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

Notes: AT = all terrain cranes, CC = crawler cranes, ESG = Environment, Social, Governance, SDGs = Sustainable Development Goals

Points of Revision

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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

Points of Revision

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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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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.

Points of Revision

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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).

Points of Revision

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

◆Harmonization Under One Global Brand

TADANO
DEMAG
TADANO MANTIS CRANES
⇨ TADANO

◆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)

Management Targets

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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)

Elements Contributing to Forecasted Changes in Sales

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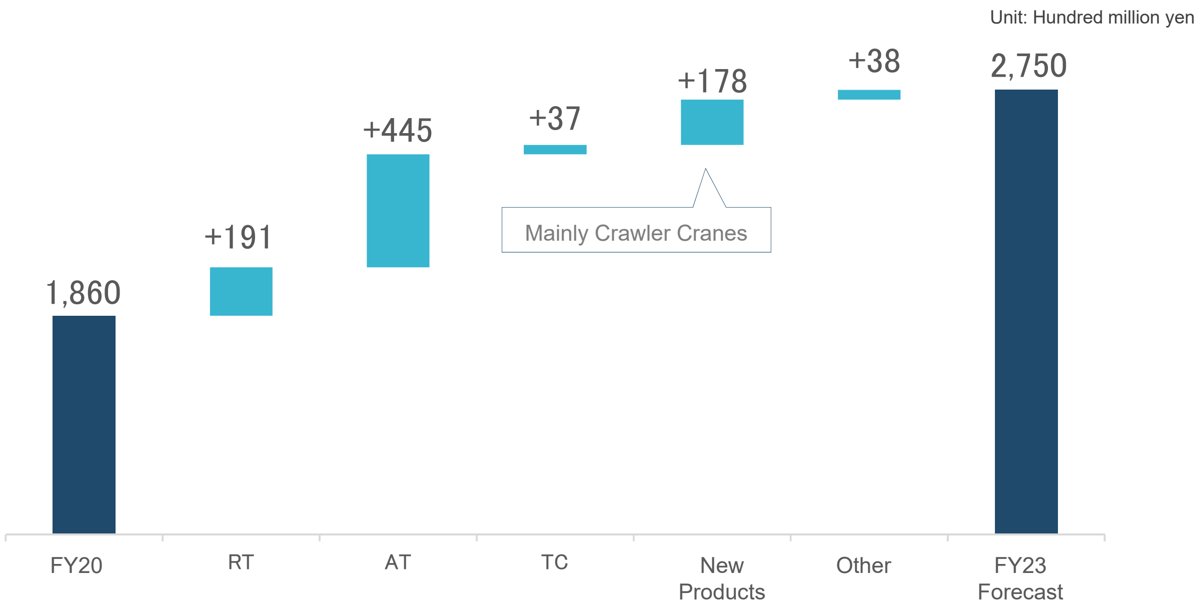
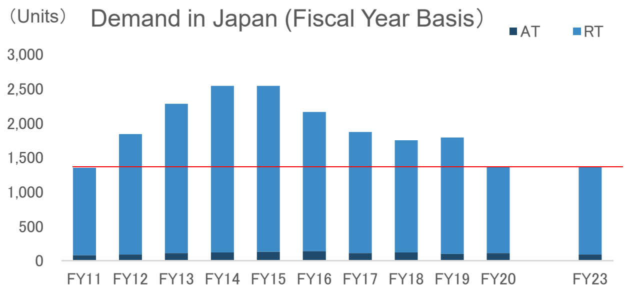
- ✓ Approximately 1.5 x increase in sales due to demand recovery and introduction of new products and new models
- ✓ AT products will make up about half of the sales increase

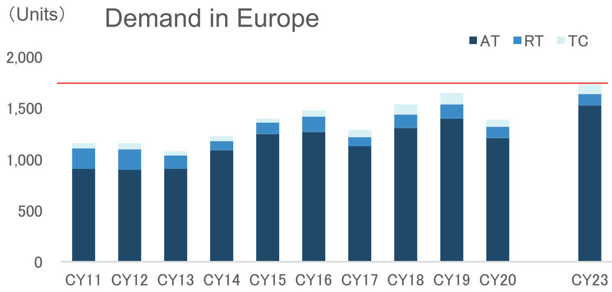


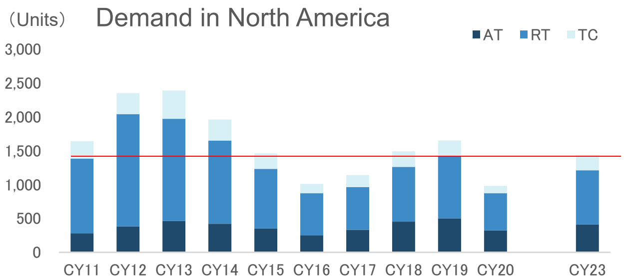
Notes:
・Nomenclature: RT = rough terrain cranes, AT = all terrain cranes, TC = truck cranes
・"New Products" include lattice boom crawler cranes made at TDG and truck cranes made at Indian Joint Venture TEI

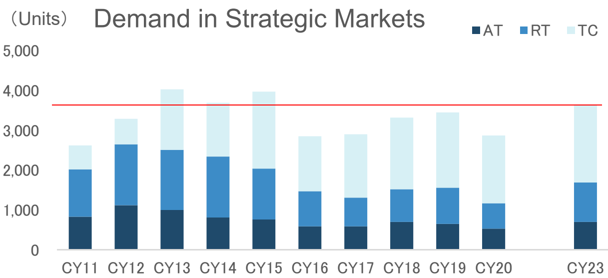
Demand

- ✓ 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

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

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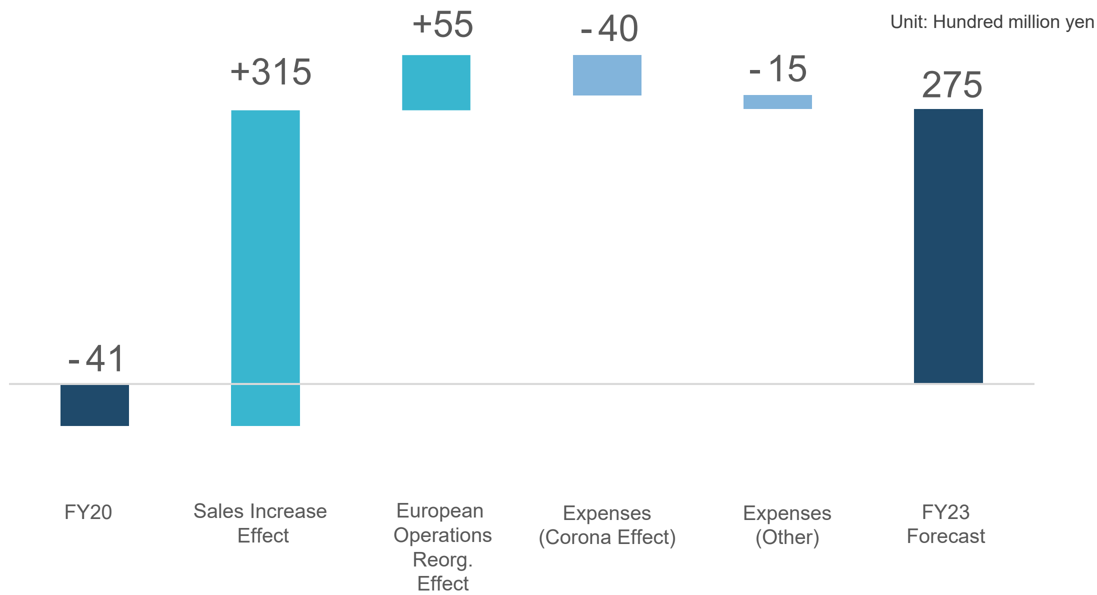
✓Operating Margin of 10% resulting from increased sales, especially due to reorganization of European Operations

✓Focus on making European Operations profitable



Improving ROIC

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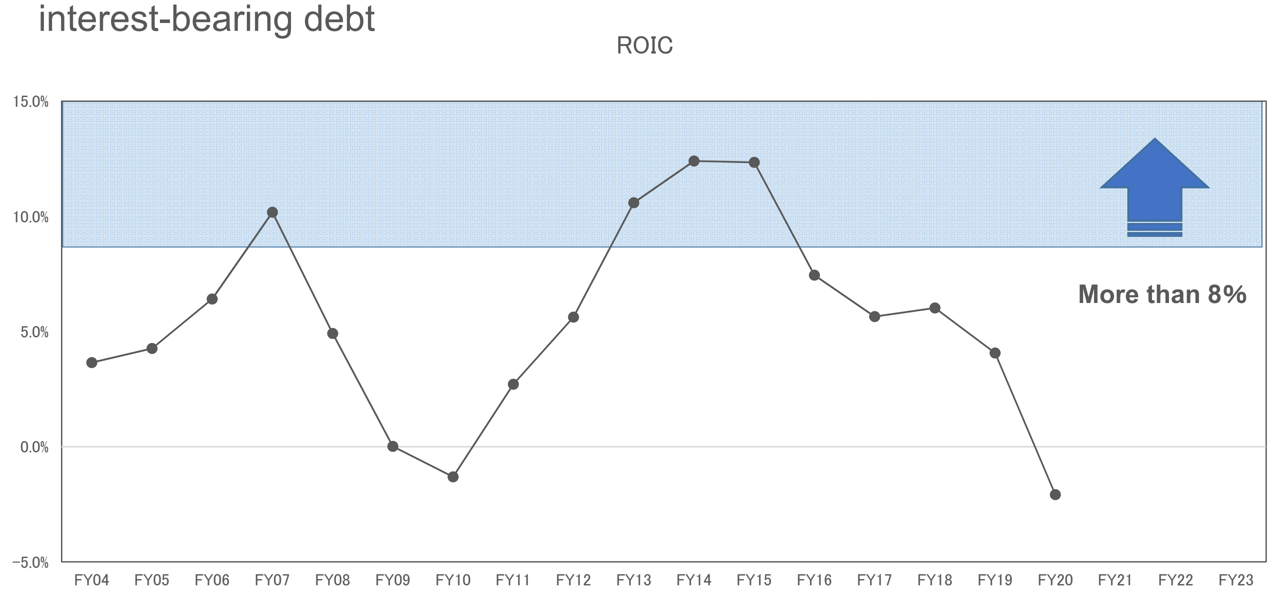
✓Improved profitability due to reorganization of European Operations, introduction to market of new models and new products

✓Reduction of inventory, streamlining of surplus assets, reduction of interest-bearing debt



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