



VISION 30

Rolling Plan FY2022 to FY2024

May 12, 2022

OKADA AIYON CORPORATION

VISION 30

~Go To The Next Stage~

Table of Contents

Consolidated Financial Results for FY3/22	P1
Sales of Each Segment in FY3/22	P2
Performance Trends	P3~4
3-Year Plan (FY2022 to FY2024)	P5~6
Capital Expenditures: Results and Plans	P7
Cash Flow: Results and Plans	P8
Productivity of Invested Capital: Results and Plans	P9
Business Portfolio	P10
Initiatives for Sustainability	P11~12
Reference 1: Outline of Long term Vision "VISION 30"	P13
Reference 2: Assumptions for Formulating Results and Plans of Productivity of Invested Capital	P14

The forward looking statements contained in this report are based on management's assumptions and beliefs in light of the material currently available to the Company and other reasonable assumptions, and involve risks and uncertainties. Therefore, we do not promise or guarantee the realization of the future plans and measures presented.

(Inquiries) Corporate Planning Office, OKADA AIYON CORPORATION

TEL: 06-6576-1271 FAX: 06-6576-1270 URL: <http://www.aiyon.co.jp/>

Consolidated Financial Results for FY3/22

- In response to the recovery in domestic and overseas demand, our company achieved record-high sales and profit. Sales reached 20 billion yen.
- Both sales and profit exceeded the initial forecast (announced on May 13, 2021). In comparison with the forecast announced on February 10, 2022, sales exceeded the forecast, but profit fell short due to the impact of price hikes in raw materials and ocean freight rates in the second half of the fiscal year.

(Million yen)

	Results	Year-on-Year	Comparison with the forecast announced on May 13, 2021		Comparison with the forecast announced on February 10, 2022		
			Rate of change (%)	Rate of achievement (%)	Rate of achievement (%)	Rate of achievement (%)	
Net sales	20,306	+2,715	15.4	+1,806	109.8	+ 306	101.5
Operating income	1,771	+394	28.7	+171	110.7	-81	95.7
Ordinary income	1,808	+374	26.2	+208	113.0	-48	97.4
Net income attributable to owners of parent	1,190	+271	29.5	+ 130	112.3	-10	99.2

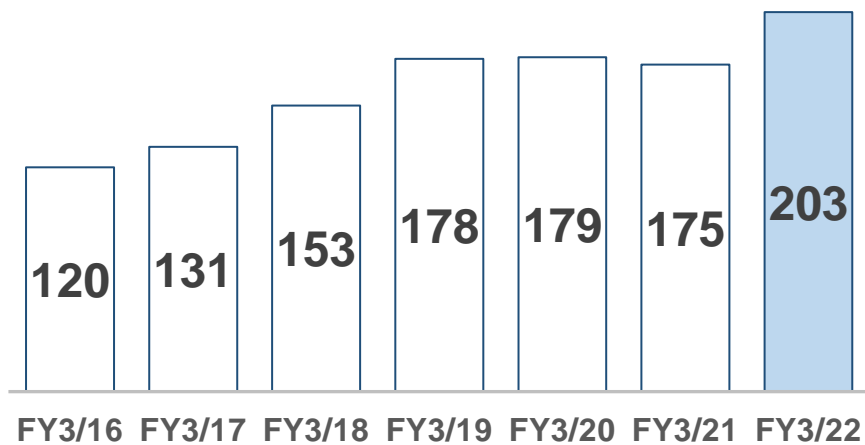
*Actual exchange rate (average): 1 dollar = 112 yen, 1 euro = 131 yen

Sales of Each Segment in FY3/22

	Results for FY3/22 (Million yen)	Year-on-Year (Million yen)	Rate of change (%)	Comments
Demolition environmental attachment	10,708	+1,663	18.4	<ul style="list-style-type: none"> ○Strong overall sales due to the sales promotion effect of the Okada Grand Exhibition. ○The backlog of orders for mainly the flagship crushers has risen to a record high due to rising demand for demolition. △Future challenges include production output increase in response to demand and price revisions.
Forestry machinery, large environmental machinery, cable cranes, etc.	3,357	+83	2.6	<ul style="list-style-type: none"> ○Forestry machinery: Improvement in the number of orders due to the launch of the high-performance forestry machinery “Okada Hybrid Bucket,” etc. ×Large environmental machinery: Decrease due to the impact of the weaker yen on import and longer turnaround time. ○Cable cranes: Maintained strong performance due to the demand for the extension of the lifespans of hydroelectric power plants.
Repair and material	2,595	+221	9.3	<ul style="list-style-type: none"> ○Renovation of the sales offices (and maintenance plants) and reinforcement of repair facilities. ○In addition to its own sales offices, our company has designated service maintenance factories nationwide to supplement our after-sales service system.
Domestic segment	16,661	+1,969	13.4	<ul style="list-style-type: none"> ○Strengthening the sales cooperation system of Okada and Nanseikikai Co., Ltd. in conjunction with the renovation of sales offices. △Issues to be dealt with include securing products, cost management in response to increased raw material prices and longer procurement times, inventory management, and the reflection of the augmentation of costs in product prices.
Overseas segment	3,645	+746	25.7	<ul style="list-style-type: none"> ○U.S.: Recovery to pre-COVID-19 level and infrastructure demand expected. ○Europe: Expansion is progressing steadily with the establishment of 81 agents in 31 countries after the establishment of a local subsidiary in January 2020. △Asia: Recovery trend due to the release of new products that match prices. ○Other: Our company is continuing to expand to the Middle East, Australia and South America.

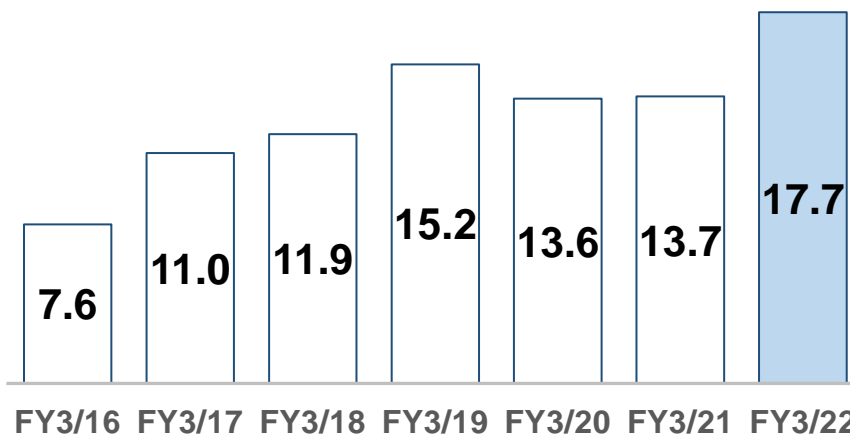
Net sales

(100 million yen)



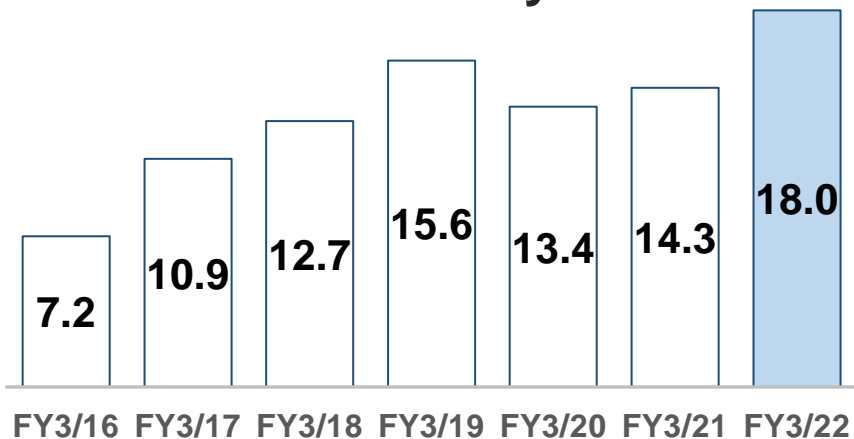
Operating income

(100 million yen)



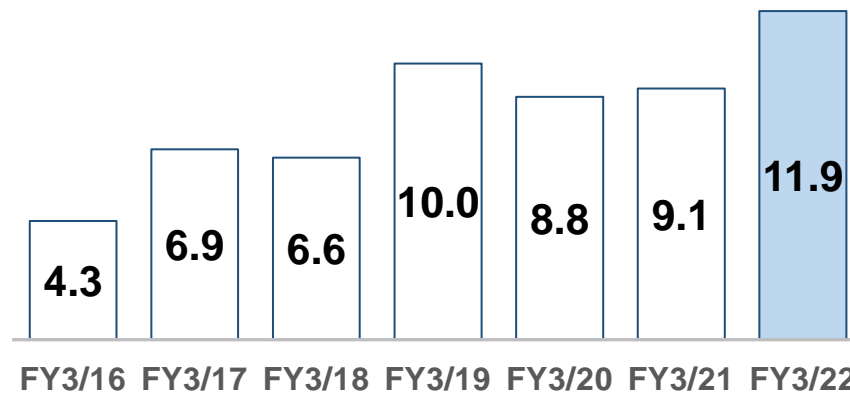
Ordinary income

(100 million yen)



Net income attributable to owners of parent

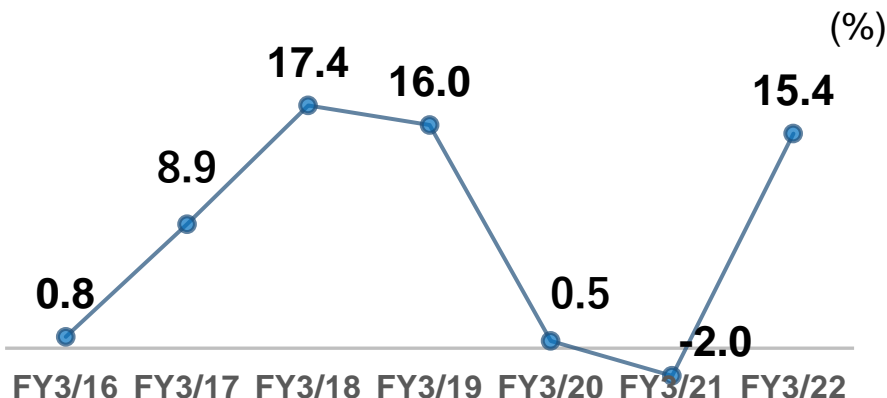
(100 million yen)



Performance Trends

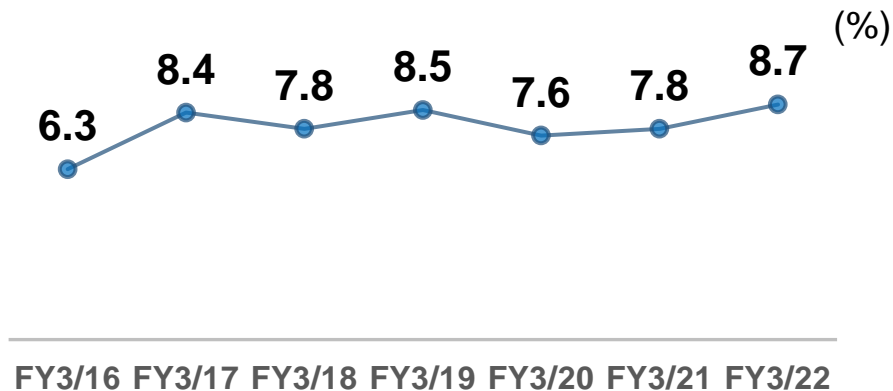
Net sales growth rate

VISION 30
target
10% or over



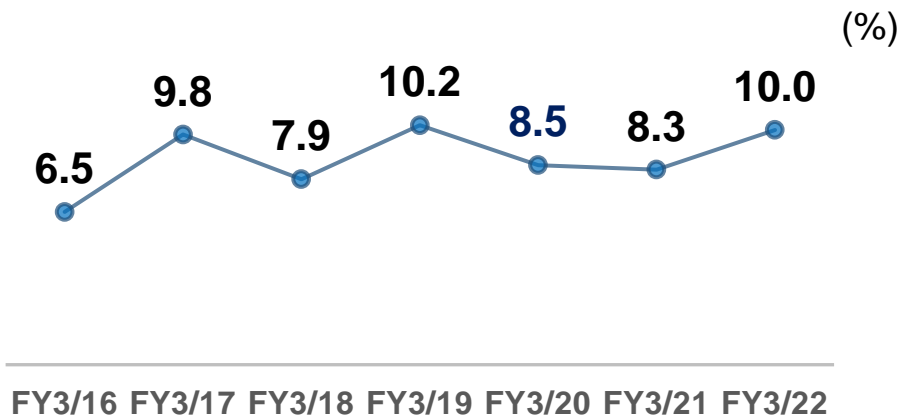
Operating income to net sales

VISION 30
target
10% or over



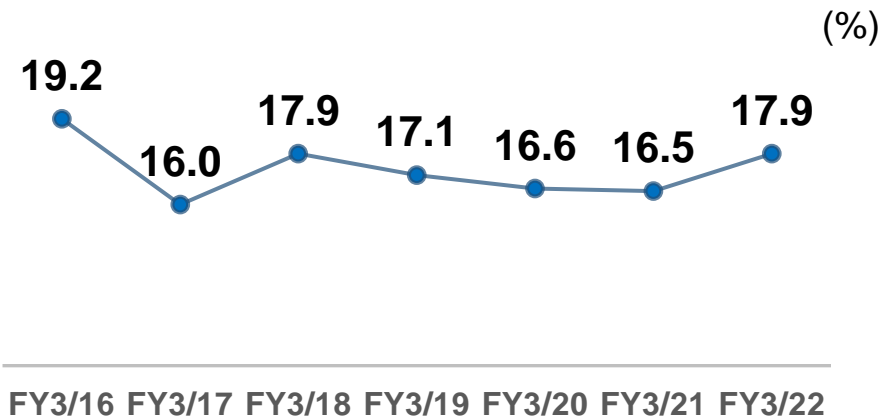
ROE

VISION 30
target
10% or over



Overseas sales ratio

VISION 30
target
30% or over



3-Year Plan (FY2022 to FY2024)

Basic Policy: While responding to the recent increase in demand with existing resources, the three-year plan will focus on strengthening production systems to increase production and reduce costs in order to respond to the continuous increase in demand in Japan and overseas.

Numerical plan

(Million yen)

	FY2021 Results (FY3/22)	Difference from Rolling Plan created in FY2021	FY2022 Plan (FY3/23)	Difference from Rolling Plan created in FY2021	FY2023 Plan (FY3/24)	Difference from Rolling Plan created in FY2021	FY2024 Plan (FY3/25)
	Net sales	20,306	+1,806	21,500	+1,500	23,000	+1,000
Operating income	1,771	+171	2,000	+200	2,200	+100	2,500
Ordinary income	1,808	+208	2,000	+200	2,200	+100	2,500
Net income attributable to owners of parent	1,190	+130	1,340	+140	1,470	+70	1,670
Operating income to net sales (%)	8.7	+0.1	9.3	+0.3	9.6	+0.1	10.0
ROE (%)	10.0	+1.0	10.3	+0.8	10.4	+0.2	10.9

*Assumed exchange rates for the plan: 1 dollar = 120 yen, 1 euro = 130 yen

Our company will focus on expanding production capacity and supply that will contribute to marketing.

★ represents measures related to the expansion of production capacity and supply.

Division	Measures	Details
Production	★Strengthening ties with cooperating suppliers	Stable procurement of products, parts and materials
	★Strengthening production capacity at AIYON TECH Asaka Plant	Securing human resources, increasing the number of partner companies, and expanding production facilities
	★Improving productivity and reviewing cost management at Okada and Nanseikikai	Pursuing higher production capacity and lower costs
	★Shift to mass production at the hydraulic breaker plant in Vietnam	Strengthening the lineup of the global models of hydraulic breakers
Domestic sales and services	★Renovation of the sales offices and maintenance plants	Sendai Sales Office (April 2022) and Sapporo Sales Office (scheduled for May 2023) aim to respond to increase in size of construction machinery
	Spread of sales price revisions	Responding to cost increases due to a rise in raw material and transportation costs
	Continuation of the attachment insurance system	Improving the user's peace of mind by compensating for damage and repair costs for the first two years after the sale of the "TS Series" demolition attachments
	Strengthening the cooperative structure with Okada and Nanseikikai	Strengthening in-group collaboration in sales and maintenance services
Overseas	★Relocation and expansion of Okada America Head Office	Expanding the functions of warehouses and repair factories in the major North America region
	Enriching products for overseas markets	Development and release of models with overseas specifications
	Enhancement of base functions	Deploying personnel and products at overseas bases

Capital Expenditures: Results and Plans

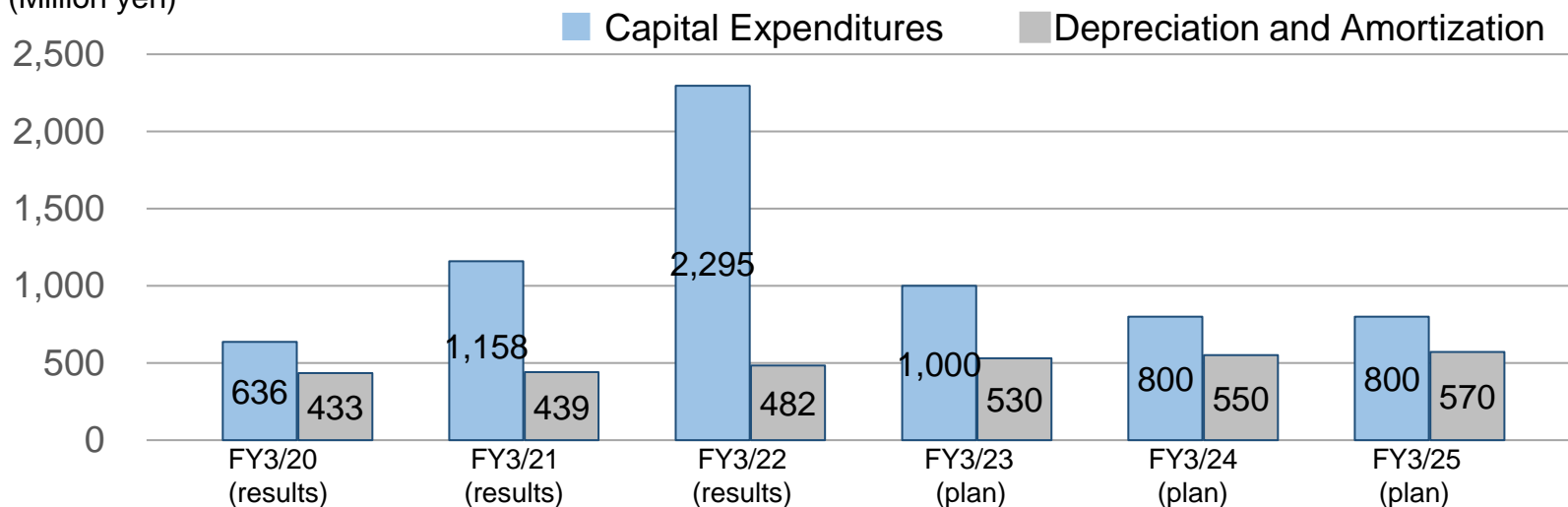
To a certain extent, our company has increased the capacity of its domestic sales offices and maintenance plants to accommodate larger attachments.

Our company will continue to consider the expansion of production facilities and main bases.

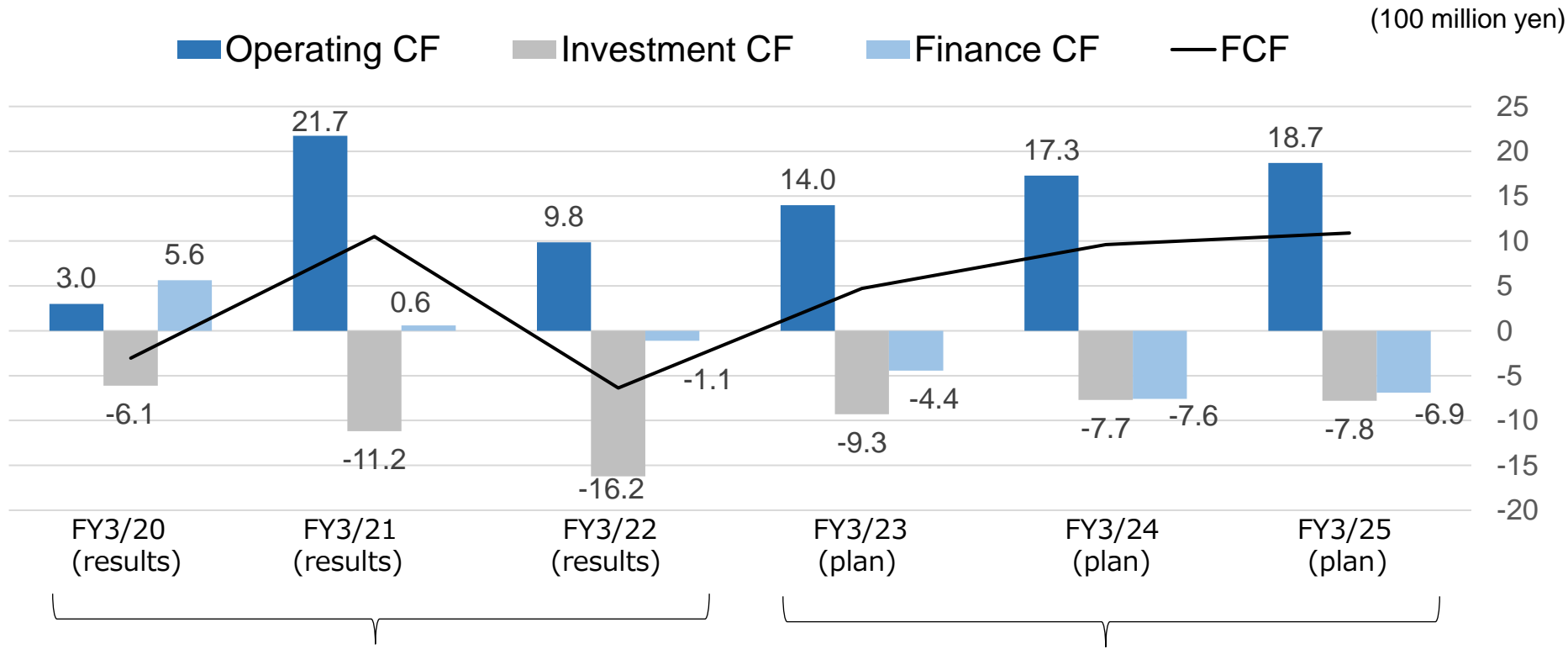
(Million yen)

	Results			Rolling Plan FY2022 to FY2024		
	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25
Capital expenditures	636	1,158	2,295	1,000	800	800
Major equipment	Shonan Sales Office Shikoku Sales Office Head Office Repair Factory	Shonan Sales Office Hiroshima Sales Office	Hiroshima Sales Office Chubu Sales Office Sendai Sales Office Sapporo Sales Office	AIYON TECH Plant Sapporo Sales Office America Head Office Plant	AIYON TECH Plant Sapporo Sales Office	Undecided
Depreciation and amortization	433	439	482	530	550	570

(Million yen)



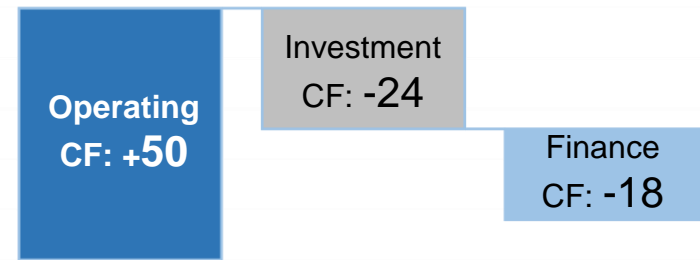
Cash Flow: Results and Plans



3-year cumulative



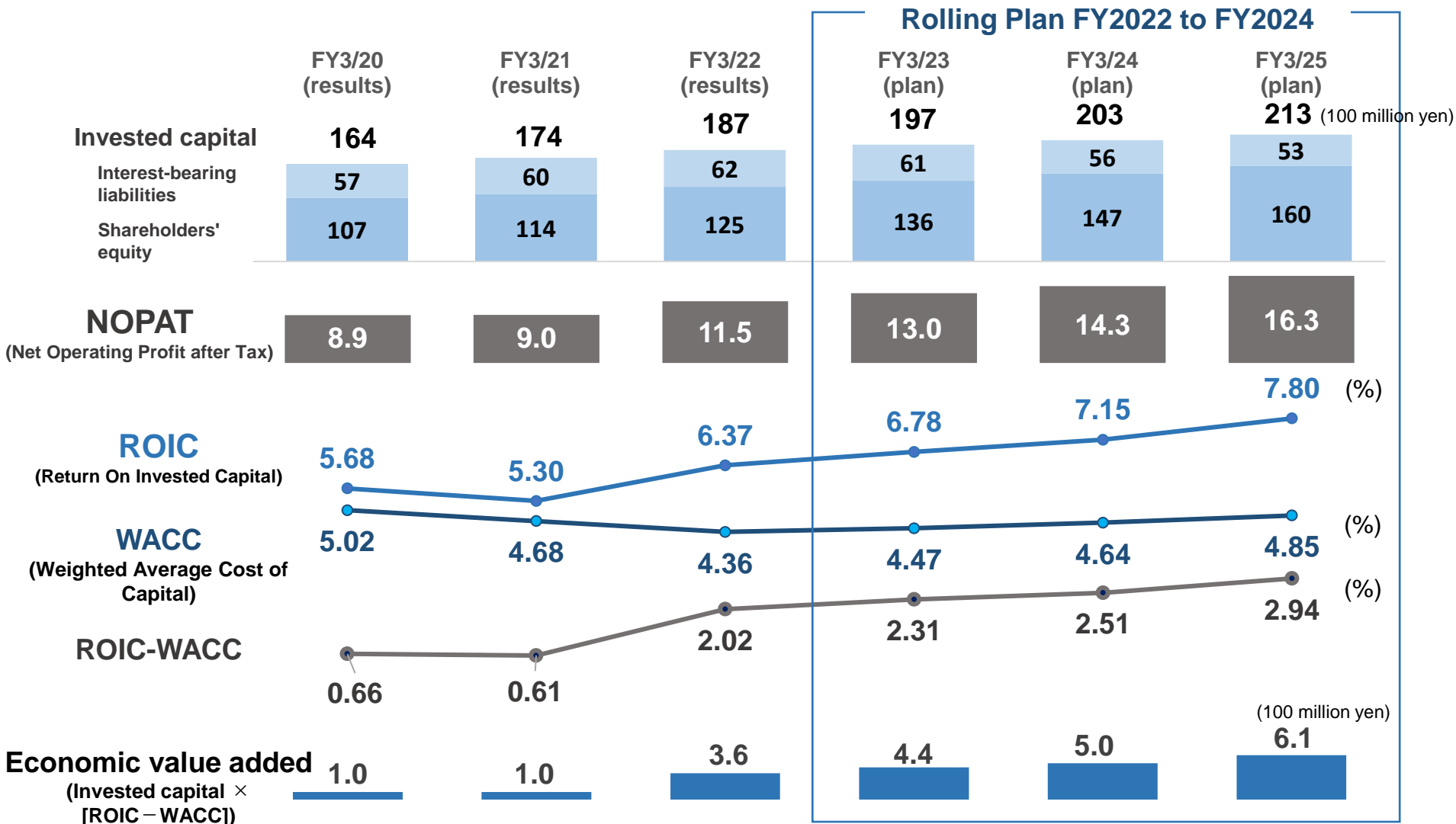
Rolling Plan FY2022 to FY2024 cumulative



Productivity of Invested Capital: Results and Plans

*Based on our company's estimates

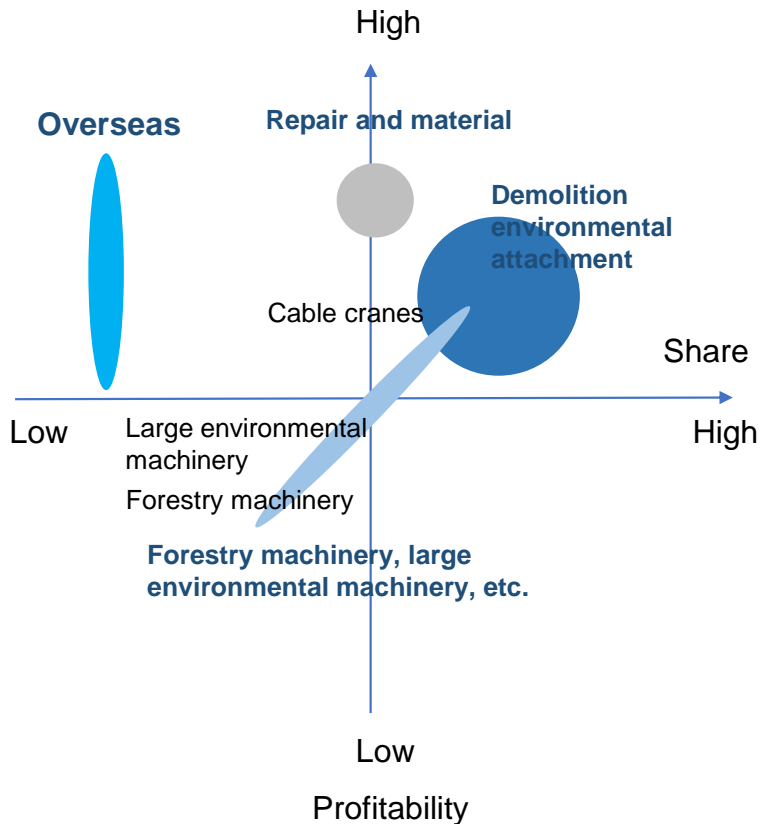
The figures are calculated simply to study trends. Please see Reference 2 on page 14 for the assumptions for calculating the values.



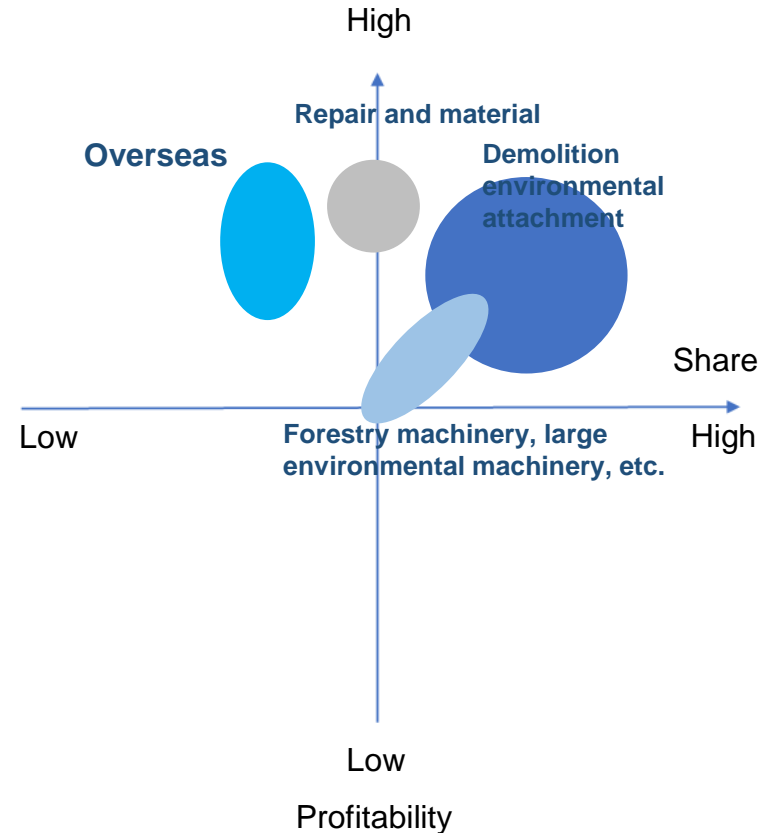
Envisioned growth of the business portfolio through the implementation of VISION 30

Expansion of demolition environmental attachment and repair and material while maintaining the current business position. Strengthening competitiveness in overseas, forestry machinery and large environmental machinery fields.









FY2022



VISION 30 Achieved



Materiality (Key Issues) and KPIs

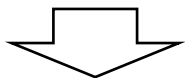
Materiality	SDGs	Commitment	KPI
Achieving carbon neutrality	 	<ul style="list-style-type: none"> Aiming to realize a decarbonized society, our company will make efforts to minimize energy consumption and utilize next-generation renewable energy. Recognizing that CO₂ emissions from the use of our company's products at demolition, forestry and large-scale civil engineering sites are of high significance, our company will promote efforts to develop and improve products for achieving electrification and higher energy efficiency. Our company will reduce CO₂ emissions from indirect departments and production processes. 	<ul style="list-style-type: none"> Reducing CO₂ emissions within the group (Scopes I and II) [Excluding overseas sales companies] Net 0 by 2050 70% reduction by 2030 (compared to 2018) Efforts to reduce scope III CO₂ emissions (Establishment of mechanisms and target selection)
Supporting recycling systems in society	 	<ul style="list-style-type: none"> Effective use and recycling of resources are important issues in resource-poor countries and contribute to efficient scrap and build. Our company aims to create a recycling-oriented society by contributing to the improvement of the efficiency of demolition sites and by recycling waste materials. 	<ul style="list-style-type: none"> Increasing productivity of attachment demolition operations by 10% by 2030 (compared to our company's existing products in 2020) Contributing to maintaining a recycling rate of 98% or more for construction waste such as concrete
Conservation and effective use of mountain and forest resources	 	<ul style="list-style-type: none"> Our company will contribute to the efficiency of forestry. Our company will contribute to effective utilization of lumber resources. Our company aims to make effective use of land by providing equipment for moving and transporting materials in difficult construction areas. 	<ul style="list-style-type: none"> Increasing productivity of forestry equipment by 10% by 2030 (compared to our company's existing products in 2020) Contributing to the maintenance of hydropower capacity at 250 million kwh/year (by 2030)
Realization of work style reform and diversity	 	<ul style="list-style-type: none"> In response to the decline in the Japanese productive population, our company will work on productivity improvement and automation using DX. Our company will provide a place where everyone can work by creating a mechanism and environment for recruitment, human resource development and promotion. Labor and human rights are also taken into consideration at the group's partner companies. Our company will strengthen the corporate governance system to realize work style reform and diversity. 	<ul style="list-style-type: none"> Introducing a mechanism to measure employee satisfaction and improve employee satisfaction Female employee ratio: 13% (2021) → 25% (2030) Percentage of female directors: 12.5% (2021) → 25% (2030) Considering labor and human rights when selecting partner companies

(Reference) Achieving carbon neutrality: Trends in CO₂ emissions

KPI (Target Value)
 Reducing CO₂ emissions within the domestic group (Scopes I and II)
 70% reduction by 2030 (compared to 2018)
 Net 0 by 2050

January 2020

Switch electricity at all domestic group sites to renewable energy (*derived from wood biomass power plants)

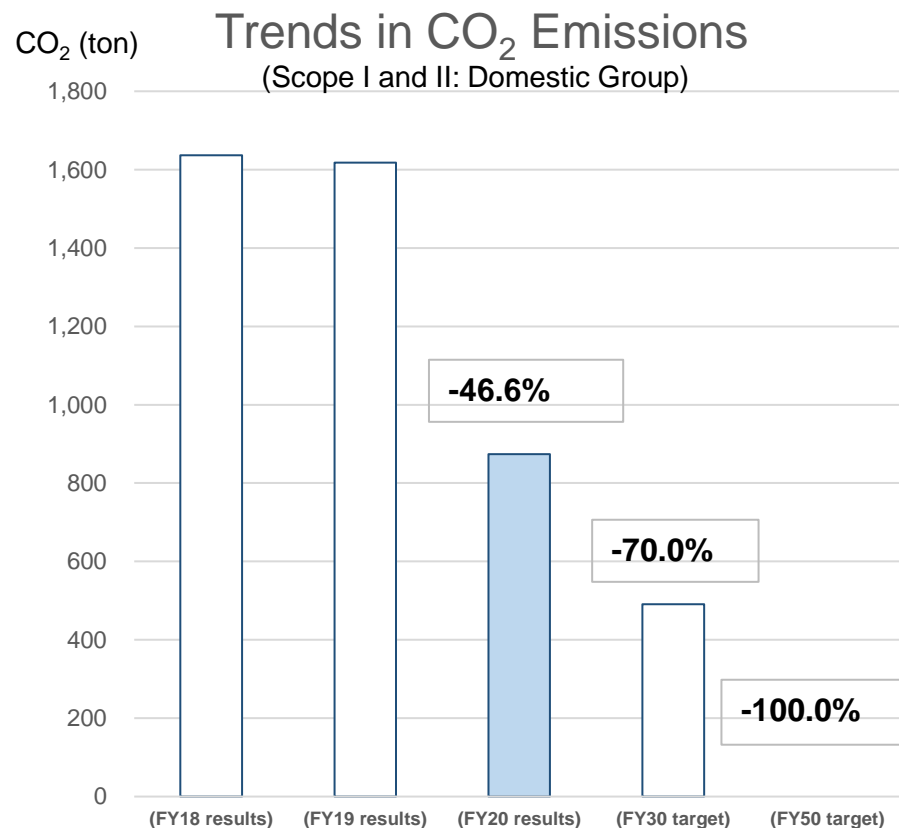


Results for FY2020 (ended March 2021)

46.6% reduction (compared to FY 2018)

*The company has signed power supply contracts with Morinodenryoku K.K. and Nadeshikodenryoku K.K., and is receiving electricity from wood biomass power plants such as Green Power Generation Oita (Hita City, Oita Prefecture) and Utthi kawai Inc.'s Kuzakai power station (Miyako City, Iwate Prefecture).

(Reference)
 "Switching to Electricity Generated from Wood Biomass Power Plants," dated December 24, 2019
<https://www.aiyon.co.jp/wp-content/uploads/2019/12/670c55fc378fb8dd05a91c18f8d6927a.pdf>



Outline of VISION 30

VISION 30 Statement

Slogan:

People create an environment

Values:

[Corporate Culture] Corporate culture that respects individuals and encourages freedom and unity

[Business] Providing customer oriented products and services

[Social] Business expansion leading to the resolution of social issues such as environmental issues

Contribute to create an "environmentally" friendly society through business activities by fostering human resources capable of creating an "environment" without being diverted to the "environment."

VISION 30 Key Performance Indicators (KPIs)

Triple 3

Net sales: 30 billion yen or more

Operating income: 3 billion yen or more

Market capitalization: 30 billion yen or more

Triple 10

Net sales growth rate: 10% or more

Operating income to net sales: 10% or more

ROE: 10% or more

VISION 30 3 Strategies

<p>Human Resources Strategy</p>	<p>(1) Human Resource Development (2) Personnel System (3) Work Style Reform</p>	<p>Recruitment, development and utilization of human resources Fair valuation and compensation system reflecting results and contributions Creating a workplace that is easy to work in, makes people want to work in, and is rewarding to work in</p>
<p>Market Strategy</p>	<p>(1) Domestic Strategy (2) Overseas Strategy (3) New Businesses</p>	<p>Strengthening integrated value chain in response to increased demand Market development through the introduction of products and manpower to three bases in the U.S., Europe and Asia Application of new technologies (new demolition methods, DX, etc.) and promotion of strategic M&A</p>
<p>Strengthening Management Base</p>	<p>(1) CG System (2) Hardware (3) Software</p>	<p>Establishment of governance structure to support sustainable growth Maintenance (expansion and new construction) of plants and sales bases in Japan and overseas Development of system infrastructure and business reform and evolution of customer responsiveness through DX</p>

Reference 2: Assumptions for Formulating Results and Plans of Productivity of Invested Capital

1 4

① Cost of Equity

Cost of equity = Risk-free rate + Risk premium x β [Sampling period = Risk premium: from 1960, β : 2 years]

	End of FY3/18	End of FY3/19	End of FY3/20	End of FY3/21	End of FY3/22	From FY 3/23(*)
Cost of equity	6.1%	7.3%	7.7%	7.5%	6.4%	6.4%
Risk-free rate	0.09%	0.07%	0.04%	0.04%	0.04%	—
Risk premium	6.25%	5.87%	6.08%	6.10%	6.20%	—
β	0.97	1.24	1.26	1.22	1.03	—

(*)For the fiscal year ending March 2023 and onward, the capital cost at the end of the fiscal year ended March 2022 is used.

② NOPAT (Net Operating Profit after Tax)

NOPAT = Operating income \times (1 - Effective tax rate) [Effective tax rate is fixed at 35%]

③ ROIC (Return On Invested Capital)

ROIC = NOPAT/Invested capital (debt + equity) [Debt = Book value base; Equity = Book value base]

④ WACC (Weighted Average Cost of Capital)

WACC = Cost of debt \times (1 - Effective tax rate) \times Debt/(debt + equity) + Cost of equity \times Equity/(debt + equity)

[Debt = Book value base, Equity = Market capitalization base, Stock prices after the fiscal year ending March 2023 are estimated based on forecast PER average of 9.7 for January to March 2022.]