

FY 2021 Financial Explanatory Briefing

May 2022
Tadano Ltd.

FY 2021 Results and FY 2022 Forecast

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- **FY 2021 Results: Net sales and operating income increased, first operating profit recorded during a full fiscal year since 2019.**
 - Secured target sales, despite production constraints centering on all terrain crane production.
 - Success in North America and Oceania drove increased sales, and operating income increased due to increase in sales volume, improvements in sales prices and expense reductions, among other factors.

- **FY 2022 Forecast*: Net sales and operating income will increase.**
 - *Based on 12-month adjusted plan for March 2022 – April 2023 (see p. 24 below)
 - Customers' willingness to invest is favorable, but production constraints are weighing down a full recovery in demand.
 - Increase in cost of sales expected due to rising raw material prices.
 - Tadano will minimize downward pressure on profits via price revisions.
 - Increase in expenses expected due to future-oriented investment costs and variable cost increases.
 - FY 2022, which is a transitional period for the change of accounting period, shall be the 9-month fiscal period from April 1, 2022 to December 31, 2022.

Future Outlook

Demand Trends

- Global demand recovered to pre-coronavirus disruption levels (CY 2018).
- Japan/North America/Europe/Middle East Demand: Not yet recovered to pre-coronavirus levels.
- Customers' willingness to invest is favorable, but production constraints are weighing down a full recovery in demand.
- Energy (Crude oil, wind power, etc.) and infrastructure-related demand in Europe and North America will drive further demand growth.

Region	CY2018	CY2019	CY2020	CY2021	vs 2020	(Units) vs 2018
Europe	1,540	1,650	1,390	1,360	98%	88%
North America	1,490	1,650	980	1,090	111%	73%
Latin America	220	270	200	370	185%	168%
Asia	1,070	1,290	1,020	1,360	133%	127%
Middle East	870	650	480	520	108%	60%
Other	1,150	1,240	1,170	2,080	178%	181%
Subtotal <small>(total outside Japan)</small>	6,340	6,750	5,240	6,780	129%	107%
Japan	1,720	1,870	1,520	1,420	93%	83%
Total	8,060	8,620	6,760	8,200	121%	102%

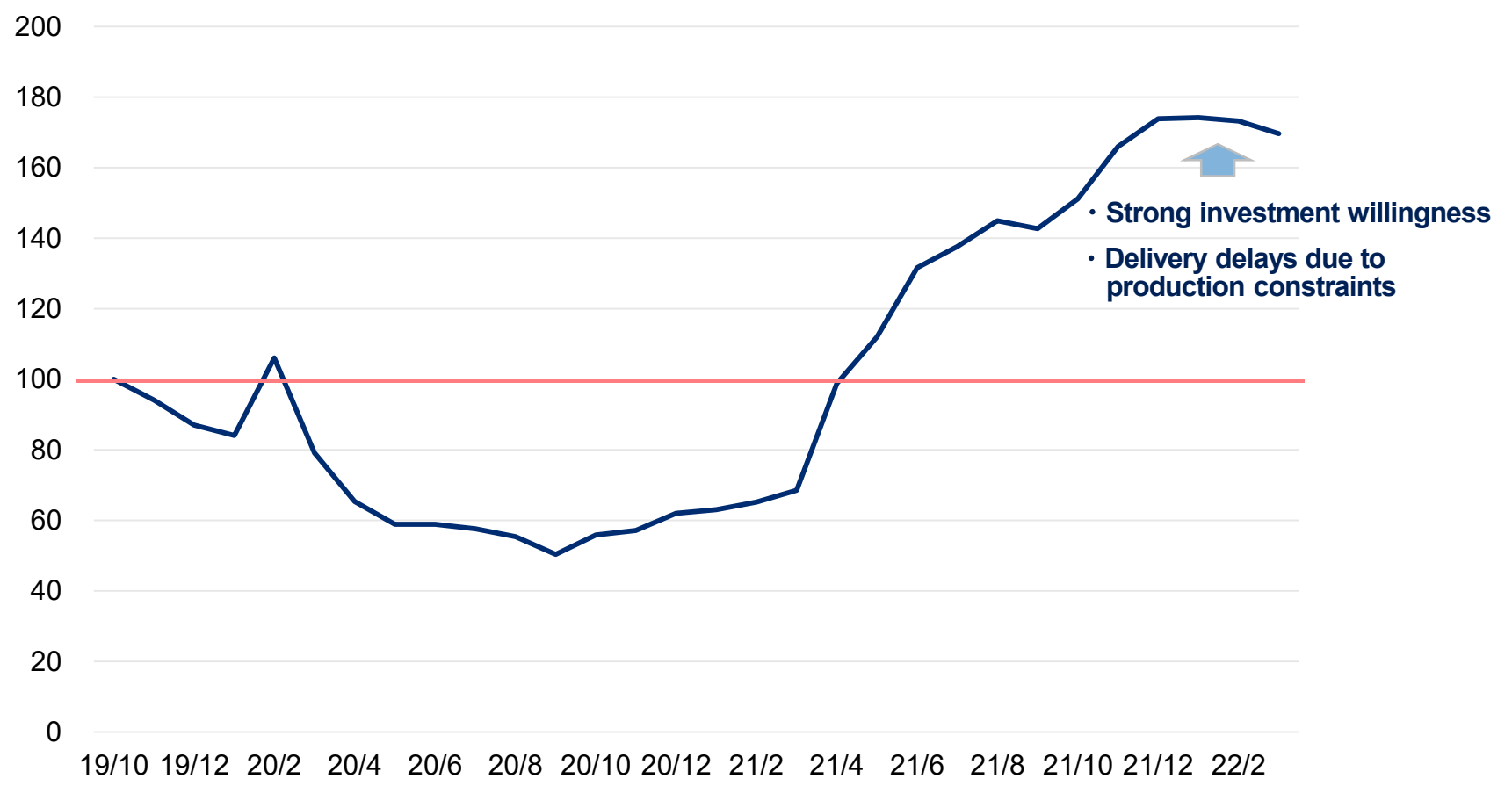
*Mobile cranes produced in China for Chinese market are excluded.

*Mobile cranes produced in Russia are excluded.

Trends in Order Backlog

➤ Order backlog is trending toward upward.

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



Production Situation

➤ Procurement

- **Coronavirus disruption, Ukraine crisis, effect of China's zero-Covid policy on greater supply chain:**
 - **Shortage of goods – Certain electric components, trucks**
 - **Shortage of manpower – Delays in delivery of supplied materials, logistics delays**



Led to temporary suspension of production in Japanese and German factories:

→ **Possible risk exists for further prolonged procurement difficulties and additional parts shortages.**

➤ Costs Increase

- **Rising raw material prices and overhead costs (logistics, labor, etc.)**

Impact of Sanctions against Russia

- **Suspended shipments of products and components to Russia and other related countries from March 4th, with resultant minor impact of about 1% on consolidated net sales.**
- **Shipment suspension will continue until international sanctions against Russia are lifted.**
- **Transformation of national energy and economic security policies → Watching for impact on demand and procurement.**

Initiatives for the Future

One Tadano Initiatives

- Harmonization under the Tadano brand
- Component commonization and modularization
- Unification of accounting period
- Revitalized organizational structure
(Strengthened product segment and sales region alignments)



Progress in Restructuring of European Operations

- Demand and orders are favorable compared to the restructuring plan assumptions.
- On the other hand, lower sales volume and reduced production efficiency due to production constraints and rising raw material prices were factors for reduced profits.
- The impact on production due to the prolonged Ukraine crisis is particularly uncertain.
- Restructuring efforts steadily progressing.
Ex.) Debut of first all terrain crane jointly developed by TDG and TFG, production scheme integration, and more.



First all terrain crane jointly developed by TDG and TFG: the AC 2.040-1

Toward Achieving Net Zero Carbon Emissions①

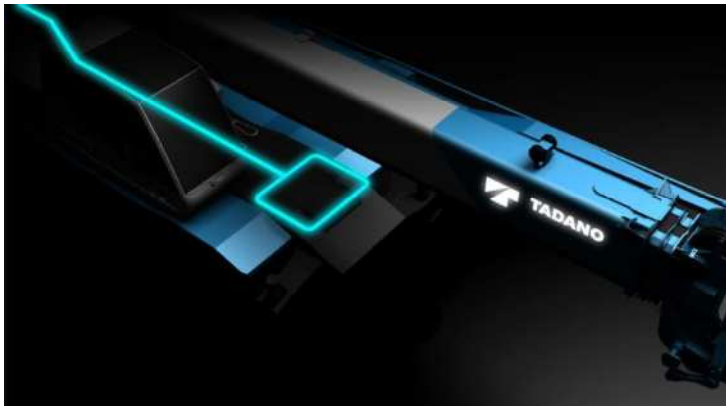


➤ Tadano Green Solutions

- Introduction of E-Pack into Japanese market following debut in Europe.
- World’s first electric rough terrain crane:
 - Planning to launch by the end of 2023 (initially targeting the Japanese market).
 - Aiming to achieve design where one charge powers an average day's worth of travel and crane work.

The Tadano Group's efforts, as part of the greater society, to protect the global environment and achieve the goal of making a net zero carbon world a reality.

→Further details to be announced at international construction equipment exhibitions in Fall 2022 and Spring 2023.



Illustrative image of electric rough terrain crane under development.



E-Pack: An external power source operates a hydraulic pump driven by an electric motor, enabling crane operation without starting the engine and achieving zero CO2 emissions during operation.

Toward Achieving Net Zero Carbon Emissions②

➤ Solar power generating equipment and modal shift in transportation:



Solar power generating equipment on the roof of Kozai Plant



Shift to marine transportation by barges, etc.

➤ The Tadano Group expressed support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and disclosed the results of its scenario analysis in April 2022.

✂ For details see our website : <https://www.tadano.co.jp/ir/esg/tcf.html>

<Future Actions>

- Calculation and disclosure of Scope 3 CO2 emissions, including CO2 emissions from products
- Supply chain initiatives to address climate change
- Quantified disclosure of scenario analysis and establishment/disclosure of materiality

**Pursuing Further Excellence
for the World and the Future.**

Appendix I

Overview of FY 2021 Financial Results (cited from Consolidated Financial Results (Comprehensive) for FY 2021)

Key Points of FY 2021 Financial Results

- ✓ First operating profit recorded during a full fiscal year since FY 2019.
- ✓ Profits related to restructuring of the European Operations and provision of allowance for losses related to violations of emission regulations were recorded respectively as extraordinary income and extraordinary loss.

(Unit: millions of yen)

	FY2020		FY2021		Percent Change
	Amount	Percentage	Amount	Percentage	
Net Sales	186,040	100%	205,661	100%	10.5%
Operating income	-4,196	-2.3%	5,251	2.6%	-
Ordinary income	-4,683	-2.5%	5,454	2.7%	-
Net income attributable to owners of the parent	-12,987	-7.0%	13,096	6.4%	-
Capital investment		5,666		5,364	
Depreciation		5,695		5,541	
* Figures for capital investments include leased assets.					
USD		¥106.82		¥109.80	
EUR		¥121.81		¥129.89	

Income Statement

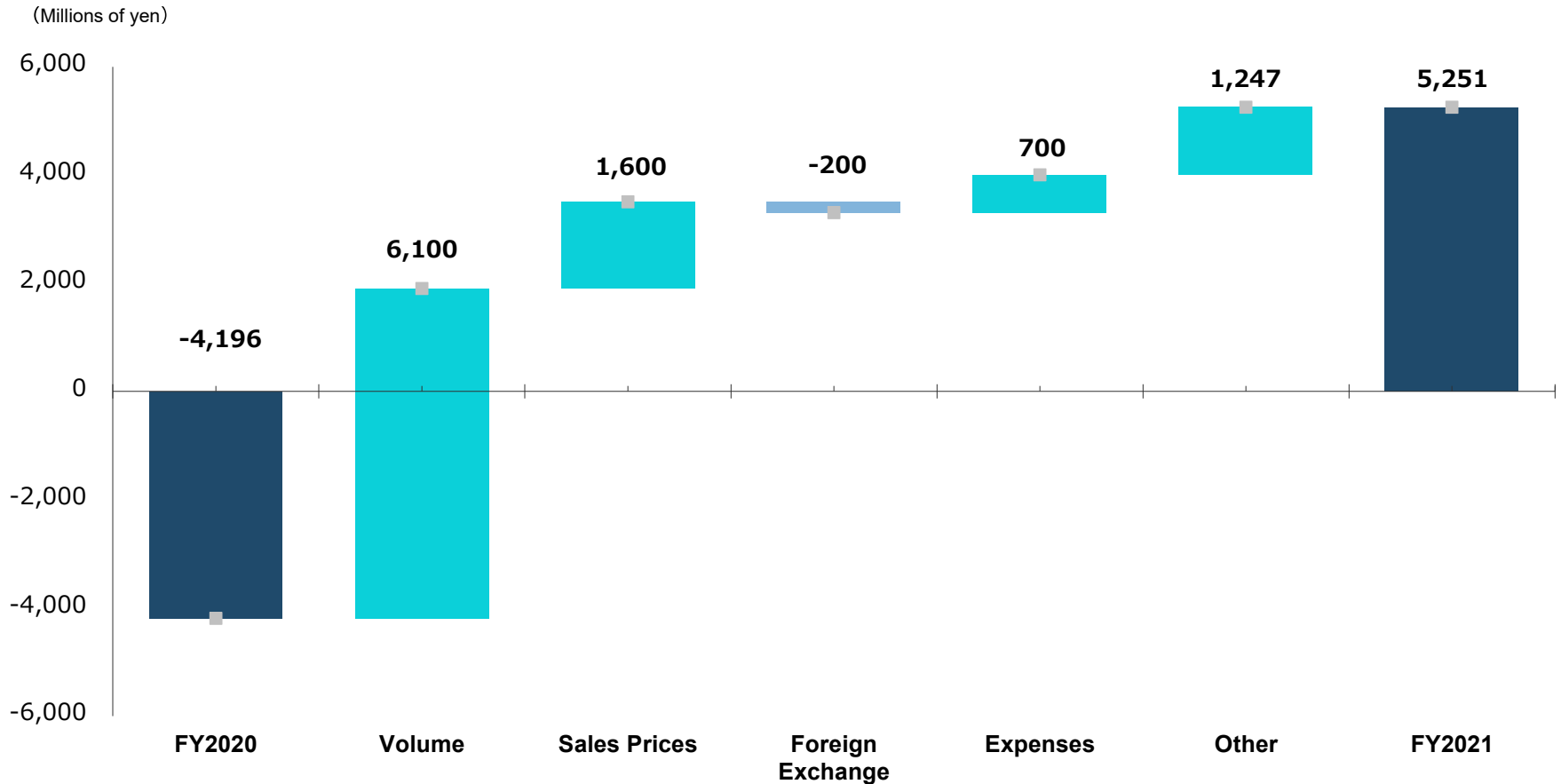
- ✓ Net sales increased and operating income increased due to positive effects from the restructuring efforts in the European Operations.

(Unit: millions of yen)

	FY2020		FY2021		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	
Net sales	186,040	100%	205,661	100%	19,621
Cost of sales	150,944	81.1%	159,336	77.5%	8,391
Gross profit on installment sales	55	0.0%	-	-	-55
Gross profit	35,150	18.9%	46,325	22.5%	11,174
Selling, general, and administrative expenses	39,347	21.1%	41,073	20.0%	1,726
Operating income	-4,196	-2.3%	5,251	2.6%	9,448
Non-operating income and loss	-486	-0.3%	202	0.1%	689
Ordinary income	-4,683	-2.5%	5,454	2.7%	10,137
Extraordinary income and loss	-7,674	-4.1%	10,746	5.2%	18,421
Income before income taxes	-12,358	-6.6%	16,200	7.9%	28,558
Corporate taxes	599	0.3%	3,097	1.5%	2,497
Net income attributable to noncontrolling interests	29	0.0%	7	0.0%	-22
Net income attributable to owners of the parent	-12,987	-7.0%	13,096	6.4%	26,083

Major Factors Leading to Change in Operating Income

- ✓ Operating income increased by ¥9.4 billion due to increase in sales volume, improvements in sales prices and expense reductions, among other factors.



Cash Flow

- ✓ In addition to an increase in income before income tax, decreases in accounts receivable and inventories (continuing from last year) resulted in operating cash flow of ¥17 billion.

(Unit: millions of yen)

		FY2020	FY2021	Increase/ Decrease
Cash flow from operating activities	Income before income tax	-12,358	16,200	28,558
	Depreciation	5,695	5,541	-153
	Accounts receivable	14,317	1,750	-12,567
	Inventories	15,539	2,147	-13,391
	Accounts payable	-7,980	4,577	12,558
	Other	5,235	-12,884	-18,120
	Total	20,448	17,332	-3,116
Cash flow from investing activities	Total	-3,731	-7,084	-3,352
Cash flow from financing activities	Total	29,039	-471	-29,510
Increase(decrease) in Cash and Cash Equivalents		45,997	12,200	-33,797

Net Sales by Product

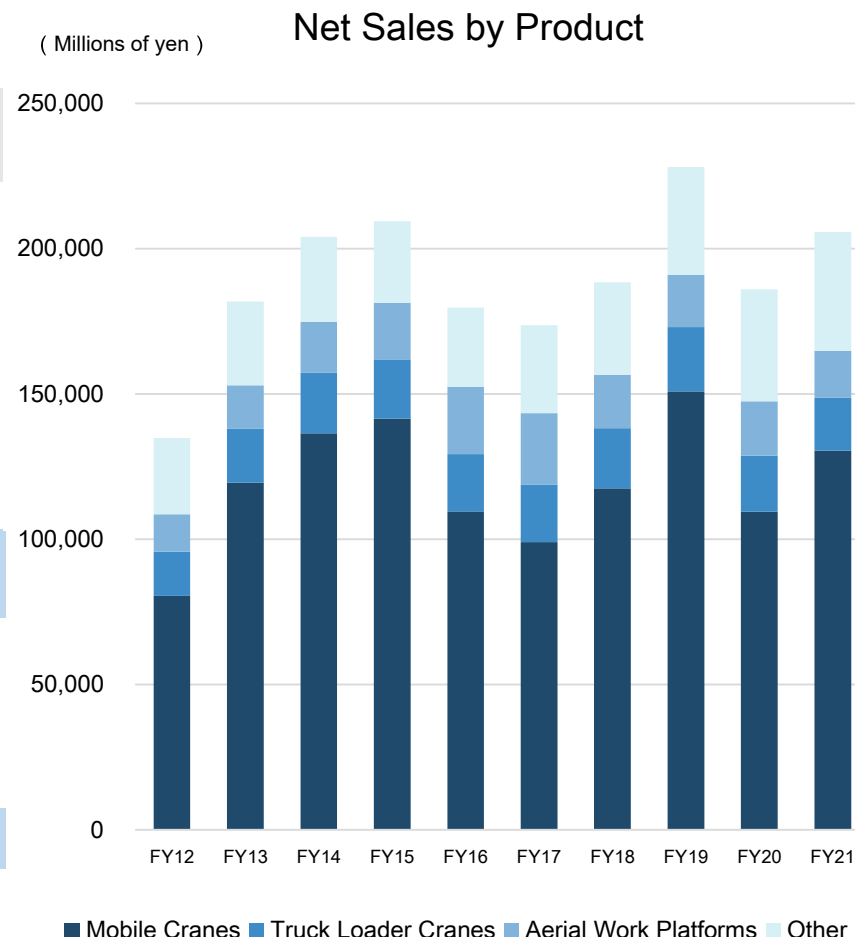
- ✓ Mobile crane and “other” sales increased.
- ✓ Truck loader crane and aerial work platform sales decreased.

(Unit: millions of yen)

	FY2020	FY2021	Increase/Decrease	
			Amount	Percentage
Mobile Cranes	109,430	130,461	21,030	19.2%
Truck Loader Cranes	19,314	18,251	-1,062	-5.5%
Aerial Work Platforms	18,701	16,171	-2,530	-13.5%
Other	38,593	40,777	2,183	5.7%
Total	186,040	205,661	19,621	10.5%

Breakdown of Mobile Crane Sales Inside and Outside Japan

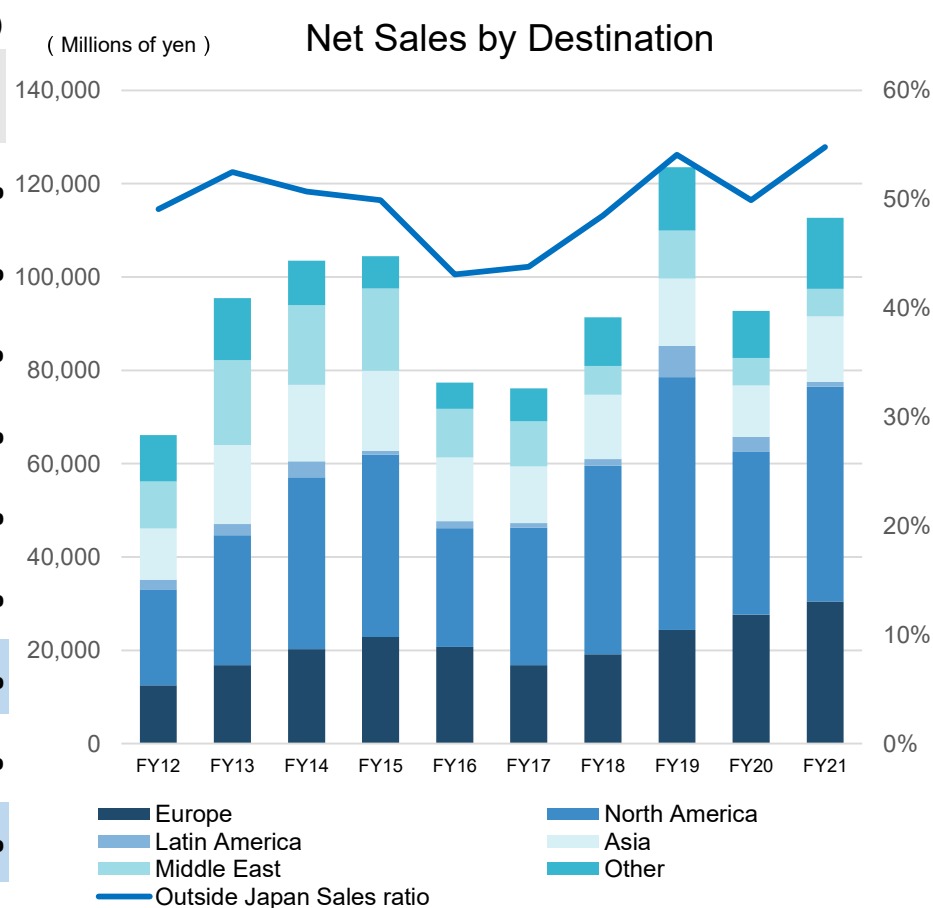
Japan	39,615	42,725	3,109	7.8%
Outside Japan	69,815	87,736	17,921	25.7%
Total	109,430	130,461	21,030	19.2%



Net Sales by Destination

✓ Net sales increased in all regions except Latin America and Japan.

	FY2020	FY2021	(Unit: millions of yen)	
			Increase/Decrease Amount	Percentage
Europe	27,631	30,487	2,856	10.3%
North America	35,001	45,999	10,998	31.4%
Latin America	3,092	1,028	-2,063	-66.7%
Asia	11,013	14,039	3,025	27.5%
Middle East	5,898	5,902	4	0.1%
Other	10,126	15,219	5,093	50.3%
Subtotal (total outside Japan sales)	92,763	112,678	19,914	21.5%
Japan	93,277	92,983	-293	-0.3%
Total	186,040	205,661	19,621	10.5%
Outside Japan Sales Ratio	49.9%	54.8%		



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

Appendix II

Overview of FY 2022 Forecast

(cited from Consolidated Financial Results (Comprehensive) for FY 2021)

Change of Accounting Period

Tadano Ltd. will officially change from a March-end to a December-end accounting period (fiscal year-end date), pending approval at the Annual General Meeting of Shareholders scheduled to be held on June 24, 2022. For more detailed information, please refer to press release entitled “Change of Accounting Period (Fiscal Year-End Date)” dated April 28, 2022.

Consolidated Accounting Period Change:

Year	2021				2022				2023			
Month	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec
Companies closing accounts in March (mainly in Japan)												
Companies closing accounts in December (mainly outside Japan)												
Accounting Period	FY 2021				FY 2022				FY 2023			

The Tadano Group’s fiscal year 2022, which will be a transitional period for the change of accounting period, shall be the irregular accounting period as shown in the red-outlined box above.

- Companies closing accounts in March: 9-month (April 1, 2022 – December 31, 2022)
- Companies closing accounts in December: 12-month (January 1, 2022 – December 31, 2022)

FY 2022 Business Performance Forecast

(Unit: millions of yen)

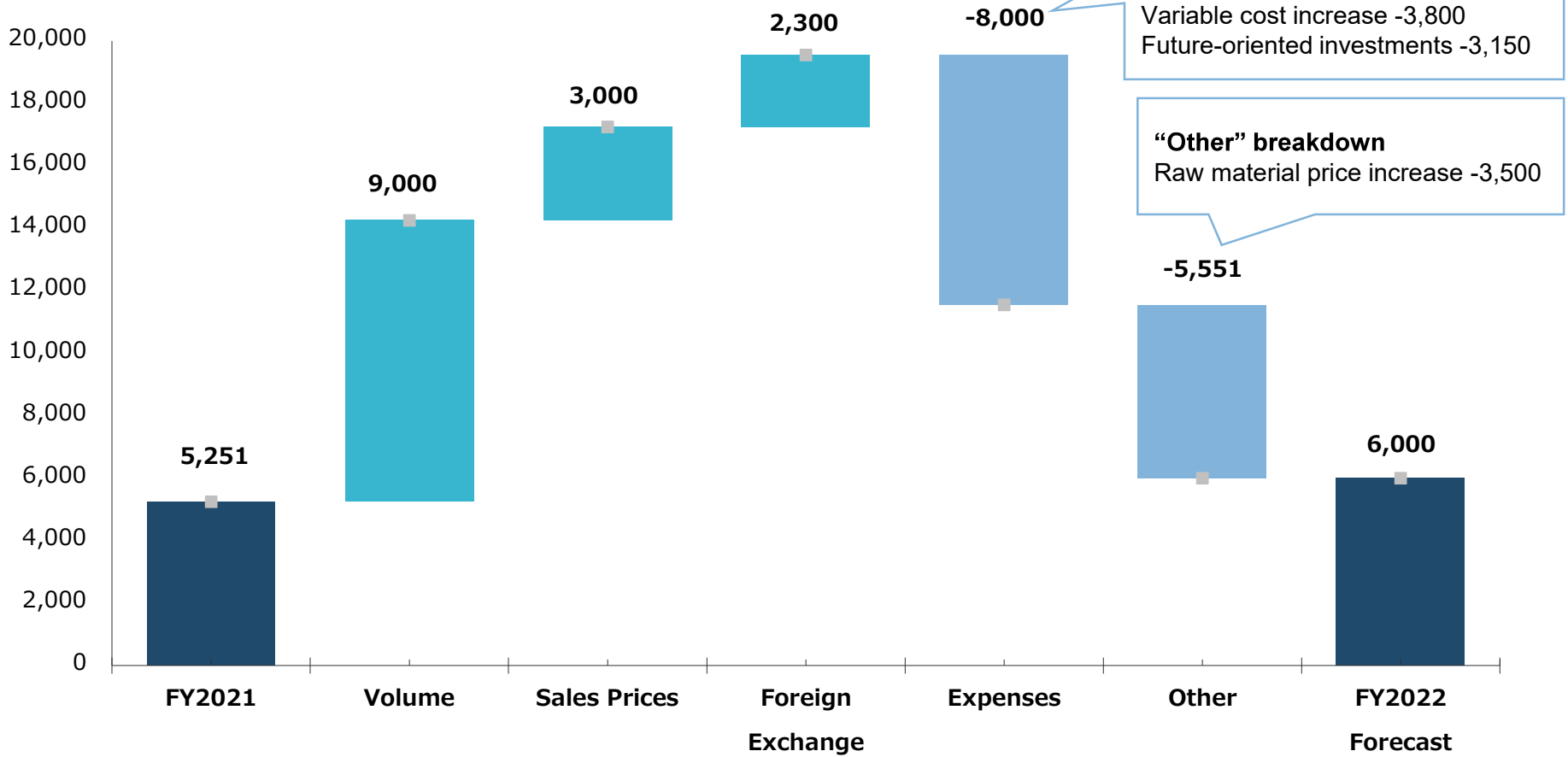
	FY2021		FY2022 (Irregular accounting period)		Reference: adjusted plan 2022/4 - 2023/3		Percent Change
	Amount	Percentage	Amount	Percentage	Amount	Percentage	
Net Sales	205,661	100%	205,000	100%	235,000	100%	14.3%
Operating income	5,251	2.6%	4,500	2.2%	6,000	2.6%	14.3%
Ordinary income	5,454	2.7%	3,800	1.9%	5,500	2.3%	0.8%
Net income attributable to owners of the parent	13,096	6.4%	1,900	0.9%	2,800	1.2%	-78.6%
Capital investment		5,364		5,500		6,500	
Depreciation		5,541		4,700		5,500	
* Figures for capital investments include leased assets.							
USD		¥109.80		¥120.00		¥120.00	
EUR		¥129.89		¥135.00		¥135.00	
Dividends per share	Mid-year	¥3.00	Mid-year	—			
	Year-end	¥4.00	Year-end	¥8.00			
	Full-year	¥7.00	Full-year	¥8.00			

For reference, the “adjusted plan” above is provided to show the company forecasts for the legacy 12-month accounting period from April 2022 to March 2023.

FY 2022 Forecast (Major Factors Leading to Change in Operating Income) *adjusted plan

✓ Against efforts to improve selling prices and increase sales, operating income is forecasted to increase by only ¥0.7 billion due to future-oriented investment costs and rising raw material prices.

(Millions of yen)



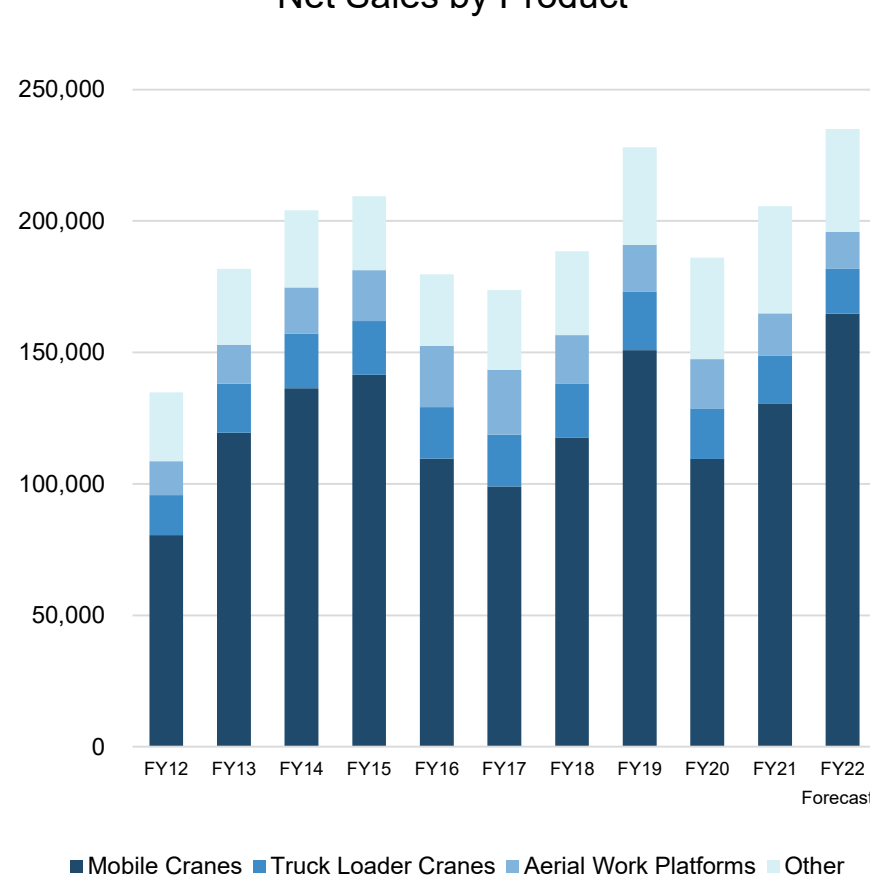
FY 2022 Forecast (Net Sales by Product) *adjusted plan

(Unit: millions of yen)

(Millions of yen)

Net Sales by Product

	FY2021	FY2022 Forecast	Increase/Decrease	
			Amount	Percentage
Mobile Cranes	130,461	164,800	34,339	26.3%
Truck Loader Cranes	18,251	17,000	-1,251	-6.9%
Aerial Work Platforms	16,171	14,100	-2,071	-12.8%
Other	40,777	39,100	-1,677	-4.1%
Total	205,661	235,000	29,339	14.3%

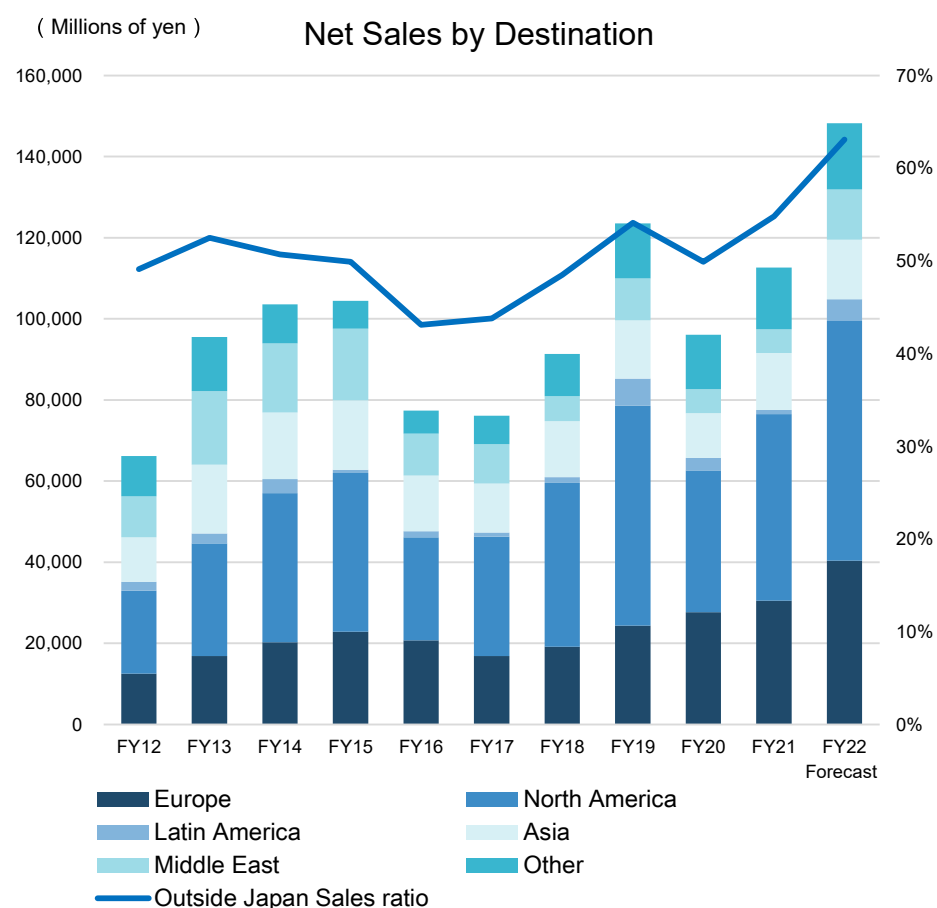


Breakdown of Mobile Crane Sales Inside and Outside Japan

	FY2021	FY2022 Forecast	Increase/Decrease Amount	Increase/Decrease Percentage
Japan	42,725	40,600	-2,125	-5.0%
Outside Japan	87,736	124,200	36,464	41.6%
Total	130,461	164,800	34,339	26.3%

FY 2022 Forecast (Net Sales by Destination) *adjusted plan

	FY2021	FY2022 Forecast	(Unit: millions of yen)	
			Increase/Decrease Amount	Percentage
Europe	30,487	40,400	9,913	32.5%
North America	45,999	59,100	13,101	28.5%
Latin America	1,028	5,300	4,272	415.6%
Asia	14,039	14,700	661	4.7%
Middle East	5,902	12,400	6,498	110.1%
Other	15,219	16,300	1,081	7.1%
Subtotal (total outside Japan sales)	112,678	148,200	35,522	31.5%
Japan	92,983	86,800	-6,183	-6.6%
Total	205,661	235,000	29,339	14.3%
Outside Japan Sales Ratio	54.8%	63.1%		



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