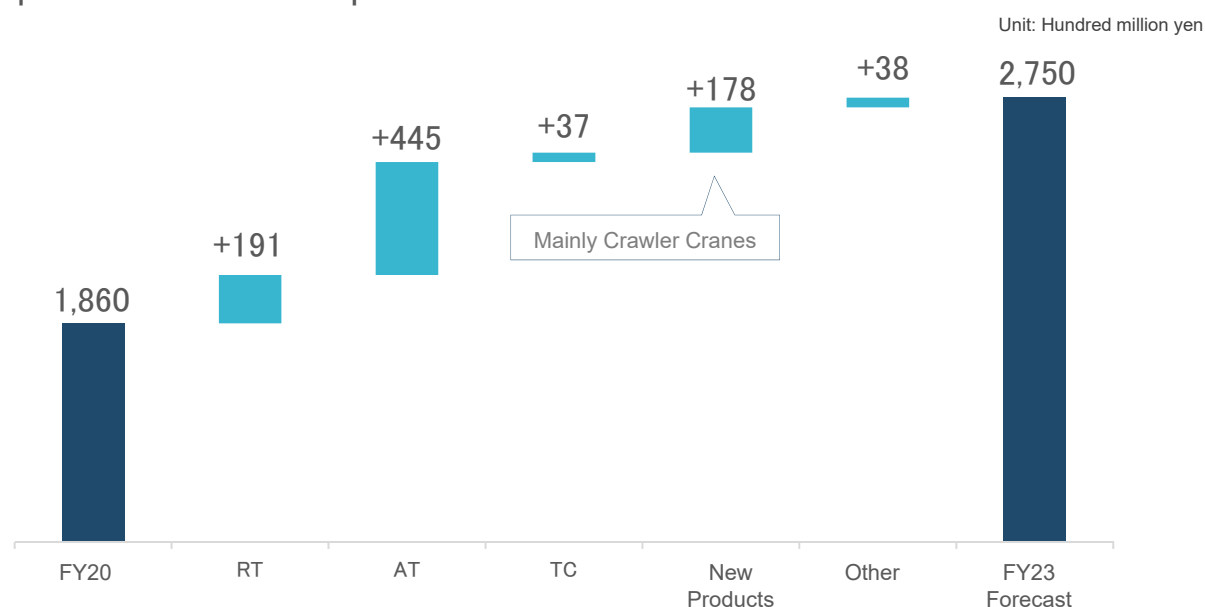
Notes:

- 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)

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Elements Contributing to Forecasted Changes in Sales

- ✓ Approximately 1.5 x increase in sales due to demand recovery and introduction of new products and new models
- ✓ AT products will make up about half of the sales increase

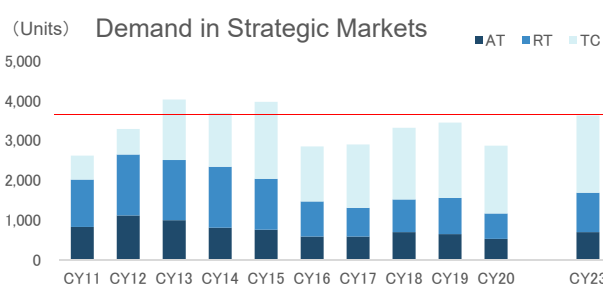
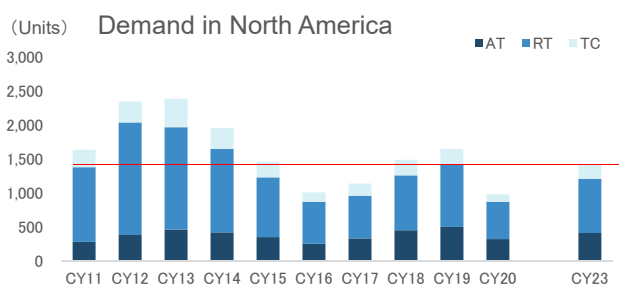
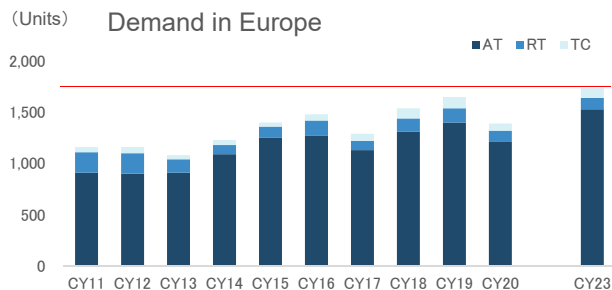
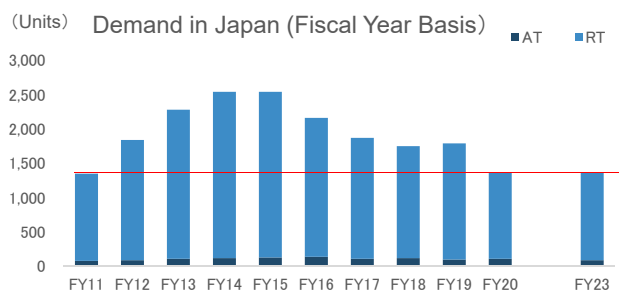


Notes:

- Nomenclature: RT = rough terrain cranes, AT = all terrain cranes, TC = truck cranes
- "New Products" include lattice boom crawler cranes made at TDG and truck cranes made at Indian Joint Venture TEI

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- ✓ Japan: Demand will be in line with FY 2020 trends
- ✓ Europe: Gradual recovery in FY 2021, increasing demand in clean energy sectors
- ✓ North America: Demand will rebound from FY 2020 bottom due to handling of the coronavirus pandemic and new initiatives of the current administration



Notes: AT = all terrain cranes, RT = rough terrain cranes, FY = Japan Fiscal Year (April 1 through March 31), CY = Calendar Year

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Improved Market Position

◆ Increased share from introduction of new models

AT: Introduction of 15 new models over 4 years via joint development between TDG and TFG

RT: Introduction of GR-1300XL to US market

TC: Planned introduction of new, US-directed truck crane model

◆ Responses to Changes in Demand Structure

⇒ Initiatives toward rising clean energy demand, including wind power

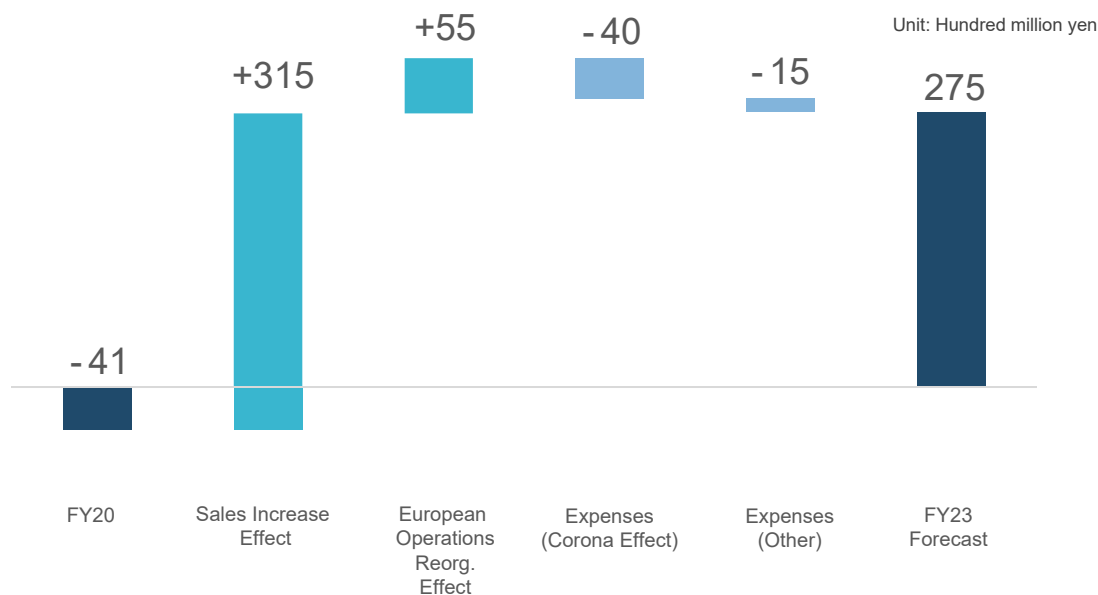
⇒ Introduction of Indian-produced truck crane (measure against Chinese manufacturer activities)

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Elements Contributing to Increased Operating Income

- ✓ Operating Margin of 10% resulting from increased sales, especially due to reorganization of European Operations
- ✓ Focus on making European Operations profitable

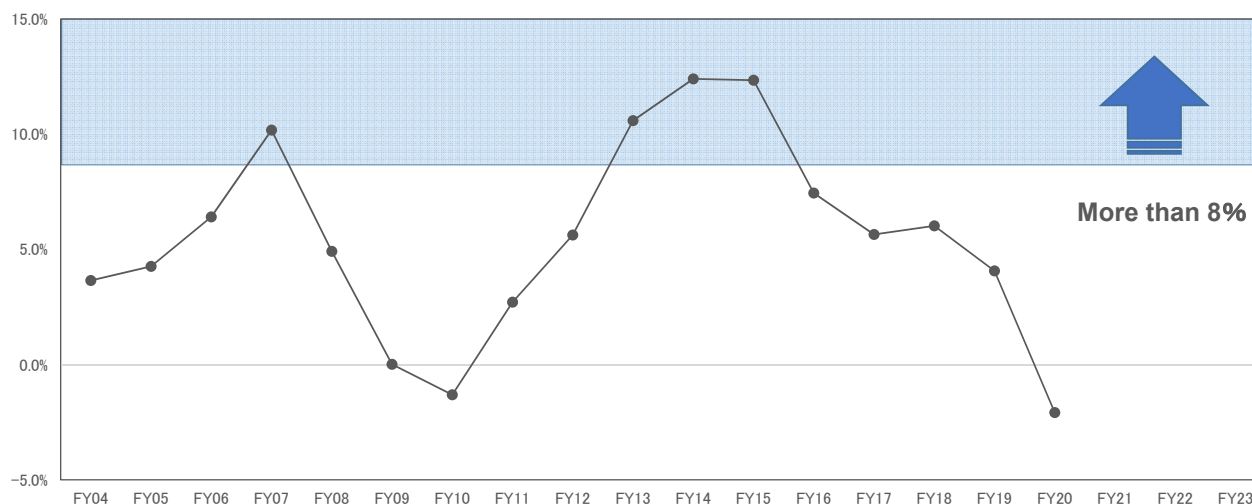


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Improving ROIC

- ✓ Improved profitability due to reorganization of European Operations, introduction to market of new models and new products
- ✓ Reduction of inventory, streamlining of surplus assets, reduction of interest-bearing debt

ROIC



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