TAKEUCHI MFG. CO., LTD.

Q2 Financial Results Briefing for the Fiscal Year Ending February 2024

October 24, 2023

Event Summary

[Company Name]	TAKEUCHI MFG. CO., LTD.
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[Participants]	
[Number of Speakers]	3

Toshiya Takeuchi	President and Representative Director
Osamu Kobayashi	Director, Manager of Business Management Department
Hiroshi Sakai	Manager of ESG Promotion Section, Business Management Department

Presentation

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

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Kobayashi: I am Kobayashi, General Manager of Business Management Department. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing today. I will now explain the H1 results and full-year forecasts for the consolidated results for the year ending February 2024.

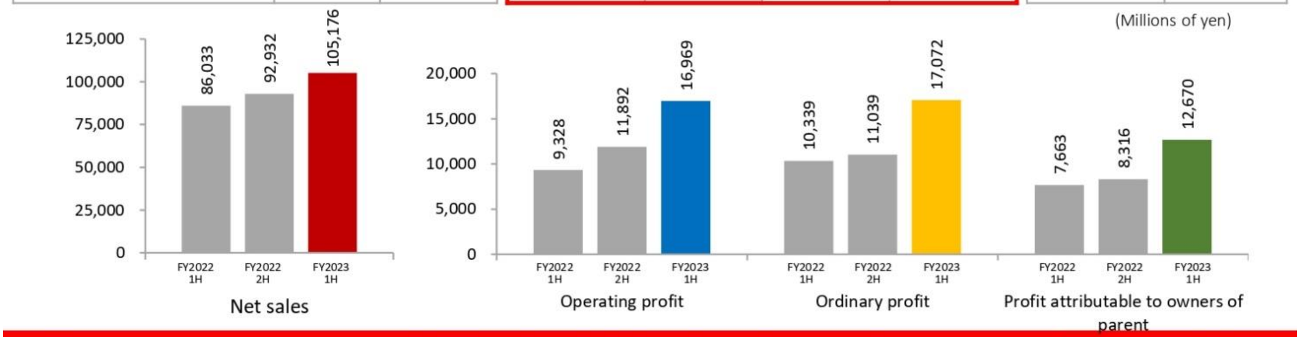
Please see page two. I would like to explain some key points regarding the H1 results compared to the same period of the previous year. First, in terms of sales volume, both in North America and Europe, the strong performance continued from the previous period and remained steady. As a result, sales volume in North America increased by 3.6%, in Europe by 7%, and overall sales volume increased by 5.5%. Note that the higher rate of increase in Europe is due to the fact that in H1 of the previous year, inventories at European subsidiaries were insufficient from the beginning of the period, whereas in H1 of the current year, the number of units allocated for shipment to Europe from the head office was increased, and inventories were built up to cope with the situation.

Next, with regard to sales and profits, although there was a slowdown in housing demand due to rising interest rates and high housing prices, and inventory adjustments in the UK due to changes in the supply-demand balance, demand for our products remained strong, as infrastructure works such as water and gas pipes were still robust. In addition, due to the increase in sales volume, price hikes, lower transportation costs and a tailwind from the weak yen exchange rate, consolidated net sales increased 22.3% and consolidated operating income rose 81.9%, the highest ever for H1 of a fiscal year.

Consolidated Financial Highlights for the First Half of the FY2023

Millions of yen	FY2022		FY2023					
	1st half	(%)	1st half	Sales ratio	Change	(%)	1H Prev. Forecast	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)%	***	-

(Millions of yen)



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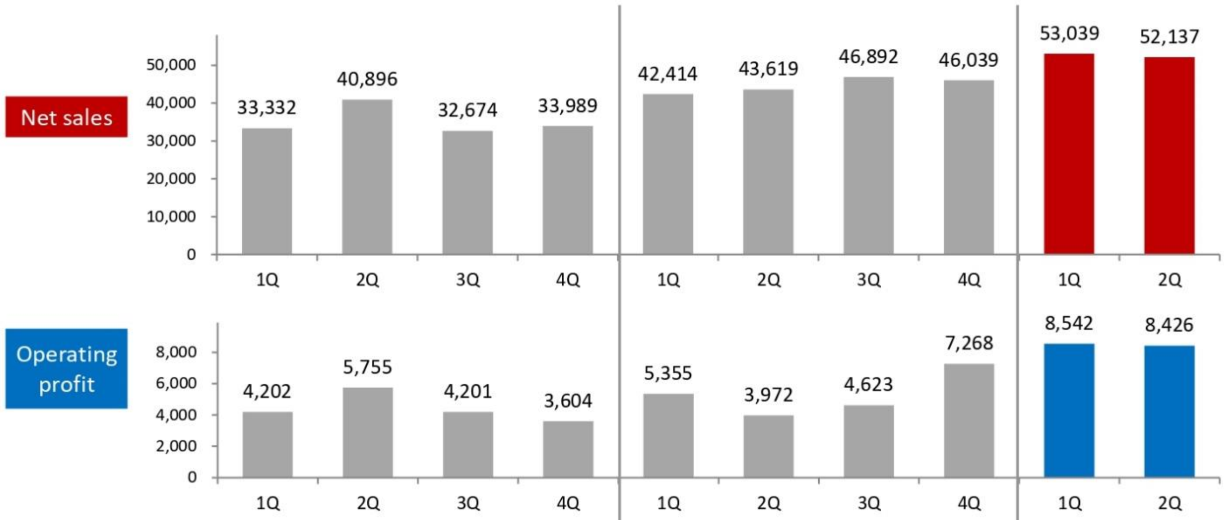
Please refer to page three. I would like to explain the consolidated financial highlights. Sales and all profits items were up significantly compared to the previous year, reaching a record high on a half-yearly basis. The reasons for the increase and decrease in operating profit will be explained later on page seven, while our president will provide further information on the status of orders.

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

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Please see page four. This slide shows the quarterly changes in sales and operating profits. Sales in both Q1 and Q2 under review were high due to the increase in sales volume and price increases on products, as well as the depreciation of the yen against other currencies. For Q1, both sales and operating profit were the highest ever recorded for a quarter.

Financial Results by Region for 1H FY2023

(Millions of yen)	FY2022 1st half	FY2022 Sales ratio	FY2023 1st half	FY2023 Sales ratio	FY2023 Change	FY2023 (%)	FY2023 1H Prev. Forecast	FY2023 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

(Average)	FY2022 1H	FY2023 1H
USD	126.74	138.45
GBP	160.63	172.16
EUR	136.90	149.84
RMB	19.13	19.55

Please refer to page five. This shows net sales by region. Net sales in North America increased JPY9.417 billion to JPY56.61 billion. Net sales in Europe increased JPY8.9 billion to JPY44.318 billion. Sales volume increased 3.6% in North America and 7% in Europe, and in both regions, sales were significantly higher than in the same period of the previous year, mainly due to price increases and the impact of yen depreciation. As for the other areas, they are as you can see on the slide.

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

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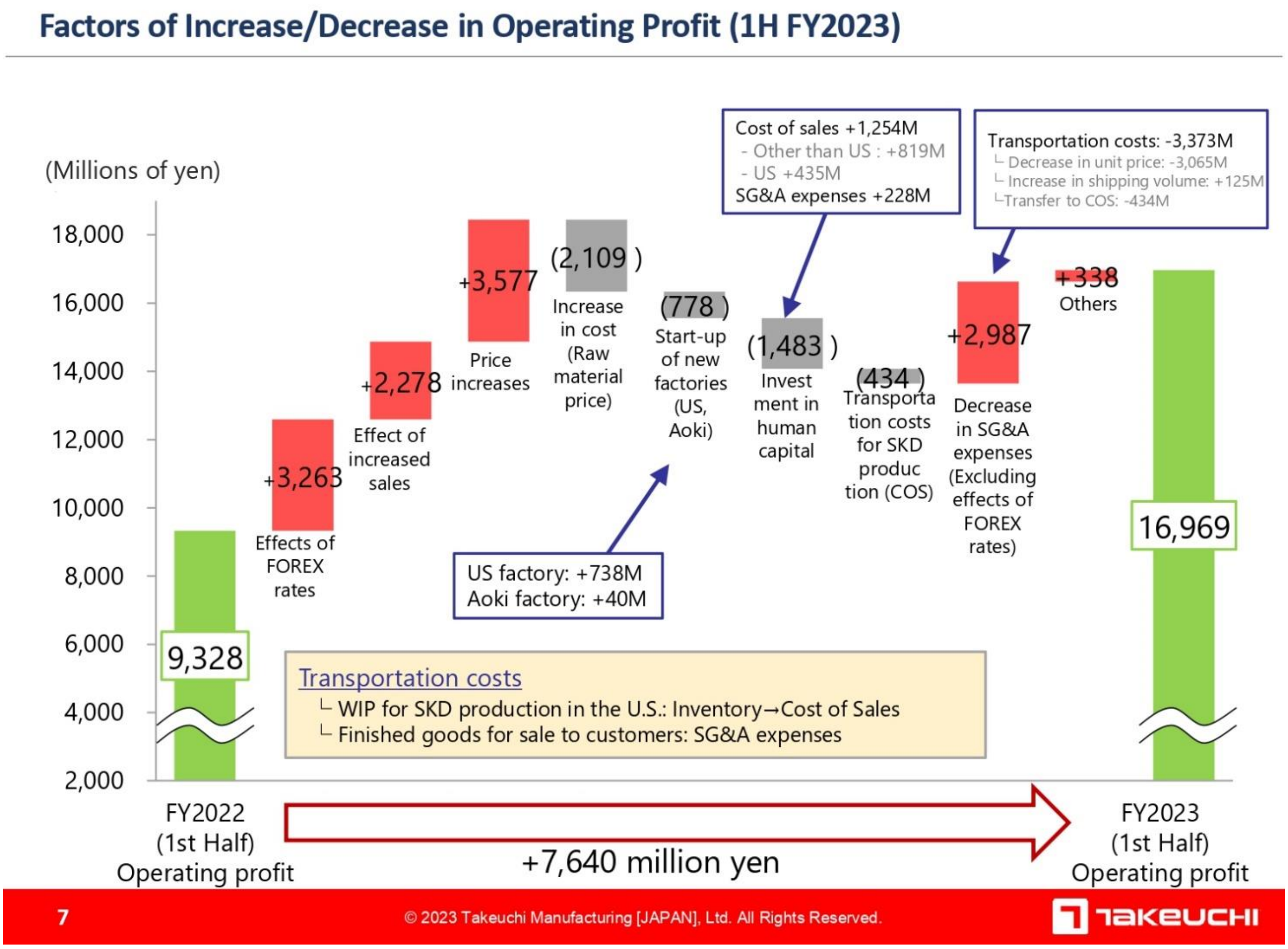
Please refer to page six. Geographic segment information is as stated and is available for your review.



Please see page seven. I would like to explain the factors behind the increase and decrease in consolidated operating profit.

The breakdown is as follows: foreign exchange effects increased profit by JPY3,263 million. The effect of increased sales increased by JPY2,278 million. The increase in selling prices raised profit by JPY3,577 million. In addition, the cost increase in raw material prices costed JPY2,109 million, the start-up of the US plant amounted to JPY778 million, investments in human capital amounted to JPY1,483 million, and transportation costs related to semi-knockdown production in the US amounted to JPY434 million, all of which contributed to the decrease in profit. Another increase of JPY2,987 million is due to a decrease in SG&A expenses, excluding foreign exchange effects. Most of this decrease in SG&A expenses is due to lower transportation costs.

The JPY434 million in work-in-progress product's transportation costs related to semi-knockdown production do not change operating profit as they are transferred from SG&A expenses to cost of sales, but become a factor that increases the cost of sales ratio, so they are shown in a separate graph.

As a result, including other factors, operating profit increased JPY7.64 billion to JPY16.969 billion.

Consolidated Balance Sheets (As of August 31, 2023)

		(Millions of yen)	As of Feb. 28, 2023 Balance	As of Feb. 28, 2023 Composition ratio	As of Aug. 31, 2023 Balance	As of Aug. 31, 2023 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%

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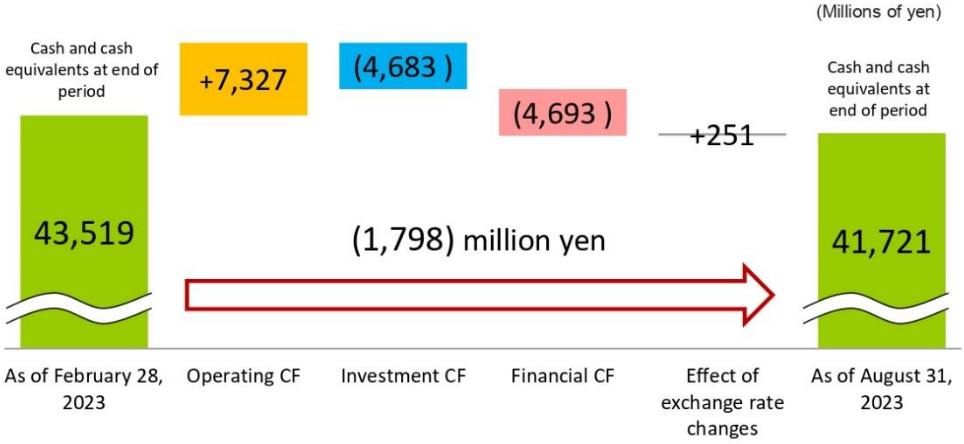
Please see page eight. This is the consolidated balance sheet. Notes and accounts receivable-trade increased approximately JPY10 billion due to the increase in sales, and fixed assets increased approximately JPY4.8 billion mainly due to the acquisition of the Aoki plant.

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



(Millions of yen)

Cash flows from operating activities	Change
Profit before income taxes	17,072
Depreciation	1,285
Decrease in inventories	61
Increase in working capital	(7,421)
Income taxes paid	(3,067)
Others	(602)
Total	+7,327

Cash flows from investing activities	Change
Purchase of property, plant and equipment	(4,583)
Acquisition of intangible assets	(198)
Proceeds from redemption of securities	100
Others	(1)
Total	(4,683)

Cash flows from financing activities	Change
Dividends paid	(4,677)
Others	(16)
Total	(4,693)

Please turn to page nine. The consolidated statements of cash flows are as stated and are available for your review.

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

Next, I will explain our full-year consolidated earnings forecast for the fiscal year ending February 2024. Please refer to page 11.

On October 12, 2023, we revised our full-year earnings forecast. I would like to explain the key points of our business forecast. First, with regard to the outlook for product demand in this H2, while we expect a softening in demand in the UK market, demand in the rest of Europe is expected to remain strong, as is demand in the US. As a result, we expect net sales to increase by 7.9% in North America, 9.6% in Europe and 8.5% in total, compared to the full year.

Until now, electronic components have been in short supply, resulting in prior shipments of work-in-progress products that have not yet been fitted with electronic components, but this situation is expected to end in Q3. As a result, sales to European distributors will be recorded at the time of shipment from Japan, and the timing for recording sales, which had previously been delayed, will be normalized, resulting in an expected increase in sales volume compared to the previous forecast.

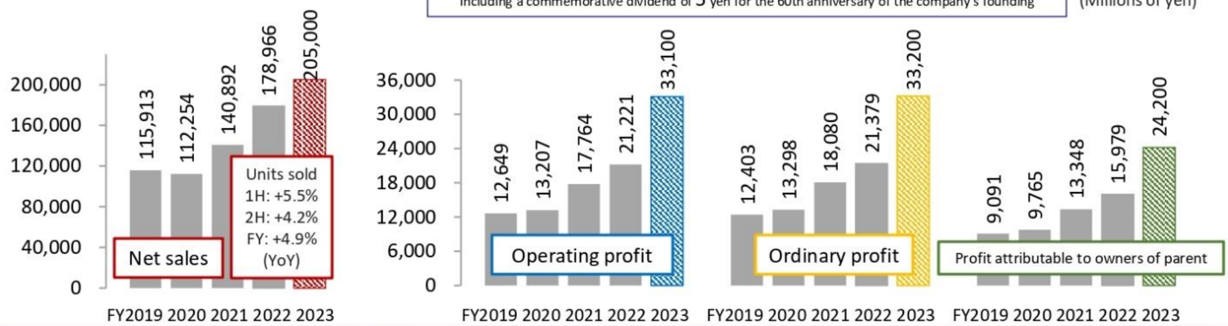
Another key point is the forecast for record-high performance in terms of both sales and profits thanks to revenue increase effect and improved profitability. In addition to the increase in sales volume as explained just now, we have revised our full-year forecasts upwards after taking into account additional price increases in H2 and the impact of the weaker yen on the exchange rate.

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)



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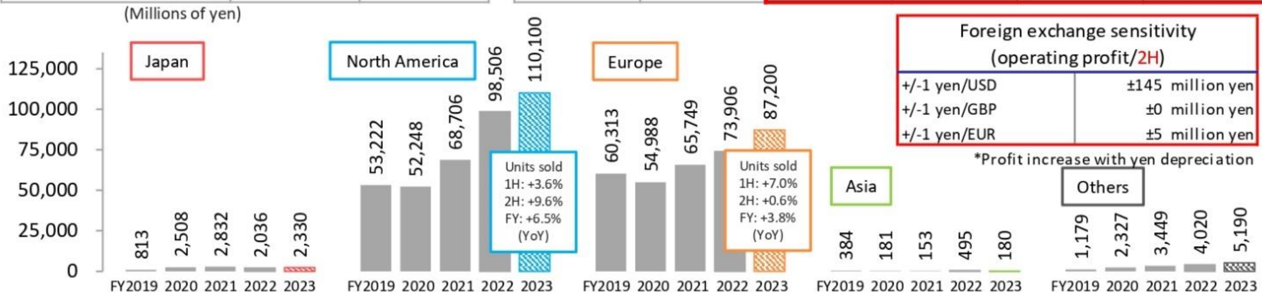
Please refer to page 12. The following are the full-year forecast highlights compared to the previous year.

Compared to the previous year, we forecast a 4.9% increase in overall sales volume for the Group for the full year, with net sales increasing by JPY26,033 million to JPY205,000 million, operating profit increasing by JPY11,878 million to JPY33,100 million, ordinary profit increasing by JPY11,820 million to JPY33,200 million, and net income increasing by JPY8,220 million to JPY24,200 million.

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)%



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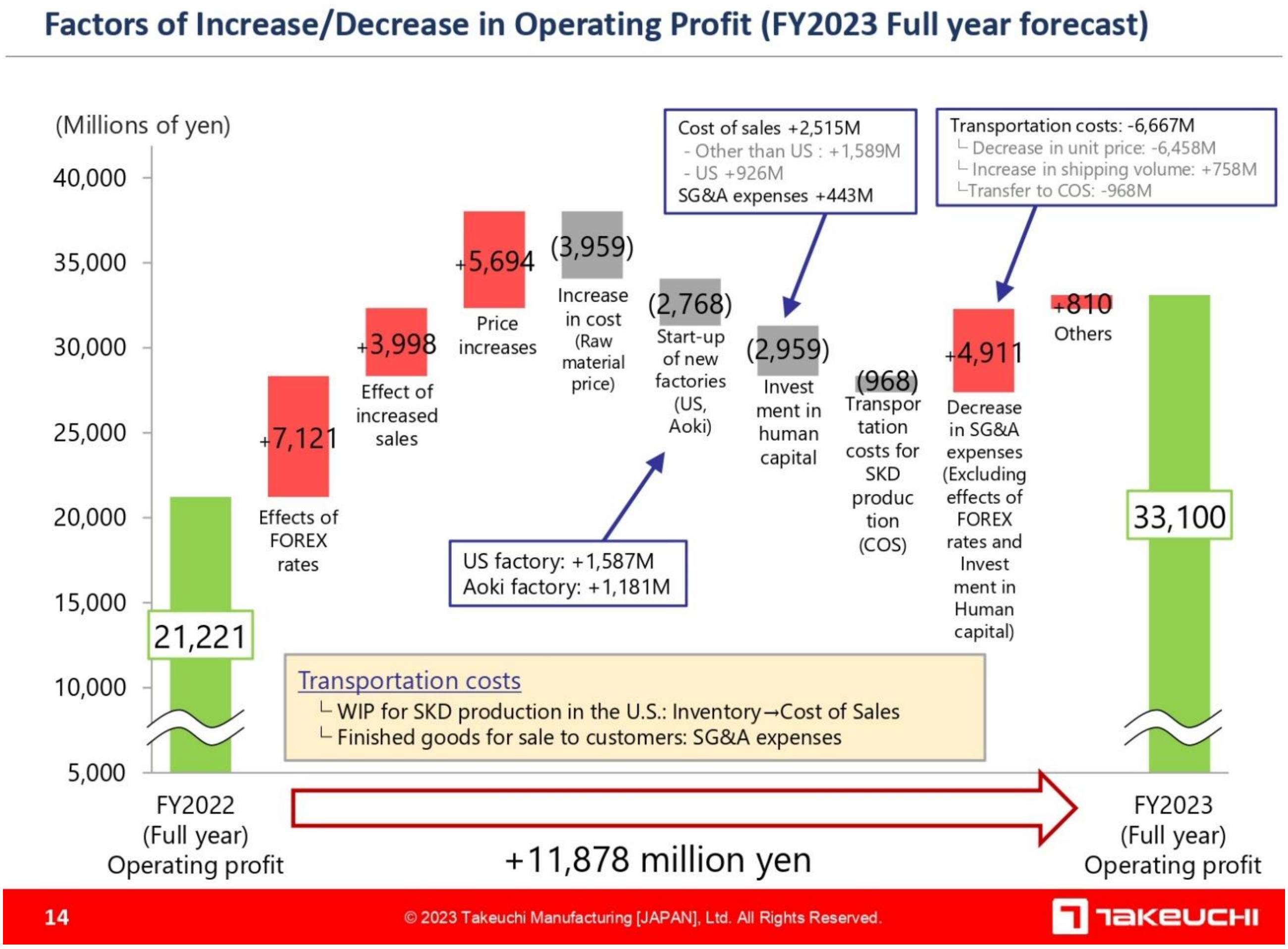
Please see page 13. The full-year sales forecast by region is as shown in the table, and we would like you to take a look at it. The foreign exchange sensitivity in operating profit for H2 is JPY145 million for the US dollar, less than JPY1 million for the pound sterling, and JPY5 million for the euro.



Please refer to page 14. I will now explain the factors behind the increase and decrease in the full-year forecast of consolidated operating profit.

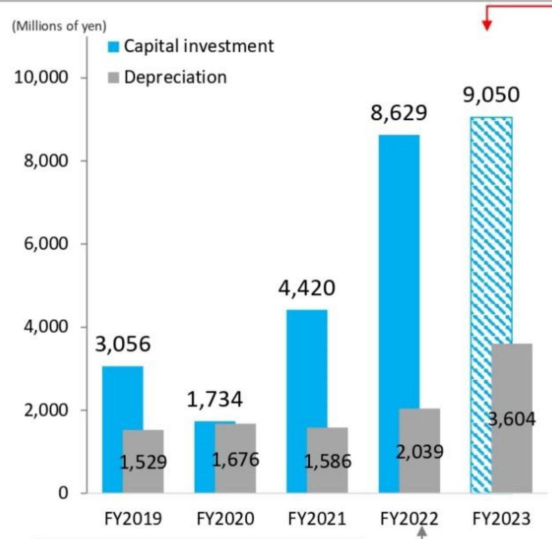
The breakdown is as follows: foreign exchange impact of JPY7,121 million, revenue increase effects of JPY3,998 million, and JPY5,694 million increases in sales price.

We also expect a JPY3,959 million increase in costs due to higher raw material prices, a JPY2,768 million increase in depreciation and expenses associated with the start of operations at the US and Aoki plants, and a JPY2,959 million decrease in profit due to investments in human capitals, primarily from higher personnel expenses.

In addition, SG&A expenses, including a decrease of JPY6,667 million in transportation costs, are expected to increase due to a decrease of JPY4,911 million. The breakdown of the difference between reductions in transportation costs and SG&A expenses includes the provision for product warranties accrued in accordance with the increase in sales volume, and taxes and public dues in line with the increase in profits. Furthermore, the increase of JPY968 million in transportation costs related to the semi-knockdown production is shown separately in the graph as a transfer to cost of sales, as explained earlier on page seven.

As a result of the above, including other factors, consolidated operating profit is projected to increase by JPY11,878 million to JPY33,100 million.

Capital Investment Plan



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 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)

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Please refer to page 15. Next, I will explain our capital investment plan. The capital investment is expected to amount to JPY9.05 billion for the current fiscal year ending February 2024. The main breakdown is as follows: JPY5 billion for the acquisition of the Aoki plant upon its completion; JPY1.5 billion for the installation of solar panels at the US subsidiary and its plant, and slat conveyors in its plant; JPY1.5 billion for the construction of employee dormitories; and JPY1 billion for the purchase of other fixtures, molds, and other items.

With that, l concludes my explanation, and President Takeuchi will give his presentation after this.

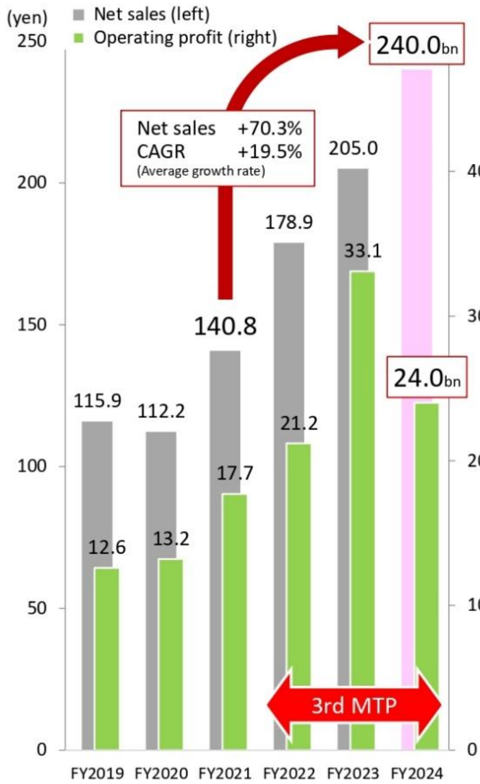
The Third Mid-term Business Plan (FY2022~FY2024)

➢ 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 └ rate	17.7 bn 12.6%	24.0 bn 10.0%	+35.1%
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%)

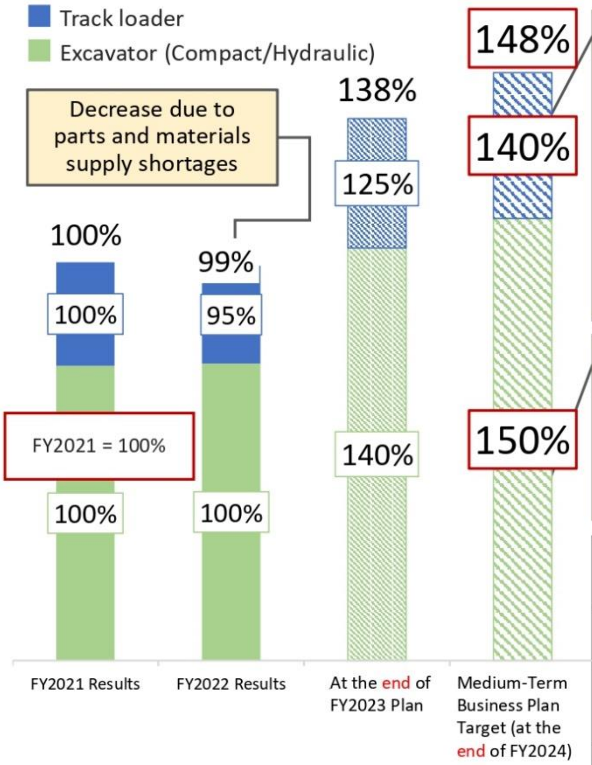


TAKEUCHI

Takeuchi: I am Takeuchi, President and Representative Director. I will discuss the three topics that you are looking at. Please refer to page 17.

In the numerical targets of our third medium-term management plan, we are targeting consolidated net sales of JPY240 billion in the final year, i.e., the fiscal year ending February 2025. In terms of operating profit and earnings per share, we expect to significantly exceed the numerical targets of the medium-term management plan in the current financial year, and to achieve them ahead of schedule. In the final year of the plan, we hope to maintain the momentum we have built up to date by increasing sales volume through the increased production capacity at the US and Aoki plants.

Production Capacity Expansion



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	O	-	-
	4 -9 tonnes	-	-	O
	9 – 15 tonnes	O	-	-
Track loader		O/SKD	SKD	-

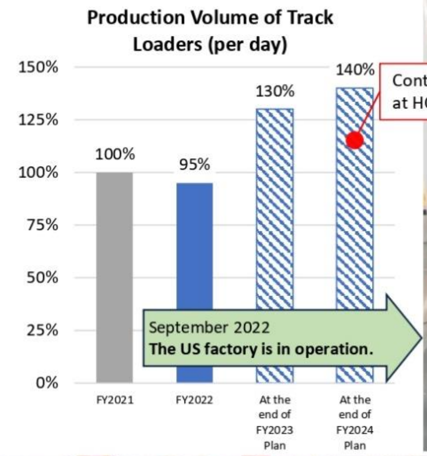
18 TAKEUCHI

Please see page 18. The Group is working to enhance its production capacity.

The first is about the US plant. Most of our track loaders are sold in the US, but demand has recently been increasing in Europe as well. In response, the headquarters plant is temporarily prioritizing the finished products of track loaders for Europe over the work-in-progress products using a semi-knock down system for the US plant. Once the ongoing transfer of excavators' production from the headquarters plant to the Aoki plant is completed, we hope to increase the production of finished track loaders at the headquarters plant in order to raise output of track loaders, together with semi-knockdown production at the US plant.

Next is about the Aoki plant. This plant started operation on September 1, and the production of mid-sized excavators, 4 to 9 tons, has been transferred sequentially from the headquarters plant. The capacity of the three production hubs, the headquarters plant, the US plant and the Aoki plant, is expected to be roughly 1.5 times higher than the existing level.

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



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

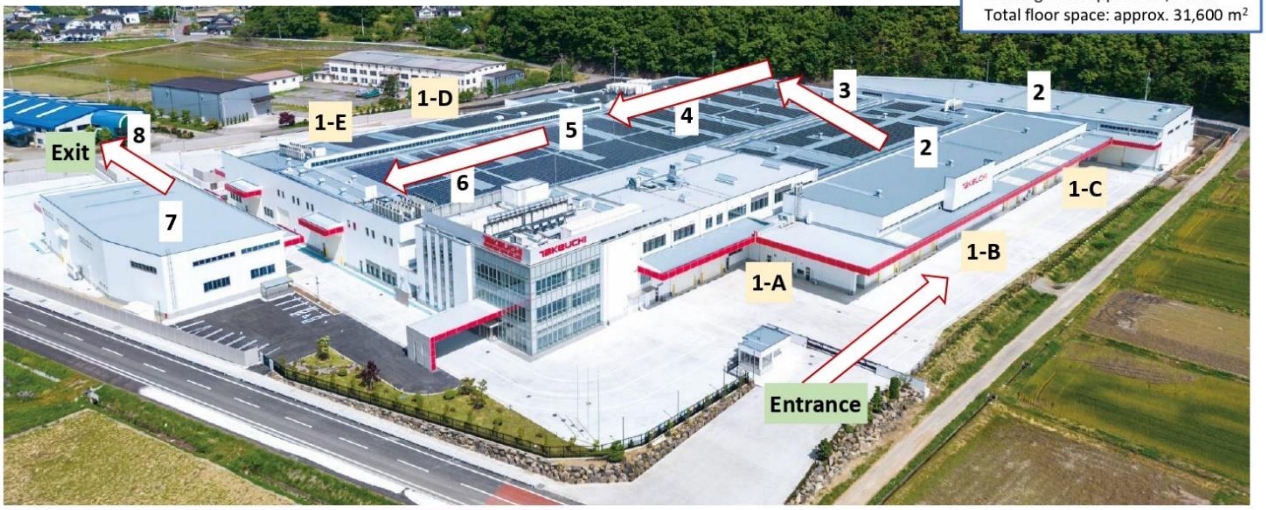
Aug. 2023 Results	Feb. 2024 Plan	Aug. 2024 Plan
75%	90%	100%

19 TAKEUCHI

Please refer to page 19. In order to enhance production efficiency, slat conveyors were introduced at the US plant in May 2023. We have gradually increased production volumes, with improving employee safety, manufacturing skills and product quality as our top priority. The combined production capacity of track loaders at the headquarters plant and the US plant, assuming 100% of the production capacity targeted in the medium-term management plan, was roughly 75% as of August 2023, and will be 90% by February 2024 and 100% by August 2024, ahead of schedule.

Aoki Factory Started Operation (September 2023)

Outline of Aoki Factory
Site area: approx. 50,000 m^2
Building area: approx. 27,800 m^2
Total floor space: approx. 31,600 m^2



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 CO_2-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%

TAKEUCHI

Please refer to page 20. On September 1, 2023, the Aoki plant started operations. We have long been explaining to our suppliers about our production expansion plans and asking them to increase their supply as well. Now we are fully prepared for the start of operations.

Five delivery entrances were set up according to the production process, and the flow line for trucks operating on the site was designed to be one-way. Furthermore, the plant has separate entrance and exit gates, and the flow line through the site has been built up, with an emphasis on safety and efficiency. On the environmental front, we have installed a large-scale solar power generation facility at the Aoki plant. Combined with CO_2-free power, the plant runs on 100% green energy. The production capacity of the Aoki plant, assuming 100% of the production capacity targeted in the mid-term plan, will be roughly at 60% as of February 2024, and at 100% of its capacity by August 2024, ahead of schedule.

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

21 TAKEUCHI

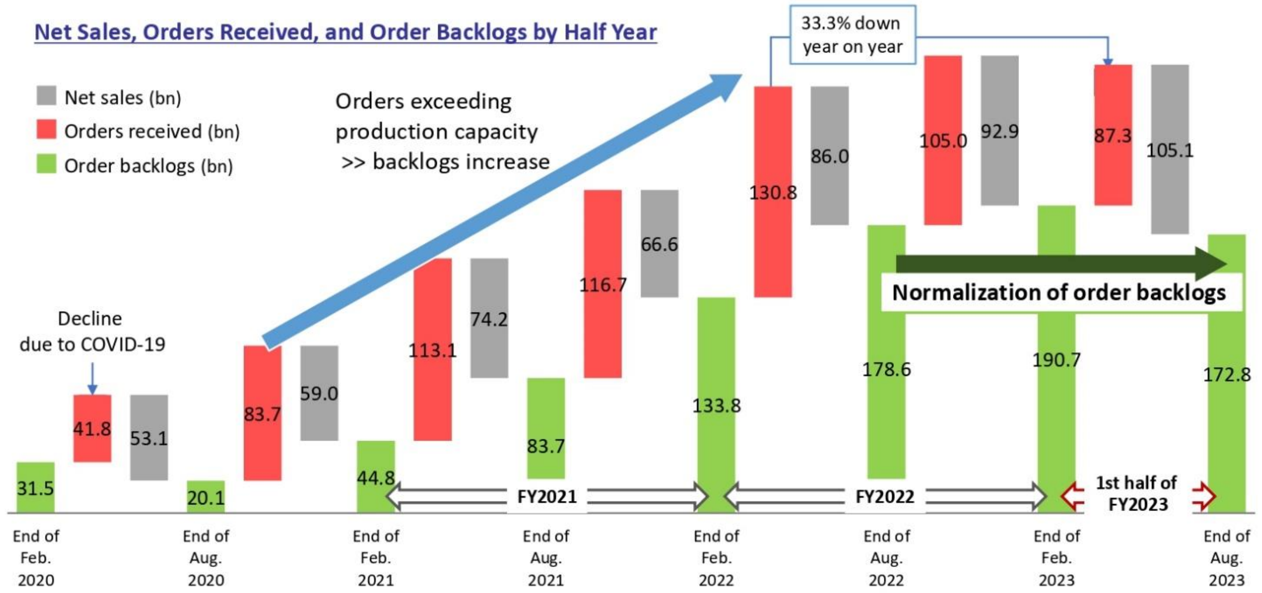
Please refer to page 21. I would like to explain the features of the Aoki plant.

The first one is logistics management. By managing reservations for parts deliveries or product shipments through our IT system and sharing information between our plant and shipping companies, we can streamline our delivery operations, reduce truck waiting times and avoid congestion at our plant as well as on nearby roads. We can also monitor parts and materials delays, allowing us to quickly modify production plans according to the situation.

The second is the introduction of robots. We have introduced automatic guided vehicles and painting robots. This not only improves safety at the manufacturing site, but also saves manpower and labor.

We will make effective use of these features in order to create a safe and comfortable working environment for all employees.

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



✓ 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

	FY2022				FY2023	
(Billions of yen)	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

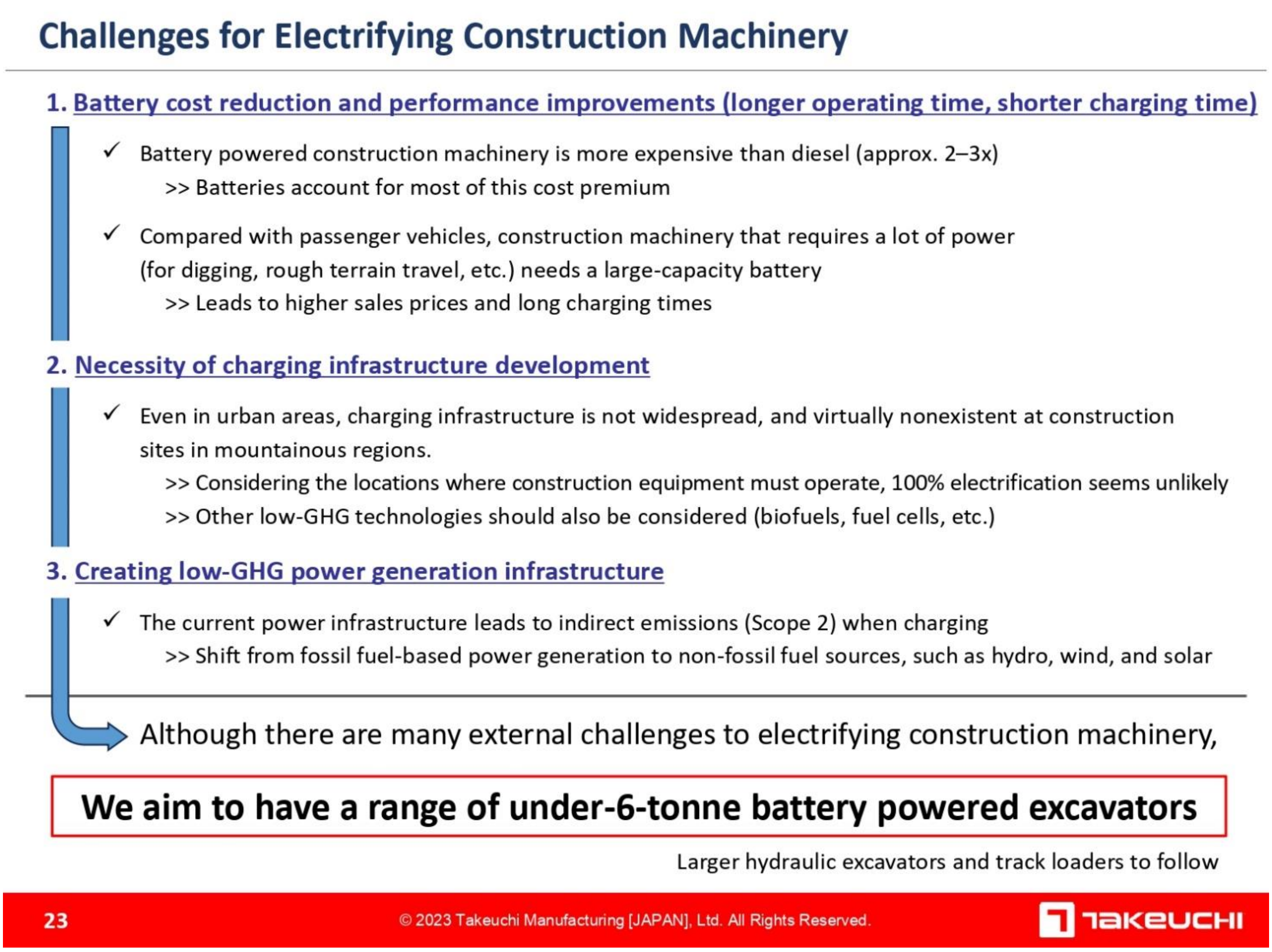
22 TAKEUCHI

Please refer to page 22. Next, I will explain order received and order backlog. What you are seeing is the changes in sales, order received and order backlog per half-year.

Although the order backlog was temporarily reduced to JPY20.1 billion due to the impact of COVID-19 pandemic, demand for our products recovered very quickly. We have been receiving orders in excess of our production capacity. Consequently, the order backlog continuously increased and temporarily exceeded the annual sales level.

In H1, for the first time in two and a half years, net sales and orders were reversed, and order backlogs began to decline. This is due to the fact that the delivery time from order placement to product shipment is lengthening as a result of the buildup of order backlogs. To rectify this situation, both customers temporarily refrained from placing orders and the Group was forced to put orders in excess of its production capacity on hold, resulting in adjustments to the order placement and order receipt process. Nevertheless, product demand itself remains strong and while there are growing signs of softening in the UK market, we can expect product demand in other major European countries and the US to remain as strong as ever.

As I explained earlier, our production capacity will increase by approximately 1.5 times higher than the existing level, thanks to the three production sites at our headquarters plant, the US plant and the Aoki plant. By increasing sales volume and net sales through increased production, we are working to normalize the accumulated backlogs, as well as to attract new orders.



Please refer to page 23. The following is an overview of the challenges for electrifying construction machinery.

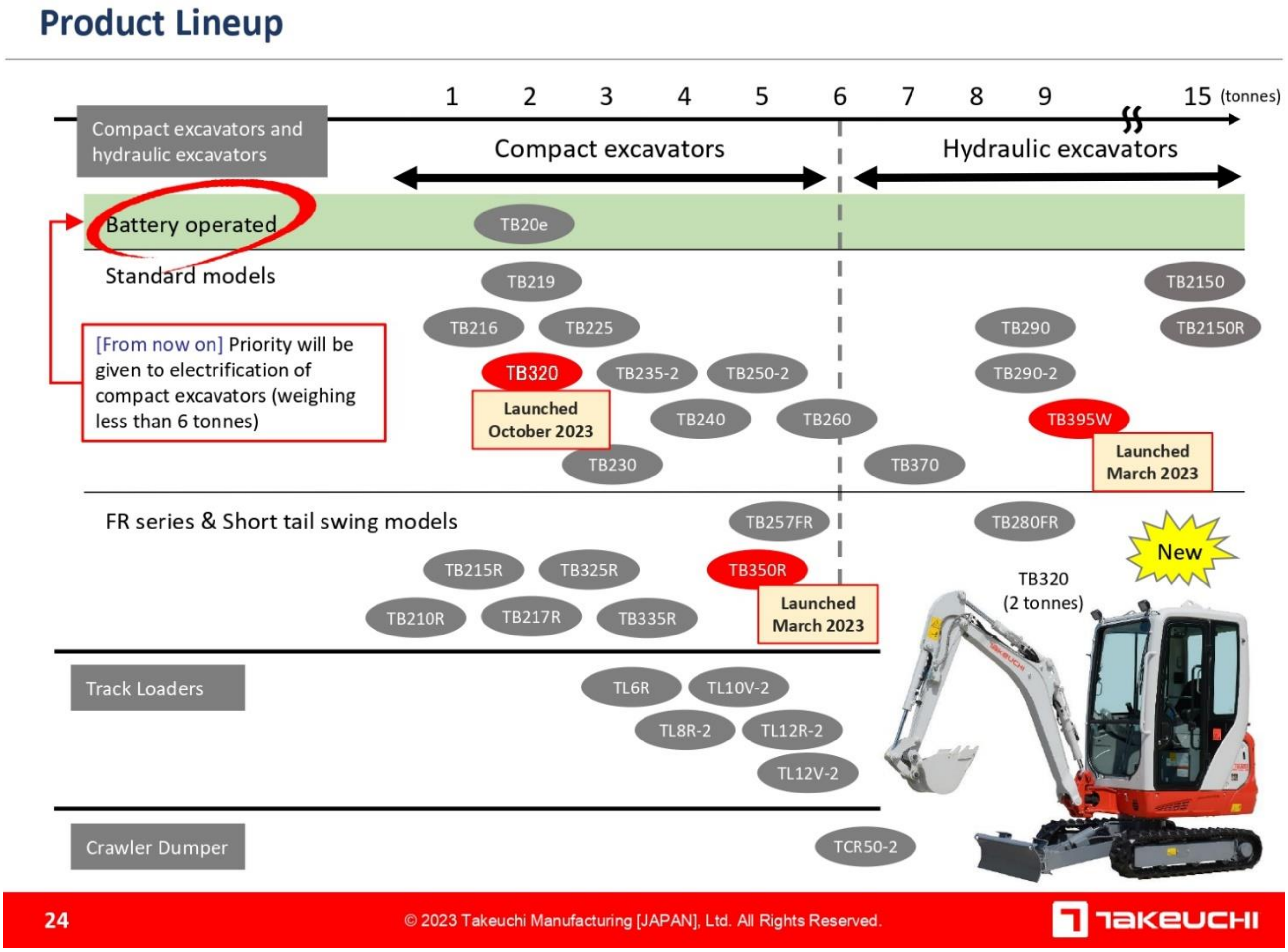
The first is the battery's cost and performance. The battery-powered construction machinery is more expensive than a conventional diesel-powered one. Normally, battery accounts for most of increase in its costs and unless battery price comes down, full-scale promotion is considered to be difficult. In addition, construction machinery is a heavy-duty vehicle compared with passenger vehicle and requires higher-capacity battery to deliver maximum instantaneous power. This increases its selling price and requires longer charging times.

The second is the charging infrastructure. Even in urban areas, charging infrastructure is not in sufficient supply, and in mountainous areas, there is none. In the case of construction equipment, which also operates in mountainous areas, 100% electrification is unlikely, and the path to decarbonization can be difficult unless technologies that can replace battery-based systems are put to practical use.

The third is the power generation infrastructure. The current power generation using fossil fuels produces greenhouse gases during its generation. Therefore, a shift from thermal power to renewable energy sources, such as solar, wind and hydroelectric power is necessary to achieve a fundamental solution towards decarbonization.

It is interesting to note here that construction machinery is needed to solve the second and third infrastructure-related issues. We believe that the demand for our products is expected to grow steadily, not only in the short term, such as the current and next fiscal years, but also in the med to long term. That is why the Group is initially working to expand our product line of battery-powered compact excavators under 6 tons.

Since large hydraulic excavators and track loaders require higher battery capacities, for which the hurdle to electrification will be higher, we intend to work on this while examining the trend of development for batteries or other green technologies.

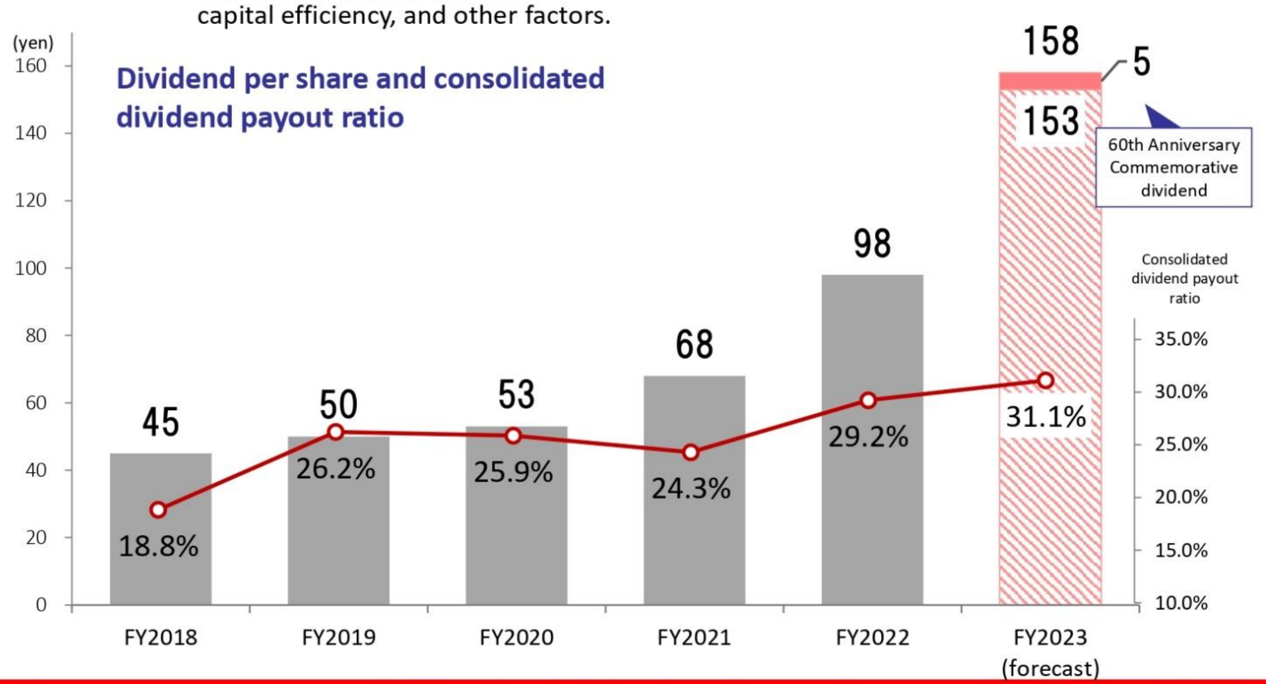


Please see page 24. In our product range, we have launched three new models on the market in 2023. As for a battery-powered model, we only have one at the moment, but we are working to expand our product range of battery-powered compact excavators under 6 tons.

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.



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Please see page 25. Next, I would like to explain about shareholder return. Net income per share for the current fiscal year is projected to be JPY507.68, resulting in a payout ratio of 30.1% for an ordinary dividend of JPY153 per share. Adding a commemorative dividend of JPY5 per share for the 60th anniversary of the Company's founding, the year-end dividend forecast for the current fiscal year is JPY158 per share.

That concludes my explanation, but I would like to share this with you. To our investors, thank you very much for your continued support. As I mentioned in our financial results briefing at the end of this past February, we have celebrated our 60th anniversary on August 21, 2023. We would like to thank our investors and stakeholders for their continued patronage and support.

Today, I was explaining the H1 results for the year ending February 2024, and I would like to conclude by giving you an overview of the current market situation. Just the other day, I visited the United States to meet with various dealers in that country. Due in part to the impact of the COVID-19 pandemic, it was about four and a half years since I last visited the country. In addition, we visited our manufacturing facility in Moore, South Carolina. Thanks to your support, the operation of the US plant is proceeding as planned, and the production of the all model semi-knockdown production is being carried out as scheduled.

As for the operational status of construction machinery in the US, we saw construction works being carried out everywhere around the roads that lead to factories, warehouses and other facilities. The scale of the buildings was quite large, and dozens of construction machines, including excavators, were used there as well. To excavate the ground, compact excavators and hydraulic excavators were used, followed by track loaders to level and pave the site.

Next, we were able to talk to each of the TAKEUCHI dealers, and when we asked about the situation, we found that morale was high among the dealers, and most of them were still interested in expanding their business in construction machinery, as the construction equipment market is thriving for residential construction and other projects. Many dealers are engaged in both sales and rentals, and since sales are more profitable, they are focusing their efforts on this area. They said they were very happy that TAKEUCHI's US and Aoki plants are up and running, allowing us to increase production. They gave us strong assurances that they will continue to purchase high-quality TAKEUCHI machinery. After having confirmed this, I returned to Japan with a sense of relief.

Meanwhile, in Europe, although there are some differences from country to country, distributors in most countries are willing to place more orders, and thus we are aware of the fact that the economy is still booming. In Europe, track loaders have not attracted much attention so far, but when people try using them, they find them convenient, and orders are increasing, albeit gradually.

It is also widely understood that as for track loaders, various operations are possible by changing the attachment. This is yet another reminder that global demand for construction machinery is still strong and that is our mission to meet the demands of our customers.

As I mentioned at the outset, our 60th anniversary is just a passing point, and we will continue to go forward in order to meet your expectations. I would like to conclude my presentation and kindly ask for your continued support and cooperation.

[END]

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