

June 9, 2023

Progress Based on the Plan for Compliance with the Continued Listing Criteria

On November 12, 2021, OKADA AIYON CORPORATION submitted and disclosed the plan for compliance with the continued listing criteria for the new market segment. The Company hereby announces the progress of the plan as of March 31, 2023, and other information as follows.

1. The status of the Company's compliance with the continued listing criteria and the period of the plan

The table below shows the status of the Company's compliance with the criteria for continued listing on the TSE Prime Market as of March 31, 2023, including the transition thereof. The Company does not meet the criterion for "market capitalization of tradable shares". To meet the criterion by March 31, 2024, the Company will continue to implement various initiatives as shown in the table below.

		Ratio of tradable shares (unit)	Market capitalization of tradable shares (million yen)	Ratio of tradable shares (%)	Trading value (million yen)
Our compliance status and transition	As of June 30, 2021	60,807	7,594	72.5	28
	As of March 31, 2023	56,922	9,307	67.9	49
Continued listing criteria		20,000	10,000	35.0	20
Compliance status as of March 31, 2023		Complied	Not complied	Complied	Complied
Planning period		-	March 31, 2024	-	-

* Compliance statuses as of June 30, 2021 and March 31, 2023 were calculated by the Tokyo Stock Exchange based on the distribution of the Company's stock certificates, etc. as of the record date.

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2. Implementation status and evaluation of efforts toward compliance with the continued listing criteria

In the "Plan to Meet the Continued Listing Criteria for the New Market Segments" published on November 12, 2021, the Company announced its basic policy for achieving the criteria for the market capitalization of tradable shares. The plan covered the period up to March 31, 2024, the final year of the previous medium-term management plan "Rolling Plan FY2021-FY2023", and set out "4 priority issues" to increase the market capitalization of tradable shares in an effort to enhance corporate value.

As a result, the stock price increased, and the market capitalization of tradable shares increased as of March 31, 2023, but continued to fail to meet the standard. Meanwhile, the current average market capitalization of tradable shares between April and May 2023 has remained above the benchmark level (10,208 million yen), based on the Company's estimation.

Looking ahead to March 31, 2024, the Company will implement measures to increase corporate value based on the policy of the "Rolling plan FY2023-FY2025", the revised 3-year plan announced on May 11, 2023, and further increase the market capitalization of tradable shares.

Implementation status of "4 priority issues"**(1) Increase in Actual Amount of Net Income**

	FY3/21 (Result)	FY3/22 (Result)	FY3/23 (Result)	FY3/24 (Plan)
Net income attributable to owners of parent	919 million yen	1,190 million yen	1,414 million yen	1,500 million yen

In the fiscal year ended March 31, 2023, the Company achieved its net income target in the "Plan to Meet the Continued Listing Criteria for the New Market Segments" one year ahead of schedule.

(2) Productivity Improvement of Invested Capital

	FY3/21 (Result)	FY3/22 (Result)	FY3/23 (Result)	FY3/24 (Plan)
Invested capital (year-end)	17.4 billion yen	18.7 billion yen	23.2 billion yen	24.5 billion yen
ROIC (Return on Invested Capital)	5.30%	6.37%	6.09%	6.26%
WACC (Weighted-Average Cost of Capital)	4.68%	4.36%	3.67%	3.60%
ROIC-WACC	0.61%	2.02%	2.42%	2.66%
ROE (Return on Equity)	8.3%	10.0%	10.7%	10.4%

Since the fiscal year ended March 31, 2021, the invested capital has increased due to investments in growth, but the productivity of invested capital is trending upwards. The above figures (ROIC and WACC) are based on the Company's calculations and are simplified calculations with a focus on understanding trends.

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(3) Progressive and Flexible Shareholder Returns

	FY3/21 (Result)	FY3/22 (Result)	FY3/23 (Result)	FY3/24 (Plan)
Dividends per share	29 yen	32 yen	38 yen	56 yen
Dividend payout ratio	25.2%	21.5%	21.6%	30%

Based on stable business growth, the Company has continued to increase dividends for 13 consecutive years through the fiscal year ended March 31, 2023. In the fiscal year ending March 2024, the Company plans to increase the dividend by 18 yen and payout ratio by 30%.

(4) Enhancement of Investor Relations and Information Disclosure

① Enhancement of dialogue with shareholders, investors, and analysts

	FY3/21 (Result)	FY3/22 (Result)	FY3/23 (Result)	FY3/24 (Plan)
Financial results briefing	3 times	4 times	4 times	4 times
Meeting with investors and analysts	37 times	61 times	58 times	60 times

As a result of the increased activity of IR teams and the increased opportunities for dialogue, the number of meetings with investors and analysts increased by about 60% in the two years since the results in the fiscal year ended March 31, 2021.

② Enhancement of disclosure of information in English

The following information is disclosed in English.

- Notice of Convocation Annual General Meeting (Notice of convocation and reference documents for general meeting of shareholders)
- Summary of Consolidated Financial Results
- Long-Term Vision "VISION30"
- Medium-Term Management Plan "Rolling Plan"
- Results presentation materials
- Important timely disclosure materials (Disclosure materials for FY3/23 are as follows)
 - "Notice of Business Acquisition and Establishment of a New Company by Our Consolidated Subsidiary in the U.S."
 - "Notice of Changes in Dividend Policy"

③ Strengthen initiatives for ESG and sustainability

- Establishment of the Sustainability Committee

The Company has established the Sustainability Committee (held four times a year and when required) chaired by the President to proactively and flexibly respond to issues related to sustainability and effectively promote ESG management.
- The Company has launched a webpage on sustainability on its website.
<https://disclosure.okadaaiyon.com>
- Materiality (key issues) was determined and posted on the Company's website.
<https://disclosure.okadaaiyon.com/materiality/>
- In addition to expressing the Company's support for TCFD recommendations, it plans to post TCFD discloses and supply chain CO2 emissions calculations on our website by the end of June 2023.

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Reference Materials

Plan to Meet the Continued Listing Criteria for the New Market Segments (November 12, 2021)

<https://www.aiyon.co.jp/wp-content/uploads/2022/03/Plan-to-Meet-the-Continued-Listing-Criteria-for-the-New-Market-Segments.pdf>

Medium-Term Management Plan "Rolling Plan FY2023-2025 (May 11, 2023)

<https://www.aiyon.co.jp/wp-content/uploads/2023/05/82f342384fba8d10a1537751300e76c8-2.pdf>

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