



VISION 30
- Go To The Next Stage -

Rolling Plan

FY3/25 to FY3/27

May 10, 2024

OKADA AIYON CORPORATION
(TSE Prime Market 6294)

VISION 30

- Go To The Next Stage -

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In Japan, the demand for demolition crushers and forestry machinery was healthy, and outside Japan, we took advantage of the M&A in North America and the yen depreciation. As a result, **sales and profit hit a record high for the third consecutive fiscal year.**

(Millions of yen)

	Results	Year-on-year	Vs initial forecast (May 11, 2023)		Vs revised forecast (November 10, 2023)		
			Change rates (%)	Achievement rate (%)	Achievement rate (%)	Achievement rate (%)	
Net sales	27,095	3,520	14.9	1,595	6.3	595	2.2
Operating profit	2,719	754	38.4	419	18.3	69	2.6
Ordinary profit	2,814	853	43.5	564	25.1	164	6.2
Profit attributable to owners of the parent	1,886	472	33.4	386	25.8	156	9.1

*Actual exchange rates (average): 1 USD = 145 JPY, 1 EUR = 157 JPY

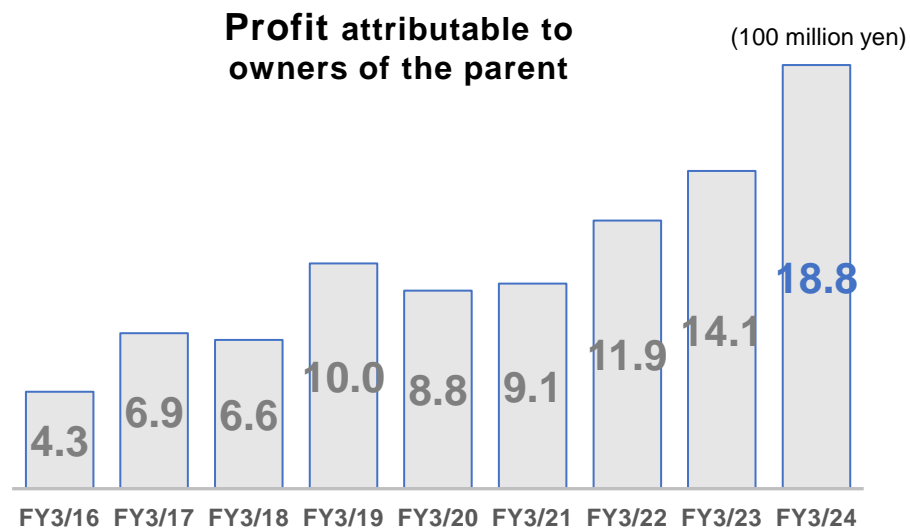
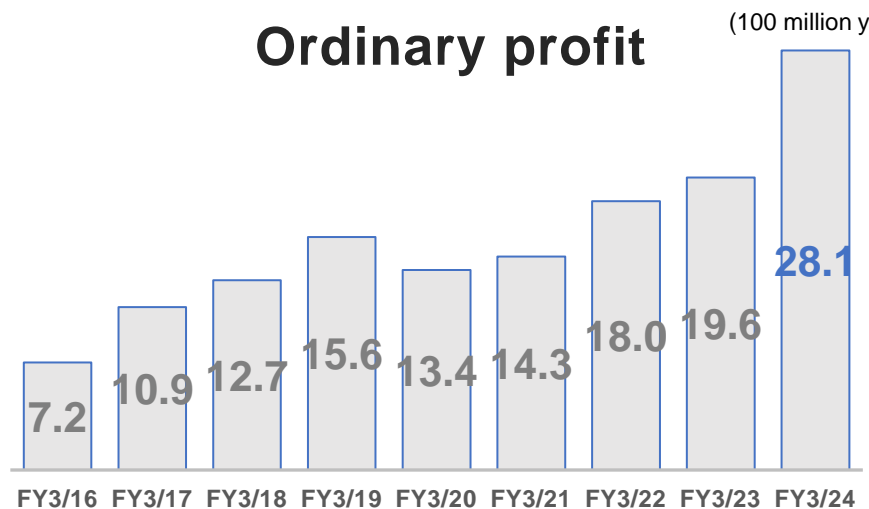
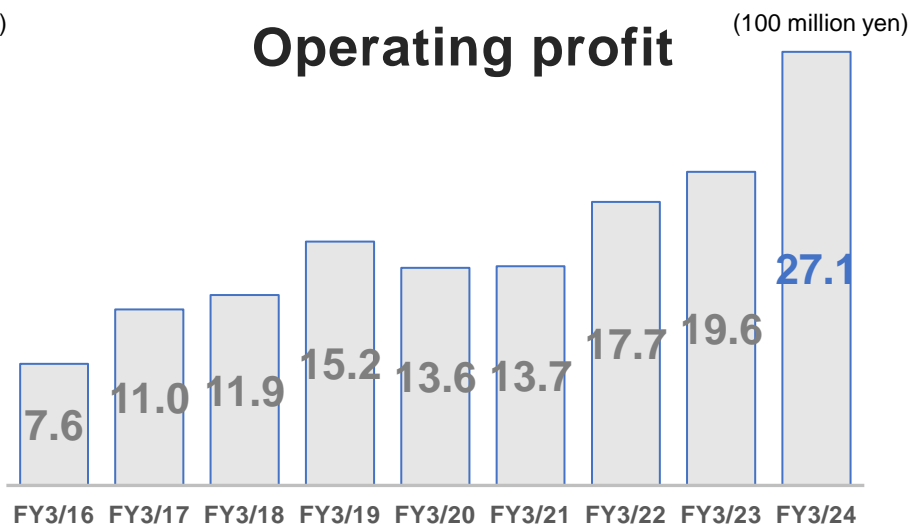
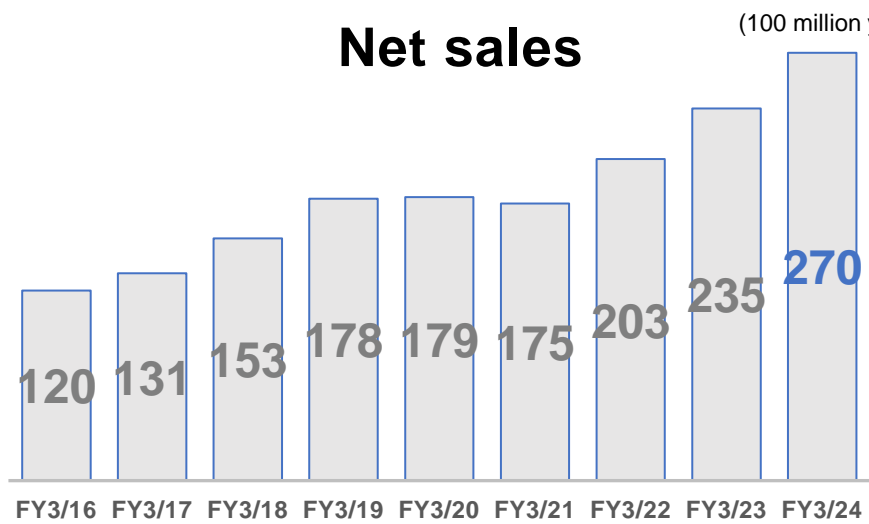
Review of FY3/24: Sales Results by Segment

	Results for FY3/24	Year-on-year	Change rates	Comments
Demolition environment attachment	(Millions of yen) 12,754	(Millions of yen) 949	(%) 8.0	<ul style="list-style-type: none"> ○ The sales of crushers grew 8.6% thanks to the healthy demand and the increase in production output. △ The sales of hydraulic breakers were almost unchanged, but our market share improved. ○ The sales of gripples increased 20.5%, because the problem of shortage of components was resolved.
Forestry, large-scale environment, cable crane, etc.	4,219	125	3.1	<ul style="list-style-type: none"> ○ The sales of forestry machinery increased 47.5%, thanks to the good performance of the high-performance forestry machinery "OHB*." ○ The sales of large-scale environment machinery rose 35.0%, as the turnaround time for import improved to some extent. △ The sales of cable cranes dropped 30.2%, because there was no longer special demand for them as in the previous year for constructing a large dam, but the demand for them for hydroelectric power plants remained healthy.
Repair and replacement materials	3,274	399	13.9	<ul style="list-style-type: none"> ○ Development of the systems through renewal of the sales offices (and maintenance shops) has been successful. ○ In addition to our own sales offices, the Company has designated service maintenance shops throughout Japan to complement its after-sales service system.
Domestic segment	20,249	1,474	7.9	<ul style="list-style-type: none"> ○ Our manufacturing capacity is improving gradually, as the problem of shortage of components was resolved and we secured partner companies. ○ The augmentation of manufacturing costs was offset by the increase of our prices, so profit margin was maintained. △ We are addressing the problems with cost management, inventory, etc. to improve productivity.
Overseas segment	6,846	2,045	42.6	<ul style="list-style-type: none"> ○ The sales in North America grew 63.0%, thanks to the enhancement of our marketing system and the effects of M&A. ○ In Europe, sales increased 13.7%, as distributors increased although market slowed down. △ In Asia, sales declined 3.0%, due to the market stagnation and the fierce price-cutting war.
Total of domestic and overseas segments	27,095	3,520	14.9	<ul style="list-style-type: none"> ○ As we met the demand for demolition and forestry in Japan and took advantage of M&A in North America, sales and profit hit a record high for the third consecutive fiscal year.

*OHB = Okada Hybrid Bucket (an attachment for a feller buncher for logging and gathering lumber)

**“Arch 2020” was the medium- to long-term management plan from FY3/16 to FY3/21.

“VISION 30” is the medium- to long-term management plan launched in FY3/22.



Results Trends

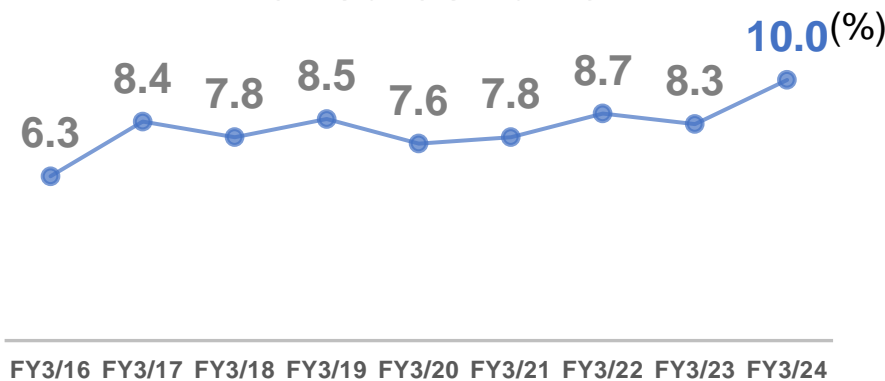
Net sales growth rate

VISION 30
Targets:
10% or over



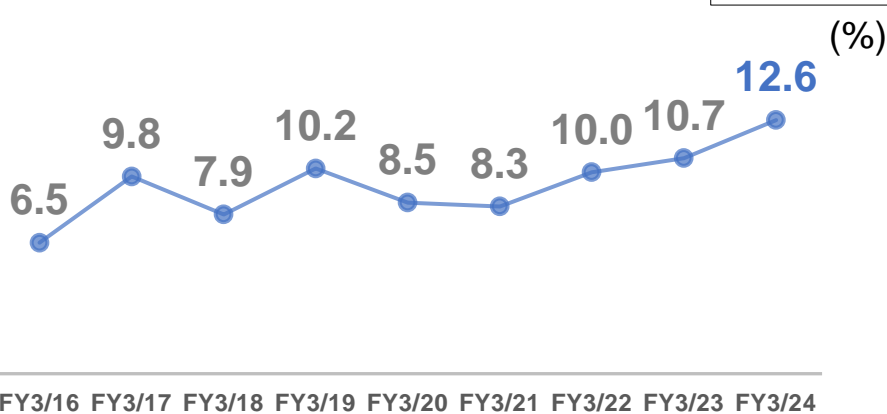
Operating profit to net sales ratio

VISION 30
Targets:
10% or over



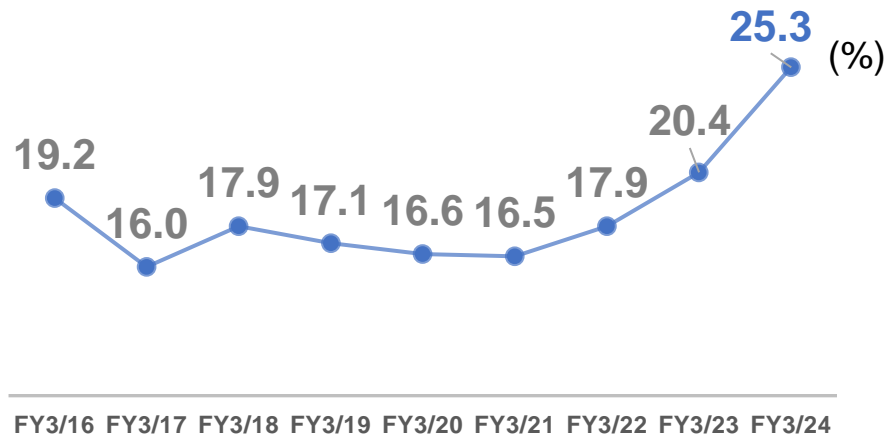
ROE

VISION 30
Targets:
10% or over



Overseas sales ratio

VISION 30
Targets:
30%



Medium-Term Management Plan Rolling Plan (FY3/25 to FY3/27)

7

In the coming three years, we will respond to the healthy demand and concentrate on the expansion of our market share inside and outside Japan to secure stable growth, and strengthen our marketing system further, increase the output and productivity of the manufacturing sector, improve the engagement of employees, and take other measures, with the aim of **achieving the stable growth and improving the quality of our business**. We plan to review and revise “VISION 30 Targets” after achieving the target sales of 30 billion yen.

Numerical plan

(Millions of yen)

	FY3/24 Results	Year-on-year	FY3/25 Plan	Year-on-year	FY3/26 Plan	Year-on-year	FY3/27 Plan	Year-on-year	(Reference) VISION 30 Targets
Net sales	27,095	3,520	28,500	1,404	30,000	1,500	32,000	2,000	30,000
Operating profit	2,719	754	2,900	180	3,100	200	3,400	300	3,000
Ordinary profit	2,814	853	2,900	85	3,100	200	3,400	300	3,000
Profit attributable to owners of the parent	1,886	472	1,980	93	2,110	130	2,320	210	2,000
Operating profit (%) to net sales ratio	10.0	1.7	10.2	0.2	10.3	0.1	10.6	0.3	10.0
ROE (%)	12.6	1.9	11.8	(0.8)	11.6	(0.2)	11.8	0.2	10.0

*Assumed exchange rates for planning purposes: 1 USD = 140 JPY, 1 EUR = 150 JPY

VISION 30 Three Strategies

(1) Human resources strategy

We aim to create “a comfortable, motivating, and rewarding workplace,” by pursuing diversity, reforming workstyles, and revising our personnel system.

(2) Market strategy

We will strive to strengthen our value chain further, by revising our marketing system, increasing production output, and improving productivity in Japan, and by strategically dispatching personnel and products to the U.S., Europe, and other Asian countries.

(3) Strengthening of management foundation

We will strive to strengthen our management foundation that will support sustainable growth, by promoting ESG-oriented business administration and reforming business processes, including systematization and DX infrastructure.

Three-year Rolling Medium-Term Management Plan: Priority Measures

VISION 30 Three Strategies		Measures for FY3/22 to FY3/24	Measures for FY3/25 to FY3/27 and Numerical Plan
(1) Human resources strategy (Human capital management)	1. Recruitment, training and utilization of human resources	<ul style="list-style-type: none"> <input type="checkbox"/> Adoption of flexible recruitment models Year-round recruitment of new graduates, recruitment of workers who will work in a limited area, referral-based recruitment, and reemployment of former employees <input type="checkbox"/> To increase the ratio of female employees fresh out of college to improve the ratio of female employees (Ratio of female employees as a KPI: 13% → 25% by 2030) Ratio of female employees fresh out of college: 40% for employees who joined the Company in 2024 <input type="checkbox"/> Start of an in-company job posting system Posting of job opportunities in the overseas section 	<ul style="list-style-type: none"> <input type="checkbox"/> Recruitment of more non-Japanese people and experienced personnel Further diversification of recruitment methods <input type="checkbox"/> To increase the ratio of female employees and promote them to executive posts To keep the ratio of female employees fresh out of college 30% <input type="checkbox"/> To assign personnel while considering their career paths and goals Adoption of a system for advancing career
	2. Personnel system	<ul style="list-style-type: none"> <input type="checkbox"/> To raise wages and improve the system for reemploying seniors To increase base salaries and the basic salaries for employees fresh out of college To make it possible to reemploy seniors until they turn 70 years old <input type="checkbox"/> To adopt a new evaluation system in group companies in Japan Adopted in the subsidiary Nansei machine <input type="checkbox"/> To identify problems with our personnel system while consulting with external consultants External consultants assessed our personnel system. 	<ul style="list-style-type: none"> <input type="checkbox"/> To improve the treatment of employees in the entire corporate group, including subsidiaries To unify personnel and salary systems in the domestic group <input type="checkbox"/> To address problems with our grading and wage systems, allowances, etc. To work on the problems pointed out by external consultants <input type="checkbox"/> To address problems with our personnel evaluation system To work on the problems pointed out by external consultants
	3. Workstyle reform and engagement	<ul style="list-style-type: none"> <input type="checkbox"/> Start of a questionnaire survey regarding the level of happiness Conducted every year since 2022. <input type="checkbox"/> Workstyle reform reflecting the results of a questionnaire targeted at employees Extracted 30 problems from freely written opinions, and we are dealing with them. <input type="checkbox"/> To upgrade whistleblowing and consultation desks To establish a “consultation desk for any matters” outside the company 	<ul style="list-style-type: none"> <input type="checkbox"/> To improve the scores for the level of happiness in the questionnaire survey To improve the scores for the happiness level (our standards) by 10 points or more <input type="checkbox"/> To continue measures for workstyle reform To address the problems with the questionnaire targeted at employees <input type="checkbox"/> To discuss and implement measures for improving our corporate culture To deal with reports and inquiries and implement improvement measures

Three-year Rolling Medium-Term Management Plan: Priority Measures

VISION 30 Three Strategies		Measures for FY3/22 to FY3/24	Measures for FY3/25 to FY3/27 and Numerical Plan
(2) Market strategy	1. Domestic strategy	<ul style="list-style-type: none"> <input type="checkbox"/> To upgrade the facilities of sales offices in response to the enlargement of attachments To establish 4 new sales offices in Hiroshima, the Chubu region, Sendai, and Sapporo <input type="checkbox"/> To strengthen our structure for boosting the production output of crushers To secure and increase suppliers and partner companies of cast steel components <input type="checkbox"/> To release new products To develop and release a product (OHB), which is unprecedented in this industry 	<ul style="list-style-type: none"> <input type="checkbox"/> To brush up our capability of attending to customers by reforming our marketing structure To integrate the marketing sections of the Company and Nanseikikai, to strengthen the forestry sector We established new sales offices in Kumamoto in 2024 and plan to establish in the northern Kanto region in 2025. <input type="checkbox"/> To establish a structure for increasing the production output of Aiyon Tech Asaka Plant (cast steel products) To increase the production output of cast steel components in cooperation with partner companies <input type="checkbox"/> To enhance the productivity of Kumamoto Plant of Nanseikikai (forestry machinery) To improve and systematize the management of costs and manufacturing <input type="checkbox"/> To enrich the lineup of new forestry machinery
	2. Overseas strategy	<ul style="list-style-type: none"> <input type="checkbox"/> To relocate and expand the headquarters in the U.S. To adapt to the expansion of the U.S. market by increasing warehouses and expanding repair functions <input type="checkbox"/> To cultivate markets after establishing subsidiaries in Europe To expand our business by increasing distributors (80 distributors as of now) <input type="checkbox"/> To establish a joint-venture company in Thailand We are concentrating on the cultivation of the Thai market and the development of products targeted at emerging countries. 	<ul style="list-style-type: none"> <input type="checkbox"/> To bring out the effects of cooperation between Okada America and Okada Midwest To maximize the effects of M&A <input type="checkbox"/> To cultivate markets by increasing our footholds To dispatch our personnel and products to the footholds in the U.S., Europe, and other Asian countries <input type="checkbox"/> To secure overseas production bases To jointly build a plant for hydraulic breakers in Vietnam with an OEM
	3. New businesses and M&A	<ul style="list-style-type: none"> <input type="checkbox"/> M&A in Chicago, the U.S. (Okada Midwest) To attract end users around Chicago and acquire the maintenance function 	<ul style="list-style-type: none"> <input type="checkbox"/> To continue the integration process after the acquisition of Okada Midwest To enhance our marketing capability to achieve a CAGR of 10% To strengthen our management foundation, including personnel, accounting, and systems <input type="checkbox"/> To discuss the next M&A, which would help improve our corporate value

Three-year Rolling Medium-Term Management Plan: Priority Measures

VISION 30 Three Strategies		Measures for FY3/22 to FY3/24	Measures for FY3/25 to FY3/27 and Numerical plan
(3) Strengthening of management foundation	1. CG system and ESG-oriented business administration	<ul style="list-style-type: none"> <input type="checkbox"/> To respond to the reform of the markets of the Tokyo Stock Exchange Satisfied the criteria for remaining listed on the Prime Market at the end of FY3/24. PBR at the end of FY3/24: 1.58 Started disclosing the results and targets of indicators of capital costs and capital productivity <input type="checkbox"/> Disclosure of more information on sustainability Opened a website focused on sustainability, identified material issues, followed the recommendations of TCFD, calculated Scope 3 CO₂ emissions, and answered the CDP climate change questionnaire. 	<ul style="list-style-type: none"> <input type="checkbox"/> To improve capital productivity To keep ROE 11.5% or higher To keep ROIC 7.5% or higher <input type="checkbox"/> To improve the CDP score (environment) To improve the CDP score (climate change) from B- in 2023 to B or higher <input type="checkbox"/> To improve the ratio of female outside directors 14% as of now → 25% or higher
	2. Hardware (capital expenditures)	<ul style="list-style-type: none"> <input type="checkbox"/> Development of sales offices in Japan Relocated or established Hiroshima, Sendai, and Sapporo Offices, and rebuilt Chubu Office <input type="checkbox"/> Enlargement of the U.S. headquarters (Portland, Oregon) Acquired real estate and relocated the U.S. headquarters, building a new office while doubling its size. 	<ul style="list-style-type: none"> <input type="checkbox"/> To develop sales offices in Japan To relocate and establish Kansai Branch, and establish Kitakanto Sales Office (provisional name) <input type="checkbox"/> To rebuild the headquarters, and establish a training center To improve the environment and enhance training <input type="checkbox"/> To enlarge the plant of Aiyon Tech To establish a system for increasing production output and improve productivity
	3. Software (system and DX)	<ul style="list-style-type: none"> <input type="checkbox"/> To improve system infrastructure <input type="checkbox"/> To reinforce system security 	<ul style="list-style-type: none"> <input type="checkbox"/> To develop and install a new mission-critical system To stabilize the system and rationalize/streamline business operations <input type="checkbox"/> To reform/install business operation systems Systems for managing parts and costs <input type="checkbox"/> To put O-ATTA (GPS-based operation management system) into practice

Market Strategy: Renewal of Domestic Bases

The plant (Aiyon Tech) and sales office facilities are being systematically expanded to increase production and enhance maintenance.

We plan to upgrade equipment in a planned manner, to grow further in the coming three years.

FY3/25 to FY3/27 Plan

2016
Aiyon
Tech



2019
Shikoku
Sales
Office



2021
Hiroshima
Sales
Office



2022
Sendai
Sales
Office



2025
Kansai
Branch
to be
relocated

2025
(Provisional
name)
Kitakanto
Sales Office
to be
established

2026
Headquarters
to be partly
rebuilt

2026
Aiyon Tech
to be
expanded

2016
Hokuriku
Sales
Office



2020
Shonan
Sales
Office



2022
Chubu
Sales
Office



2023
Sapporo
Sales
Office



Market Strategy: Global Expansion

We are strengthening our three-region system (the U.S., Europe, and Asia) and focusing on acquiring a share on the global market.

Europe

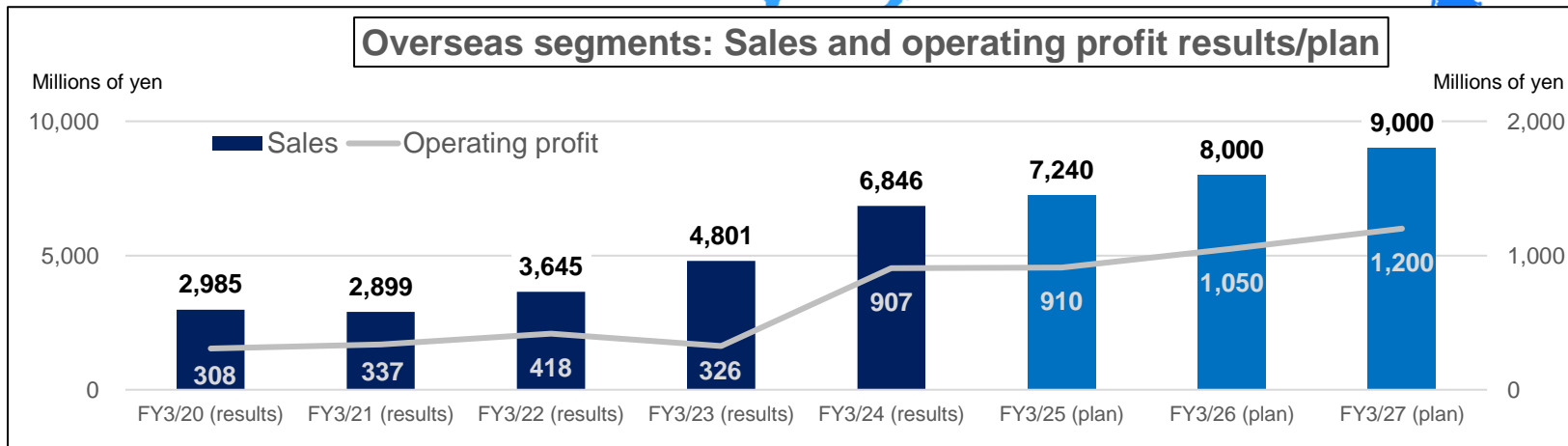
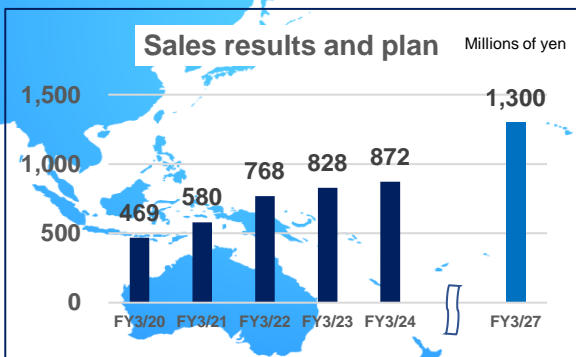
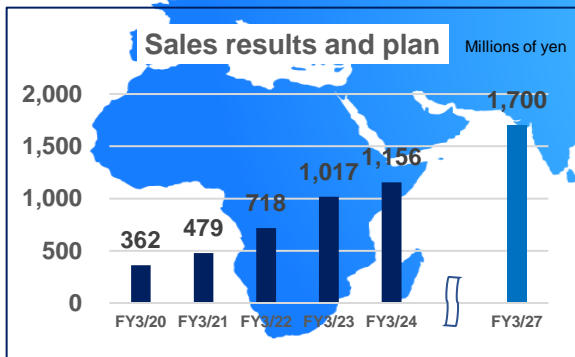
Asia and other regions

The U.S.

Establishment of the subsidiary Okada Europe in 2020
We will strive to secure our share in the largest market by dispatching personnel to major countries and products targeted at Europe.

Establishment of Okada Thailand with a joint-venture partner in 2021
We will strive to secure our share in the growing market, by distributing products targeted at emerging countries, which were developed in Thailand.

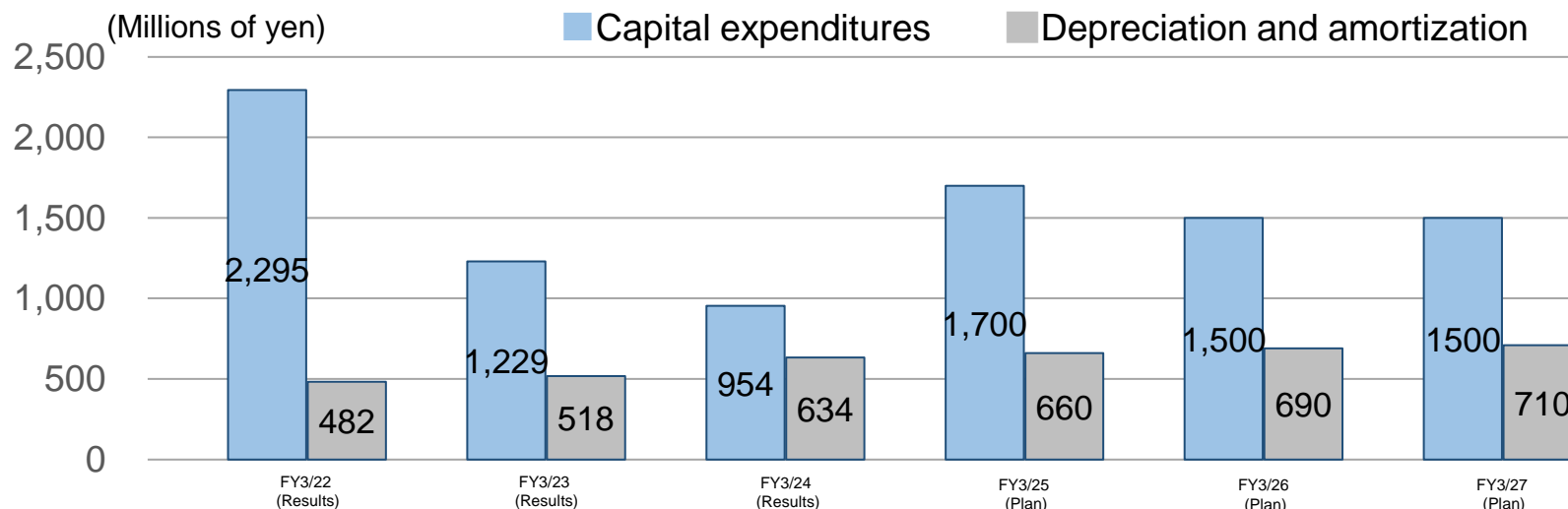
Acquisition of Thoesen (present: Okada Midwest) in 2022
We will strive to enhance the effects of cooperation through M&A, increase the sales of Okada Midwest, and promote the sale of crushers of Okada America.



Capital Expenditures: Results/Plan

We have expanded facilities at our sales offices and maintenance shops in Japan to accommodate larger attachments to some extent. In the coming three years, we plan to improve sales offices in Kanto and Kansai regions, where demand is healthy, and upgrade the equipment at factories, the headquarters, and a training center. (Millions of yen)

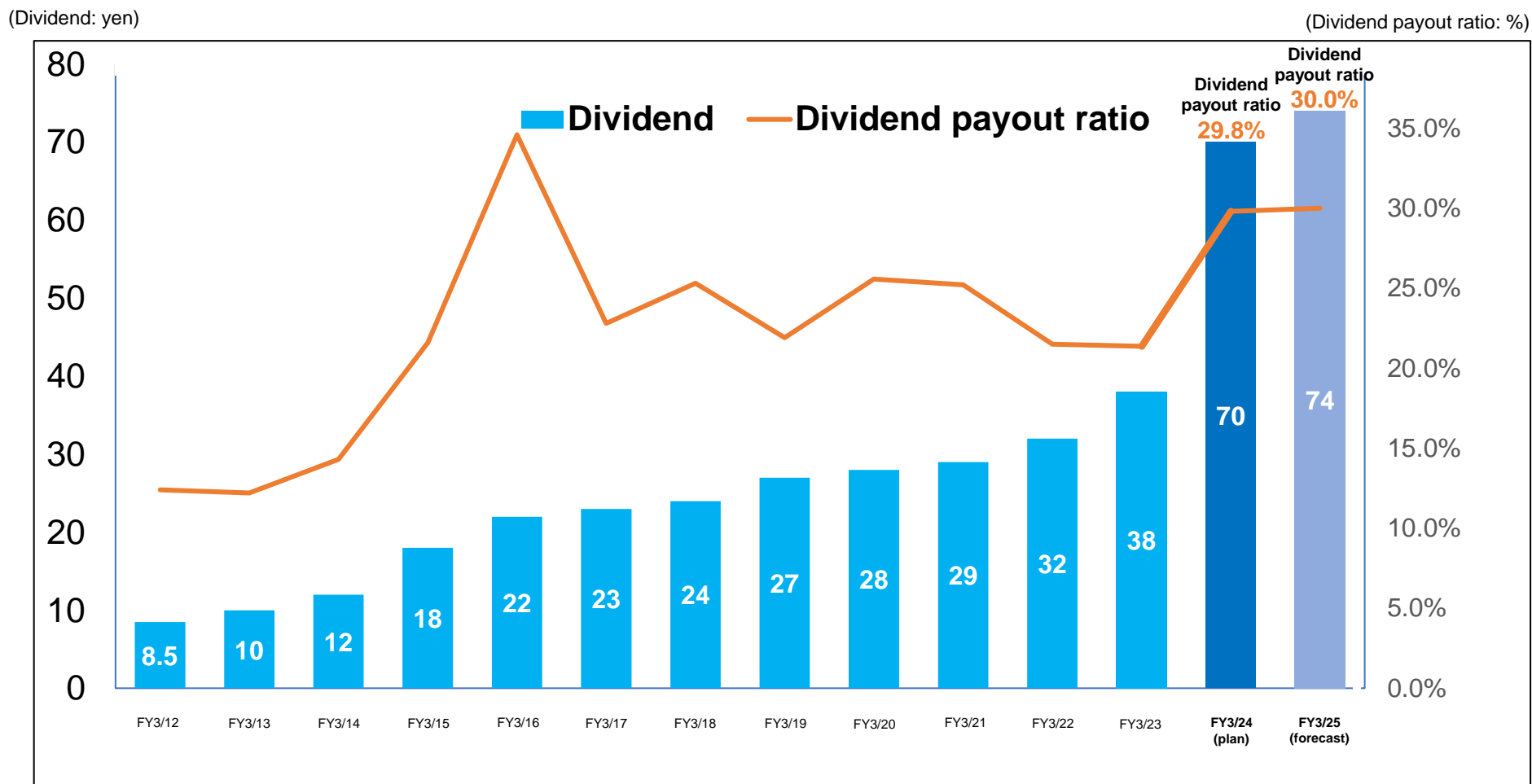
	Results			Rolling Plan FY3/25 to FY3/27		
	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26	FY3/27
Capital expenditures	2,295	1,229	954	1,700	1,500	1,500
Main facilities	Hiroshima Sales Office Chubu Sales Office Sendai Sales Office Sapporo Sales Office	Aiyon Tech Land US Headquarters Sapporo Sales Office Okada Midwest Real Estate	Aiyon Tech Land US Headquarters Sapporo Sales Office Okada Midwest Real Estate	Relocation and establishment of Kansai Branch Establishment of Kitakanto Sales Office (provisional name) Rebuilding and expansion of the headquarters and training center Expansion of Aiyon Tech plant		
Depreciation and amortization	482	518	634	660	690	710



Shareholder Return and Dividend Policy

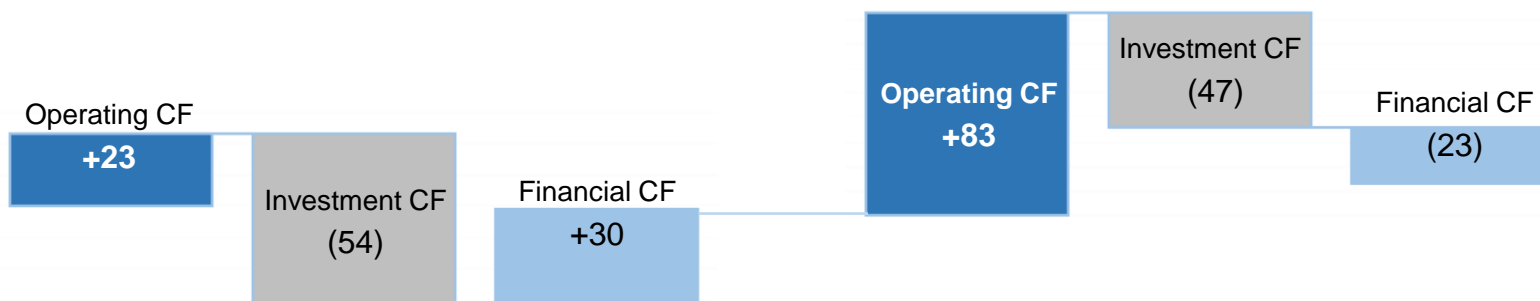
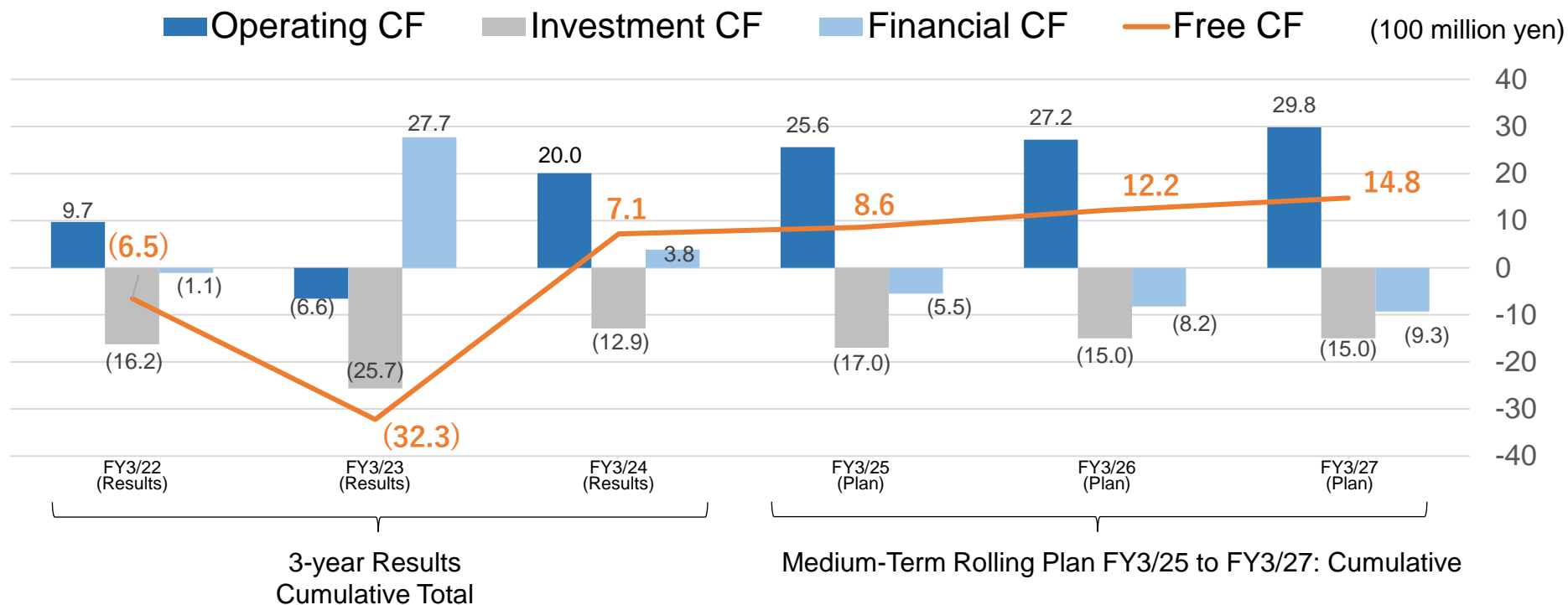
Under the dividend policy aimed at a dividend payout ratio of 30%, we plan to pay an annual dividend of ¥70 per share, up ¥32 per share year on year (up ¥14 per share from the initial forecast announced in May 2023 and up ¥5 per share from the revised forecast announced in November 2023), for FY3/24. The annual dividend for FY3/25 is expected to be ¥74 per share, up ¥4 per share year on year.

The company will continue to increase dividends under its progressive dividend policy based on stable business growth (dividends have increased for 15 consecutive years as of this fiscal year).



Cash Flow: Results/Plan

In the previous three years, the Company aggressively invested in facilities and M&A in preparation for business expansion. In the three years from fiscal year ending March, 2025, the Company will continue to invest in growth while securing cash flow to recover the investment.



Productivity of Invested Capital: Results/Plan

***Based on our calculations**

Figures are calculated based on simplified calculations for the purpose of understanding trends. Please refer to Reference 2 on page 20 for the assumptions used in calculating the figures.

Rolling Plan FY3/25 to FY3/27

(100 million yen)

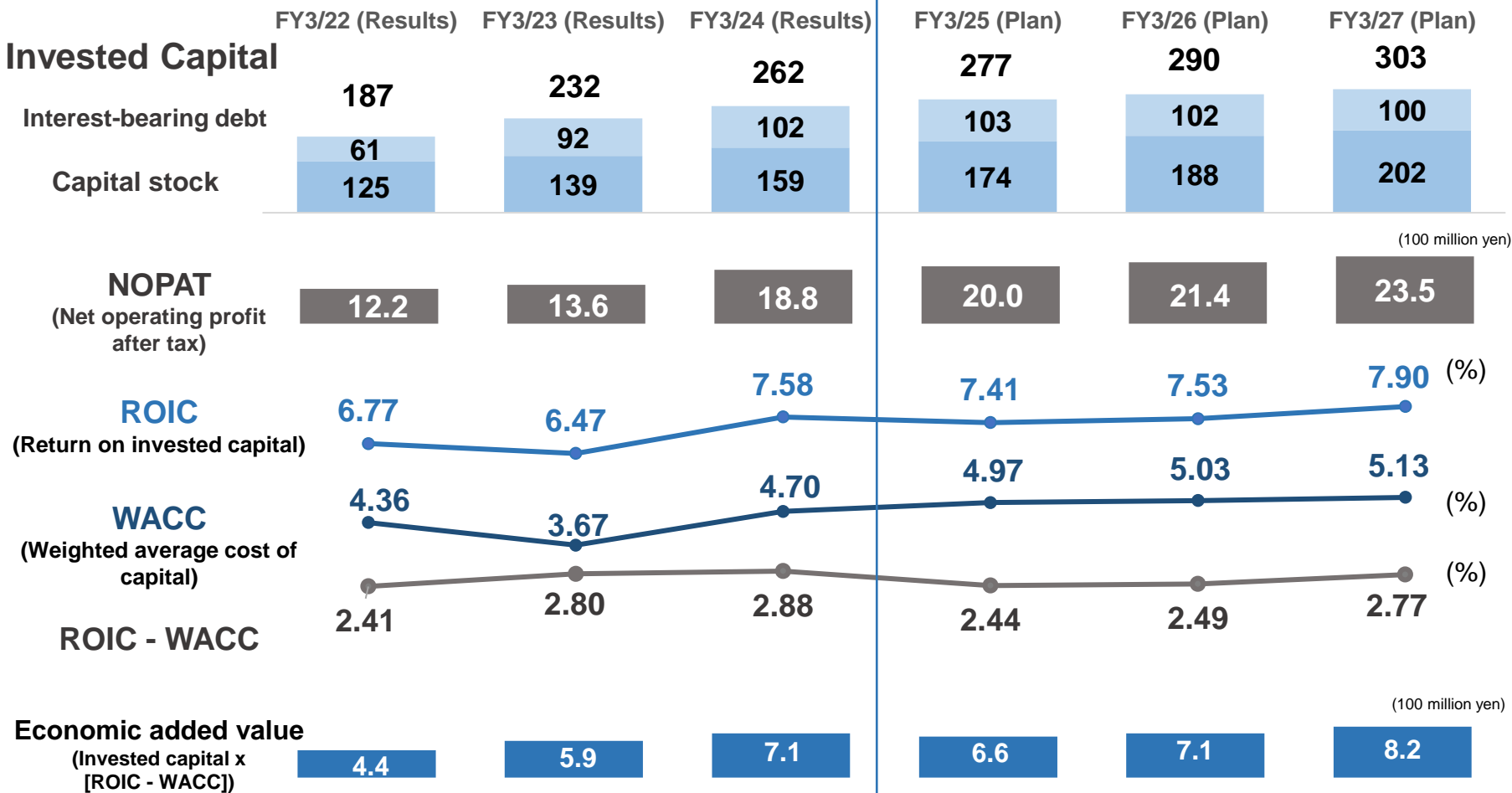
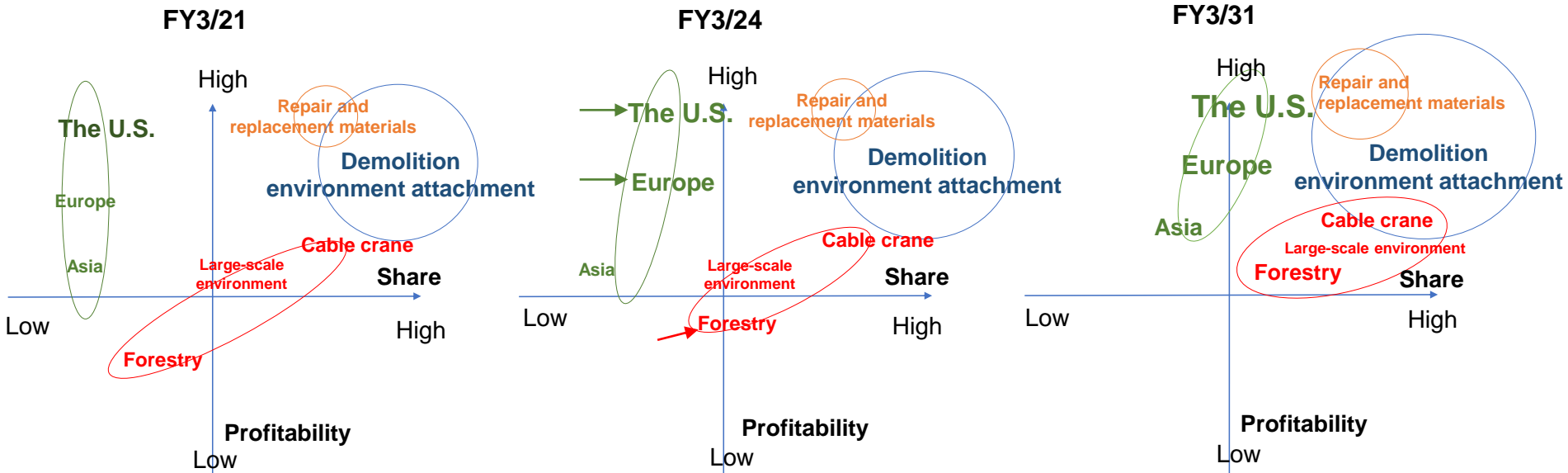


Image of Business Portfolio Growth Through Execution of VISION 30

Demolition environment attachments and repair and replacement materials expanded while maintaining current business positions. We will strengthen competitiveness in overseas and in the forestry and large-scale environment machinery sectors.



•We have the largest share in the Japanese market of demolition environment attachment, which are profitable.

•Regarding overseas business, the business in the U.S. is profitable, but it is necessary to develop products, personnel, and after-sales service systems.

•Our share and profitability in the market of forestry machinery need to be improved. The market of cable cranes is occupied by two competitors.

•In this industry, only the Company has the after-sales maintenance section for repair and replacement materials, and this business is profitable.

•We brushed up our capability of attending to customers by renovating sales offices.

•We improved our positions in the U.S. and Europe, through the M&A of the maintenance business in the U.S. and the expansion of sales in Europe.

•We improved our position in forestry, by releasing the highly-functional forestry machinery OHB.

•We enhanced our services for large-size attachments by renovating sales offices.

•For demolition environment attachment, we will strive to grow sales by increasing production output and strengthening our marketing structure, while maintaining our strengths.

•We will dispatch our products and personnel while maintaining or improving the profitability of the overseas section, to expand our market share.

•We will strive to integrate the marketing operations of the forestry sector, improve productivity, and enhance the competitiveness of our large-scale environment machinery.

•We will maintain the system for repair and replacement materials, and strive to expand our business while entering the forestry field.

Framework of VISION 30

VISION 30 Statement

Slogan

People create an **environment**

Values

[Corporate culture] Respect for the individual, free-spiritedness, and a sense of unity

[Business] Provision of user-friendly products and services

[Social] Expansion of business that leads to solutions to social issues such as environmental problems

To develop human resources capable of creating the **environment** without being carried away by the **environment**, and to contribute to the realization of an **environmentally** friendly society through our businesses.

VISION 30 Performance Indicators (KPI)

Triple

3

Net sales **¥30 billion or over**

Operating profit **¥3 billion or over**

Market capitalization **¥30 billion or over**

Triple

10

Net sales growth rate **10% or over**

Operating profit to net sales ratio **10% or over**

ROE **10% or over**

VISION 30 Three Strategies

<p>Human resources strategy</p>	<p>(1) Human resource development (2) Personnel system (3) Workstyle reform</p>	<p>Recruitment, training and utilization of human resources Fair evaluation and compensation system that reflects performance and contributions Creating a comfortable, motivating, and rewarding workplace</p>
<p>Market strategy</p>	<p>(1) Domestic strategy (2) Overseas strategy (3) New businesses</p>	<p>Strengthening the integrated value chain to meet growing demand Market development by introducing products and capabilities to three bases in the U.S., Europe, and Asia Promoting new technology applications (new demolition methods, DX, etc.) and strategic M&A</p>
<p>Strengthening of management foundation</p>	<p>(1) CG System (2) Hardware (3) Software</p>	<p>Establish a governance system that supports sustainable growth Development of domestic and overseas plants, sales offices, etc. (expansion and new construction) Improvement of system infrastructure and DX to reform operations and enhance customer responsiveness</p>

(1) Cost of Shareholders' Equity

Cost of shareholders' equity = Risk-free rate + Risk premium x β (beta) [Collection period = Risk premium: since 1960, β : weekly for the past 2 years]

	End of FY3/22	End of FY3/23	End of FY3/24	After FY3/25
Cost of shareholders' equity*	6.4%	5.5%	6.4%	6.4%
Risk-free rate*	0.04%	0.14%	0.73%	-
Risk premium	6.20%	6.08%	6.40%	-
β (beta)	1.03	0.88	0.89	-

(*) Cost of shareholders' equity: Capital cost as of the end of FY3/24 will be used for FY3/25 and thereafter.

Risk-free rate: For the values in the end of FY3/24, 10-year government bond rate is used while referring to the monthly average of FY3/24.

(2) NOPAT (Net Operating Profit After Tax)

NOPAT = Operating profit x (1 - effective tax rate) [Effective tax rate = fixed at 31%]

(Effective tax rate has been revised from the rate in the previous year, considering the recent results.)

(3) ROIC (Return on Invested Capital)

ROIC = NOPAT/Invested capital (debt + equity) [Debt = book value basis, equity = book value basis]

(4) WACC (Weighted Average Cost of Capital)

WACC = Cost of debt x (1 - effective tax rate) x Debt/(debt + equity) + Cost of shareholders' equity x Equity/(debt + equity)

[Debt = book value basis, equity = market value basis; share price from FY3/25 onwards is estimated based on the forecasted PER (14.6) at the end of FY3/24]

The plans and forecasts contained in this report are based on information currently available to the Company and certain assumptions deemed reasonable by the Company, and are subject to risks and uncertainties.

As such, the Company does not promise or guarantee the realization of any future plan figures or measures shown in this report.

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