



# Financial Results for FY3/26 and Mid-term Business Plan" *Onyx*" for FY2026-FY2028

May 20,2026

OKADA AIYON CORPORATION (TSE Prime Market 6294)

OKADA's

# *Blue Pride*

Proud of Our OKADA Blue

OKADA Blue is more than just a color.

It is a symbol of our dedication to craftsmanship,  
our responsibility to stand behind every product we deliver,  
and our promise to provide equipment our customers can choose with confidence.

By valuing open communication with our customers,  
responding to technological progress, societal change, and evolving needs,  
and supporting our products with a robust service framework,  
we will continue striving to deliver better solutions.

This commitment embodies what “Blue Pride” means at OKADA AIYON.

Our challenge has only just begun—  
taking OKADA Blue to the world, and into the future.

Under “Blue Pride,” we aim to further enhance corporate value.

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- 03 - New Mid-Term Business Plan "Onyx"
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# 01

## Corporate Profile

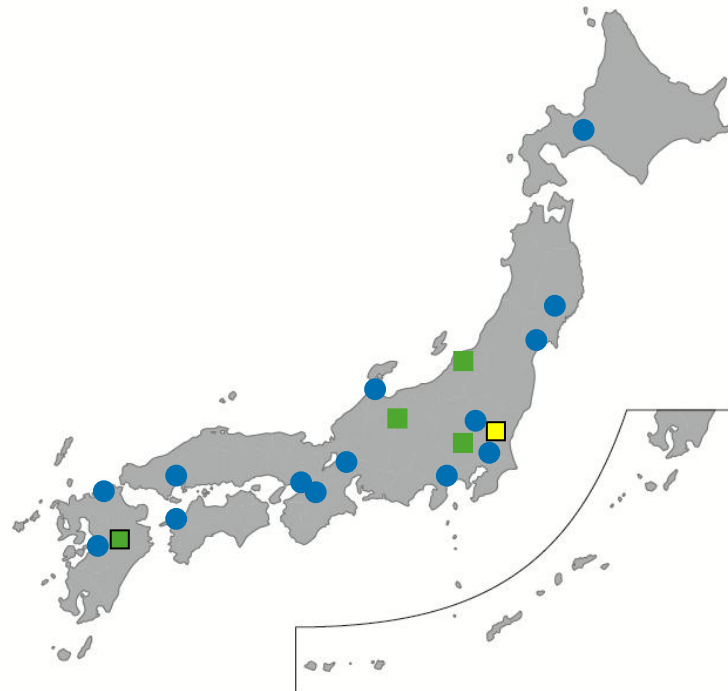
### OKADA AIYON CORPORATION

|                                     |                                                                 |
|-------------------------------------|-----------------------------------------------------------------|
| Headquarters                        | 4-1-18 Kaigandori, Minato-ku, Osaka 552-0022 Japan              |
| President & Representative Director | Yuji Okada                                                      |
| Founding / Establishment date       | July 1938 / September 1, 1960                                   |
| Business                            | Manufacturing, sales, and repair of construction machines       |
| Capital                             | ¥2,221million (listed on the Tokyo Stock Exchange Prime Market) |
| Fiscal Year-End                     | March 31 (annually)                                             |
| Annual Revenue                      | ¥26,991million (consolidated, fiscal year ended March 2026)     |
| Employees                           | 497 (consolidated), 273 (non-consolidated) as of March 2026     |
| Locations                           | 19 in Japan, 6 overseas (consolidated, as of April 2026)        |

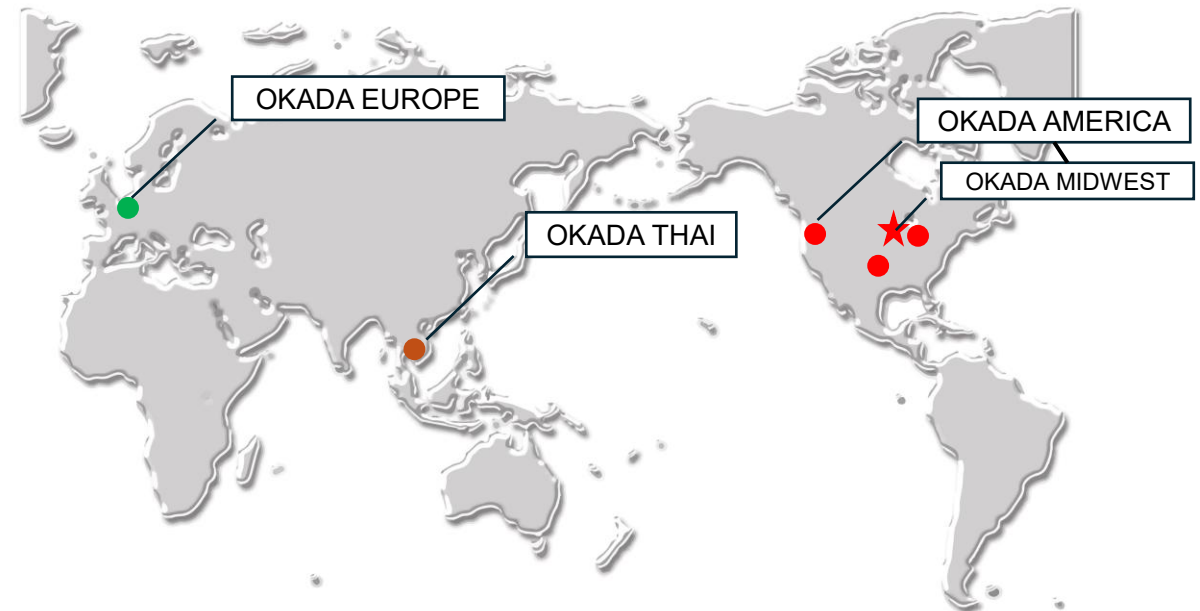


# 01

## Locations: 19 in Japan, 6 Overseas



- OKADA AIYON 14bases
- AIYON TECH 1base
- NANSEI MACHINE 4bases



- ★ OKADA AMERICA 4bases (Oregon/HQ)
- OKADA EUROPE 1base (Netherlands/HQ)
- OKADA THAI 1base (Ayutthaya/HQ)

(consolidated, as of March, 2026)

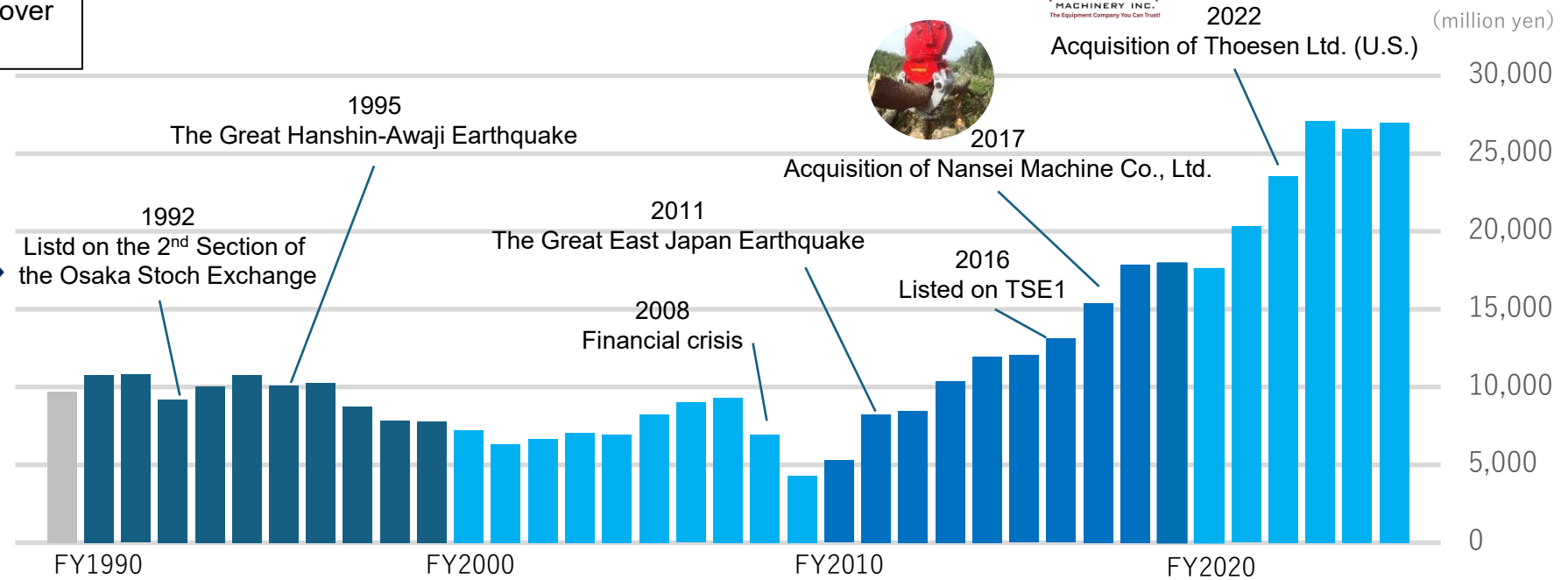
# 01

## History



Changes in net sales over the past 35 years

Since 1990s



# 01

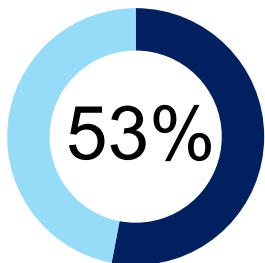
## Our Major Product : Demolition Attachments

Domestic market share of  
our major products

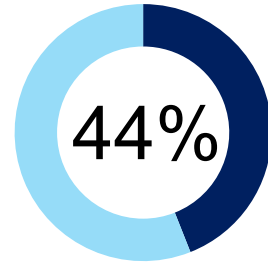
# No.1



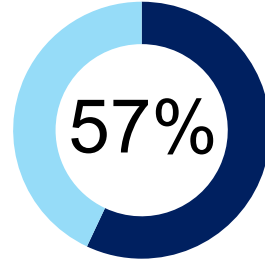
Primary  
Crushers



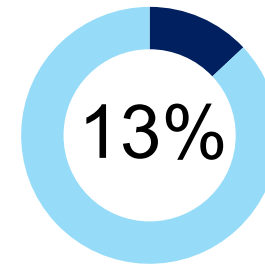
Pulverizers



Cutters



Hydraulic  
Breakers



Specific demolition attachments for  
hydraulic shovels  
to demolish concrete buildings etc.

(Prepared by company based on materials published by the Japan Construction Equipment Manufacturers Association (CEMA), **April 2025 to March 2026**)

# 02

## Results Summary for FY3/26

Net sales

**26,991** million yen (+1.5% YoY)

Operating profit

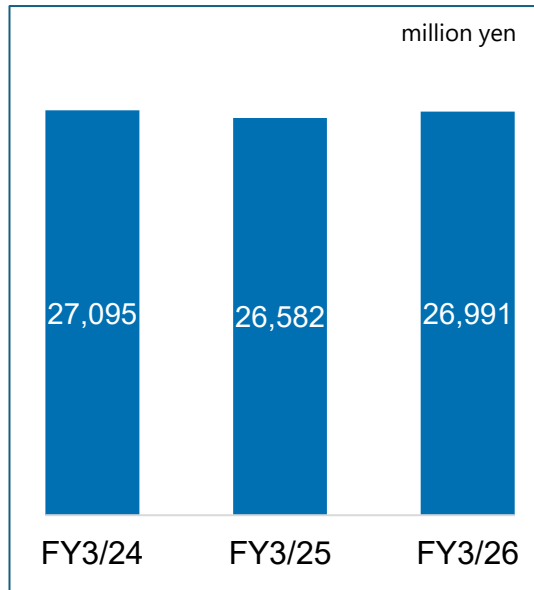
**2,261** million yen (0.8%YoY)

Ordinary profit

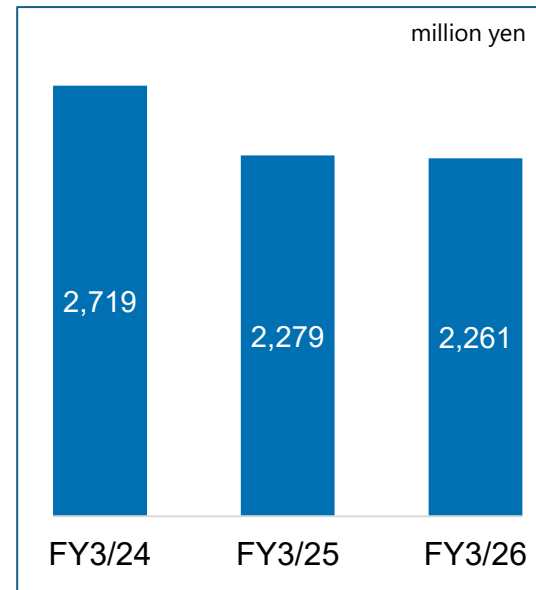
**2,343** million yen (+4.7% YoY)

Profit

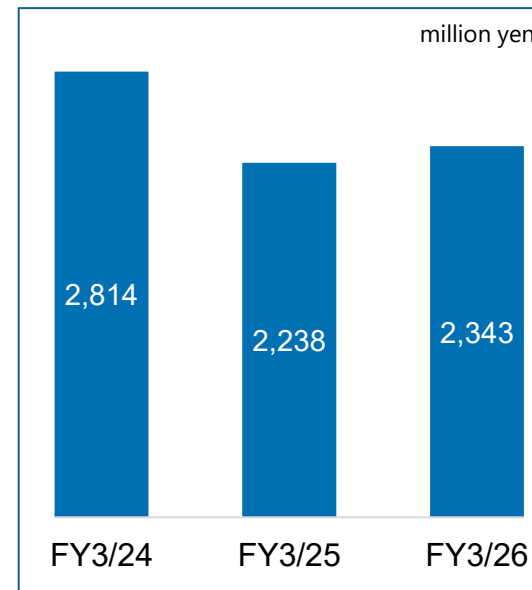
**1,491** million yen (+1.1%YoY)



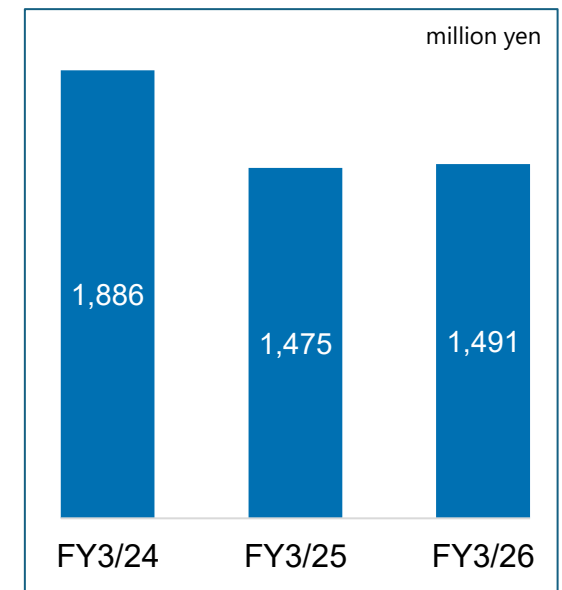
【Net sales】



【Operating profit】



【Ordinary profit】



【Profit】

# 02

## Financial Results for FY3/26 and Full-Year Forecast

- Net sales increased year on year

Operating profit declined, as gains from price revisions in the domestic market were more than offset by overseas factors—particularly valuation losses on rental equipment and higher costs due to tariffs in North America

Ordinary profit and profit attributable to owners of parent increased year on year

(Million yen)

|                                              | FY3/25<br>Results | FY3/26<br>Results | YoY change |       | FY3/27<br>Forecasts | YoY change |      |
|----------------------------------------------|-------------------|-------------------|------------|-------|---------------------|------------|------|
|                                              |                   |                   | (amount)   | (%)   |                     | (amount)   | (%)  |
| Net sales                                    | 26,582            | 26,691            | 408        | 1.5   | 28,500              | 1,508      | 5.6  |
| Gross profit                                 | 7,858             | 7,992             | 133        | 1.7   | —                   | —          | —    |
| SG&A expenses                                | 5,579             | 5,731             | 151        | 2.7   | —                   | —          | —    |
| Operating profit                             | 2,279             | 2,261             | (17)       | (0.8) | 2,500               | 238        | 10.6 |
| Ordinary profit                              | 2,238             | 2,343             | 105        | 4.7   | 2,500               | 156        | 6.7  |
| Profit<br>(attributable to owners of parent) | 1,475             | 1,491             | 16         | 1.1   | 1,700               | 208        | 14.0 |

Average exchange  
rate used

USD : 153yen  
Euro : 164yen

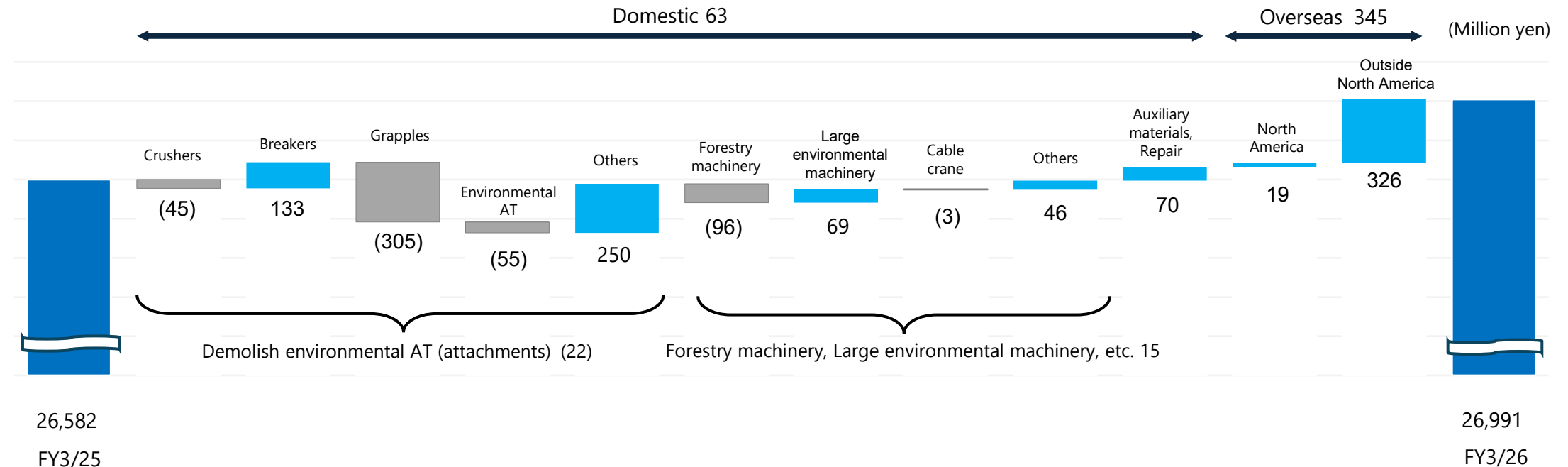
USD : 150yen  
Euro : 171yen

USD : 150yen  
Euro : 170yen

# 02

## Factors for Changes in Net Sales for FY3/26

- In Japan, Breakers and, within crushers, cutters used for steel structures, industrial facilities and vessels showed solid growth, while primary crushers and pulverizers used for concrete demolition, along with grapples and forestry machinery, declined due to labor shortages and rising construction costs  
After-sales services remained steady, supported by solid repair demand
- Overseas, North America maintained broadly flat performance despite the continued impact of rental inventory adjustments, while Europe saw growth driven by recovering demand for crushers, and Asia achieved higher sales supported by expanded sales activities



# 02

## Sales Trends by Model for FY3/26

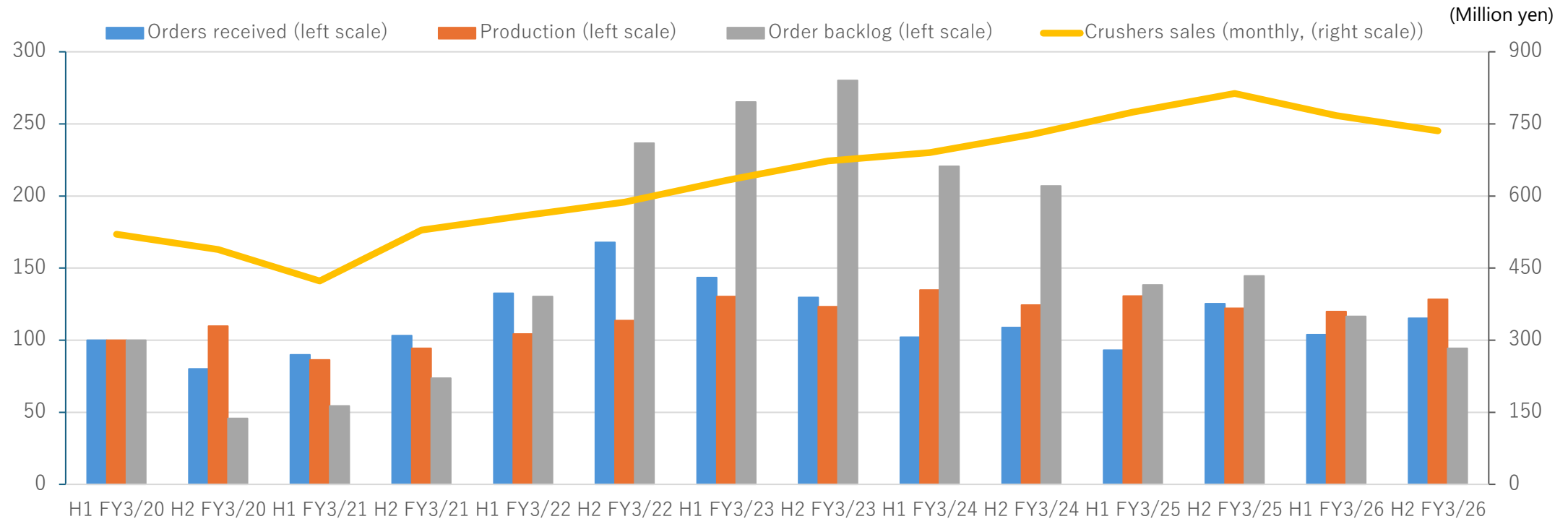
(Million yen)

|                    |                                                           |                               | FY3/24 | FY3/25 | FY3/26 | YoY    |             | Yo2Y        |
|--------------------|-----------------------------------------------------------|-------------------------------|--------|--------|--------|--------|-------------|-------------|
|                    |                                                           |                               |        |        |        | Amount | Changes (%) | Changes (%) |
| Domestic           | Demolish environmental attachments                        | Crushers                      | 8,509  | 9,529  | 9,483  | (45)   | (0.5)       | 11.4        |
|                    |                                                           | Breakers                      | 942    | 797    | 931    | 133    | 16.8        | (1.2)       |
|                    |                                                           | Grapples                      | 1,573  | 1,609  | 1,303  | (305)  | (19.0)      | (17.2)      |
|                    |                                                           | Environmental attachments     | 533    | 525    | 470    | (55)   | (10.5)      | (11.8)      |
|                    |                                                           | Others                        | 1,195  | 1,083  | 1,333  | 250    | 23.1        | 11.5        |
|                    |                                                           | Total                         | 12,754 | 13,545 | 13,522 | (22)   | (0.2)       | 6.0         |
|                    | Forestry machinery, large environmental machinery, others | Forestry machinery            | 1,915  | 1,799  | 1,702  | (96)   | (5.4)       | (11.1)      |
|                    |                                                           | Large environmental machinery | 625    | 622    | 691    | 69     | 11.1        | 10.6        |
|                    |                                                           | Cable crane                   | 1,239  | 1,305  | 1,302  | (3)    | (0.3)       | 5.0         |
|                    |                                                           | Others                        | 438    | 119    | 165    | 46     | 38.8        | (62.3)      |
|                    |                                                           | Total                         | 4,219  | 3,846  | 3,861  | 15     | 0.4         | (8.5)       |
|                    | After-sales business                                      | Material                      | 2,114  | 2,039  | 2,026  | (12)   | (0.6)       | (4.2)       |
|                    |                                                           | Repair                        | 1,159  | 1,169  | 1,253  | 83     | 7.1         | 8.0         |
|                    |                                                           | Total                         | 3,274  | 3,209  | 3,279  | 70     | 2.2         | 0.2         |
| Domestic segment   |                                                           |                               | 20,249 | 20,601 | 20,664 | 63     | 0.3         | 2.1         |
| Overseas           | North America                                             |                               | 4,817  | 4,218  | 4,237  | 19     | 0.5         | (12.0)      |
|                    | Europe                                                    |                               | 1,156  | 994    | 1,113  | 118    | 11.9        | (3.7)       |
|                    | Asia (excluding China)                                    |                               | 583    | 490    | 688    | 197    | 40.3        | 17.9        |
|                    | Others                                                    |                               | 288    | 278    | 287    | 9      | 3.4         | (0.4)       |
| Overseas segment   |                                                           |                               | 6,846  | 5,981  | 6,326  | 345    | 5.8         | (7.6)       |
| Consolidated total |                                                           |                               | 27,095 | 26,582 | 26,991 | 408    | 1.5         | (0.4)       |

# 02

## Sales, Production, And Order Trends for Demolition Crushers and Key Products

- Although order backlogs have declined due to increased shipment volumes, incoming orders are trending upward, and the overall situation remains healthy.
- Demolition-related demand is expected to remain solid over the long term. As capacity expansion continues, we recognize that business conditions remain resilient.



- Including products manufactured by OKADA AIYON and AIYON TECH
- Orders received, production and order backlogs are set at 100 for the H1 FY3/20

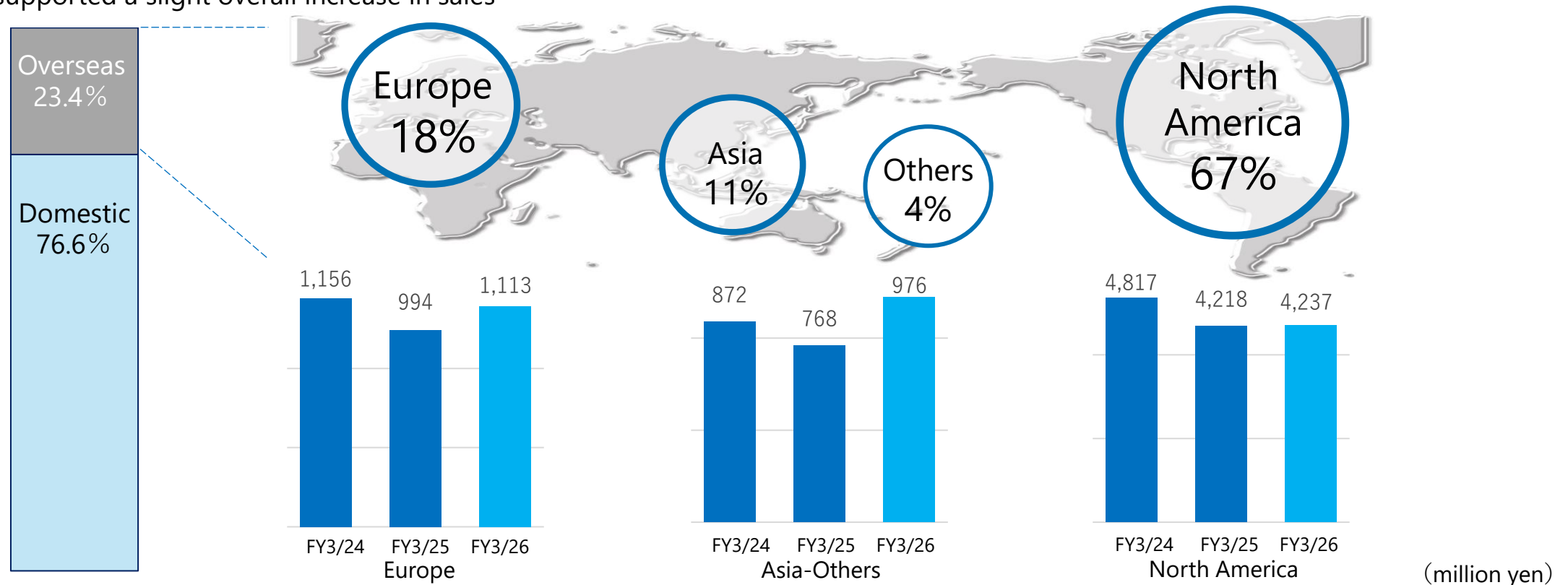
# 02

## Overseas Sales Breakdown by Region for FY3/26

● In Europe, the impact of the demand slowdown since the latter half of the year before last has subsided, and sales increased driven by growth in crushers

In Asia, sales expanded in markets such as India, Thailand, and Taiwan, resulting in higher sales

In North America, although differences remain in the performance of commercial products, the easing of inventory adjustments supported a slight overall increase in sales

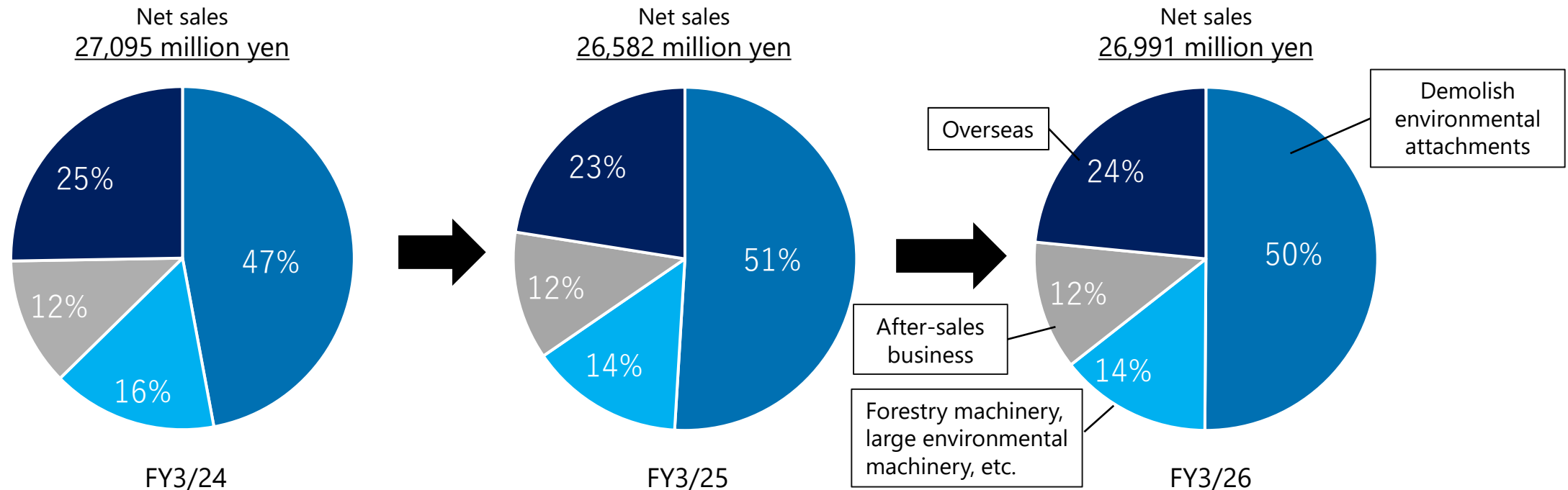


## 02

# Sales by Segment and Business for FY3/26

● The sales mix of demolition and environmental attachments declined year on year, mainly due to lower sales of grapples and related products; however, the overseas sales ratio increased driven by higher overseas sales, while forestry machinery and large environmental machinery remained broadly flat

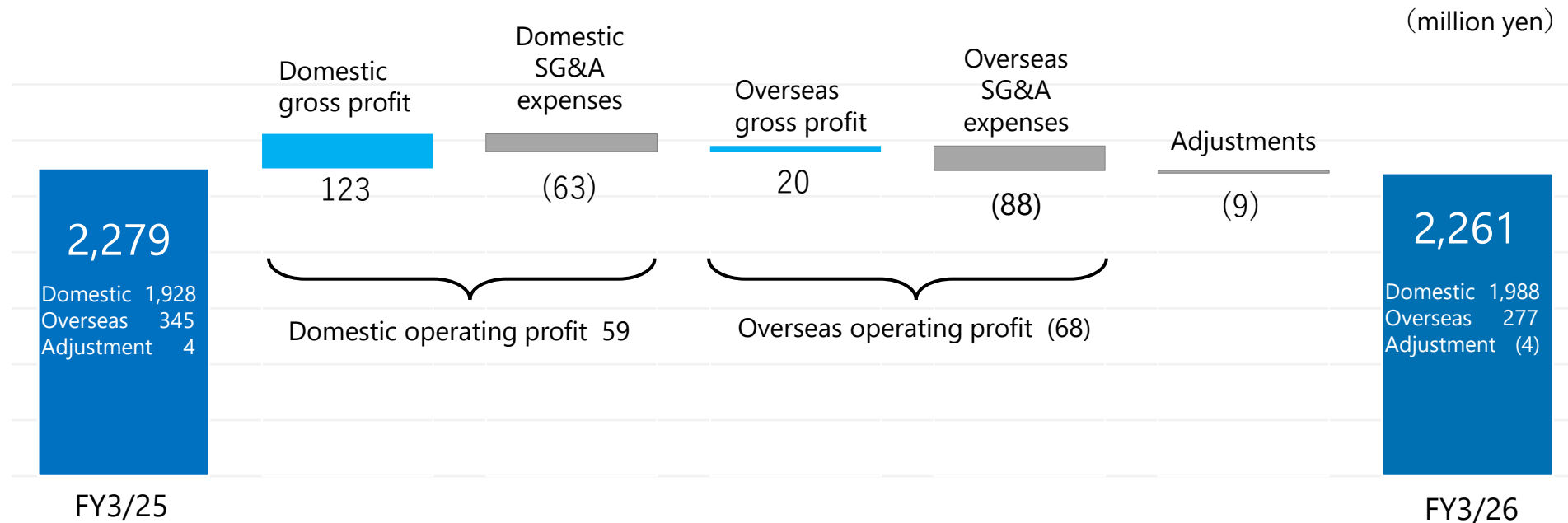
\*See "Sales Trends by Model" on page 6 for details of each segment



## 02

# Factors for Changes in Operating Profit for FY3/26

- In Japan, profit increased due to improved profitability, including the revision of selling prices
- Overseas, profit declined mainly due to valuation losses on rental equipment and higher tariff-related costs in North America

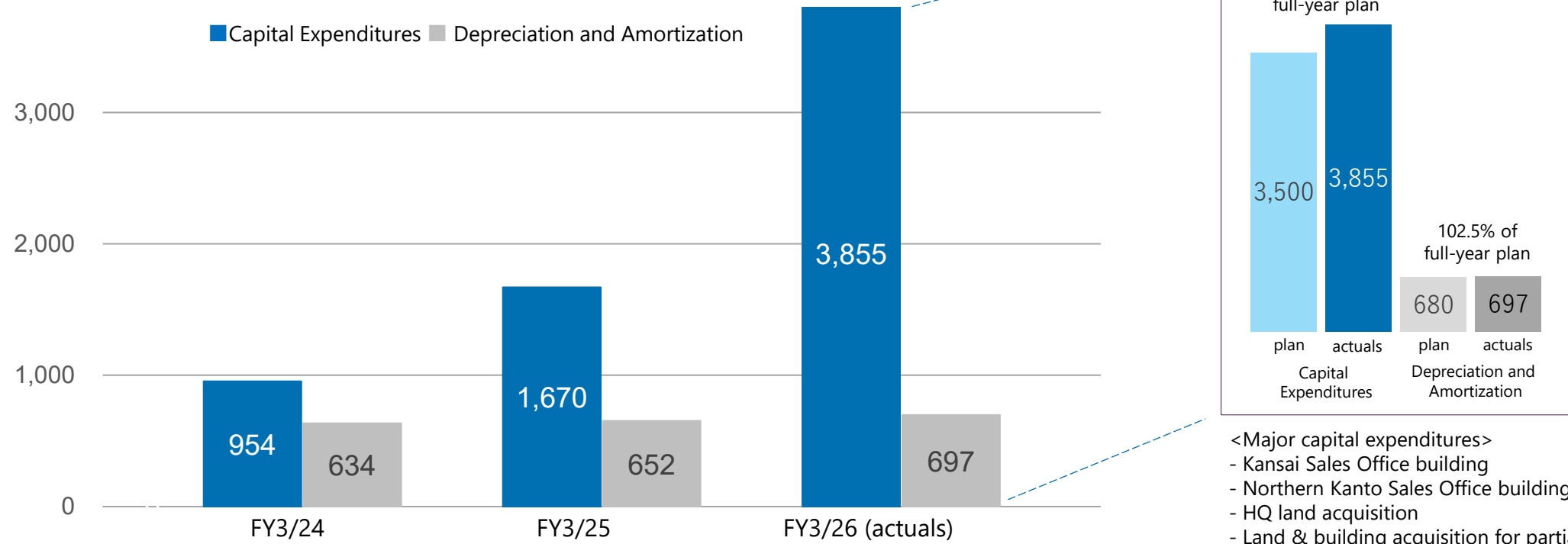


## 02

# Capital Expenditures and Depreciation (actuals)

● In FY3/26, focus remained on expanding stores in urban areas where mid- to long-term demand growth is expected, and the relocation and new establishment of the Kansai branch as well as the opening of the Tokyo Head Office North Kanto Sales Office were completed as planned

The acquisition of land for the head office and land and buildings for the relocation of certain head office functions was also completed as planned

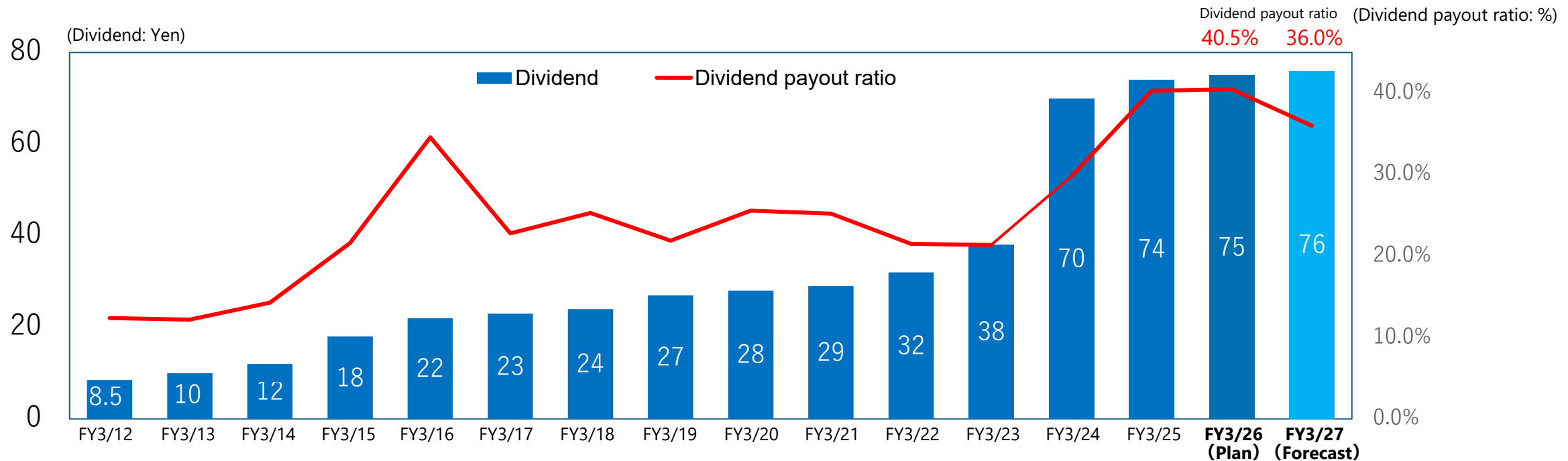


## 02

# Shareholder Return: Dividend Results and Plan

Dividend policy: Based on stable business growth, we aim for  
① progressive dividends and ② a dividend payout ratio of 30% or more

- In FY3/26, the annual dividend was increased by 1 yen year on year to 75 yen
- In FY3/27, a further 1 yen increase to 76 yen is forecast, marking the 17th consecutive year of dividend increases, with an interim dividend scheduled



# Mid-term Business Plan" *Onyx*" for FY2026-FY2028

TS-WD  
1700V-2

OKADA

# 03

## VISION30 Interim Progress: Achievements and Next Challenges

Net sales/JPY100M

175→269

5-year CAGR approx. 9%

Overseas sales ratio

16.5→23.4%

5-year CAGR approx. 17%

Main product (Crusher)  
domestic share

42.2→49.9%

### Achievements

- No.1 domestic market share
- Stable earnings base established
- Expansion of global operations

From Quantitative Growth

Focus on earnings quality, growth  
reproducibility, and capital efficiency

Transition to a value creation-driven  
growth model

### Next Growth Challenges

- Variability in overseas profitability
- Impact of market fluctuations
- Inventory and cash flow management

## 03

## New Mid-Term Business Plan “Onyx”: Purpose and Positioning



Derived from the Greek word meaning “claw,” the name is inspired by the “O” of OKADA and the claw—an essential component of demolition attachments. It embodies our determination to firmly grasp the sources of value creation and continuously refine them.

- In the new mid-term business plan “Onyx,” OKADA AIYON aims to evolve into a company that achieves sustainable global growth, building on a stable domestic business foundation
- Rather than simply expanding sales, we are shifting to a value-creation growth model focused on three key areas: **quality of profits, growth reproducibility,** and **capital efficiency**
- We have established fixed management targets for FY2026–28 to ensure the achievement of VISION30
- Through collaboration with Advantage Partners, we will not only formulate strategy, but also integrate KPI design, execution management, and value creation, enhancing the certainty of achieving this plan

\* Numerical targets may be revised depending on market conditions and other factors.

# 03

## New Mid-Term Business Plan “Onyx” and New VISION30



VISION30, launched in FY2021, has been updated this year as “New VISION30” with revised targets for 2030  
To achieve these targets, “Onyx” is a three-year commitment plan

For three years, targets remain fixed; after two years, we may consider revising the mid-term plan toward 2030  
First, we ensure achievement of the three-year numerical targets, then articulate the growth vision and future image for 2030

# 03

## New Mid-Term Business Plan "Onyx": Structure of Targeted Value Creation

|                        |                      | Current (As-is)                                                 | → Targeted Value Creation(To-be)                                                                  |
|------------------------|----------------------|-----------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Quality of Profits     | Domestic Business    | Stable, but mature phase                                        | Enhance profitability through pricing discipline and project selectivity                          |
|                        | After-Sales Business | LTV <sup>1</sup> potential not fully realized                   | Maximize customer LTV through advanced maintenance and services                                   |
|                        | Overseas Business    | Growth trend, but issues with profitability and reproducibility | Build a North America-centered overseas growth model for stable profitability and reproducibility |
| Growth Reproducibility | New Business & M&A   | Issues with deal sourcing and PMI                               | Accelerate growth through disciplined new business and M&A                                        |
| Capital Efficiency     | Inventory Management | High inventory levels, issues with cash generation              | Strengthen cash generation by optimizing inventory with appropriate KPIs                          |

1: LTV Lifetime value

## 03

## VISION30: Long-term Targets (FY3/31)

400

(JPY100M)

Net sales

40-50

(JPY100M)

Operating profit

10-12%

Operating profit margin

at least 30%

Overseas sales ratio

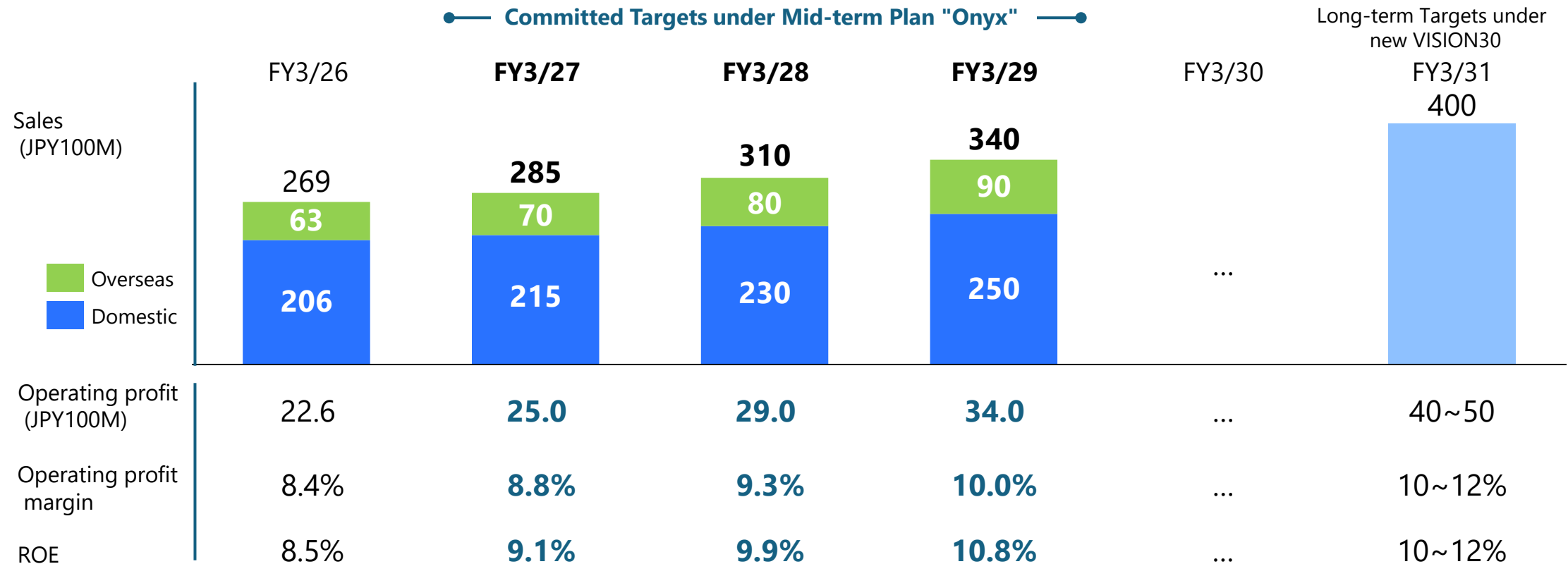
at least 20%

Maintenance &amp; solution revenue ratio

*The mid-term business plan toward 2030 will be updated after two years, and strategies for achieving these targets will be further detailed*

# 03

## Long-term targets of VISION30 and New Mid-term Business Plan "Onyx" (FY2026-28 Commitment targets)



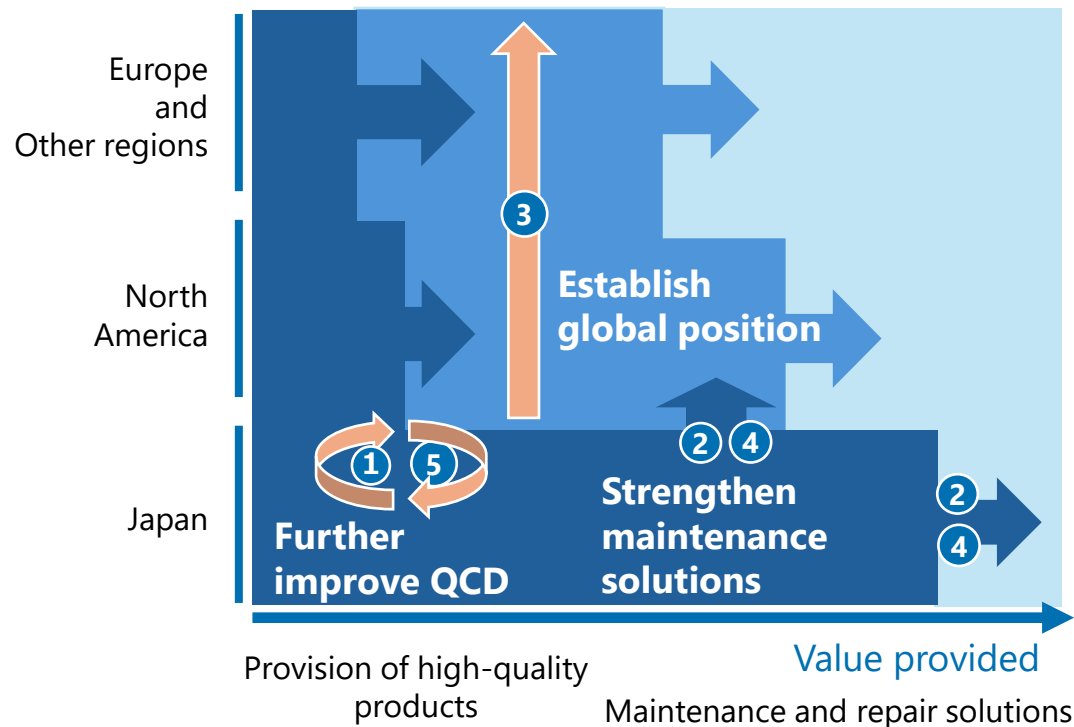
New Mid-term Plan "Onyx" (FY2026–28) sets **committed targets for steady growth and improved profitability to achieve the new VISION30**, building the foundation for our next growth stage

# 03

## Business Strategy: Three Pillars for the Next Growth Engine

To achieve value creation under Onyx, we will **further improve QCD** in Japan, **establish a global position** as a manufacturer and **strengthen maintenance solutions** to maximize customer LTV

### Diagram of global position and value provided



### Overview of strategic directions

- 1 Domestic Business**  
Enhance added value in demolition and environmental attachments, pursue niche-top strategies in forestry, and reinforce profitability by maintaining price discipline
- 2 Aftermarket Business**  
Maximize customer LTV by strengthening integrated solutions that combine OKADA's repair capabilities, genuine parts, and IoT devices
- 3 Overseas Business**  
Strengthen product and sales structures to meet regional needs as a global manufacturer, with a particular focus on the key North American market
- 4 New Business & M&A**  
Proactively pursue M&A to expand product range, quality, and overseas sales channels
- 5 Inventory Management**  
Optimize inventory through visualization and appropriate KPI design and implementation, evolving into a company with strong cash generation

# 03

## Business Strategy: Overview and Strategic Partnership with AP

### Our Business Strategies



### Value Provided by Advantage Partners (AP)

- 1 Domestic Business
- 2 Aftermarket Business
- 3 Overseas Business
- 4 New Business & M&A
- 5 Inventory Management

- Data-driven analytical capabilities
- Portfolio management expertise
- Support through an extensive business network, including overseas
- Planning and promoting new value creation initiatives, including M&A execution support
- Support for introducing appropriate management methods based on extensive investment experience

# 04

## Business Strategy: (1) Domestic Business, (5) Inventory Management

- In addition to product strategies, domestic business leverages strengths to enhance the quality and efficiency of profitability.
- By further strengthening our capabilities through M&A, we will explore new business models.

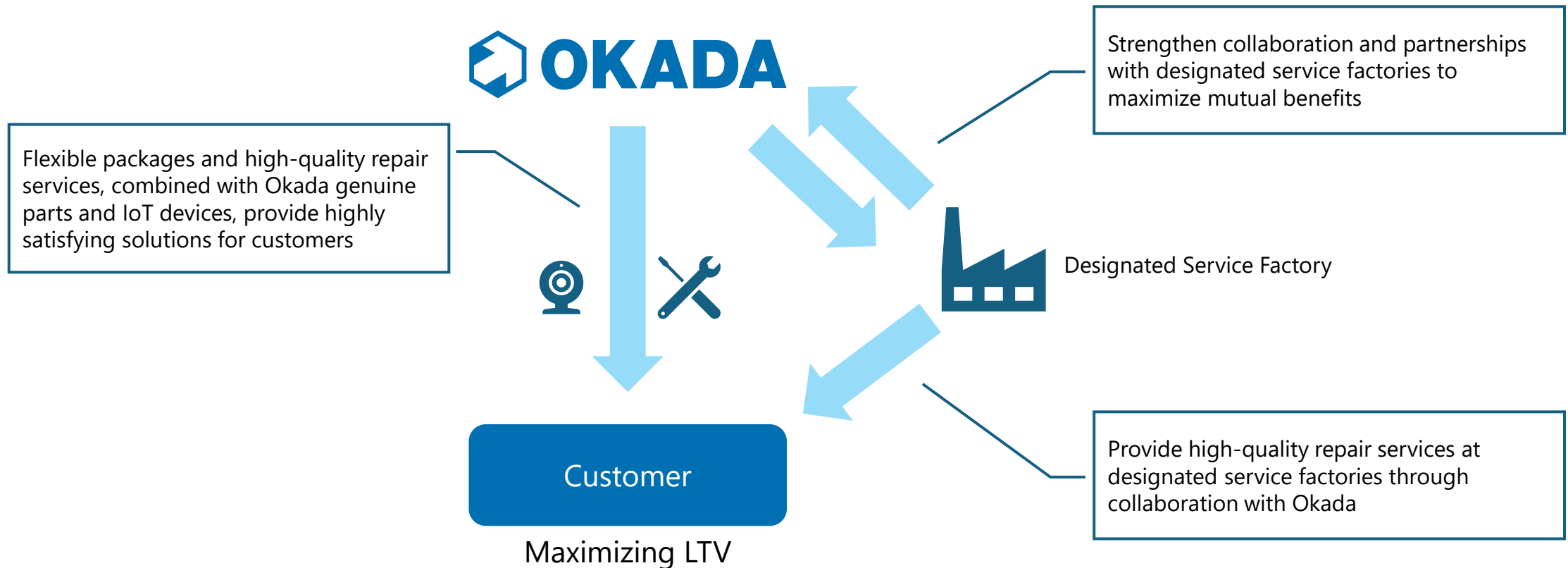
### Direction & Overview

|                                                         |                                                             |                                                                                                                                                                                                       |
|---------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Revenue Enhancement                                     |                                                             | <ul style="list-style-type: none"> <li>Improving price discipline: Strengthen price discipline and tailor pricing to specific conditions</li> </ul>                                                   |
| Product Strategy                                        | Demolition & Environmental Attachments                      | <ul style="list-style-type: none"> <li>Enhance added value and adapt to larger machines; expand possibilities for plant demolition and ship dismantling with steel ATMs</li> </ul>                    |
|                                                         | Forestry, Large Environmental Equipment, Cable Cranes, etc. | <ul style="list-style-type: none"> <li>Thoroughly pursue niche-top strategies; strengthen solution proposals tailored to specific applications</li> <li>Expand the forestry product lineup</li> </ul> |
| New Business & M&A                                      |                                                             | <ul style="list-style-type: none"> <li>Promote product lineup expansion, strengthen supply chains, and utilize business assets for further business development</li> </ul>                            |
| Capital Efficiency Improvement (Inventory Optimization) |                                                             | <ul style="list-style-type: none"> <li>Visualize inventory status and establish management systems such as KPI clarification; realize optimal capital efficiency for the entire group</li> </ul>      |

# 04

## Business Strategy: (2) Aftermarket Business

Maximizing Customer Lifetime Value (LTV) is positioned at the core of the Mid-term Management Plan, aiming to shift toward a lifecycle-based revenue model



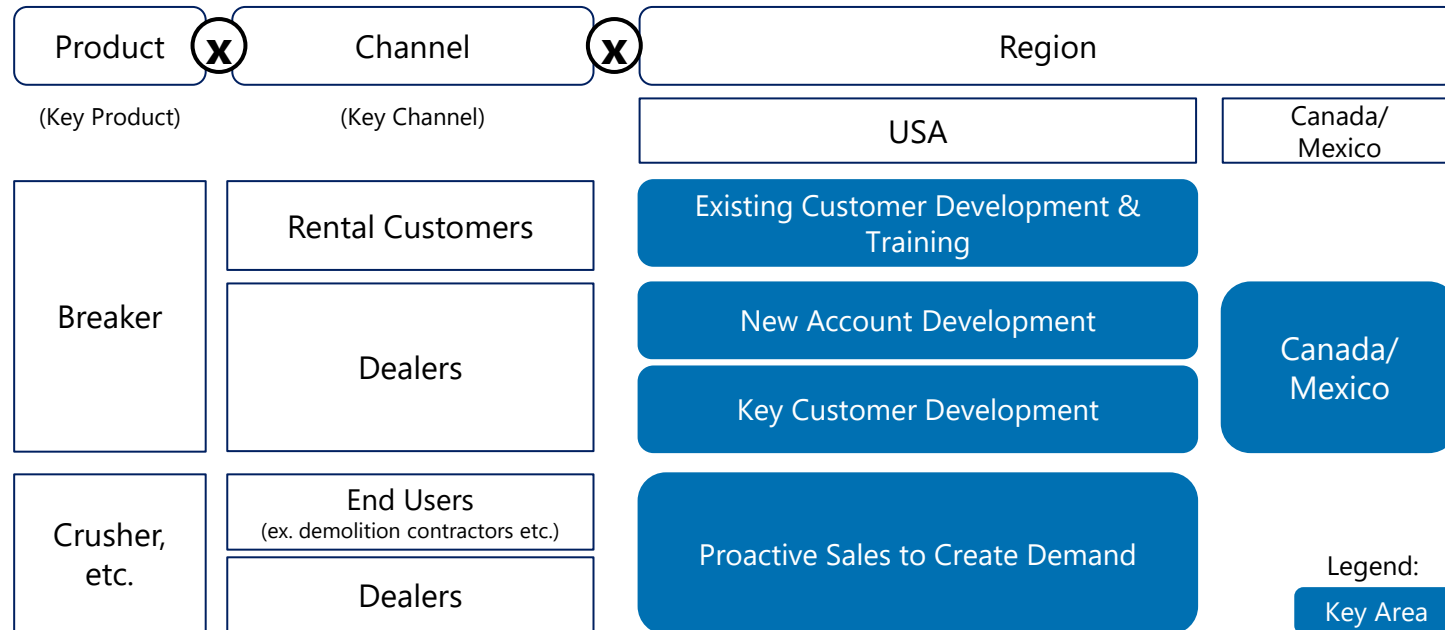
# 04

## Business Strategy: (3) Overseas Business

- Focus on North America and Europe as key growth drivers
- Strengthen product and sales structures to meet the needs of each region as a global manufacturer

### Regional Strategy

### Strategic Direction in North America: (Product × Channel × Region)



### Key initiatives

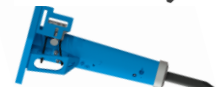
- Expand share, strengthen sales and aftermarket services
- Invest in North America as the main growth market
- Integrate products, services, and pricing strategies
- Strengthen dealer licensing and incentive programs
- Launch of a new hydraulic breaker model as a global product

# 04

## Business Strategy: (3) Overseas Business

- Introduce AI and UX models of hydraulic breakers as global products
- Pursue organic growth as the core, while actively leveraging M&A

### Strategic Direction & Overview

|                   |                                                      |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                    |
|-------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Regional Strategy | Strategic Direction / Priority Initiatives in Europe | <ul style="list-style-type: none"><li>• Strengthen sales structure and scale up in countries with strong demand(France, Spain, etc.)</li><li>• Focus on high value-added products in response to environmental regulations</li><li>• Enhance collaboration with key customers</li></ul> |                                                                                                                                 |
| Product Strategy  |                                                      | <ul style="list-style-type: none"><li>• AI and UX models of hydraulic breakers will be introduced as global products</li></ul>                                                                                                                                                          | <div>AI models</div>  <div>UX models</div>  |
| M&A Strategy      |                                                      | <ul style="list-style-type: none"><li>• Actively consider M&amp;A with companies owning products compatible for same-product or bundled sales</li></ul>                                                                                                                                 |                                                                                                                                                                                                                    |

# 04

## Business Strategy: (4) New Business & M&A

Actively pursue M&A to strengthen planning and execution capabilities for new value-enhancement initiatives

### Strategic Direction for M&A

#### Utilization

|                |          | a Products / Supply Chain                                                                                                                          | b Customer Touchpoints                                                                                        | c New Businesses                                                                                                                 |
|----------------|----------|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
|                |          | <ul style="list-style-type: none"> <li>- Expand product lineup to better address market needs</li> <li>- Enhance supply chain stability</li> </ul> | <ul style="list-style-type: none"> <li>- Strengthen sales channels and after-sales service network</li> </ul> | <ul style="list-style-type: none"> <li>- Accelerate the creation of new businesses aimed at expanding business models</li> </ul> |
| Target Regions | Japan    | ✓                                                                                                                                                  | ✓                                                                                                             | ✓                                                                                                                                |
|                | Overseas | ✓                                                                                                                                                  | ✓                                                                                                             |                                                                                                                                  |

### Execution Policy

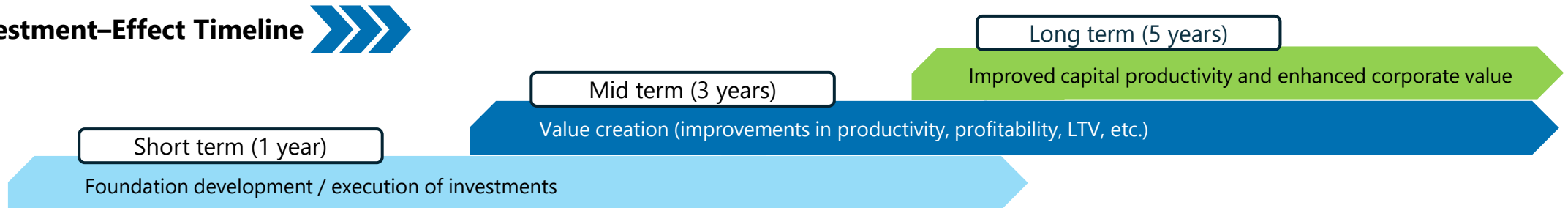
- Ensure alignment with strategic objectives
- Conduct thorough deal screening and plan PMI from the outset
- Consider M&A opportunities with a cumulative investment scale of ¥2–3billion

# 04

## Strengthening Management Foundations: Investment

Improving capital productivity and enhancing corporate value —Focused investments in the three management foundations

### Investment–Effect Timeline



### Three Management Foundations Supporting the Growth Strategy

|           | Capital Investment<br>(Foundation for earning power)                                                                                                                                                                                                                                | System Investment<br>(Foundation for visualization)                                                                                                                                                                                                                                                  | Human Resources & Organization<br>(Foundation for sustainability)                                                                                                                                                                                                                                                                                             |
|-----------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Objective | Improve sales and capital productivity                                                                                                                                                                                                                                              | Transition to data-driven management                                                                                                                                                                                                                                                                 | Develop human resources to support sustainable growth                                                                                                                                                                                                                                                                                                         |
| Overview  | <ul style="list-style-type: none"> <li>- Continued capital investment (cumulative total: ¥6.2 billion) in production facilities and training facilities</li> <li>- Focused investment in high value-added products</li> <li>- Improvements in productivity and lead time</li> </ul> | <ul style="list-style-type: none"> <li>- Migration to a new core system (scheduled for September 2027)</li> <li>- Timely visualization of prices, costs, inventory, and LTV</li> <li>- Practical use of O-ATTA (operating status management system) to monitor product usage by customers</li> </ul> | <ul style="list-style-type: none"> <li>- Clarification of roles through the establishment of a CFO function at headquarters</li> <li>- Development of human resources to support the strengthening of global, service, and solution businesses</li> <li>- Development of next-generation management talent through collaboration with AP companies</li> </ul> |

# 04

## Strengthening Management Foundations: Human Resources Strategy

To achieve sustainable growth in overseas and service domains, the Company is advancing the evolution of its human resource portfolio in alignment with its business strategy

The “acquisition, development, and deployment” of human resources is being enhanced in an integrated manner

### Basic Policy

- Planned acquisition and development of global and service-related human resources
- Strengthening organizational capabilities through the development of next-generation management talent
- Establishment and enhancement of new HR systems and their effective operation

### Overview of the New HR System

- Transition to a system that enables flexible and autonomous choices through a review of job classifications and work styles
- Launch of performance evaluation and career management reforms to visualize growth and results
- Full-scale implementation scheduled from fiscal year 2027

| Focus Area     | Key Talent Development / Capabilities                                                  | Direction of HR Investment                                                                                                                                                       | Five-Year Human Capital Investment |
|----------------|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Global Growth  | Overseas sales and service personnel, global management talent                         | Promote the planned recruitment and development of local sales and service personnel, as well as the assignment and development of management talent to lead overseas businesses | 20 employees                       |
| Maximizing LTV | Data-utilization talent, advanced service talent, value-added solution proposal talent | Strengthen expertise of service personnel and enhance customer value creation models through data utilization                                                                    | 15 employees                       |
| Enhancing QCD  | Manufacturing and quality specialists, next-generation core talent                     | Systematically develop core personnel who will lead the next generation through the cultivation of specialists supporting quality and productivity                               |                                    |
|                |                                                                                        |                                                                                                                                                                                  | total 30 employees                 |

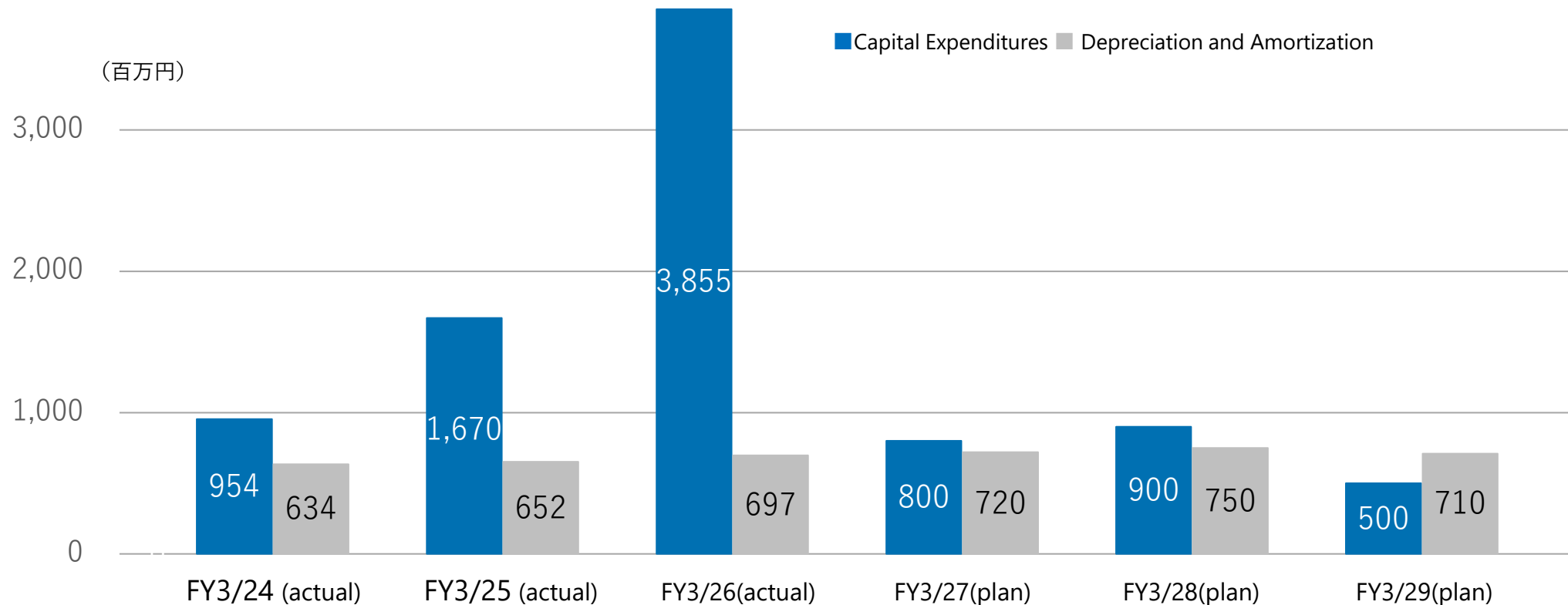
### Human Capital Strategy KPIs

Continuous monitoring of overseas business sales and profitability, as well as the ratio of after-sales business revenue, as key performance indicators of the human capital strategy

# 04

## Capital Expenditures and Depreciation (actual & plan)

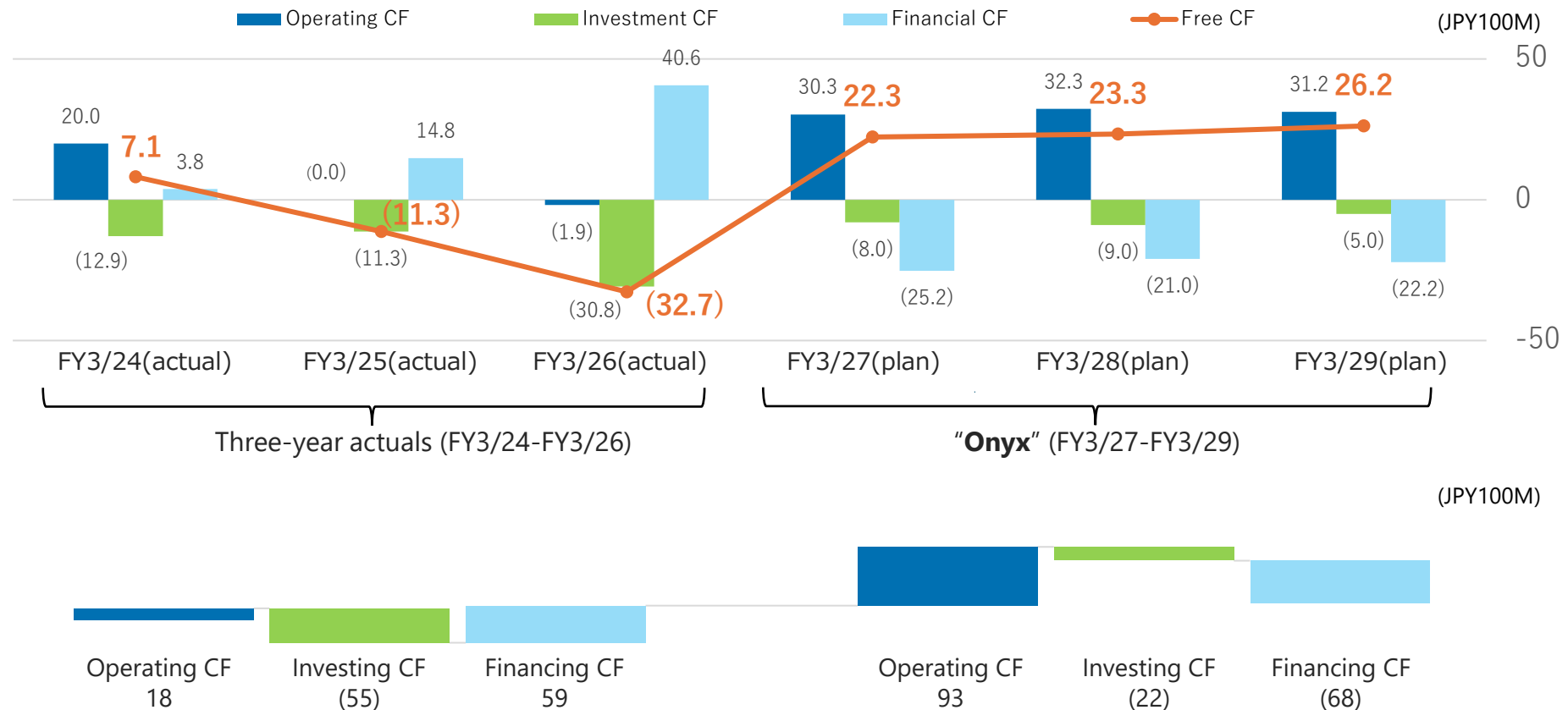
- The development of domestic sales offices and repair facilities carried out over the past decade was completed in FY3/26  
Going forward, plans are in place to begin the expansion of the Hiroshima sales office and the reconstruction of the current head office, including manufacturing functions, warehouses, and training facilities



# 05

## Capital Policy: Cash Flow

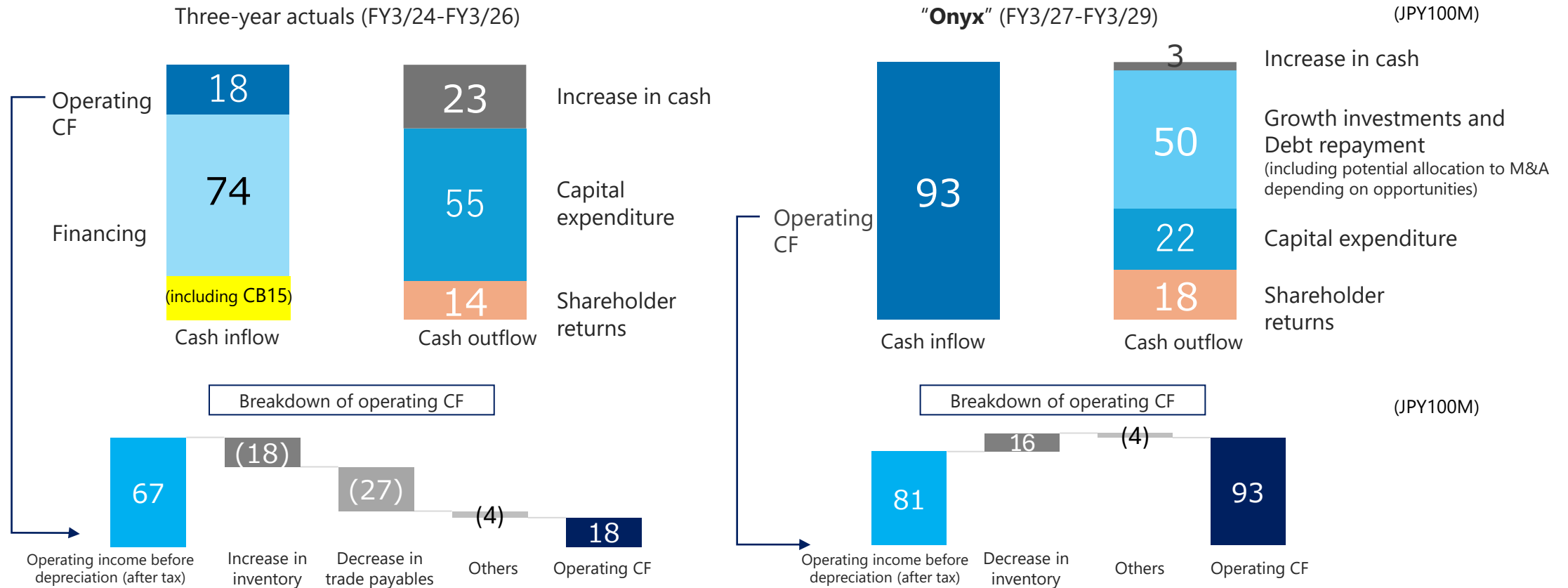
Capital expenditures for branch office expansion and partial headquarters relocation have largely been completed. Going forward, we will generate stable operating cash flow through optimization of inventory levels



# 05

## Capital Policy: Capital Allocation

Operating cash flow will be secured through inventory optimization and allocated to shareholder returns, capital expenditures, M&A, and debt repayment

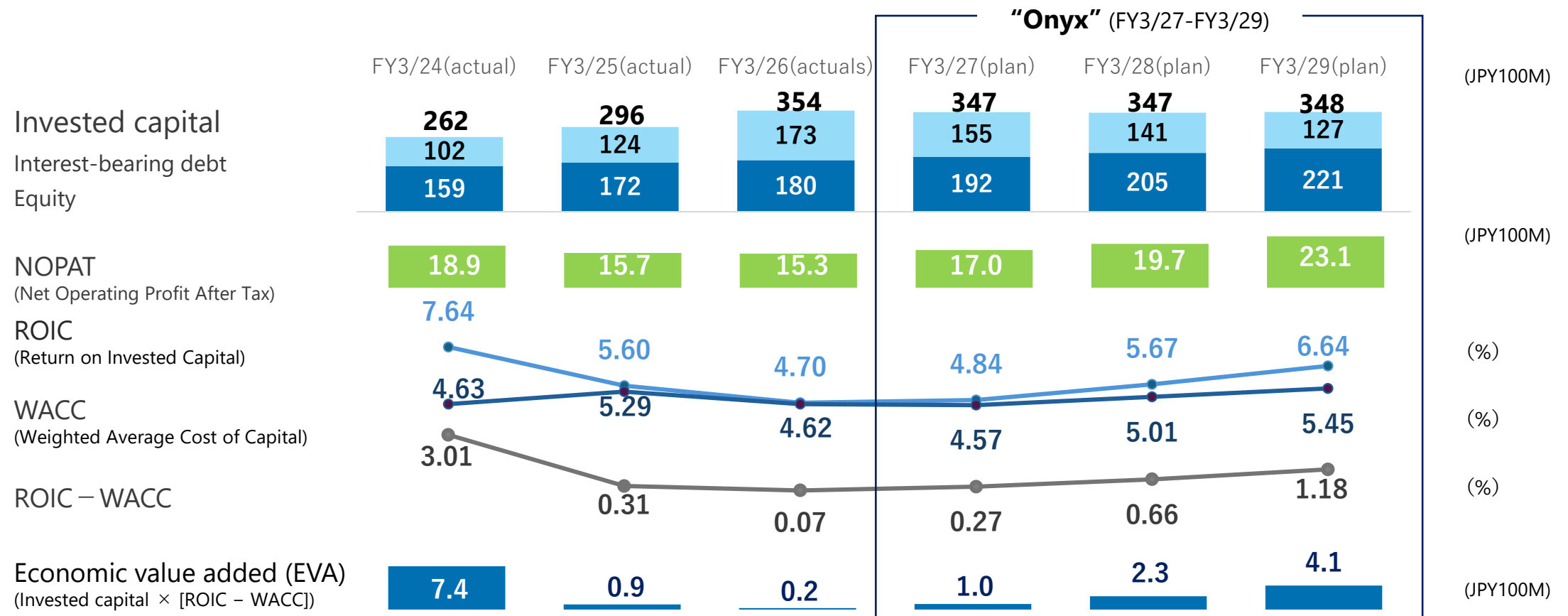


Decrease in trade payables resulted from the abolition of promissory notes in compliance with subcontracting regulations

# 05

## Capital Policy: Improving Invested Capital Productivity

Although profitability declined due to lower margins, increased inventory, and higher cost of capital, we aim to improve invested capital productivity through profit recovery and inventory optimization.



# 05

## Capital Policy: Improving Invested Capital Productivity (Key Assumptions)

### (1) Cost of Shareholders' Equity

Cost of shareholders' equity = Risk-free rate + Risk premium x  $\beta$  (beta)

|                               | End of FY3/24 | End of FY3/25 | End of FY3/26 | After FY3/27 |
|-------------------------------|---------------|---------------|---------------|--------------|
| Cost of shareholders' equity* | 6.4%          | 7.7%          | 8.2%          | 8.2%         |
| Risk-free rate*               | 0.73%         | 1.09%         | 1.78%         | 1.78%        |
| Risk premium                  | 6.40%         | 6.60%         | 6.85%         | 6.85%        |
| $\beta$ (beta)                | 0.890         | 1.008         | 0.938         | 0.938        |

(\*) Cost of shareholders' equity: Capital cost as of the end of FY3/26 will be used for FY3/27 and thereafter.

Risk-free rate: The figure as of the end of FY3/26 is based on the average 10-year government bond yield over the full FY3/26 period.

### (2) NOPAT (Net Operating Profit After Tax)

NOPAT = Operating profit x (1 - effective tax rate) [Effective tax rate = fixed at 32%] (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)

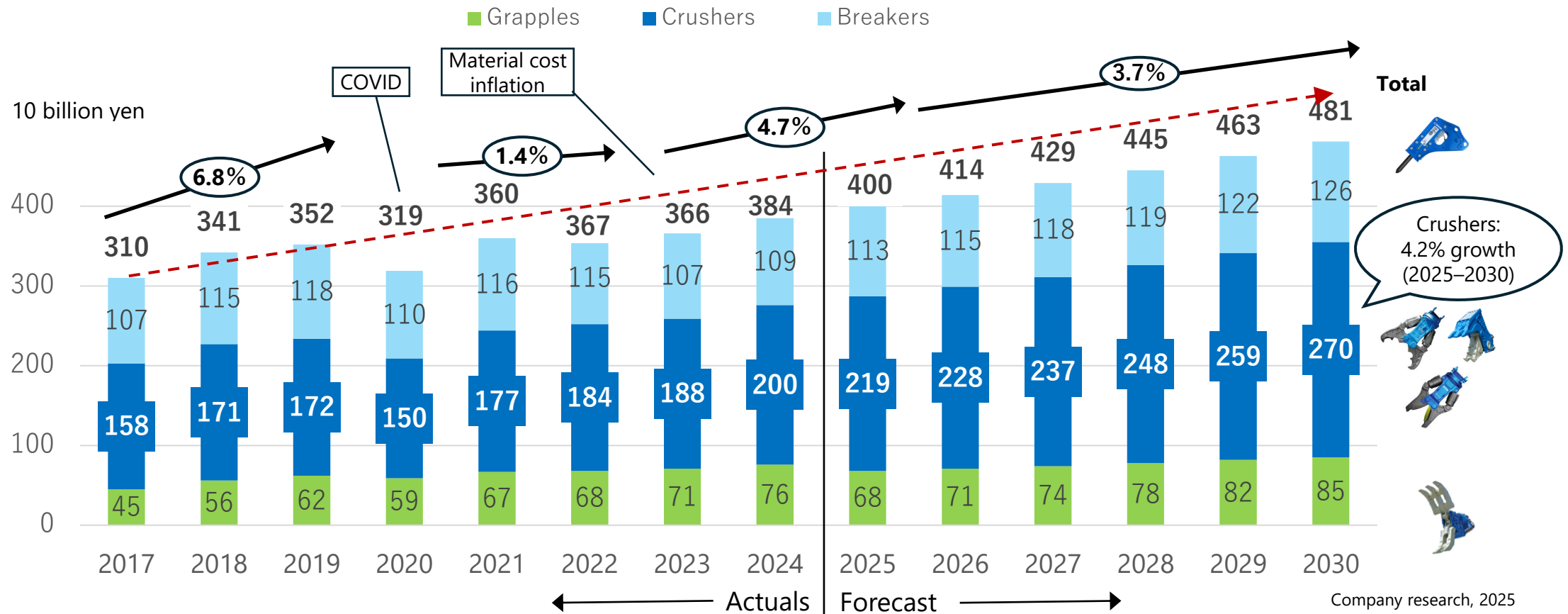
WACC = Cost of debt x (1 - effective tax rate) x Debt/(debt + equity) + Cost of shareholders' equity x Equity/(debt + equity)

[Debt = book value basis, Equity = market value basis; share price from FY3/27 onwards is estimated based on the forecasted PER 10.3 at the end of FY3/26]

# 06

## Japan: Market Size and Growth Variations by Demolition Attachment Product

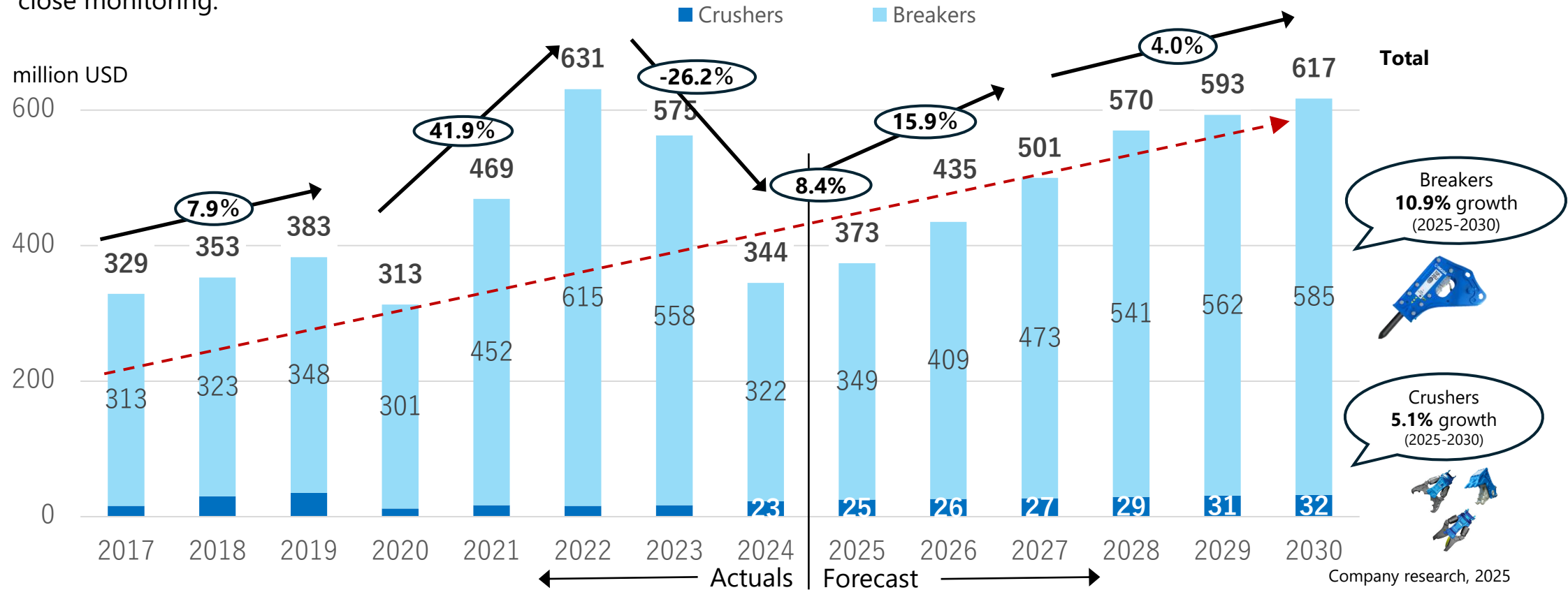
The overall market is expected to grow at a CAGR of +3.7%. Key drivers include increased private-sector infrastructure investment, a rising stock of buildings over 45 years old, and demolition demand for vacant houses, particularly for grapples.



# 06

## U.S.A : Market Size and Growth Variations by Demolition Attachment Product

The market is projected to grow at a CAGR of +4.0%. Although demand fell sharply in 2024 due to interest rate hikes and deferred projects, recovery is expected as inventory adjustments conclude, and interest rates decline. Supported by resilient demolition demand, growth is anticipated to align with long-term trends. Key risks: sudden policy changes and interest rate fluctuations require close monitoring.

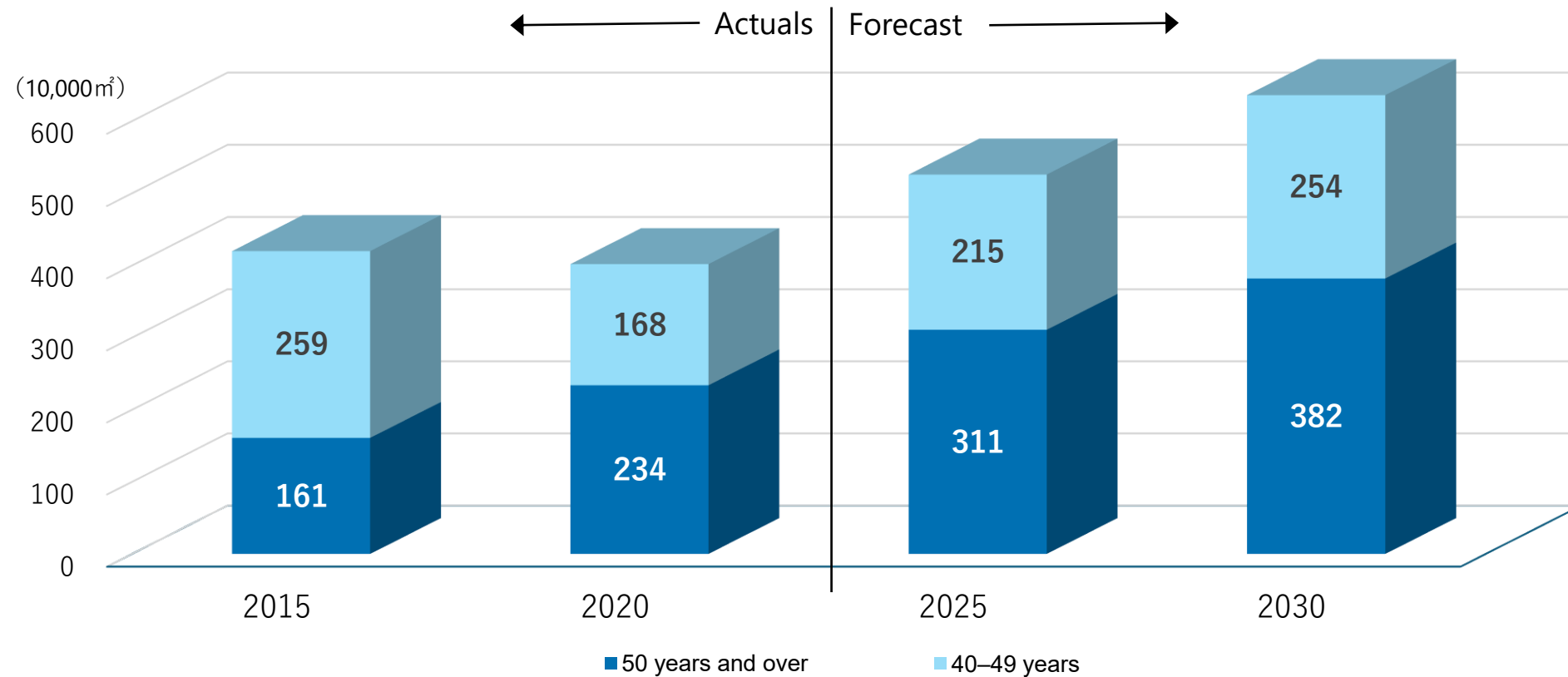


# 06

## Building Demolition (Primary Crushers / Secondary Crushers)



Looking at buildings over 40 years old, demolition demand continues to increase year by year.



Floor area by construction period of non-residential, non-wooden (concrete) buildings subject to demolition

Company research, 2025



## 06

## Plant Demolition (Steel Cutters)

A surge in demolition projects concentrated in the power, chemical, and steel industries.

Currently, large-scale plant closures and demolition are accelerating across Japan, with numerous projects underway, particularly at thermal power plants, chemical plants, and steelworks. This trend is driven by the following factors:

1. **Maintenance limits of aging facilities**

Facilities constructed in the 1970s–1980s are entering a simultaneous renewal phase.

2. **Decarbonization policies and business restructuring**

GX investments, capacity adjustments, and declining demand are acting in combination.

3. **Transformation of site value**

Redevelopment is progressing based on land conversion and reinvestment, including data centers, hydrogen, ammonia, SAF, and power infrastructure.



### **Thermal power**

Demolition projects are concentrated through 2030, driven by aging facilities, decarbonization, and land redevelopment.

### **Nuclear power**

Ultra-long-term projects spanning 30–40 years are reaching a nationwide peak.

### **Chemical plants**

Large-scale dismantling continues due to a threefold structure of demand reduction, restructuring, and soil remediation.

### **Steelworks**

Historically large-scale demolition projects are underway, driven by the shift from blast furnaces to electric furnaces to reduce CO<sub>2</sub> emissions.



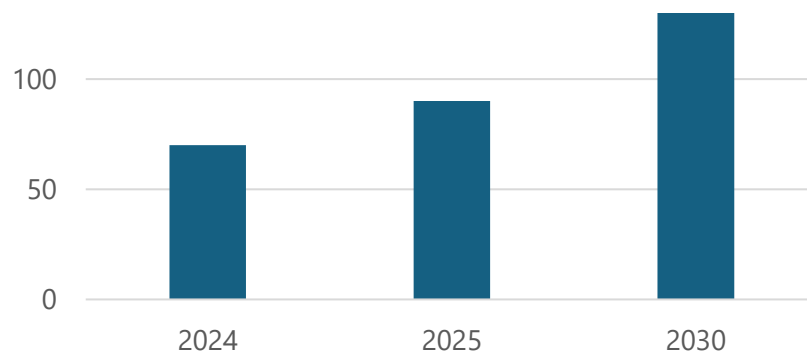
# 06

## Ship Demolition (Steel Cutters)

Leading the global market with a high-quality, circular ship recycling model originating in Japan.

- The global market is growing at an average annual rate of 7–9%.
- The mainstream method is beaching-based demolition (labor-intensive), while dry dock-based demolition places greater emphasis on environmental protection and safety.
- The increase in aging vessels, demand for scrap steel recycling, and environmental regulations (Hong Kong Convention) are driving the adoption of proper demolition practices.
- Expectations for the Japanese-style demolition model are expanding globally, with proven adoption of our cross cutters.
- While large-scale ship demolition capacity in Japan is limited, port infrastructure and technological capabilities are among the world's best.
- We aim to establish global standards through a Japan-origin circular ship recycling model.

Global Ship Demolition Market Size (USD bn)

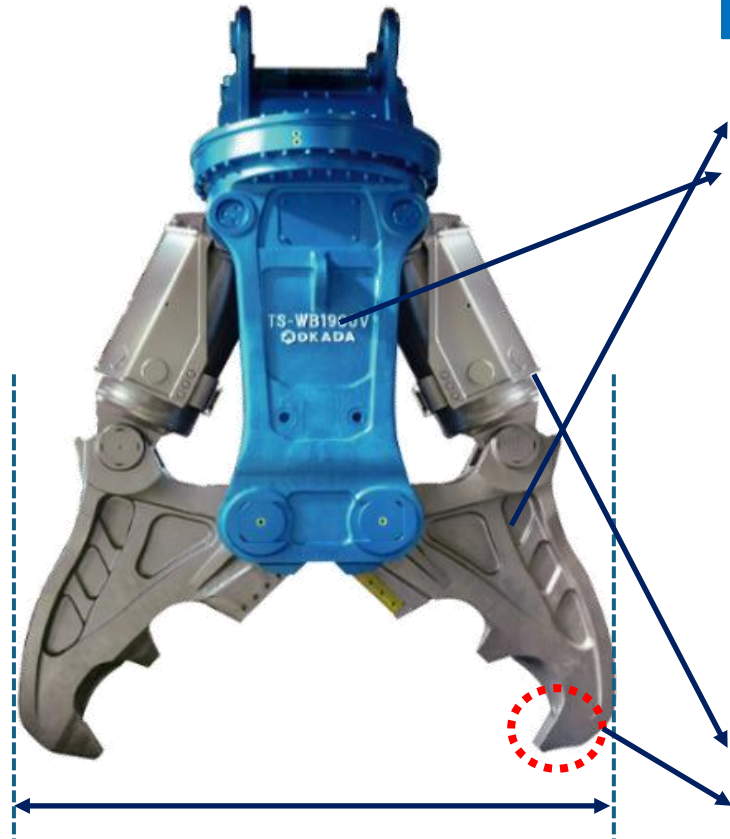


# 06

## Our Strengths : Cast Steel Products

### Our commitment to our products

For demolition applications where exceptional strength is required—such as large crushers and steel cutters—we actively adopt cast steel products.



Cast steel products

#### Strengths of Cast Steel Products

- No welded joints, ensuring superior overall structural strength
- High durability and greater design flexibility, enabling lightweight and high-performance designs



Fabricated metal products

#### Characteristics of Fabricated Products

- Flexible selection optimized for cost, delivery time, and application
- Not all components need to be cast steel; balanced use is emphasized

#### Functional Advantages

- Booster valves installed in cylinders, achieving both power and speed
- Adoption of a wedge arm enables outstanding crushing force
- When closed, the arms do not protrude, allowing operation in confined spaces

Our Approach: By carefully balancing application, cost, and performance, the Company optimally combines cast steel and fabricated products to deliver the most suitable solutions to customers.

## 06

## Our Strengths : Cast Steel Products

### - The Number of Capable Manufacturers Is Extremely Limited

- Of the approximately 1,000 foundry companies in Japan, only about 100 are capable of producing cast steel.
- Cast steel with high strength, high toughness, and wear resistance requires advanced manufacturing and heat-treatment technologies.
- Only a very small number of manufacturers are able to simultaneously meet requirements for complex geometries, mechanical performance, and design quality.

### - High Initial Investment Creates a Significant Barrier to Entry

- Each product requires a dedicated wooden pattern or mold, resulting in initial costs of several million yen to over 10 million yen per model.
- Additional ongoing costs arise from modifications, maintenance, and management.
  - Without a sufficiently large and stable volume of cast-steel orders, bearing these costs is difficult.

### - Over 50 Years of Cast-Steel Development Expertise

- Development lead time typically exceeds six months.
- With decades of accumulated know-how, the Company is able to:
  - Minimize the number of prototype iterations
  - Achieve mass production within a short timeframe.



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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