

# Financial Results for Q2 FY3/24

November 21, 2023

**OKADA AIYON CORPORATION**

(TSE Prime 6294)

## **1. Corporate Profile/History**

## **2. Q2 FY3/24**

### **Financial Results Summary and Full-year Forecasts**

## **3. Appendix**

# Corporate Profile (As of March 31, 2023)

## Business content

Manufacture, sale and repair of construction and forestry machinery for dismantling and crushing

### Founded

July 1938  
(Established in 1960)

### Capital stock

2,221  
million yen

### Net sales

23,575  
million yen

### Business bases

22 in Japan  
6 overseas

Head Office (Minato-ku, Osaka)



### Consolidated subsidiaries

- AIYON TECH. CO., LTD.  
(Main assembly plant)
- Nansei Machine Co., Ltd.  
(Manufacturing,  
development and sales of  
forestry machinery)
- Okada America, Inc.
- Okada Europe B.V.

### Number of employees (consolidated)

487

# Our Major Products (Demolition Attachments)

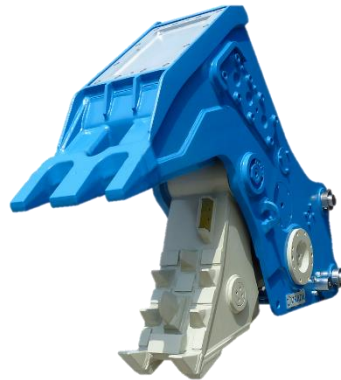
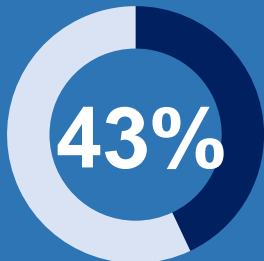
Demolition specific attachments for hydraulic excavators to demolish concrete buildings.

Domestic market share of  
our major products

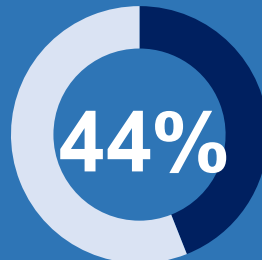
**No.1**



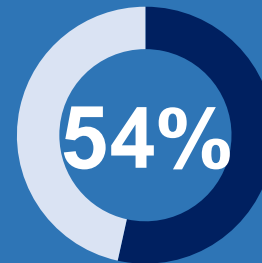
Primary  
Crushers



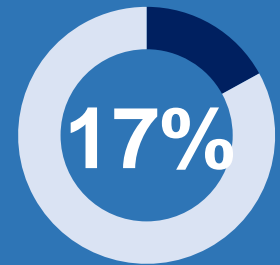
Pulverizers



Cutters

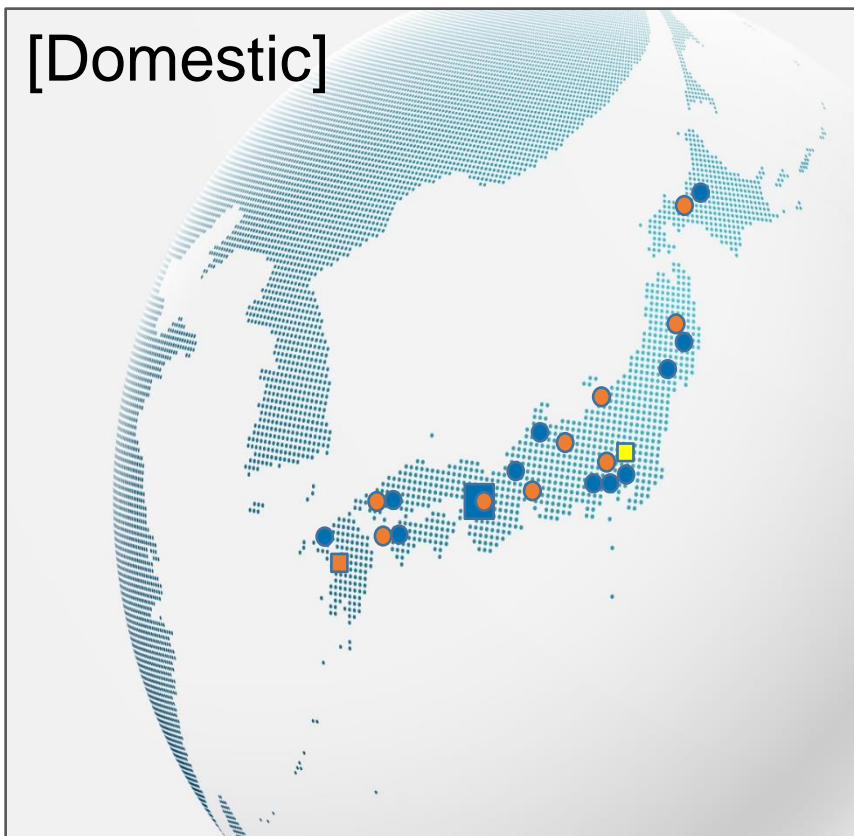


Breakers



# Business Bases

## [Domestic]



- OKADA AIYON: 12 bases
- AIYON TECH: 1 base
- Nansei Machine: 9 bases

## [Overseas]



- Okada America: 4 bases (headquarters/Oregon)
- Okada Europe: 1 base (headquarters/Netherlands)
- Okada Thailand: 1 base (headquarters/Ayutthaya)

# Coprorate History

1938  
Established

Around 1951  
Appearance of  
excavator method

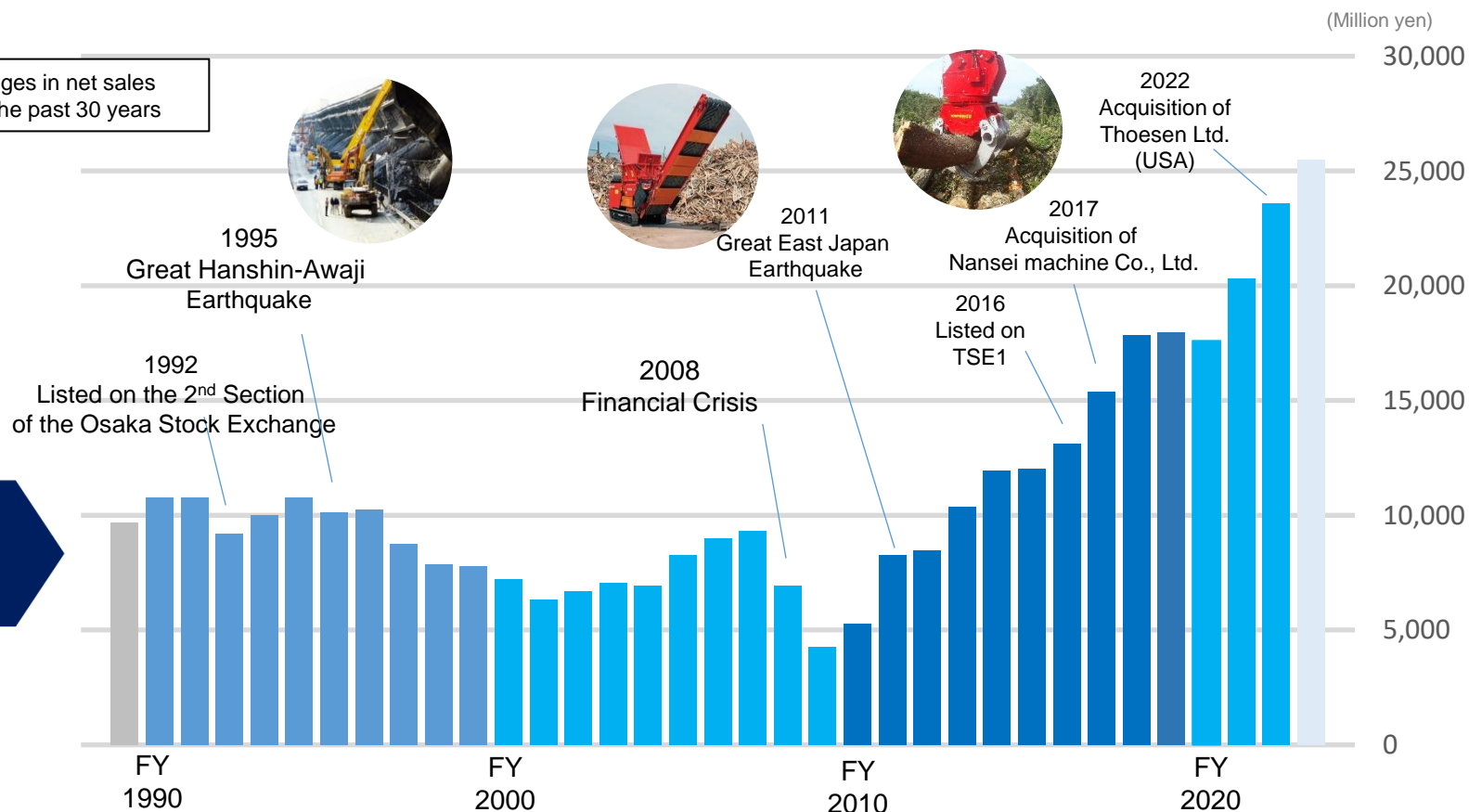
Around 1960  
Appearance of  
large air breaker

The latter half of the 1970s  
Appearance of the  
crushing method



We have grown mainly through the development and sale of demolition attachments to meet various demand from rock drills to urban demolition machineries.

Changes in net sales  
over the past 30 years



Since  
1990s

1. Corporate Profile/History

**2. Q2 FY3/24**

**Financial Results Summary and**  
**Full-year Forecasts**

3. Appendix

# Results Summary (Q2 FY3/24)

- For the first half of FY3/24, both sales and profits exceeded forecasts, making the highest first-half performance.
- In Japan, sales of demolition crushers and forestry machinery were strong. Overseas, the growth in the North American business, as well as the M&A deal in North America contributed to this performance.
- On the profit front, the promotion of price increases and the recovery in overseas freight rates helped offset the cost increases. Additionally, the foreign exchange gains increased reflecting the yen's depreciation.

Net sales

**13,391** million yen  
(+8.0% vs. forecast)  
(+14.7% YoY)

Operating  
income

**1,525** million yen  
(+31.5% vs. forecast)  
(+38.0% YoY)

Ordinary  
income

**1,648** million yen  
(+44.6% vs. forecast)  
(+41.1% YoY)

Net income  
attributable to  
owners of parents

**1,105** million yen  
(+45.5% vs. forecast)  
(+40.7% YoY)



# Business Results for Q2 FY3/24 and Future Outlook

- We revised upward the full-year forecasts for both sales and profits. Ordinary income was adjusted to align with the operating income for the full year, reflecting the unclear outlook for foreign exchange rates in the second half, despite the positive impact of the yen's depreciation in the first half.

(Million yen)

	Q2 FY3/23 Results	Q2 FY3/24 Results	YoY change (amount)	YoY change (%)	FY3/24 Initial forecasts (May 11, 2023)	FY3/24 Revised forecasts (Revised)	Change (vs. forecasts on May 11)
Net sales	11,680	13,391	1,711	14.7	25,500	26,500	+1,000
Gross profit	3,347	4,040	692	20.7	—	—	—
SG&A expenses	2,242	2,514	272	12.1	—	—	—
Operating income	1,105	1,525	420	38.0	2,300	2,650	+350
Ordinary income	1,168	1,648	480	41.1	2,250	2,650	+400
Net income (attributable to our shareholders)	785	1,105	320	40.7	1,500	1,730	+230

Average exchange  
rate used

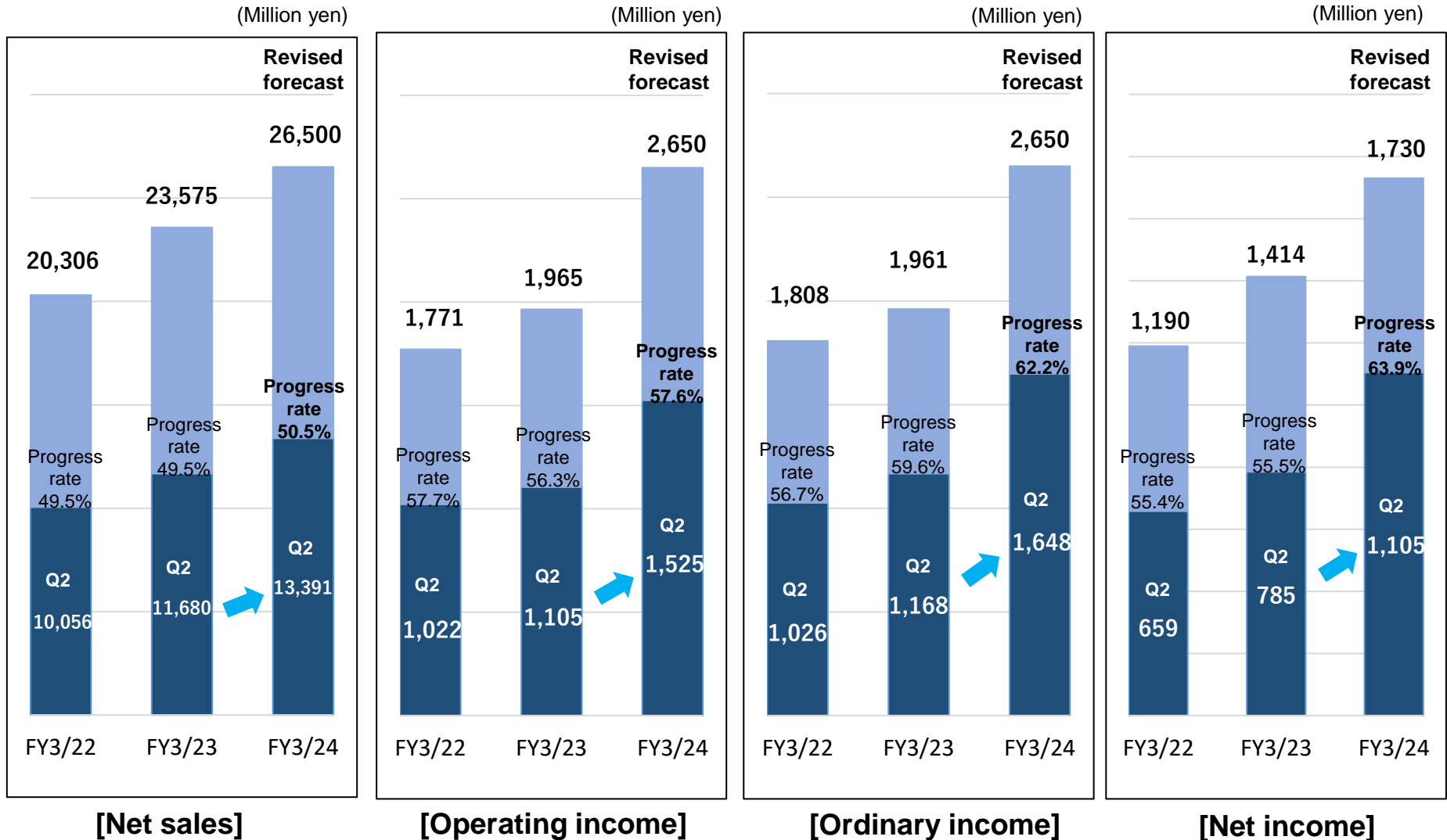
U.S. dollar: 134 yen  
Euro: 139 yen

U.S. dollar: 141 yen  
Euro: 153 yen

\*The assumed exchange rates for FY3/24 remain unchanged at 130 yen to the US dollar and 140 yen to the euro.

# Progress to Forecasts (Q2 FY3/24)

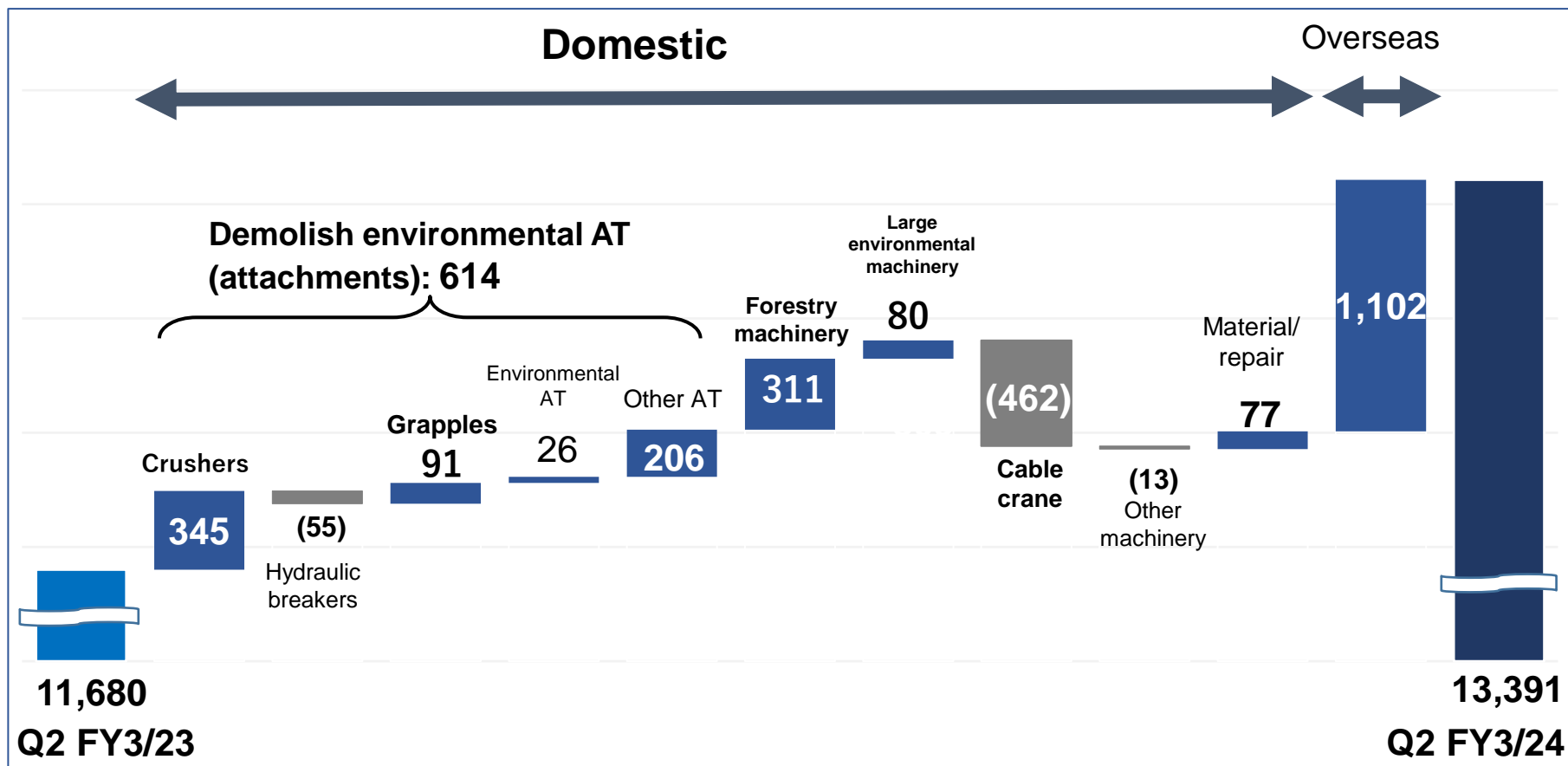
- The graph below shows the H1 performance progress rate toward the revised full-year forecasts.



# Factors for Changes in Net Sales

- Domestic: sales increased as the decline in special demand for cable cranes was offset by other product sales. Sales of large crushers increased, and sales of a new product, Hybrid Bucket, remain stable in the forestry machinery segment. Sales of grapples and large environmental machinery turned to increase from the previous year's decline, and the growth was further supported by other AT couplers.
- Overseas: sales increased due to the sales growth in existing U.S. businesses and the M&A deal in Chicago.

(Million yen)

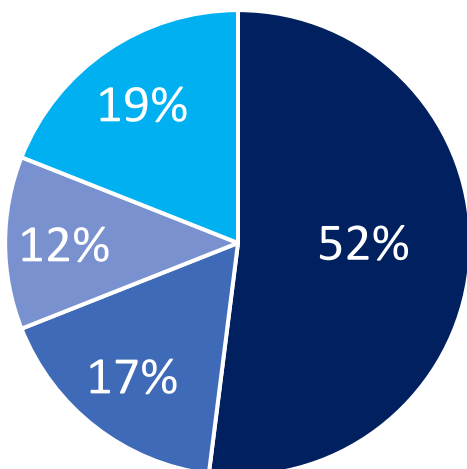


# Sales by Segment and Business (Q2)

- The overseas sales ratio increased due to the acquisition of a company in Chicago, U.S., in line with the overseas business expansion policy.  
For details of each segment, please refer to "Sales Trends by Model" on page 13.

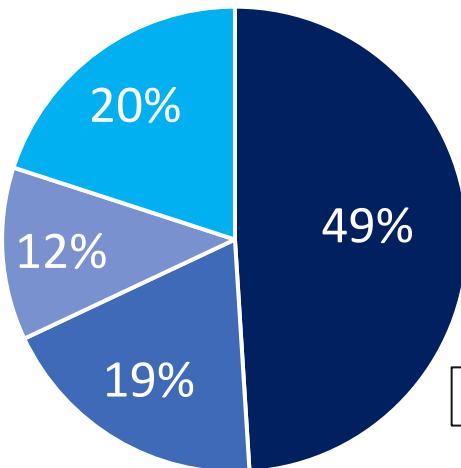
**Net sales**  
**10,056 million yen**

**Q2 FY3/22**



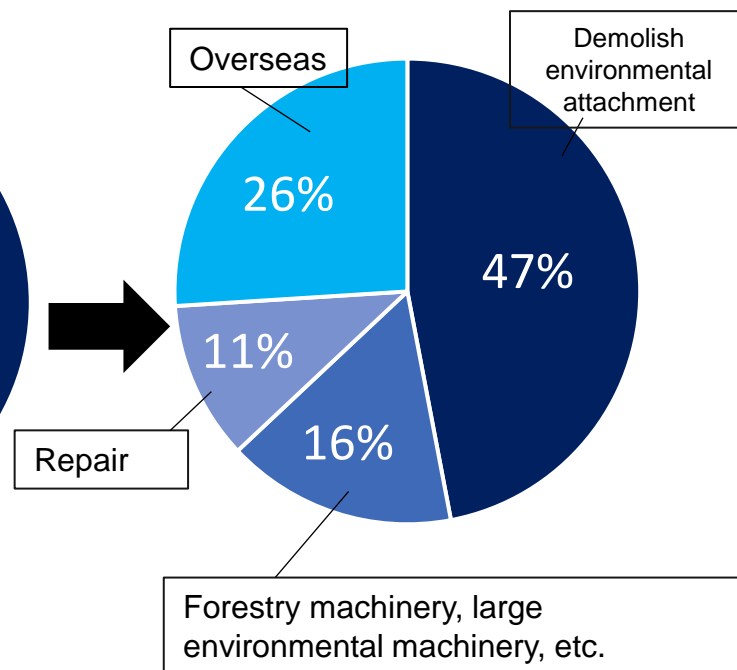
**Net sales**  
**11,680 million yen**

**Q2 FY3/23**



**Net sales**  
**13,391 million yen**

**Q2 FY3/24**



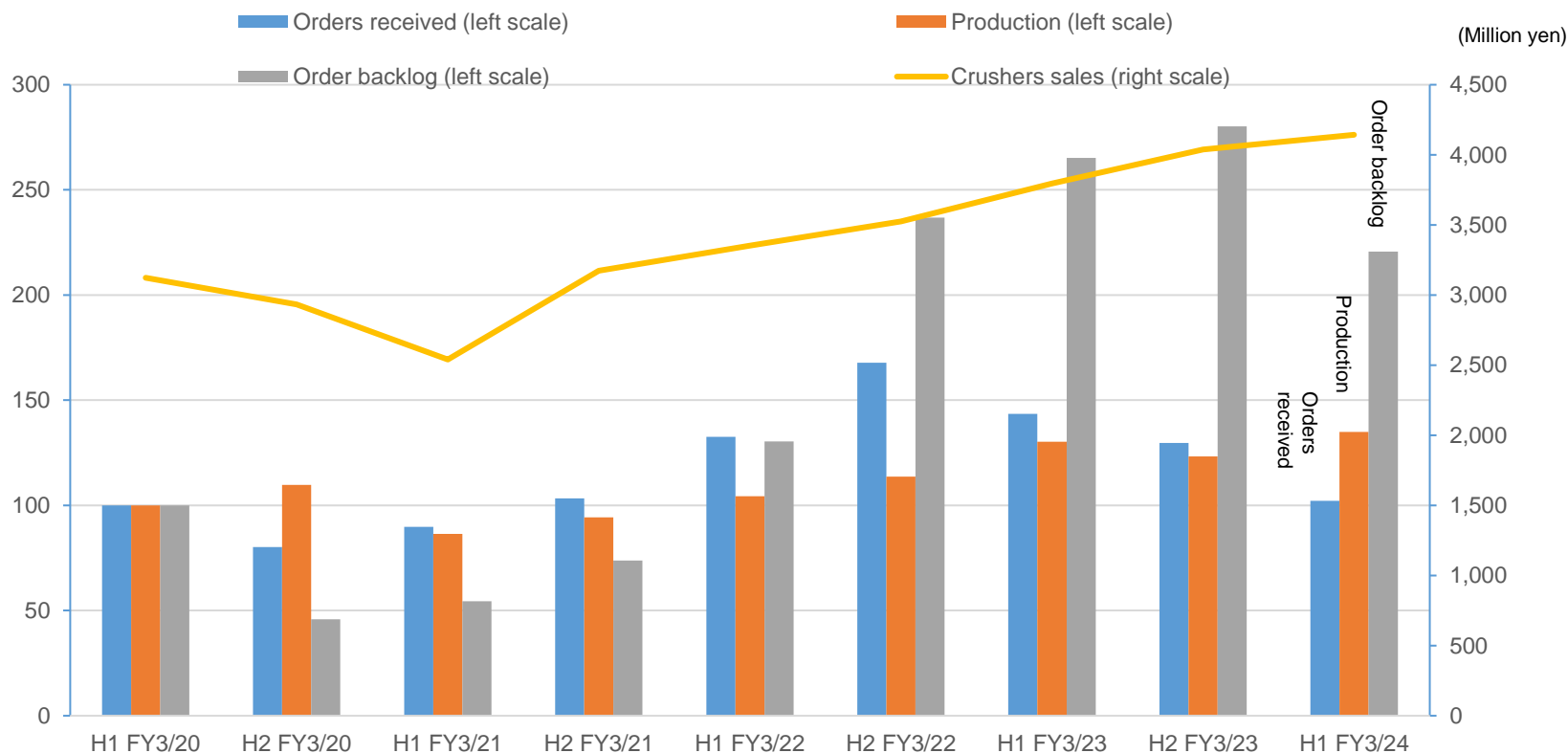
# Sales Trends by Model (Q2)

(Million yen)

			FY3/22 Q2	FY3/23 Q2	FY3/24 Q2	YoY		Yo2Y
						Amount	Changes(%)	Changes(%)
Domestic	Demolish environmental attachments	Crushers	3,352	3,796	4,142	345	9.1	23.6
		Breakers	448	498	442	(55)	(11.2)	(1.3)
		Grapples	698	620	712	91	14.8	2.0
		Environmental attachments	313	288	315	26	9.3	0.5
		Others	403	480	686	206	42.9	70.1
		Total	5,216	5,684	6,298	614	10.8	20.8
	Forestry machinery, large environmental machinery, others	Forestry machinery	347	571	882	311	54.5	153.7
		Large environmental machinery	446	149	230	80	54.1	(48.4)
		Cable crane	609	1,235	773	(462)	(37.4)	26.9
		Others	283	223	209	(13)	(6.1)	(26.1)
		Total	1,688	2,180	2,096	(83)	(3.8)	24.2
	After- sales business	Material	821	952	991	38	4.1	20.6
		Repair	395	466	505	38	8.3	27.8
		Total	1,217	1,418	1,496	77	5.5	22.9
Domestic segment			8,121	9,283	9,891	608	6.6	21.8
Overseas	U.S.		1,158	1,387	2,491	1,103	79.5	115.0
	Europe		373	562	579	16	2.9	55.0
	Asia (excluding China)		260	304	291	(13)	(4.4)	11.9
	Others		142	141	138	(3)	(2.4)	(3.0)
	Overseas segment		1,935	2,397	3,500	1,102	46.0	80.9
Consolidated total			10,056	11,680	13,391	1,711	14.7	33.2

# Orders, Manufacturing, and Sales Trends for Major Products (Crushers)

- Sales of crushers, our mainstay product, continued to increase by 9.1% YoY and 23.6% Yo2Y, as we could increase the production volume as our measures.
- The number of orders received is on a downward trend due in part to the impact of longer delivery times for cast steel products, especially for primary crushers and cutters.  
We are focusing on the procurement of cast steel components, which has been an issue. We expect to increase production and gradually shorten the delivery period over the next fiscal year.



\*Orders received, production, and order backlog are set at 100 for the H1 of FY3/20.

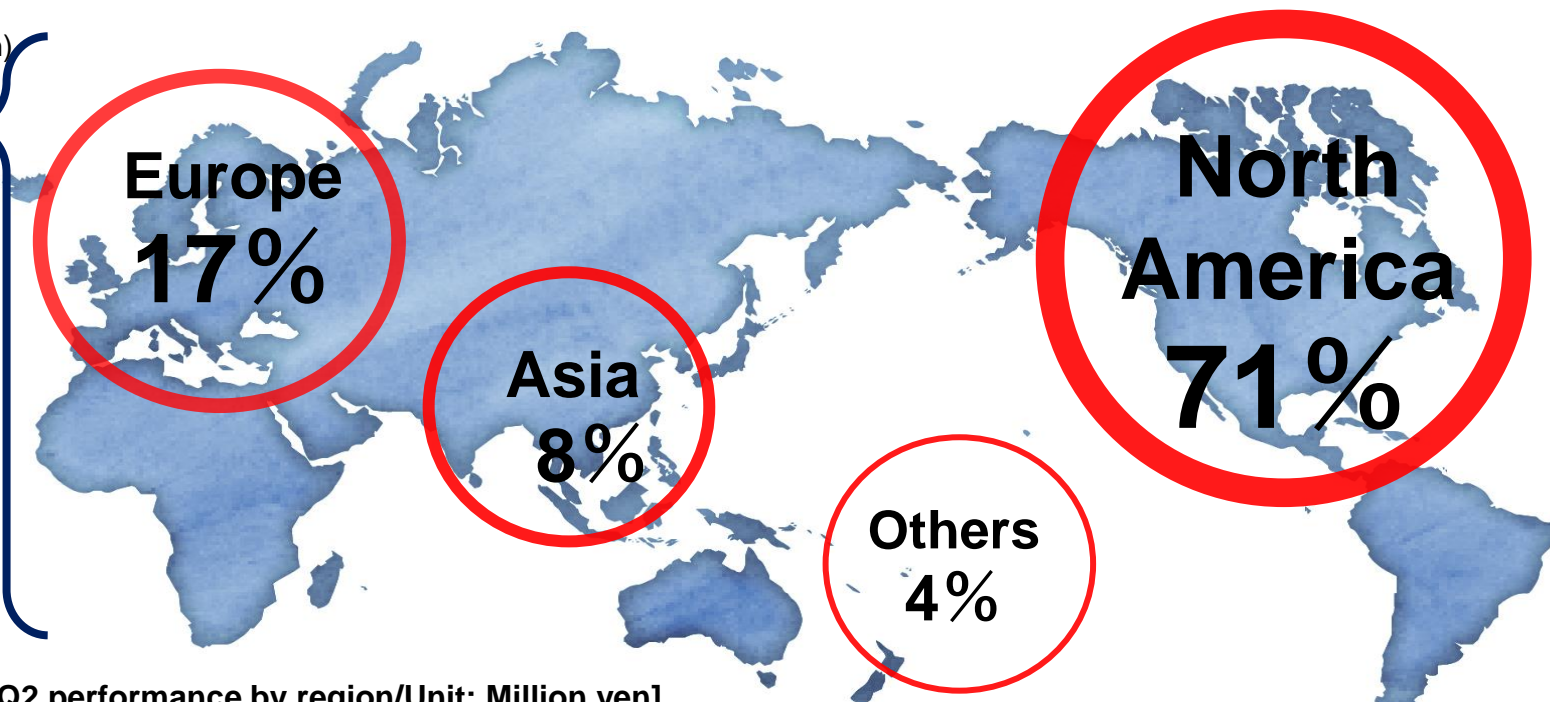
# Sales Breakdown by Region (Q2 FY3/24)

- The overseas sales ratio increased by 5.6% thanks to the growth in the North American business.

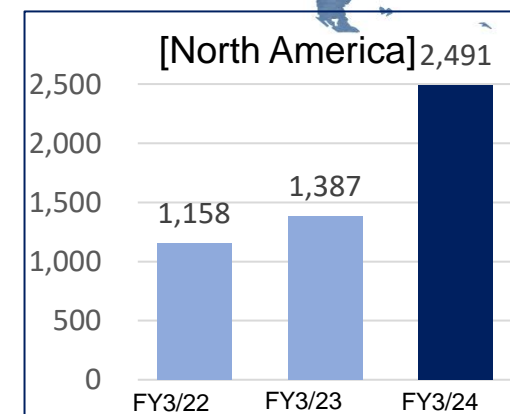
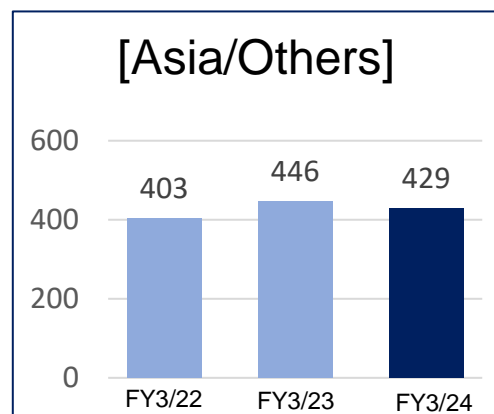
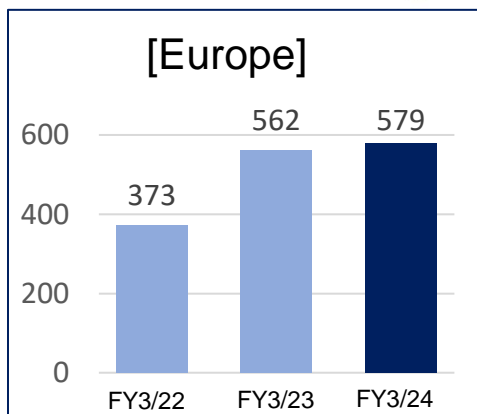
(Sales Composition)

Overseas  
26.1%

Domestic  
73.9%



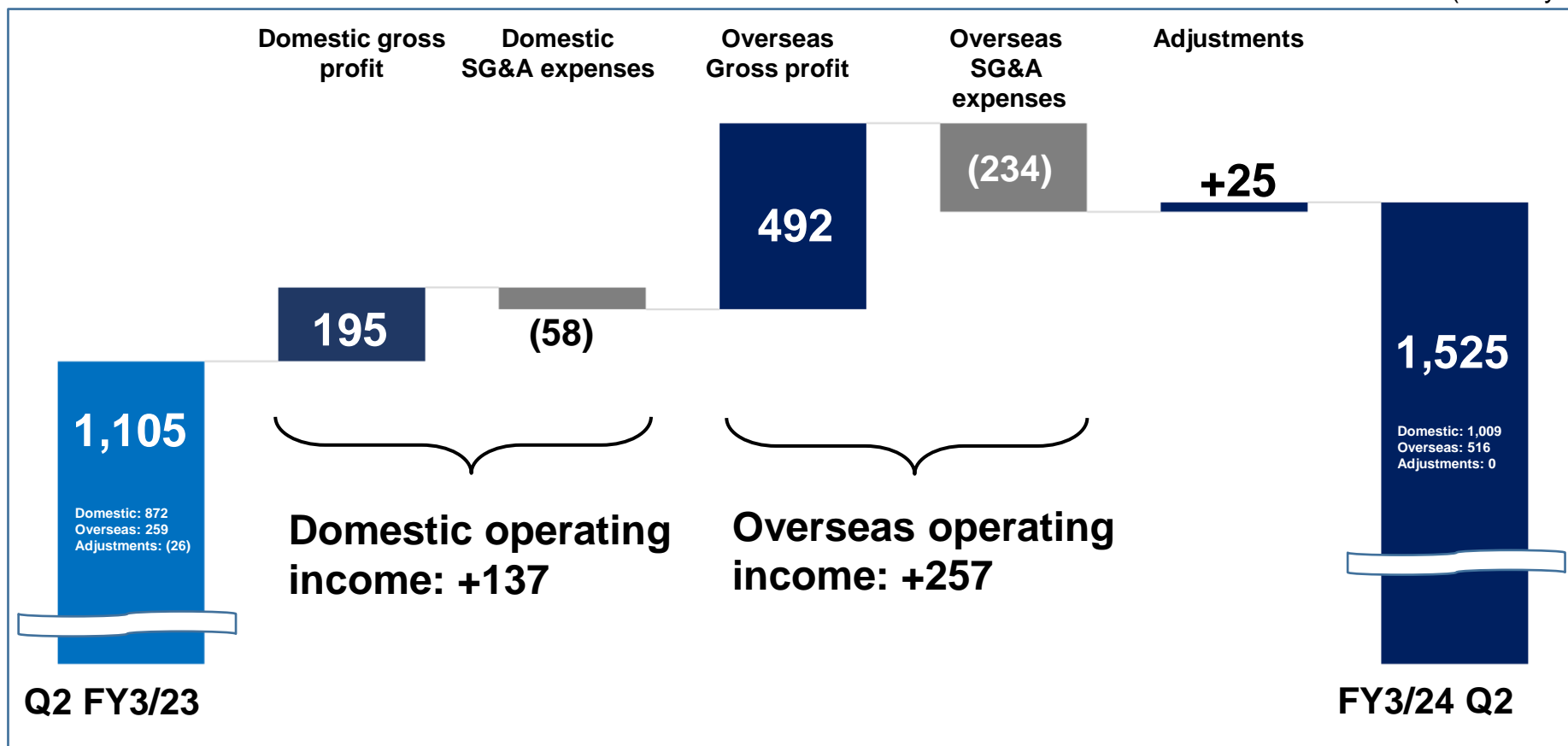
[Q2 performance by region/Unit: Million yen]



# Factors for Changes in Operating Income

- Domestic: profits increased due in part to the price increase. The decline in profits in the Cable crane business was offset by the sales of demolish environmental attachments, grapples, forestry machinery, large environmental machinery, and other products.
- Overseas: profits increased due to the growth in the North American business through M&A, etc., and lower overseas freight rates.
- The increase in SG&A expenses is attributable to the higher personnel expenses due to the M&A deal and increases in sales-related and depreciation expenses.

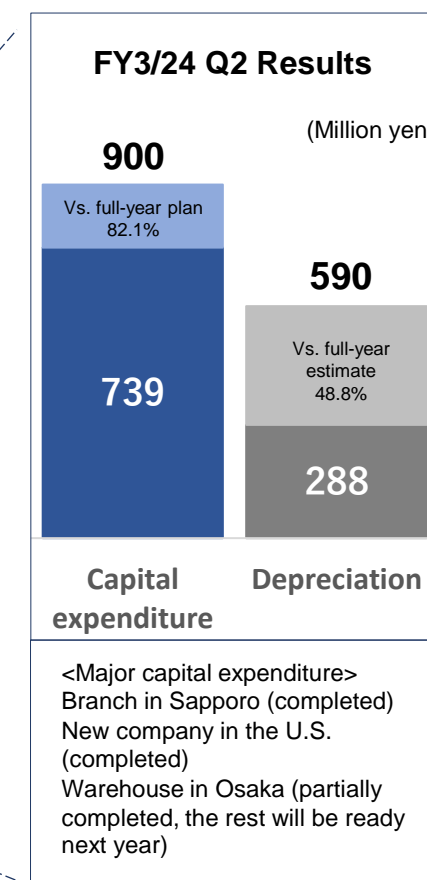
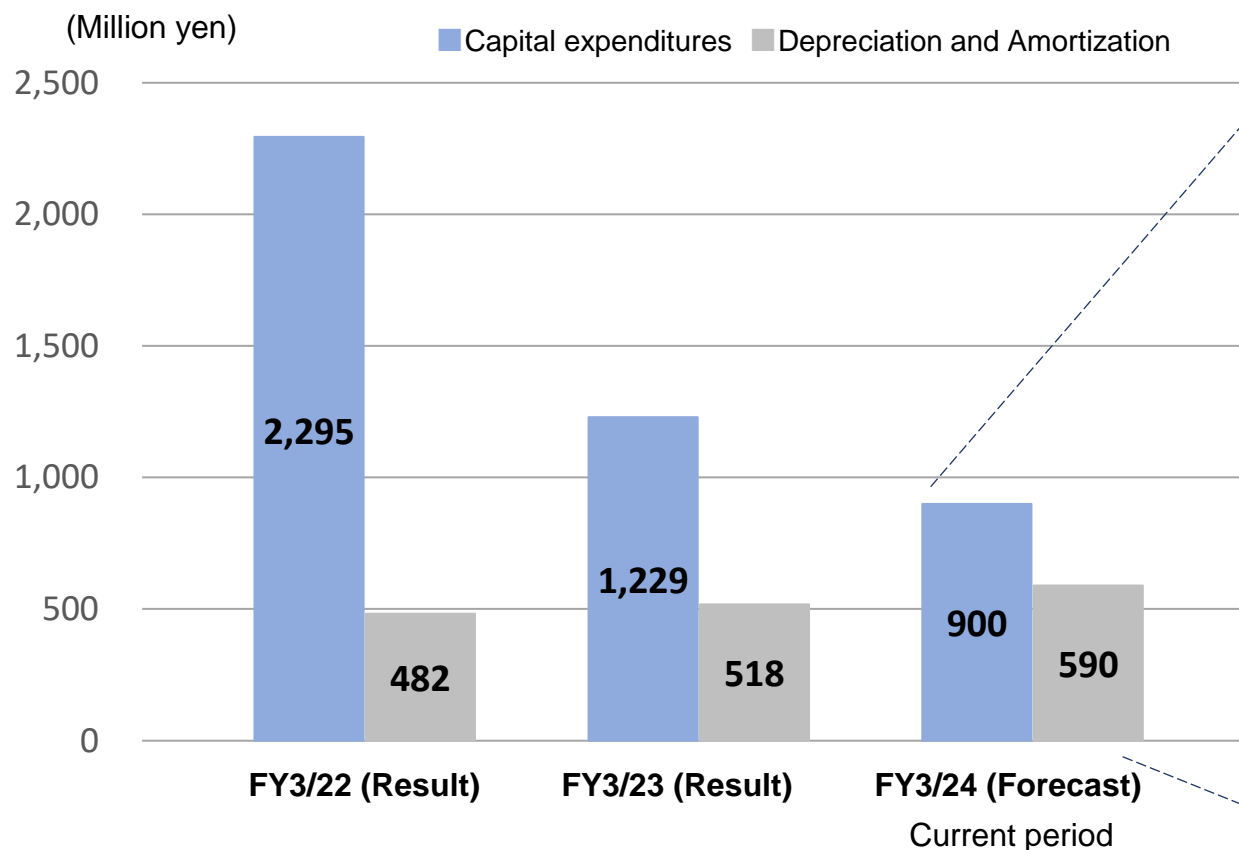
(Million yen)





# Capital Expenditures and Depreciation Plan

- The capital expenditure plan was revised to 900 million yen (+300 million yen compared to the initial plan). The additional costs for a new company in the U.S. and the prepaid amount for the warehouse in Osaka were added to the plan.
- Going forward, we plan to initiate a series of plans, including expansion of the AIYON TECH manufacturing plant, expansion of the Tokyo head office, expansion of the Osaka head office and Kansai branch, and construction of a new training center.

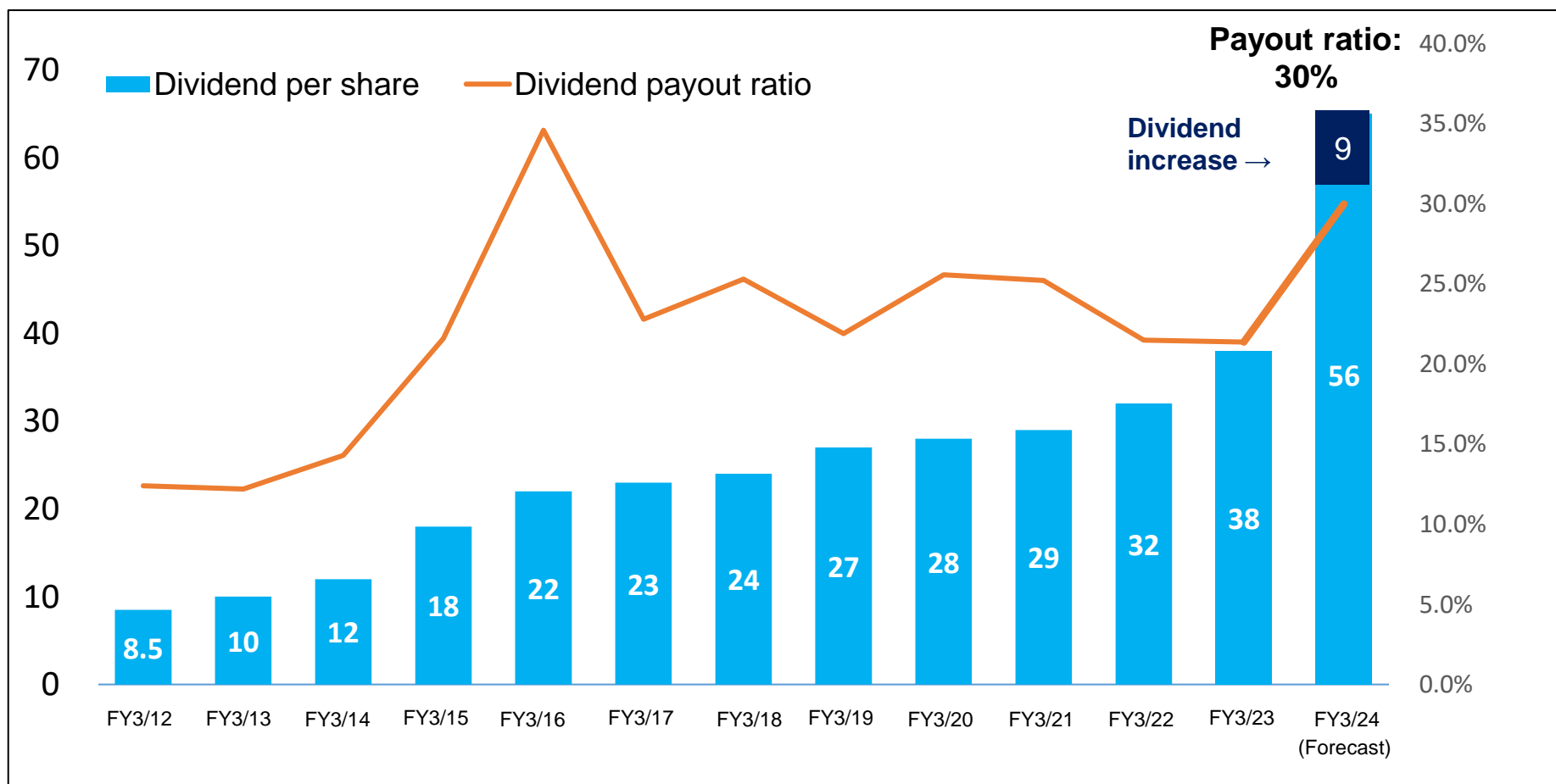


# Shareholder Return/Dividend Results and Plan

- Based on the revised full-year business forecasts for FY3/24, we have also revised the annual dividend to 65 yen per share, with a payout ratio of 30%.  
(+9 yen vs. initial plan, +27 yen YoY)
- We will continue to increase dividends based on our progressive dividend policy (dividend has been increased for 14 consecutive years in the current fiscal year).

(Dividend per share: yen)

(Dividend payout ratio : %)



# Medium-Term Management Plan Rolling Plan (FY2023-FY2025)

Basic policy: In Japan, we will further strengthen the value chain, primarily for productivity improvement. Simultaneously, in overseas markets, we are successfully yielding results through the M&A deal in the U.S. (Chicago) and expanding our branches in Portland. As we enter the final year of our three-year plan, we are committed to challenging ourselves to achieve the early realization of our medium-to-long-term management plan, VISION30.

## Numerical plan

(Million yen)

	FY3/23 Results	YoY	FY3/24 Revised plan	YoY	FY3/25 Plan	YoY	FY3/26 Plan	VISION30 Targets
Net sales	23,575	3,268	26,500	2,924	27,500	2,000	30,000	30,000
Operating income	1,965	193	2,650	684	2,650	0	3,000	3,000
Ordinary income	1,961	152	2,650	688	2,650	0	3,000	3,000
Net income (attributable to our shareholders)	1,414	223	1,730	315	1,730	210	2,000	2,000
Operating profit to net sales ratio (%)	8.3	(0.4)	10.0	1.7	10.0	0.5	10.0	10.0
ROE (%)	10.7	0.7	11.8	1.1	11.0	0.6	11.8	10.0

The next year's plan is scheduled to be revised in May 2024 in light of the current year's results.

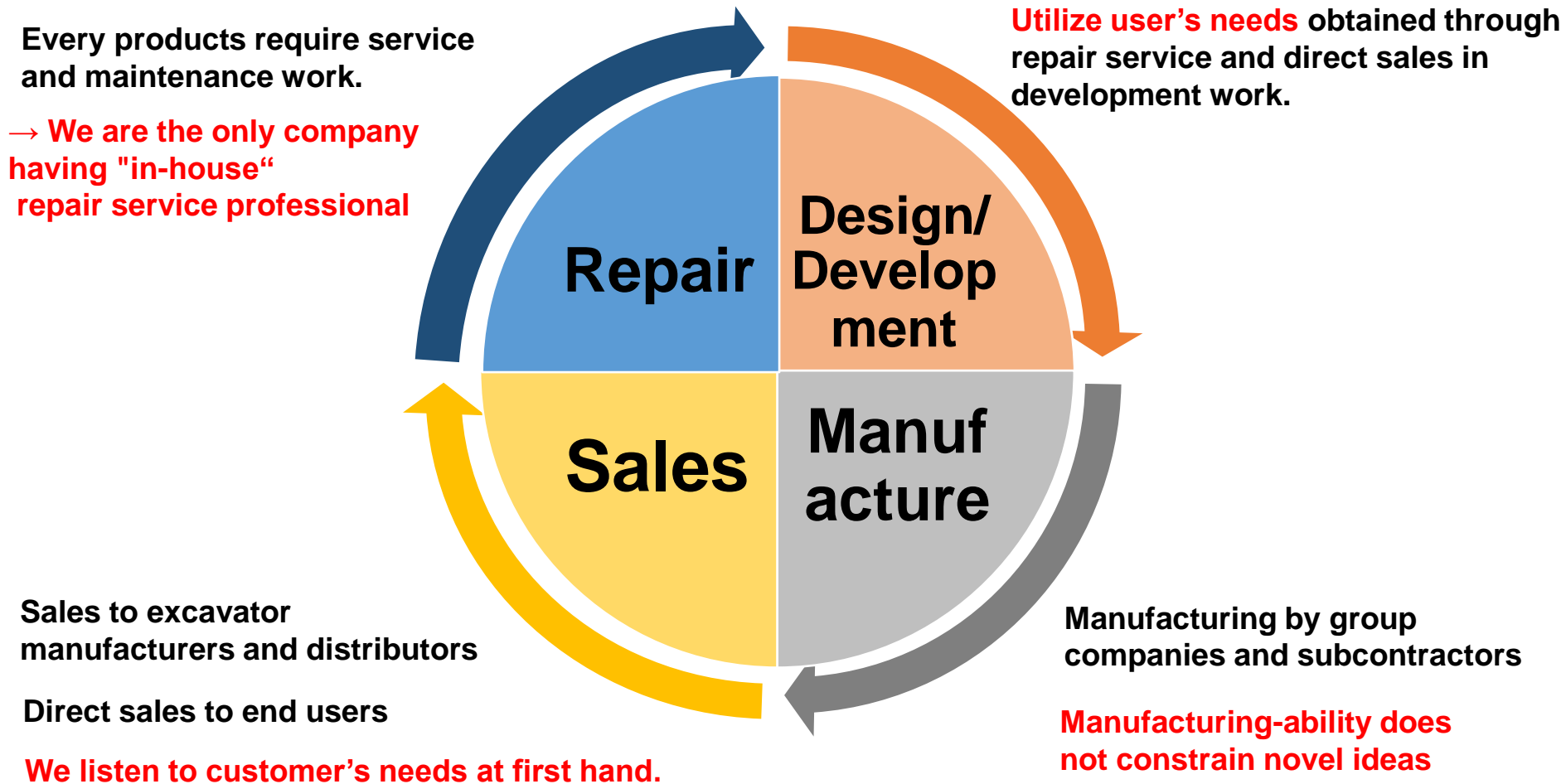
\*Assumed exchange rates for planning purposes: 1USD = 130JPY, 1EUR = 140JPY

1. Corporate Profile/History

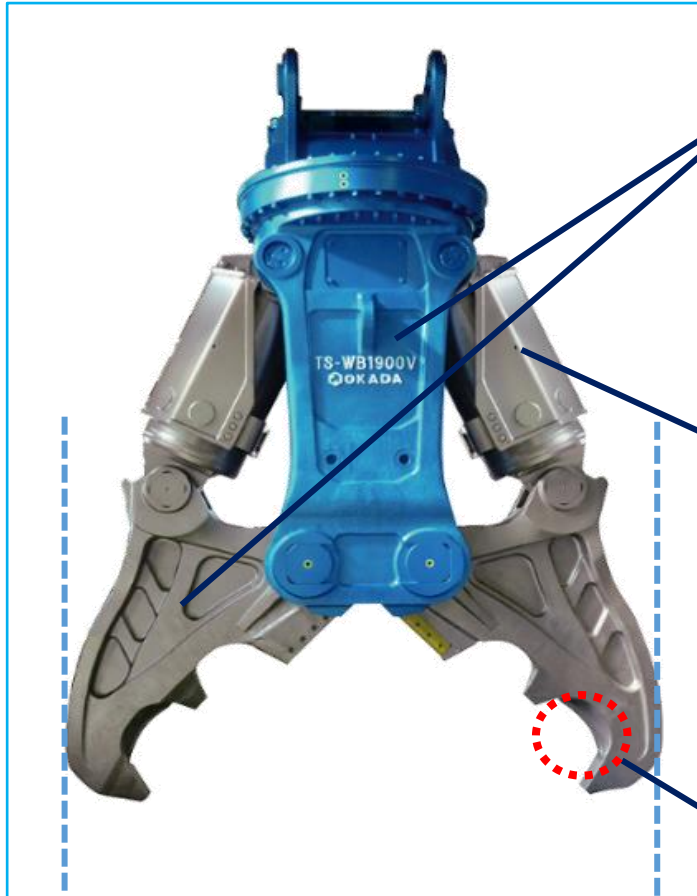
2. Q2 FY3/24  
Financial Results Summary and  
Full-year Forecasts

**3. Appendix**

## One-stop circulation model



# Product Characteristics



## Our commitment

**Cast steel products** are used for the primary crushers and cutters, which are especially required for **strength** in dismantling.

\*Cast steel products: made by melting special steel and pouring it into molds. There are no linkages, and the **strength is higher** than that of canned sheet metal products. It can be freely formed and has strength in designing.

↕  
Canning products: made by melting steel plates and welding it

Cylinder is equipped with a speed increasing valve **to achieve both power and speed**

Use of wedge arms realizes **outstanding crushing power**

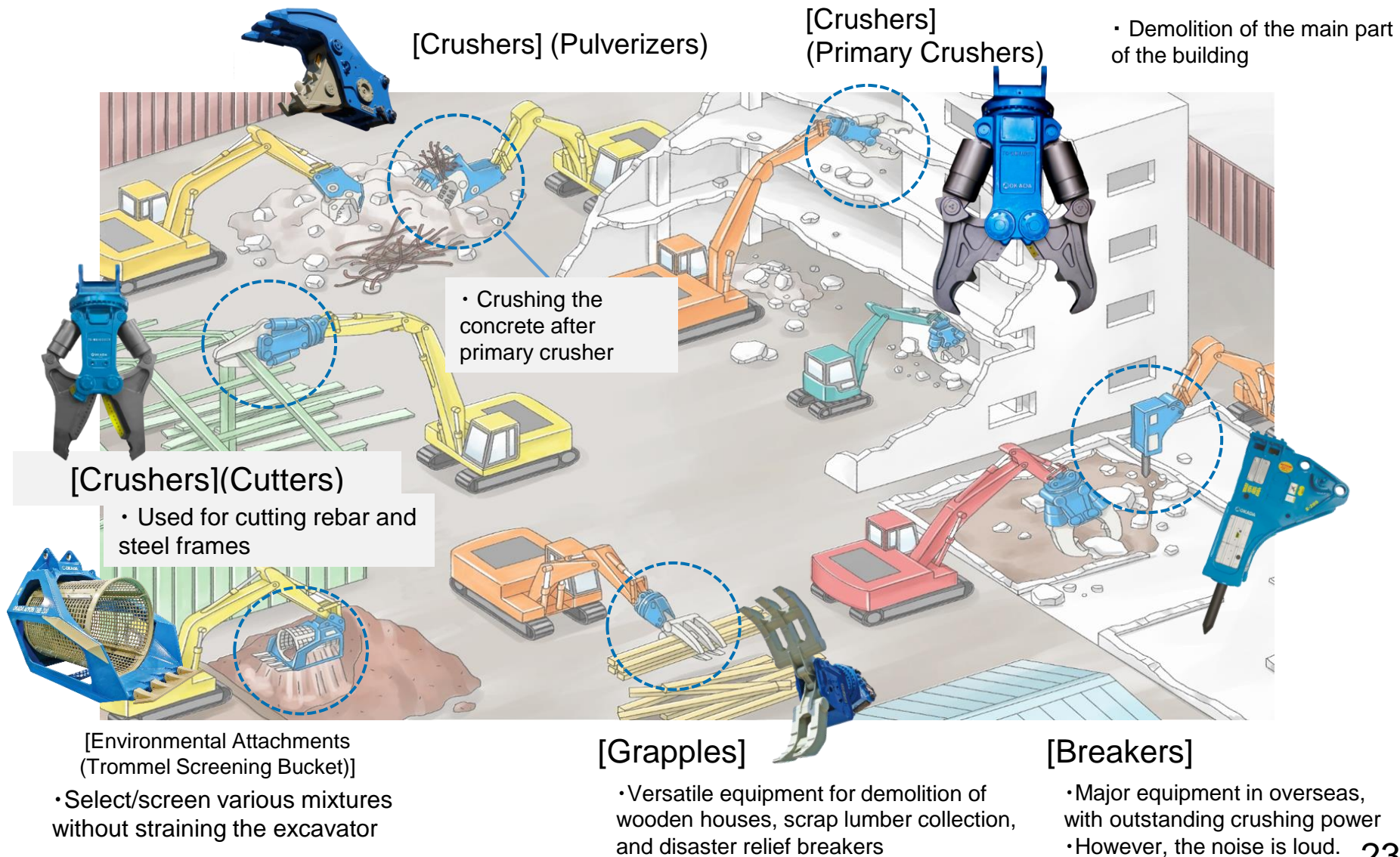
Arms do not protrude as they close, and they can be operated in **densely populated residential areas**.



# Product Application

## (Demolish environmental attachments)

- Able to install in excavators of all domestic and overseas manufacturers





# Product Application (Large environmental machinery)

[Middle and low speed rotary machine]



- Processes large logs
- Played active role in disposing of debris after the Great East Japan Earthquake

[High-speed rotary machine]



- Cutting wood into wood chips
- Chips are used in biomass power generation, etc.



# Product Application

## (Forestry machines and cable cranes)

[Forestry machinery]



- Logging timber in the forest
- Lumbering, pruning and transporting

[Cable crane for dam construction and power plants and dams]



- Conveying concrete, materials, etc. on roadless mountain slopes
- For pipe replacement work at aging hydroelectric power plants

# Long term Vision "VISION 30" (Formulated on May 13, 2021)

## Framework of VISION30

### VISION30 Statement

Slogan

People create an **environment**

Values

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

[Business] Provision of user-friendly products and services

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

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

### VISION30 Performance Indicators (KPI)

Triple

3

Net sales ¥30 billion+

Operating profit ¥3 billion+

Market capitalization ¥30 billion+

Triple

10

Net sales growth rate 10%+

Operating profit to net sales 10%+

ROE 10%+

## VISION30 Three Strategies

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

# Medium-Term Management Plan Rolling Plan (FY2023-FY2025): Priority Measures

VISION30 Three Strategies		Measures	Content
Human resources strategy (Human capital management)		Engagement measures to create a comfortable, motivating, and rewarding workplace	<ul style="list-style-type: none"> <li>◇ Diversification of human resources and human resource development</li> <li>◇ Work-life balance and health support</li> <li>◇ Improvement of the work environment and operational environment</li> <li>◇ Fostering an open corporate culture</li> </ul>
Market strategy	Domestic sales and production	Strengthening the value chain centered on productivity improvement	<ul style="list-style-type: none"> <li>◇ Renewal of domestic sales offices and maintenance shops</li> <li>◇ Establishment of increased production system through expansion of suppliers and plant expansion</li> <li>◇ Vietnam: Breaker plant begins mass production</li> <li>◇ Expand productivity and improve profitability in the forestry sector</li> </ul>
	Overseas sales	Global expansion through a three-region system (US, Europe, Asia)	<ul style="list-style-type: none"> <li>◇ Deployment of manpower and commercial products to Europe and other bases</li> <li>◇ Expansion of warehousing and repair functions with the completion of the new US headquarters</li> <li>◇ Expansion in Asia with the Thai subsidiary at the core</li> </ul>
	New businesses & M&A	Maximizing M&A synergies in the US	<ul style="list-style-type: none"> <li>◇ Establishment of repair and maintenance systems in the US</li> <li>◇ Customer acquisition in the Chicago area, US</li> </ul>
Strengthening of management foundation		Strengthening governance system to support sustainable growth	<ul style="list-style-type: none"> <li>◇ Strengthening sustainability initiatives (Disclosure regarding TCFD recommendations is expected in June 2023)</li> </ul>
		Development of domestic and overseas plants, sales offices, etc.	<ul style="list-style-type: none"> <li>◇ Expansion of Aiyon Tech Asaka Plant</li> <li>◇ Expansion of facilities in the Tokyo and Kansai areas</li> <li>◇ Development of technical training facilities</li> </ul>
		Development of system infrastructure and DX initiatives	<ul style="list-style-type: none"> <li>◇ Review of operational systems and enhancement of security</li> <li>◇ Practical application of GPS attachment monitoring system</li> </ul>

# Market Strategy: Renewal of Domestic Sales Offices

Expand factories (AIYON TECH) and sales office facilities in a structured way to increase production and enhance maintenance function.

**2016  
Aiyon  
Tech**



**2019  
Shikoku  
Sales  
Office**



**2021  
Hiroshima  
Sales  
Office**



**2022  
Sendai  
Sales  
Office**



**2023  
Sapporo  
Sales  
Office**



**2022  
Chubu  
Sales  
Office**



**2020  
Shonan  
Sales  
Office**



**2016  
Hokuriku  
Sales  
Office**





# Market Strategy: Global Expansion

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

## Europe



### Okada Europe (Netherlands)

2020 Establishment as a sales subsidiary

[Aim] (1) Develop the European market, the world's largest market

(2) Set up distributors in 31 countries in Europe

### Creotech Vina (OEM plant in Vietnam)

2024 Mass production of hydraulic breakers scheduled to start

[Aim] (1) Produce products of Japanese quality at reasonable prices

(2) Sold to Japan, US and Europe under the common global model



### Okada Thailand (equity method affiliate)

2021 Establishment of sales company jointly with local capital

[Aim] (1) Strengthening of domestic business development in Thailand

(2) Roll out products sold in Thailand to Asia and the Middle East

## Asia

## US

### Okada Midwest (formerly Thoesen)

2022 Made into a group company through M&A

[Aim] (1) Strengthen repair and maintenance system in the US

(2) Customer acquisition in the Chicago area



### Okada America Headquarters

2023 Relocated and built new headquarters in suburban Portland

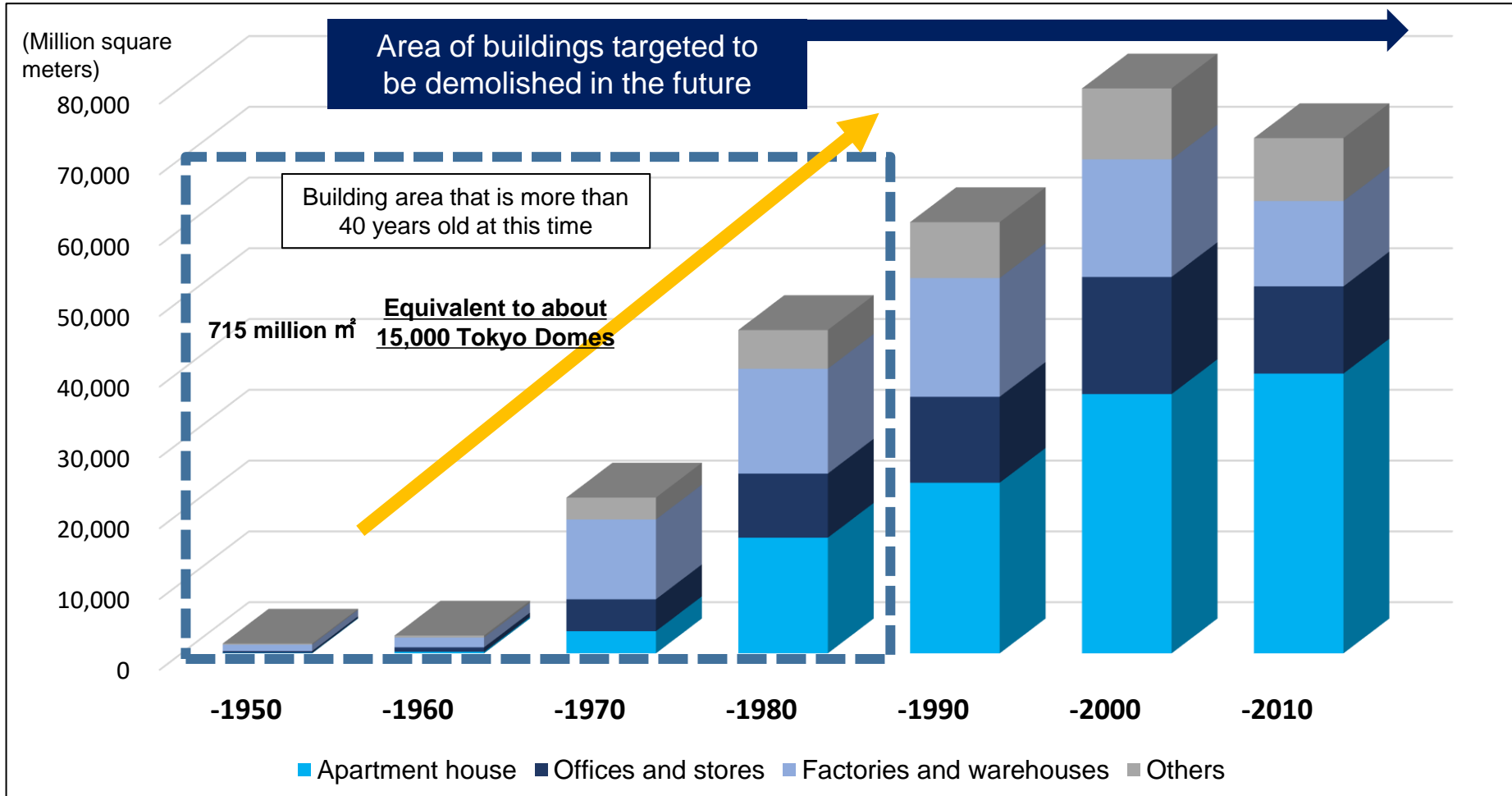
[Aim] (1) Strengthen warehouse and repair and maintenance functions

(2) Expansion of hub functionality to meet growing demand

# Potential for Domestic Demolition Market

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

◆ Looking at demolition targets for buildings with 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).



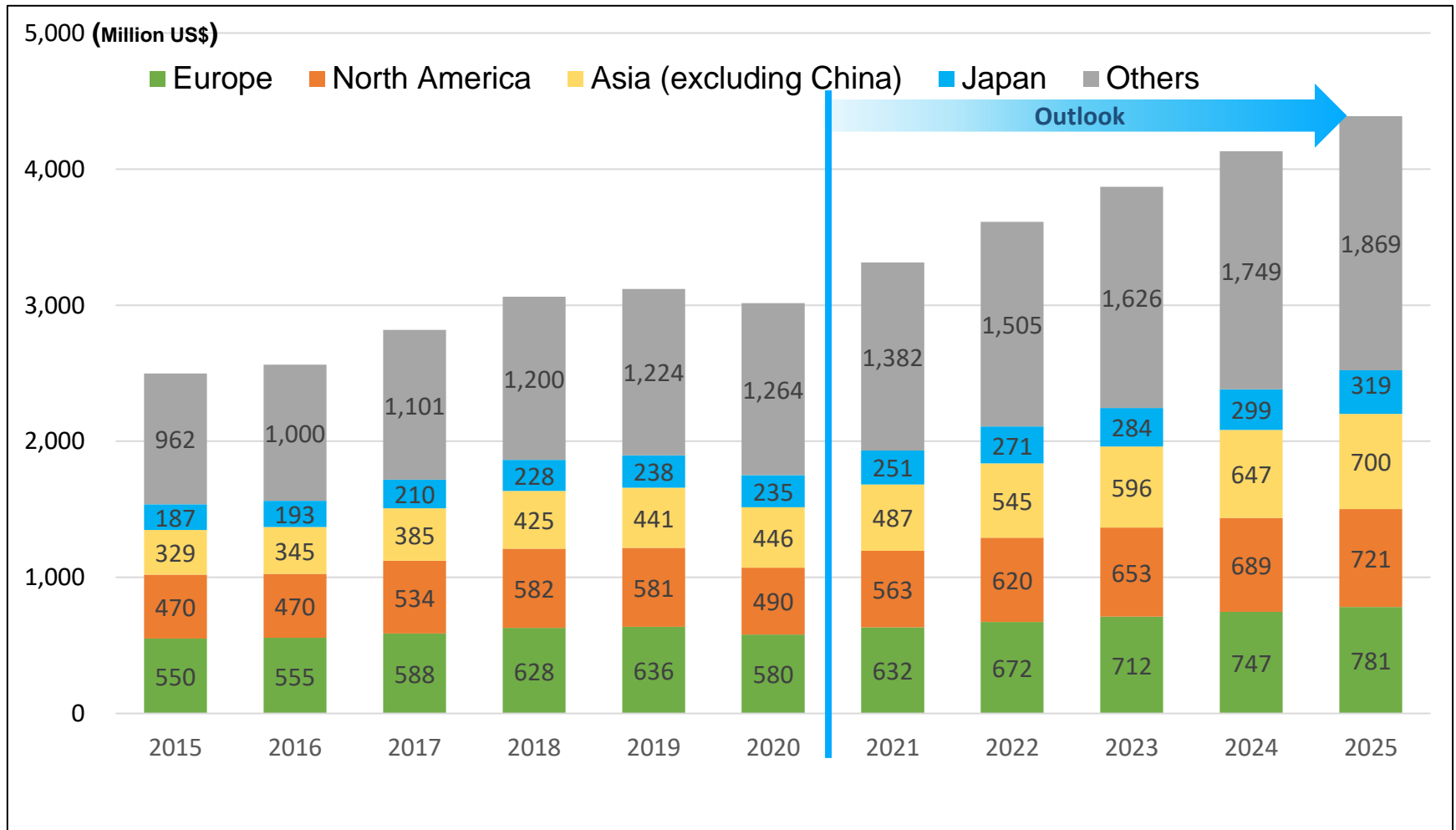
◆ Converted to the floor area of the Tokyo Dome as 46,000 m<sup>2</sup>.

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

# Outlook for Global Market Growth

## Demolition attachment market

- ◆ CAGR (CAGR) for 2021/2025 in the key markets of the U.S., Europe, and Asia was approximately **7.0%**
- ◆ CAGR of Japan in 2021/2025 (CAGR) was also about **6.2%**.



The forward-looking statements contained in this report are based on management's assumptions and beliefs in light of the material currently available to the Company and other reasonable assumptions, and involve risks and uncertainties.

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

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