

Consolidated Financial Results(Comprehensive) For First Quarter of FY 2020

(April 1, 2020 through June 30, 2020)

Notes:

Tadano Ltd. provides this comprehensive financial results report in order to supplement the previously released quantitative report with qualitative information concerning business results for the period under review. Unless otherwise stated, no amendments have been made to the quantitative information herein.

August 4, 2020

Tadano Ltd.

< Notes >

- Forward-looking statements contained in this report 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.

- ✓ While net sales increased due to the consolidation of Demag business, cost of sales ratio went up due to changes in the composition of sold cranes. Operating loss recorded for the first time in nine years since the first quarter of FY2011.

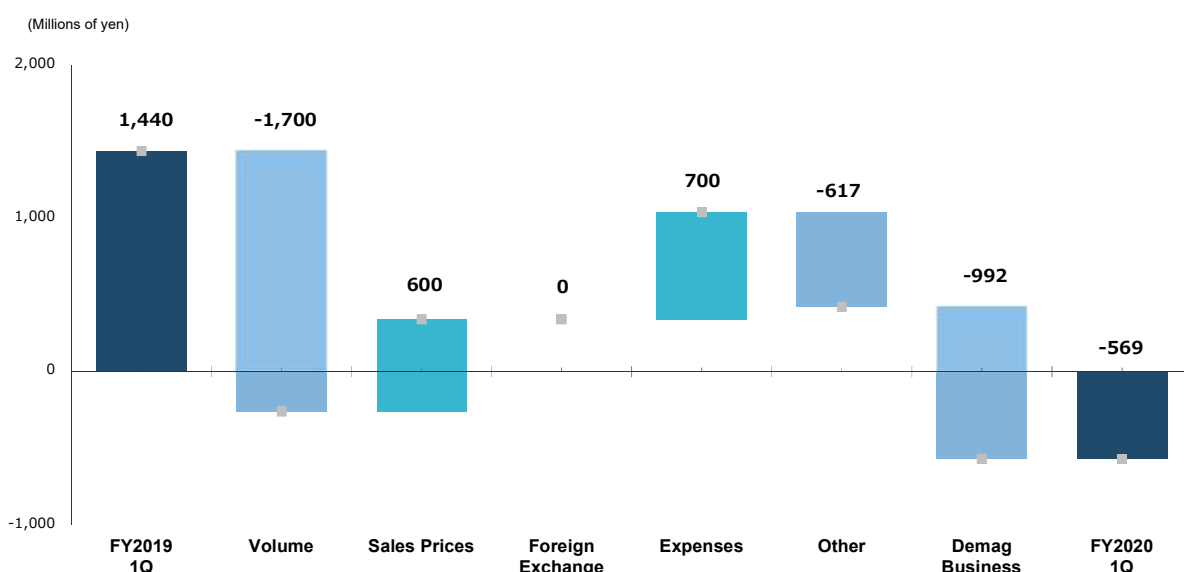
(Unit: millions of yen)

	FY2019 1Q		FY2020 1Q		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	
Net sales	40,376	100%	43,213	100%	2,836
Cost of sales	30,003	74.3%	33,846	78.3%	3,842
Gross profit on installment sales	-11	-0.0%	-15	-0.0%	-3
Gross profit	10,360	25.7%	9,351	21.6%	-1,008
Selling, general, and administrative expenses	8,919	22.1%	9,921	23.0%	1,001
Operating income	1,440	3.6%	-569	-1.3%	-2,010
Non-operating income and loss	-84	-0.2%	-227	-0.5%	-142
Ordinary income	1,356	3.4%	-796	-1.8%	-2,152
Extraordinary income and loss	-1	-0.0%	101	0.2%	103
Income before income taxes	1,354	3.4%	-694	-1.6%	-2,049
Corporate taxes	723	1.8%	314	0.7%	-408
Net income attributable to noncontrolling interests	-7	-0.0%	-4	-0.0%	3
Net income attributable to owners of the parent	639	1.6%	-1,005	-2.3%	-1,645

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Major Factors Leading to Change in Operating Income

- ✓ Despite expenses reduction, operating income decreased by ¥2.0 billion due to the decrease in sales volume and the consolidation of Demag business.



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Balance Sheet

✓ Accounts receivable decreased.

✓ Inventories increased.

(¥107.2 billion total includes ¥18.9 billion at TFG and ¥27.9 billion at TDG)

(Unit: millions of yen)

	FY2019 Year-end	FY2020 1Q	Increase/ Decrease		FY2019 Year-end	FY2020 1Q	Increase/ Decrease
Cash deposits	57,075	60,262	3,186	Accounts payable	40,745	37,766	-2,978
Accounts receivable	63,725	45,103	-18,621	Interest-bearing debt	63,070	63,883	812
Inventories	97,457	107,258	9,800	Other liabilities	48,621	44,206	-4,415
Other current assets	11,723	7,310	-4,412	Total liabilities	152,437	145,855	-6,581
Total current assets	229,982	219,935	-10,046	Total equity	159,609	155,475	-4,134
Tangible fixed assets	66,417	65,827	-590	Total liabilities and equity	312,047	301,331	-10,715
Intangible fixed assets	1,705	1,613	-91				
Investment and other assets	13,942	13,955	12				
Total fixed assets	82,064	81,396	-668				
Total assets	312,047	301,331	-10,715				

	FY2019 1Q	FY2019	FY2020 1Q
Receivable turnover	93.4 days	88.7 days	95.0 days
Inventory turnover	167.8 days	135.6 days	225.9 days
Equity ratio	59.3%	50.8%	51.2%

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Net Sales by Product

✓ Crane sales outside of Japan increased due to the consolidation of Demag business.

(Unit: millions of yen)

	FY2019 1Q	FY2020 1Q	Increase/Decrease Amount	Increase/Decrease Percentage
Mobile Cranes	23,396	26,567	3,171	13.6%
Truck Loader Cranes	5,584	4,273	-1,310	-23.5%
Aerial Work Platforms	4,002	3,147	-855	-21.4%
Other	7,393	9,224	1,831	24.8%
Total	40,376	43,213	2,836	7.0%

Breakdown of Mobile Crane Sales Inside and Outside Japan

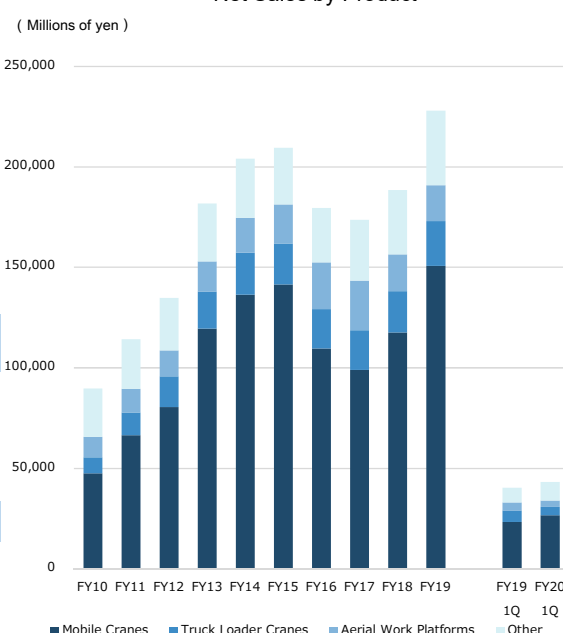
	FY2019 1Q	FY2020 1Q	Increase/Decrease Amount	Increase/Decrease Percentage
Japan	7,728	5,913	-1,815	-23.5%
Outside Japan	15,667	20,653	4,986	31.8%
Total	23,396	26,567	3,171	13.6%

Exchange Rate

USD	110.20	108.92
EUR	125.15	120.11

* Since the fiscal year for subsidiaries outside Japan ends in December, the rates given here are January-March average.

Net Sales by Product

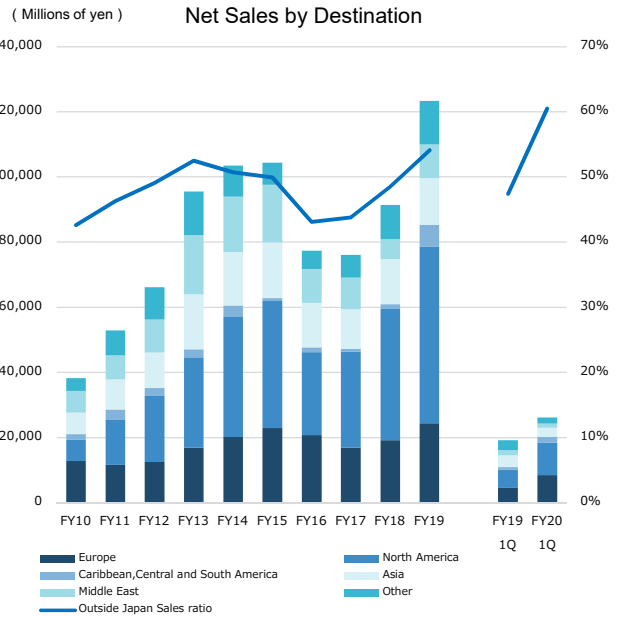


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✓ While demand decreased in all regions, net sales increased in North America and Europe due to the consolidation of Demag business.

(Unit: millions of yen)

	FY2019 1Q	FY2020 1Q	Increase/Decrease	
			Amount	Percentage
Europe	4,483	8,457	3,974	88.6%
North America	5,666	9,865	4,199	74.1%
Caribbean, Central and South America	726	1,799	1,072	147.8%
Asia	3,635	2,836	-798	-22.0%
Middle East	1,539	1,353	-186	-12.1%
Other	3,096	1,829	-1,266	-40.9%
Subtotal (total outside Japan sales)	19,147	26,141	6,994	36.5%
Japan	21,229	17,071	-4,157	-19.6%
Total	40,376	43,213	2,836	7.0%
Outside Japan Sales Ratio	47.4%	60.5%		



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

FY2020 First Half (Released on July 31,2020)

(Unit: millions of yen)

	FY2019 First Half		FY2020 First Half Forecast		Increase/Decrease	
	Amount	Percentage	Amount	Percentage	Amount	Percentage
Net sales	100,304	100%	88,000	100%	-12,304	-12.3%
Operating income	7,573	7.6%	-2,100	-2.4%	-9,673	-
Ordinary income	7,262	7.2%	-2,500	-2.8%	-9,762	-
Net income attributable to owners of the parent	5,064	5.0%	-3,100	-3.5%	-8,164	-

	FY2019		FY2020	
	Dividends per share	Mid-year	¥14.00	Mid-year
	Year-end	¥14.00	Year-end	Undetermined
	Full-year	¥28.00	Full-year	Undetermined

*The consolidated business performance forecast for FY 2020 has not yet been formulated due to the difficulty in reasonably assessing the impact of the novel coronavirus disease (COVID-19). The forecast will be disclosed after it becomes possible to assess these matters to a higher degree.

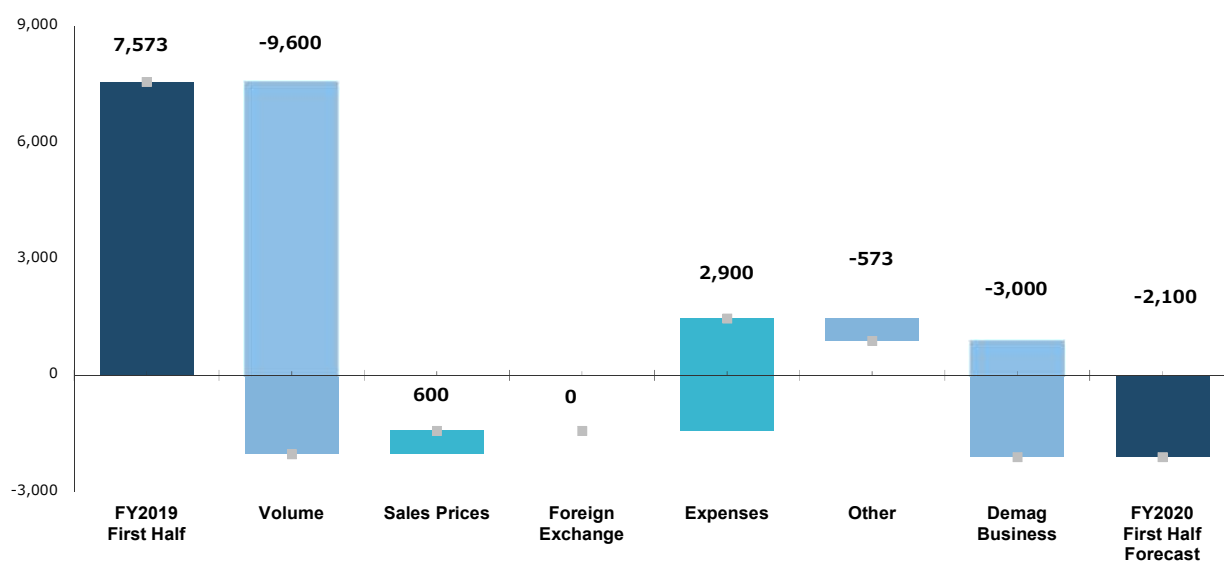
*The mid-year dividends will not be paid. The year-end dividends forecast has not yet been determined and will be disclosed when the consolidated business performance forecast for FY 2020 becomes available.

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Major Factors Leading to Change in Operating Income

- ✓ **Despite expenses reduction, operating income decreased by ¥9.6 billion due to the decrease in sales volume and the consolidation of Demag business.**

(Millions of yen)



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FY 2020 First Half Forecast (Net Sales by Product)

(Unit: millions of yen)

	FY2019 First Half	FY2020 First Half Forecast	Increase/Decrease	
			Amount	Percentage
Mobile Cranes	64,199	53,800	-10,399	-16.2%
Truck Loader Cranes	11,265	9,300	-1,965	-17.4%
Aerial Work Platforms	9,507	8,000	-1,507	-15.9%
Other	15,332	16,900	1,568	10.2%
Total	100,304	88,000	-12,304	-12.3%

Breakdown of Mobile Crane Sales Inside and Outside Japan

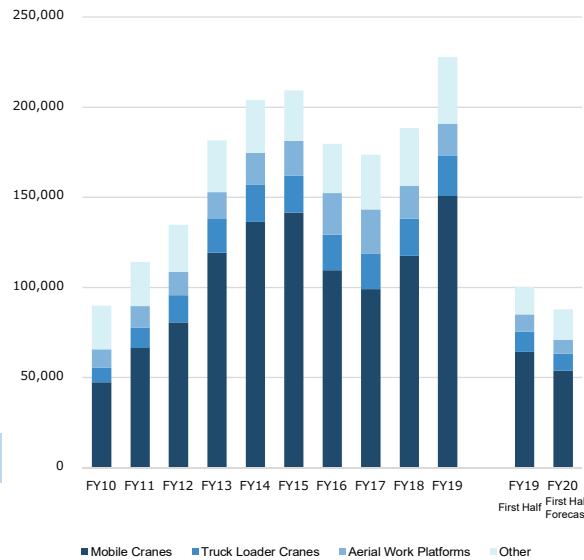
	FY2019 First Half	FY2020 First Half Forecast	Increase/Decrease Amount	Increase/Decrease Percentage
Japan	24,984	17,500	-7,484	-30.0%
Outside Japan	39,214	36,300	-2,914	-7.4%
Total	64,199	53,800	-10,399	-16.2%

* Since the fiscal year for subsidiaries outside Japan ends in December, the rates given here are January-June average.

Exchange Rate

USD	110.05	108.27
EUR	124.32	119.30

(Millions of yen) Net Sales by Product



FY 2020 First Half Forecast (Net Sales by Destination)

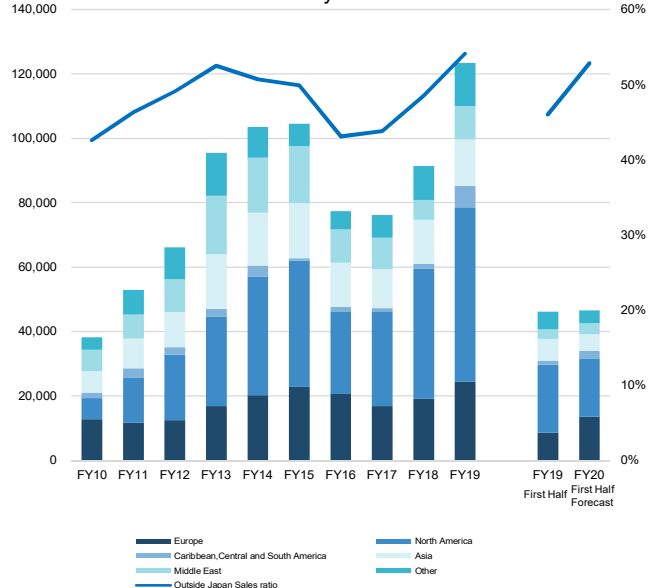
(Unit: millions of yen)

	FY2019 First Half	FY2020 First Half Forecast	Increase/Decrease	
			Amount	Percentage
Europe	8,627	13,600	4,973	57.6%
North America	21,043	18,100	-2,943	-14.0%
Caribbean, Central and South America	1,317	2,300	983	74.6%
Asia	6,729	5,100	-1,629	-24.2%
Middle East	3,064	3,500	436	14.2%
Other	5,377	3,900	-1,477	-27.5%
Subtotal (total outside Japan sales)	46,159	46,500	341	0.7%
Japan	54,144	41,500	-12,644	-23.4%
Total	100,304	88,000	-12,304	-12.3%

Outside Japan Sales ratio	46.0%	52.8%
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(Millions of yen)

Net Sales by Destination



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

Effects of Coronavirus Disruption and Future Outlook

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Effects of Coronavirus Disruption (Production, Sales, etc.)

【Effects on Production】

	Situation through June	From July
Japan	<ul style="list-style-type: none"> • No large effects 	<ul style="list-style-type: none"> • No effects on procurement or production • Responding to downturns in demand
Germany	<ul style="list-style-type: none"> • Mar 23 – 31: Temporary closures of factories and offices • From Apr. 1: Short work hour measures, including temporary stoppages for certain factory lines 	<ul style="list-style-type: none"> • Jul./Aug.: Continuation of short work hour measures, including temporary stoppages for certain factory lines (Stoppage: approx. 30% of factory work)
USA	<ul style="list-style-type: none"> • No large effects 	<ul style="list-style-type: none"> • No large effects
India	<ul style="list-style-type: none"> • Mar 23 – May 6: Temporary closures of factories, offices • From May 7: Gradual factory restart 	<ul style="list-style-type: none"> • Gradual production rate increase (Currently at 70-80% capacity)
Thailand	<ul style="list-style-type: none"> Apr. 25 – May 3: Temporary closures of factories, offices May 23 – May 31: Temporary closures of factories, offices June: One-day closures of factories, offices each week 	<ul style="list-style-type: none"> • Jul.: Continuation of one-day closures of factories, offices each week • Aug.: Planned return to normal operations

【Effects on Sales and Customer Support】

No large effects due to our teams continuing to work remotely and communicate via telephone and other methods.

【Effects on R&D and other Processes】

No large effects at present, due to implementation of remote working measures (remote work rate: 80%)

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Demand by Region (Compared to same period of previous fiscal year)

Region	2020		
	Jan-Mar	Apr-Jun	Jul-Sep
Japan	-7%	-24%	
Middle East	-12%	-28%	
North America	-16%	-47%	
Europe	-9%	-23%	
Latin America	-15%	-34%	
Asia	-1%	-26%	
Other	-16%	+5%	

Fiscal Year 1st Half
 Fiscal Year 2nd Half

Future Outlook (Total Market)

【Future Outlook of Total Market】

- When the coronavirus disruption ends, the crane industry should recover relatively quickly
- The industry's demand cruising speed pre- and post-corona should not change drastically
- Until a vaccine is developed we will see a severe cycle of progress followed by retreat. We must be prepared for two years of hardship: One year to contain the pandemic and one year for market recovery.
- We must pay attention to changes in the measures implemented in each country. (As government policies shift from supporting the citizens in their life and work to supporting the greater economy through further stimulus).

【Immediate Future Outlook by Region】

Region	Immediate Future Outlook
Japan	Gradual recovery barring sudden new outbreaks
USA	Reduced sales opportunities since emergence of second coronavirus wave in late June. Need to monitor situation at least through this year's Presidential election.
Europe	Recovery slow to take effect despite travel restrictions being eased since Jun. 15
Latin America	Sales opportunities have stopped since June due to expanding outbreaks.
Asia	While outbreaks have largely subsided (outside India), severe situation continues as economic activity restarts only gradually.
Other	Australia: Demand gradually recovering due to economic stimulus in form of increasing public works. Russia/Middle East: Slowdowns due in part to drop in oil prices.

Preparations for Prolonged Coronavirus Disruption

【Newly acquired reserves: 53 billion yen】

- Short-term borrowing: 15 billion yen
(2.5 billion yen on Jun. 30, 12.5 billion yen on Jul. 3)
- Issued Corporate (Straight) Bonds: 10 billion yen
(Jul. 10)
- Increased Committed Credit Line: 28 billion yen (Jul.31)

(Reference)

Cash reserves on Jun. 30:	60.2 billion yen
+ newly acquired funds in Jul.:	22.5 billion yen
+ pre-existing commitment line:	24.5 billion yen
+ <u>newly increased commitment line:</u>	<u>28.0 billion yen</u>
= Total:	135.2 billion yen