



FY 2023 Financial Explanatory Briefing

- FY 2023 Financial Results and Mid-Term Management Plan (24-26)

**March 2024
Tadano Ltd.**

<Notes>

- Forward-looking statements contained in this material are based on information available as of the date this report was prepared. A variety of factors may cause actual results to differ from projections.
- This is an English translation of the presentation material made in the Japanese language. If there is any difference in its substance or meaning, the Japanese version shall prevail.
- Abbreviation in this material: "TC" refers to Truck Cranes, "RT" to Rough Terrain Cranes, "AT" to All Terrain Cranes, "CC" to Crawler Cranes, and "TBC" to Telescopic Boom Crawler Cranes.

FY 2023 Results and FY 2024 Forecast

FY 2023 Results and FY 2024 Forecast

(Unit: millions of yen)

	Jan.-Dec., 2023		Jan.-Dec., 2024 Forecast		Percent Change
	Amount	Percentage	Amount	Percentage	
Net sales	280,266	100%	315,000	100%	12.4%
Operating income	18,349	6.5%	20,000	6.3%	9.0%
Ordinary income	16,367	5.8%	17,000	5.4%	3.9%
Net income attributable to owners of the parent	7,773	2.8%	9,500	3.0%	22.2%
ROIC		3.0%		4.5%	
ROE		4.5%		5.0%	
Capital investment		3,623		6,500	
Depreciation		4,750		5,100	
* Figures for capital investments exclude leased assets.					
USD		¥140.6		¥140.0	
EUR		¥152.0		¥155.0	
Dividends per share	Mid-year	¥4.0	Mid-year	¥10.0	
	Year-end	¥15.0	Year-end	¥13.0	
	Full-year	¥19.0	Full-year	¥23.0	

FY 2023 Results:

- Net sales and income increased. Net sales reached record high.
- Despite increases in raw material prices and others, we worked on increasing sales volume and improving sales prices.
- Demand for mobile cranes increased in all regions except Europe (+29% YoY).
- Market shares in Japan and North America increased.
- Production constraints in Europe were not recovered, resulting in largest deficit as European operations in our history.

FY 2024 Forecast:

- Net sales and income are expected to increase. Net sales will reach record high following FY 2023.
- Improved sales prices will offset the cost increase due to inflation and Japanese yen depreciation.
- Global demand for mobile cranes will remain at same level as FY 2023. Inquires will remain firm despite U.S. presidential election as well as geopolitical risk increase.
- Deficit of European operations will reduce by optimal AT sales allocation mainly to North America. We will reorganize European plants and optimize AT production.

Tadano Group Mid-Term Management Plan (24-26)

**Reaching new heights
- Entering a new era -**

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4. Initiatives for Sustainable Growth

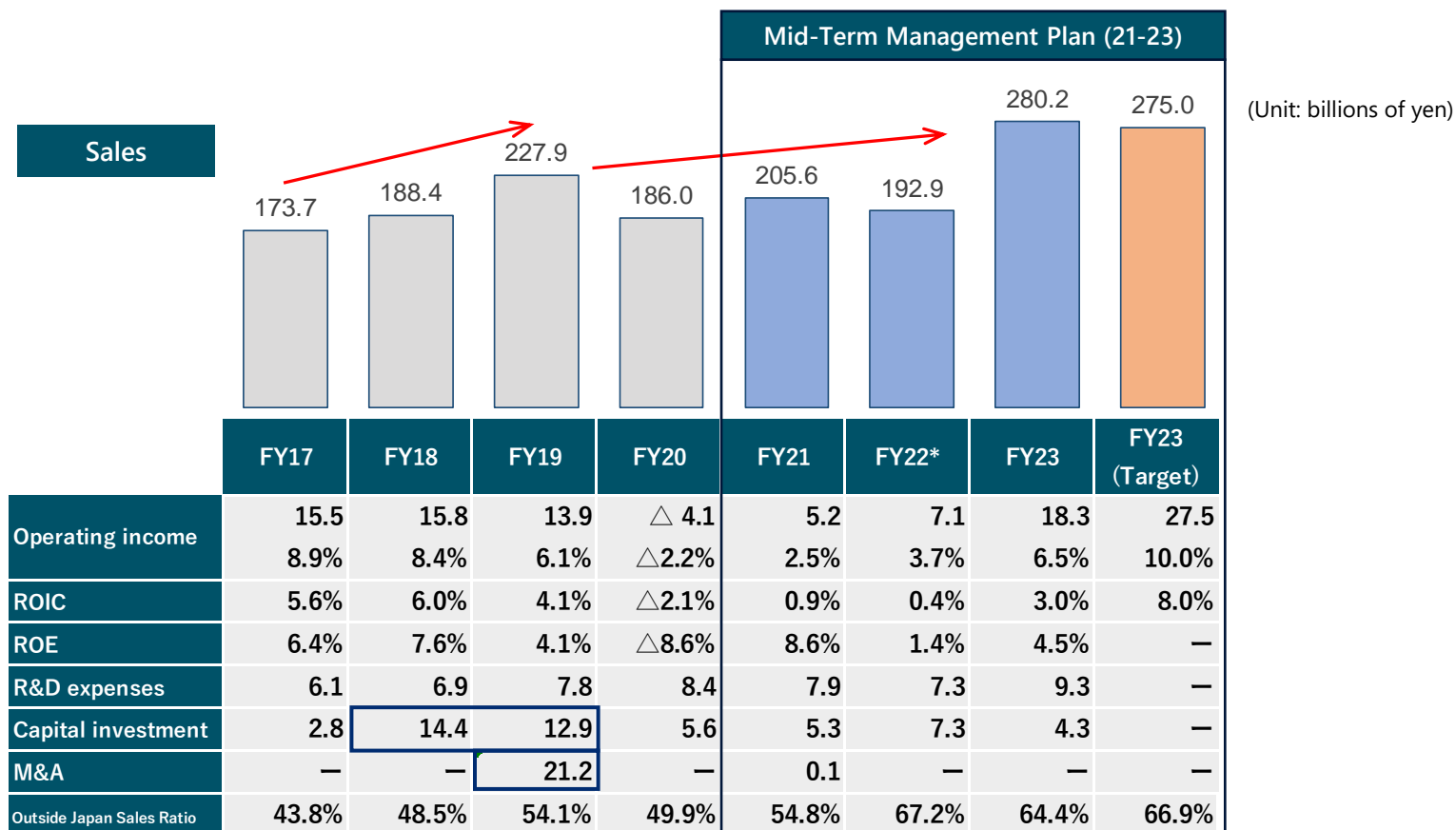
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5. 2040 Envisioned by Next Generation Leaders

1. Mid-Term Management Plan (21-23) Review

1. Mid-Term Management Plan (21-23) Review (1/2) <Performance>

- Sales reached a record high due to future-oriented investment effects, improved selling prices, and the impact of Japanese yen depreciation.
- Operating income missed the target due to production constraints caused by severe procurement environment and delay in revitalization of European operations.



*FY18-FY19: Kozai Plant construction: 21.5 billion yen
 *FY19: Acquisition of Demag business: 21.2 billion yen

*FY22 shall be the 9-month fiscal period from April to December due to the change in fiscal year end

1. Mid-Term Management Plan (21-23) Review (2/2) <Major Initiatives>

■ Implementing strategy for growth

European Operations Reorganization

- Developed and launched 6 new global models and introduced Japanese versions for 3 existing models
- Implemented optimization on organizational structure and asset reductions, but FY23 recorded the largest deficit in the history

ESG/SDG Initiatives

- Efforts to medium- to long-term environmental targets
 - Introduction of solar panels (Kozai/Tadotsu)
 - Active use of marine transportation (modal shift)
 - Development of environmentally friendly products
- Supporting autonomous career development to maximize the value of human capital
 - Job challenge
 - Internal FA program (which allows eligible employees to solicit offers from other departments)

DX/GX Initiatives

- Provided services to help customer operations (Streamlining construction and fleet management through performance calculation & telematics data of the equipment)
- AI algorithm competition held (Initiatives through open innovation)
- Introducing the world's first fully electrified RT to Japan
- Established "Tadano Advanced Technology Research Center (Europe)"

Advancement of One Tadano Concept and Enhancement of Governance

- Demag and Mantis brands unified into Tadano
- Synchronization of group management through unification of fiscal periods
- Board diversity
 - Outside directors: 5 out of 9
 - One female director and one female auditor

2. Mid-Term Management Plan (24-26)

2. (1) Tadano Group's Corporate Philosophy

〈Corporate Philosophy〉

Creation, Contribution, Cooperation

〈Vision〉

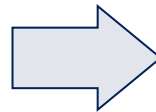
Pursuing Further Excellence for the World and the Future

〈Core Values〉

Safety, Quality, and Efficiency based on Compliance



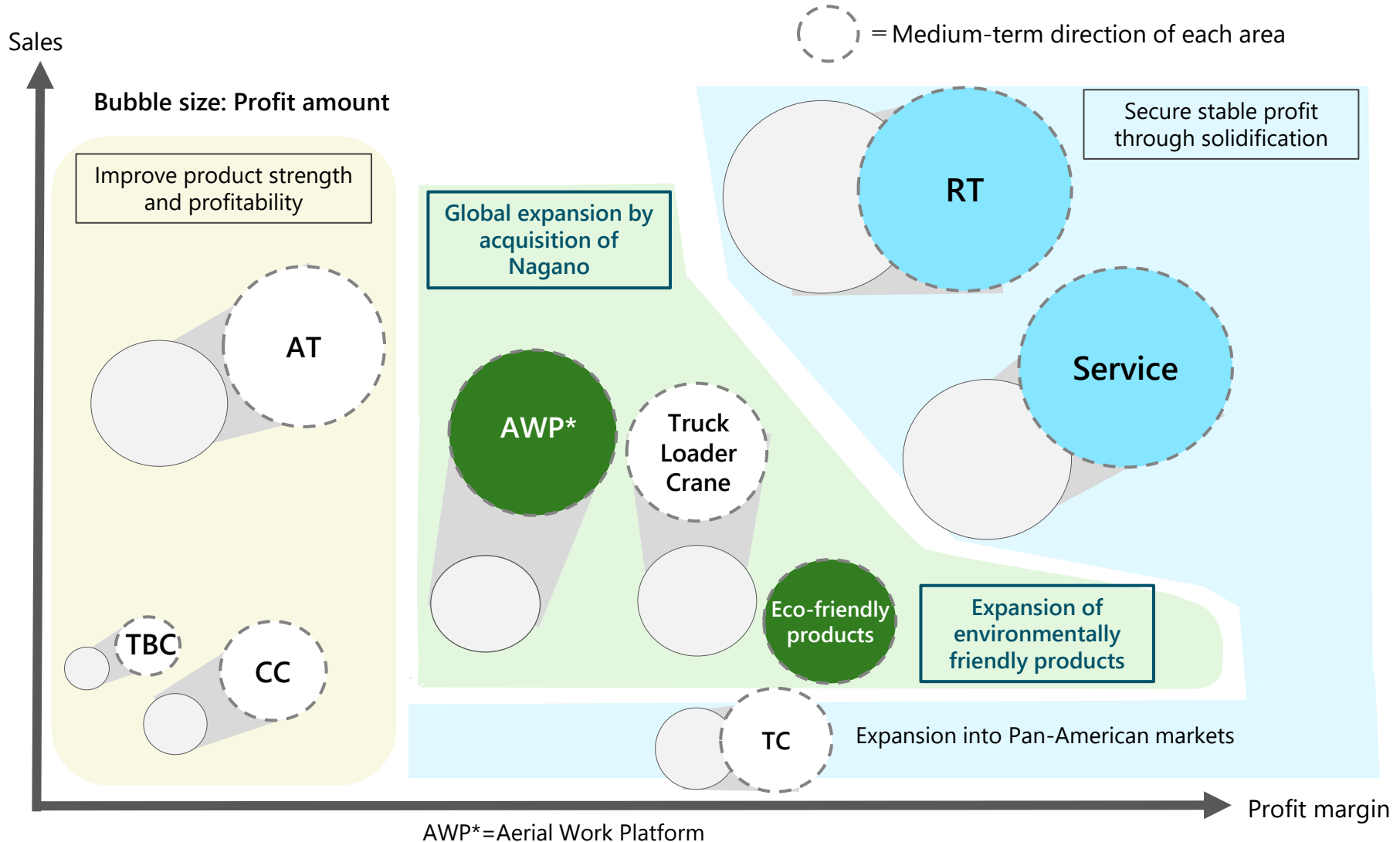
In 1955



In 2023

2. (2) Medium-Term Direction <Business Portfolio>

- Strengthening existing businesses and developing new businesses



2. (3) Mid-Term Management Plan (24-26) Basic Policy

- As a leading company in the industry, we provide new value for customer's safety and global environment.

Slogan	Major KPIs	Cash Allocation
<p>Reaching new heights - Entering a new era -</p>	<p>Sales: 330 billion yen Operating income: 30 billion yen ROIC: 8.0% ROE: 9.5%</p>	<p>Future-oriented invest.: 30+α billion yen Working capital: 60-70 billion yen Dividend payout ratio: Approx. 30%</p>

Basic Strategy	
(1) Advancing decarbonization	<ul style="list-style-type: none"> • Expansion of environmentally friendly products (Tadano Green Solutions)
(2) Venture into new areas	<ul style="list-style-type: none"> • Global promotion of AWP • Business expansion by changing the "common" • Development and commercialization of new technologies
(3) Manufacturing reforms that leverage strengths	<ul style="list-style-type: none"> • Optimization of development and manufacturing • Maximizing profitability of European operations
(4) Establishing foothold to support transformation	<ul style="list-style-type: none"> • Sales leveraging regional strengths • Strengthening service capabilities • Automation and energy saving in production • Strengthening human resources base linked to management strategy

3. Basic Strategy

3. (1) Advancing decarbonization (1/2) <Expand environmentally friendly products>

■ Promoting Tadano Green Solutions

Global promotion of electrified RT “EVOLT”

- Japan in 2023, North America in 2024, and then Europe and Oceania
- Leading global RT markets through proactive electrification initiatives



eGR-250N launched in Japan in Dec. 2023



eGR-1000XLL to be launched in North America in 2024

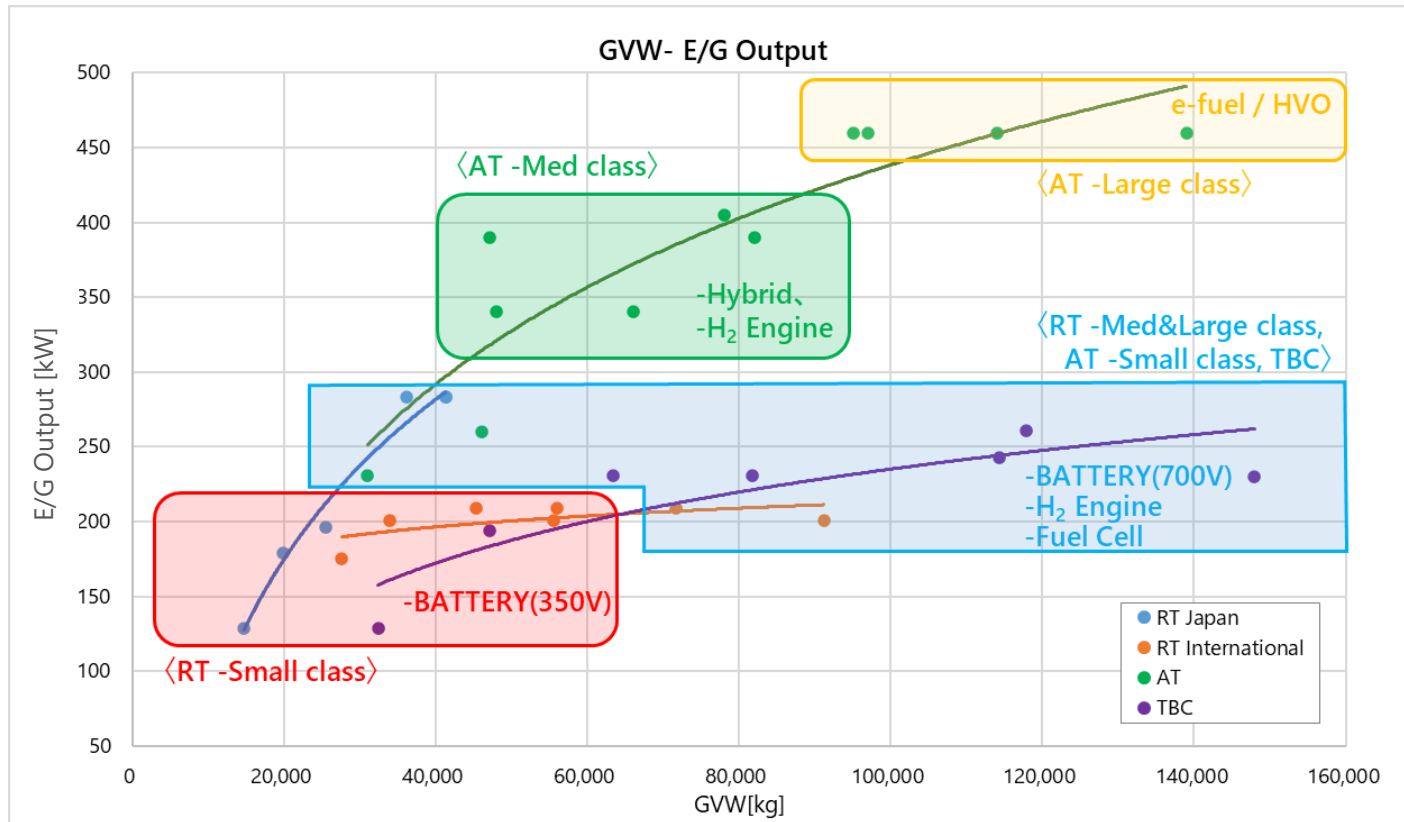
Enhance decarbonized product lineup

- e-PACKs, EV truck-mounted aerial work platforms, hybrid products, cranes for offshore wind turbine, etc.
- CO2-free operations during construction and maintenance of wind turbines



3. (1) Advancing decarbonization (2/2) <Expand environmentally friendly products>

- Medium- to long-term direction of power sources toward achieving net-zero emissions by 2050



- Dots: represents current lineup with horizontal axis indicating size (GVW) and vertical axis indicating installed engine output (kW).
- Approximation lines (solid lines): indicates spread of lineups for each crane type.
 - ✓ RT for Japan and AT: market shows sharply curved line, which means large crane requires large engine.
 - ✓ RT and TBC for outside Japan: market shows rather flatter line as required engine power source is only for crane function.

3. (2) Venture into new areas (1/2) 〈Global promotion of AWP〉

■ Accelerating growth of AWP business with acquisition of Nagano (completed on February 1st)

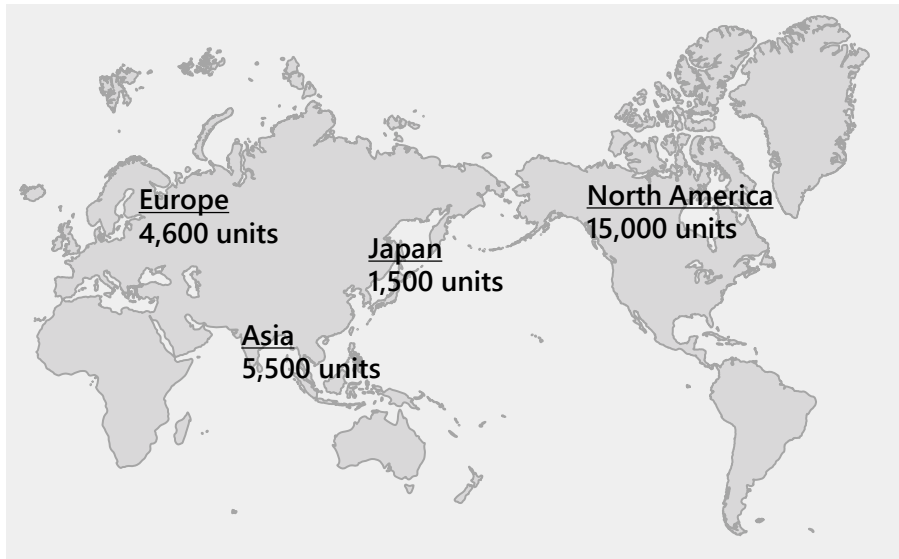
- The new company name is Tadano Utilities Ltd. As a group, we will drive the strategy forward
- Integrating strengths in development and manufacturing technology
- Enhancing product lineup
 - Positioning self-propelled aerial work platforms as the flagship product in international markets
 - Adding electrified aerial work platforms as a new option for environmentally friendly products
- Fully leveraging brand power and sales network cultivated by RTs

<Tadano's flagship truck-mounted type >



<Nagano's flagship self-propelled type>
*The following is an electrified crawler model

<Estimated annual demand of self-propelled AMPs>



3. (2) Venture into new areas (2/2)

〈Business expansion by changing the "common"〉

- Initiatives to change the "common" of existing products and know-how
 - Providing a variety of approaches for products with high prices or limited production volumes, such as environmentally friendly products or high-capacity CCs
 - Component sales and licensing of new technologies will provide new value streams that are not limited to the sale of finished machines.

<New technologies and initiatives

- Towards safer and more efficient construction sites ahead>

- **Electric ESP:**

A new technology that replaces the hydraulic drive system with an electric one for the fixed pin drive mechanism of the single telescopic cylinder, achieving smooth and quiet operation while being less affected by outside temperatures.

- **Lift Visualizer:**

A new technology installed in the EVOLT eGR-250N. It overlays crane information onto the image from the load monitoring camera, enhancing operational efficiency and safety verification.

- Exploring automatic piloting and remote-control technology utilizing AI.



3. (3) Manufacturing reforms that leverage strengths (1/2)

〈Optimization of development and manufacturing to maximize profitability〉

- Achieving optimal manufacturing by leveraging strengths of development and production bases in Japan, Germany, and the United States
- Overcoming challenges of multi-variety, small-batch production inherent in our business

✓ Japan's strengths

- High awareness of safety and quality
- Stability in cost and delivery time
- Strong relationships with suppliers

✓ Germany and the United States' strengths

- High awareness of the latest technology and towards the environment
- Advanced welding techniques
- Unique products/expertise not found in Japan (AT/CC/TBC)

World-optimal procurement (procurement)

- Deepening relationships with suppliers and ensure a stable supply of products
 - Suppliers' ease of production and cost reduction, helping suppliers to reduce costs and grow together
 - Strategic relationships with key suppliers in Europe

World-optimal production system (region)

- German production utilizing technology and advanced welding techniques
 - Producing medium and large ATs and CCs in Europe
- Japanese/the U.S. production combined with cost competitiveness and stable delivery
- Seto Inland Sea, which enables modal shift with consideration for CO2 reduction
 - Producing small ATs in Japan

World-standardized production method

- Global expansion of TKN activities*
 - Improving production efficiency by standardizing Japanese and German production materials
 - Standardization of cabins, booms, and other structures and components
 - Introducing state-of-the-art production equipment and promoting automation
- *TKN: Tadano's design concept of creating something "Simple," "Durable," and "Repairable"

3. (3) Manufacturing reforms that leverage strengths (2/2)

〈AT production transfer and turnaround of European Operations〉

■ Production system that maximizes German and Japanese strengths

✓ Focusing European operations on their strengths and leverage group synergies

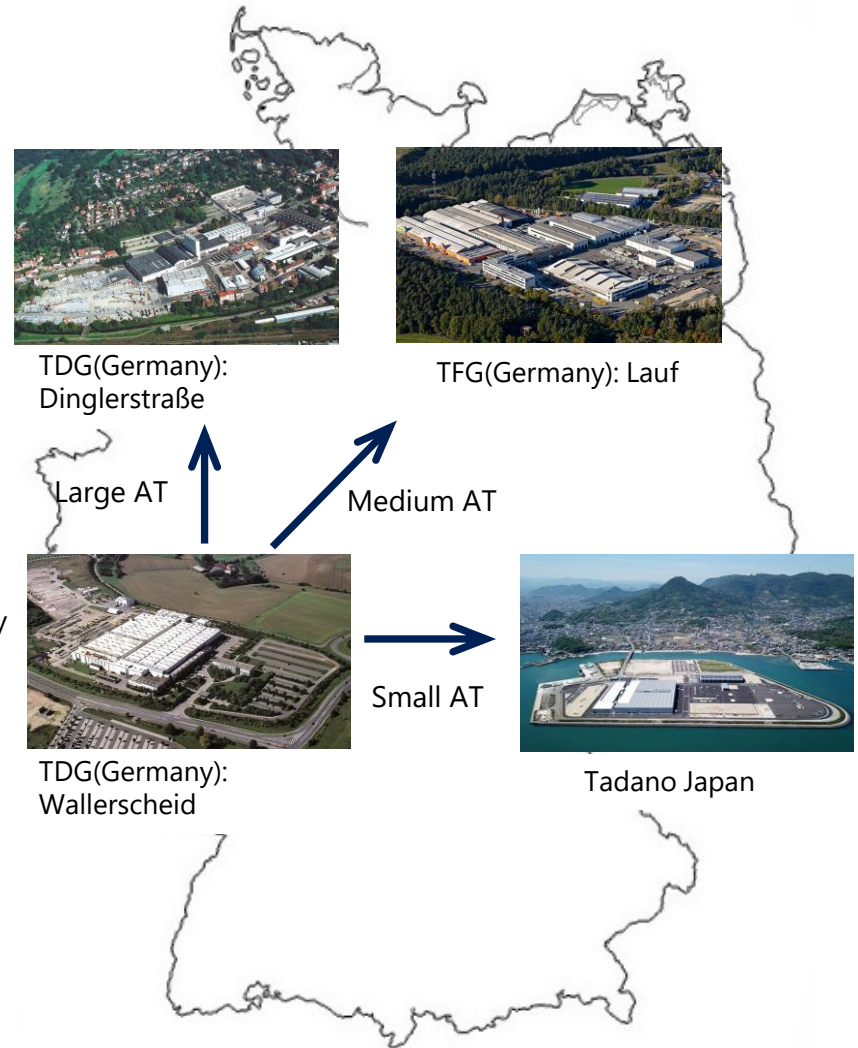
- Product development and manufacturing based on long history and expertise in AT/CC products
- Utilizing advantage of Tadano's sales network in Europe for all Tadano products
- Driving latest technology developments, particularly including environmental aspects

✓ Optimizing production capacity and organization in Germany

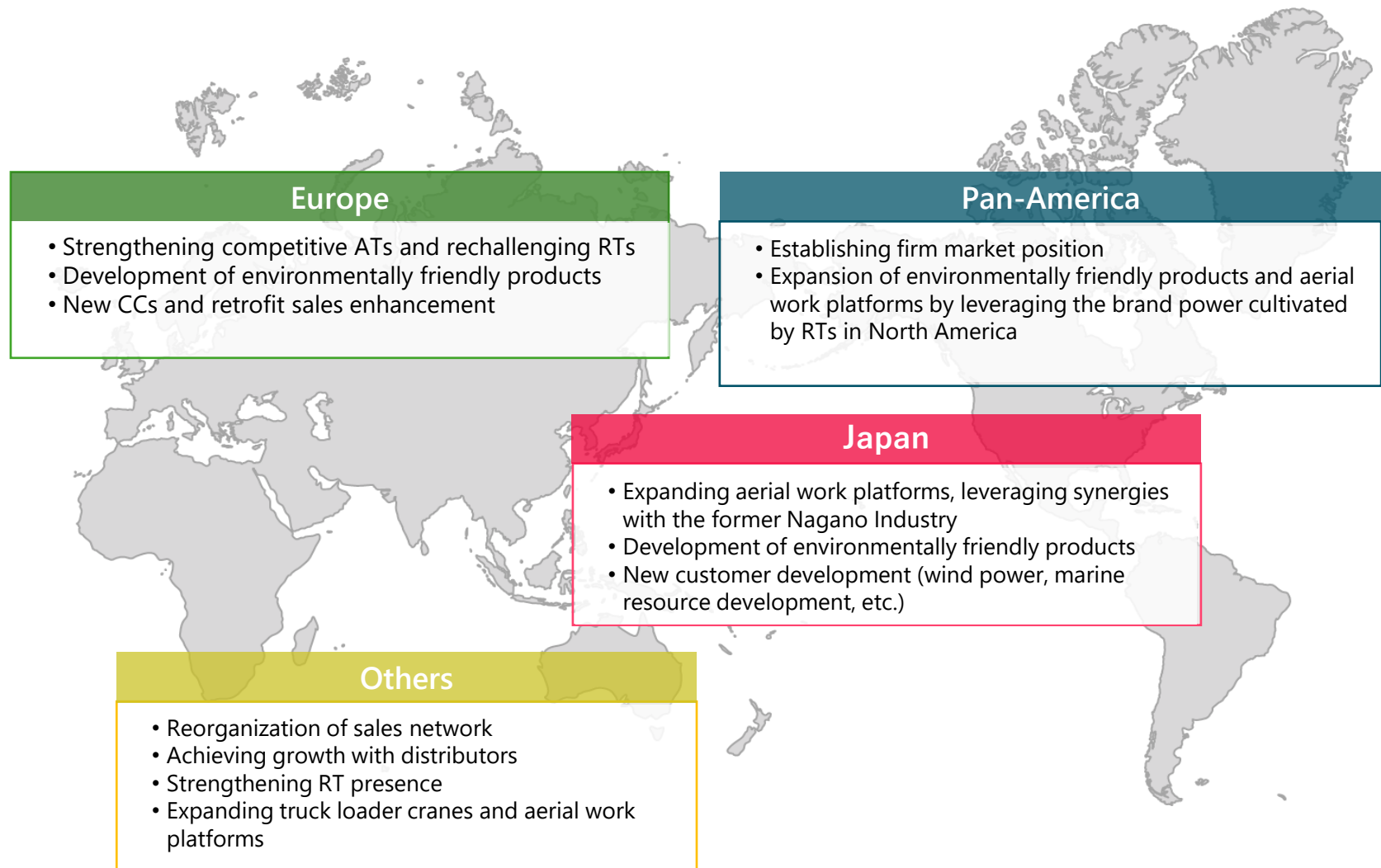
- Consolidating production into one dedicated plant for each type
 - Large ATs & CCs to Dinglerstraße, medium ATs to Lauf, small ATs to Japan(*)
 - Simplifying organization and reducing personnel in Germany
- (*subject to discussion with work council)

✓ Reinforcing the tie as One Tadano

- Improving design and production efficiency together with suppliers by spreading TKN activities in Europe
- Use of more competitive components worldwide (Japanese components → European product, European components → Japanese product)
- Establishing German advanced welding technology in Japan



3. (4) Establishing foothold to support transformation (1/4) 〈Sales leveraging regional strengths〉



3. (4) Establishing foothold to support transformation (2/4) 〈Strengthening service capabilities〉

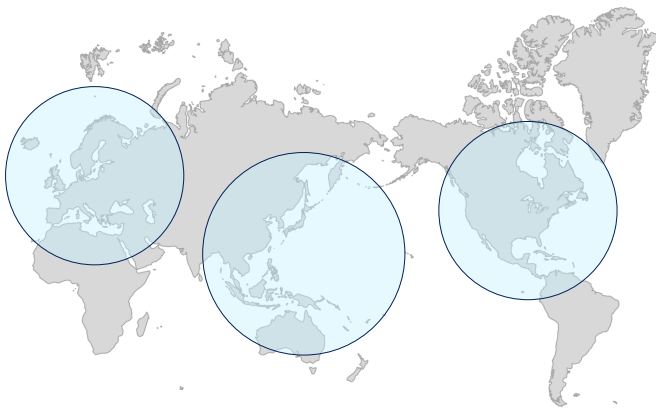
- Striving for long-term customer loyalty (towards recirculating business)

Reliability to use

- Strengthening condition-based maintenance



- Optimizing parts supply system (3 global regions)
→ Achieving shorter delivery times to customers



Long life to use

- Guarantee of machine life and improvement in used equipment value through expansion of remanufacturing business
- Reinforcement of remanufacturing business for electronic components with relatively short life cycles (also utilizing electronic control system know-how of the former Nagano Industry)
- Proactive development of retrofits (retrofit modifications and enhanced parts) to maintain and enhance value of existing products



3. (4) Establishing foothold to support transformation (3/4) 〈Automation and energy saving in production〉

- Overcoming challenges in worker shortage and succession of technical know-how

Automation and energy saving in manufacturing process

- Automation of boom production lines (stamping, forming and welding), one of our core technologies
- Introduction of paint robots and automated guided vehicles



Welding automation



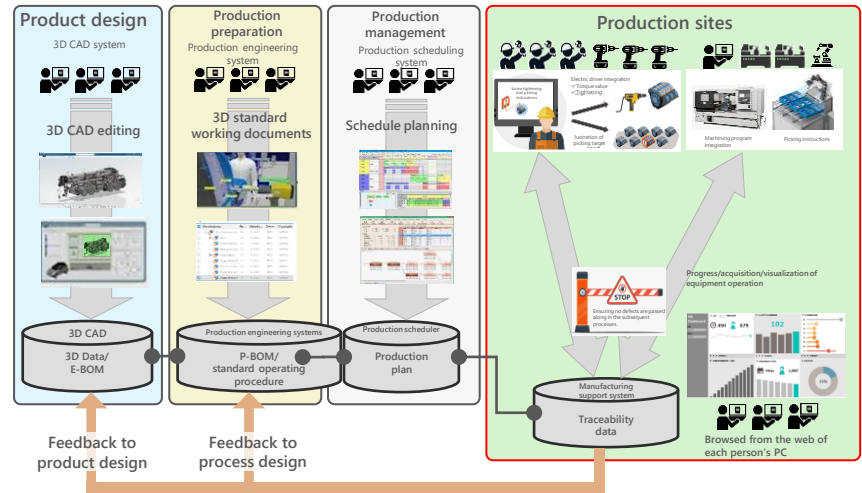
Automated guided vehicle



Paint robot

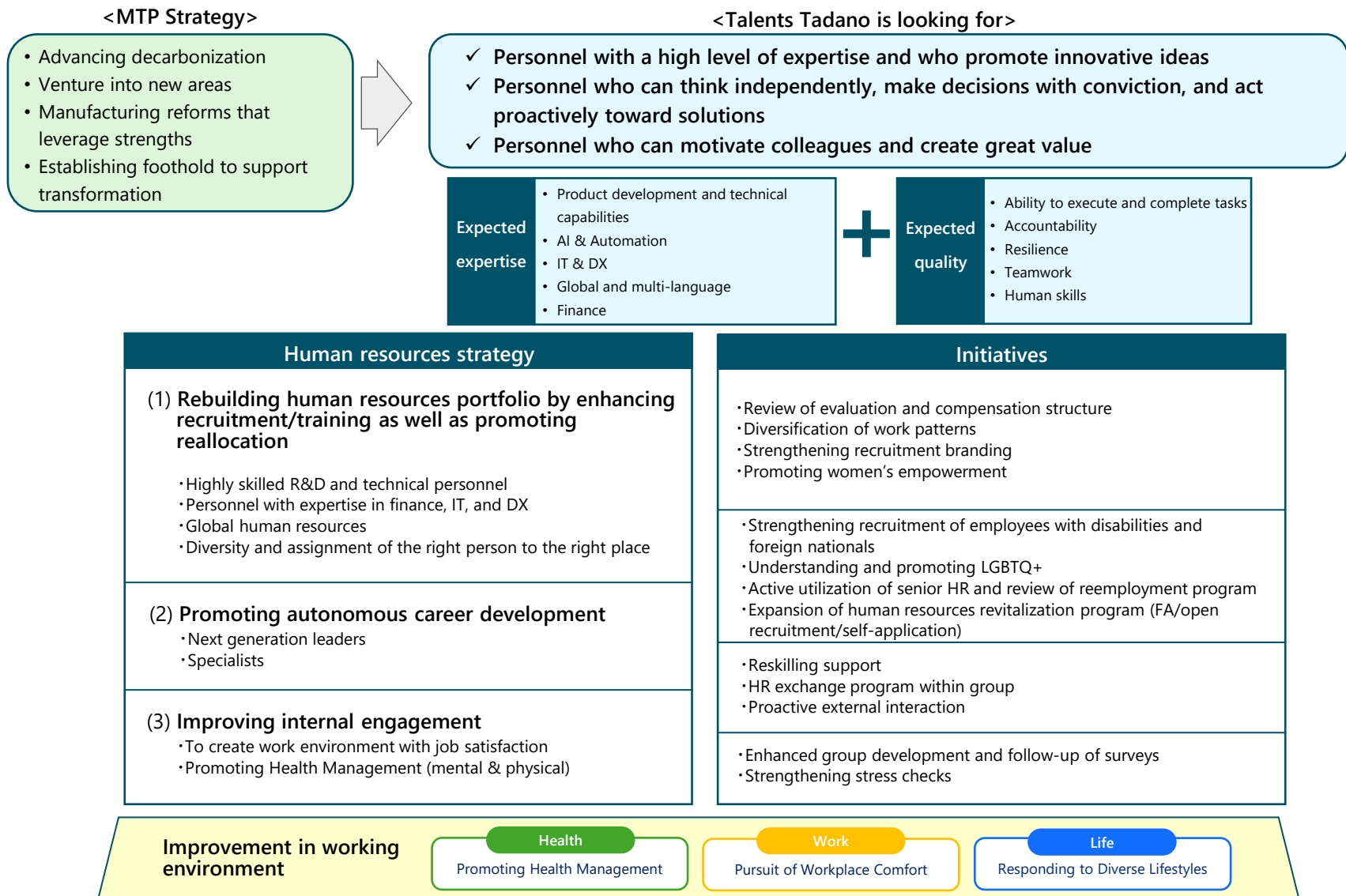
Guarantee safety and quality through promotion of IT

- Integrated system management from design development to production sites
- No assembly defects
- Trace to serial No. in case of defects



3. (4) Establishing foothold to support transformation (4/4)

〈Strengthening human resources base linked to management strategy〉



4. Initiatives for Sustainable Growth

4. (1) Management in consideration of capital cost and stock price (1/2)

Priority policies	Initiatives	MTP target
Management taking into consideration of capital cost	<ul style="list-style-type: none"> • ROIC as KPI • Business portfolio management • Investment decisions based on WACC 	ROIC: 8.0% (FY26) ROE: 9.5% (FY26) Dividend payout ratio: 30%
Cash allocation and returns to shareholders	<ul style="list-style-type: none"> • Ensuring financial soundness (balance between equity and debt) • Proactive investment for future growth • Stable shareholder returns based on dividend payout ratio 	
Engagement with stakeholders	<ul style="list-style-type: none"> • Promote strategies and manufacturing through factory tours, etc. (turn factories into showrooms) • Improve business strategies through exchange of ideas activity 	

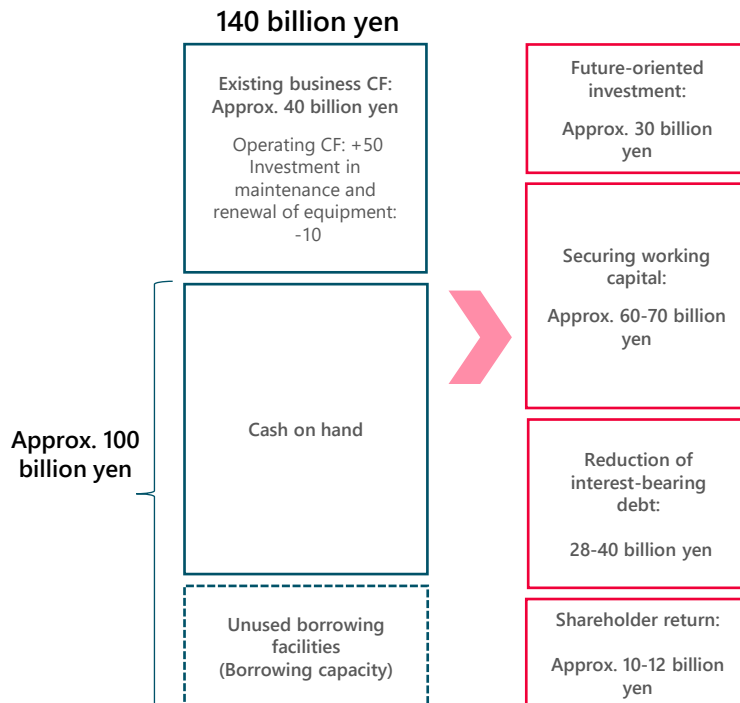


Achieving and maintaining a P/B (Price-to-Book) ratio of 1.0x or higher through sustainable growth and med- to long-term enhancement of corporate value

4. (1) Management in consideration of capital cost and stock price (2/2)

- Allocating funds to future-oriented investments for growth and stable management and returning surplus funds to shareholders on an ongoing basis

- (1) Cash generated from business activities will be allocated to future-oriented investments
- (2) Securing working capital (preparation for volatile industry characteristics)
- (3) Optimal balance sheet management (reduction of interest-bearing debt)
- (4) Providing stable shareholder returns with the targeted dividend payout ratio based on each year's business environment



<Breakdown of proactive investments>

11 billion yen	Investment in human capital and environment <ul style="list-style-type: none"> • Renovation of service centers • Digital related (infrastructure improvement, design drawing unification) • Advancing decarbonization (expansion of environmentally friendly products, support for pre-finish coating)
11 billion yen	Establishment of world-optimal production system <ul style="list-style-type: none"> • Production of small ATs in Japan • Optimization of factory line layout • Automation and energy saving (welding, pressing, painting)
8 billion yen	Venturing into new business areas <ul style="list-style-type: none"> • M&A • Business development utilizing existing know-how and products

4. (2) Addressing sustainability issues (1/2)

- Under the Corporate Philosophy of “Creation, Contribution, and Cooperation,” we are committed to contributing to preservation of the global environment and realization of a sustainable society.
We will pursue further excellence for the world and the future by maximizing our corporate value and implement sustainable business activities.

<Major issues and themes to be addressed>

Environment	<ul style="list-style-type: none"> • Advance decarbonization <Expand environmentally friendly products> • Product lifecycle assessment, achieving a resource circulation society • Decarbonization in business activities, reduction of industrial waste, proper management of chemical substances 	
Social	<ul style="list-style-type: none"> • Human asset management, promotion of diversity, equity, and inclusion (DE&I), women's empowerment, global talent development • Automation and energy saving to address labor shortages and facilitate knowledge transfer • Supply chain management, respect for human rights 	
Governance	<ul style="list-style-type: none"> • Allocation of management resources in consideration of capital cost and profitability • Strengthening corporate governance, enhancing corporate value 	
Common across ESG	<ul style="list-style-type: none"> • Disclosure of various sustainability information including European CSRD 	

4. (2) Addressing sustainability issues (2/2)

- The Tadano Group set long-term environmental targets for 2030 compared to 2019 baseline of a 25% reduction in CO2 emissions from business activities, a 35% reduction in CO2 emissions from product, and a 50% reduction in industrial waste emissions from business activities.
- We have also established various indicators and aim to achieve sustainable growth.

<Major Indicators>

Indicator		FY19 (Benchmark)	FY26 Target	FY30 Target
Environment	Reduce CO2 emission from business activities	31,436 t	15% Reduction	25% Reduction
	Reduce CO2 emissions from product	1,570,259 t	21% Reduction	35% Reduction
	Reduce industrial waste from business activities	4,334 t	30% Reduction	50% Reduction

Indicator		FY23	FY26 Target
Social	Female manager rate	2.5%	4.0%
	Male childcare leave rate	41.4%	62.0%
	Gender pay gap	74.6%	76.0%
Governance	ROIC	3.0%	8.0%

5. 2040 Envisioned by Next Generation Leaders*

*"2040 Envisioned by Next Generation Leaders" is a cross-company project involving 22 employees from next generation at Tadano. Through various measures, they have brainstormed ideas for more convenient mechanisms and products, envisioning future of Tadano.

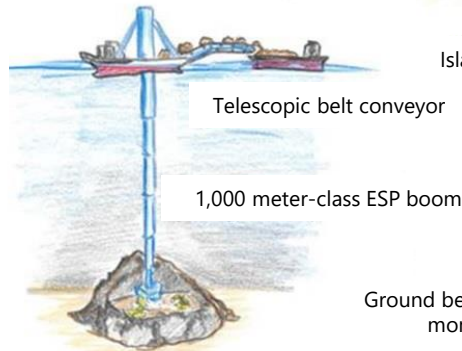
2040 Envisioned by Next Generation Leaders*

Benefits of Lifting Equipment for all

Contributing to global environmental conservation and realization of sustainable society



High mobility marine crane



Telescopic belt conveyor

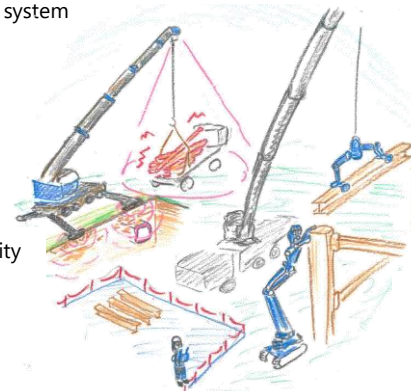
1,000 meter-class ESP boom

Technology transfer for deep-sea resource development



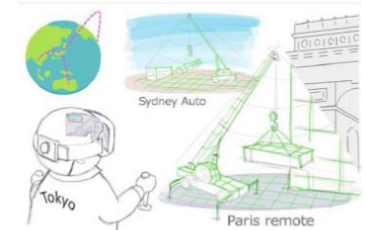
Island landing system

Prevention of load collapse



Ground bearing capacity monitoring

Remote operated high-altitude work



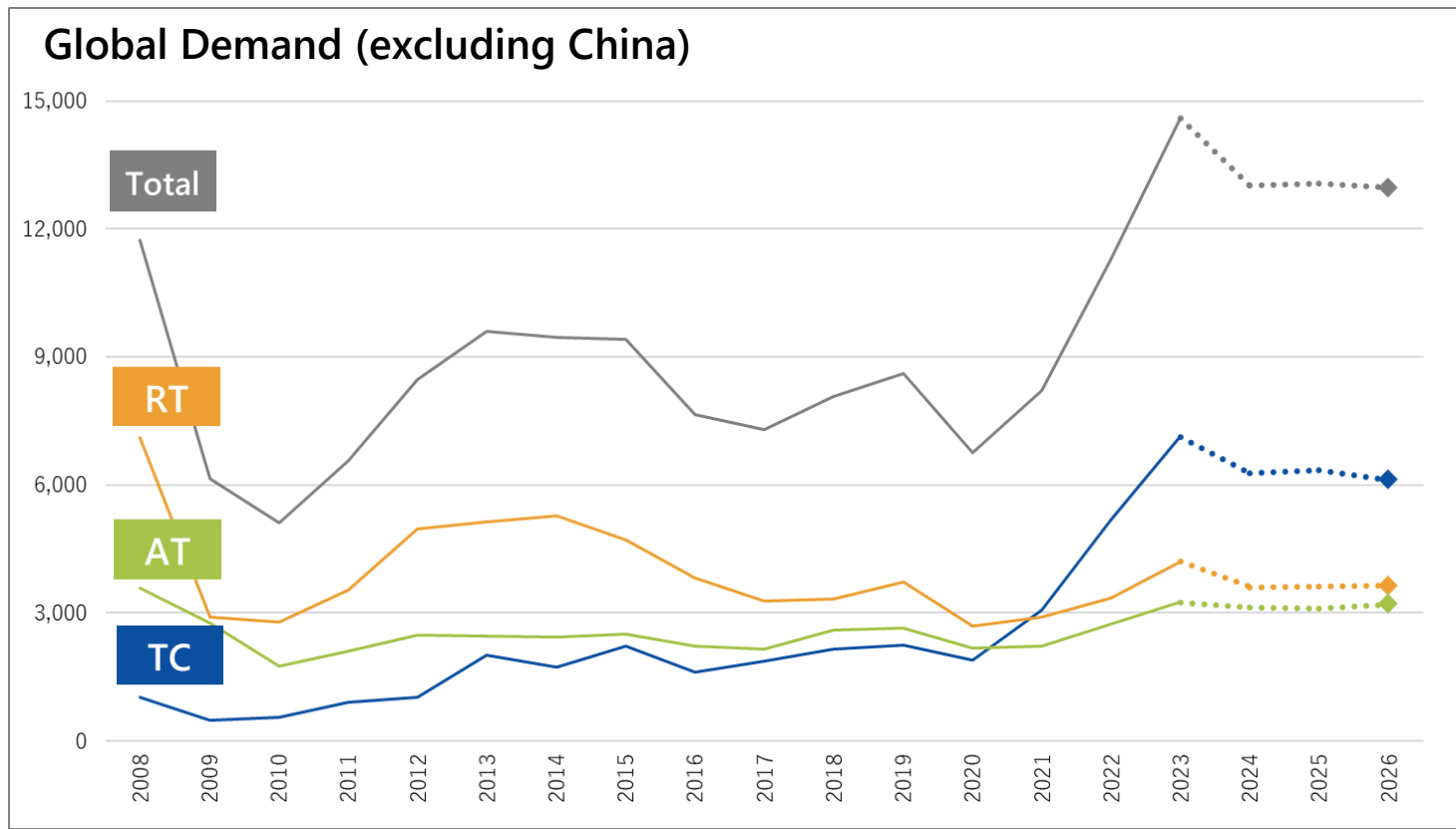
Providing operations remotely from distant locations

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References

References: Mid-Term Management Plan (24-26) Demand Forecast

- Global demand is expected to remain high.
 - Increase in Chinese manufacturers' exports has calmed down, but it remains high.
 - Demand for mobile cranes will remain steady, although it varies by region.



* Figures are our estimation (Figures showing demand are rounded to the nearest ten units).

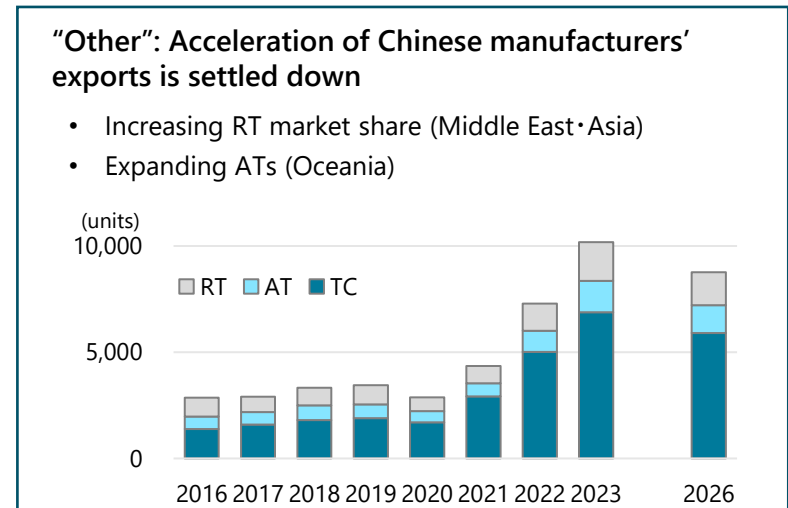
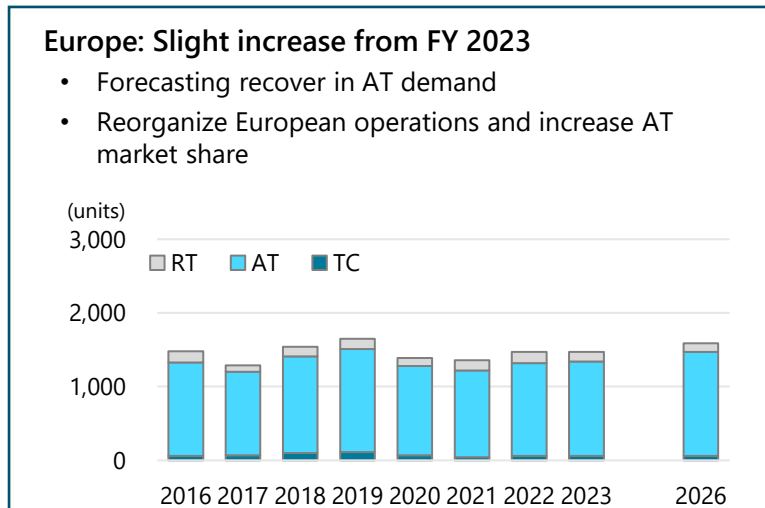
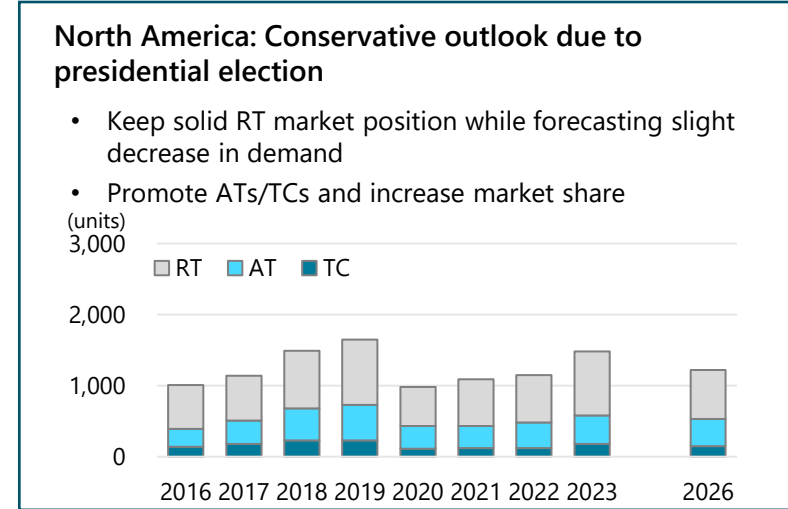
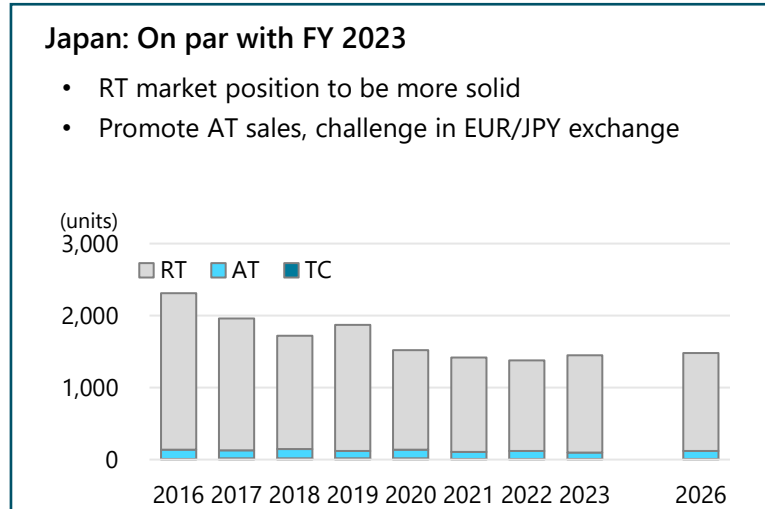
* Chinese-manufactured cranes are also included starting from 2010.

* Figures exclude mobile cranes manufactured in China for Chinese market and those manufactured in Russia.

References: Mid-Term Management Plan (24-26) Demand Forecast

- Expand ATs through reorganization of European operations and increase RT's share in "Other" region

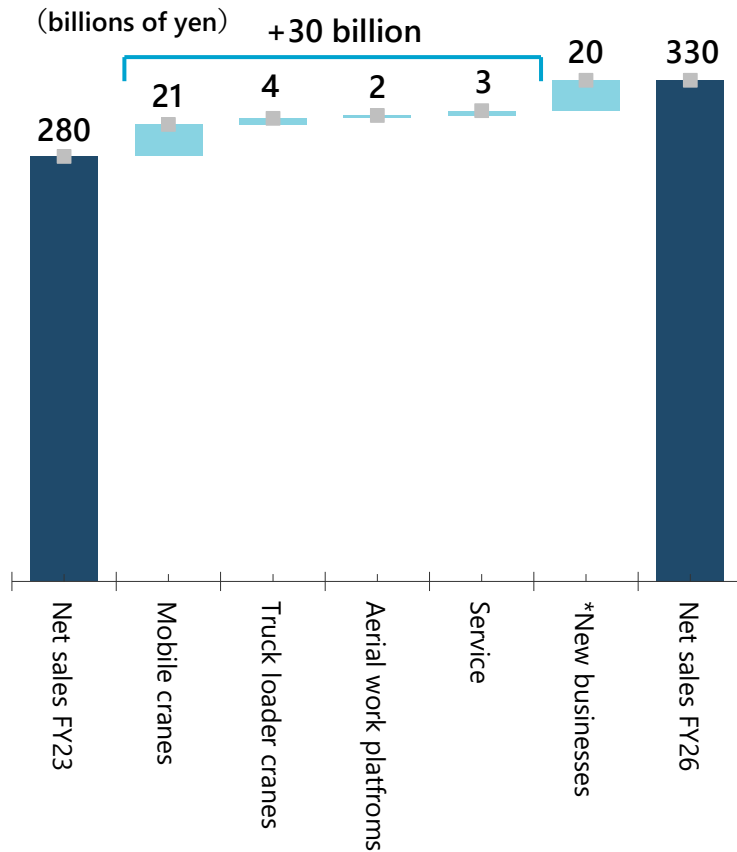
Demand trend by region (excluding China)



References: Mid-Term Management Plan (24-26) Business Performance Forecast

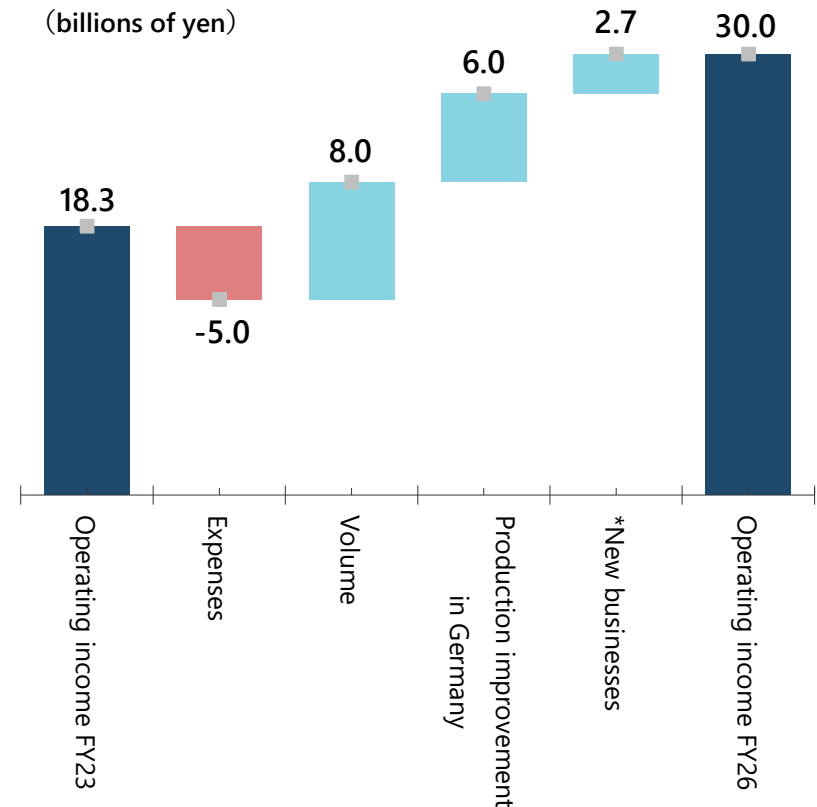
Net sales +50 billion

- +30 billion yen by existing businesses due to sales price improvements, AT sales increase and others
- +20 billion yen by *new businesses



Operating income +12 billion

- Expenses increase due to future-oriented investment, etc.
- Operating income will increase due to increases in sales volume, turnaround of European operations, new businesses and others.



* New businesses stand for self-propelled aerial work platforms and environmentally friendly products.

References: Highlights

EVOLT eGR-250N Awarded at the 66th Best 10 New Products Main Awards

At the 66th Best 10 New Products Awards sponsored by Nikkan Kogyo Shimbun*, the Tadano EVOLT eGR-250N received the main award. The Best 10 New Products Awards were established in 1958 by Nikkan Kogyo Shimbun to promote the development of excellent new products and improve the technical level of Japanese industry. Tadano became the first construction machinery manufacturer to receive this award. During the awards ceremony, President Ujiie expressed his delight, stating, "We are extremely pleased to be recognized for our efforts in electrification. We aim to continue advancing technological innovation and product development to meet future needs."

*Nikkan Kogyo Shimbun is a daily newspaper providing comprehensive coverage of industrial matters.



"Tadano Group Day 1 Ceremony" Held at Nagano Industry

On February 1, 2024, Tadano acquired Nagano Industry Co., Ltd. Celebrating its first day as a member of the Tadano Group, a "Day 1 Ceremony" was held at the Nagano Industry headquarters, with the attendance of President Ujiie, Managing Executive Officer in charge as well as assigned employees. All the employees of Nagano Industry also gathered in the headquarters auditorium. New President Kiso expressed his aspiration, stating, "Let us work to make a new Tadano Group together!" This event concluded with the first-ever collective greeting of "Go-Anzen-Ni!" Numerous employees and executives from Tadano are visiting regularly, and integration are ongoing.



Reaching new heights

- Entering a new era -