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Tadano Ltd.
TSE: 6395
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Conclusion of Restructuring Procedure for Two German Subsidiaries of the Tadano Group

On March 31st, the District Court in Zweibrücken Germany (hereafter "the Court") issued final approval for the restructuring plans being undertaken by Tadano's German subsidiaries, Tadano Demag GmbH (based in Zweibrücken; hereafter "TDG") and Tadano Faun GmbH (based in Lauf an der Pegnitz; hereafter "TFG"). Receipt at both companies of this Court approval, delivered in writing on April 1st, signals the successful conclusion of the restructuring procedure under the Protective Shied Proceedings pursuant to German Law (Please see the Tadano Group press release from October 9, 2020 for further details).

Tadano is currently evaluating the impact of this procedure on the company's business results and will make prompt disclsosures if the need arises.

1. Background

In July 2019, Tadano acquired the German-based Demag Mobile Crane Business, as part of its proactive efforts aimed at achieving the Tadano Group's long-term goal of becoming a global leader in the lifting equipment industry. Through this acquisition, the Tadano Group further expanded its offering of all terrain cranes, as well as newly adding crawler cranes to its product lineup, putting Tadano in a better position to meet the diverse needs of its customers.

Since the acquisition, TDG and TFG have been integrating their businesses with the aim of achieving synergy effects and working toward higher profitability. However, the Covid-19 pandemic slowed down the demand for cranes globally, and it became clear that plans for profitability in Europe were going to suffer a major delay.

Given the situation, in October 2020 TDG and TFG decided to begin restructuring under the Protective Shield Proceedings pursuant to §270b of the German Insolvency Directive. Tadano has now received final approval from both the companies' creditors and the Court for closure of the procedures. Furthermore, in step with the restructuring plan, Tadano has established Tadano Europe Holdings GmbH, a holding company which began operations in January 2021. Moving forward, Tadano's European Operations will continue with speedy recovery in line with the restructuring plan trajectory and will contribute to the Tadano Group's long-term growth.

2. Overview of Restructuring Plan Approved by the Court

Following is an overview of the restructuring plan approved by the Court:

(1) Broader and more complete lifting equipment solutions portfolio featuring new, jointly developed models

- Tadano will introduce 15 new all terrain and lattice boom crawler crane products to the market over the next four years

(2) Strategically leveraging the best of both TFG and TDG through an integrated production scheme and reduced procurement costs

- ◆ Improved QCD through integrated production scheme
- ◆ Enhanced cost competitiveness through joint procurement and modularization/commonization of components

(3) Optimization of operations, organizational structure, and workforce

- ◆ Alignment of functional operations at TDG and TFG
- ◆ Standardization of processes made possible through harmonization of ERP systems
- ◆ Optimization of work force

(4) Optimization of inventory, assets, and balance sheets of each company

- ◆ Reduction of fixed costs
- ◆ Reduction of inventory
- ◆ Reduction of pension liabilities, etc.

For the purposes of speedy recovery in line with the restructuring plan, the following structural changes have been implemented:

- ◆ Start of operations for Tadano Europe Holdings GmbH (January 1, 2021) in order to realize more efficient alignment of company leadership and operations
- ◆ Streamlining of French subsidiaries Tadano France SAS and Tadano Demag France SA under the new company name of Tadano France SA
- ◆ Streamlining of UK subsidiaries Tadano UK Ltd and Tadano Demag UK Limited as Tadano UK Ltd