[Reference Translation]

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Announcement of the Fourth Medium-term Business Plan

(FY2025 to FY2027)

The Takeuchi Group has formulated its Fourth Medium-term Business Plan, which covers the three-year period beginning with the fiscal year ending February 2026. **Note that the forward-looking statements in this document do not take into account the impact of the US tariff policies.**

1. Background of the Fourth Medium-term Business Plan

Our compact construction equipment continues to support people's daily lives in housing-related construction, infrastructure development, public and private-sector construction projects, and in some cases, disaster relief work. Our main markets are North America and Europe, and its main products in North America are track loaders and excavators, while its main products in Europe are excavators. Housing shortages and aging infrastructure are social issues facing not only Europe and North America, but all countries around the world. In addition, in order to realize a decarbonized society, it is also expected that the construction of infrastructure related to renewable energy will expand. Based on this background, we believe that demand for our products will steadily increase over the medium to long term.

Looking back on our Third Medium-term Business Plan (FY2022-FY2024), our factory in South Carolina (United States), which began operations in September 2022, has increased our track loader production capacity by 1.4 times, and our Aoki Factory in Nagano Prefecture (Japan), which began operations in September 2023, has increased our excavator production capacity by 1.5 times. Until FY2023, we were fully occupied just filling orders from existing customers, but from FY2024, we made progress in increasing our production capacity and clearing the backlog of orders, and began to expand our sales network. Currently, sales of track loaders remain strong in the main North American market and are steadily growing in Europe, while in contrast, sales of excavators have slowed in the main European market and are showing signs of slowing in North America.

Under the Fourth Medium-term Business Plan (FY2025 to FY2027), we will establish a solid position in the European and North American markets and aim to grow our market share in both, while also focusing on expanding sales in the Oceania region. We aim for a recovery in sales of excavators, which have been softening recently, and to expand sales of track loaders, which have steady demand. In FY2027, the final year of the plan, we intend to increase sales volume by 1.2 times for excavators, 2 times for track loaders, and 1.5 times for both products combined, compared to FY2024, and challenge ourselves to reach consolidated net sales of 300 billion yen. In terms of production, we will reorganize the models produced at the Home Office Factory and Aoki Factory, and reallocate the production capacity of excavators to track loaders. At the same time, in anticipation of further business expansion from FY2028 onwards, we will build a new factory dedicated to the production of track loaders on land adjacent to the Aoki Factory.

In terms of finances, we will not only increase net sales and profits, but also work to manage our business operations with an awareness of the financial structure on the balance sheet and increase the return of profits to shareholders. Further, to achieve our sustainable growth we need to position the resolution of social issues as the basis of our management and to strengthen non-financial initiatives, such as ESG. In both financial and non-financial aspects, we will share our management vision with our stakeholders, refine our business strategies through active and careful dialogue, and strive to enhance our corporate value.

2. Slogan and Basic Policy

<u>Building Excellence</u>

Through the steadfast commitment to High Quality, High Performance, and High Engagement, we will strive to achieve consolidated net sales of 300 billion yen.

- **High quality:** Develop, manufacture, and sell the world's highest quality compact construction equipment
- **High performance:** Grow net sales and profits, and increase return of profits to shareholders
- **High engagement:** Actively and respectfully engage in dialogue with stakeholders, investors, employees

3. Numerical Targets

		FY2024 (Results)	FY2027 (Medium-term plan target)
North America net sales └Sales volume growth rate		120.0 billion yen	178.4 billion yen +60%
Europe net sales └Sales volume growth rate		87.5 billion yen	108.7 billion yen +30%
Asia & Oceania net sales		2.8 billion yen	10.0 billion yen
Japan & Other Regions net sales		2.7 billion yen	2.9 billion yen
Consolidated net sales └ Aftermarket parts net sales		213.2 billion yen 17.3 billion yen	300.0 billion yen 20.8 billion yen
Operating profit └ Operating profit ratio		37.1 billion yen 17.4%	52.0 billion yen 17.3%
Earnings per share (EPS)		552 yen	800 yen
Return on equity (ROE)		16.6%	*2 17% or more
Exchange rates	US dollar	*1 152.65 yen	140.00 yen
	British pound	194.85 yen	177.00 yen
	Euro	163.74 yen	147.00 yen
	Yuan	21.13 yen	19.30 yen

*1 Exchange rates for FY2024 are the average rates for the 12 months period.

*2 We recognize the cost of equity as 10% based on the following, and we would like to maintain ROE that exceeds it.

- Survey method
  After conducting interviews with institutional investors, most responded “around 10%”
- CAPM method
  Risk free rate (1.1%) + beta value (1.33) × Market risk premium (6%) ≒ 9%
- Earnings yield method (inverse of P/E ratio)
  P/E ratio trending from 8x to 9x -> Resulting in 1/8 = 12.5% to 1/9 = 11.1%

4. Key measures

(1) Expand sales network and aftermarket parts sales

North America

We plan to expand our dealer network from the current 280 locations to 360 locations over the next three years and will proactively engage in sales activities for our main products of track loaders and excavators.

Europe

Assuming that the European economy recovers from the second half of 2025, we will work toward a recovery in sales of excavators, and gradually expand sales of track loaders.

Oceania

We will add distributors in Australia and aim to expand sales of excavators and track loaders through synergy with existing distributors. In addition, we will change the disclosure category for earnings by region from “Asia” to “Asia and Oceania” and will disclose results on a quarterly basis.

Aftermarket parts

We will increase aftermarket parts sales by promoting the benefits of our genuine parts (high quality and reliability) and proposing to customers an extension of the manufacturer's warranty period on the condition that they use genuine parts. Furthermore, we will disclose the results of aftermarket parts sales on a quarterly basis.

(2) Reorganization of production models and construction of new track loader factory

We will reorganize the models produced at our Home Office Factory and Aoki Factory to reallocate production capacity from excavators to track loaders, while also boosting our production volume by increasing our workforce and improving production efficiency through training, thereby doubling the number of track loader units produced in FY2027 compared to FY2024.

In anticipation of business expansion from FY2028 onwards, we will construct a new track loader factory on land adjacent to the Aoki Factory. When the new factory is fully operational, the combined production capacity of excavators and track loaders is expected to increase by 1.3 times.

(3) Expanding lineup of battery-powered compact excavators

We will expand our lineup of battery-powered compact excavators, while developing the strengths of our products, such as power, durability, operability, and comfort. In addition to our current 2-tonne class model, we are currently testing 1.5-tonne class and 3.5-tonne class prototypes in the market.

(4) Investment in human capital

Based on the recognition that "human capital is the source of corporate strength" and "distribution to people is an investment in the future," we will vigorously promote measures to improve employee well-being. Through initiatives such as sharing the Group's vision, providing learning opportunities, implementing health management, improving the work-life balance of employees, and promoting DE&I, we aim to create a work environment where employees are highly engaged.

(5) Promote sustainable management

<u>Environmental (reducing greenhouse gases (GHG) emissions)</u>

- GHG from products: Develop environmentally friendly products
- GHG from factories: Promote energy-saving activities, install solar panels, and use green electricity

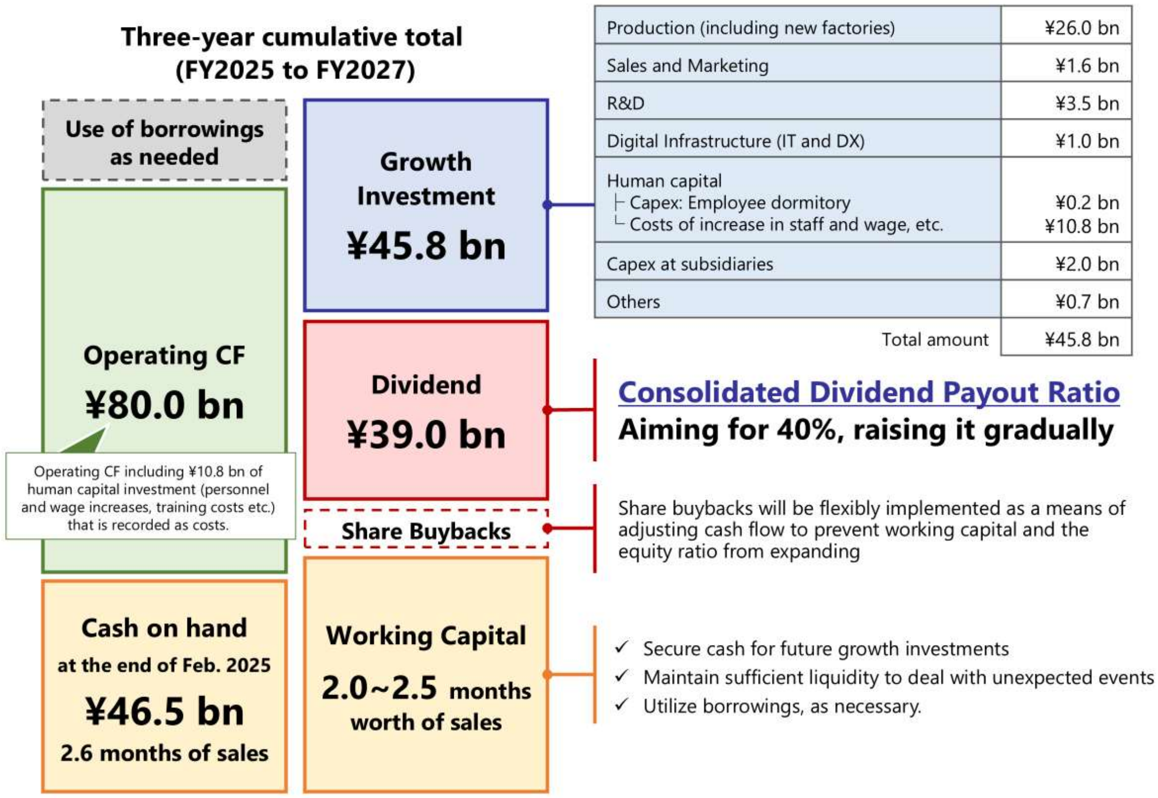
<u>Social (strengthening stakeholder engagement)</u>

- Shareholders: Ensure sufficient opportunities for dialogue with the president and directors, and reflect their opinions and requests in management
- Employees: Improve well-being and conduct engagement surveys
- Customers: Check the 3Gs (*genba*: actual situation, *genbutsu*: actual products, and *genjitsu*: reality of customers) and use this information in product development and service improvement
- Suppliers: Request compliance with the CSR Procurement Policy and the Partnership Building Declaration

<u>Governance (strengthening governance, compliance, and risk management)</u>

- Strengthening of the foundation of global management: Strengthen corporate legal affairs, administrative department staff, IT investment
- Risk management: Strengthen cybersecurity
- Revision of the director compensation system: Review the ratio of fixed remuneration and performance-linked remuneration

5. Cash Allocation



6. Dividend Policy and Shareholder Returns

■ 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 monthly sales, we will allocate surplus funds to shareholder returns.

a. Aiming for a consolidated dividend payout ratio of 40%, we will gradually increase that ratio.

b. Agilely implement share buybacks based on share price level and capital efficiency, etc.

*The business targets in this presentation are based on information that was available when this plan was prepared. The forecast is vulnerable to many uncertainties including, but not limited to, changes in demand and other aspects of market conditions and foreign exchange rate movements. Consequently, actual results of operations may differ from these targets because of changes in a variety of factors.