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October 7, 2021

## Summary of Consolidated Financial Results For the First Half Ended August 31, 2021 [Japan GAAP]

Name of Company: TAKEUCHI MFG. CO., LTD.  
Stock Code: 6432  
Stock Exchange Listing: Tokyo Stock Exchange, First Section  
URL: <https://www.takeuchi-mfg.co.jp/>  
Representative: Title: President & Representative Director  
Name: Toshiya Takeuchi  
Contact Person: Title: Director, Manager of Business Management Department  
and General Affairs Department  
Name: Osamu Kobayashi  
Phone: +81-(0)268-81-1200  
Date of quarterly securities report (tentative): October 12, 2021  
Date of commencement of dividend payment (tentative): -  
Quarterly earnings supplementary explanatory documents: Yes  
Quarterly earnings presentation: Yes (for institutional investors and analysts)

(Yen in millions, rounded down)

### 1. Financial results for the first half of the fiscal year ending February 2022 (March 1, 2021 – August 31, 2021)

(1) Result of operations (Consolidated, year-to-date) (Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
First half ended August 2021	74,228	39.6	9,958	46.1	10,160	50.3	7,481	52.2
First half ended August 2020	53,177	(14.9)	6,814	(13.2)	6,758	(10.0)	4,916	(10.3)

(Note) Comprehensive income: 1H of FY Feb. /2022: 9,543 million yen [124.2 %], 1H of FY Feb. /2021: 4,255 million yen [(8.5%)]

	Earnings per share		Earnings per share fully diluted	
	Yen		Yen	
First half ended August 2021	156.88		-	
First half ended August 2020	103.11		-	

(2) Financial Position (Consolidated)

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of August 31, 2021	130,992		96,920		74.0	
As of February 28, 2021	115,525		89,908		77.8	

(Reference) Shareholders' equity

As of August 31, 2021: 96,920 million yen As of February 28, 2021: 89,908 million yen

### 2. Dividends

	Dividend per share				
	End of Q1	End of Q2	End of Q3	End of FY	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 2021	-	0.00	-	53.00	53.00
Fiscal year ending February 2022	-	0.00	-	-	-
Fiscal year ending February 2022 (est.)	-	-	-	58.00	58.00

(Note) Change in the estimation of dividend from the latest announcement: None

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### 3. Forecast for the fiscal year ending February 2022 (Consolidated, March 1, 2021 to February 28, 2022)

(Percentage figures represent year on year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	134,000	19.4	14,200	7.5	14,450	8.7	10,600	8.5	222.29

(Note) Change in the forecast from the latest announcement: None

#### \* Notes

(1) Changes in significant subsidiaries (Changes in specific subsidiaries accompanied by changes in the scope of consolidation) : None

(2) Application of accounting methods specifically for the preparation of the quarterly consolidated financial statements: None

(3) 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

(4) Number of shares outstanding (common shares)

(a) Shares outstanding (including treasury shares)

As of August 31, 2021: 48,999,000 As of February 28 2021: 48,999,000

(b) Treasury shares

As of August 31, 2021: 1,312,862 As of February 28, 2021: 1,312,841

(c) Average number of shares

Period ended August 31, 2021: 47,686,154 Period ended August 31, 2020: 47,686,202

(Note): Treasury shares include shares held by the Board Incentive Plan Trust (58,940 shares as of February 28, 2021 and 58,940 shares as of August 31, 2021).

\* This report is exempt from the quarterly audit review.

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

(1) Forward-looking statements

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 “(3) Forecast for the current fiscal year” on page 3.

(2) To receive quarterly earnings supplementary explanatory documents and other information of quarterly earnings presentation

The Company will stream the live audio about the first half earnings presentation for institutional investors and analysts on October 19, 2021. The documents will be posted promptly on the company’s website after the presentation.

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## 1. Results of Operations

### (1) Overview of consolidated business performance

During the first half of the current consolidated fiscal year (March 1, 2021 to August 31, 2021), the economies of the United States and Europe, which are the major markets for the Takeuchi Group, were generally as follows. In the United States, consumer spending increased significantly on the back of cash benefits provided by the government in response to the COVID-19 pandemic and the progress of vaccinations. In the housing market, housing prices soared due to the lumber shortage and the resulting postponement of housing construction, but housing demand itself remained strong. In terms of capital investment, the easing of regulatory measures and economic stimulus measures boosted it, and the housing market remained favorable. In Europe, as vaccination progressed and the pace of increase in the number of infections slowed, people became more active in going out and consuming, and consumer spending recovered significantly. Capital investment also showed an upward trend due to strong corporate earnings. Vaccination, which is considered to be the key to combat COVID-19, has advanced from the establishment of a vaccination system to a new phase aimed at increasing the vaccination rate. However, new issues have arisen, such as the emergence of the Delta variant and the spread of infection among young people, and the economic recovery has progressed and regressed.

Despite this situation, public works for urban infrastructure, such as water and gas pipes, continued apace in both Europe and the United States. In the United States, in particular, housing-related construction such as new construction, extension, renovation, and yard maintenance was actively carried out in many areas, and demand for products was strong. In addition, we launched the compact excavator TB325R in February 2021, and the lithium-ion battery-powered compact excavator TB20e in July 2021, as part of our aggressive sales activities with an extensive lineup that includes more environmentally friendly products. As a result, sales volume of compact excavators, hydraulic excavators, and track loaders during the first half of the current fiscal year increased significantly compared to the same period of the previous year, when sales were set back due to COVID-19.

Due to the above, net sales for the first half of the current fiscal year under review was 74,228 million yen (up 39.6% year on year). On the profit front, operating profit increased to 9,958 million yen (up 46.1% year on year) and ordinary profit increased to 10,160 million yen (up 50.3% year on year) due to the increase in sales and product sale prices, despite negative factors such as the increase in production costs, transportation costs, and provision for product warranties, etc. After income taxes of 2,679 million yen, profit attributable to owners of parent was 7,481 million yen (up 52.2% year on year).

The geographic segment performance was as follows:

#### (a) Japan

Shipments to distributors in Europe account for most of the sales in this segment. Compared to the same period of the previous fiscal year, when sales declined due to COVID-19, sales of compact excavators and hydraulic excavators to European distributors increased significantly, mainly due to demand in public works for urban infrastructure etc., and sales in this segment were 28,083 million yen (up 27.5% year on year). Segment profit was 7,634 million yen (up 104.1% year on year) due to the increase in sales and product selling prices, despite negative factors such as the increase in production costs, transportation costs, and provision for product warranties, etc.

#### (b) United States

In addition to the recovery in demand for products in public works for urban infrastructure etc., housing-related construction such as new construction, extension, renovation, and yard maintenance is flourishing throughout the United States. Furthermore, the demand for housing in the suburbs is increasing due to the prolonged COVID-19 pandemic, and strong product sales continued. Compared to the same period of the previous fiscal year, when sales declined due to COVID-19, sales volumes of compact excavators, hydraulic excavators, and track loaders increased significantly, although our sales were affected by logistics congestion at ports and truck shortages. As a result, net sales were 32,864 million yen (up 38.3% year on year). Segment profit was 3,037 million yen (up 44.4% year on year) due to the increase in net sales and product selling prices, etc.

#### (c) United Kingdom

Compared to the same period of the previous fiscal year, when sales declined due to COVID-19, sales of compact excavators and hydraulic excavators in the United Kingdom increased significantly, mainly due to demand in public works for urban infrastructure etc. Boosted by the weaker yen, net sales were 8,031 million yen (up 88.0% year on year). Segment profit was 743 million yen (up 121.1% year on year) due to the increase in net sales and product selling prices, etc.

#### (d) France

Compared to the same period of the previous fiscal year, when sales declined due to COVID-19, sales of compact excavators and hydraulic excavators in France increased significantly, mainly due to demand in public works for urban infrastructure etc. Boosted by the weaker yen, net sales were 5,210 million yen (up 68.3% year on year). Segment profit was 351 million yen (up 79.4% year on year) due to the increase in net sales and product selling prices, etc.

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(e) China

Parts sales to the Japan segment increased due to the increased production of construction machinery in the Japan segment. As a result, net sales were 38 million yen (up 60.3% year on year) and the segment profit was 72 million yen (segment loss of 153 million yen in the same period of the previous fiscal year).

(2) Overview of financial condition

(a) Assets, liabilities and net assets

(Assets)

Total assets at the end of the second quarter of the current consolidated fiscal year increased by 15,467 million yen compared to the end of the previous fiscal year to 130,992 million yen. This was mainly due to the increases in notes and accounts receivable - trade of 7,913 million yen and cash and deposits of 5,562 million yen because of the net sales increase, and the increase in inventory of 1,440 million yen because of the production volume increase.

(Liabilities)

Total liabilities at the end of the second quarter of the current consolidated fiscal year increased by 8,454 million yen compared to the end of the previous fiscal year to 34,071 million yen. This was mainly due to increases in accounts payable - trade of 6,593 million yen due to the production volume increase, and income taxes payable of 1,520 million yen.

(Net assets)

Total net assets at the end of the second quarter of the fiscal year increased by 7,012 million yen compared to the end of the previous fiscal year to 96,920 million yen. This was mainly due to increases in profit attributable to owners of parent of 7,481 million yen and foreign currency translation adjustments of 2,063 million yen, despite a decrease of 2,530 million yen due to dividend payments.

(b) Cash flows

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the first half of the current consolidated fiscal year increased by 5,560 million yen to 45,179 million yen.

The following is a summary of cash flows.

(Operating activities)

Cash provided by operating activities was 8,414 million yen (1,361 million yen used in the same period last year). This was mainly due to an increase in profit before income taxes of 10,160 million yen and an increase in trade payables of 5,522 million yen, despite an increase in trade receivables of 7,025 million yen.

(Investing activities)

Cash used in investing activities decreased by 672 million yen year on year to 331 million yen. This is mainly due to the expenditure of 563 million yen for the purchase of property, plant and equipment and 75 million yen for the purchase of intangible assets, despite the proceeds of 300 million yen from redemption of securities.

(Financing activities)

Cash used in financing activities increased by 142 million yen year on year to 2,520 million yen. This was mainly due to a dividend payment of 2,519 million yen.

(3) Forecast for the current fiscal year

There is no change to the full-year consolidated earnings forecast announced in the "Notice Regarding Revision of Earnings Forecast and Revision of Dividend Forecast" dated September 30, 2021.

This forecast is based on assumed exchange rates of 108 yen to the US dollar, 148 yen to the British pound, 127 yen to the euro and 16.60 yen to the yuan.

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## 2. Quarterly Consolidated Financial Statements and Important Notes

### (1) Quarterly consolidated balance sheet

(Million yen)

	Fiscal year ended February 2021 (As of February 28, 2021)	First half ended August 2021 (As of August 31, 2021)
Assets		
Current assets		
Cash and deposits	40,227	45,790
Notes and accounts receivable - trade	27,172	35,086
Merchandise and finished goods	23,061	22,694
Work in process	1,238	1,637
Raw materials and supplies	5,026	6,435
Other	3,536	3,525
Allowance for doubtful accounts	(1,078)	(1,161)
Total current assets	99,184	114,008
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,074	7,726
Machinery, equipment and vehicles, net	1,836	1,716
Land	2,063	2,117
Other, net	843	562
Total property, plant and equipment	11,818	12,123
Intangible assets	732	704
Investments and other assets		
Deferred tax assets	1,717	2,111
Other	2,094	2,066
Allowance for doubtful accounts	(21)	(21)
Total investments and other assets	3,790	4,155
Total non-current assets	16,340	16,984
Total assets	115,525	130,992

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(Million yen)

	Fiscal year ended February 2021 (As of February 28, 2021)	First half ended August 2021 (As of August 31, 2021)
Liabilities		
Current liabilities		
Accounts payable - trade	19,471	26,065
Income taxes payable	987	2,508
Provision for bonuses	375	459
Provision for product warranties	1,614	1,871
Other	2,692	2,684
Total current liabilities	25,142	33,589
Non-current liabilities		
Provision for share-based remuneration for directors (and other officers)	55	61
Retirement benefit liability	62	63
Other	356	357
Total non-current liabilities	474	482
Total liabilities	25,617	34,071
Net assets		
Shareholders' equity		
Share capital	3,632	3,632
Capital surplus	3,631	3,631
Retained earnings	85,626	90,577
Treasury shares	(1,985)	(1,985)
Total shareholders' equity	90,906	95,856
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(10)	(5)
Foreign currency translation adjustment	(994)	1,068
Remeasurements of defined benefit plans	6	0
Total accumulated other comprehensive income	(997)	1,064
Total net assets	89,908	96,920
Total liabilities and net assets	115,525	130,992

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(2) Quarterly consolidated statements of income and consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(For the first half)

(Million yen)

	First half ended August 2020 (March 1, 2020 - August 31, 2020)	First half ended August 2021 (March 1, 2021 - August 31, 2021)
Net sales	53,177	74,228
Cost of sales	41,997	58,175
Gross profit	11,180	16,053
Selling, general and administrative expenses		
Transportation costs	1,512	2,880
Provision for product warranties	382	640
Provision of allowance for doubtful accounts	(3)	0
Remuneration for directors (and other officers)	132	146
Salaries and allowances	839	947
Provision for bonuses	90	121
Retirement benefit expenses	23	24
Provision for share-based remuneration for directors (and other officers)	5	5
Other	1,384	1,327
Total selling, general and administrative expenses	4,366	6,094
Operating profit	6,814	9,958
Non-operating income		
Interest income	44	22
Foreign exchange gains	—	144
Other	182	51
Total non-operating income	227	218
Non-operating expenses		
Loss on retirement of non-current assets	16	15
Foreign exchange losses	247	—
Other	20	0
Total non-operating expenses	283	16
Ordinary profit	6,758	10,160
Profit before income taxes	6,758	10,160
Income taxes - current	1,490	3,026
Income taxes - deferred	350	(347)
Total income taxes	1,841	2,679
Profit	4,916	7,481
Profit attributable to owners of parent	4,916	7,481



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(Quarterly consolidated statements of comprehensive income)

(For the first half)

(Million yen)

	First half ended August 2020 (March 1, 2020 - August 31, 2020)	First half ended August 2021 (March 1, 2021 - August 31, 2021)
Profit	4,916	7,481
Other comprehensive income		
Valuation difference on available-for-sale securities	(5)	5
Foreign currency translation adjustment	(654)	2,063
Remeasurements of defined benefit plans, net of tax	(0)	(6)
Total other comprehensive income	(661)	2,062
Comprehensive income	4,255	9,543
Comprehensive income attributable to owners of parent	4,255	9,543
Comprehensive income attributable to non-controlling interests	—	—

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(3) Quarterly consolidated statements of cash flows

(Million yen)

	First half ended August 2020 (March 1, 2020 - August 31, 2020)	First half ended August 2021 (March 1, 2021 - August 31, 2021)
Cash flows from operating activities		
Profit before income taxes	6,758	10,160
Depreciation	757	745
Increase (decrease) in allowance for doubtful accounts	(33)	0
Increase (decrease) in provision for bonuses	(20)	83
Increase (decrease) in provision for product warranties	(180)	204
Decrease (increase) in retirement benefit asset	13	5
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	5	5
Interest and dividend income	(46)	(23)
Foreign exchange losses (gains)	(175)	700
Loss (gain) on sales of non-current assets	3	9
Loss on retirement of non-current assets	12	6
Decrease (increase) in trade receivables	(6,038)	(7,025)
Decrease (increase) in inventories	(2,968)	(119)
Increase (decrease) in trade payables	1,141	5,522
Decrease (increase) in other assets	696	(257)
Increase (decrease) in other liabilities	(232)	(41)
Other, net	(9)	(5)
Subtotal	(316)	9,969
Interest and dividends received	46	23
Income taxes paid	(1,091)	(1,579)
Net cash provided by (used in) operating activities	(1,361)	8,414
Cash flows from investing activities		
Decrease (increase) in time deposits	0	(2)
Proceeds from redemption of securities	—	300
Purchase of property, plant and equipment	(911)	(563)
Proceeds from sales of property, plant and equipment	9	1
Purchase of intangible assets	(154)	(75)
Other, net	51	8
Net cash provided by (used in) investing activities	(1,003)	(331)
Cash flows from financing activities		
Purchase of treasury shares	—	(0)
Dividends paid	(2,376)	(2,519)
Repayments of lease obligations	(0)	(1)
Net cash provided by (used in) financing activities	(2,377)	(2,520)
Effect of exchange rate change on cash and cash equivalents	41	(0)
Net increase (decrease) in cash and cash equivalents	(4,702)	5,560
Cash and cash equivalents at beginning of period	33,612	39,619
Cash and cash equivalents at end of period	28,909	45,179

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(4) Notes to quarterly consolidated financial statement

(Notes to going concern assumptions)

None

(Significant change in shareholders' equity)

None

(Segment information, other)

[Segment information]

I. For the first half ended August 2020 (March 1, 2020 – August 31, 2020)

Information about sales and profit (loss) by reporting segments

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	22,021	23,765	4,270	3,096	24	53,177	—	53,177
(of which inter- segment)	23,202	—	137	3	846	24,189	(24,189)	—
Total	45,223	23,765	4,408	3,099	870	77,367	(24,189)	53,177
Segment profit/loss	3,740	2,104	336	195	(153)	6,223	591	6,814

Notes: 1. Adjustment in segment profit and loss of 591 million yen includes 1,178 million yen for elimination of inter-segment trade and -587 million yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.

2. Segment profit and loss are adjusted for operating profit on the quarterly consolidated statements of income.

II. For the first half ended August 2021 (March 1, 2021 – August 31, 2021)

Information about sales and profit (loss) by reporting segments

(Million yen)

	Reporting segments					Total	Adjustments (Note 1)	Amount on the quarterly consolidated statements of income (Note 2)
	Japan	USA	UK	France	China			
Net sales (of which to outside customers)	28,083	32,864	8,031	5,210	38	74,228	—	74,228
(of which inter- segment)	39,503	0	6	3	1,468	40,982	(40,982)	—
Total	67,586	32,864	8,037	5,214	1,506	115,211	(40,982)	74,228
Segment profit	7,634	3,037	743	351	72	11,839	(1,881)	9,958

Notes: 1. Adjustment in segment profit of -1,881 million yen includes -1,160 million yen for elimination of inter-segment trade and -721 million yen for corporate expenses which has not been distributed in the segments. The corporate expenses are general expenses that are not attributed to the segments.

2. Segment profit is adjusted for operating profit on the quarterly consolidated statements of income.

(Subsequent events)

None