

# Medium-to Long-Term Management Plan

## VISION 30 - Go To The Next Stage



**OKADA AIYON CORPORATION**

# Composition of the Mid-to Long-Term Management Plan

Page

3-17

## I Long-term Vision **VISION 30**

Our vision toward 2030 and our long-term management plan

## II Mid-term Management Plan **Rolling Plan FY2021-FY2023**

18-39

Mid-term (3-year) management plan for realizing the long-term vision

We will review the 3-year rolling plan annually

Long-Term Vision

## VISION 30

- Go To The Next Stage

OKADA AIYON CORPORATION

I

## Long-term Vision VISION 30

- 1 Management Philosophy and Vision  
-System
- 2 VISION 30 Outline
- 3 VISION 30 Business Plan
- 4 VISION 30 Three Strategies
- 5 ESG Topics

# People create environments

We are surrounded by various environments.

In addition to the natural environment, which is now a global issue, "environment" also includes the working environment, relationships with employees, customers, partner companies, suppliers, shareholders, financial institutions, local communities, and all other stakeholders.

All such environments are created by people.

-People who are not easily swayed by the current environment and aim to create a better environment.

We would like to develop such human resources and contribute to create an environmentally friendly society through the development of our business.

# 1. Management Philosophy and Vision -System

## Management philosophy

1. Valuable company for society
2. Valuable divisions for company
3. Valuable individuals for division
4. Steady progress toward improvement



## Long-term vision

### VISION 30 - Go To The Next Stage

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"

#### Numerical Vision

Net sales of **30** billion yen, operating income of **3** billion yen, and a market capitalization of **30** billion yen

## Mid-term Management Plan

### Rolling plan FY2021-FY2023

Human Resources Strategy

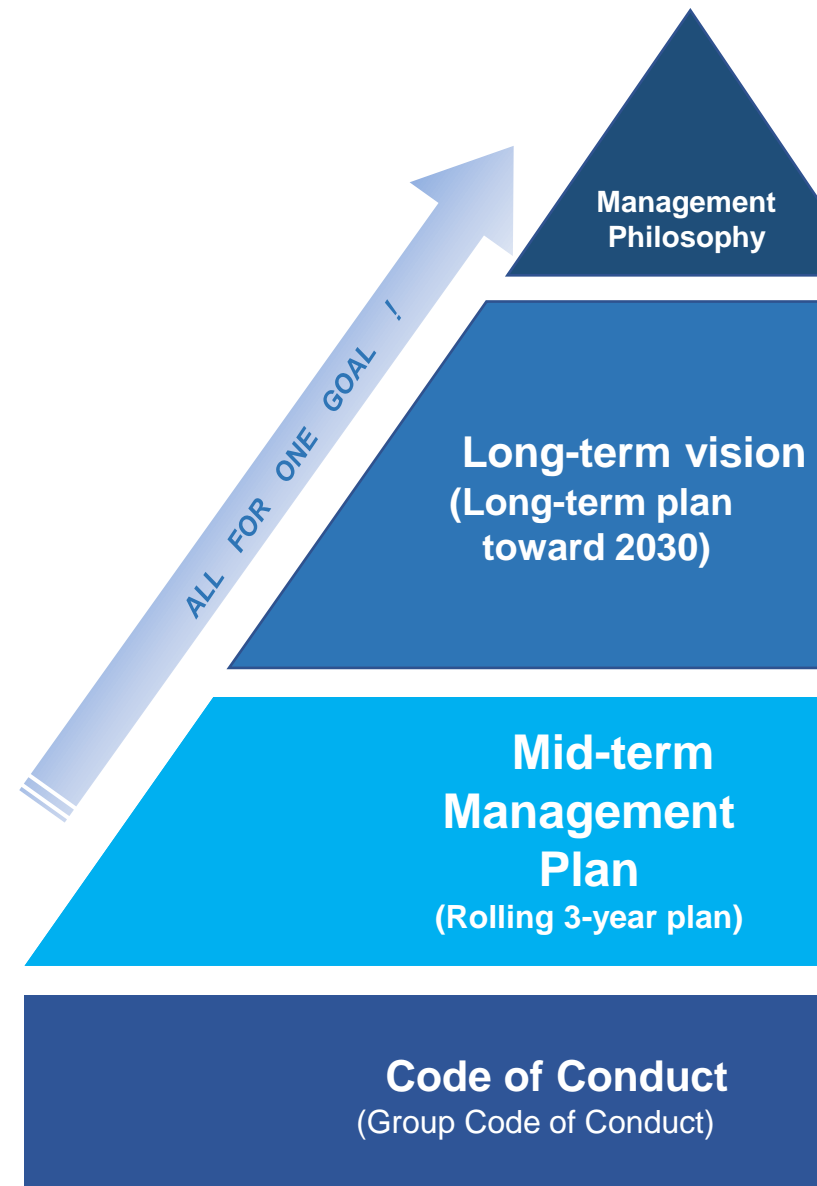
Market Strategy

Strengthening Management Base

## Code of Conduct

Corporate Code of Conduct

10 Rules of Conduct for Employees



## 2. Outline of **VISION 30**

### VISION 30 Statement

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"

**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

Implementation  
of **ESG**  
management

### 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**

### Go To The Next Stage "ONE"

Number **ONE** by far in Japan

Global number **ONE**

**ONLY ONE**

**ONE TEAM**

**ALL FOR ONE GOAL**

3-1. **VISION 30 Business Plan**

7

**VISION 30 Business Plan** (Targets to be achieved as early as possible by 2030) (100 million yen)

	FY3/21 Result
OKADA	119
Nansei	27
Japan	146
Overseas	28
<b>Net sales</b>	<b>175</b>
<b>Operating income</b>	<b>13</b>
<b>CAGR</b>	-
<b>Operating income margin</b>	<b>7.8%</b>
<b>R O E</b>	<b>8.3%</b>

VISION30 Plan	FY3/21 Vs. Plan
165	+46
45	+18
210	+64
90	+62
<b>300</b>	<b>+125</b>
<b>30</b>	<b>+17</b>
<b>10.0% or over</b>	-
<b>10.0% or over</b>	<b>+2.2% or over</b>
<b>10.0% or over</b>	<b>+1.7% or over</b>

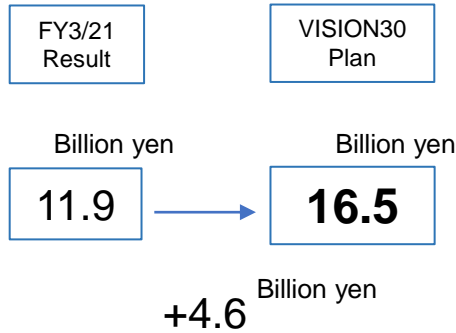
### 3-2. **VISION 30** Business Plan (Growth potential)

**Business segment**

**Business plan**

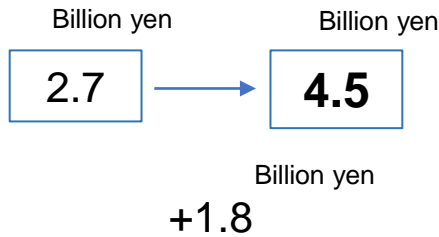
**Growth potential**

**OKADA (Japan)**



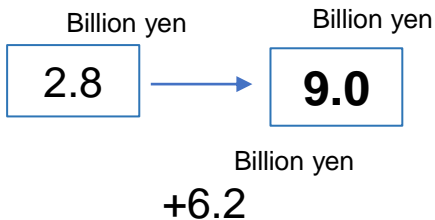
- The domestic demolition market demand (buildings, factory plants, public buildings, etc.) is about to gain momentum due to the aging of urban infrastructure.
- **Targeting No.1 market share**, as this situation is favorable for us, which has strengths in maintenance support and highly operational efficient large-scale machineries.
- Capital investment in domestic factories, sales offices, and maintenance factories is expected over the past 3 years. From FY2024 onward, we will enter a period of investment recovery and profit accumulation.

**Nansei (Japan)**



- Forestry machinery is expected to grow steadily from the promotion of the use of domestically produced timber.
- Building a competitive sales system based on a sales and maintenance structure through collaboration and integration with Okada.
- As an in-house manufacturer, there is sufficient room for **improving productivity and profitability** through following efforts: improving production efficiency, strengthening development capabilities, improving product quality, and strengthening sales and maintenance capabilities.

**Overseas**

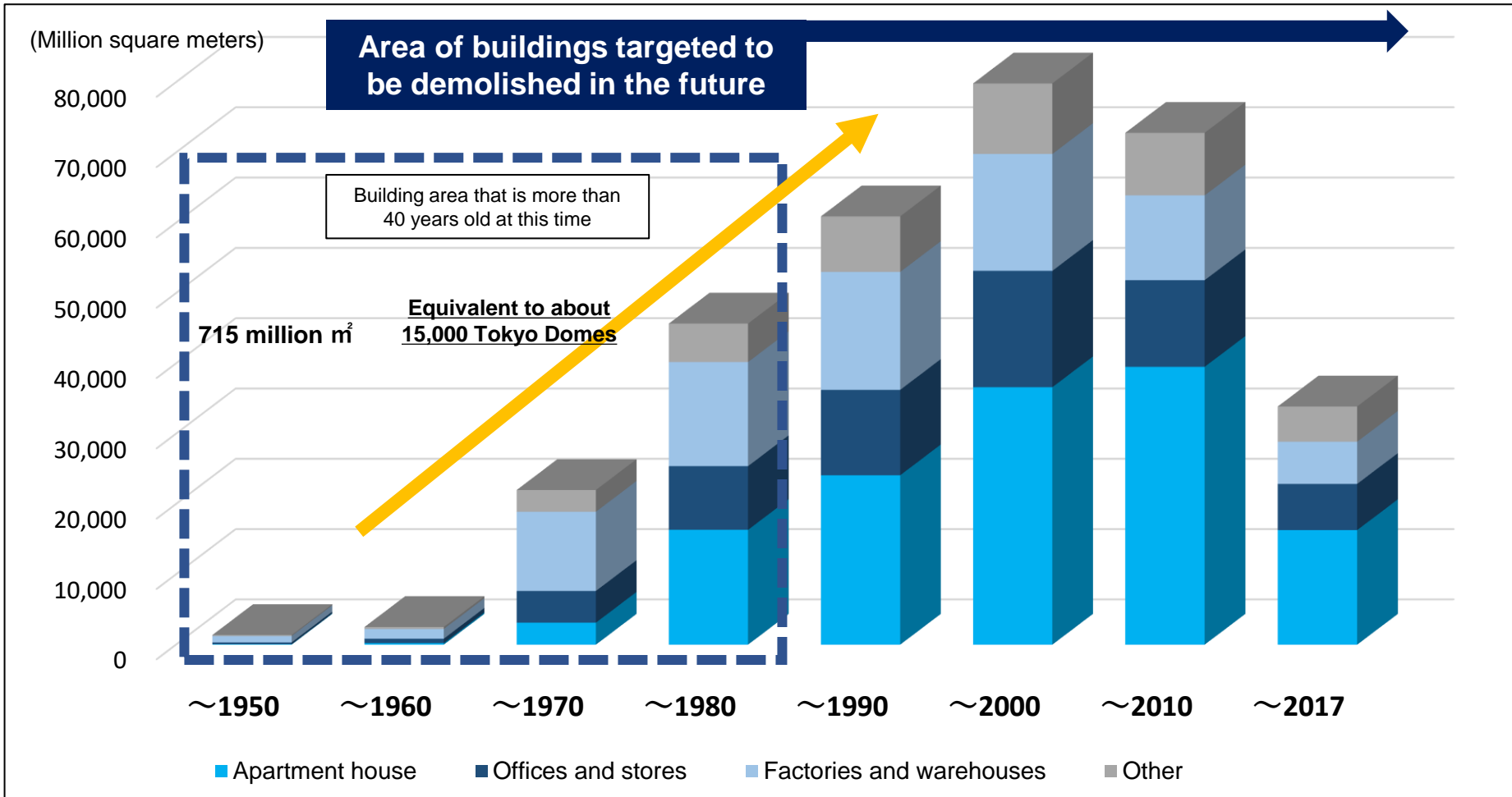


- With its solid sales base, strive to increase share in the large U.S. market.
- Focusing on capturing market share in Europe and Asia by expanding sales bases and investing personnel and merchandise.
- Aiming to join the **global Tier 1 group** of Demolition attachment manufacturers by improving technological capabilities in hydraulic breakers and establishing a brand of crushers by launching models for overseas markets.

### 3-3. **VISION 30** Business Plan (Potential for Domestic Demolition Market)

#### Building age and area of non-wooden buildings (concrete buildings)

◆ Looking at demolition targets for buildings 40 years old or older, demolition demand will begin in earnest in the coming years (an area equivalent to about 1,500 Tokyo Domes will be targeted each year).



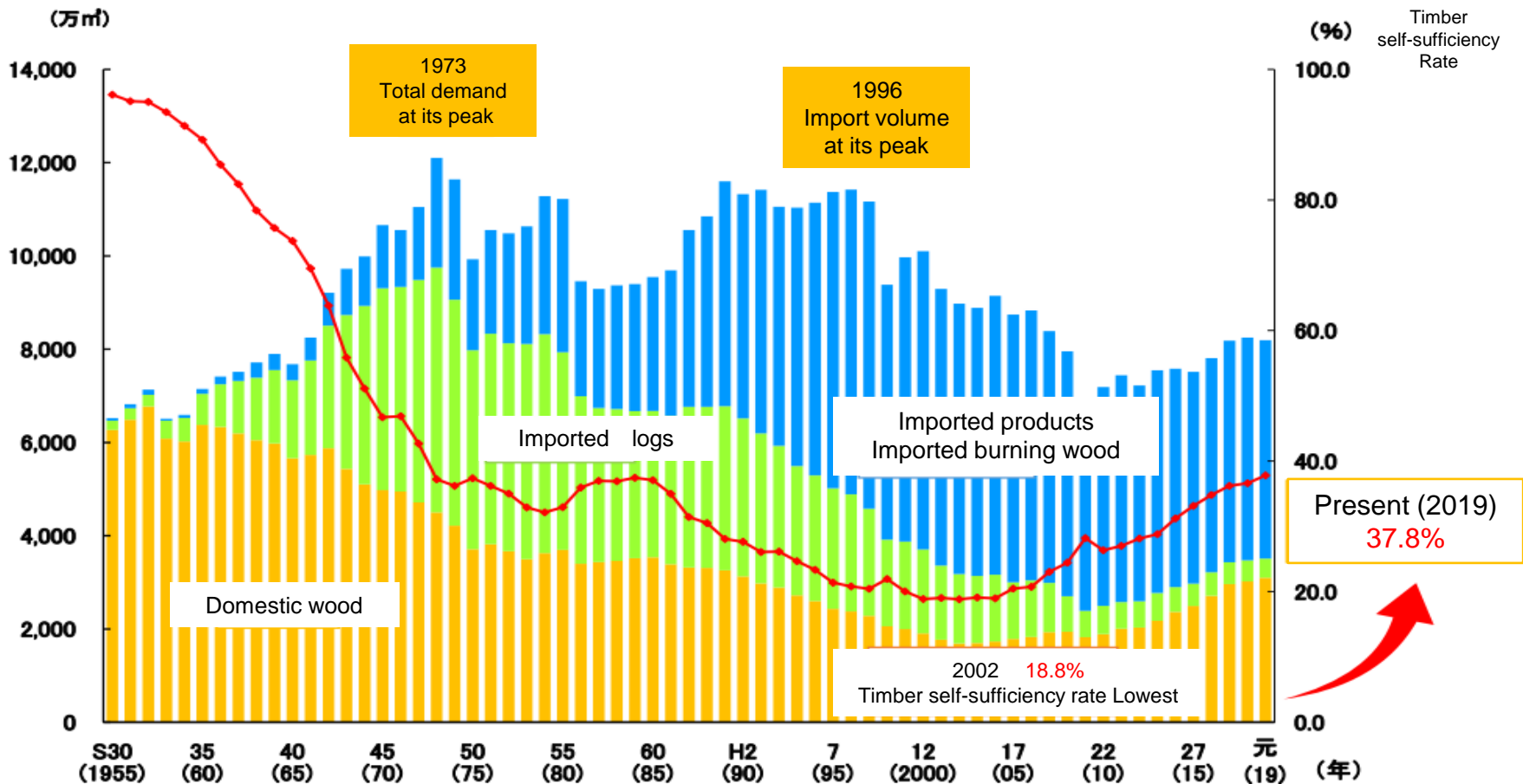
◆ Converted to the floor area of the Tokyo Dome as 46,000 m<sup>2</sup>.

Prepared by company from "Building Stock Materials" by the Ministry of Land, Infrastructure, Transport and Tourism

### 3-4. VISION 30 Business Plan (Potential for Domestic Forestry Market)

#### Trends in Timber Supply and Timber Self-Sufficiency Ratio

- ◆ During the period of high economic growth, imports of timber increased to compensate for the shortage of domestic timber, and have continued to outstrip domestic timber for a long period of time, but now that the planted forests of 40 to 50 years ago are reaching the optimum age for harvesting, the government is promoting the use of domestic timber from the perspective of environmental conservation, including thinning issues.
- ◆ Consequently, the timber self-sufficiency rate rose for the ninth consecutive year (18.8% → 37.8%), and the place of activity for forestry machinery, which is improving work-efficiency, is expanding further.

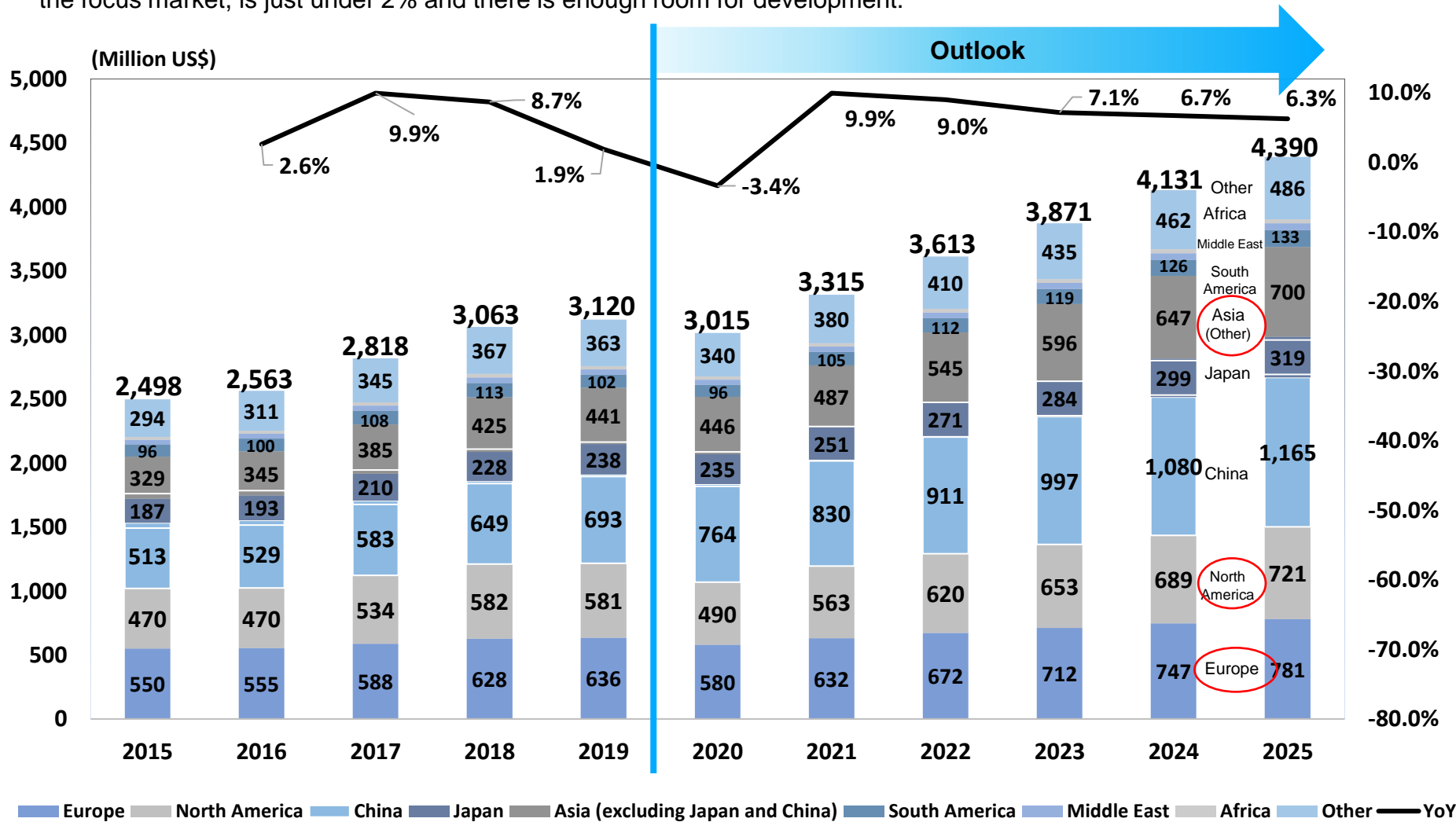


Forestry Agency, "Announcement of Timber Supply and Demand Announcement 2019" (announced on September 30, 2020)

# 3-5. **VISION 30** VISION 30 Business Plan (Overseas Market Potential)

## Demolition attachment market

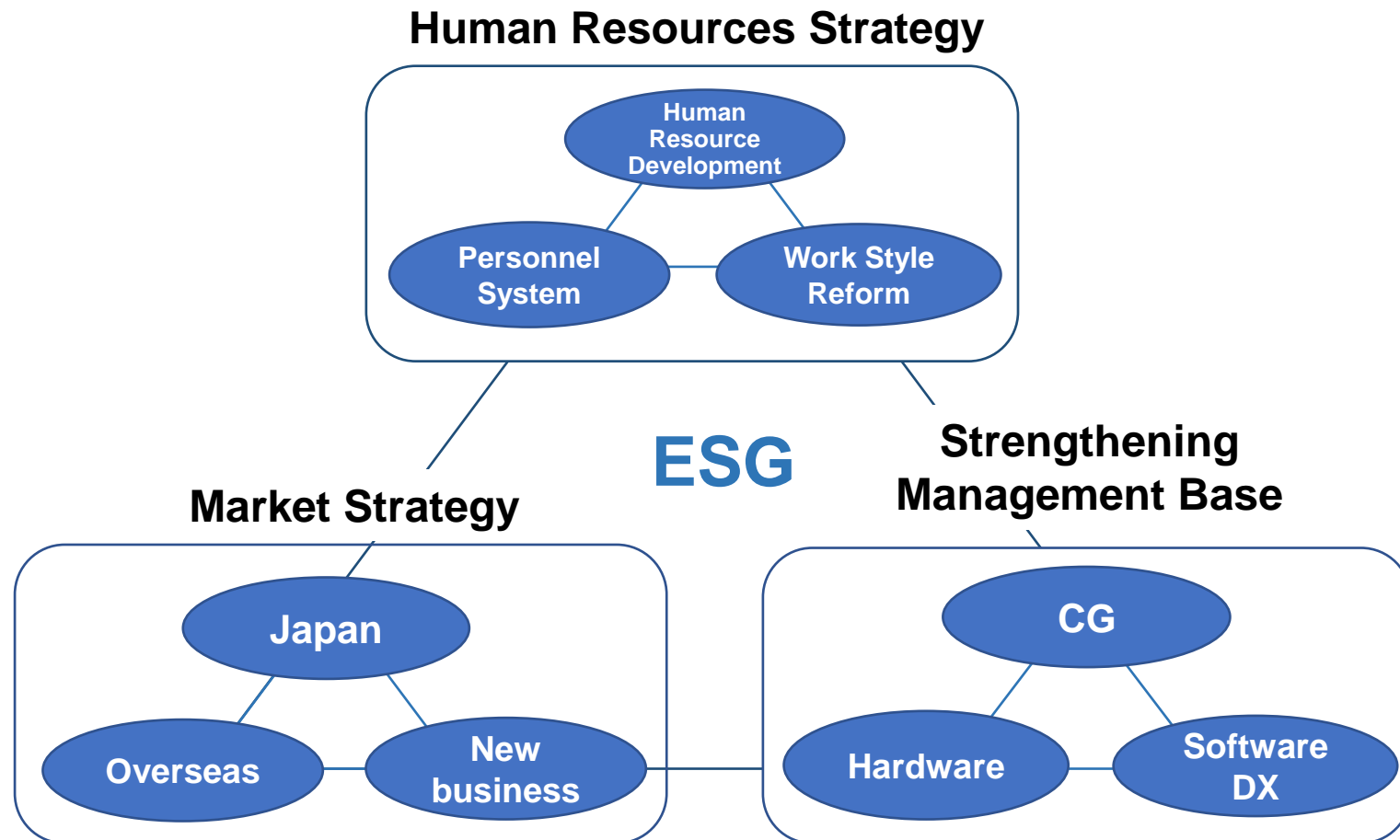
◆ Overseas market is expanding, and the market share in the U.S., Europe, and Asia (excluding China and Japan), which is the focus market, is just under 2% and there is enough room for development.



"Prepared by company based on research materials from private research companies"

# 4 -1. **VISION 30** Three Strategies

**VISION 30:** We aim to realize **ESG-based management** by formulating and promoting **three strategies**.



## 4 -2. **VISION 30** Three Strategies

### Human Resources Strategy

- ① **Human Resource Development:**  
Recruitment, development, and utilization of human resources
- ② **Personnel System:**  
Fair valuation and compensation system reflecting results and contributions
- ③ **Work Style Reform:**  
Creating a pleasant and rewarding working environment

### Market Strategy

- ① **Domestic Strategy:**  
Strengthening the integrated value chain in response to growing demand
- ② **Overseas Strategy:**  
Market development by investing products and staffs in three bases in the U.S., Europe, and Asia
- ③ **New Business:**  
Application of new technologies (new demolition methods, DX, etc.) and promotion of strategic M&A

### Strengthening Management Base

- ① **Corporate Governance Structure:**  
Building a governance system to support sustainable growth
- ② **Hardware:**  
Maintenance of domestic and overseas factories and sales bases (expansion and new construction)
- ③ **Software:**  
Development of system infrastructure and business reform and evolution of customer responsiveness through DX

# 5-1. ESG Topics (Environment)

## Carbon neutral

Our Group is actively striving to achieve **carbon neutral operation** with biomass power.

Forest trees absorb carbon dioxide in the atmosphere through photosynthesis, releasing oxygen. When wood is burned for energy, carbon dioxide is produced, but this carbon dioxide is absorbed by the trees again as the forest is renewed after the trees are cut down and as the trees grow. Thus, the energy use of wood has a carbon-neutral property that it does not affect carbon dioxide in the atmosphere.

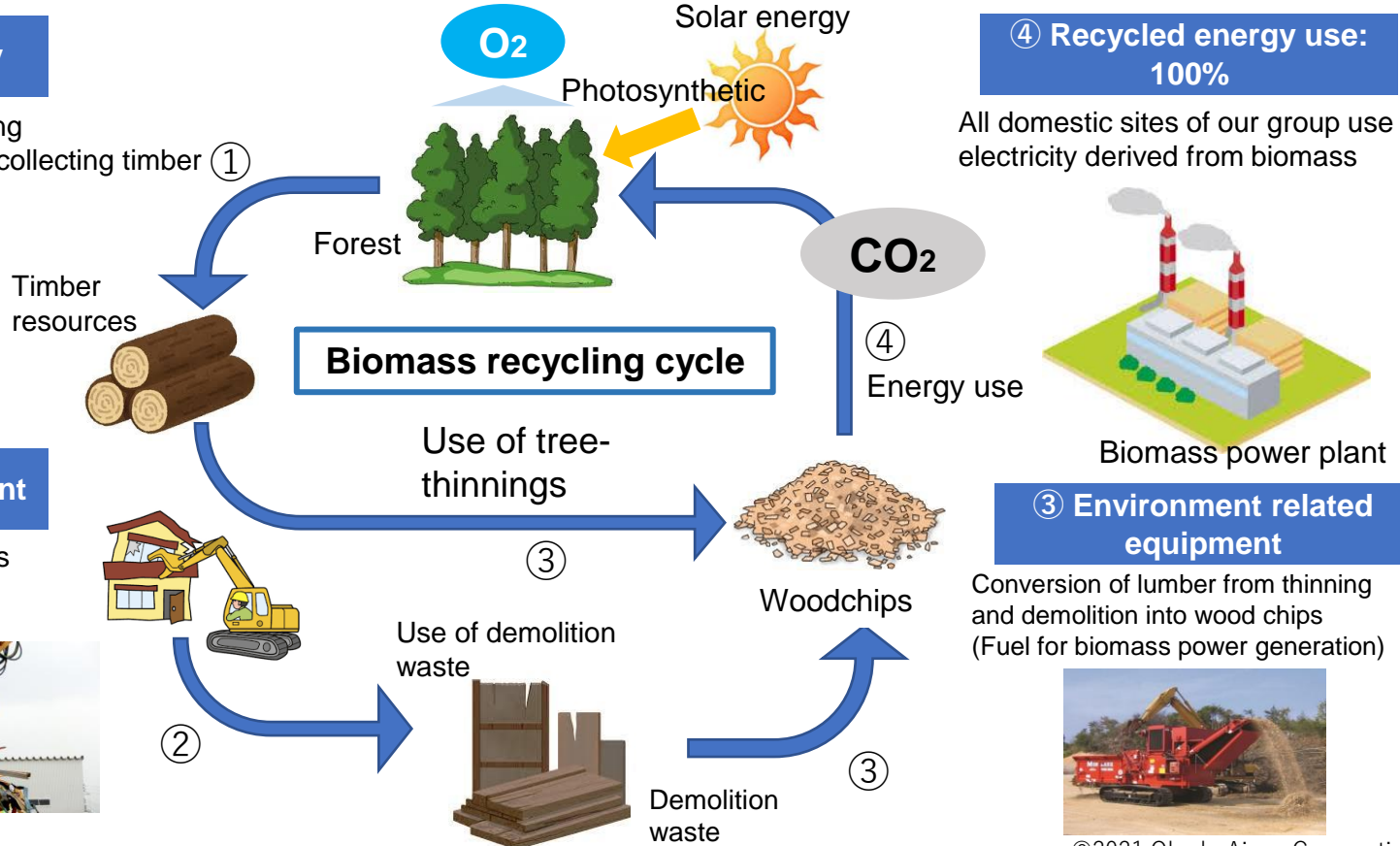
### ① Forestry machinery

Forest maintenance by thinning  
Use of timber by logging and collecting timber ①



### ② Demolition attachment

Demolishing wooden houses  
Sorting for reuse of waste materials



## 5-2. ESG Topics (Environment)

### SDGs

We contribute to achieve **SDGs** through our products and after-sales services.

#### ◆ Demolishing and metal recycling machineries that support recycling systems in urban cities



Crushers for demolition of buildings (steel frame cutters)



Clean cutters for soft waste processing



Scrap grapples for handling scrap iron



Large-scale wood crushers for rubble process



#### ◆ Forestry machinery and cable cranes that contribute to the effective utilization of domestic mountain and forest resources



High-performance forestry machineries for logging, branching, and cutting



Winches for lumber handling



Wood chippers for making chips from thinned woods



Cable cranes for transport equipment for renovation of hydraulic power generation



## 5-3. ESG Topics (Social)

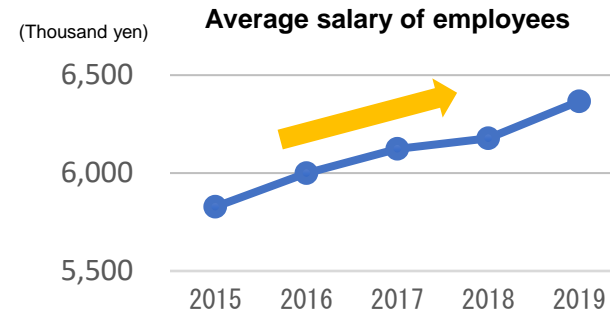
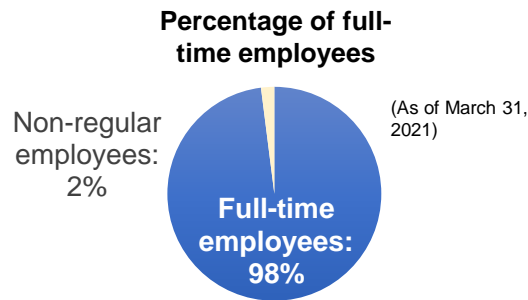
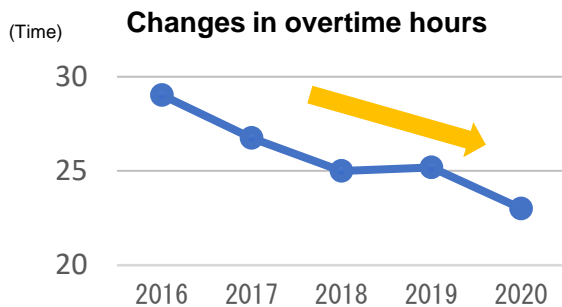
Our Group is focusing on achieving work style reforms for employees and diversity management under the policy of **"Putting People First"**

### ◆ Work Style Reform -Aiming to be a company that is pleasant and rewarding working environment

① Appropriate management of working hours  
Compliance with 36 Agreements.  
Appropriate time management by minute.

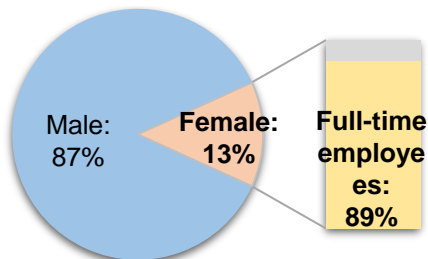
② Equal pay for equal work  
Conversion to full-time employees in principle.  
In principle, salary levels will be maintained even after reaching the mandatory retirement age.

③ Securing stable and secure employment  
Securing employment until age 70.  
Improvement of salary and other employee treatment.

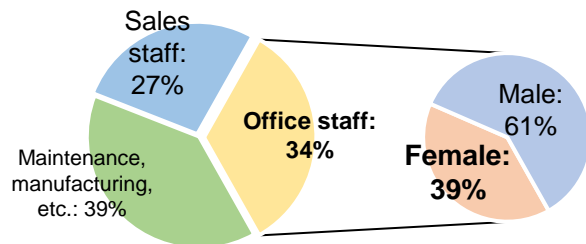


### ◆ Diversity: Diversity of human resources and the right person in the right place (As of the end of March 2021)

**Percentage of female employees and female full-time employees**

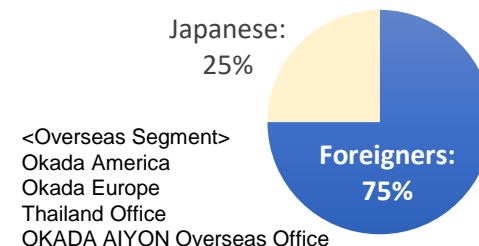


**Percentage of female employees in office**



\*Office staff:  
Sales admin staff, design staff, management staff, etc.

**Ratio of foreigners in overseas segment**

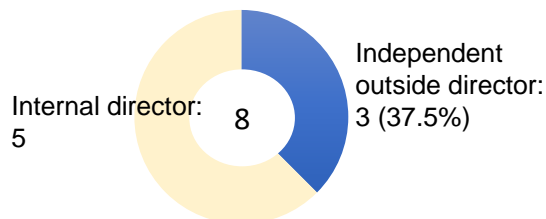


## 5-4. ESG Topics (Governance)

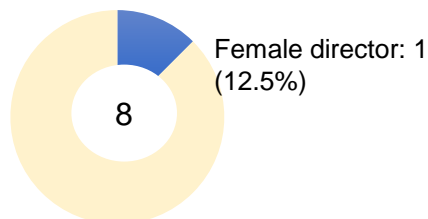
The Group aims to have a corporate governance system capable of making **integrity**, **open**, and **active** management decisions.

### ① Composition of the Board (As of March 31, 2021)

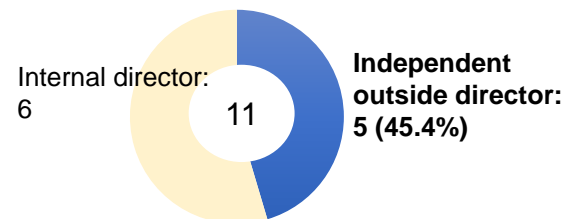
Ratio of independent outside directors



Ratio of female director



Ratio of independent outside director (Including auditors)



### ② Evaluation of the effectiveness of the Board of Directors by external organizations

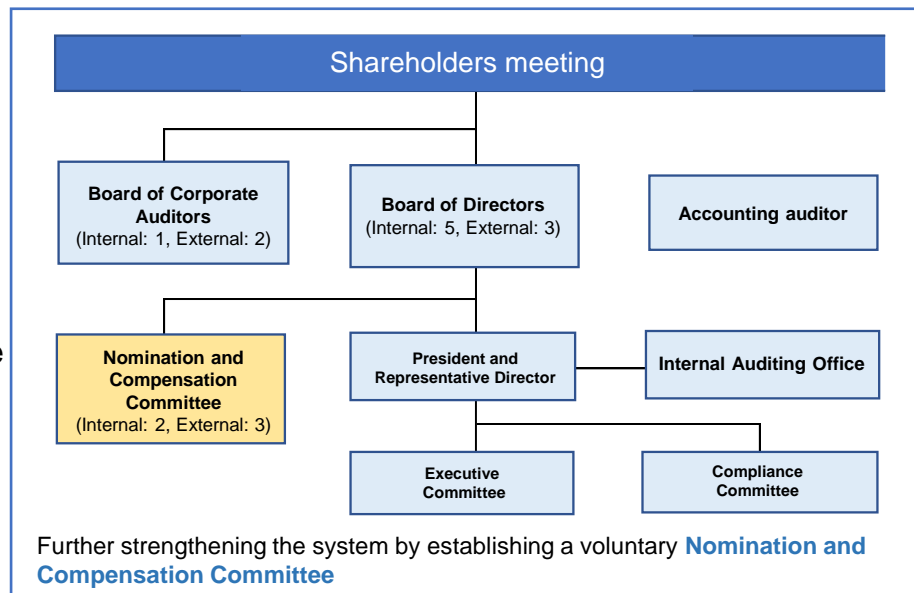
(Matters to reflect opinions on effectiveness evaluation)

- Establish voluntary advisory bodies on nominative remuneration
- Review agenda items and items to be reported, and emphasize the consideration of important items.
- Establish a forum for information sharing between outside directors and auditors
- Strengthen IR structure

### ③ Measures implemented in FY2020 to strengthen governance

- Established **Nomination and Compensation Committee**
- Appointed the first **female outside director**
- Introduced electronic voting system
- Established a **IR team** to strengthen the IR system

### ④ Governance Structure in FY2021



## Medium-Term Management Plan

### VISION 30

- Go To The Next Stage -

**OKADA AIYON CORPORATION**

## II

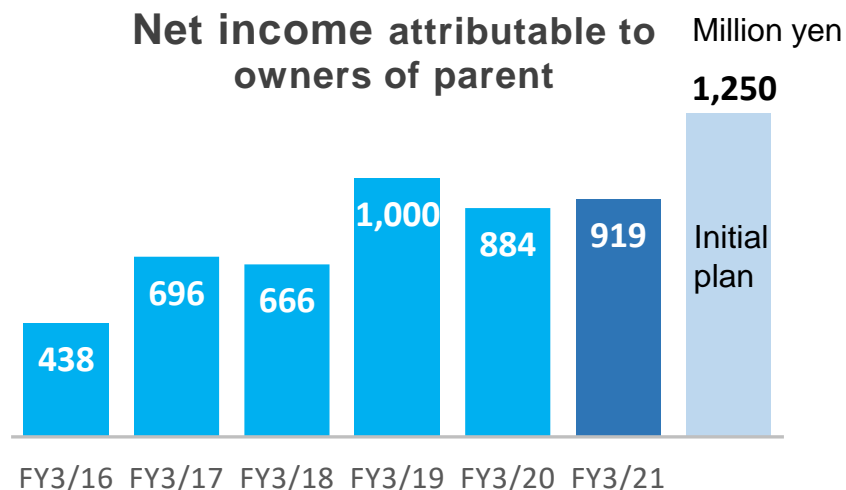
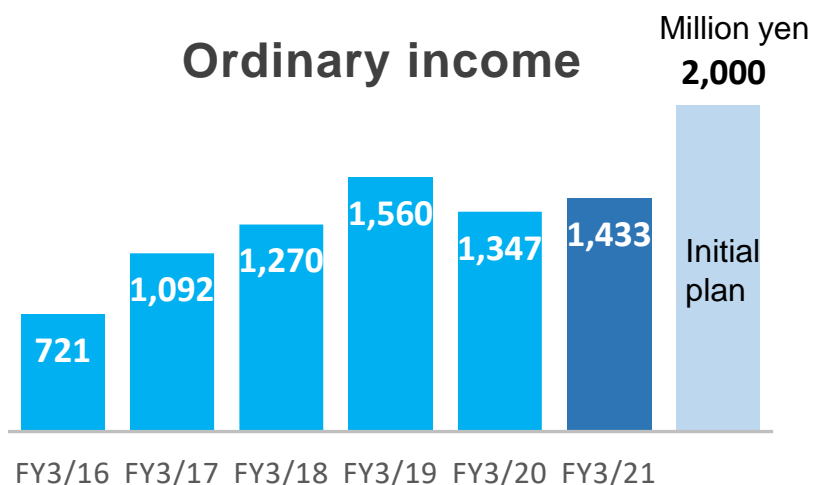
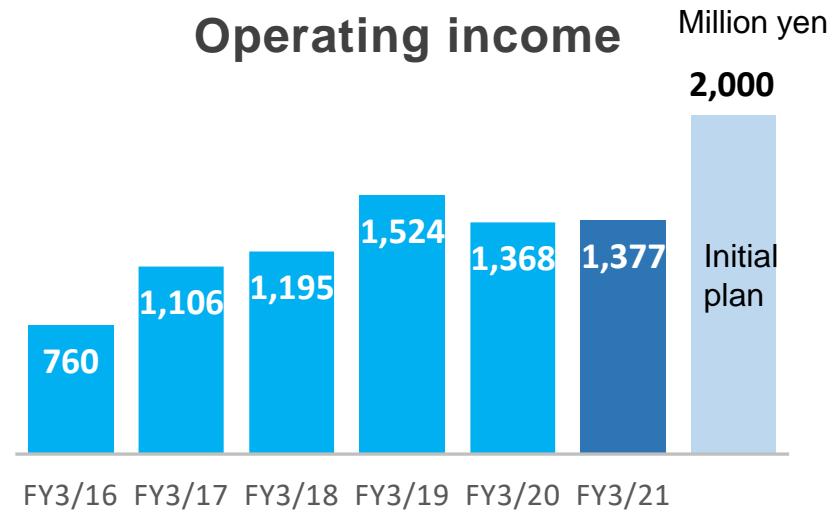
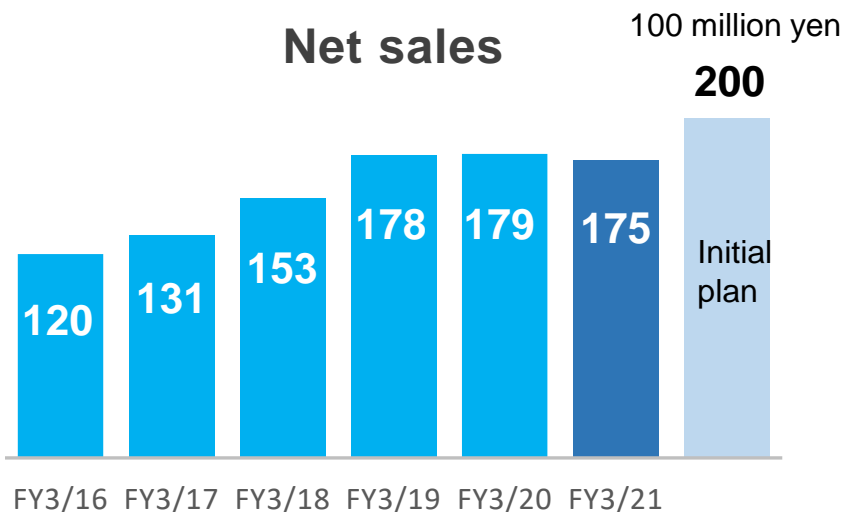
### Mid-term Management Plan

Rolling Plan FY2021-FY2023

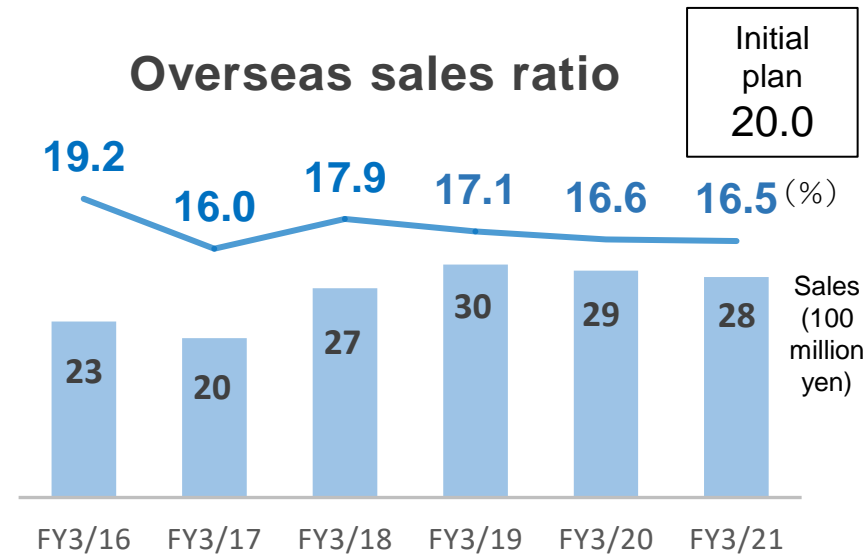
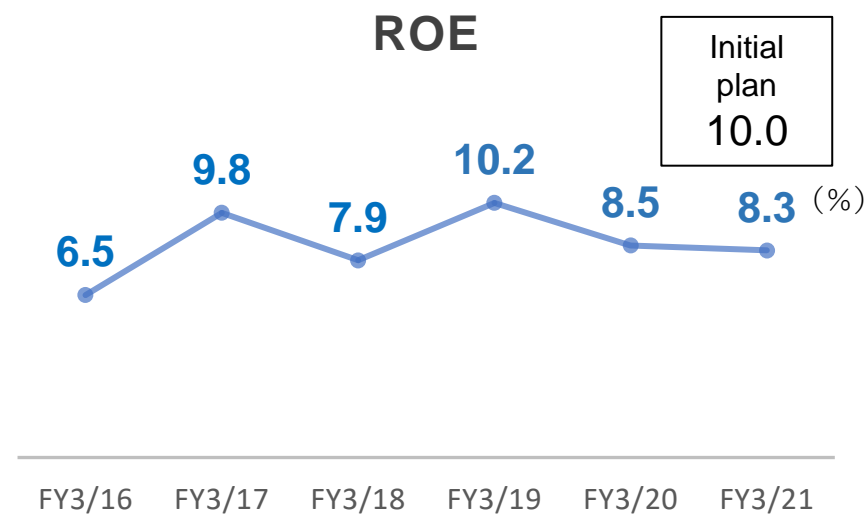
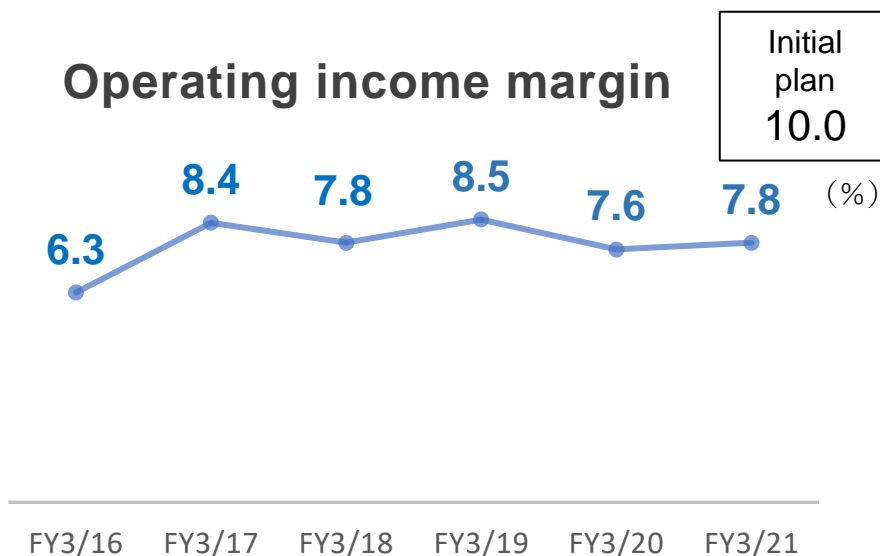
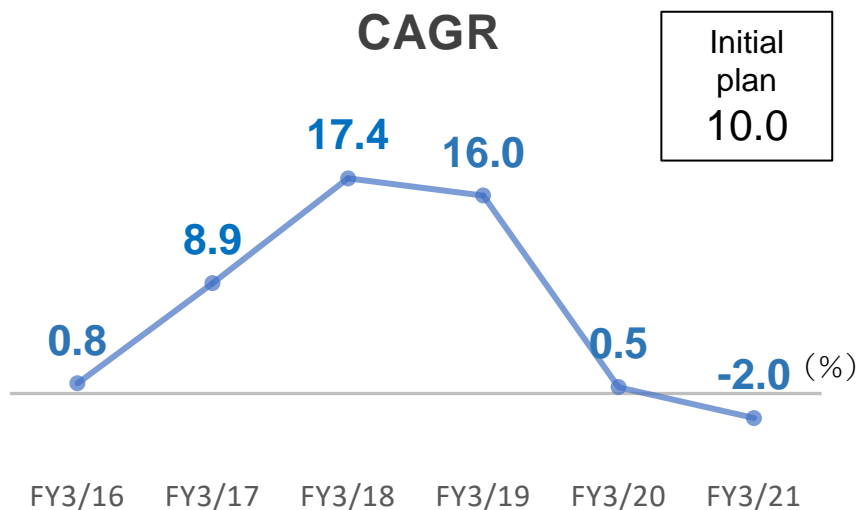
- 1 Review of Arch 2020 Results
- 2 Changes in Business Segment
- 3 Performance Plan
- 4 Investment plan
- 5 Dividend Policy
- 6 Market Strategy

# 1 -1. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

Initial plan carried over in FY3/21 due in part to the impact of COVID-19 both domestically and overseas

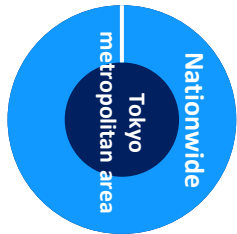


# 1 -2. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)



# 1 -3. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

Domestic share of major products



Tokyo metropolitan area: Tokyo, Kanagawa, Saitama, Chiba

Maintain high market shares in crushers, particularly in the Tokyo metropolitan area

Primary Crushers



Cutters



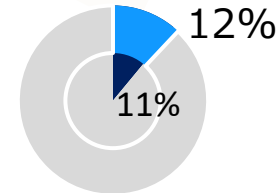
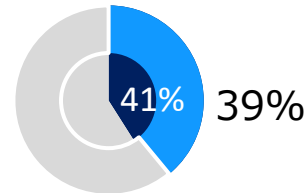
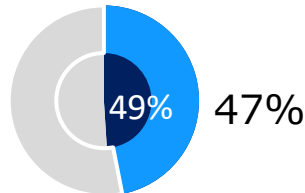
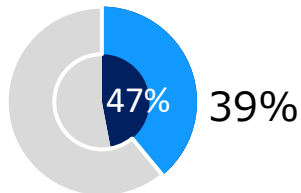
Pulverizers



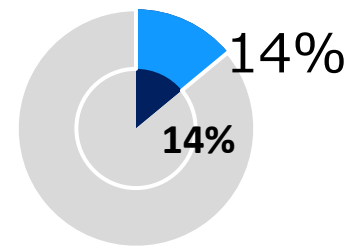
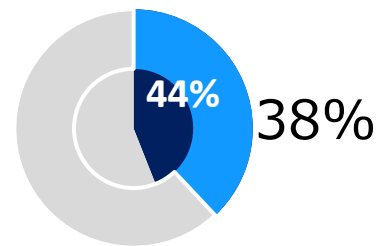
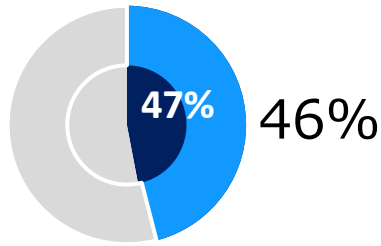
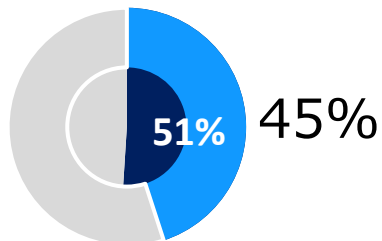
Hydraulic breakers



FY3/16



FY3/21

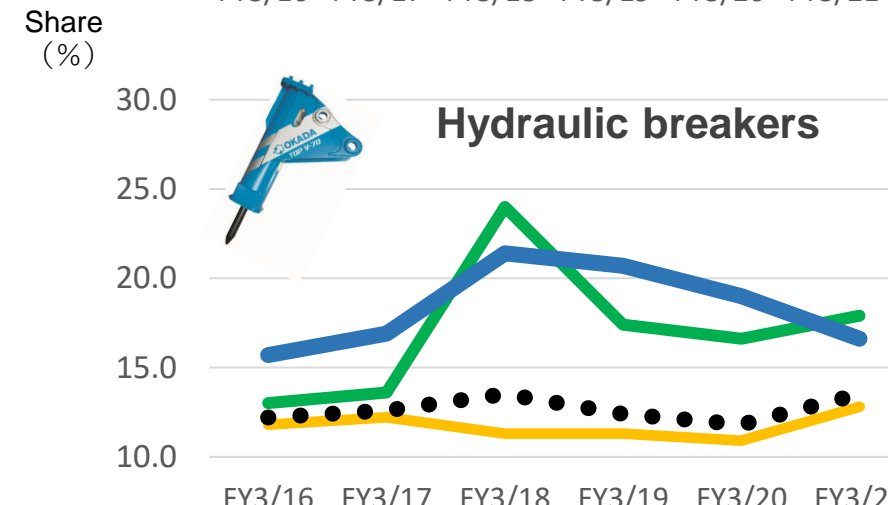
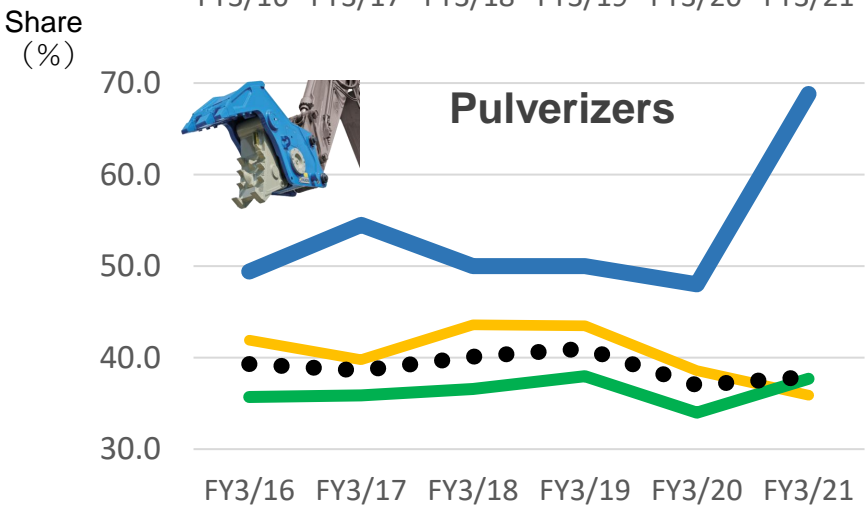
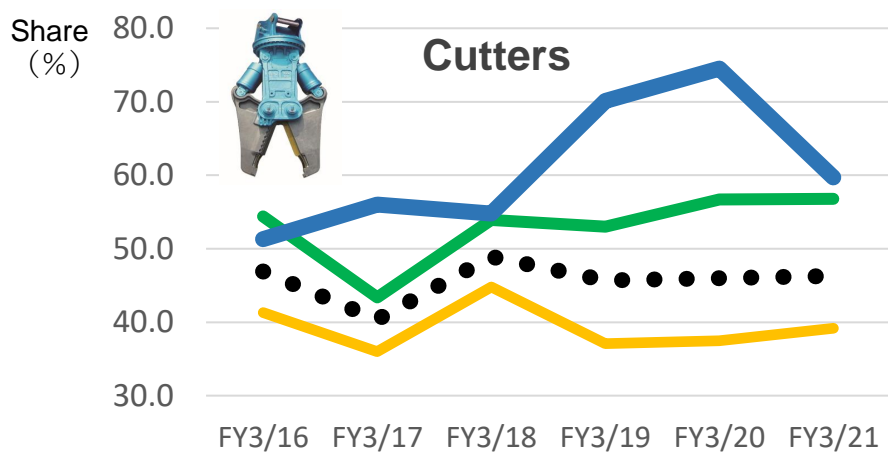
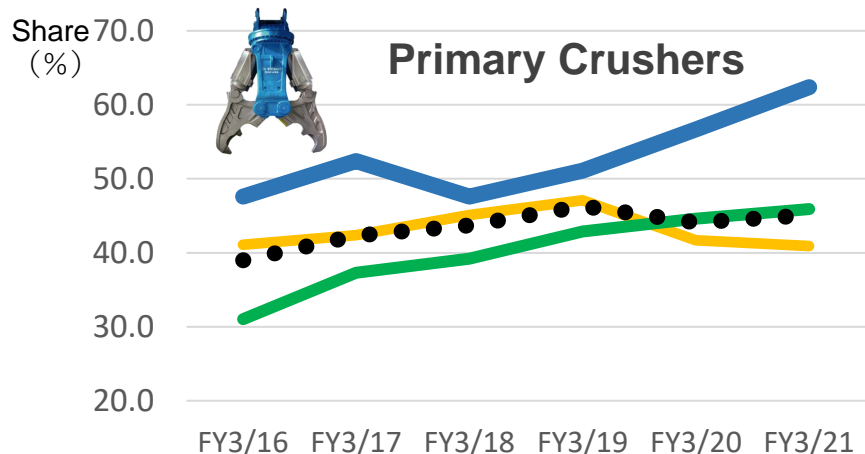


Prepared by company based on data presented by the Japan Construction Machinery Manufacturers Association (share of unit sales)

# 1 -4. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

Domestic share of our major products by class

Making the most of our strengths in large-scale machines with installation excavator classes of 30 tons or more

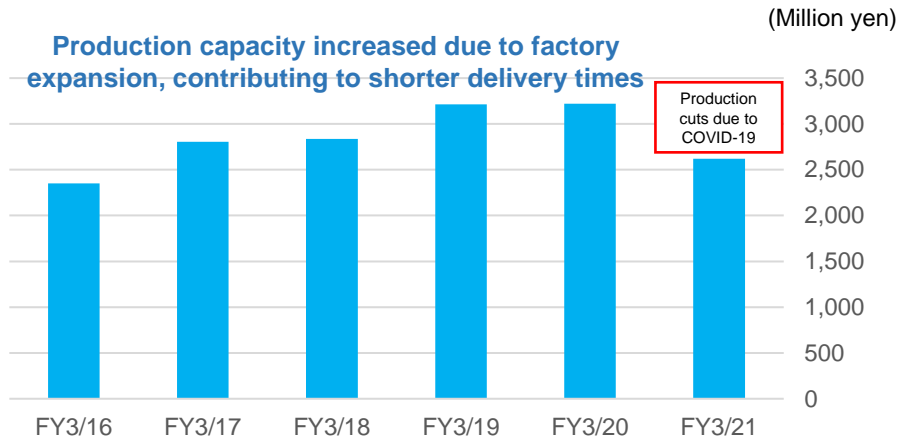


● ● ● Overall share    30 ton or over    20 to less than 30 ton    less than 20 ton

# 1 -5. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

## Attachments: Production and Orders Received

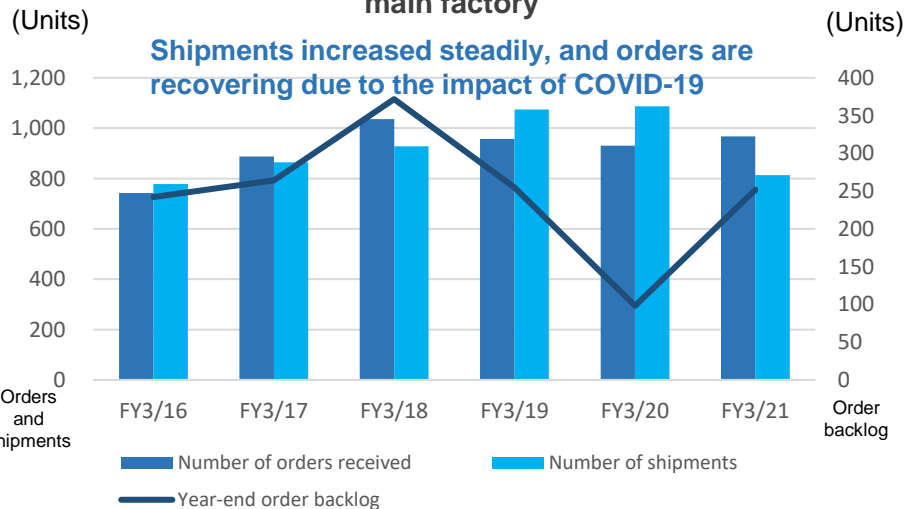
Production value of AIYON TECH's main factory



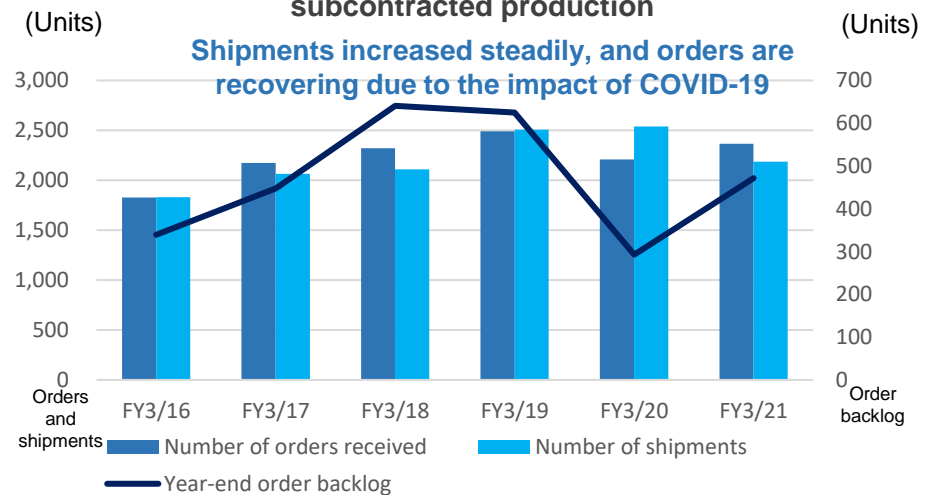
## Establishment of a system to expand production by expanding the main factory (FY3/16)



Number of units assembled at AIYON TECH's main factory



Number of attachments assembled, including subcontracted production



# 1 -6. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

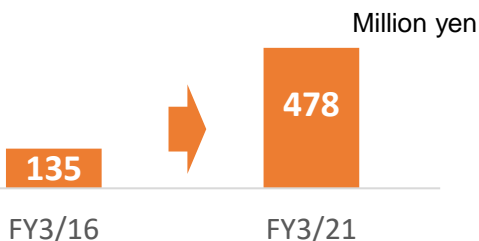
## Overseas Development

Expand overseas bases from North America (2 bases) to 3 bases in North America, Europe, and Asia.

### Okada Europe

Opened a representative office in the Netherlands in August 2017 to cultivate Europe, the world's largest market. Made a local subsidiary in January 2020.

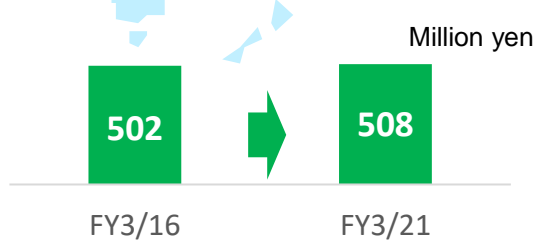
### Europe



### Thailand Representative Office

Opened a representative office in Thailand in June 2019 to cultivate emerging markets in Asia. Plan to form a joint venture with local capital enterprise in May 2021.

### Asia

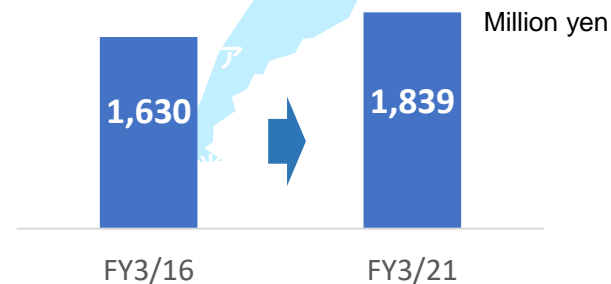


### Okada America

Opened a store in Texas, the largest market in North America, expanding the company's network to three bases in North America.

Oregon Headquarters  
Ohio Branch  
Texas Branch Opened in January 2016

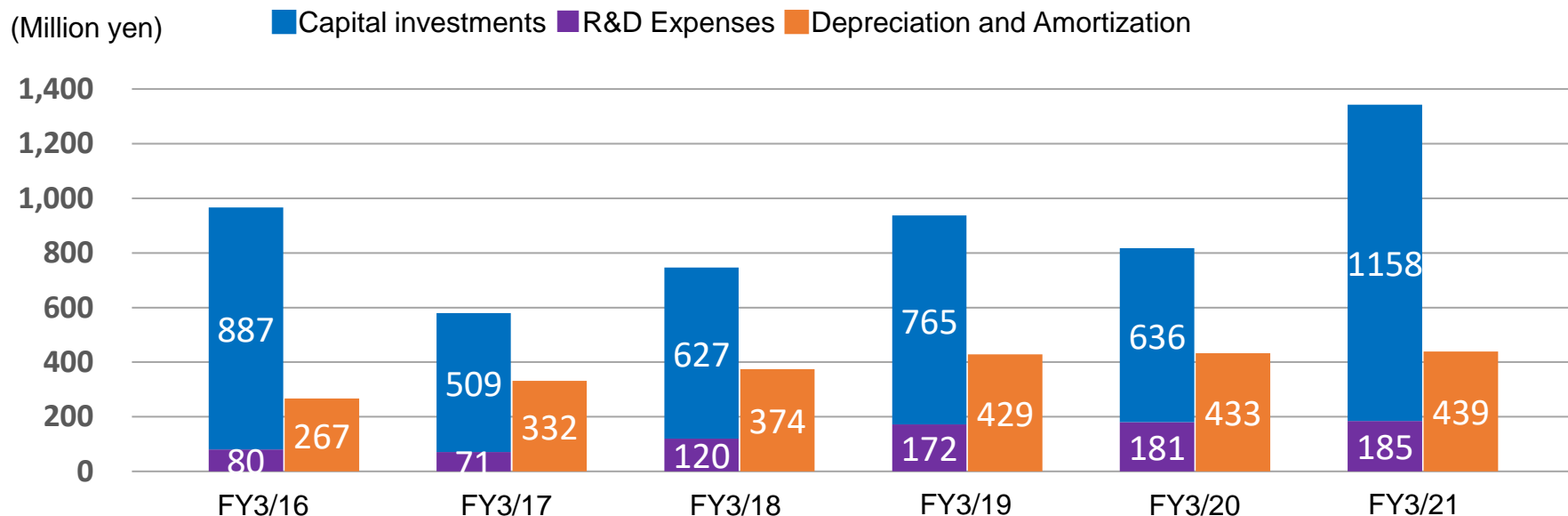
### North America



# 1 -7. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

## Capital investments/R&D

- ◆ Planned investment in the **expansion of the main plant (AIYON TECH)** to increase production, and in the **reconstruction of the sales office** (and maintenance plant) to strengthen maintenance support for large machines and improve the work environment.
- ◆ In capital investment, the depreciation burden only gradually increased as many of those have the long depreciation period such as plant buildings, cranes, and other equipment.



[Major Contents]

- AIYON TECH Capital Investment (559 million yen)

- Construction of Hokuriku Sales Office (270 million yen)

- Reconstruction of AIYON TECH (220 million yen)
- Nansei Group's goodwill (209 million yen)

- Land for relocation of Shonan Sales Office (201 million yen)
- Land for relocation of Shikoku Sales Office (105 million yen)

- Newly built of Shikoku Sales Office (267 million yen)
- Rebuilding of Head Office Maintenance Factory (94 million yen)

- Newly built of Shonan Sales Office (444 million yen)
- Land for relocation of Hiroshima Sales Office (161 million yen)
- Land for relocation of OKADA AMERICA (75 million yen)

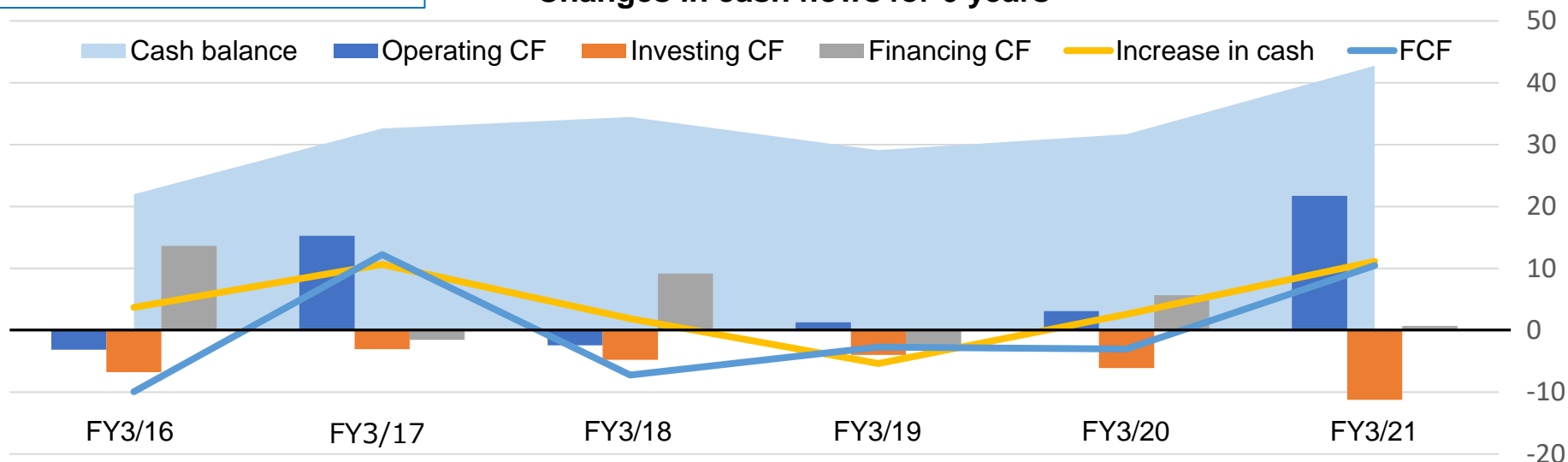
Expansion of main plant (AIYON TECH)

Reconstruction of sales office (maintenance factory)

# 1 -8. Review of Mid-to Long-Term Management Plan ARCH 2020 (FY2015-FY2020)

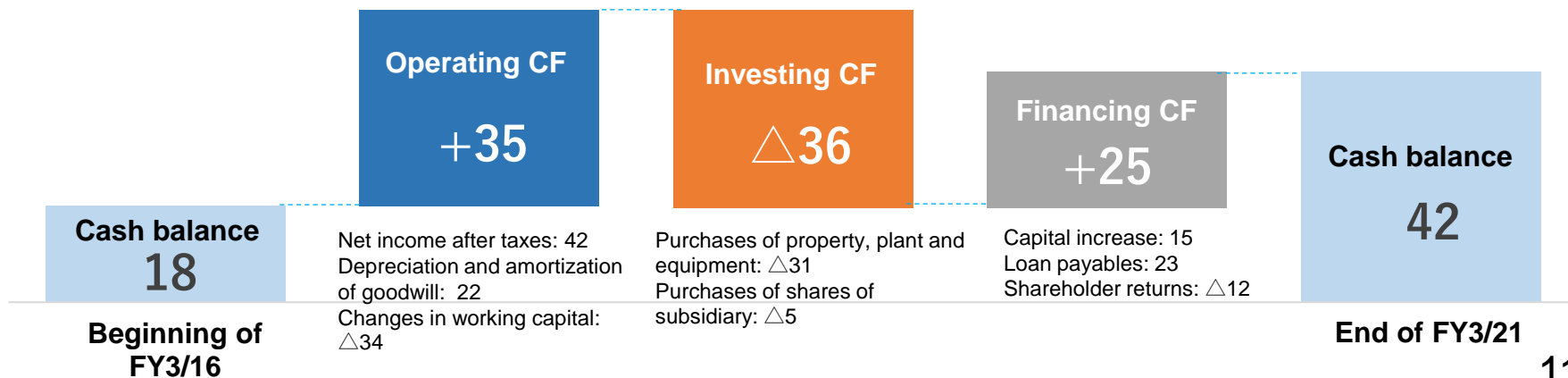
## Cash flows

### Changes in cash flows for 6 years



### Total cash flows for 6 years

(100 million yen)



## 2 -1. Changes in Business Segment

We changed our reportable segments through reviewing domestic sales status and administration system.

(Million yen)

Former segment	Category	FY3/21 Sales	Change
Domestic	Crusher	5,713	Change to ① (no change)
	Environmental-related equipment	1,640	Change to ④,⑦
	Hydraulic breaker	807	Change to ② (no change)
	Grapple	980	Change to ③,⑥
	Material	1,250	Change to ⑨
	Repair	756	Change to ⑩
	Other	827	Change to ⑤,⑪
Nansei	Forestry machinery	702	Change to ⑥,⑨,⑩
	Metal scrap machinery	369	Change to ③,⑨,⑩
	Cable crane	1,010	Change to ⑧,⑨,⑩
	Other	638	Change to ⑤,⑨,⑩, ⑪
Overseas	U.S.	1,839	No change
	Europe	478	
	Asia	508	
	Other regions	72	

New segment	Category	FY3/21 Sales	
Domestic	Demolition environmental attachment	① Crusher	5,713
		② Hydraulic breaker	807
		③ Grapple	1,113
		④ Environmental attachment	585
		⑤ Other	825
	⑥ Forestry machinery	662	
	⑦ Large environmental machinery	1,054	
	⑧ Cable crane	990	
	⑨ Material	1,591	
	⑩ Repair	782	
	⑪ Other	566	
Overseas	U.S.	1,839	
	Europe	478	
	Asia	508	
	Other regions	72	






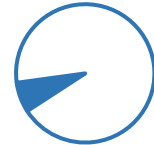




## 2-2. Changes in Business Segment

### - Past performance of the domestic (new) segment

(Million yen)

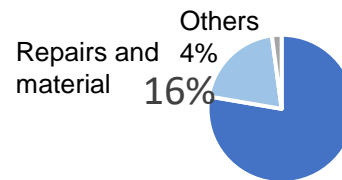
		FY3/19			FY3/20			FY3/21		
		1H	2H	FY3/19	1H	2H	FY3/20	1H	2H	FY3/21
①	Crusher	3,060	3,248	6,309	3,123	2,932	6,055	2,539	3,173	5,713
②	Hydraulic breaker	396	442	838	459	410	870	381	426	807
③	Grapple	310	417	728	461	624	1,085	489	624	1,113
④	Environmental attachment	294	271	565	291	279	570	325	260	585
⑤	Other	393	441	835	469	418	887	405	420	825
	Demolition environmental attachment	4,456	4,821	9,277	4,805	4,665	9,470	4,140	4,905	9,045
⑥	Forestry machinery	319	464	784	311	351	662	305	356	662
⑦	Large environmental machinery	366	470	836	445	532	978	612	442	1,054
⑧	Cable crane	363	279	642	427	235	662	591	399	990
⑨	Material	769	856	1,625	902	850	1,752	786	805	1,591
⑩	Repair	394	490	885	400	458	859	401	380	782
⑪	Other	376	376	752	327	258	586	252	313	566
	Net sales (Domestic segment)	7,044	7,759	14,804	7,620	7,352	14,972	7,089	7,603	14,692

2-3. Change in Reportable Segment (New) Domestic Segment Classification -Overview of Major Products 29

Core product categories	Major machines	FY3/21 Net sales	Domestic Sales composition	Domestic estimated share
Demolish environmental attachment	 <p>Crushers Hydraulic breakers Grapples</p>	¥9.04 billion	 62%	35%
Forestry equipment	 <p>Grapple Winch Harvester</p>	¥660 million	 5%	20%
Large environmental machinery	 <p>Wood crusher (medium and low speed) Wood crusher (high-speed)</p>	¥1.05 billion	 7%	20%
Cable crane	 <p>Large cable crane Large winch</p>	¥990 million	 7%	50%
Material /Repair		¥2.37 billion	 16%	—

**Domestic segment sales**

¥14.69 billion



**Major products 80%**

30%

### 3-1. Performance Plan

Plan to achieve record-high sales and profits for the current fiscal year (FY3/22)

	Result			Plan			VISION 30
	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24	
Net sales	17,866	17,957	17,591	<b>18,500</b>	<b>20,000</b>	<b>22,000</b>	<b>30,000</b>
Japan	14,804	14,972	14,692	<b>15,500</b>	<b>16,500</b>	<b>17,800</b>	<b>21,000</b>
Overseas	3,061	2,985	2,899	<b>3,000</b>	<b>3,500</b>	<b>4,200</b>	<b>9,000</b>
Operating income	1,524	1,368	1,377	<b>1,600</b>	<b>1,800</b>	<b>2,100</b>	<b>3,000</b>
Japan	1,128	1,060	1,039	<b>1,290</b>	<b>1,380</b>	<b>1,560</b>	<b>2,000</b>
Overseas	395	308	337	<b>310</b>	<b>420</b>	<b>540</b>	<b>1,000</b>
							(%)
CAGR	16.0	0.5	△2.0	<b>5.2</b>	<b>8.1</b>	<b>10.0</b>	<b>Over 10.0</b>
Operating income margin	8.5	7.6	7.8	<b>8.6</b>	<b>9.0</b>	<b>9.5</b>	<b>Over 10.0</b>
ROE	10.2	8.5	8.3	<b>9.0</b>	<b>9.5</b>	<b>10.2</b>	<b>Over 10.0</b>

(Million yen)

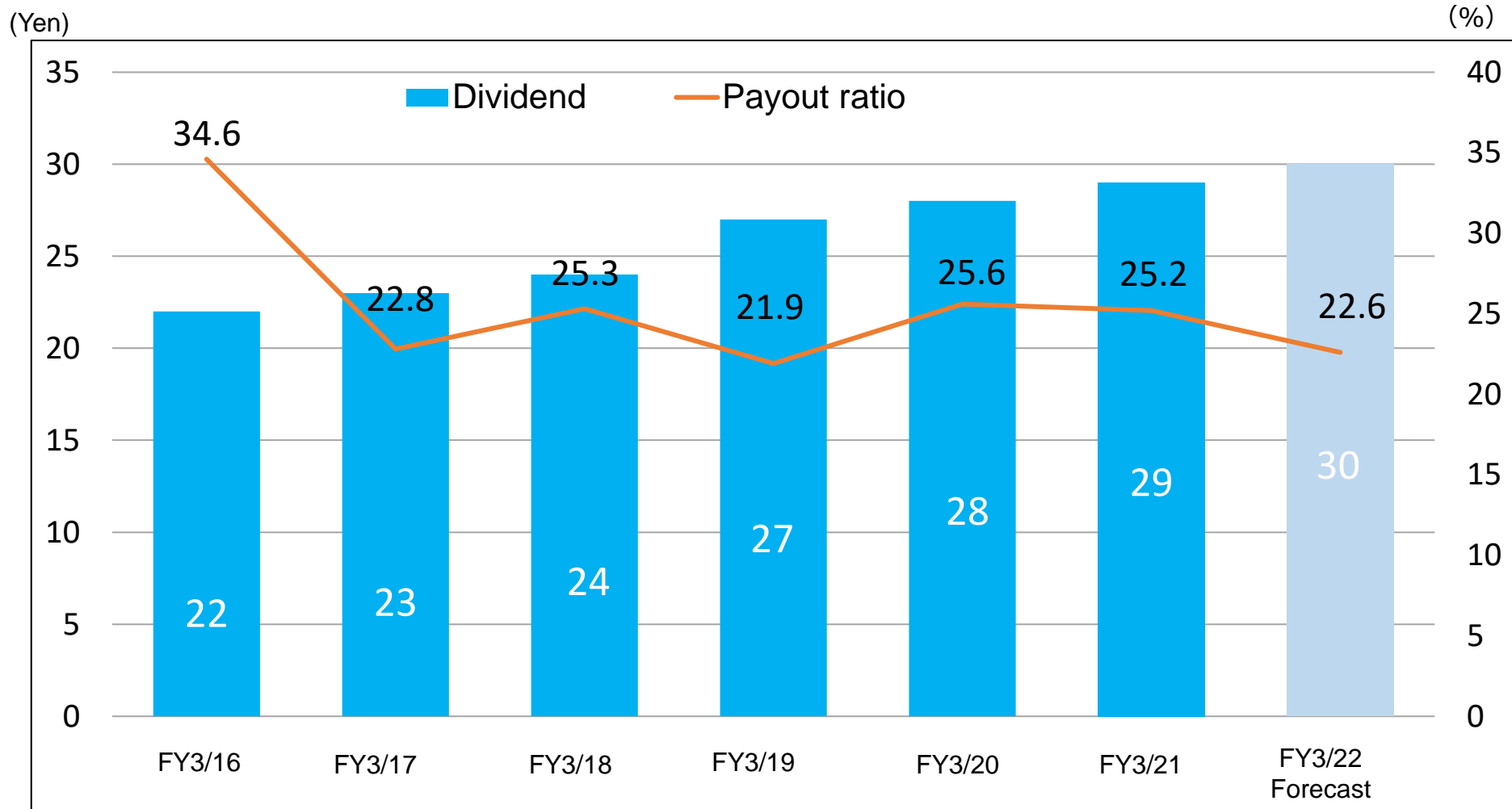
### 3-2. Performance Plan

	Results			Plan		
	FY3/19	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Net sales	17,866	17,957	17,591	<b>18,500</b>	<b>20,000</b>	<b>22,000</b>
Gross profit	5,259	5,264	5,051	<b>5,580</b>	<b>6,010</b>	<b>6,670</b>
Margin (%)	29.4	29.3	28.7	<b>30.2</b>	<b>30.1</b>	<b>30.3</b>
SG&A expenses	3,735	3,895	3,674	<b>3,980</b>	<b>4,210</b>	<b>4,570</b>
Margin (%)	20.9	21.7	20.9	<b>21.5</b>	<b>21.1</b>	<b>20.8</b>
Operating income	1,524	1,368	1,377	<b>1,600</b>	<b>1,800</b>	<b>2,100</b>
Margin (%)	8.5	7.6	7.8	<b>8.6</b>	<b>9.0</b>	<b>9.5</b>
Ordinary income	1,560	1,347	1,433	<b>1,600</b>	<b>1,800</b>	<b>2,100</b>
Profit before tax	1,521	1,347	1,357	<b>1,600</b>	<b>1,800</b>	<b>2,100</b>
Net income attributable to owners of parent	1,000	884	919	<b>1,060</b>	<b>1,200</b>	<b>1,400</b>

## 5. Dividend Policy

Aiming for **sustainable dividend increases** with a dividend payout ratio of 30% through medium-to long-term stable growth

⇒ Plan to **increase dividends for 12 consecutive years in FY3/22**



## 6-1. Market Strategy

<p><b>Domestic</b></p>	<p style="text-align: center;"><b>Further strengthening the integrated value chain</b></p> <ul style="list-style-type: none"> <li>① Renovation of domestic sales office (strengthening sales and repair services)</li> <li>② Integration and cooperation between Okada NANSEI (Nansei Machine) and OKADA AIYON</li> <li>③ Strengthen lineups of hydraulic breakers through manufacturing in Vietnam</li> <li>④ Strengthen the Purchasing, Sales, and Repair for Large-Scale Environmental machinery</li> <li>⑤ Launch of attachment insurance (industry's first compensation system in partnership with a non-life insurance company)</li> </ul>
<p><b>Overseas</b></p>	<p style="text-align: center;"><b>Develop markets by investing products and capabilities in 3 bases in the U.S., Europe, and Asia</b></p> <ul style="list-style-type: none"> <li>① Incorporation of Thailand base as a local subsidiary -Further development of the Asian market</li> <li>② Expansion of Okada America head office</li> <li>③ Further expansion of products and after-sales services for Overseas</li> </ul>
<p><b>New businesses</b></p>	<p style="text-align: center;"><b>Application of new technologies (new demolition methods, DX, etc.) and promotion of strategic M&amp;A</b></p> <ul style="list-style-type: none"> <li>① New product development and new construction methods [Waku Waku Monozukuri Promotion Team]</li> <li>② Promote strategic M&amp;A</li> </ul>

6-2. (1) Domestic initiatives by segment -Further strengthening the integrated value chain

Development Manufacturing Sale Repair 35

① Renovation of domestic sales office (strengthening of sales and repair services)

Contributed to the expansion of repair plant facilities in response to the growing size of attachments and improvements in the workplace environment and safety

Development Manufacturing Sale Repair

(Million yen)

FY	2016	2019		2020		Renovation plan for 2021-2023 (investment amount is estimation)				
Sales office	Hokuriku (sales office) Relocated and newly established	Head Office Maintenance Factory Expanded	Shikoku (sales office) Relocated and newly established	Shonan (sales office) Relocated and newly established	Kyushu (sales office) Second Plant newly established	Hiroshima (sales office) Relocated and newly established	Chubu (sales office) Reconstruction	Sendai (sales office) Relocated and newly established	Morioka (sales office) Expansion	Sapporo (sales office) Relocated and newly established
Investment amount	270	161	372	707	Lease	450	450	750	100	450
				Total investment	1,510				Total investment	2,200

【Historical results】

Hokuriku Sales Office

Shikoku Sales Office

Shonan (formerly Yokohama) Sales Office

[Transfer and newly established in Oct. 2016]  
Increase the maximum crane size from 2.8t to 10t

[Transfer and newly established in Nov. 2019]  
Increase the maximum crane size from 2.8t to 15t

[Transfer and newly established in Oct. 2020]  
Increase the maximum crane size from 5t to 15t



6-3. (1) Domestic initiatives by segment -Further strengthening the integrated value chain

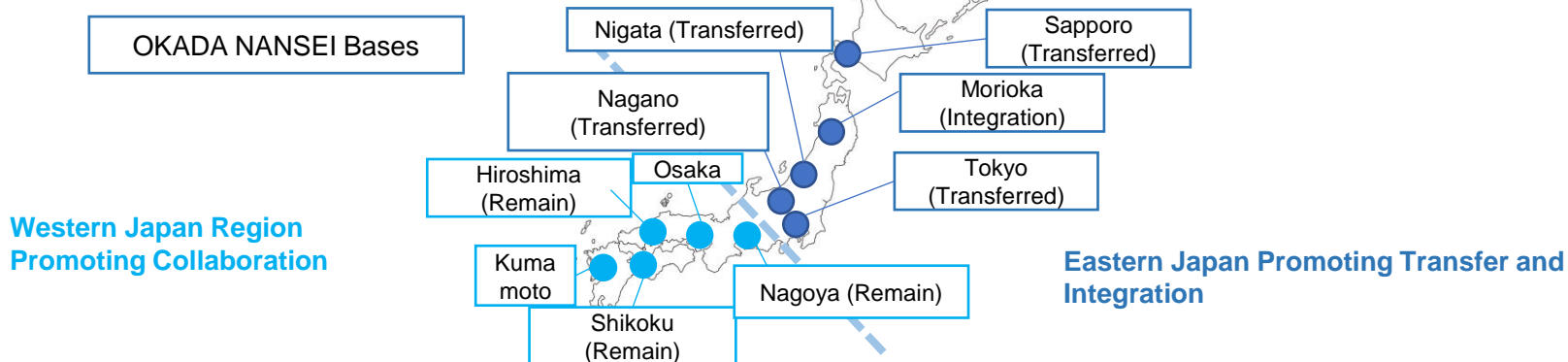
② Integration and collaboration between Okada NANSEI (Nansei Machine) and Okada



◆ Integration and collaboration between sales offices



Strengthen group response in forestry machinery and environmental attachment sales through integration and collaboration between sales offices



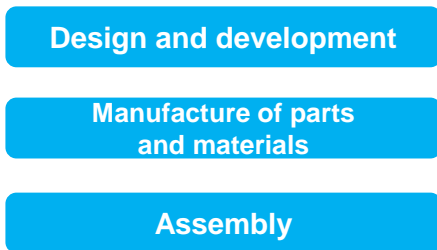
◆ Cooperation in development and manufacturing



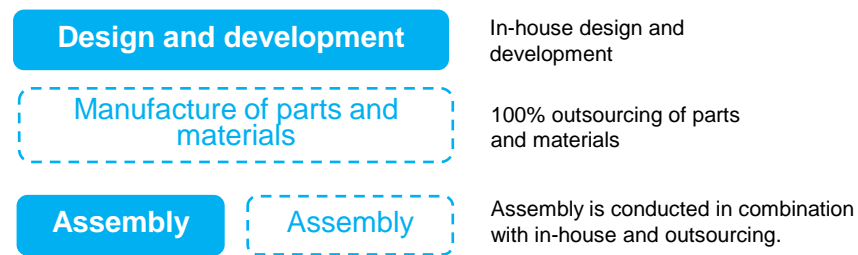
Optimize use of development and manufacturing resources within the Group through shared manufacturing development, parts standardization, joint development, etc.



<In-house production system>



<Outsourcing of all parts and parts of assembly>



6-4. (1) Domestic initiatives by segment -Further strengthening the integrated value chain

Development	Manufacturing	Sale	Repair
-------------	---------------	------	--------

③ Strengthen lineups of hydraulic breakers through manufacturing in Vietnam

- Launch a manufacturing plant specializing in Hydraulic breakers (Createch Vina) in collaboration with TEISAKU Corporation, a partner company
- Planning mass production system in 2021
- Sales in Japan and other countries by creating a lineup of universal models.

④ Strengthen the purchasing, sales, and repair divisions for large-scale environmental machinery

- Strengthen purchasing, sales, and repair systems through the formation of a specialist team at Ohata Environmental Machinery
- Strengthen the training of repair personnel through the 2-year Training Special Program

⑤ Launch of attachment insurance (industry's first compensation system in partnership with a non-life insurance company)

- Coverage for the demolition attachment "TS series" to cover damage repair costs for two years after sale.
- In commemoration of the "Okada Grand Exhibition (to be held in June)," we will cover the insurance premiums until March 2022.

Development	Manufacturing	Sale	Repair	Overseas
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Development	Purchase	Sale	Repair
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Development	Manufacturing	Sale	Repair
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## 6-5. (2) Overseas initiatives by segment

Develop markets by investing products and capabilities in 3 bases in the U.S., Europe, and Asia

### ① Making the Thailand base a local subsidiary -Further development of the Asian market

America Europe **Asia**

- Establish a joint venture with a local partners and focus on developing the Thailand market, which is expected to develop in the future, and developing new products for Asia (scheduled to be established in May 2021)



### ② Expansion of Head Office in Okada America

**America** Europe Asia

- Transfer and expand head office in the suburbs of Portland, Oregon
- Expand office, factory, and warehouse functions to further gain market share in the most focused U.S. market



### ③ Further enhancement of products and after-sales services for overseas

America Europe **Asia**

- Enhance our ability to develop products for overseas  
Expansion of lineup of hydraulic breakers and crushers through assigning development personnel to overseas bases and cultivating partner suppliers outside Japan
- Enhance after-sales service for customers  
Strengthening the after-sales services system by responding to parts and enhancing information content



Pulverizers exclusively for overseas

## 6-6. (3) New business development

Promotion of new technology applications (new demolition method, DX, etc.) and strategic M&A

### ① New product development and new construction methods

#### [Waku Waku Monozukuri Promotion Team]

Continue research and development of new products and services through [Waku-Waku Monozukuri Promotion Team] from a medium-to long-term perspective

Develop ment	Manufac turing	Sale	Repair
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#### ◆ Projects under development

"Attachment operation management system with GPS (O-ATTA)"

O-ATTA = Okada – Attachment Trace Time Action



Enlarged view of O-ATTA (GPS)

#### ◆ Future development themes

- "Environmentally friendly attachments" for human resource shortages, safety, and the environment. (maintenance-free, silent breaker, IT-based, unmanned)
- High strength concrete demolition method

### ② Promoting strategic M&A

Develop ment	Manufa cturing	Sale	Repair
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Proactively consider M&As, capital and business alliances to expand business domains that leverage the Group's strengths.

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 involves risks and uncertainties.

Therefore, we do not promise or guarantee the realization of the future plans and measures presented.

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