

## Summary of Consolidated Financial Results For the Fiscal Year Ended February 29, 2020 [Japan GAAP]

Name of Company: TAKEUCHI MFG. CO., LTD.  
 Stock Code: 6432  
 Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 URL: <http://www.takeuchi-mfg.co.jp/>  
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 Date of regular general meeting of shareholders (tentative): May 28, 2020  
 Date of commencement of dividend payment (tentative): May 29, 2020  
 Date of securities report (tentative): May 28, 2020  
 Supplementary explanatory documents: Yes  
 Earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

### 1. Consolidated financial results for the fiscal year ended February 2020 (March 1, 2019 – February 29, 2020)

#### (1) Result of operations (Consolidated)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2020	115,913	5.2	12,649	(17.9)	12,403	(20.0)	9,091	(20.2)
Fiscal year ended Feb. 2019	110,175	16.8	15,411	9.0	15,496	10.4	11,391	19.3

(Note) Comprehensive income: FY Feb./2020: 8,672 million yen [-19.6%], FY Feb./2019: 10,780 million yen [+16.3 %]

	Earnings per share	Earnings per share fully diluted	Return on equity	Ratio of ordinary income to assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
Fiscal year ended Feb. 2020	190.64	-	11.3	11.7	10.9
Fiscal year ended Feb. 2019	238.83	-	15.7	15.9	14.0

(Reference) Equity in income/losses of affiliates: FY Feb./2020 - million yen FY Feb./2019 - million yen

#### (2) Financial Position (Consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 29, 2020	108,982	83,683	76.8	1,754.88
As of February 28, 2019	103,557	77,180	74.5	1,618.11

(Reference) Shareholders' equity As of February 29, 2020: 83,683 million yen As of February 28, 2019: 77,180 million yen

(Note) The company started applying the Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year. Amounts for the consolidated financial position for the fiscal year ended February 2019 are based on retroactively adjusted figures.

#### (3) Cash flow position (Consolidated)

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 2020	5,489	(4,096)	(2,180)	33,612
Fiscal year ended Feb. 2019	8,421	(2,268)	(1,715)	34,464

(English Translation of the original Japanese Document)

## 2. Dividends

	Dividend per share					Annual total amount	Payout ratio (Consolidated)	Dividends/net assets (Consolidated)
	End of 1Q	End of 2Q	End of 3Q	End of FY	Full year			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 2019	-	0.00	-	45.00	45.00	2,148	18.8	3.0
Fiscal year ended Feb. 2020	-	0.00	-	50.00	50.00	2,387	26.2	3.0
Fiscal year ending Feb. 2021 (estimated)	-	0.00	-	-	-		-	

(Note) No forecast has been established for the year-end dividend for the fiscal year ending in February 2021. Takeuchi plans to announce this forecast, based on an assessment of the impact of the COVID-19 pandemic on the Group's consolidated results of operations, when results of operations for the first half of the fiscal year are announced in October 2020.

## 3. Forecast for the fiscal year ending February 2021 (Consolidated, March 1, 2020 to February 28, 2021)

(Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	45,000	(28.0)	4,300	(45.2)	4,280	(43.0)	3,100	(43.5)	65.01
Full year	93,500	(19.3)	8,400	(33.6)	8,450	(31.9)	6,150	(32.4)	128.97

(Note) The forecasts for the fiscal year ending in February 2021 assume that the COVID-19 pandemic in Europe and North America will begin to slowly decline from late May 2020.

### \* Notes

- (1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation): None
  - (2) Changes in accounting principles and estimates, and retrospective restatement
    - (a) Changes due to revision of accounting standards: None
    - (b) Changes other than in (a): None
    - (c) Changes in accounting estimates: None
    - (d) Retrospective restatement: None
  - (3) Number of shares outstanding (common stock)
    - (a) Shares outstanding (including treasury shares)
 

As of February 29, 2020:	48,999,000	As of February 28, 2019:	48,999,000
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    - (b) Treasury shares
 

As of February 29, 2020:	1,312,798	As of February 28, 2019:	1,301,198
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    - (c) Average number of shares
 

Period ended February 29, 2020:	47,690,576	Period ended February 28, 2019:	47,695,456
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- Note: Treasury shares include shares held by the Board Incentive Plan Trust (58,940 shares as of February 29, 2020 and 47,340 shares as of February 28, 2019).

(Reference) Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended February 2020 (March 1, 2019 – February 29, 2020)

(1) Result of operations (Non-consolidated) (Percentage figures represent year on year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 2020	107,366	10.0	8,587	(17.9)	8,258	(21.4)	5,908	(21.5)
Fiscal year ended Feb. 2019	97,566	13.4	10,465	(6.6)	10,501	(15.3)	7,526	(18.0)

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
Fiscal year ended February 2020	123.90		-	
Fiscal year ended February 2019	157.81		-	

(English Translation of the original Japanese Document)

(2) Financial Position (Non-consolidated)

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of February 29, 2020	92,045	68,073	74.0	1,427.54
As of February 28, 2019	88,108	64,344	73.0	1,349.01

(Reference) Shareholders' equity As of Feb. 29, 2020: 68,073 million yen As of Feb. 28, 2019: 64,344 million yen

(Note) The company started applying the Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No 28, February 16, 2018) from the beginning of the first quarter of current fiscal year. Amounts for non-consolidated financial position for the fiscal year ended February 2019 are based on retroactively adjusted figures.

\* This report is exempt from the audit review by a certified public accountant or audit firm.

\* Cautionary statement regarding forecasts of operating results and special notes

- (1) Forward-looking statements in these materials are based on information available to management at the time this report was prepared and assumptions that management believes are reasonable. Actual results may differ significantly from these statements for a number of reasons. For information about the forecasts, please see "1. Results of Operations (4) Outlook for fiscal year ending in February 2021" on page 4 of the Supplementary Information.
- (2) To receive supplementary explanatory documents and contents of earnings presentation  
The earnings presentation video and documents will be posted on the company's website on April 20, 2020.

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### 1. Results of Operations

#### (1) Overview of consolidated business performance

The United States and Europe are the major markets for the Takeuchi Group. In the United States, capital expenditures were slow during the fiscal year that ended in February 2020 because of concerns about trade friction with China continuing for a long time. However, consumer spending remained firm as the labor market and personal income continued to be strong and the housing market regained momentum.

In Europe, exports were weak and the manufacturing sector has been sluggish for a long time because of U.S.-China trade friction and uncertainty involving Brexit. However, consumer spending remained firm due to the continuing strength of the labor market and personal income. Although Britain finalized its departure from the EU, there are still uncertainties concerning Brexit and many companies were reducing their investments during the fiscal year. The British economy, however, was supported by higher consumer spending backed by a growing number of jobs and the increasing pace of wage growth. However, late in the fiscal year, the COVID-19 pandemic began to have a significant negative economic and social impact worldwide.

During the fiscal year, there were many activities for adding even more value to the Takeuchi Group's lineup of machinery and for sales of these products. In February 2019, the Takeuchi Group launched the TB235-2 and TB250-2 compact excavators, which comply with the EU's Stage V emission standards. Another step was the installation of data communication units with a GPS capability on machinery sold in Europe. These units were previously available only on models sold in the United States. In Britain, sales volume was lower than in the previous fiscal year because of the prolonged period of uncertainty about the outcome of the Brexit debate. In the United States, there was only a small increase in sales volume because of unfavorable weather and inventory shortages. Sales were strong in all areas of Europe other than Britain. As a result, total sales volume of the Takeuchi Group was higher than in the previous fiscal year.

Sales increased 5.2% to new record of 115,913 million yen but earnings declined for a number of reasons. Products were priced strategically in order to increase sales, the cost of manufacturing and logistics increased, and there

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were expenses for switching to substitute parts after typhoon damage disrupted the operations of a supplier. In addition, there was a provision of allowance for doubtful accounts compared with a reversal of this allowance in the fiscal year that ended in February 2019. Operating income decreased 17.9% to 12,649 million yen and ordinary income decreased 20.0% to 12,403 million yen. After income taxes of 3,311 million yen, profit attributable to owners of parent decreased 20.2% to 9,091 million yen.

Geographic segment performance was as follows.

(a) Japan

Shipments to distributors in the EU account for most of the sales in this segment. Sales of the TB225, a compact excavator introduced in March 2018, continued to be strong. Sales of the TB235-2 and TB250-2 compact excavators launched in February 2019 were strong as well. The volume of sales to distributors in Europe increased and sales increased 13.9% to 45,741 million yen. Segment income decreased 15.3% to 9,863 million yen because of strategic pricing to boost sales, lower prices of products sold to subsidiaries, higher manufacturing and logistics costs, and other reasons.

(b) United States

There was substantial demand primarily for machinery for housing construction and infrastructure projects. However, unfavorable weather created delays in sales of products in the fiscal year's first half. Although sales rebounded in the second half, there were restrictions on shipments of machinery to the United States because of limitations on the procurement of certain parts resulting in only a small increase in sales volume. Sales increased 5.0% to 53,223 million yen in partly because of a change in the product mix. Segment income was up 30.7% to 3,569 million yen mainly because of a reduction in the prices of machinery purchased from the Japan segment.

(c) United Kingdom

Demand was at high levels as housing and infrastructure construction was strong. However, customers have increasingly become cautious about purchase of products because of a heightened sense of economic stagnation caused by the protracted Brexit issue. As a result, sales volume decreased. Consequently, segment sales decreased 16.5% to 10,174 million yen and segment income decreased 8.6% to 551 million yen.

(d) France

Sales volume increased as sales of the TB225 compact excavator, which was introduced in March 2018, remained strong. However, sales decreased 1.0% to 6,547 million yen because the yen's strength in relation to the euro reduced yen conversions of sales. Segment income increased 37.8% to 326 million yen mainly because of a reduction in the prices of machinery purchased from the Japan segment.

(e) China

Sales were down 56.5% to 226 million yen mainly because of a decline in sales volume. Segment income fell 89.0% to 46 million yen, which was attributable mainly to a provision of allowance for doubtful accounts compared with a reversal in the previous fiscal year and to a decrease in sales of parts to Japan segment.

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(2) Overview of financial condition

Assets were 108,982 million yen at the end of the current fiscal year, 5,425 million yen more than at the end of the previous fiscal year. This was mainly because of increases of 2,208 million yen in notes and accounts receivable-trade due to sales growth, 1,608 million yen in property, plant and equipment, mostly the result of a new testing building and factory and warehouse expansions at subsidiaries, 865 million yen in investment securities, and 402 million yen in inventories.

Liabilities decreased 1,078 million yen to 25,298 million yen primarily because of decreases of 872 million yen in income taxes payable and 712 million yen in notes and accounts payable-trade.

Net assets increased 6,503 million yen to 83,683 million yen. Retained earnings increased 9,091 million yen because of profit attributable to owners of parent and there was a decrease of 2,148 million yen due to dividends paid.

The company started applying the Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No 28, February 16, 2018) from the beginning of the current fiscal year. Comparison with previous fiscal year and analysis of the financial condition are based on figures retroactively adjusted.

(3) Overview of cash flows

Cash and cash equivalents decreased 851 million yen from the end of the previous fiscal year to 33,612 million yen. The following is a summary of fiscal year cash flows.

(Operating activities)

Net cash provided by operating activities decreased 2,931 million yen to 5,489 million yen. Major uses of cash were income taxes paid, which increased 184 million yen to 4,577 million yen, a 2,519 million yen increase in notes and accounts receivable-trade, 1,579 million yen more than the previous fiscal year, and a 492 million yen increase in inventories, which decreased 6,542 million yen from the previous fiscal year. A major source of cash was profit before income taxes of 12,403 million yen, 3,291 million yen less than one year earlier.

(Investing activities)

Net cash used in investing activities increased 1,828 million yen to 4,096 million yen. Purchase of property, plant and equipment increased 732 million yen to 2,965 million yen and purchase of investment securities increased 598 million yen to 900 million yen.

(Financing activities)

Net cash used in financing activities increased 465 million yen to 2,180 million yen. The main use of cash was cash dividends paid of 2,154 million yen, 442 million yen more than one year earlier.

(Reference) Cash flow indices

	FY Feb./2016	FY Feb./2017	FY Feb./2018	FY Feb./2019	FY Feb./2020
Equity ratio (%)	71.6	72.7	74.5	74.5	76.8
Market capitalization equity ratio (%)	87.2	129.7	134.9	89.3	72.4
Cash flow to debt ratio (years)	-	-	-	-	-
Interest coverage ratio (times)	2,178.9	1,293.4	4,623.0	-	-

Equity ratio = Shareholders' equity/Total assets

Market capitalization equity ratio = Market capitalization/Total assets

Cash flow to debt ratio = Interest-bearing debts/Operating cash flows

Interest coverage ratio = Operating cash flows/Interest expenses paid

Notes:

1. Consolidated financial data are used for all ratios.
2. Market capitalization is based on the number of shares issued after deducting treasury shares.
3. Interest-bearing debt is all balance sheet liabilities on which interest is paid.
4. Operating cash flows and interest expenses paid are the corresponding figures on the statements of cash flows.
5. No cash flow to debt ratio is shown because there were no interest-bearing debts.
6. No interest coverage ratio for the FY Feb./2019 and FY Feb./2020 because there were no interest expenses paid.
7. Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied since the beginning of FY Feb./ 2020. These amendments have been applied retroactively to figures used for cash flow indices for all four prior fiscal years.

(English Translation of the original Japanese Document)

(4) Outlook for fiscal year ending in February 2021

The forecasts for the fiscal year ending in February 2021 assume that the COVID-19 pandemic in Europe and North America will begin to slowly decline in late May 2020.

	FY Feb./2020	Forecast for FY Feb./2021	Change
	Million yen	Million yen	%
Sales	115,913	93,500	(19.3)
Operating income	12,649	8,400	(33.6)
Ordinary income	12,403	8,450	(31.9)
Profit attributable to owners of parent	9,091	6,150	(32.4)
Exchange rates			
	Yen	Yen	Change (%)
US dollar	109.21	108.00	(1.1)
British pound	139.49	128.00	(8.2)
Euro	121.46	118.00	(2.8)
Yuan	15.82	15.50	(2.0)

The Takeuchi Group's major markets are the United States and Europe. Before the COVID-19 outbreak became a global crisis, the forecast for sales was as follows. In the United States, sales volume was expected to increase. This was based on the outlook for the growth of consumer spending and the housing market backed by the labor market and personal income strength and on an expected recovery in corporate investments as U.S.-China trade friction declined. In Europe, sales volume was expected to decrease despite the outlook for sustained strength in the housing and infrastructure construction sectors. The outlook for lower sales was based on expected post-Brexit trade negotiation difficulties in Britain and increasing macroeconomic signs of weakness in other major European countries. Overall, the original forecast was for almost no change in the sales volume in the fiscal year ending in February 2020.

Subsequently, as the situation getting worse and in response to the significant worldwide restrictions on economic activity caused by the COVID-19 pandemic, the fiscal year forecast has been revised to a 20% decline in the sales volume of the Takeuchi Group. Due to this large downturn in sales volume, net sales are expected to decrease 19.3% to 93,500 million yen. Although higher earnings were originally expected because of price increases, earnings are now expected to decrease because of lower sales, a higher fixed expense ratio caused by lower production levels, and the outlook for the yen to be stronger against major currencies than was previously expected. Earnings forecasts are operating income of 8,400 million yen, down 33.6%, ordinary income of 8,450 million yen, down 31.9%, and profit attributable to owners of parent of 6,150 million yen, down 32.4%.

There is no forecast for the dividend for the fiscal year ending in February 2021. Takeuchi plans to announce this forecast, based on an assessment of the impact of the COVID-19 pandemic on consolidated results of operations, when results of operations for the first half of the fiscal year are announced in October 2020.

This forecast is based on information that was available when this summary of consolidated financial results was released. 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 movements. Consequently, actual results of operations may differ from this forecast because of changes in a variety of factors.

## 2. Basic stance for the selection of accounting standards

The policy of the Takeuchi Group is to continue preparing consolidated financial statements based on Japanese accounting standards for the time being.

For the application of international accounting standards, actions will be taken in an appropriate manner based on all relevant factors in Japan and other countries.

**3. Consolidated Financial Statements and Important Notes**

## (1) Consolidated balance sheet

(Million yen)

	Fiscal year ended February 2019 (As of February 28, 2019)	Fiscal year ended February 2020 (As of February 29, 2020)
<b>ASSETS</b>		
Current assets		
Cash and deposits	35,072	34,220
Notes and accounts receivable-trade	23,156	25,365
Merchandise and finished goods	23,283	23,471
Work in process	1,392	1,415
Raw materials and supplies	5,464	5,656
Other	2,411	3,353
Allowance for doubtful accounts	(1,100)	(1,099)
Total current assets	89,680	92,383
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	5,144	6,487
Machinery, equipment and vehicles, net	1,337	1,911
Tools, furniture and fixtures, net	380	497
Land	2,033	2,077
Construction in progress	1,194	723
Total property, plant and equipment	10,089	11,697
Intangible assets	556	621
Investments and other assets		
Investment securities	810	1,676
Deferred tax assets	1,527	1,875
Net defined benefit asset	460	215
Other	452	534
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	3,229	4,279
Total noncurrent assets	13,876	16,599
Total assets	103,557	108,982



	Fiscal year ended February 2019 (As of February 28, 2019)	Fiscal year ended February 2020 (As of February 29, 2020)
<b>LIABILITIES</b>		
Current liabilities		
Notes and accounts payable-trade	20,561	19,848
Income taxes payable	1,902	1,030
Provision for bonuses	224	334
Provision for product warranties	1,509	1,736
Other	1,619	1,889
Total current liabilities	25,818	24,838
Noncurrent liabilities		
Deferred tax liabilities	129	-
Provision for directors' stock benefits	28	41
Retirement benefit liability	52	67
Other	346	351
Total noncurrent liabilities	558	459
Total liabilities	26,376	25,298
<b>NET ASSETS</b>		
Shareholders' equity		
Capital stock	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	71,305	78,248
Treasury shares	(1,965)	(1,985)
Total shareholders' equity	76,605	83,528
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3	(7)
Foreign currency translation adjustment	420	204
Remeasurements of defined benefit plans	150	(41)
Total accumulated other comprehensive income	575	155
Total net assets	77,180	83,683
Total liabilities and net assets	103,557	108,982

(English Translation of the original Japanese Document)

(2) Consolidated statement of income and consolidated statement of comprehensive income  
(Consolidated statement of income)

(Million yen)

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar. 1, 2019 – Feb. 29, 2020)
Net sales	110,175	115,913
Cost of sales	86,328	93,313
Gross profit	23,846	22,599
Selling, general and administrative expenses		
Haulage expenses	3,107	3,749
Provision for product warranties	1,162	1,086
Provision of allowance for doubtful accounts	(184)	0
Provision for loss on guarantees	(21)	-
Directors' compensations	207	234
Salaries and allowances	1,697	1,827
Provision for bonuses	45	61
Retirement benefit expenses	40	53
Provision for share-based remuneration for directors	10	12
Other	2,370	2,923
Total selling, general and administrative expenses	8,435	9,950
Operating income	15,411	12,649
Non-operating income		
Interest income	66	119
Dividend income	2	2
Other	101	72
Total non-operating income	170	194
Non-operating expenses		
Loss on retirement of noncurrent assets	18	48
Foreign exchange losses	55	388
Loss on valuation of derivatives	10	-
Other	0	4
Total non-operating expenses	84	441
Ordinary income	15,496	12,403
Extraordinary income		
Gain on transfer of business	198	-
Total extraordinary income	198	-
Profit before income taxes	15,694	12,403
Income taxes-current	4,289	3,710
Income taxes-deferred	14	(399)
Total income taxes	4,303	3,311
Profit	11,391	9,091
Profit attributable to owners of parent	11,391	9,091

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(Consolidated statement of comprehensive income)

(Million yen)

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar. 1, 2019 – Feb. 29, 2020)
Profit	11,391	9,091
Other comprehensive income		
Valuation difference on available-for-sale securities	(19)	(10)
Foreign currency translation adjustment	(632)	(216)
Remeasurements of defined benefit plans, net of tax	41	(192)
Total other comprehensive income	(610)	(419)
Comprehensive income	10,780	8,672
Comprehensive income attributable to owners of parent	10,780	8,672
Comprehensive income attributable to non-controlling interests	-	-

(English Translation of the original Japanese Document)

(3) Consolidated statement of changes in equity

Previous fiscal year (March 1, 2018 – February 28, 2019)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,632	3,631	61,633	(1,976)	66,921
Changes of items during period					
Dividends of surplus			(1,718)		(1,718)
Profit attributable to owners of parent			11,391		11,391
Disposal of treasury shares				11	11
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	9,672	11	9,683
Balance at end of current period	3,632	3,631	71,305	(1,965)	76,605

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	22	1,053	109	1,185	68,106
Changes of items during period					
Dividends of surplus					(1,718)
Profit attributable to owners of parent					11,391
Disposal of treasury shares					11
Net changes of items other than shareholders' equity	(19)	(632)	41	(610)	(610)
Total changes of items during period	(19)	(632)	41	(610)	9,073
Balance at end of current period	3	420	150	575	77,180

(English Translation of the original Japanese Document)

Current fiscal year (March 1, 2019 – February 29, 2020)

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	3,632	3,631	71,305	(1,965)	76,605
Changes of items during period					
Dividends of surplus			(2,148)		(2,148)
Profit attributable to owners of parent			9,091		9,091
Purchase of treasury shares				(20)	(20)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	6,943	(20)	6,922
Balance at end of current period	3,632	3,631	78,248	(1,985)	83,528

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	3	420	150	575	77,180
Changes of items during period					
Dividends of surplus					(2,148)
Profit attributable to owners of parent					9,091
Purchase of treasury shares					(20)
Net changes of items other than shareholders' equity	(10)	(216)	(192)	(419)	(419)
Total changes of items during period	(10)	(216)	(192)	(419)	6,503
Balance at end of current period	(7)	204	(41)	155	83,683

## (4) Consolidated statement of cash flows

(Million yen)

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar. 1, 2019 – Feb. 29, 2020)
<b>Cash flows from operating activities</b>		
Profit before income taxes	15,694	12,403
Depreciation	1,280	1,529
Increase (decrease) in allowance for doubtful accounts	(308)	31
Increase (decrease) in provision for bonuses	34	109
Increase (decrease) in provision for product warranties	343	236
Decrease (increase) in net defined benefit asset	(74)	(31)
Increase (decrease) in provision for directors' stock benefits	6	12
Increase (decrease) in provision for loss on guarantees	(21)	-
Interest and dividend income	(69)	(122)
Foreign exchange losses (gains)	22	(15)
Loss (gain) on sales of noncurrent assets	(4)	(3)
Loss on retirement of noncurrent assets	18	48
Loss (gain) on transfer of business	(198)	-
Decrease (increase) in notes and accounts receivable-trade	(940)	(2,519)
Decrease (increase) in inventories	(7,034)	(492)
Increase (decrease) in notes and accounts payable-trade	3,697	(445)
Decrease (increase) in other assets	262	(1,020)
Increase (decrease) in other liabilities	40	240
Other, net	(5)	(18)
Subtotal	12,746	9,942
Interest and dividend income received	68	125
Income taxes paid	(4,393)	(4,577)
Net cash provided by operating activities	8,421	5,489
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(30)	(0)
Purchase of property, plant and equipment	(2,233)	(2,965)
Proceeds from sales of property, plant and equipment	19	19
Purchase of intangible assets	(104)	(265)
Proceeds from sales of intangible assets	1	0
Purchase of investment securities	(301)	(900)
Proceeds from sales of investment securities	-	20
Collection of loans receivable	0	-
Proceeds from transfer of business	386	-
Other, net	(5)	(6)
Net cash provided by (used in) investing activities	(2,268)	(4,096)

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar. 1, 2019 – Feb. 29, 2020)
<b>Cash flows from financing activities</b>		
Purchase of treasury shares	-	(20)
Proceeds from sales of treasury shares	3	-
Cash dividends paid	(1,711)	(2,154)
Repayments of lease obligations	(7)	(5)
Net cash provided by (used in) financing activities	(1,715)	(2,180)
Effect of exchange rate change on cash and cash equivalents	(384)	(64)
Net increase (decrease) in cash and cash equivalents	4,052	(851)
Cash and cash equivalents at beginning of period	30,411	34,464
Cash and cash equivalents at end of period	34,464	33,612

(English Translation of the original Japanese Document)

(5) Notes to the consolidated financial statements

(Notes to going concern assumptions)

None

(Changes in accounting principles)

None

(Change in presentation method)

(Consolidated statement of income)

Surrender value of insurance policies, which was a separate item in the fiscal year that ended in February 2019, is included in the “other” item of non-operating income in the fiscal year that ended in February 2020 because the amount was insignificant (1 million yen) in this fiscal year.

(Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc.)

Application of Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28, February 16, 2018) has been applied since the beginning of the fiscal year that ended on February 29, 2020. As a result, deferred tax assets are included in investments and other assets and deferred tax liabilities are included in noncurrent liabilities.

(Supplementary information)

(Compensation linked to results of operations)

Takeuchi has established a compensation system for directors (except outside directors and directors who are members of the Audit and Supervisory Committee, same hereafter in this section) that is linked to results of operations. The purpose is to increase the directors’ commitment to the medium to long-term growth of Takeuchi’s corporate value and earnings by more clearly linking their compensation with the company’s stock price.

1) Summary

This compensation system uses a trust called the Board Incentive Plan (BIP) Trust, which is based on the Performance Share system and Restricted Stock compensation system in the U.S. When a director’s term of office ends, the individual receives an amount of Takeuchi stock and a payment resulting from the conversion of stock to cash that is based on the degree to which a consolidated operating margin was reached and the individual’s executive position at Takeuchi.

2) Takeuchi stock in the BIP Trust

Takeuchi stock in the BIP Trust is included in treasury shares, which is part of net assets, at the book value of the stock (excluding associated expenses). On February 28, 2019, treasury shares included 47,304 shares held by the BIP Trust with a book value of 66 million yen, and on February 29, 2020, treasury shares included 58,940 shares held by the BIP Trust with a book value of 86 million yen.



## (English Translation of the original Japanese Document)

(Segment information, etc.)

## a. Segment information

## 1. Summary of reportable segments

The reportable segments of the Takeuchi Group are based on the constituent units of the group for which separate financial information is available and the Board of Directors performs periodic examinations for determining the allocation of resources and the evaluating performance.

The manufacture and sale of construction machinery is the primary business of the Takeuchi Group. Takeuchi Mfg. operates in Japan and Takeuchi Mfg. and its subsidiaries operate in other countries. Each subsidiary is managed as an independent unit, conducting business operations based on its own regional comprehensive strategy for the products handled.

Consequently, there are five reportable geographic segments based on manufacturing and sales operations: Japan, United States, United Kingdom, France and China

## 2. Method for determining sales, earnings/losses, assets, liabilities and other items for reportable segments

The accounting method for reportable segments is the same as the Basis of Presentation of the Consolidated Financial Statements.

Reportable segments' earnings are operating income and intersegment sales and transfers are based on market prices.

## 3. Reportable segment sales, earnings/loss, assets, liabilities and other items

Previous fiscal year (March 1, 2018 – February 28, 2019)

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	40,147	50,700	12,192	6,614	521	110,175	-	110,175
(of which inter- segment /transfer)	57,419	0	38	50	3,438	60,946	(60,946)	-
Total	97,566	50,701	12,230	6,664	3,960	171,122	(60,946)	110,175
Segment income	11,650	2,731	603	237	422	15,645	(234)	15,411
Segment assets	58,513	31,142	6,325	5,319	3,246	104,547	(990)	103,557
Others								
Depreciation	882	83	23	19	66	1,075	205	1,280
Increase in property, plant and equipment and intangible assets	1,613	65	8	44	471	2,202	83	2,286

Notes:

## 1. The adjustments are as follows.

(1) The 234 million yen negative adjustment for segment income includes a 935 million yen for intersegment transaction eliminations and a 1,169 million yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily selling, general and administrative expenses that do not belong to specific segments.

(2) The 990 million yen negative adjustment for segment assets includes a 31,978 million yen deduction for intersegment transaction eliminations and a 30,988 million yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.

(3) The depreciation adjustment of 205 million yen is corporate expenses that cannot be assigned to specific segments.

(4) The 83 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets that cannot be assigned to specific segments.

## 2. Segment incomes are adjusted for consistency with operating income on the consolidated statement of income.

## (English Translation of the original Japanese Document)

3. The company started applying the Partial Revision of Accounting Standards for Tax Effect Accounting (ASBJ Statement No 28, February 16, 2018) from the beginning of the first quarter of current fiscal year. Amounts of segment assets for the fiscal year ended February 2019 are based on retroactively adjusted figures.

Current fiscal year (March 1, 2019 – February 29, 2020)

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	45,741	53,223	10,174	6,547	226	115,913	-	115,913
(of which inter- segment /transfer)	61,625	-	27	11	1,705	63,370	(63,370)	-
Total	107,366	53,223	10,202	6,558	1,932	179,283	(63,370)	115,913
Segment income	9,863	3,569	551	326	46	14,358	(1,708)	12,649
Segment assets	63,590	37,410	6,132	4,726	3,186	115,046	(6,064)	108,982
Others								
Depreciation	1,128	88	14	18	76	1,327	202	1,529
Increase in property, plant and equipment and intangible assets	1,464	509	18	84	852	2,929	363	3,292

Notes:

1. The adjustments are as follows.
  - (1) The 1,708 million yen negative adjustment for segment income includes a 481 million yen deduction for intersegment transaction eliminations and a 1,227 million yen deduction for corporate expenses that cannot be assigned to specific segments. Corporate expenses are primarily selling, general and administrative expenses that do not belong to specific segments.
  - (2) The 6,064 million yen negative adjustment for segment assets includes a 35,703 million yen deduction for intersegment transaction eliminations and a 29,638 million yen for corporate assets that cannot be assigned to specific segments. Corporate assets are primarily unused funds (cash and deposits) at Takeuchi Mfg. and assets associated with administrative departments.
  - (3) The depreciation adjustment of 202 million yen is corporate expenses that cannot be assigned to specific segments.
  - (4) The 363 million yen adjustment for increase in property, plant and equipment and intangible assets is corporate assets that cannot be assigned to specific segments.
2. Segment incomes are adjusted for consistency with operating income on the consolidated statement of income.

(English Translation of the original Japanese Document)

(Per share information)

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar.1, 2019 – Feb. 29, 2020)
Net asset per share	1,618.11 yen	1,754.88 yen
Earnings per share	238.83 yen	190.64 yen

- Notes: 1. Earnings per share (diluted) is not presented since there is no potential stock that has a dilution effect.
2. Stock held by the Board Incentive Plan Trust (49,686 shares in the fiscal year that ended in February 2019 and 54,566 shares in the fiscal year that ended in February 2020) is included in treasury shares, which are deducted from the average number of shares during the period used for calculating earnings per share. Moreover, 47,340 shares in the fiscal year that ended in February 2019 and 58,940 shares in the fiscal year that ended in February 2020 are included in treasury shares, which are deducted from the number of shares outstanding at fiscal year end used for calculating net asset per share.
3. The following basis is used for calculating earnings per share.

	Fiscal year ended February 2019 (Mar. 1, 2018 – Feb. 28, 2019)	Fiscal year ended February 2020 (Mar.1, 2019 – Feb. 29, 2020)
Profit attributable to owners of parent (million yen)	11,391	9,091
Amount not attributed to common shareholders (million yen)	-	-
Profit attributable to owners of parent applicable to common stock (million yen)	11,391	9,091
Average number of shares during the period (shares)	47,695,456	47,690,576

(Subsequent events)

None