

Presentation Materials for the Second Quarter of the Fiscal Year Ending February 2024

October 24, 2023

TAKEUCHI MFG. CO., LTD.

(Securities code: 6432)

TAKEUCHI
From World First to World Leader

▶ **FY2023 First Half Consolidated Results**

▶ **FY2023 Consolidated Forecast**

▶ **Topics**

- Production Capacity Expansion (New Factories in Japan and the US)
- Current orders and order backlog
- Challenges in electrification of construction equipment

▶ **Reference Materials**

Summary of Earnings Results for the First Half of the FY2023

(1) Sales volume increased in both the US and Europe

- North American sales volume increased **+3.6%** (1Q: +17.6%, 2Q: -7.7%, YoY)
- European sales volume increased **+7.0%** (1Q : -1.5%, 2Q : +18.3%, YoY)
- Total sales volume increased **+5.5%** (1Q : +6.6%, 2Q : +4.4%, YoY)

(2) Record-high net sales and profits for 1H (net sales +22.3%, operating profit +81.9%, YoY)

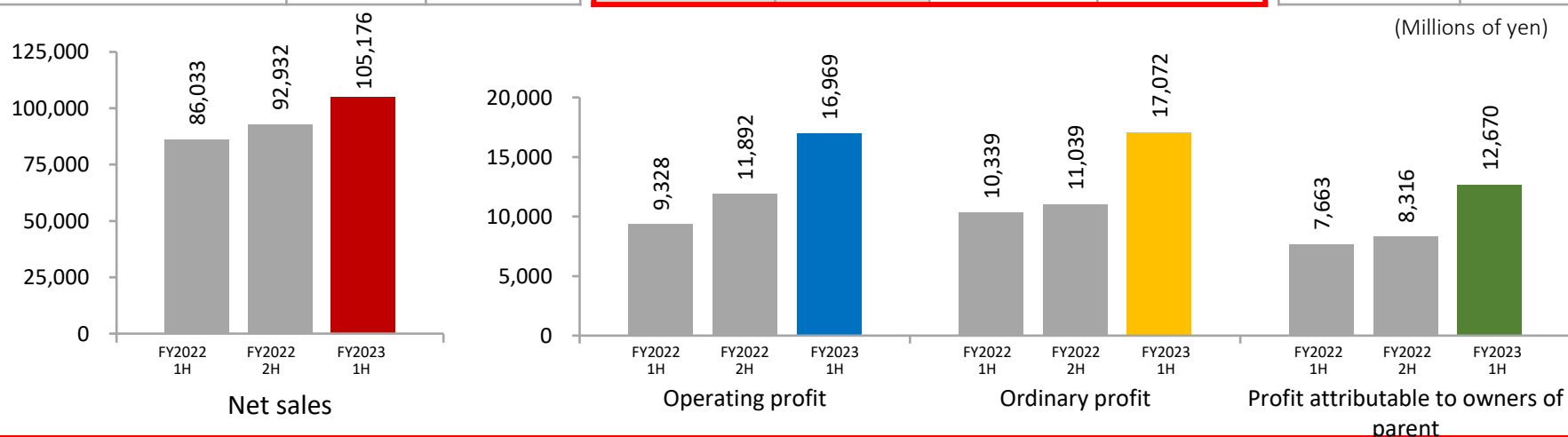
- Despite a softened & in an adjustment phase in housing market due to rising interest rates and high housing prices, demand for products remained strong due to robust construction of water and gas pipeline infrastructure projects.
- Despite factors that reduced profits, such as rising raw material prices, significant profit growth was achieved through higher sales, product price increases, and the impact of foreign exchange (forex) fluctuations.

(Billions of yen)

	FY2022						FY2023 (Current FY)		
	1Q	2Q	1H	3Q	4Q	2H	1Q	2Q	1H
Net sales	42.4	43.6	86.0	46.8	46.0	92.9	53.0	52.1	105.1
Gross profit	9.8	10.1	19.9	11.1	11.9	23.0	12.9	12.5	25.5
SG&A expenses	4.4	6.1	10.6	6.4	4.7	11.1	4.4	4.1	8.5
of these, transportation costs	2.6	4.1	6.7	4.3	2.7	7.1	2.1	1.5	3.6
Operating profit	5.3	3.9	9.3	4.6	7.2	11.8	8.5	8.4	16.9

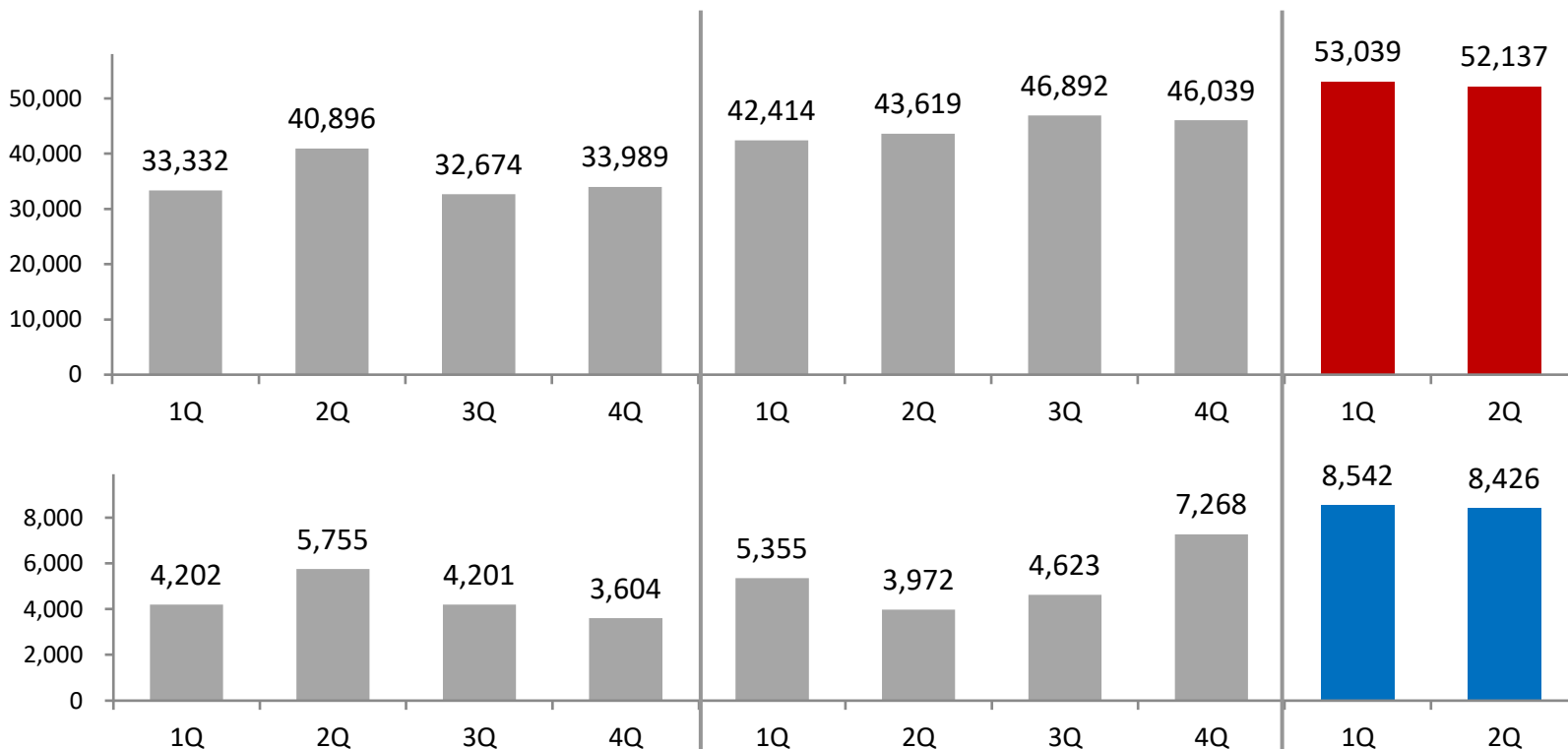
Consolidated Financial Highlights for the First Half of the FY2023

Millions of yen	FY2022		FY2023				1H Prev. Forecast	Change
	1st half	(%)	1st half	Sales ratio	Change	(%)		
Net sales	86,033	-	105,176	-	+19,143	+22.3%	96,200	+8,976
Operating profit	9,328	10.8%	16,969	16.1%	+7,640	+81.9%	14,500	+2,469
Ordinary profit	10,339	12.0%	17,072	16.2%	+6,733	+65.1%	14,400	+2,672
Profit attributable to owners of parent	7,663	8.9%	12,670	12.0%	+5,007	+65.3%	10,300	+2,370
Capital investment	4,959	5.8%	4,798	4.6%	(160)	(3.2)%	1,688	+3,110
Depreciation	780	0.9%	1,285	1.2%	+504	+64.7%	1,413	(127)
Orders received	130,833	-	87,309	-	(43,524)	(33.3)%	***	-
Order backlog	178,649	-	172,880	-	(5,769)	(3.2)%	***	-



Quarterly Net Sales and Operating Profit

(Millions of yen)

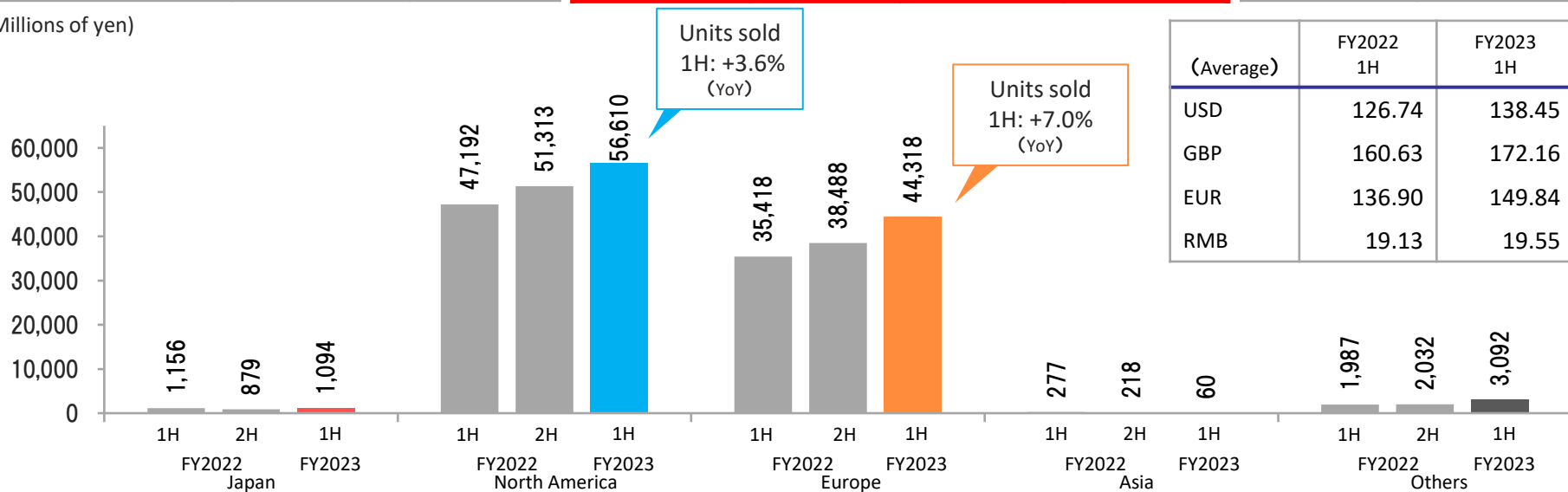


Exchange rates	FY2021				FY2022				FY2023	
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
JPY/USD	108.89	109.96	110.66	114.70	121.43	133.43	143.54	134.12	134.74	140.48
JPY/GBP	151.26	153.60	152.21	154.07	157.87	163.51	166.55	163.00	165.80	179.25
JPY/EUR	130.43	131.70	130.56	129.41	133.83	138.77	142.85	142.51	146.10	154.14
JPY/RMB	16.45	17.07	17.08	17.90	18.56	19.70	20.11	19.60	19.43	19.66

Financial Results by Region for 1H FY2023

(Millions of yen)	FY2022		FY2023				1H Prev. Forecast	Change
	1st half	Sales ratio	1st half	Sales ratio	Change	(%)		
Japan	1,156	1.3%	1,094	1.0%	(62)	(5.4)%	1,260	(165)
North America	47,192	54.9%	56,610	53.8%	+9,417	+20.0%	51,510	+5,100
Europe	35,418	41.2%	44,318	42.1%	+8,900	+25.1%	40,900	+3,418
Asia	277	0.3%	60	0.1%	(217)	(78.2)%	90	(29)
Others	1,987	2.3%	3,092	2.9%	+1,104	+55.6%	2,440	+652
Total net sales	86,033	100.0%	105,176	100.0%	+19,143	+22.3%	96,200	+8,976
Net sales overseas	84,876	98.7%	104,082	99.0%	+19,205	+22.6%	94,940	+9,142

(Millions of yen)



Geographic Segment Information and Results for 1H FY2023

(Millions of yen)		FY2022		FY2023			
		1H	Profit ratio	1H	Profit ratio	Change	(%)
Japan	Net sales	29,448	-	36,166	-	+6,717	+22.8%
	Segment profit	5,739	19.5%	12,458	34.4%	+6,718	+117.0%
USA	Net sales	47,192	-	56,618	-	+9,425	+20.0%
	Segment profit	4,980	10.6%	5,167	9.1%	+186	+3.7%
UK	Net sales	6,022	-	7,488	-	+1,466	+24.4%
	Segment profit	510	8.5%	842	11.2%	+332	+65.1%
France	Net sales	3,282	-	4,867	-	+1,585	+48.3%
	Segment profit	236	7.2%	520	10.7%	+283	+119.7%
China	Net sales	87	-	35	-	(51)	(59.5)%
	Segment profit	(13)	-	26	75.4%	+39	-

– **Japan Segment: (TAKEUCHI MFG. CO., LTD.)**

- Development and manufacture of construction machinery
- Sales of construction machinery in Japan / Sales of construction machinery to distributors in Europe and Asia/Oceania

– **US Segment: (Takeuchi Mfg. (U.S.), Ltd.)**

- Sales of construction machinery in the US and Canada
- **[NEW]** Manufacture of construction machinery in the US

– **UK Segment: (Takeuchi Mfg. (U.K.) Ltd.)**

- Sales of construction machinery in the UK

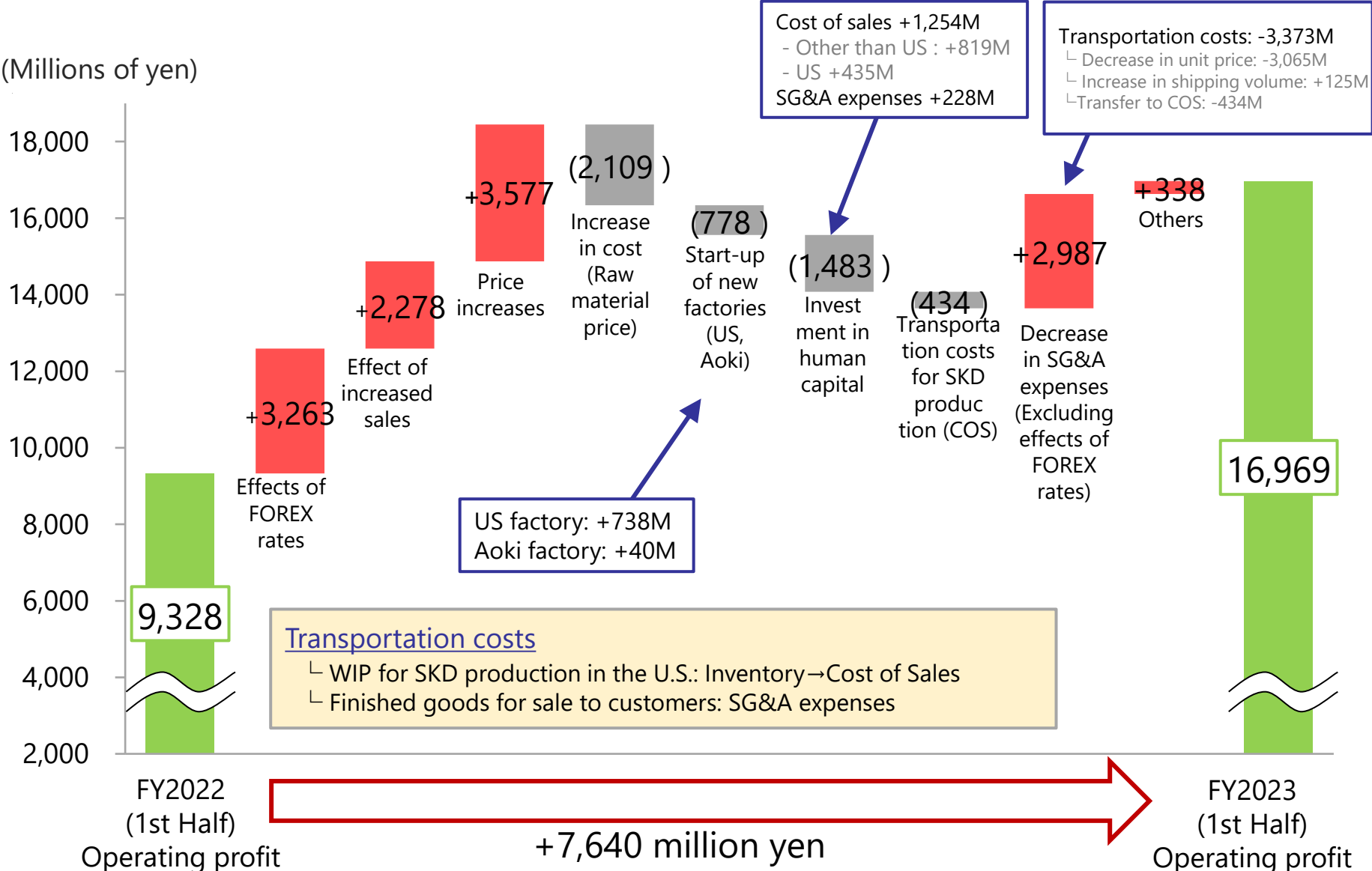
– **France Segment (Takeuchi France S.A.S.)**

- Sales of construction machinery in France

– **China Segment: (Takeuchi Qingdao Mfg. Co., Ltd.)**

- Sales of construction machinery in China
- Manufacture of construction machinery for China and other parts of Asia
- Manufacture, procurement, and sales of construction machinery components for the Japan segment

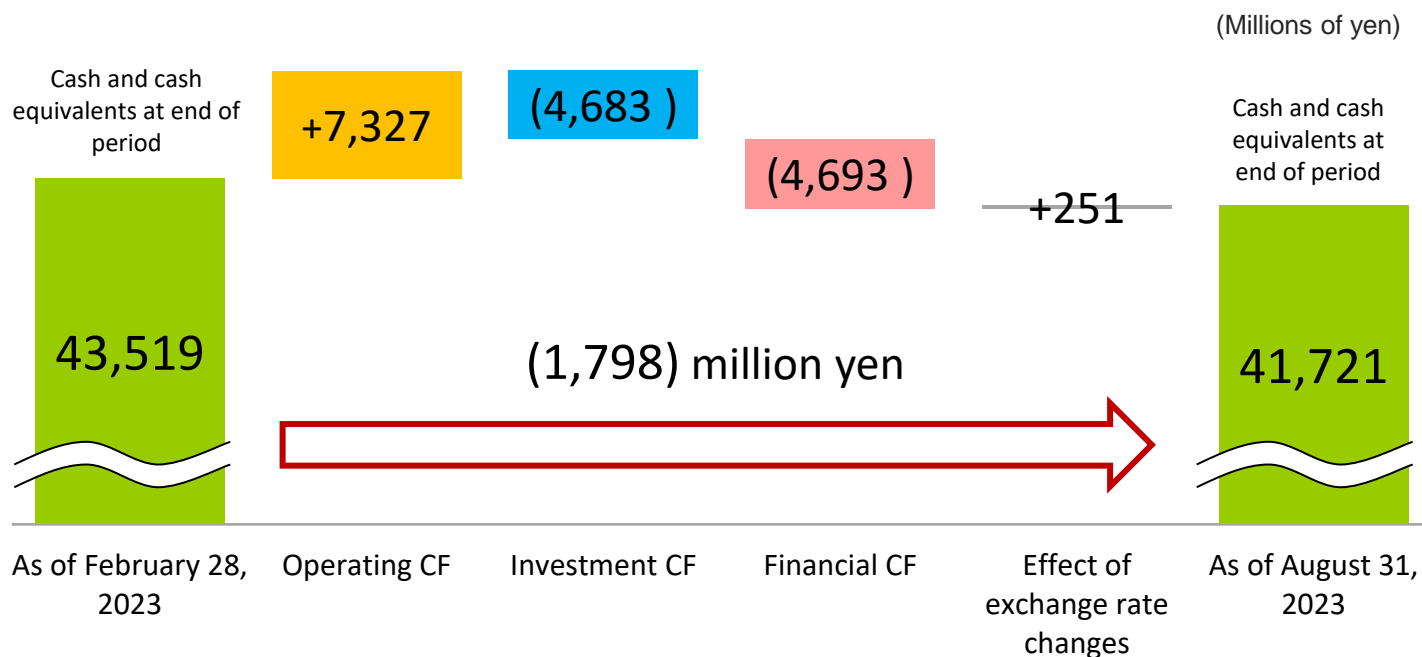
Factors of Increase/Decrease in Operating Profit (1H FY2023)



Consolidated Balance Sheets (As of August 31, 2023)

		As of Feb. 28, 2023		As of Aug. 31, 2023				
		Balance	Composition ratio	Balance	Composition ratio	Change	(%)	
Assets		Cash and deposits	43,995	27.7%	42,197	24.0%	(1,798)	(4.1)%
		Notes and accounts receivable - trade	35,739	22.5%	45,696	26.0%	+9,956	+27.9%
		Inventories	47,723	30.1%	50,569	28.8%	+2,846	+6.0%
		Other	3,001	1.9%	4,132	2.4%	+1,130	+37.7%
		Current assets	130,459	82.2%	142,595	81.1%	+12,135	+9.3%
		Non-current assets	28,326	17.8%	33,155	18.9%	+4,829	+17.0%
		Total	158,785	100.0%	175,750	100.0%	+16,965	+10.7%
Liabilities and Net assets		Notes and accounts payable - trade	26,755	16.9%	28,650	16.3%	+1,894	+7.1%
		Other current liabilities	9,620	6.1%	11,109	6.3%	+1,488	+15.5%
		Current liabilities	36,376	22.9%	39,759	22.6%	+3,383	+9.3%
		Non-current liabilities	606	0.4%	644	0.4%	+37	+6.2%
		Total Liabilities	36,983	23.3%	40,404	23.0%	+3,420	+9.2%
		Total net assets	121,802	76.7%	135,346	77.0%	+13,544	+11.1%
		Total	158,785	100.0%	175,750	100.0%	+16,965	+10.7%

Consolidated Statements of Cash Flows (1H FY2023, Results)



(Millions of yen)

Cash flows from operating activities	Change	Cash flows from investing activities	Change	Cash flows from financing activities	Change
Profit before income taxes	17,072	Purchase of property, plant and equipment	(4,583)	Dividends paid	(4,677)
Depreciation	1,285	Acquisition of intangible assets	(198)		
Decrease in inventories	61	Proceeds from redemption of securities	100		
Increase in working capital	(7,421)				
Income taxes paid	(3,067)				
Others	(602)	Others	(1)	Others	(16)
Total	+7,327	Total	(4,683)	Total	(4,693)

▶ FY2023 First Half Consolidated Results

▶ **FY2023 Consolidated Forecast**

▶ Topics

- Production Capacity Expansion (New Factories in Japan and the US)
- Current orders and order backlog
- Challenges in electrification of construction equipment

▶ Reference Materials

FY2023 Earnings Forecasts (full year)

(Millions of yen)	Previous forecast (announced on April 11, 2023)			Revised forecast (announced on October 12, 2023)				
	1st half	2nd half	Full year	1st half (results)	2nd half	Full year	Change	(%)
Japan	1,260	1,200	2,460	1,094	1,235	2,330	(130)	(5.3)%
North America	51,510	50,570	102,080	56,610	53,489	110,100	+8,020	+7.9%
Europe	40,900	38,680	79,580	44,318	42,881	87,200	+7,620	+9.6%
Asia	90	90	180	60	119	180	-	-
Others	2,440	2,260	4,700	3,092	2,097	5,190	+490	+10.4%
Total net sales	96,200	92,800	189,000	105,176	99,823	205,000	+16,000	+8.5%
Operating profit	14,500	9,500	24,000	16,969	16,130	33,100	+9,100	+37.9%
Ordinary profit	14,400	9,500	23,900	17,072	16,127	33,200	+9,300	+38.9%
Profit attributable to owners of parent	10,300	6,900	17,200	12,670	11,529	24,200	+7,000	+40.7%

(1) Robust demand for products in 2H (the second half of the year)

- Market softening expected in the UK, but strength to continue in other major European countries and the US

(2) Pre-shipments of work-in-process inventory lacking electronic components will be completed in 3Q

- All this work-in-process inventory will become finished goods available for sale to customers → Increasing unit sales in 2H

(3) Forecasting record-high net sales and profits

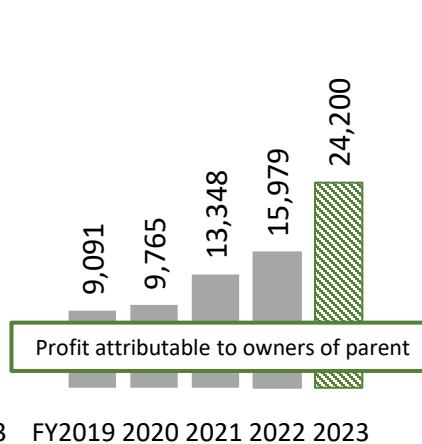
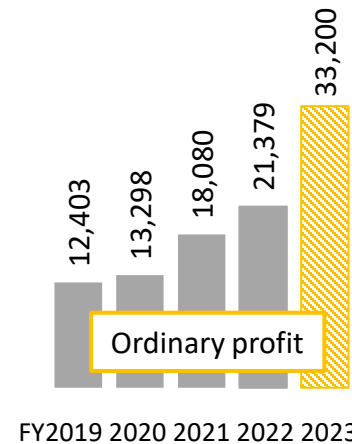
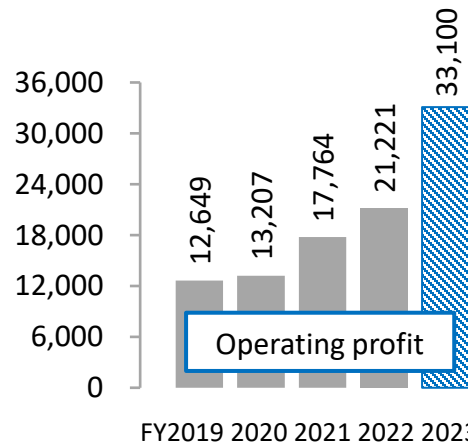
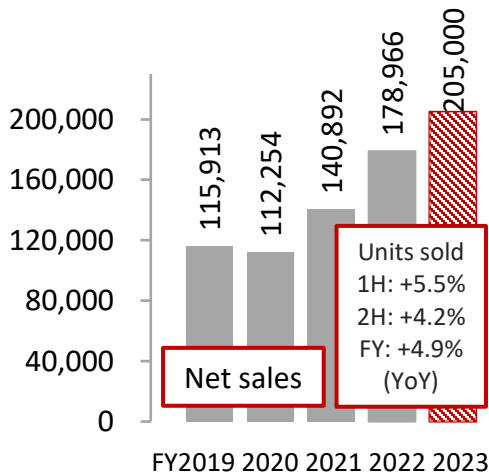
- Increases exceeding previous forecast due to higher unit sales, additional price increases in 2H, and the weaker than expected yen

Expected Consolidated Financial Highlights for FY2023

(Millions of yen)	FY2022		FY2023 (forecast)					
	Full year	Sales ratio	1st half (results)	2nd half	Full year	Sales ratio	Change	(%)
Net sales	178,966	-	105,176	99,823	205,000	-	+26,033	+14.5%
Operating profit	21,221	11.9%	16,969	16,130	33,100	16.1%	+11,878	+56.0%
Ordinary profit	21,379	11.9%	17,072	16,127	33,200	16.2%	+11,820	+55.3%
Profit attributable to owners of parent	15,979	8.9%	12,670	11,529	24,200	11.8%	+8,220	+51.4%
Capital investment	8,629	4.8%	4,798	4,251	9,050	4.4%	+420	+4.9%
Depreciation	2,039	1.1%	1,285	2,318	3,604	1.8%	+1,564	+76.7%
Earnings per share (yen)	335.19	Dividend payout ratio 29.2%	265.81	-	507.68	Dividend payout ratio 31.1%	+172.49	+51.5%
Dividends per share (yen)	98.00		-	-	158.00		+60.00	+61.2%

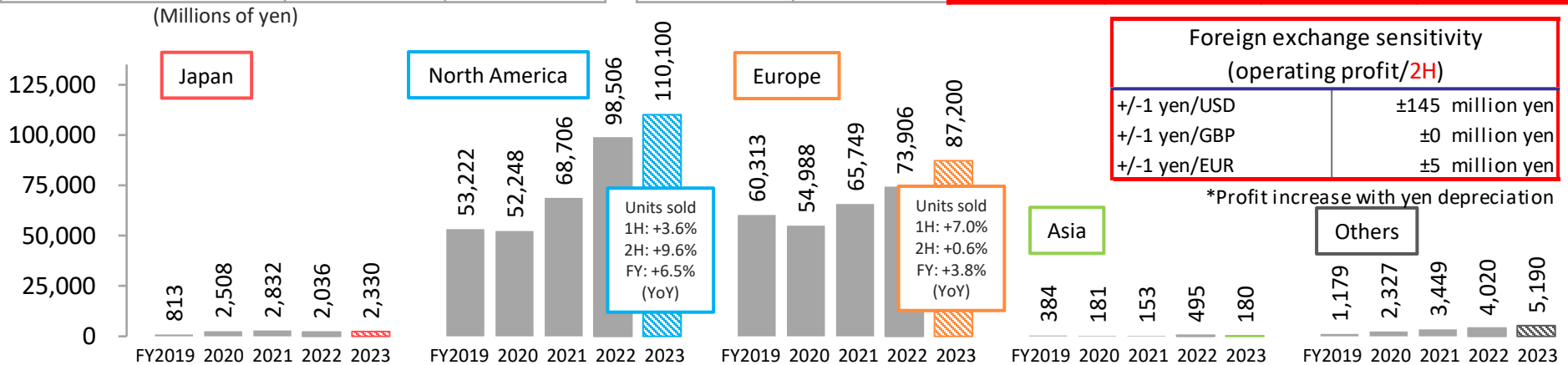
Including a commemorative dividend of 5 yen for the 60th anniversary of the company's founding

(Millions of yen)

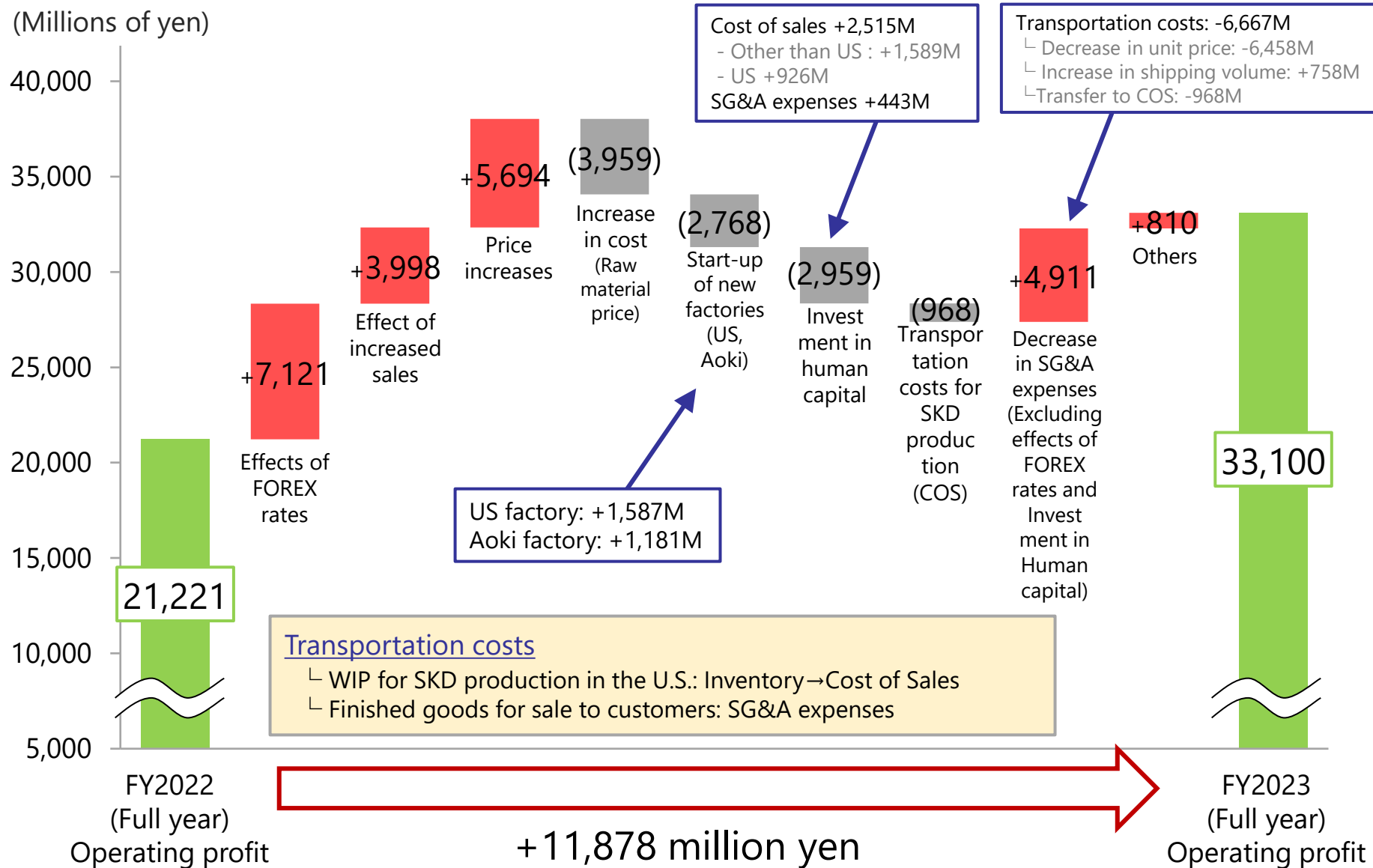


Earnings Forecast by Region for FY2023

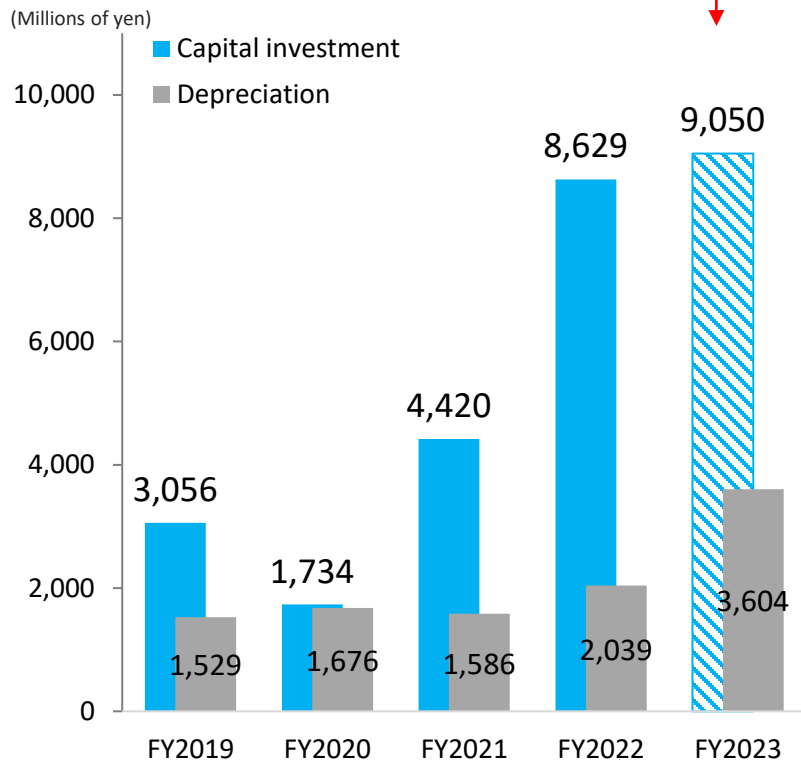
(Millions of yen)	FY2022		FY2023 (forecast)					
	Full year	Sales ratio	1st half (results)	2nd half	Full year	Sales ratio	Change	(%)
Japan	2,036	1.1%	1,094	1,235	2,330	1.1%	+293	+14.4%
North America	98,506	55.0%	56,610	53,489	110,100	53.7%	+11,593	+11.8%
Europe	73,906	41.3%	44,318	42,881	87,200	42.5%	+13,293	+18.0%
Asia	495	0.3%	60	119	180	0.1%	(315)	(63.7)%
Others	4,020	2.2%	3,092	2,097	5,190	2.5%	+1,169	+29.1%
Total net sales	178,966	100.0%	105,176	99,823	205,000	100.0%	+26,033	+14.5%
JPY/USD	133.12	-	138.45	137.00	137.30	-	+4.18	+3.1%
JPY/GBP	162.58	-	172.16	174.00	173.26	-	+10.68	+6.6%
JPY/EUR	139.81	-	149.84	149.00	149.56	-	+9.75	+7.0%
JPY/RMB	19.49	-	19.55	18.70	19.12	-	(0.37)	(1.9)%



Factors of Increase/Decrease in Operating Profit (FY2023 Full year forecast)



Capital Investment Plan



FY2023 Capital Expenditure Plan Breakdown

Aoki Factory	5.0 bn	Payment for this fiscal year: 5.0 bn Payment already made (construction in progress): 6.0 bn
US. Factory	1.5 bn	Solar panels (US office and factory): 0.48 bn Slat conveyor: 0.45 bn Factory machinery and equipment: 0.4 bn etc.
Employee dormitories	1.5 bn	Construction on land adjacent to the home office factory and Aoki Factory
Others	1.0 bn	Jigs, molds, prototypes, and maintenance and renewal equipment
Total	9.0 bn	

FY2020: Takeuchi US warehouse expansion (approx. 0.54 bn) **FY2021:** US training center (approx. 0.5 bn)



FY2022: US Factory (approx. 4.7 bn)

[NEW] FY2023: Aoki Factory (approx. 11.0 bn)



FY2022 Capital investment Breakdown

Aoki Factory	3.0 bn	Payment for this fiscal year (construction in progress): 3.0 bn
US Factory	4.7 bn	land/buildings/equipment
Others	1.0 bn	Jigs, molds, prototypes, and maintenance and renewal equipment
Total	8.7 bn	

▶ **FY2023 First Half Consolidated Results**

▶ **FY2023 Consolidated Forecast**

▶ **Topics**

- **Production Capacity Expansion (New Factories in Japan and the US)**
- **Current orders and order backlog**
- **Challenges in electrification of construction equipment**

▶ **Reference Materials**

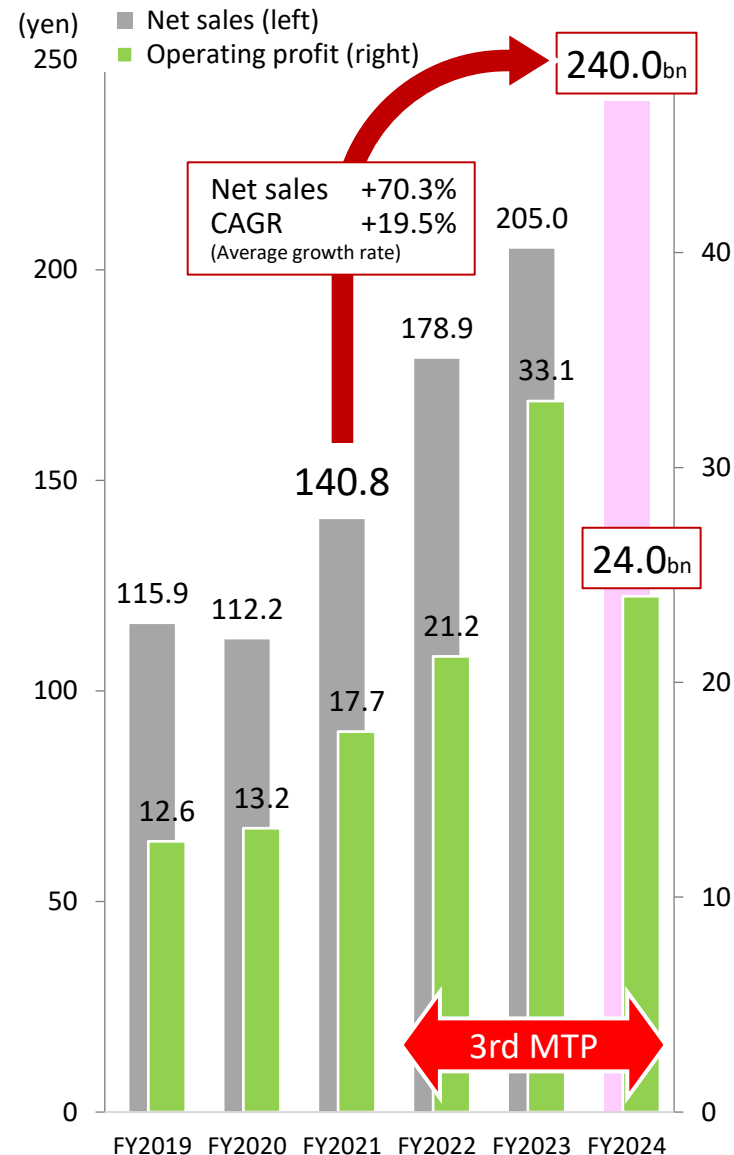
The Third Mid-term Business Plan (FY2022~FY2024)

➤ Slogan, Numerical targets

Increase Sales by 100 billion Yen
by Power Up, Speed Up, and Scale Up
 Increase consolidated net sales from
(140.8 billion yen to 240.0 billion yen)

	FY2021	FY2024	Change (%)
Net sales	140.8 bn	240.0 bn	+70.3%
Operating profit	17.7 bn	24.0 bn	+35.1%
↳ rate	12.6%	10.0%	
Earnings per share (yen)	279.91	377.00	+34.7%
ROE	13.8%	14.0%	-
JPY/USD	111.72	115.00	+3.28
JPY/GBP	153.06	152.00	(1.06)
JPY/EUR	130.57	127.00	(3.57)
JPY/RMB	17.12	18.00	+0.88

Note: Based on the following CAPM formula, **we recognize a cost of equity of 8%**.
 Risk free rate (1%) + beta (1.2) × Market risk premium (6%)

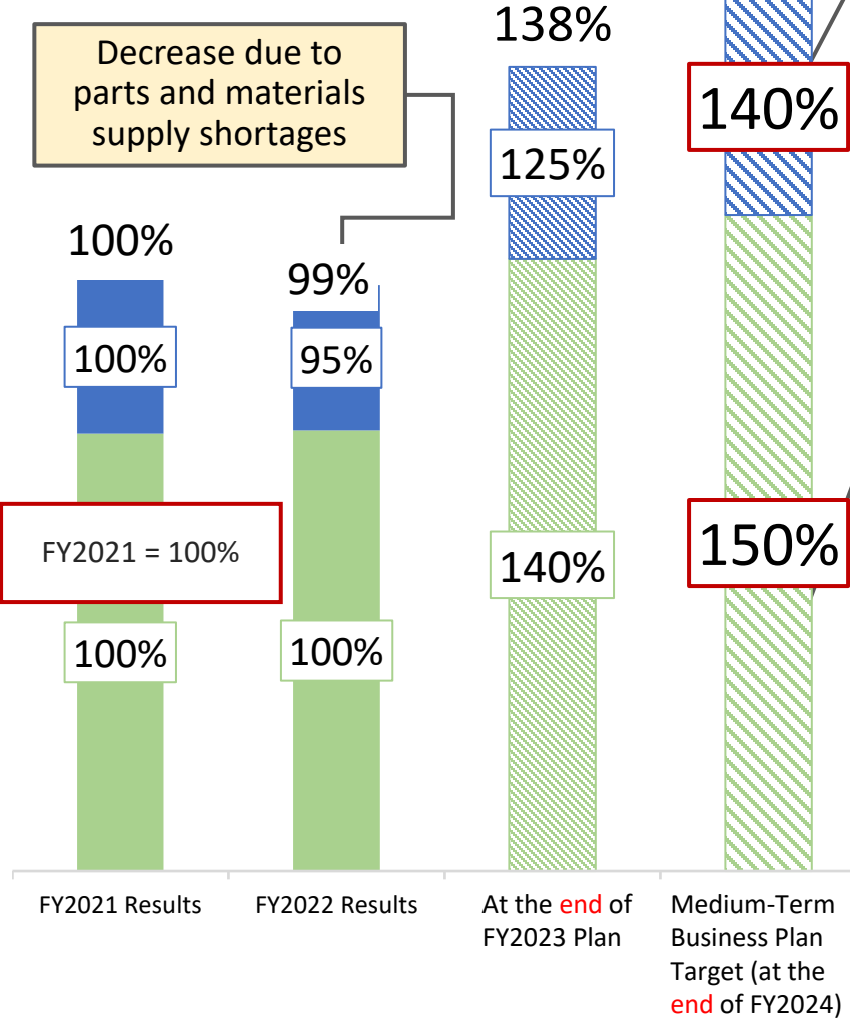


Production Capacity Expansion

■ Track loader

■ Excavator (Compact/Hydraulic)

Decrease due to parts and materials supply shortages



US Factory (started operation on September 23, 2022)

- Full operation: Planned for **FY2024**
- Start production of track loaders using the semi knock down (SKD) method.
- Temporarily prioritize TL production for Europe over SKD production for the US.
- Increase track loader production at the home office factory after the transfer of excavator production from the home office factory to the Aoki factory is completed.

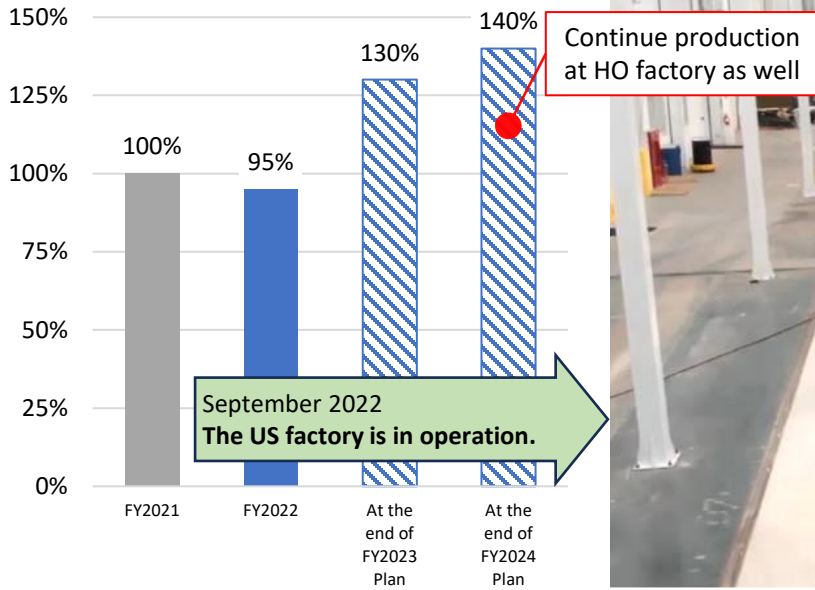
Aoki Factory (started operation on September 1, 2023)

- Full operation: Planned for **FY2024**
- Transfer production of medium-weight class excavators (4 to 9 tonnes) from the home office factory to the Aoki factory.

		Home Office Factory	US Factory	Aoki Factory
Excavator	Less than 4 tonnes	○	-	-
	4 -9 tonnes	-	-	○
	9 – 15 tonnes	○	-	-
Track loader		○/SKD	SKD	-

Operations of the US Factory (May 2023: Introduction of the slat conveyors)

Production Volume of Track Loaders (per day)



➤ Production capacity of Track loaders (HO factory + US factory)

Aug. 2023 Results	Feb. 2024 Plan	Aug. 2024 Plan
75%	90%	100%

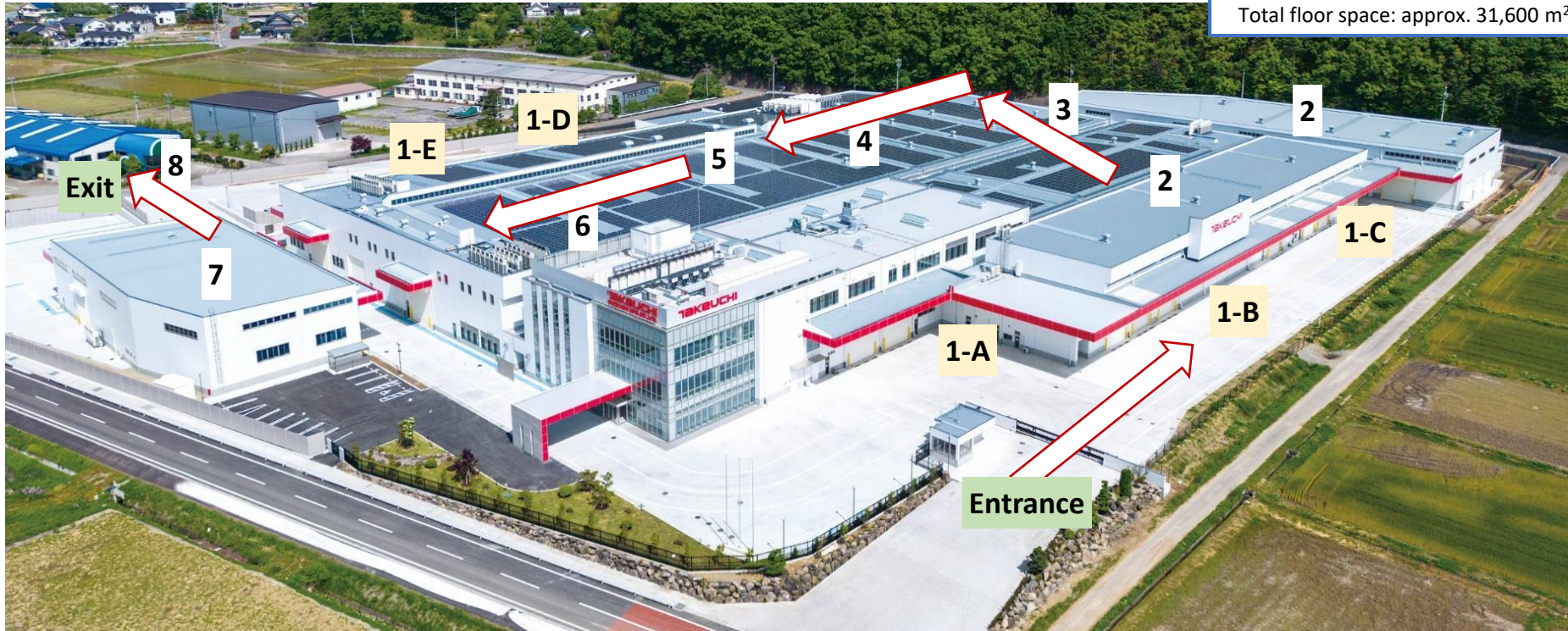
Aoki Factory Started Operation (September 2023)

Outline of Aoki Factory

Site area: approx. 50,000 m²

Building area: approx. 27,800 m²

Total floor space: approx. 31,600 m²



1. Delivery entrance (five locations: A to E)
2. Painting
3. Docking line (undercarriage)
4. Mainline (engine, hydraulics, boom & arm, etc.)
—After process 4, products become self-propelled
5. Performance & test drives
6. Outfitting line (operator's seat, cabin, lights, etc.)
7. Final inspection (checking the interior and exterior)
8. Shipping

The Aoki Factory operates mostly on solar power generation. Combined with CO₂-free power, **the factory runs on 100% green energy.**

➤ Production capacity of the Aoki factory

Aug. 2023 Results	Feb. 2024 Plan	Aug. 2024 Plan
-	60%	100%

Features of Aoki Factory

Logistics management (receiving & shipping)

Reservations and management through IT system for parts delivery and product shipments, enabling information sharing between the factory and shipping companies

- ✓ Staggered work schedules to reduce truck waiting times and avoid congestion at the factory and on nearby roads
- ✓ Monitoring parts and materials delays to quickly modify production plans, if needed

Introduction of robotics

Improves safety along with labor savings (factory is safe and easy to work in for all)

- ✓ Automatic guided vehicles (AGVs) for parts delivery to production lines
- ✓ Painting robots



Receiving area at Aoki Factory



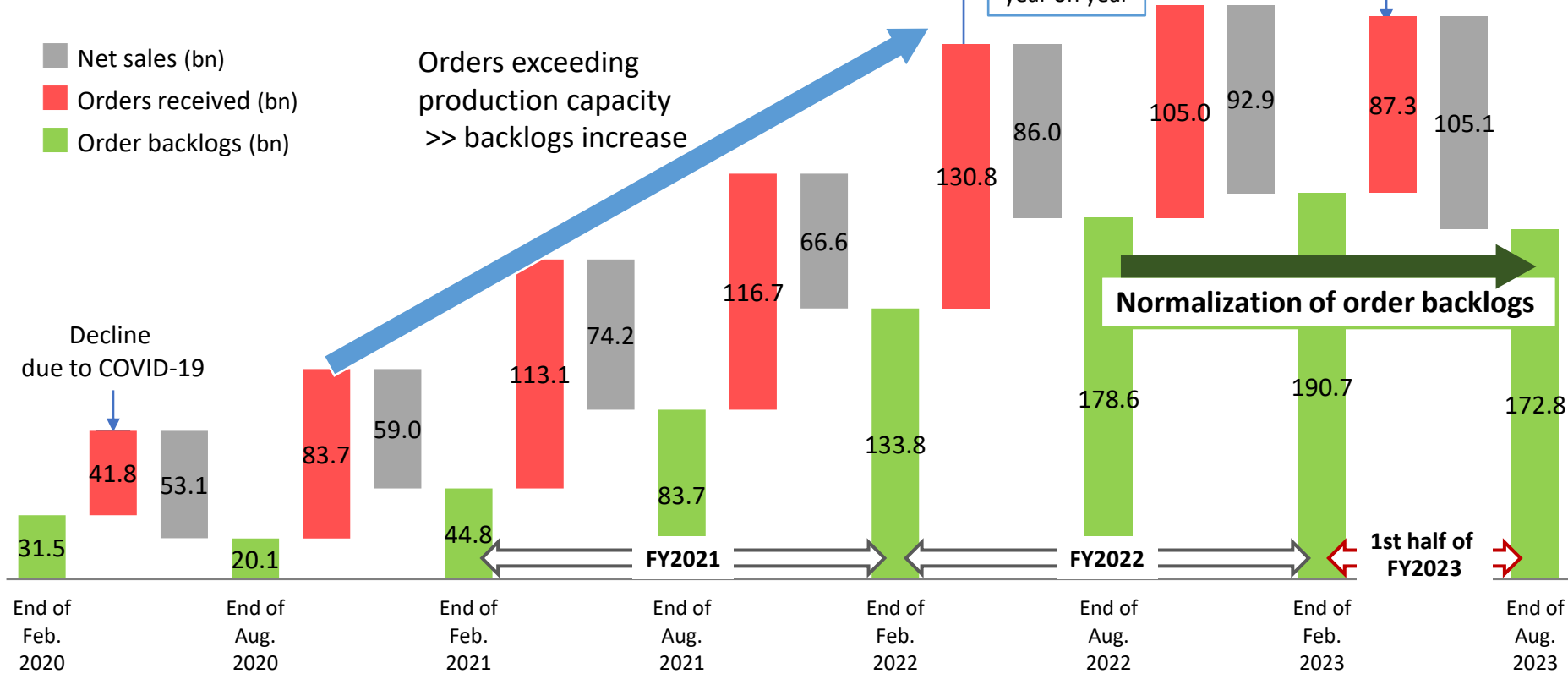
AGV (runs on a magnetic guide)



Painting robot

Orders received entering adjustment period (expect continued robust product demand)

Net Sales, Orders Received, and Order Backlogs by Half Year



- ✓ Order adjustments by both customers and Takeuchi to normalize accumulated backlogs

>> **Normal level of order backlogs: 3 to 4 months of sales**

- ✓ U.S. Factory and Aoki Factory expand production capacity by about 1.5 times

>> **Growth in production and sales to reduce order backlogs**

(Billions of yen)	FY2022				FY2023	
	1Q	2Q	3Q	4Q	1Q	2Q
Net sales	42.4	43.6	46.8	46.0	53.0	52.1
Orders received	66.5	64.2	47.0	57.9	47.6	39.6
Order backlogs	158.0	178.6	178.8	190.7	185.3	172.8

Challenges for Electrifying Construction Machinery

1. Battery cost reduction and performance improvements (longer operating time, shorter charging time)

- ✓ Battery powered construction machinery is more expensive than diesel (approx. 2–3x)
 - >> Batteries account for most of this cost premium
- ✓ Compared with passenger vehicles, construction machinery that requires a lot of power (for digging, rough terrain travel, etc.) needs a large-capacity battery
 - >> Leads to higher sales prices and long charging times

2. Necessity of charging infrastructure development

- ✓ Even in urban areas, charging infrastructure is not widespread, and virtually nonexistent at construction sites in mountainous regions.
 - >> Considering the locations where construction equipment must operate, 100% electrification seems unlikely
 - >> Other low-GHG technologies should also be considered (biofuels, fuel cells, etc.)

3. Creating low-GHG power generation infrastructure

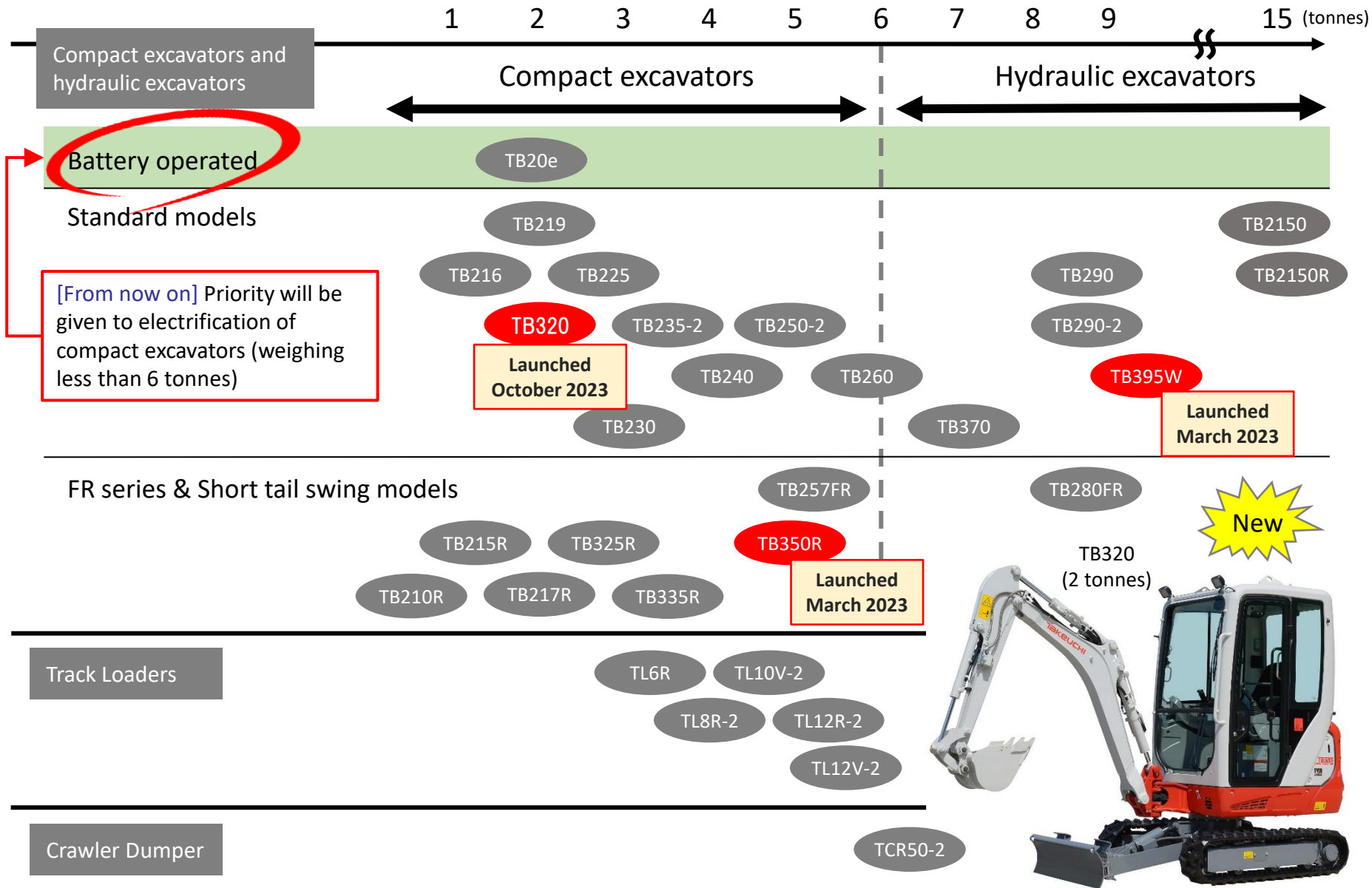
- ✓ The current power infrastructure leads to indirect emissions (Scope 2) when charging
 - >> Shift from fossil fuel-based power generation to non-fossil fuel sources, such as hydro, wind, and solar

Although there are many external challenges to electrifying construction machinery,

We aim to have a range of under-6-tonne battery powered excavators

Larger hydraulic excavators and track loaders to follow

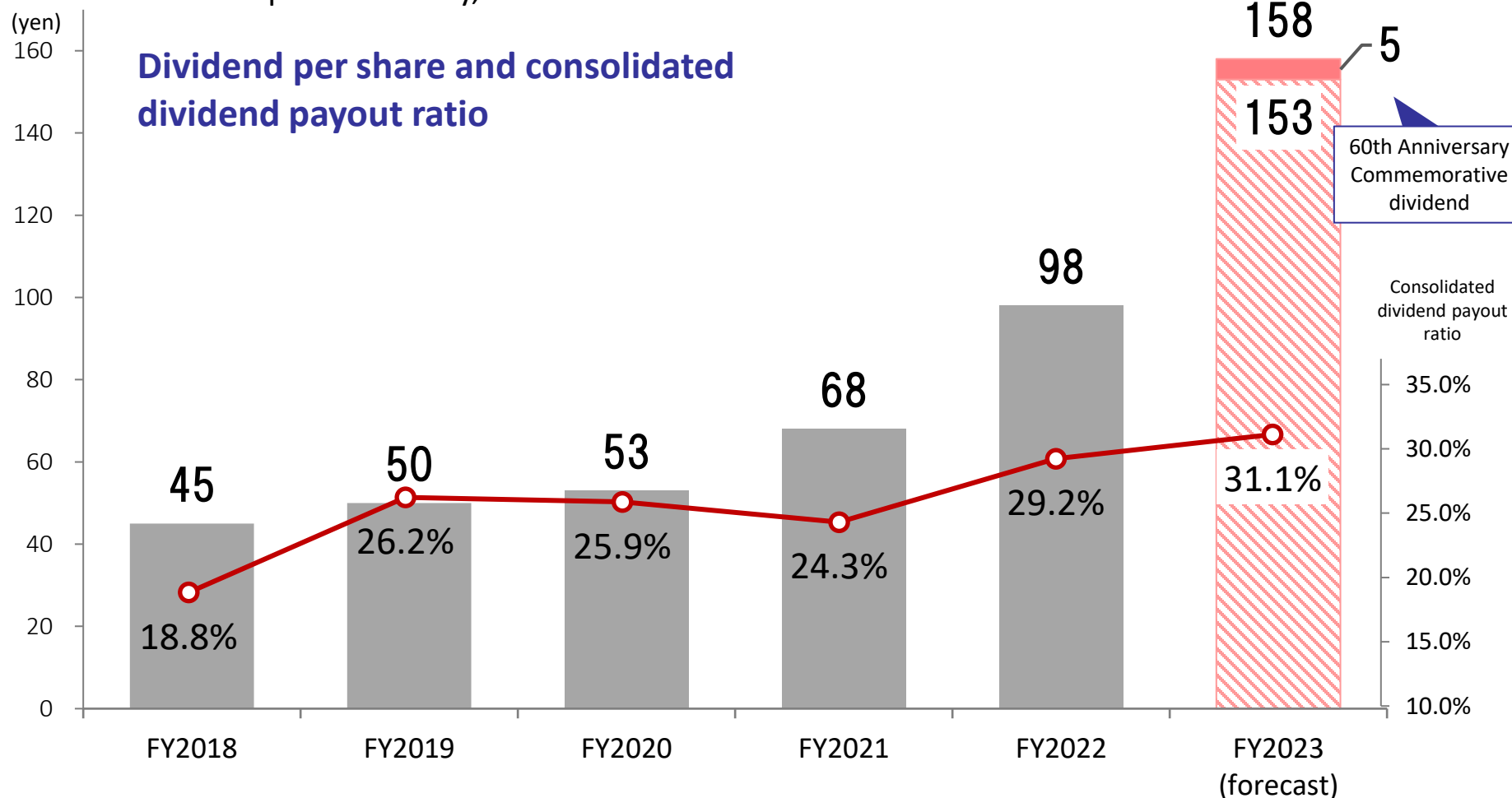
Product Lineup



Shareholder Return and Dividend Payout Ratio

Basic Policy: Strive to maintain a stable dividend payout with **a target consolidated dividend payout ratio of 30%** in mind, while securing the internal reserves necessary to strengthen the management structure and develop future businesses

Share buybacks: **Implement share buybacks** as appropriate, taking into consideration stock price levels, capital efficiency, and other factors.



▶ FY2023 First Half Consolidated Results

▶ FY2023 Consolidated Forecast

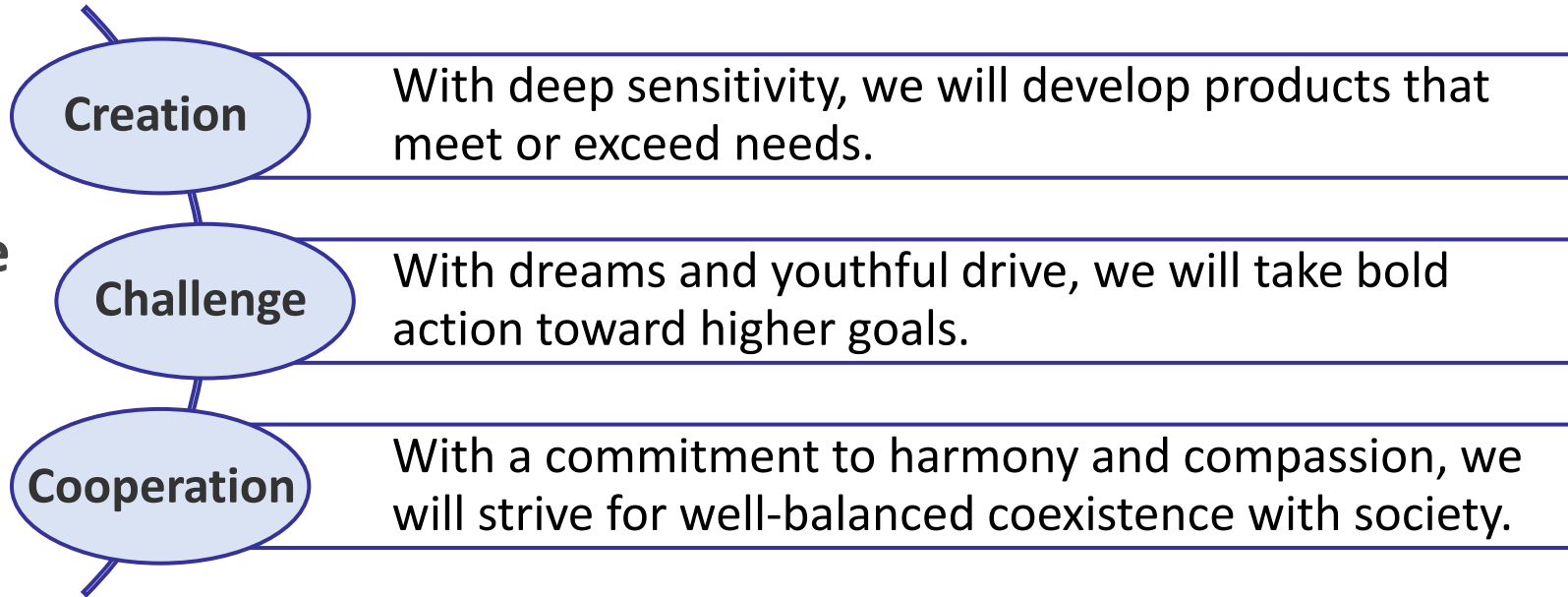
▶ Topics

- Production Capacity Expansion (New Factories in Japan and the US)
- Current orders and order backlog
- Challenges in electrification of construction equipment

▶ Reference Materials

Corporate Policies and Business Philosophy

Corporate Policies



Business Philosophy

From World First to World Leader, **TAKEUCHI**

We will pursue manufacturing excellence by working hard in **the spirit of Creation, Challenge, and Cooperation.**

With a global perspective and awareness, we will provide products and services that are trusted by our customers.

Leveraging the abilities of every employee, we will help to create an environmentally friendly, prosperous society.

Corporate Profile

Name	TAKEUCHI MFG. CO., LTD.	
Representative	Toshiya Takeuchi President and Representative Director	
Home Office	205, Uwadaira, Sakaki-machi, Hanishina-gun, Nagano Japan	
Established	August 21, 1963	
Accounting Period	February	
Capital	3,632 million yen (As of February 28, 2023)	
Sales (Consolidated)	178,966 million yen (FY2022)	
Employees (Consolidated)	1,173 (As of August 31, 2023)	
Listed Market	Tokyo Stock Exchange, Prime Market, Securities code: 6432	
Subsidiaries	US	Takeuchi Mfg. (U.S.), Ltd. (Established February 1979)
	UK	Takeuchi Mfg. (U.K.) Ltd. (Established October 1996)
	France	Takeuchi France S.A.S. (Established May 2000)
	China	Takeuchi Qingdao Mfg. Co., Ltd. (Established April 2005)

Main Products

Compact excavators and hydraulic excavators

- We developed and began production of the world’s first compact excavator (September 1971)
- Compact excavators: Products weighing less than 6 tonnes
- Hydraulic excavators: Products weighing 6 tonnes or more

Main applications

- Foundation work for housing construction
- Piping work for water, gas and other supplies
- Landscaping work to plant trees in parks and gardens
- Demolition and renovations of dilapidated buildings



Track Loaders

- We developed and began production of the world’s first track loader (September 1986)
- Faster traveling speed than compact/hydraulic excavators, suitable for transportation work
- Demand and sales mostly in North America

Main applications

- Transportation of earth and sand excavated by compact excavators
- Excavating and leveling the ground
- Various operations are possible by changing the bucket



Business Performances

(Millions of yen)	FY2018	FY2019	FY2020	FY2021	FY2022	Forecast	
						FY2023	Change
Japan	940	813	2,508	2,832	2,036	2,330	+293
North America	50,696	53,222	52,248	68,706	98,506	110,100	+11,593
Europe	55,561	60,313	54,988	65,749	73,906	87,200	+13,293
Asia	1,000	384	181	153	495	180	(315)
Others	1,977	1,179	2,327	3,449	4,020	5,190	+1,169
Net sales	110,175	115,913	112,254	140,892	178,966	205,000	+26,033
Operating profit	15,411	12,649	13,207	17,764	21,221	33,100	+11,878
Ordinary profit	15,496	12,403	13,298	18,080	21,379	33,200	+11,820
Profit attributable to owners of parent	11,391	9,091	9,765	13,348	15,979	24,200	+8,220
Earnings per share (yen)	238.83	190.64	204.78	279.91	335.19	507.68	+172.49
Dividends per share (yen)	45.00	50.00	53.00	68.00	98.00	158.00	+60.00
JPY/USD ¹ (yen)	110.06	109.21	106.13	111.72	133.12	137.30	+4.19
JPY/GBP ¹ (yen)	145.91	139.49	137.88	153.06	162.58	173.26	+10.68
JPY/EUR ¹ (yen)	129.16	121.46	122.91	130.57	139.81	149.56	+9.75
JPY/RMB ¹ (yen)	16.64	15.82	15.41	17.12	19.49	19.12	(0.37)
Net assets	77,180	83,683	89,908	104,083	121,802		
Total assets	103,557	108,982	115,525	137,201	158,785		
Equity ratio	74.5%	76.8%	77.8%	75.9%	76.7%		
ROE ²	15.7%	11.3%	11.3%	13.8%	14.1%		
ROA ³	15.9%	11.7%	11.8%	14.3%	14.4%		

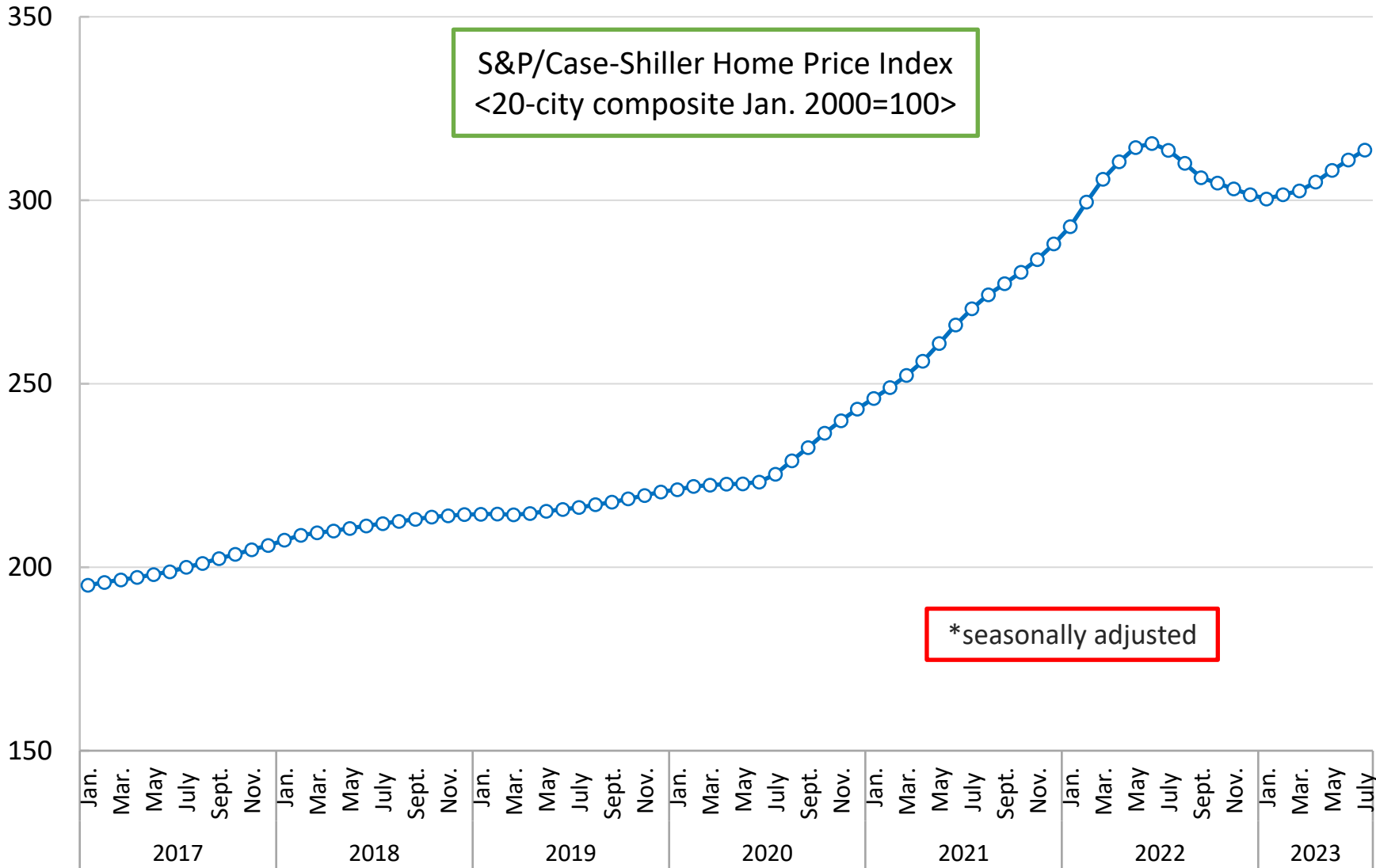
(Yen)	1H(results)	2H(Assumption)
USD	138.45	137.00
GBP	172.16	174.00
EUR	149.84	149.00
RMB	19.55	18.70

*1 Exchange rates are the average rates for the 12-month period.

*2 ROE (Return on Equity) = Net profit / Net assets × 100 (Net assets are the average of the beginning and the end of the period)

*3 ROA (Return on Assets) = Ordinary profit / Total assets × 100 (Total assets are the average of the beginning and the end of the period)

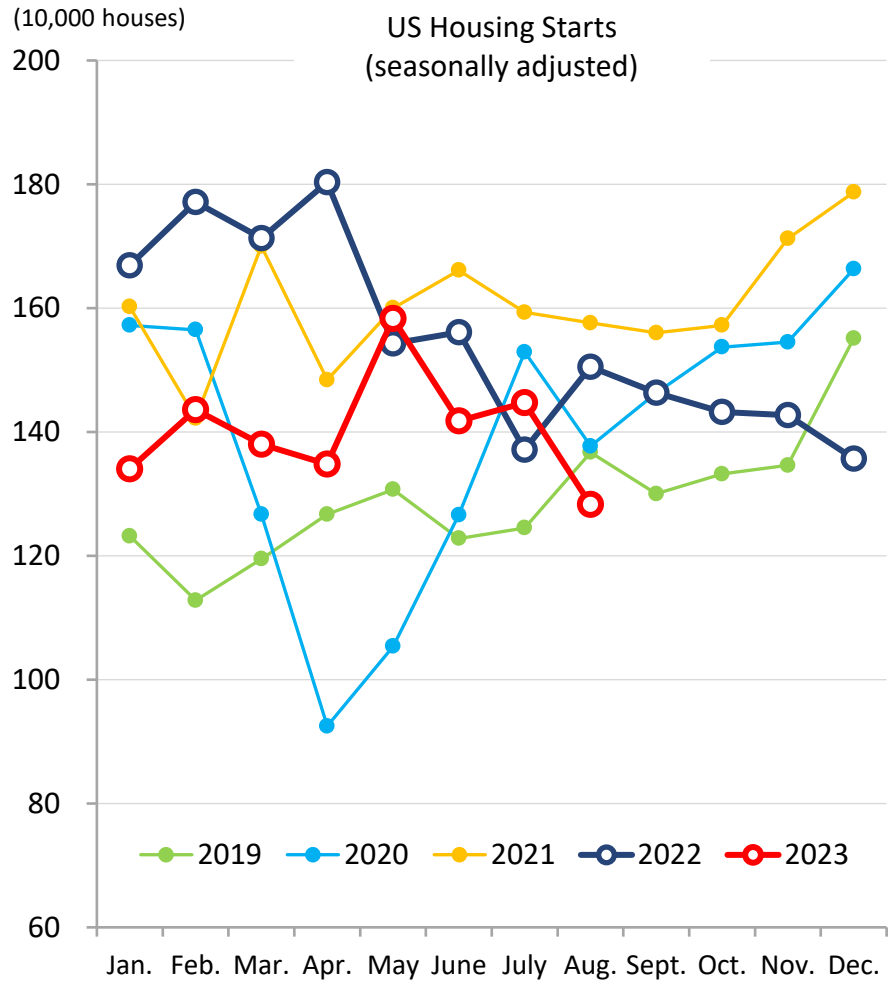
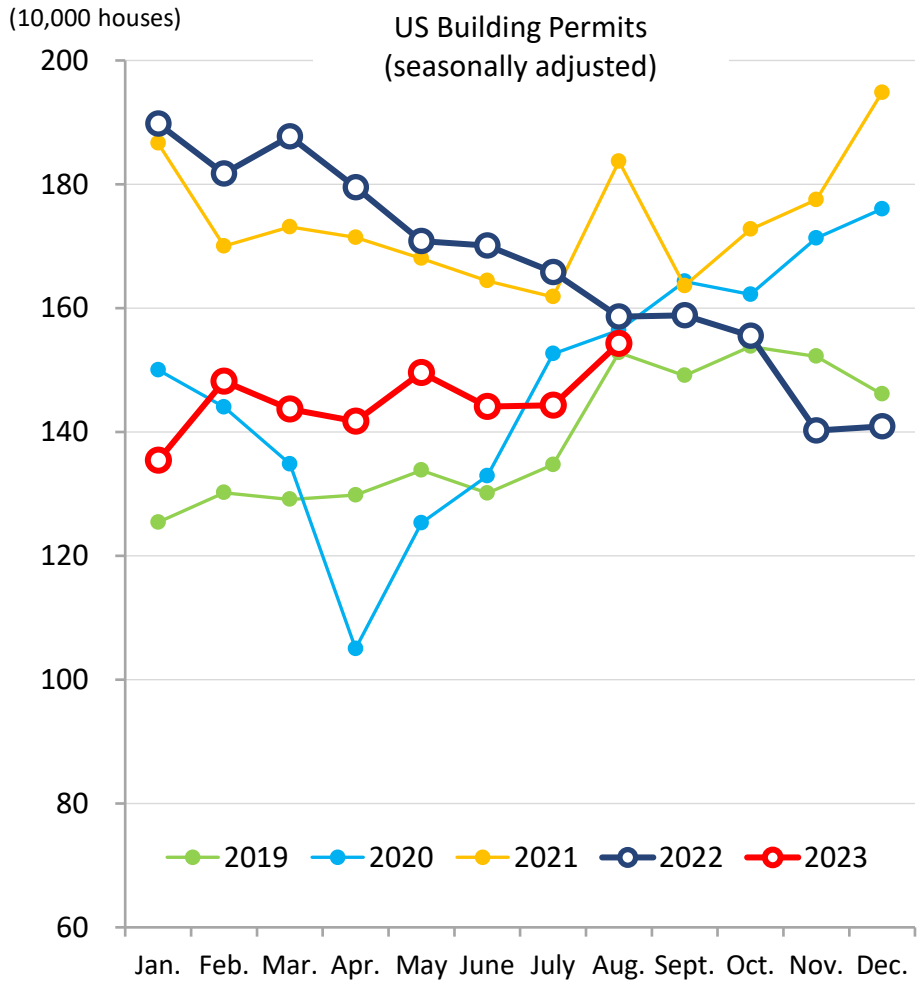
Market Outlook



(source) S&P

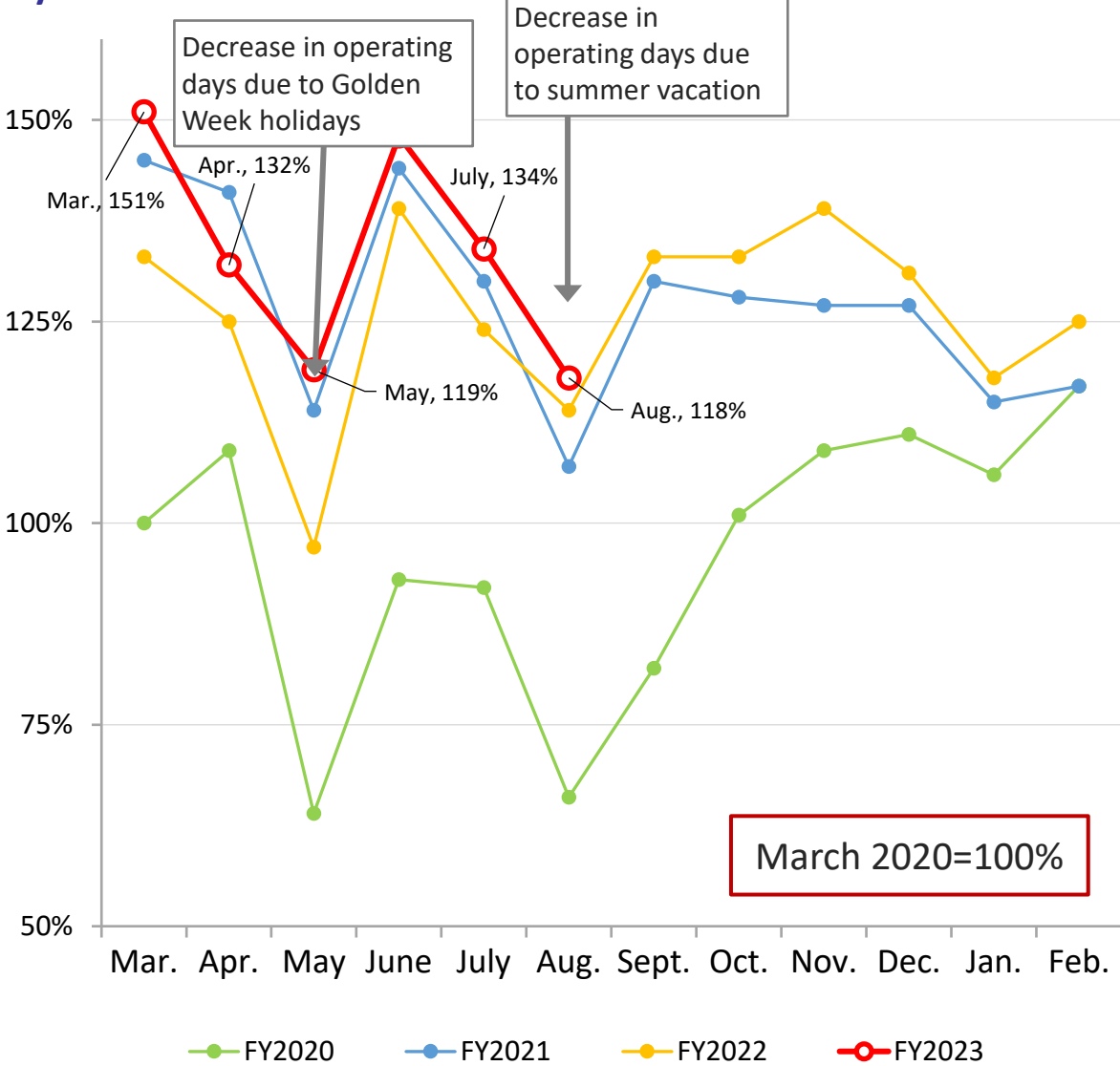
Market Outlook

- From February to April 2020, housing demand plummeted due to the COVID-19 pandemic.
- Since May 2020, economic activity has resumed, achieving a **V-shaped recovery** and maintaining a high level after that.
- Since March 2022, demand for housing had been weak due to US interest rate hikes, but the demand remains firm and recovered to the same level as before the pandemic.

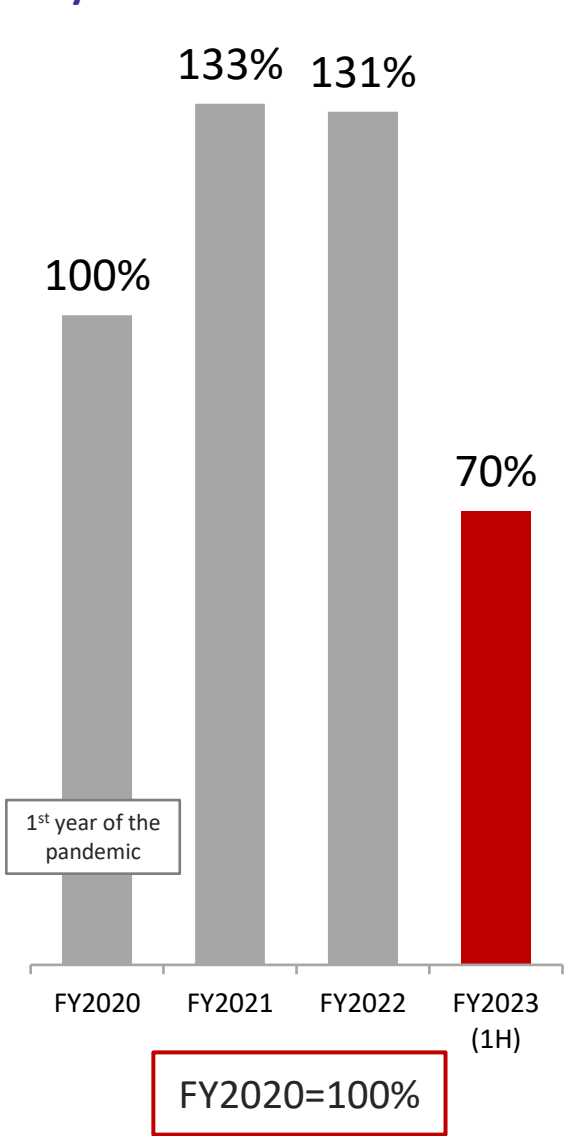


Production Volume Trends

By Month



By Fiscal Year



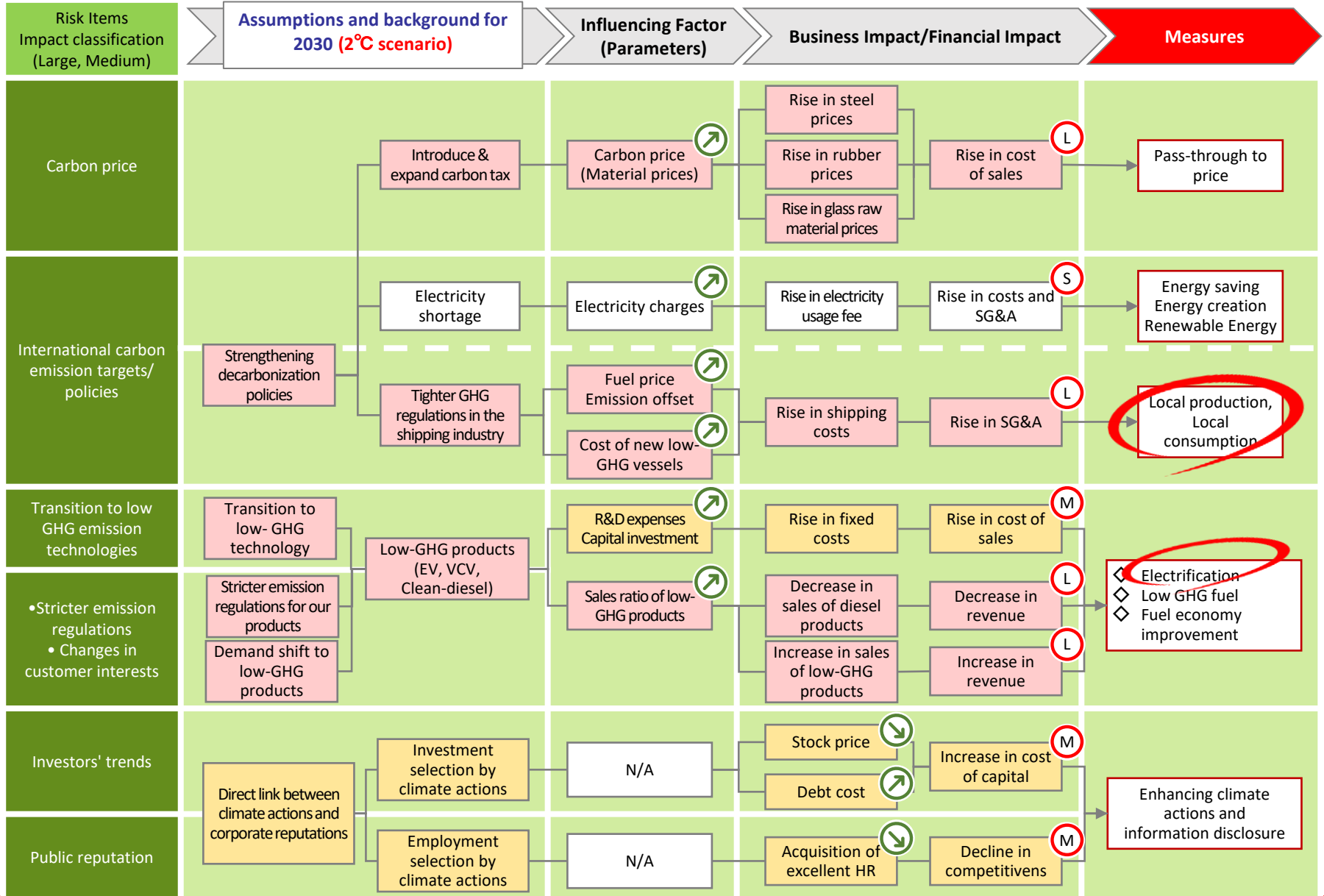
List of Material Issues

#	E	S	G	SDGs	Social Issues	Theme	Goal
1	○			13	Mitigate climate change	Develop, manufacture, and sell battery-powered compact excavators	1
2	○			13		Reducing GHG emissions at factories	2
3	○			7 13		Improving factory energy efficiency Expanding the use of renewable energy	2
4	○			12	Realizing a circular economy	3R factory initiatives	
5	○			12 13	Reducing our environmental impact Preventing pollution Managing chemical substances	Develop, manufacture and sell construction machinery with reduced environmental impact	1
6	○			6 12		Reducing chemical emissions and wastewater from factories	
7	○			12		Complying with SDSs, REACH regulations, and RoHS Directive	
8	○			8	Sustainable urban development	Improving productivity and work efficiency at sites where construction machinery is operated, by developing products that precisely meet market needs.	
9	○			11		Developing, manufacturing, and selling construction machinery that contributes to building and maintaining resilient cities and infrastructure	
10	○			8	Dealing responsibly with customers	Strengthening connections with end users by increasing the amount of information on products and services	
11	○			10 16	Respect for human rights Effective labor practices	Eliminating employment discrimination (employment of handicapped person, etc.)	
12	○			10 16		Prevention of harassment (harassment prevention education)	4
13	○			3	Occupational health and safety Employees' health	Elimination of work-related accidents and promotion of health management	3
14	○			4	Human resources	Promotion of human resources development	4
15	○			5 8	Promoting work-life balance	Encouraging the use of internal systems, such as childcare and nursing care leave, and shorter working hours	5
16	○	○		5 8	Promoting female participation	Diversity (promotion of women and foreigners)	7
17	○			4 16	Developing the next generation in the community	Factory tours at Takeuchi (nonconsolidated), sending out lecturers, and cooperating with special needs schools	
18	○	○		8 12	Establishing an environmentally and socially conscious supply chain	Establishing and implementing a CSR procurement policy	6
19	○	○		8 12		Asking suppliers to agree to our CSR procurement policy	6
20	○			12		Dismantling, collecting, and recycling at the stage of product disposal	
21		○		16	Compliance	Compliance with laws and regulations, and the exclusion of Organized Crime (implementation of education)	4
22		○		16	Corporate Governance	Strengthening global governance	
23		○		16	Risk management	Crisis management systems, BCPs, and information security(IT-BCP)	

Climate Change Initiatives (Response Measures)

 : Direction of Change

Large influence	Medium influence	Small influence
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Forecasts are based on information that was available when this document was prepared. The forecast is vulnerable to many uncertainties including, but not limited to, changes in demand and other aspects of market conditions and foreign exchange rate fluctuations.

Consequently, the actual results of operations could differ significantly from this forecast because of changes in a variety of factors.



TAKEUCHI®