

TAKEUCHI MFG. CO., LTD.

Financial Results Briefing for the Second Quarter of the Fiscal Year Ending February 2026

October 23, 2025

Event Summary

[Company Name]	TAKEUCHI MFG. CO., LTD.	
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[Number of Pages]	25	
[Time]	16:00 – 16:29 (Total: 29 minutes, Presentation: 29 minutes)	
[Venue]	Webcast	
[Number of Speakers]	4	
	Toshiya Takeuchi	President and Representative Director
	Osamu Kobayashi	Director
	Atsushi Horiuchi	Executive Officer, General Manager of Business Management Department
	Hiroshi Sakai	Manager of ESG Promotion Section, Business Management Department

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Presentation

Kobayashi: I am Kobayashi, Director of the Company. Thank you very much for taking time out of your busy schedule to participate in our financial results briefing today.

I will now present the consolidated results for the H1 of the year ending February 28, 2026.

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Summary of Earnings Results (FY2025 1H Results)

(1) Sales volume increased in both North America and Europe

- **North America sales volume: up 1.9%** (1Q: down 23.9% / 2Q: up 31.1% YoY)
In 1Q, customers deferred product purchases due to tariffs and trade policies by the US government, but in 2Q, sales to rental companies were strong, and track loader sales contributed, resulting in an increase in sales volume.
- **Europe sales volume: up 8.5%** (1Q: up 5.3% / 2Q: up 11.4% YoY)
There were signs that product demand had bottomed out and sales increased, although results varied by country.
- **Total sales volume: up 5.8%** (1Q: down 8.5% / 2Q: up 20.6% YoY)

(2) **Record high net sales** for the first half (up 4.1% YoY)

- **Net sales increased on higher sales volume**
- **Operating profit declined YoY initially due to the impacts of yen appreciation and discounts**

(Billions of yen)

	FY2024 (Previous FY)						FY2025 (Current FY)		
	1Q	2Q	1H	3Q	4Q	2H	1Q	2Q	1H
Net sales	55.1	54.4	109.6	56.7	46.8	103.6	50.6	63.4	114.1
Gross profit	15.7	18.5	34.2	13.1	8.5	21.7	15.4	16.9	32.3
SG&A expenses	4.6	4.8	9.4	4.1	5.2	9.4	4.4	4.5	8.9
of these, transportation costs	1.7	1.9	3.7	1.4	1.5	3.0	1.4	1.4	2.9
Operating profit	11.1	13.7	24.8	8.9	3.3	12.2	10.9	12.4	23.4

2
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Please see page two. I will explain the summary of the H1 results of FY2026 compared to the same period of the previous year.

First, sales volume. Although there was a move to postpone the product purchases in North America in Q1 due to tariffs and trade policies of the US government, strong sales to rental companies and sales of track loaders contributed to the volume increase in Q2.

In Europe, although it varies from country to country, there are signs that product demand has bottomed out and sales volume increased. As a result, sales volume in North America increased by 1.9%, in Europe by 8.5%, and overall sales volume increased by 5.8%.

With regard to sales and profit, the increase in volume resulted in record-high sales for H1, but operating profit decreased mainly due to the impact of yen appreciation and discounts.

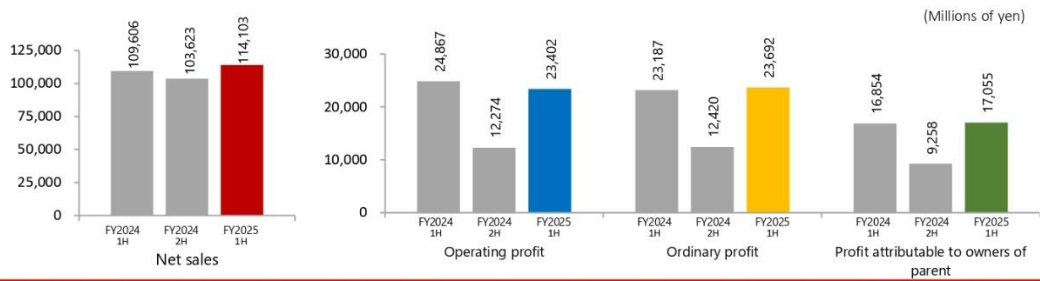
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Consolidated Financial Highlights (FY2025 1H Results)

Millions of yen	FY2024		FY2025				1H Forecast on July 10	Change
	1H	Sales ratio	1H	Sales ratio	Change	(%)		
Net sales	109,606	-	114,103	-	+4,496	+4.1%	109,400	+4,703
Operating profit	24,867	22.7%	23,402	20.5%	(1,465)	(5.9)%	21,800	+1,602
Ordinary profit	23,187	21.2%	23,692	20.8%	+504	+2.2%	20,800	+2,892
Profit attributable to owners of parent	16,854	15.4%	17,055	14.9%	+200	+1.2%	14,800	+2,255
Capital investment	1,397	1.3%	1,651	1.4%	+254	+18.2%	1,703	(52)
Depreciation	1,807	1.6%	1,514	1.3%	(293)	(16.2)%	1,648	(133)
Orders received	97,311	-	98,582	-	+1,271	+1.3%	***	-
Order backlog	116,602	-	62,897	-	(53,705)	(46.1)%	***	-



3

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Please see page three for the consolidated financial highlights.

Net sales increased by 4.1% to JPY114,103 million and operating profit decreased by 5.9% to JPY23,402 million.

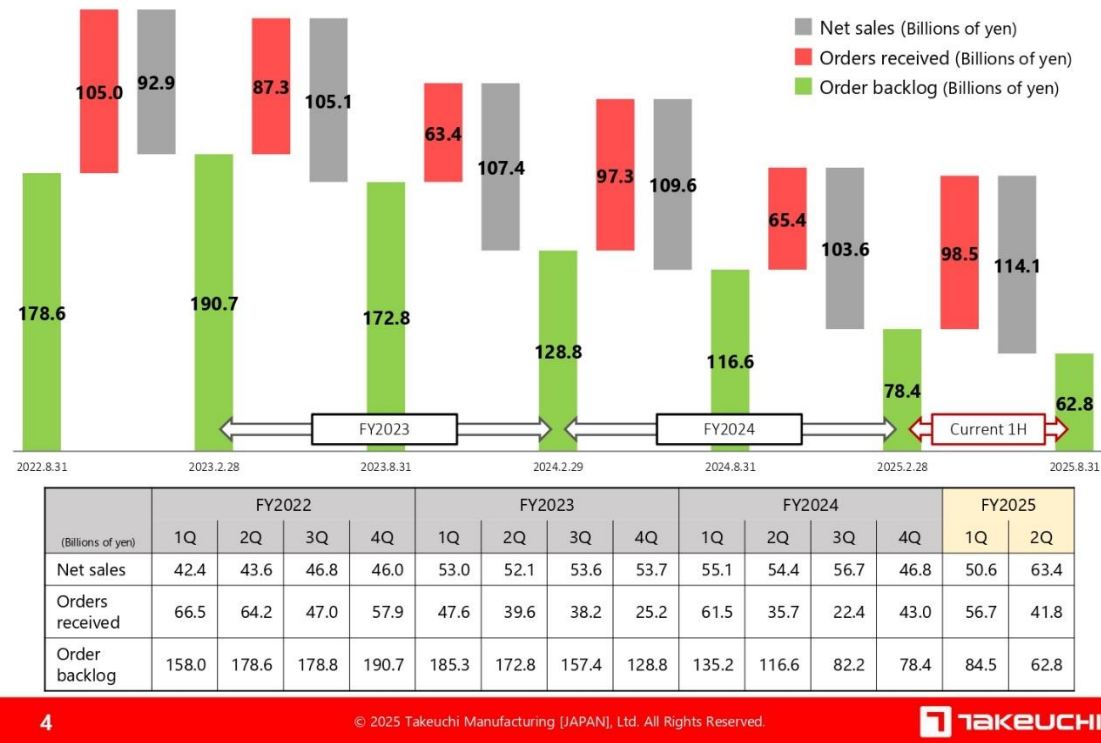
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Net Sales, Orders Received and Order Backlog



4

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Please see page four for the changes in orders received and order backlog.

As for orders received, in Europe, orders from sales subsidiaries and distributors in the UK recovered. In North America, we received a large order from a major rental company in Q1, followed by strong order momentum among dealers in Q2. Although order volumes increased in both Europe and the US, order values remained at the same level as the previous year due to the impact of the strong yen.

The order backlog, which at one time in previous years had reached the level of annual sales, was JPY62.8 billion at the end of August 2025, equivalent to 3.4 months of monthly sales, a level that we consider appropriate, as we increased production capacity which contributed to sales.

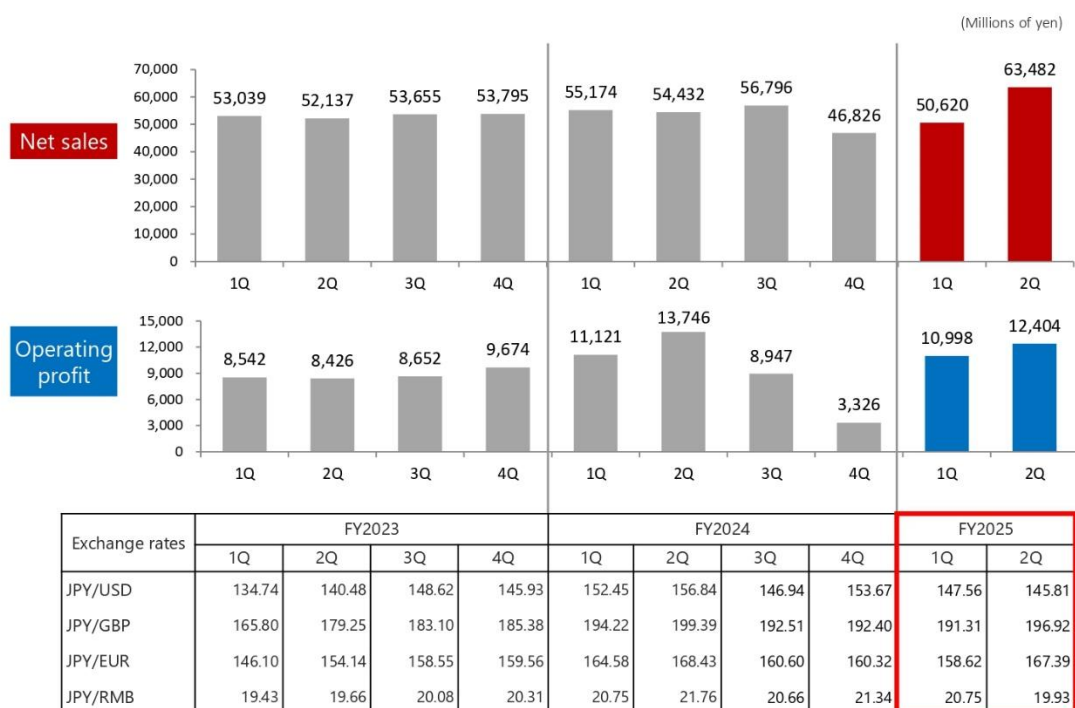
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Quarterly Net Sales and Operating Profit



5

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Please see page five for the quarterly changes in sales and operating profit.

For the reasons explained earlier, sales and profit decreased in Q1 compared to the same period last year. In Q2, sales increased but profit decreased due to foreign exchange effects and price discounts, despite the QoQ increase in volume in both Europe and the US.

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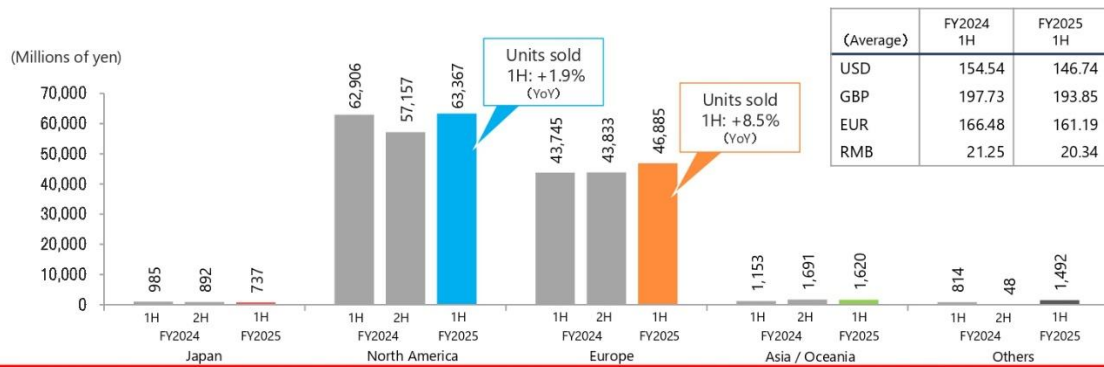
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Sales by Region and Parts Sales (FY2025 1H Results)

(Millions of yen)	FY2024		FY2025				1H Forecast on July 10	Change
	1H (results)	Sales ratio	1H (results)	Sales ratio	Change	(%)		
Japan	985	0.9%	737	0.6%	(248)	(25.2)%	790	(6.7)%
North America	62,906	57.4%	63,367	55.5%	+460	+0.7%	62,730	+1.0%
Europe	43,745	39.9%	46,885	41.1%	+3,139	+7.2%	43,470	+7.9%
Asia / Oceania	1,153	1.1%	1,620	1.4%	+467	+40.5%	1,530	+5.9%
Others	814	0.7%	1,492	1.3%	+677	+83.1%	880	+69.6%
Total net sales	109,606	100.0%	114,103	100.0%	+4,496	+4.1%	109,400	+4.3%
Parts Sales	8,596	7.8%	9,081	8.0%	+485	+5.6%	8,281	+9.7%



6

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Please see page six for the sales by region and parts sales.

Sales in North America increased 0.7% to JPY63,367 million, while sales in Europe increased 7.2% to JPY46,885 million.

Sales volume increased 1.9% in North America and 8.5% in Europe. For sales in other regions and parts sales, please see the table above.

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Geographic Segment Information (FY2025 1H Results)

(Millions of yen)		FY2024		FY2025			
		1H	Profit ratio	1H	Profit ratio	Change	(%)
Japan	Net sales	33,163	-	35,703	-	+2,539	+7.7%
	Segment profit	22,400	67.5%	15,226	42.6%	(7,173)	(32.0)%
US	Net sales	62,921	-	63,585	-	+663	+1.1%
	Segment profit	6,975	11.1%	4,426	7.0%	(2,548)	(36.5)%
UK	Net sales	7,346	-	9,757	-	+2,411	+32.8%
	Segment profit	110	1.5%	728	7.5%	+617	+556.9%
France	Net sales	6,132	-	5,054	-	(1,078)	(17.6)%
	Segment profit	533	8.7%	321	6.4%	(211)	(39.7)%
China	Net sales	42	-	3	-	(38)	(92.6)%
	Segment profit	192	457.4%	114	3,714.2%	(77)	(40.3)%

➤ **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
- Manufacture of construction machinery in the US

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

- Sales of construction machinery in France

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

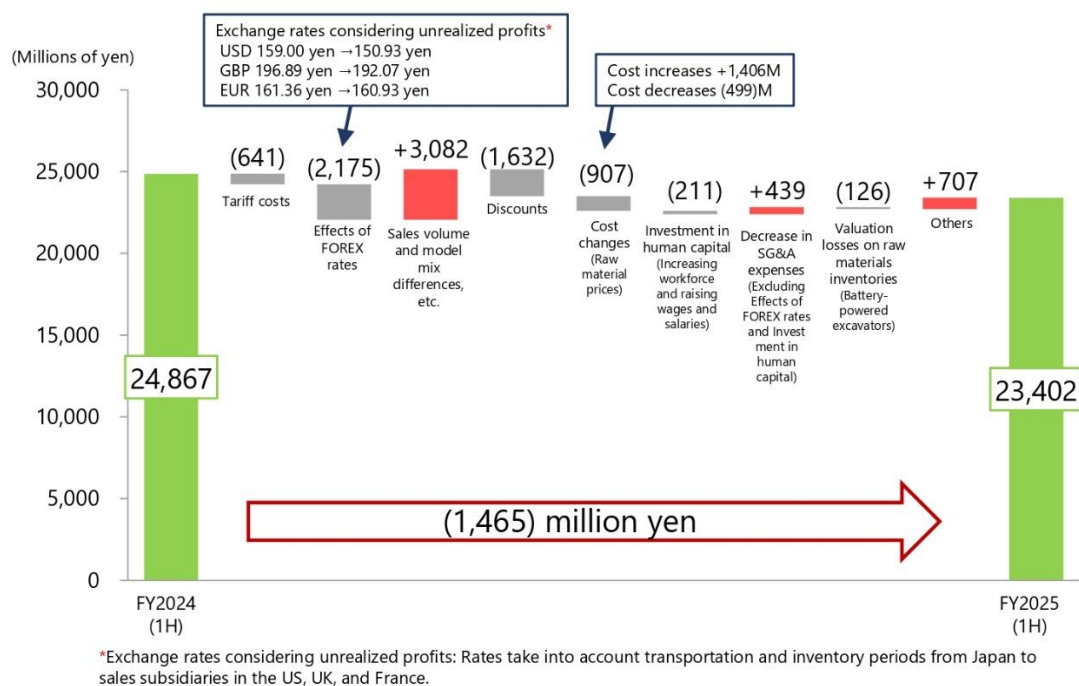
- Sales of construction machinery in the UK

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

- Manufacture, procurement, and sales of construction machinery components for the Japan segment

Please refer to page seven for the performance by geographic segment for your reference.

Factors of Increase/Decrease in Operating Profit (FY2025 1H Results)



8

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Please see page eight. I will review the factors behind the increase and decrease in consolidated operating profit.

As you can see from the breakdown, the main drivers of operating profit were the increase in sales volume and changes in model/customer mix. However, foreign exchange effects and price discounts put downward pressure on operating profit. Other negative factors include higher tariff costs and raw materials prices as well as continued investment in human capital for the workforce and wage increase. These led to a YoY decrease in operating profit by JPY1,465 million to JPY23,402 million.

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Consolidated Balance Sheets (As of August 31, 2025)

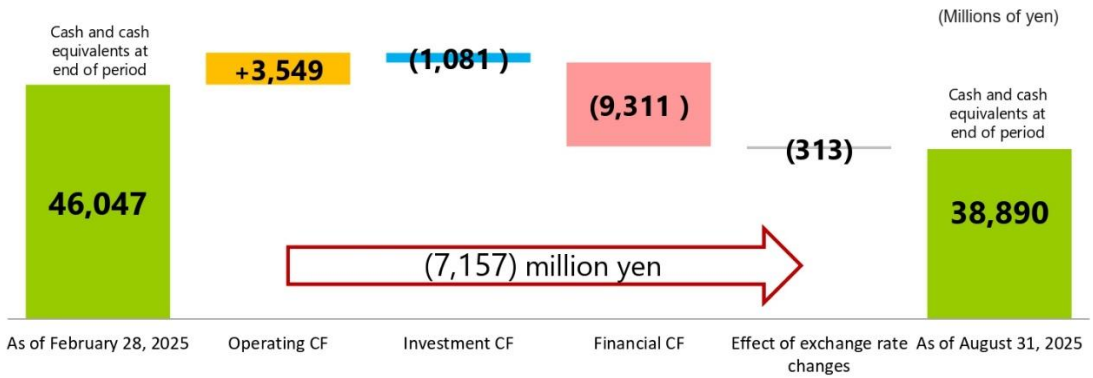
(Millions of yen)		As of Feb. 28, 2025		As of Aug. 31, 2025			
		Balance	Composition ratio	Balance	Composition ratio	Change	(%)
Assets	Cash and deposits	46,482	21.3%	39,343	18.6%	(7,139)	(15.4)%
	Notes and accounts receivable - trade	45,586	20.9%	57,677	27.2%	+12,090	+26.5%
	Inventories	80,497	37.0%	72,613	34.2%	(7,884)	(9.8)%
	Other	4,687	2.2%	3,699	1.7%	(988)	(21.1)%
	Current assets	177,254	81.4%	173,333	81.7%	(3,920)	(2.2)%
	Non-current assets	40,464	18.6%	38,760	18.3%	(1,704)	(4.2)%
	Total	217,718	100.0%	212,094	100.0%	(5,624)	(2.6)%
Liabilities and Net assets	Notes and accounts payable - trade	36,022	16.5%	28,591	13.5%	(7,431)	(20.6)%
	Other current liabilities	13,951	6.4%	13,876	6.5%	(75)	(0.5)%
	Current liabilities	49,974	23.0%	42,468	20.0%	(7,506)	(15.0)%
	Non-current liabilities	744	0.3%	743	0.4%	(0)	(0.1)%
	Total Liabilities	50,718	23.3%	43,211	20.4%	(7,506)	(14.8)%
	Total net assets	167,000	76.7%	168,882	79.6%	+1,882	+1.1%
	Total	217,718	100.0%	212,094	100.0%	(5,624)	(2.6)%

Please see page nine. I will review the consolidated balance sheet.

The main changes include an increase in notes and accounts receivable-trade, which rose by JPY12,090 million to JPY57,677 million. This was mainly due to a significant upturn in sales in Q2 at our US subsidiary.

Notes and accounts payable-trade decreased by JPY7,431 million to JPY28,591 million. This was mainly due to a decrease in parts purchases resulting from production adjustments.

Consolidated Statements of Cash Flows (FY2025 1H Results)



(Millions of yen)

Cash flows from operating activities	Change	Cash flows from investing activities	Change	Cash flows from financing activities	Change
Profit before income taxes	23,692	Purchase of property, plant and equipment	(978)	Dividends paid	(9,215)
Depreciation	1,514	Acquisition of intangible assets	(94)		
Decrease in inventories	2,872	Proceeds from redemption of securities	0		
Increase in working capital	(19,117)				
Income taxes paid	(6,627)				
Others	1,215	Others	(8)	Others	(95)
Total	3,549	Total	(1,081)	Total	(9,311)

10

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Please see page 10. Here is the consolidated statement of cash flows for your reference.

This concludes my explanation. I will now hand over to President Takeuchi.

Takeuchi: I am Takeuchi, President and Representative Director. I will now explain our full-year forecast of consolidated results for the fiscal year ending February 28, 2026, taking into account the impact of the US tariffs and the status of our US operations.

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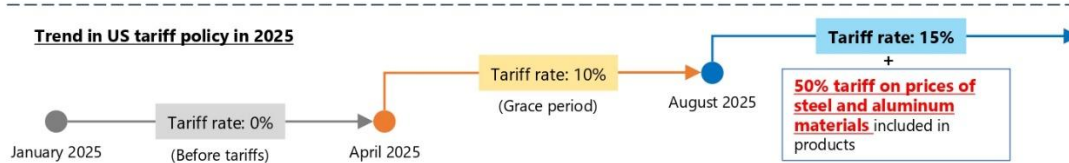


US Tariffs 1

Tariff costs in FY2025: 5.2 billion yen → Pass-through to price: 2.6 billion yen (effective from 2H)

Special factors in FY2025 *Takeuchi US's accounting period is Jan to Dec.

1. Takeuchi US Had 5 months of inventories located in the US at the end of March 2025 (Quantity varies by model)
2. US tariff policies Tariff rates were increased over time



Reference

Simulated annualized figures based on the current conditions

Tariff costs for FY2025: 17.5 billion yen → Pass-through to price: 6.1 billion yen (price increase from the start of the fiscal year)

These are **hypothetical values** based on the following assumptions:

- (1) Tariff rate: The latest tariff rates are applied throughout the year (reciprocal tariff rate of 15% + tax on steel derivatives)
- (2) Inventories at Takeuchi US: All inventories are affected by tariffs (all products sold are affected by tariffs)
- (3) Sales mix and volume: The same model is sold in the same number of units as in FY2025
- (3) Pass-through to price: The same price increase as in 2H of FY2025 is implemented from the beginning of the fiscal year.

12

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Please see page 12. First, I will review the impact of the US tariffs on our business.

US tariff costs for the current fiscal year are expected to be approximately JPY5.2 billion. We expect to recover JPY2.6 billion of this by passing on a portion of the costs to sales prices, effective from H2. This price increase has already been implemented for our US customers and was accepted as unavoidable.

Although tariff costs for the current fiscal year were significant at JPY5.2 billion, they are still limited due to special one-time factors. This includes the fact that Takeuchi US had five months' worth of local inventory at the end of March, which means some products sold in this fiscal year were not affected by tariffs, and the US tariff rate was gradually raised after a series of twists and turns.

See the simulated annualized figures for your reference. Estimated tariff costs are JPY17.5 billion, and the amount of price pass-through is JPY6.1 billion due to price increases. These are hypothetical values based on the following assumptions: the latest tariff rates are applied throughout the year; no inventories for this fiscal year are exempt from tariffs, meaning all products sold are subject to them; the same model is sold in the same number of units as in this fiscal year; the same price increase scheduled in H2 of this fiscal year is implemented from the beginning of the fiscal year, with the effects spanning the full year.

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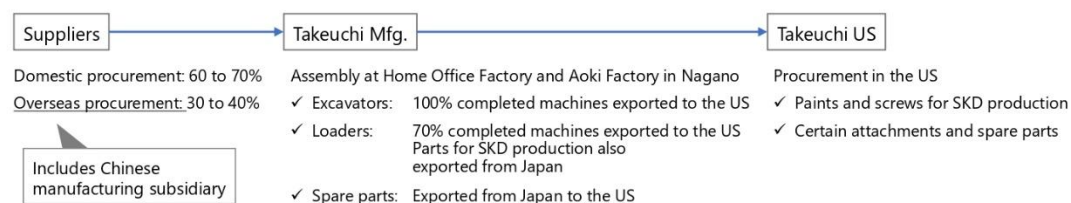
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US Tariffs 2

The Group's product supply route to the US: nearly 100% from Japan to the US



- We operate a track loader factory in South Carolina, but import almost all parts from Japan (paints, etc., are sourced in the US). Expanding US production under the current system will not reduce the impact of tariffs.
- Reducing the impact of tariffs would require building supply chains within the US, which would be time-consuming and costly and is therefore not realistic at the moment.

Takeuchi US

SKD Production at the US factory (track loader)



13

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Please see page 13. I will explain how our products are supplied to the US.

The Group has a semi-knockdown production plant for track loaders in the US. For this reason, we have been asked by many investors whether we should expand the scale of production there to reduce the impact of tariffs.

Our answer is that, expanding production in the US under the current system will not reduce the tariff impact. As shown at the top, nearly 100% of the Group's product supply route to the US is from Japan. We source parts from around the world, but export many of them from Japan to the US, such as fully completed excavator machines, 70% completed loader machines, and a large quantity of parts for SKD production and assembly. Reducing tariff impacts requires building supply chain within the US, but this is both time-consuming and costly and is not realistic at this time.

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US Business

No choice but to pass on higher costs of tariffs to selling prices

1. **FY2025:** Raise prices in 2H → approx. 2.6 billion yen effect (half year)
2. **FY2026:** Considering the tariff costs, further price increases are inevitable, but will decide based on market trends

Measures to expand sales in the US

1. Expansion of dealer network

Fourth Medium-term Business Plan: At the end of February 2025: 280 / Increase to 360 in three years

↳ Number of dealer locations at the end of August 2025: **298 locations** (expanding as planned)

2. Strengthen collaboration with current dealers

Held Takeuchi US Dealer Summit 2025

↳ Recognized best dealers of FY2024 and shared sales targets for FY2025



14

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Please see page 14 for our US business. We have no choice but to pass on the tariff costs to our selling prices. However, we believe that this situation applies not only to our group, but also to our peers and many other industries.

Tariff costs for the next fiscal year are expected to be even larger, as indicated earlier. Further price increases are inevitable, but we intend to determine the timing and the scale of the increases based on market trends.

Despite this extremely difficult business environment in the US, the Group is working to strengthen its sales capabilities in there. We recognize that our market share in the US is low, meaning that there is potential for growth.

The first point, expansion of dealer network, is one of the priority measures of our Fourth Medium-term Business Plan. The goal is to expand the number of dealer locations from 280 to 360 by the end of FY2027, and as of August 31, 2025, the number stood at 298. The expansion is generally proceeding according to plan.

The second point, strengthen collaboration with current dealers, is also an important initiative. Takeuchi US holds a Dealer Summit every spring. Together we reflect on the successes and challenges of the year and share goals for the following year. Not only does it deepen the friendship between Takeuchi US and dealers, but it also serves as a place for active communication between dealers, where they can exchange information to inspire each other, such as success stories for a particular product with appropriate proposals for customers.

In light of this situation in the US, let me then explain the full-year earnings forecast for the fiscal year ending February 28, 2026.

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Summary of Earnings Forecasts (FY2025 Full Year Forecast)

(Millions of yen)	Previous forecast (released on July 10, 2025)			Revised forecast (announced on October 10, 2025)				
	1H	2H	Full year	1H (results)	2H	Full year	Change	(%)
Japan	790	720	1,510	737	612	1,350	(160)	(10.6)%
North America	62,730	58,270	121,000	63,367	64,662	128,030	+7,030	+5.8%
Europe	43,470	41,190	84,660	46,885	40,324	87,210	+2,550	+3.0%
Asia / Oceania	1,530	1,320	2,850	1,620	2,559	4,180	+1,330	+46.7%
Others	880	300	1,180	1,492	737	2,230	+1,050	+89.0%
Total net sales	109,400	101,800	211,200	114,103	108,896	223,000	+11,800	+5.6%
Operating profit	21,800	11,800	33,600	23,402	14,597	38,000	+4,400	+13.1%
Ordinary profit	20,800	12,000	32,800	23,692	13,607	37,300	+4,500	+13.7%
Profit attributable to owners of parent	14,800	8,400	23,200	17,055	9,344	26,400	+3,200	+13.8%

(1) Product demand in 2H

- 2H sales volume: (North America up 5.3%, Europe down 1.2%, consolidated up 3.6% vs. previous forecast)
- In North America, the construction market remains steady and results are set to exceed the previous forecast, despite passing on tariff costs to product prices.
- In Europe, although there were signs that product demand had bottomed out in the UK and other major European countries, the sluggish market in France and inventory adjustments by distributors in Italy are expected to have a major impact, resulting in performance slightly below the previous forecast.

(2) We expect net sales and profits at each stage to exceed previous forecasts, **reaching record highs.**

- Full-year sales volume: (North America up 2.3%, Europe up 3.0%, consolidated up 3.8% vs. previous forecast)
- Profit at each stage is expected to increase due to price hikes, higher sales volume, etc., despite rising tariff costs.

15

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Please refer to page 15. On October 10, 2025, we revised our full-year earnings forecast. I will walk you through the main reasons of the revision compared with the previous forecast.

For product demand in H2 in terms of sales volume, we expect 5.3% increase in North America, 1.2% decrease in Europe, and 3.6% increase in overall volume compared to the previous forecast. In North America, the construction equipment market remained strong despite the price pass-on of tariff costs. In Europe, demand in many major countries is expected to exceed previous forecasts, but weakness in the French market and inventory adjustments by Italian distributors are expected to have a significant impact on product demand.

On the other hand, full-year sales volume is expected to exceed the previous forecast in both Europe and the US. As a result, both full-year sales and profits at each stage are expected to exceed the previous forecast and reach record highs.

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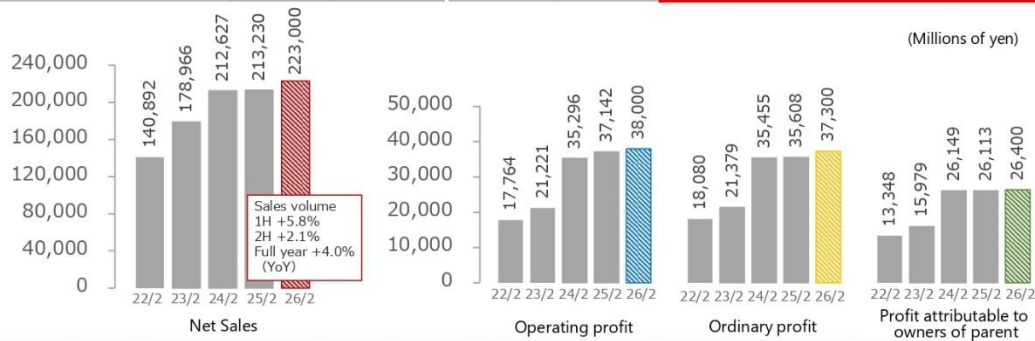
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Consolidated Financial Highlights (FY2025 Full Year Forecast)

(Millions of yen)	FY2024		FY2025					
	Full year	Sales ratio	1H (results)	2H (forecast)	Full year	Sales ratio	Change	(%)
Net sales	213,230	-	114,103	108,896	223,000	-	+9,769	+4.6%
Operating profit	37,142	17.4%	23,402	14,597	38,000	17.0%	+857	+2.3%
Ordinary profit	35,608	16.7%	23,692	13,607	37,300	16.7%	+1,691	+4.8%
Profit attributable to owners of parent	26,113	12.2%	17,055	9,344	26,400	11.8%	+286	+1.1%
Capital investment	3,333	1.6%	1,651	4,135	5,786	2.6%	+2,452	+73.6%
Depreciation	3,755	1.8%	1,514	2,028	3,542	1.6%	(212)	(5.7)%
Earnings per share (yen)	552.45	Dividend Payout Ratio 36.2%	-	-	571.44	Dividend payout Ratio 36.7%	+18.99	+3.4%
Dividends per share (yen)	200.00		-	-	210.00		+10.00	+5.0%



16

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Please refer to page 16 for the highlights of the full-year consolidated earnings forecast.

Compared to the previous year, we forecast a 4.6% increase in overall sales volume for the Group for the full year, with net sales increasing by 4.6% to JPY223 billion, operating profit increasing by 2.3% to JPY38 billion, ordinary profit increasing by 4.8% to JPY37.3 billion, and net profit increasing by 1.1% to JPY26.4 billion.

In H2, profit-to-sales ratio for each profit item is expected to decrease due to large tariff costs.

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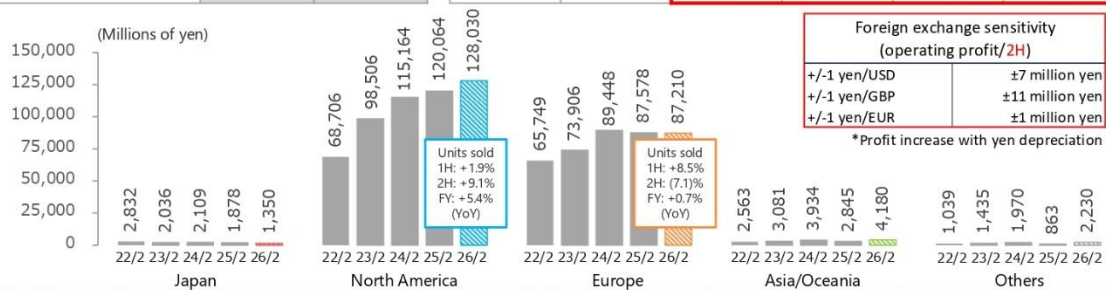
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Sales by Region and Parts Sales (FY2025 Full Year Forecast)

(Millions of yen)	FY2024		FY2025					
	Full year	Sales ratio	1H (results)	2H (forecast)	Full year	Sales ratio	Change	(%)
Japan	1,878	0.9%	737	612	1,350	0.6%	(528)	(28.1)%
North America	120,064	56.3%	63,367	64,662	128,030	57.4%	+7,965	+6.6%
Europe	87,578	41.1%	46,885	40,324	87,210	39.1%	(368)	(0.4)%
Asia / Oceania	2,845	1.3%	1,620	2,559	4,180	1.9%	+1,334	+46.9%
Others	863	0.4%	1,492	737	2,230	1.0%	+1,366	+158.3%
Total net sales	213,230	100.0%	114,103	108,896	223,000	100.0%	+9,769	+4.6%
Parts Sales	17,362	8.1%	9,081	8,683	17,765	8.0%	+403	+2.3%
JPY/USD	152.65	—	146.74	140.00	143.37	—	(9.28)	(6.1)%
JPY/GBP	194.85	—	193.85	190.00	191.93	—	(2.92)	(1.5)%
JPY/EUR	163.74	—	161.19	164.00	162.59	—	(1.15)	(0.7)%
JPY/RMB	21.13	—	20.34	19.50	19.92	—	(1.21)	(5.7)%



17

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Please see page 17. I will explain the forecast of sales by region and parts sales.

For the full year, sales volume in North America is expected to increase by 5.4% YoY. Despite the price increase effective from H2, sales volume is expected to remain the same as in H1. In Europe, I already explained about the sales volume forecast for H2. For the full-year, we expect it to be slightly higher than in the previous fiscal year.

Parts sales ratio is expected to be 8% of consolidated net sales, slightly higher than in the same period of the previous year. Foreign exchange sensitivity on operating profit for H2 for six months is assumed to be JPY7 million for USD, JPY11 million for GBP, and JPY1 million for EUR.

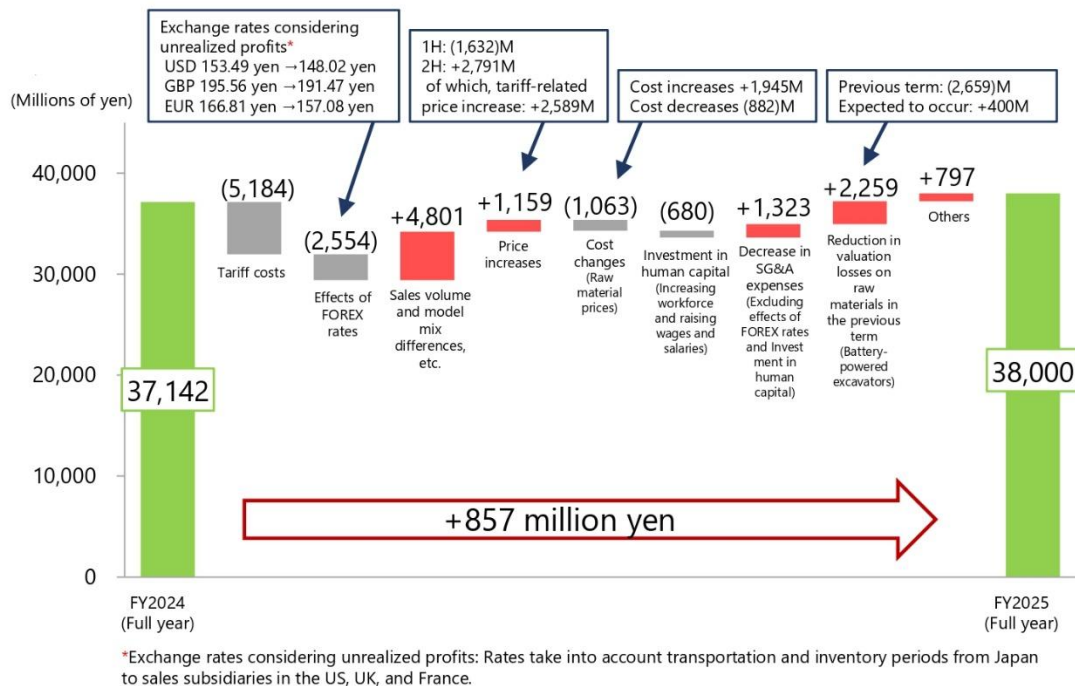
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Factors of Increase/Decrease in Operating Profit (FY2025 Full Year Forecast)



18

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Please see page 18. I will explain the factors of increase/decrease in consolidated operating profit for the full-year forecast.

Here is a breakdown. Despite negative factors such as tariff costs, foreign exchange effects, higher procurement prices, and investments in human capital, operating profit is expected to increase by JPY857 million to JPY38 billion, due to higher sales volume, changes in model/customer mix, price increases, lower SG&A expenses, reduction in valuation losses on raw materials that occurred in the previous year for battery powered excavators, and other factors.

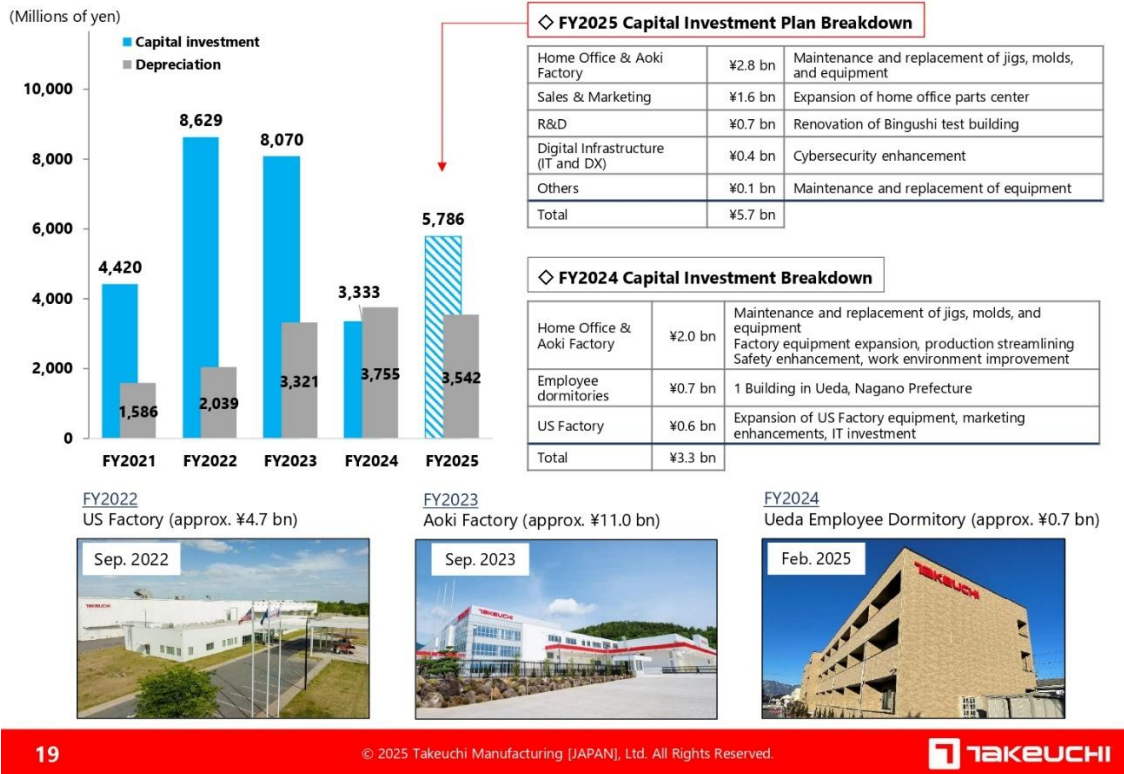
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Capital Investment Plan



19

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Please see page 19 for our capital investment plan.

Capital expenditures for this fiscal year are planned at JPY5,786 million, including the maintenance and replacement of jigs, molds, and production equipment at the head office and Aoki factory as well as the expansion of the home office parts center.

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Home Office 2nd Parts Center (Tentative name) *to be completed in Mar. 2026

3F Dedicated floor for development team

Offers an environment that maximizes ideas and promotes creative product development

2F Meeting and training spaces

Increases learning opportunities for the growth of employees and the sustainable growth of the company

1F Aftermarket parts shipment space

Provides a faster and more efficient supply system to expand aftermarket parts sales

1. Investment

2.0 billion yen (estimate)

2. Construction

Start: March 2025 / to be completed in March 2026

3. Overview of building

Name Home Office 2nd Parts Center (tentative name)

Address 205 Uwadaira, Sakaki-machi, Hanishina-gun, Nagano Japan
(next to Home Office Parts Center)

Building footprint: approx. 1,200 m² / Total floor area: approx. 3,000 m² (steel-frame/3 floors)



20

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Please see page 20. Among the capital investments made during this fiscal year, let me highlight the home office parts center which is currently under construction.

The top floor, the third floor, will be dedicated to the development team, while the second floor will be used for meetings and training. This facility is positioned as a place for developing and nurturing the products and human resources that are the source of our growth. The first floor will be used as a shipping space for aftermarket parts to drive their sales, which is a priority in our medium-term plan.

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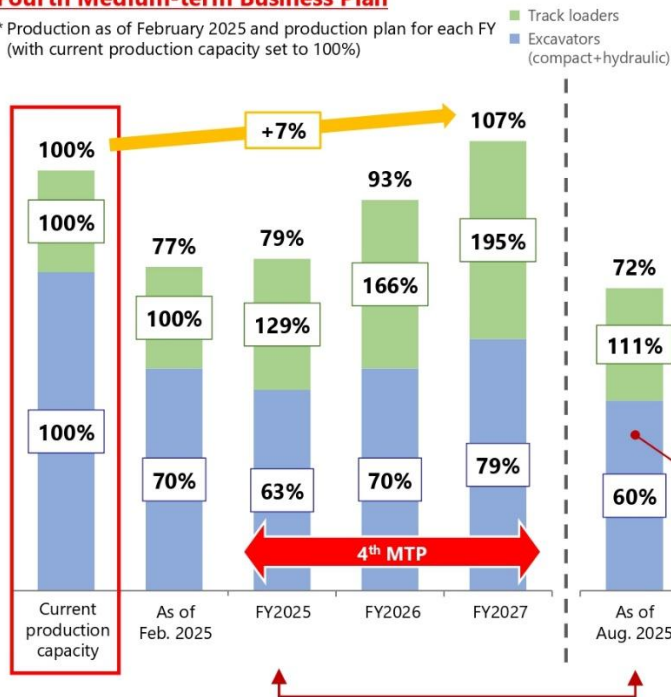
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Status of Production

Fourth Medium-term Business Plan

* Production as of February 2025 and production plan for each FY (with current production capacity set to 100%)



Key measures

(1) Reorganization of production models and reallocation of production capacity to track loaders

1. Excavator production lines of Home Office and Aoki factories are also used for complete track loaders (mixed production)
2. Track loader SKD production is at full capacity at the US factory now and we will maintain the current level

(2) Increase in production volume (+7%)

1. Increase production volume by hiring new employees
2. Improve production efficiency through training

(3) Capacity Expansion based on future sales growth

1. Construct new track loader factory next to Aoki Factory
2. Scheduled to start operations around January 2028

August 2025: adjusting production

The impact of US tariffs on product sales is unclear, so production is being carried out cautiously.

There is no change to our medium- to long-term business strategy, despite the challenging business environment.

Constructing new track loader factory to prepare for increased demand in future

Please see page 21. Our Fourth Medium-term Business Plan includes the expansion of track loader production capacity as a priority measure.

The existing Aoki factory now has sufficient production capacity for excavators. However, it lacks capacity for track loaders, considering the expected increase in demand and sales. Therefore, we are building a new plant for track loaders on a site adjacent to the existing Aoki factory.

As shown in the chart, production level as of August 2025 relative to the existing capacity is 60% for excavators and 111% for loaders due to mixed production on the excavator production line. Although the current business environment is challenging due to US tariffs and other factors, our medium- to long-term management strategy remains unchanged. We will drive the growth investments for the future, the construction of a new track loader plant, as planned.

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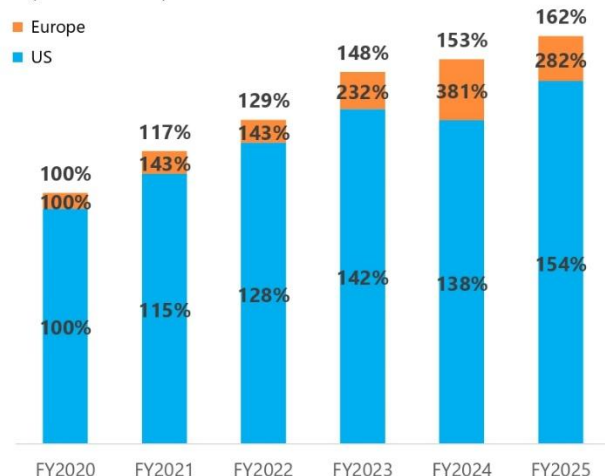
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Sales Situation of Track Loaders

Focusing on expanding sales of track loaders

- ✓ Track loader sales volume in the US has increased by approx. 1.5 times and in Europe by approx. 2.8 times over the past five years.
- ✓ In Europe, retail sales to users are strong, but sales from the Group to sales agents (dealers and distributors) are stagnant.

➤ Sales volume of track loaders in the US and Europe
(FY2020=100.0%)



PLANTWORX (September 23 to 25, 2025)

- ✓ First exhibition of loaders at a tradeshow in UK.
- ✓ We received inquiries from a wide range of customers, not only in the construction industry but also in agriculture, forestry, and landscaping.



Please see page 22. Over the past five years, track loader sales have expanded 1.5 times in the US and 2.8 times in Europe.

In Europe, we have had a certain track record in Italy and France. In recent years, we have expanded our sales to Spain and Germany, beyond these two markets. As mentioned, demand in Italy and France have been slow at the moment, leading to the stagnant sales of loaders in Europe.

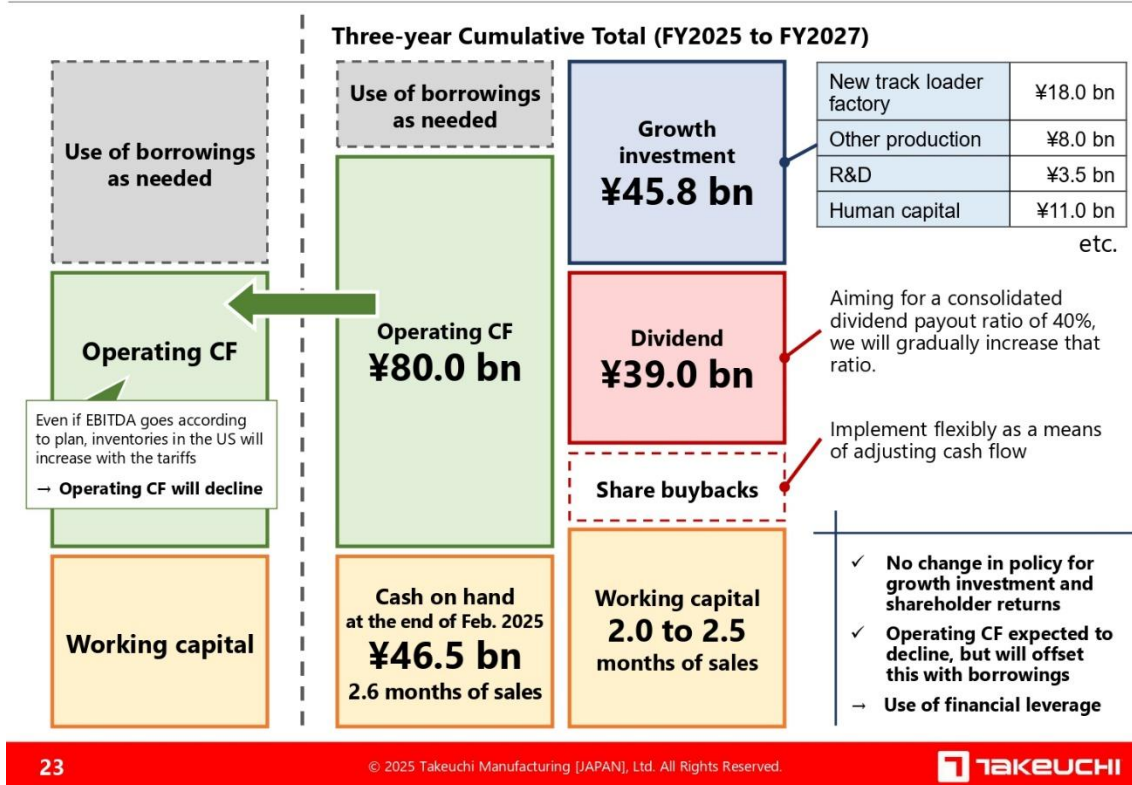
As shown here, sales in Europe are still low, but we see this as a promising opportunity. To seize the opportunity, we are developing new markets, for example, targeting the UK where the loader market itself is virtually non-existent. In September, we exhibited our loaders at a tradeshow and attracted people from the agriculture, forestry, and landscaping industries besides attendees primarily from the construction industry. We received positive evaluation and feedback, leading to inquiries coming not only from construction professionals but broader customers.

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Cash Allocation



Please see page 23. In the Fourth Medium-term Business Plan, we presented our cash allocation.

The plan does not factor in the impact of the US tariffs, and I must say that it will be difficult to realize the cash inflows on the left side of the chart as planned. Even if we sell products and earn profits as planned after passing on tariff costs to prices, our US inventories will increase by the amount of the tariffs. In other words, it is likely that operating cash flow will be lower than the estimated amount of JPY80 billion.

On the other hand, our policy regarding cash outflow for growth investment and shareholder return remains unchanged at this point, as shown on the right-hand side of the chart. Therefore, we intend to utilize borrowings to offset any potential shortfall in cash inflow. The Group has no interest-bearing debt, a high equity ratio, and is supported by a strong financial base that can withstand economic crises such as the recently implemented US tariffs. We intend to leverage the strength of our financial base and move forward into leveraged management to secure resources for growth investment and shareholder returns.

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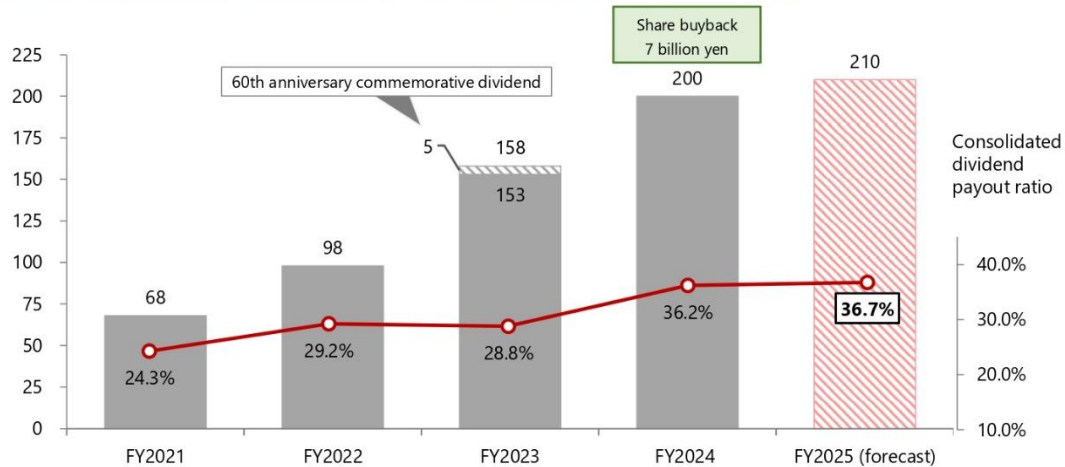
Shareholder Return and Dividend Payout Ratio

Basic Policy

We will prioritize allocation of cash flow to growth investment and after securing working capital equivalent to 2 to 2.5 months of sales, we will allocate surplus funds to shareholder returns.

- (1) **Aiming for a consolidated dividend payout ratio of 40%**, we will gradually increase that ratio.
- (2) Agilely **implement share buybacks** based on share price level and capital efficiency

Dividend per share and consolidated dividend payout ratio



24

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Please refer to page 24. We have revised our basic policy on shareholder return starting this fiscal year.

We have decided to further strengthen the return of profits to shareholders by gradually raising the consolidated dividend payout ratio to 40%. Taking into account the Group's financial situation and earnings forecast under this basic policy, we now plan to set the year-end dividend for the current fiscal year at JPY210 per share.

This concludes my explanation. Thank you for your attention.

[END]

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