

# Financial Results for Q2 FY3/25

November 27, 2024

**OKADA AIYON CORPORATION**

(TSE Prime 6294)

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

## **2. Q2 FY3/25 Financial Results Summary**

## **3. Sales Trends and Future Measures for Sales Growth**

## 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

27,095  
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)

491

# Our Major Products (Demolition Attachments)

Demolition specific attachments for hydraulic excavators to demolish concrete buildings.



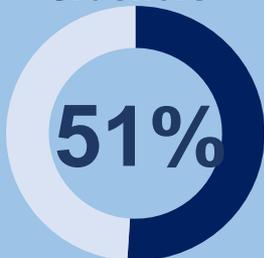
Hydraulic excavators

Domestic market share of our major products

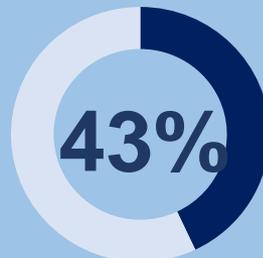
**No.1**



Primary Crushers



Pulverizers



Cutters

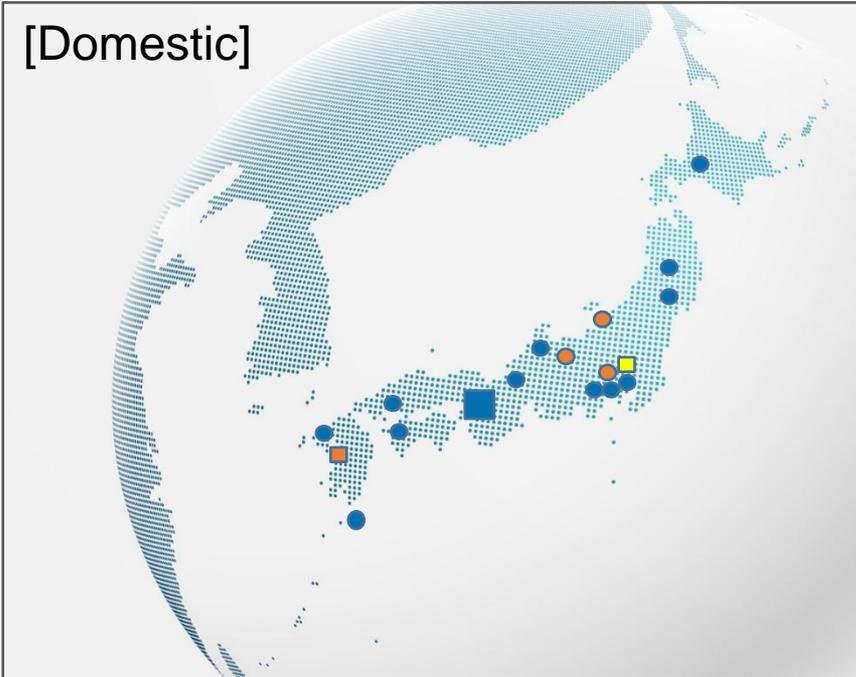


Breakers

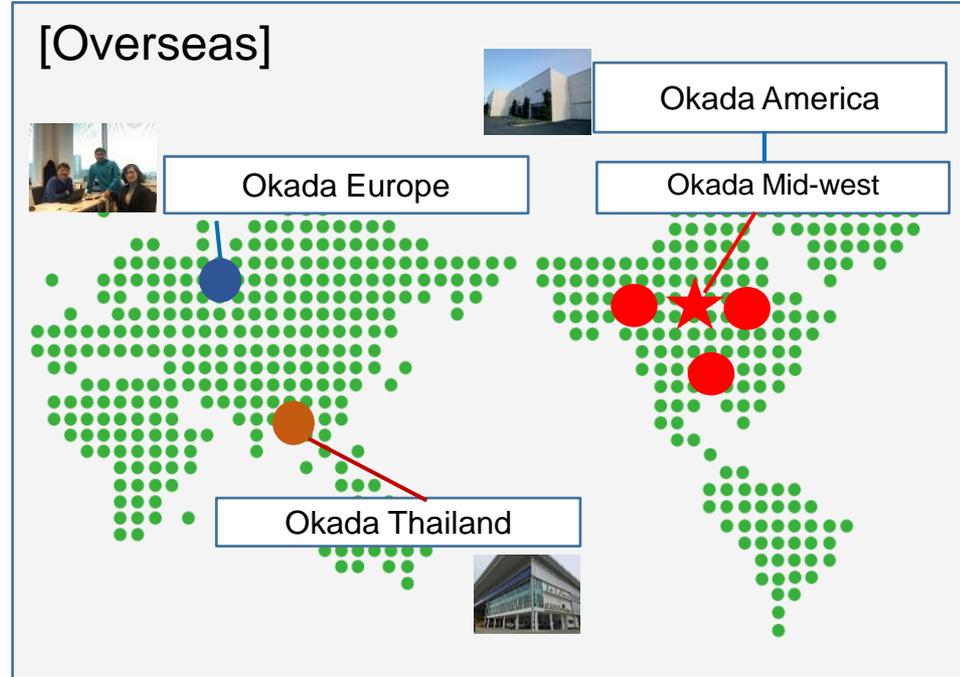


# Business Bases

Starting this fiscal year, the Machine Sales division of Nansei machine Co., Ltd. has been **integrated** into OKADA AIYON CORPORATION.



- OKADA AIYON: 13 bases
- AIYON TECH: 1 base
- Nansei Machine: 4 bases



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

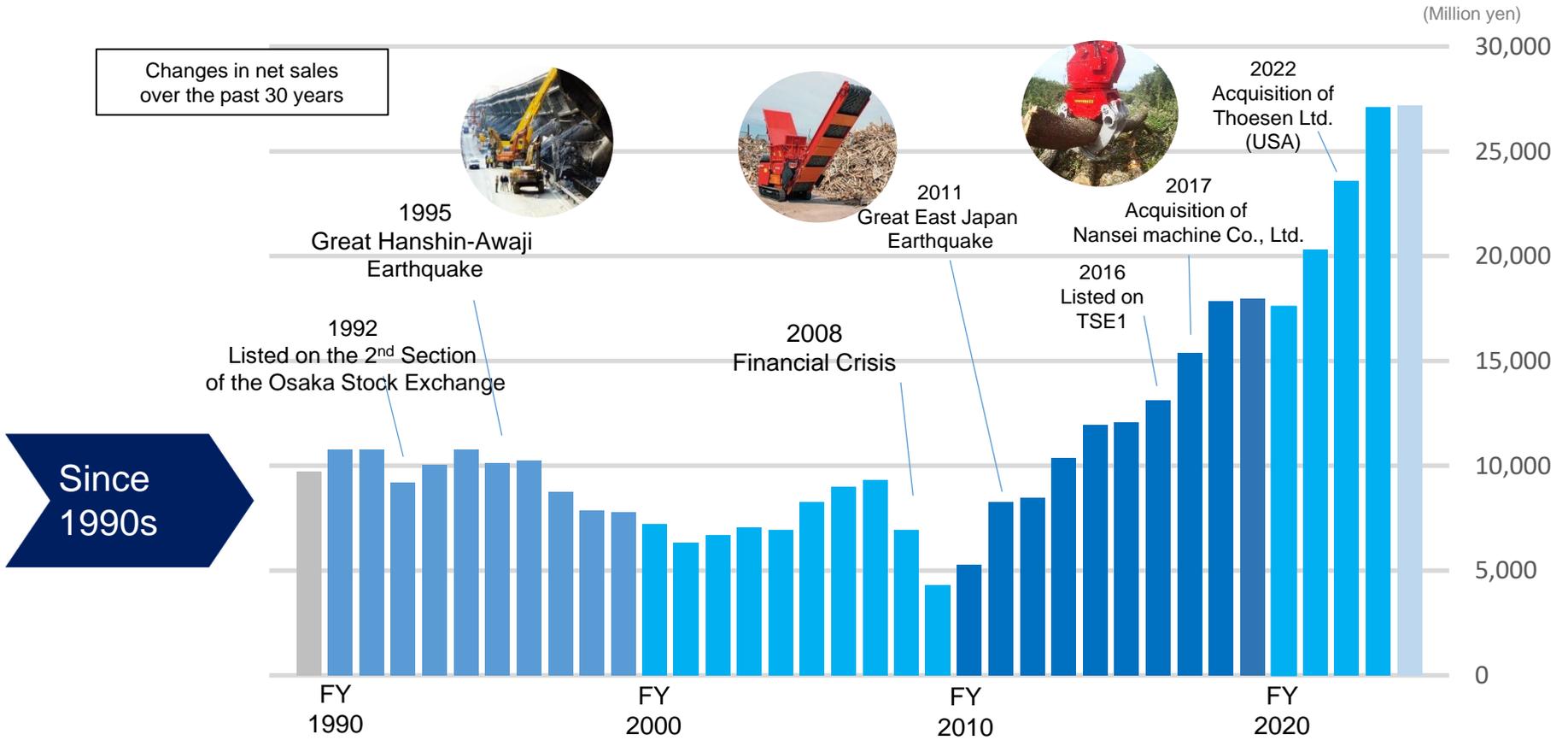
\*On April 1, 2024, as described above, the machinery sales division of Nansei machine Co., Ltd. was integrated into OKADA AIYON CORPORATION and the OKADA AIYON Kumamoto Sales Office was newly opened. The five sales offices of Nansei machine (Osaka, Chubu, Hiroshima, Shikoku, and Kumamoto) have been integrated into the sales offices of OKADA AIYON. We have strengthened, streamlined, and made more efficient a total of 18 domestic bases.

**As a result, we are now able to fully utilize our after-sales maintenance system, which is one of the Group's strengths, in both forestry machineries and demolition attachments.**

# Coprorate History



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



1. Corporate Profile/History
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3. Sales Trends and Future Measures for Sales Growth

# Results Summary (Q2 FY3/25)

**Net sales**

**13,067** million yen  
(-2.4% YoY)

**Operating profit**

**1,164** million yen  
(-23.6% YoY)

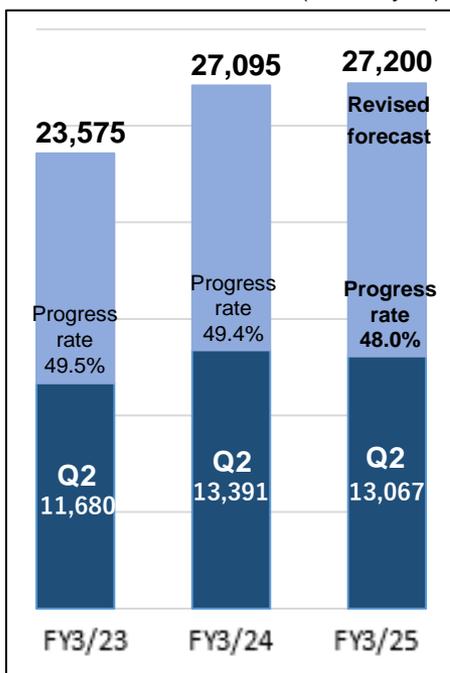
**Ordinary profit**

**1,102** million yen  
(-33.1% YoY)

**Profit**

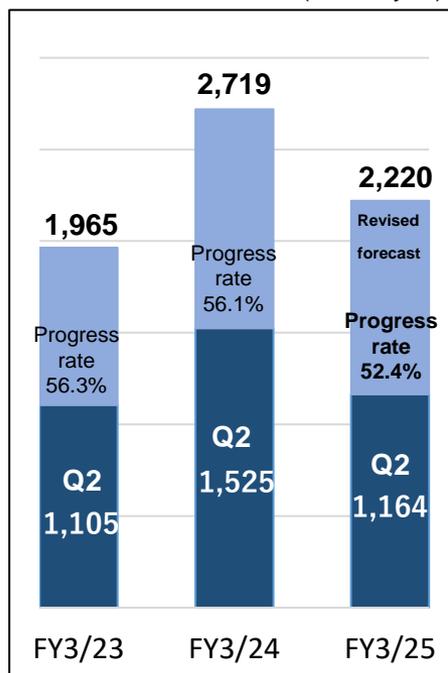
**731** million yen  
(-33.9% YoY)

(Million yen)



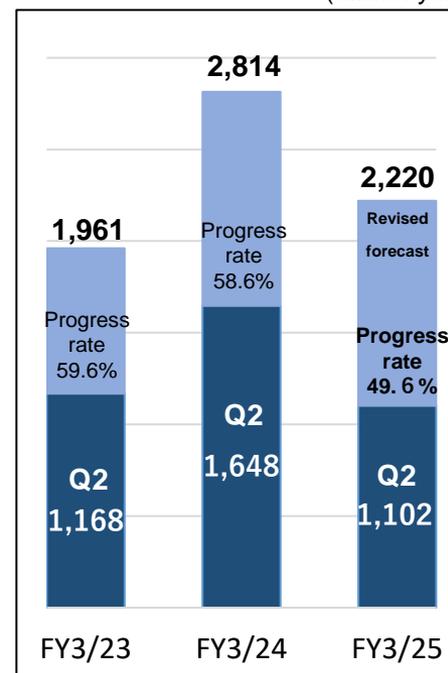
[Net sales]

(Million yen)



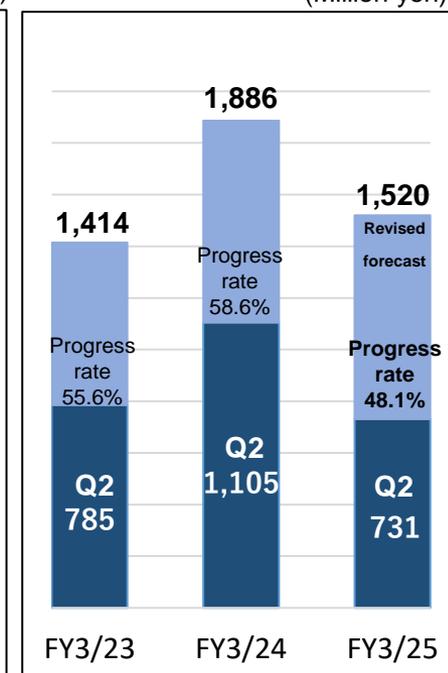
[Operating profit]

(Million yen)



[Ordinary profit]

(Million yen)



[Profit]

# Business Results for Q2 FY3/25 and Forecasts for FY3/25



- Domestic sales were relatively firm, but sales and profits declined mainly due to a decline in demand for construction machinery in the U.S. and Europe. The appreciation of the yen at the end of September 2024 also affected foreign exchange valuation losses. We have revised the full-year forecasts due to timing of recovery in U.S. inventory adjustment expected to be delayed next fiscal year. (Million yen)

	Q2 FY3/24 Results	Q2 FY3/25 Results	YoY		FY3/25 Initial forecasts (May 10, 2024)	FY3/25 Revised forecasts	YoY		Change vs. initial forecasts announced on May 10
			change (amount)	change (%)			change (amount)	change (%)	
Net sales	13,391	13,067	(324)	(2.4)	28,500	27,200	104	(1,300)	
Gross profit	4,040	3,866	(173)	(4.3)	—	—	—	—	
SG&A expenses	2,514	2,701	187	7.4	—	—	—	—	
Operating profit	1,525	1,164	(360)	(23.6)	2,900	2,220	(499)	(680)	
Ordinary profit	1,648	1,102	(546)	(33.1)	2,900	2,220	(594)	(680)	
Profit (attributable to owners of parent)	1,105	731	(374)	(33.9)	1,980	1,520	(366)	(460)	

Average exchange rate

USD: 141 yen  
Euro: 153 yen

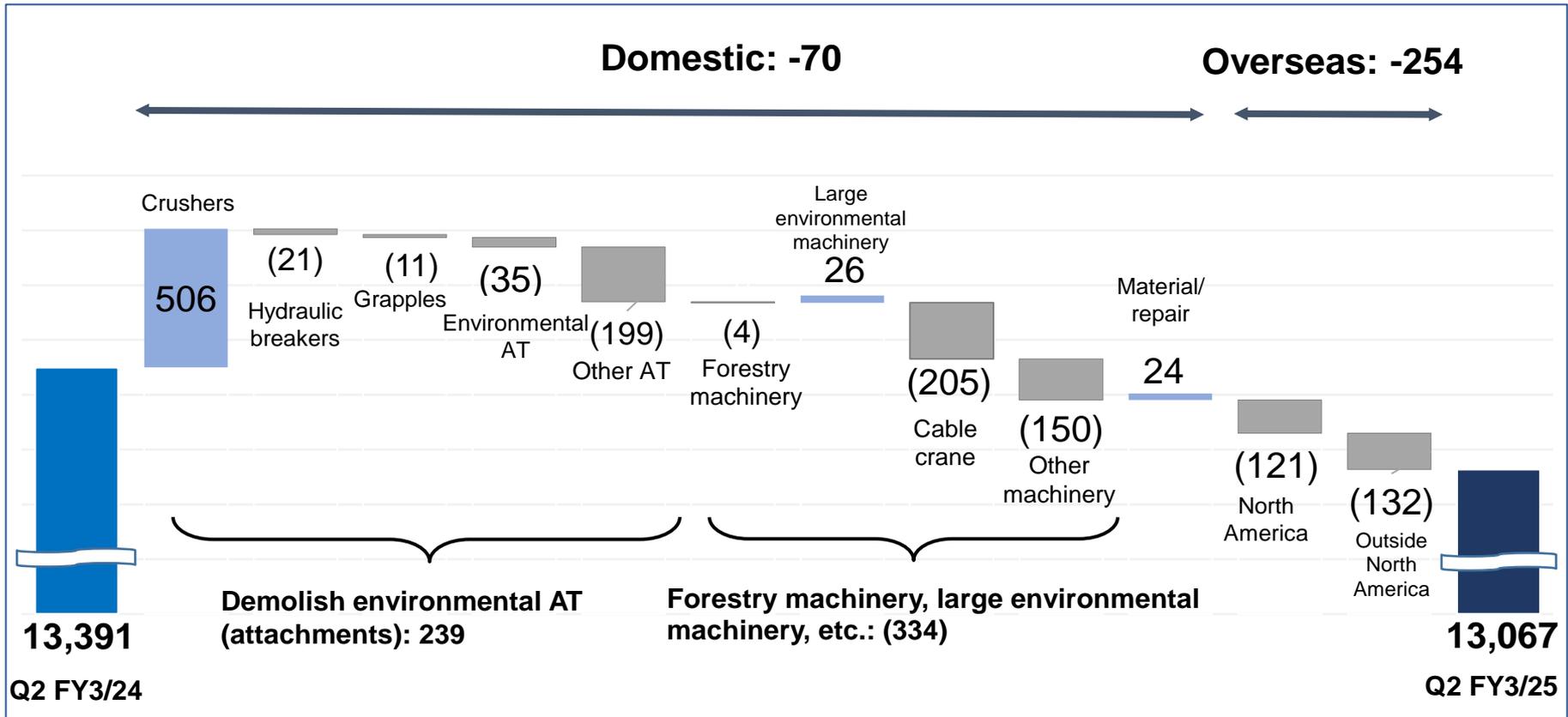
USD: 153 yen  
Euro: 166 yen

\* The assumed exchange rates for the FY3/25 outlook are 140 yen for the US dollar and 150 yen for the euro.

# Q2 FY3/25 Factors for Changes in Net Sales

- In Japan, sales of crushers for demolition and environmental attachments remained strong, supported by increased production capacity. However, overall sales decreased YoY due to a reactionary decline in sales of cable cranes for forestry and large-scale environmental machinery, following strong performance in the previous two years.
- Overseas, sales decreased YoY due to a recovery in the demand in both the U.S., Europe and Asia.

(Million yen)



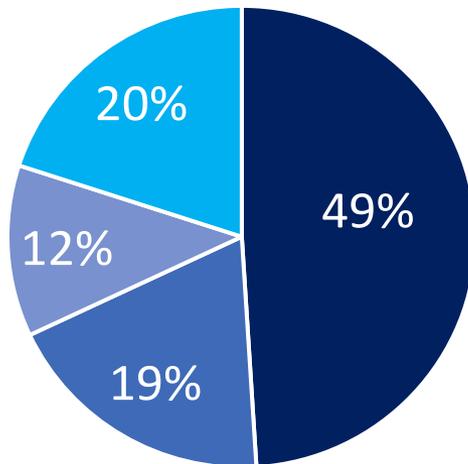
# Sales by Segment and Business

- Sales of crushers are relatively robust, so the proportion of demolish environmental attachments increased

\*See sales trends on page 12 "Sales Trends by Model".

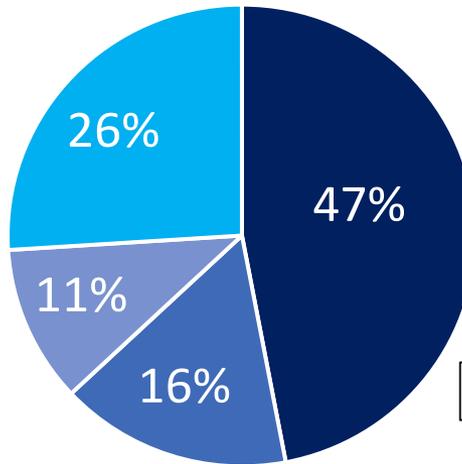
**Net sales**  
**11,680 million yen**

**Q2 FY3/23**



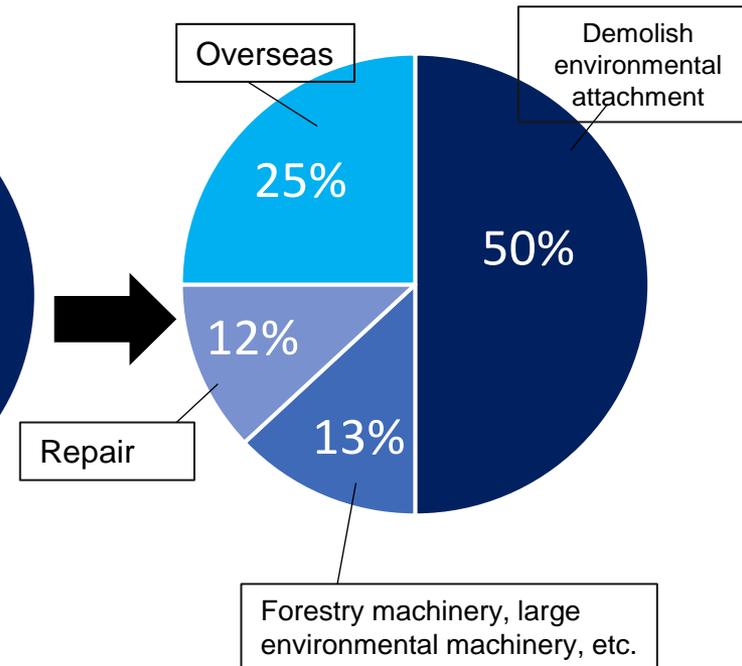
**Net sales**  
**13,391 million yen**

**Q2 FY3/24**



**Net sales**  
**13,067 million yen**

**Q2 FY3/25**



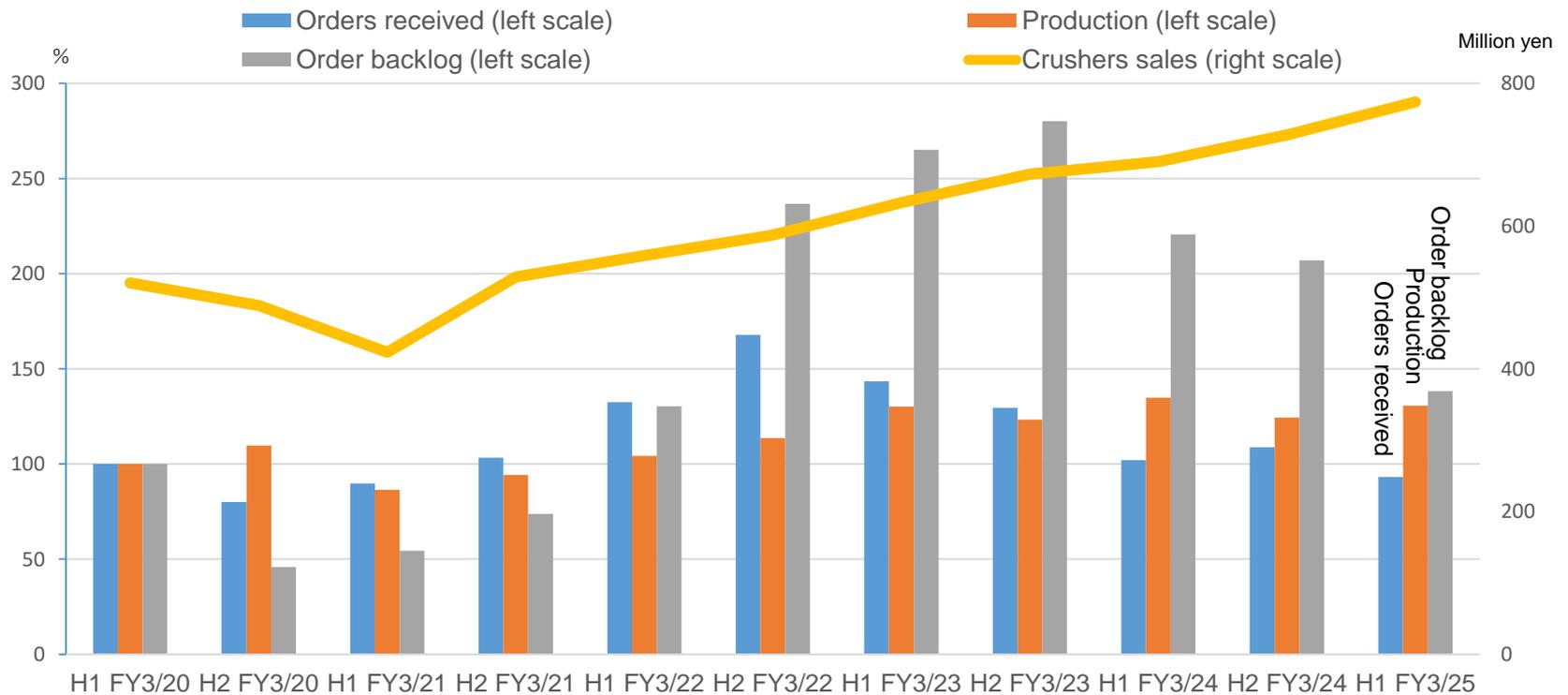
# Sales Trends by Model

(Million yen)

		Q2 FY3/23	Q2 FY3/24	Q2 FY3/25	YoY		Yo2Y	
					Amount	Changes (%)	Changes (%)	
Domestic	Demolish environmental attachments	Crushers	3,796	4,142	4,648	506	12.2	22.4
		Breakers	498	442	421	(21)	(4.8)	(15.4)
		Grapples	620	712	701	(11)	(1.6)	13.0
		Environmental attachments	288	315	279	(35)	(11.2)	(3.0)
		Others	480	686	487	(199)	(29.0)	1.5
		Total	5,684	6,298	6,538	239	3.8	15.0
	Forestry machinery, large environmental machinery, others	Forestry machinery	571	882	878	(4)	(0.5)	53.8
		Large environmental machinery	149	230	256	26	11.4	71.6
		Cable crane	1,235	773	567	(205)	(26.6)	(54.1)
		Others	223	209	59	(150)	(71.6)	(73.3)
		Total	2,180	2,096	1,762	(334)	(15.9)	(19.2)
	After-sales business	Material	952	991	980	(10)	(1.0)	3.0
		Repair	466	505	539	34	6.8	15.7
Total		1,418	1,496	1,520	24	1.6	7.2	
Domestic segment		9,283	9,891	9,821	(70)	(0.7)	5.8	
Overseas	U.S.	1,387	2,491	2,369	(121)	(4.9)	70.7	
	Europe	562	579	500	(78)	(13.5)	(11.0)	
	Asia (excluding China)	304	291	270	(20)	(7.2)	(11.3)	
	Others	141	138	105	(33)	(24.0)	(25.9)	
	Overseas segment	2,397	3,500	3,245	(254)	(7.3)	35.4%	
Consolidated total		11,680	13,391	13,067	(324)	(2.4)	11.9%	

# Orders, Manufacturing, and Sales Trends for Crushers and Other Mainstay Products

- Sales of mainstay products such as crushers are continuing to increase due to the shift to larger models and the securing of production volumes. The order backlog increased sharply due to longer delivery times reflecting a shortage of components under the COVID-19 pandemic, but it has recently begun to normalize and is stabilizing.
- For cast steel products, such as primary crushers and cutters, the expansion of suppliers for cast steel components and subcontractors for assembly has resulted in shortened delivery times and a move toward normalization.
- Delivery of manufactured goods, such as pulverizers and grapples, has been normalized.



• Including products manufactured by OKADA AIYON and AIYON TECH  
 • Orders received, production, and order backlog are set at 100 for the H1 of FY3/20.

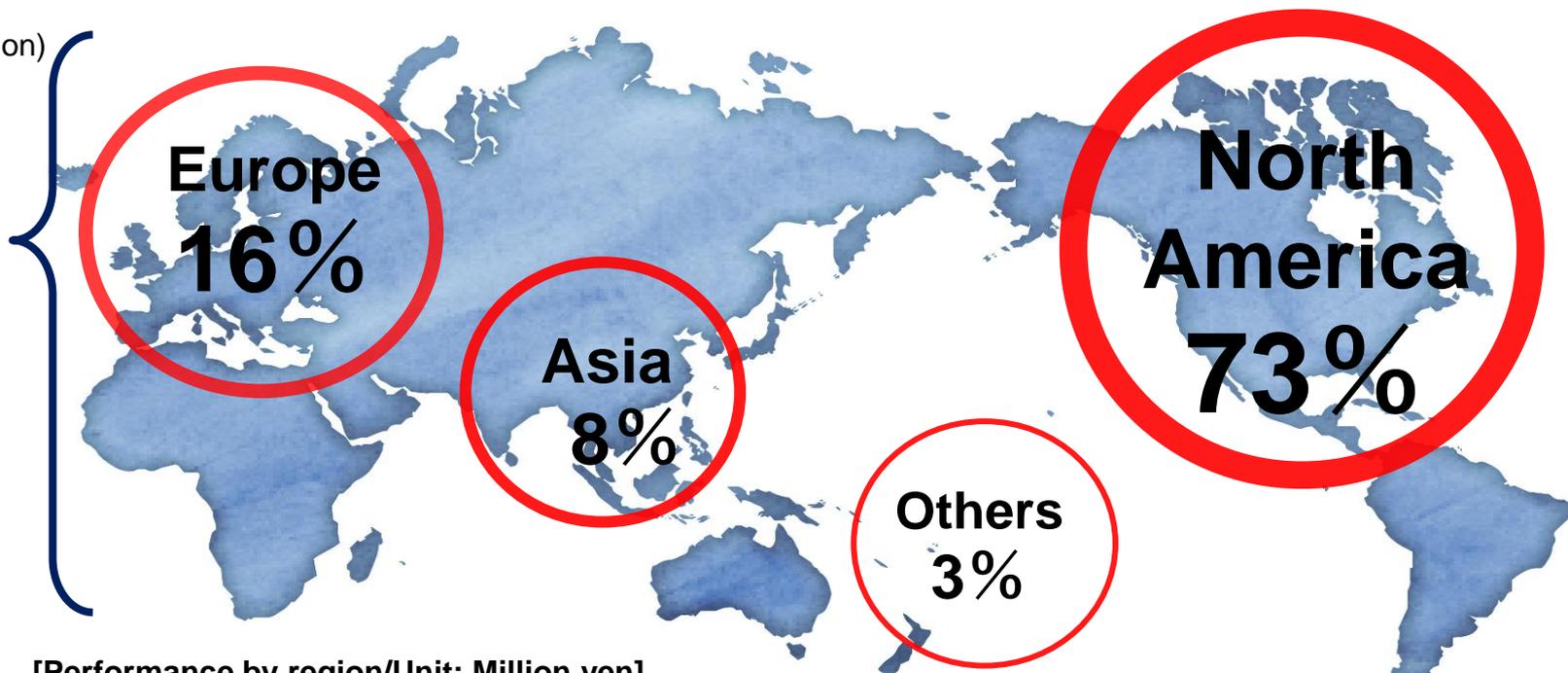
# Overseas Sales Breakdown by Region (Q2 FY3/25)

- Sales decreased YoY in the U.S., Europe and Asia due to the lack of recovery in demand.

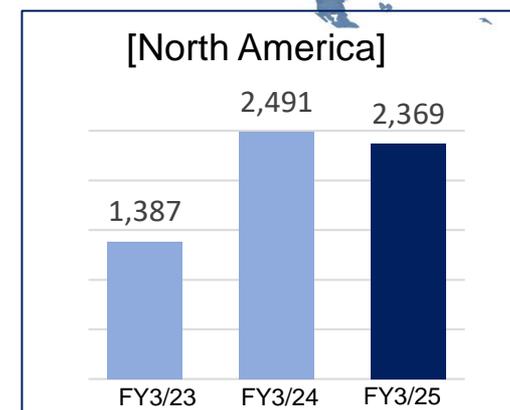
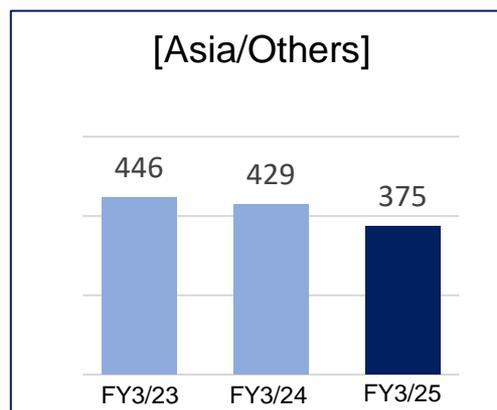
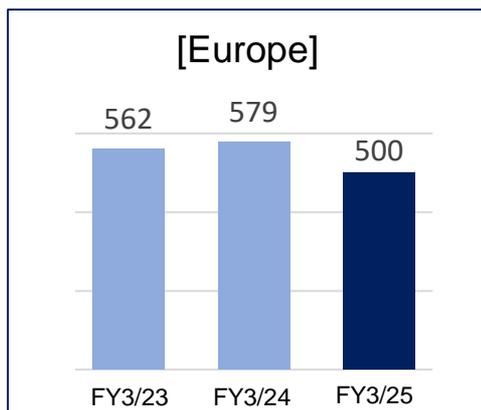
(Sales proportion)

Overseas  
24.8%

Domestic  
75.2%



[Performance by region/Unit; Million yen]

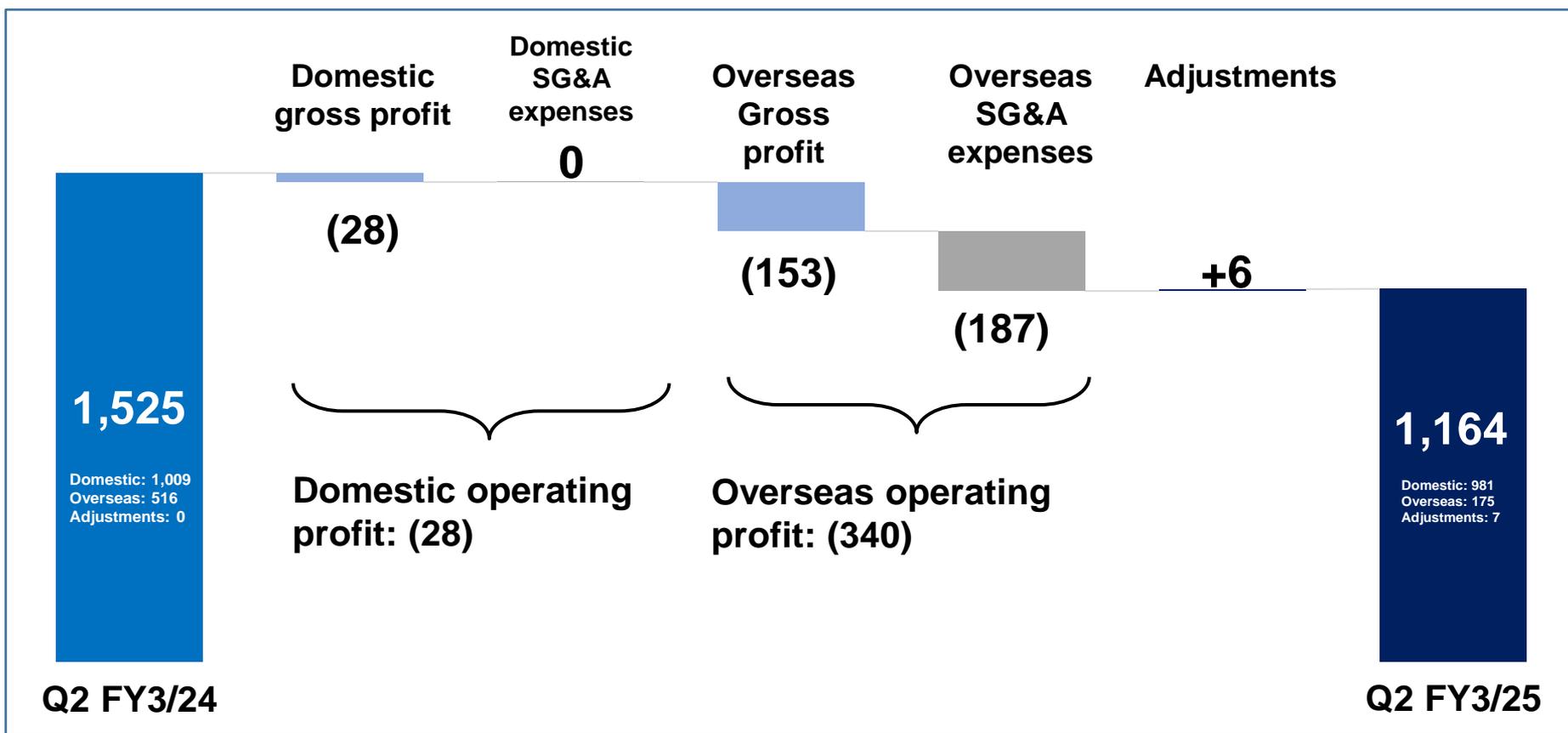


# Factors for Changes in Operating Profit (Q2 FY3/25)

- Japan: Decrease in operating profit due to lower sales
- Overseas: Operating profit decreased due to lower gross profit margin from lower overall demand, as well as higher SG&A expenses, mainly personnel expenses.

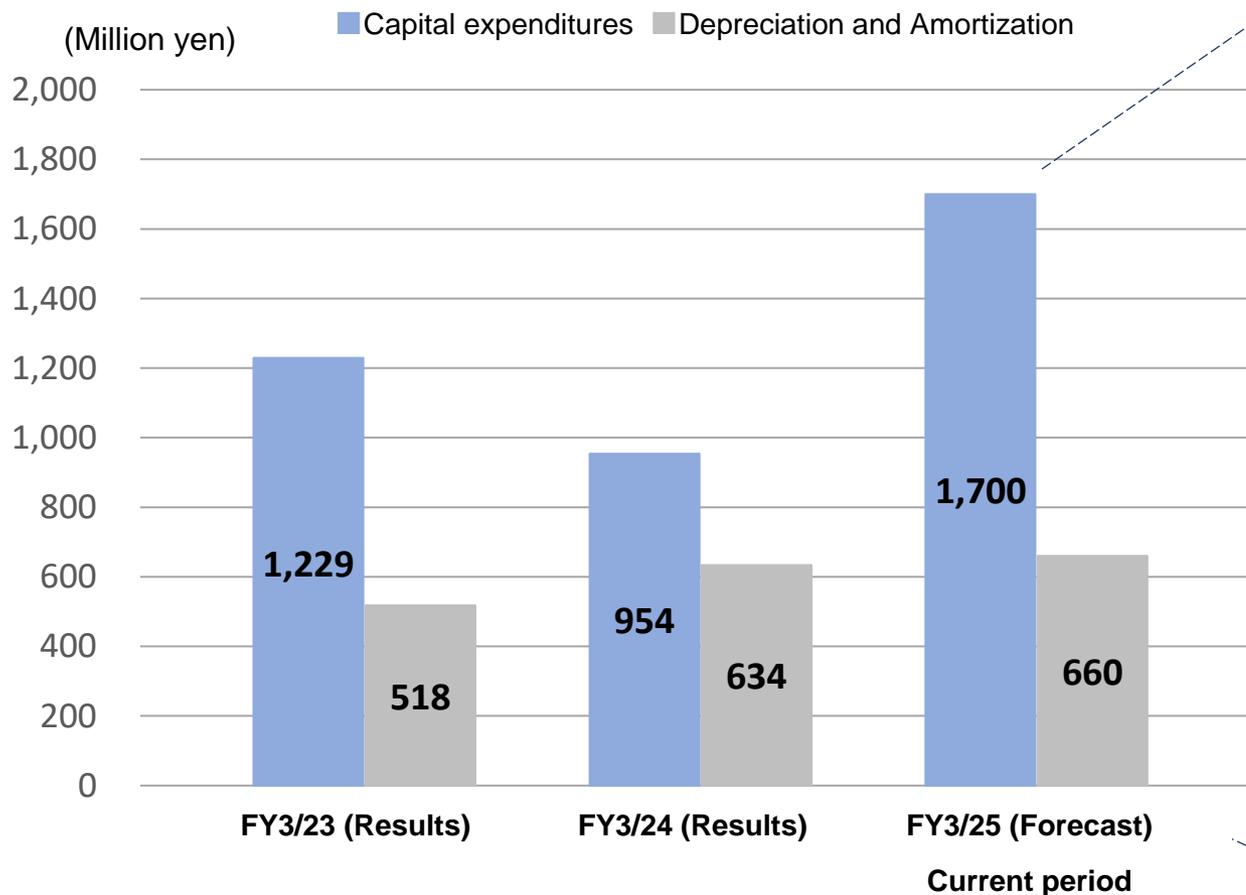
\*Increase in personnel expenses: Hiring new sales staffs to expand business, etc.

(Million yen)

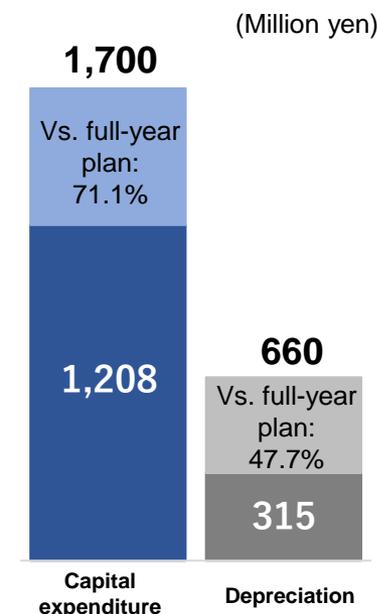


# Capital Expenditures and Depreciation Plan

- In the current fiscal year, we have started expanding stores in metropolitan area, where demand is expected to increase in the future.
- Acquire new land for relocation of Kansai Branch and new land for Northern Kanto Sales Office (tentative name)



## Q2 FY3/25 Result



### <Major capital expenditure>

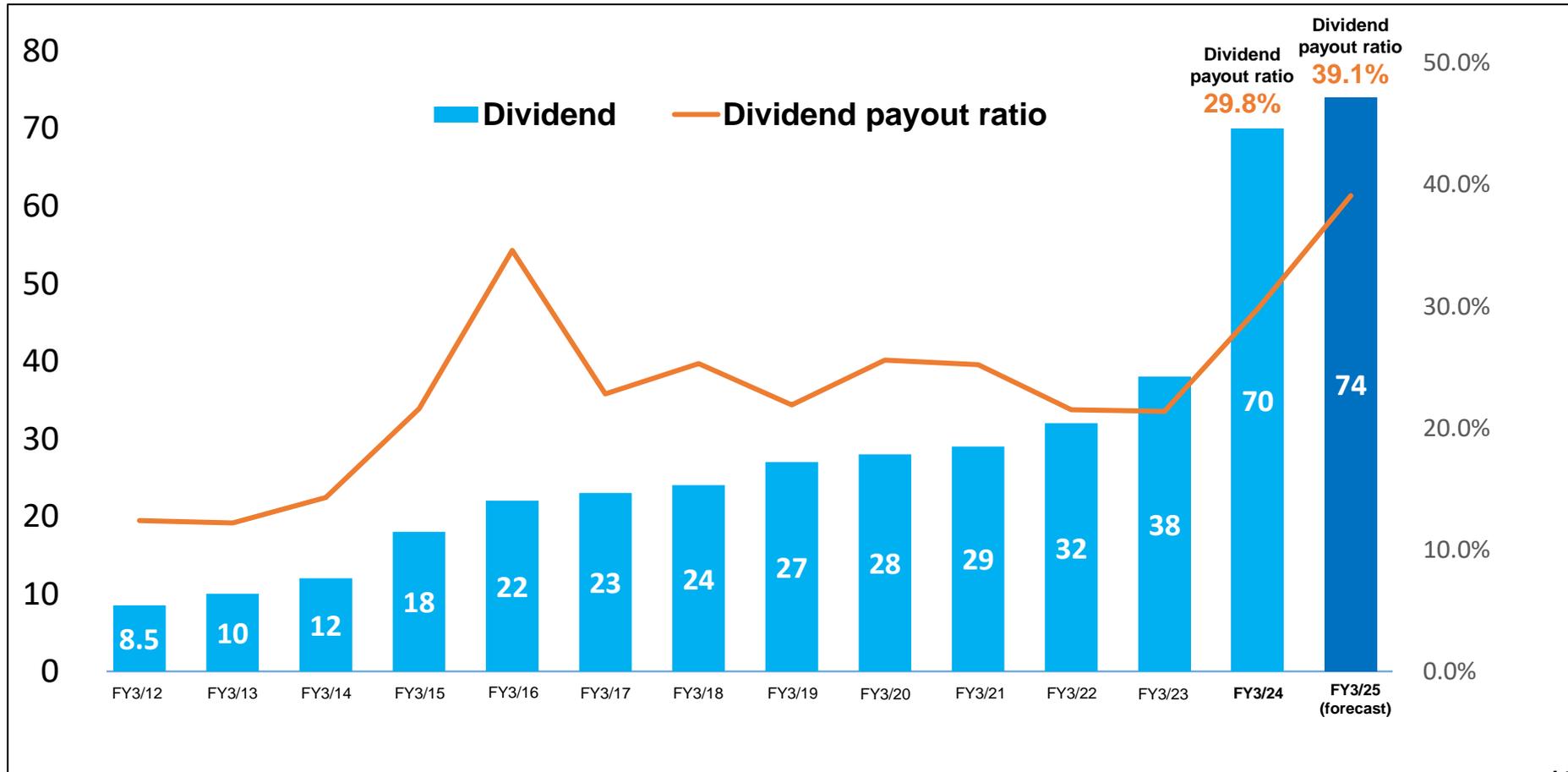
Land for Kansai Branch  
 (Tentative name)  
 New land for Northern Kanto Sales Office

# Shareholder Return/Dividend Results and Plan

- Dividend for FY3/25 is forecast to be 74 yen, an increase of 4 yen YoY. We will continue to target a dividend payout ratio of 30% and maintain our progressive dividend policy under stable growth, marking the 15th consecutive year of dividend increases this fiscal year.

(Dividend: yen)

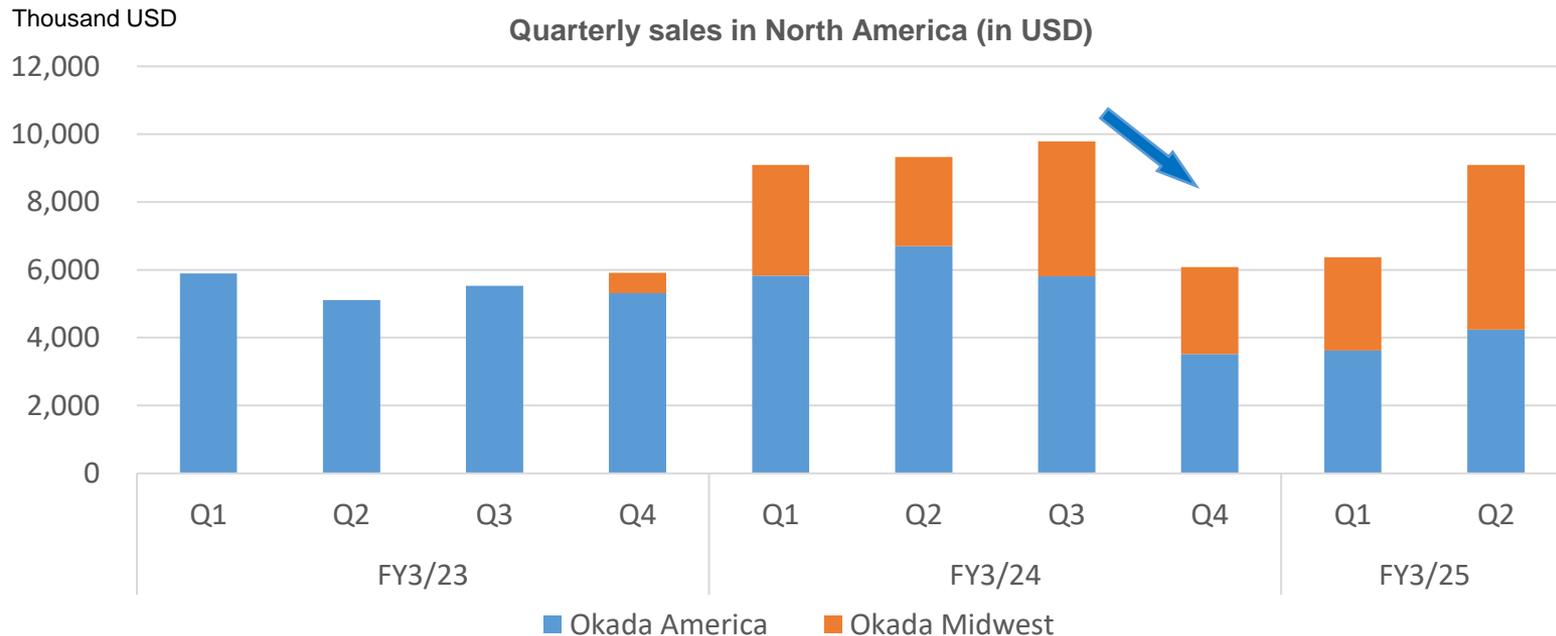
(Dividend payout ratio: %)



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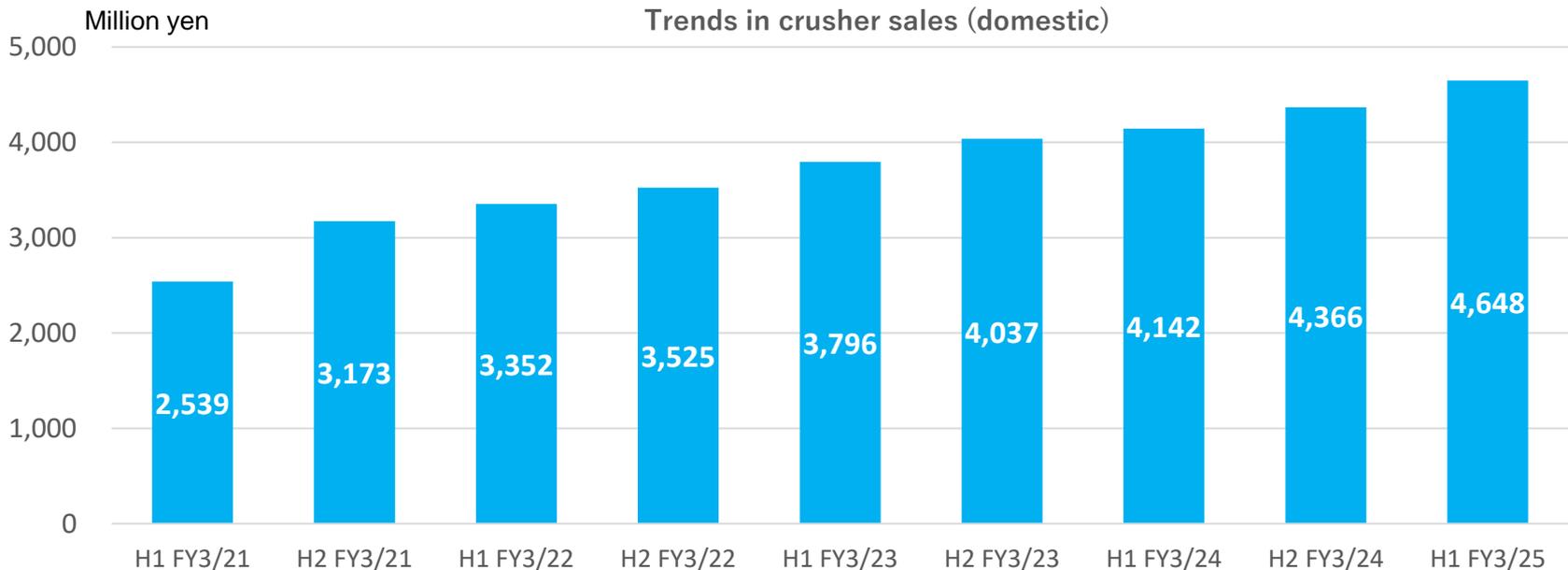
**Aim to develop the crusher market through sales promotion efforts, including enhanced incentives and the introduction of demonstration model**

- The North American market has been slowing down rapidly since Q4 FY3/24. During the demand recovery period following the containment of COVID-19, rental companies and construction equipment dealers increased their inventory levels, leading to a rise in distribution stock and the shift into an investment restraint mode.
  - Okada Midwest (for end-users): Sales recovered in Q2 FY3/25, but full-scale recovery from next fiscal year onward
  - Okada America (for rental companies and dealers): Full-scale recovery in sales from the next fiscal year onward
- **Short-term: Promote retention of existing clients and development of new clients through sales promotion such as enhanced incentives**  
**Long-term: Develop the crusher market with demonstration model, introduce new products, and promote measures to strengthen sales**



With a robust order and production system in place, we aim to maintain and expand our top market share

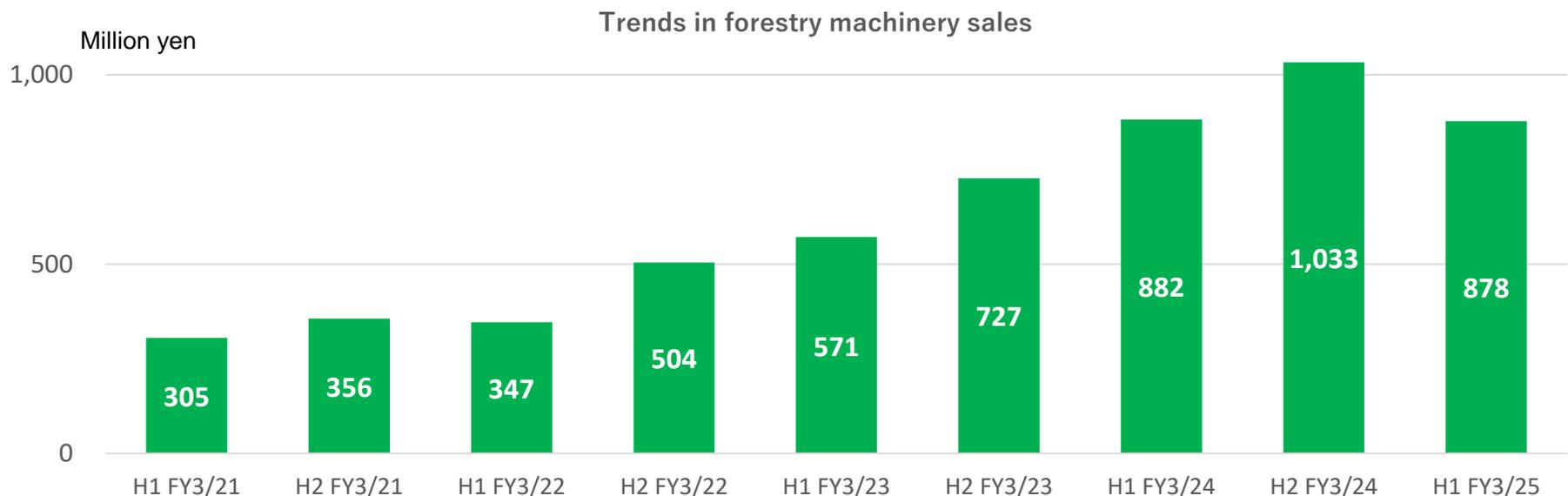
- Sales are continuing to increase as we **expand production capacity** and **respond to the increasing size of products** by increasing the number of parts suppliers and assembly subcontractors for casting and steel products.
- All branch repair facilities are now equipped to handle large attachments, **significantly enhancing our repair capabilities**.
- Continue our **Japan's first, proprietary attachment warranty program** for primary crushers and cutters, maintaining and strengthening our competitiveness. (This program covers repair costs for two years after purchase at no expense to the customer)



\*Currently, the majority of crushers are sold in Japan.

Differentiate our products with the industry's only after-sales service system **through business integration / Introduce new products**

- From H2 of FY3/22, the launch of the high-performance forestry machinery “Hybrid Bucket” contributed to sales.
- From April 2024, we strengthened our repair and after-sales service system for forestry machineries by **integrating the operations** of Nansei machine and OKADA AIYON. We aim to differentiate ourselves through **the only system in forestry machinery manufacturers**.
- Aiming to increase sales by **launching** 2 new models of new processors (building equipment) for high-performance forestry machinery and a new lineup of hybrid buckets announced and exhibited at the forestry exhibition in October 2024.



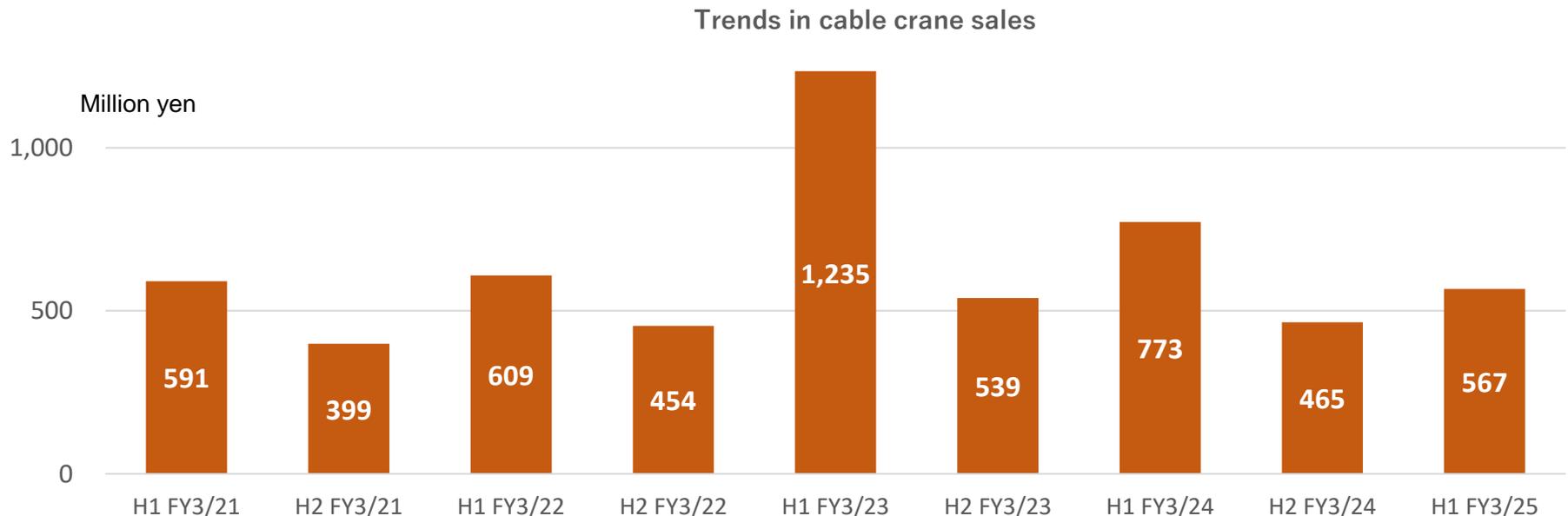
\*Currently, forestry machinery is only sold in Japan.

Sales fluctuate, but are **steady** throughout the year

- Mainly cable cranes for dam construction and renewal of hydroelectric power plants, and large winches for bridge construction. **Sales fluctuate** depending on the scale and progress of construction work.

\*In H1 FY3/23, there was a large order for the Asuwagawa Dam in Fukui Prefecture.

- Sales in H1 FY3/25 are expected to recover in H2 due to an **order backlog exceeding the previous year's results**, despite a reactionary decline from the strong performance of the previous and the year before.



\*Currently, cable cranes are only sold in Japan.

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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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