

Director's Message

Director and Senior Managing Executive Officer
Noriaki Yashiro



Promotion and establishment of a cost-of-capital-conscious management

Under the Mid-Term Management Plan (24-26), to advance corporate management that emphasizes capital efficiency, we are reviewing our business portfolio and making investment decisions based on cost of capital.

Many of our products cost from several hundred million yen to over one billion yen for a single machine. Given the nature of these products, there is always a tendency for working capital to balloon. In addition, as our business is susceptible to economic fluctuations, it is important to secure enough funds to withstand any sudden changes in economic conditions. In light of such characteristics of our business, our aim is to maximize the earning capacity of our core business by balancing the growth through proactive business expansion and the maintenance of a sound financial position. We emphasize ROIC as an indicator for this objective.

Regarding our most pressing issue of rebuilding our European operations, we divested the TDG Wallerscheid Plant at the end of June 2025, and we are now working on production transfer to Germany and Japan and on optimization. We will continue our efforts to improve ROIC by increasing revenue capacity via the launch of new models and new products, reducing inventory, consolidating surplus assets, and reducing interest-bearing debt.

In April 2026, we established a dedicated organization to advance thorough cost management and ROIC management across the entire Group. Further, we will aim to achieve and maintain a P/B (Price-to-Book) ratio of 1.0x or higher through sustainable growth and medium- to long-term enhancement of corporate value.

To secure a stable supply of the financial resources required for its business activities, the Tadano Group raises funds primarily through internal funds combined with borrowing from financial institutions and issuing corporate bonds. While monitoring financial soundness indicators, such as capital adequacy ratio and D/E ratio, as well as profitability indicators, such as ROE and ROIC, we select the most appropriate financing method, while also taking into account financing costs and the risks associated with interest rate fluctuations. In addition, control of funds is centered on minimum cash operations, and we are making efforts to improve fund efficiency throughout the Group. We also ensure liquidity through commitment line agreements with financial institutions and by ensuring adequate levels of cash and deposits.

We will continue to balance proactive investment with ensuring the stability of our management and financial bases, for sustainable growth and the enhancement of corporate value. We will also continue to maintain adequate liquidity, while being prepared for unforeseen circumstances.

Cash allocation and shareholder return

Regarding cash obtained in our business activities, it is our policy to allocate funds with a priority on future-oriented investments for growth and on maintaining stable corporate management, and return surplus funds to shareholders on an ongoing basis.

While we revise the Mid-Term Management Plan (24-26) as appropriate, we currently have a total of approximately 100 billion yen in cash and deposits on hand and unused borrowing facilities. In addition, we expect to generate 40 billion yen from operating cash flow and improved asset efficiency. We have also secured 60 billion yen in financial capacity to prepare for M&As and the U.S. tariff impacts, bringing our total funding plan to approximately 200 billion yen. We will use these funds to continue making proactive investments for growth.

Given that our business is inherently susceptible to fluctuations in market conditions, in the past, we did not set a specific dividend payout ratio target. Instead, we paid stable dividends while comprehensively considering our performance and business conditions. On the other hand, in the Mid-Term Management Plan (24-26), we have positioned shareholder return as a key management issue and adopted a basic policy of making stable dividend payments with a targeted dividend payout ratio of 30%, while taking future business strategy and business environment into consideration. Based on this policy, for FY 2025, we have decided to pay a year-end dividend of 26 yen per share, resulting in, together with the interim dividend of 18 yen per share, the annual dividend of 44 yen per share (payout ratio of 30.4%). This is an increase of 21 yen from the previous fiscal year.

Under the slogan of "Reaching new heights," we will aim for further growth together with our shareholders. I ask for your continued understanding and support.

