

Financial Results for the Fiscal Year Ended March 2020

(TSE1: 6294)

Yuji Okada, President and Representative Director



オカダ アイヨン



Corporate Profile (As of March 31, 2020)



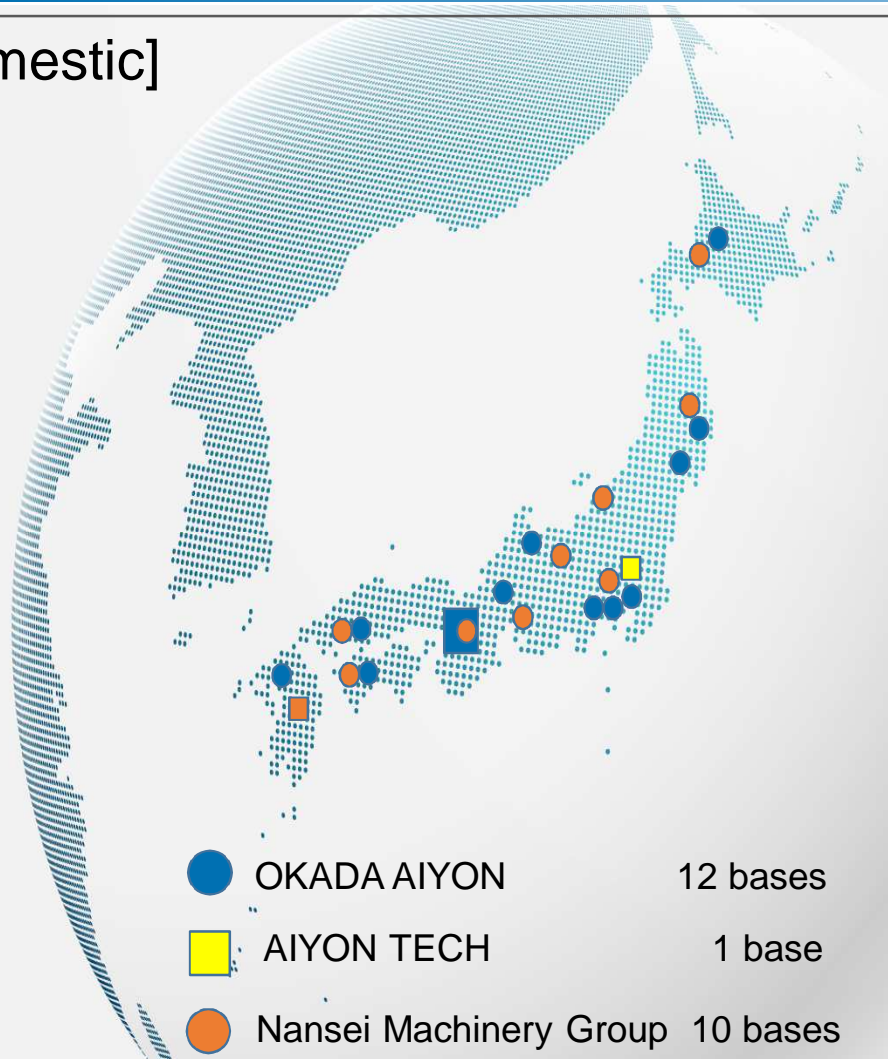
Founded	July 1938 (Established in 1960)
Business content	Manufacture, sale and repair of construction and forestry machinery
Capital stock	2,221 million yen
Number of employees	442 (Consolidated)
Net sales	17,957 million yen
Business bases (Group total)	21 in Japan and 5 overseas



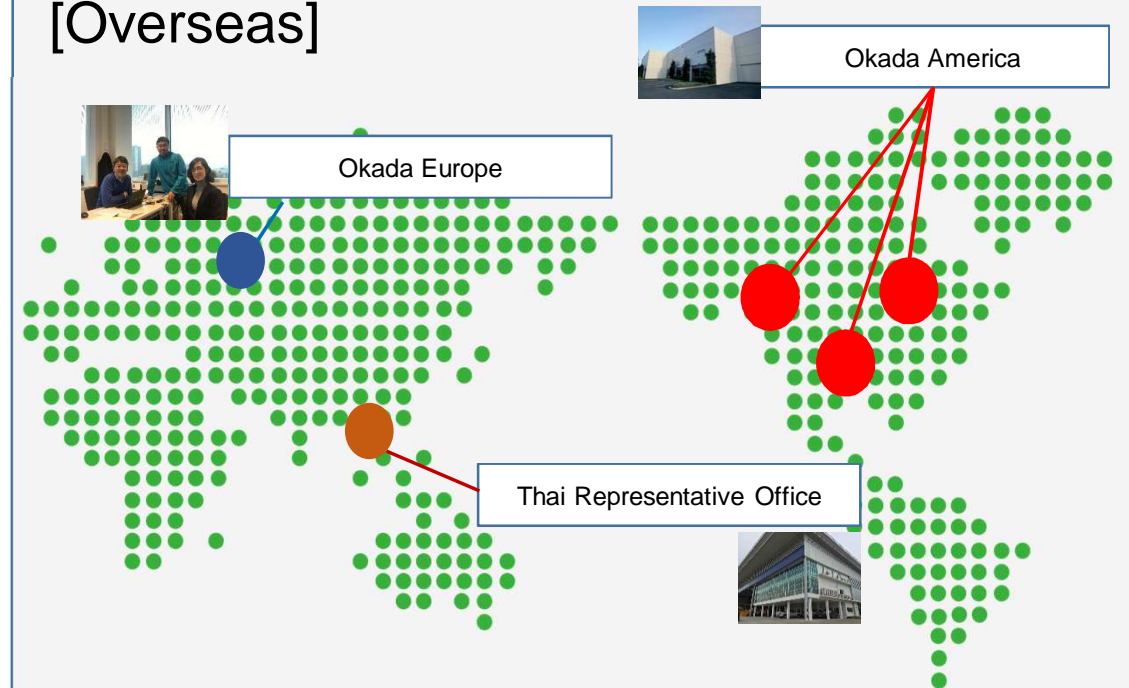
Business Bases



[Domestic]



[Overseas]



- Okada America 3 bases (headquarters/Oregon)
- Okada Europe 1 base (headquarters/Netherlands)
- Thai Representative Office (Ayutthaya)

Corporate History



1938
Established

Around 1951
(excavator method)



Listed on the Second Section of the Osaka Securities Exchange

Around 1960 (appearance of large air breaker)



The latter half of the 1970s (appearance of the crushing method)

1995
(Great Hanshin-Awaji Earthquake)



1992

2011
(Great East Japan Earthquake)

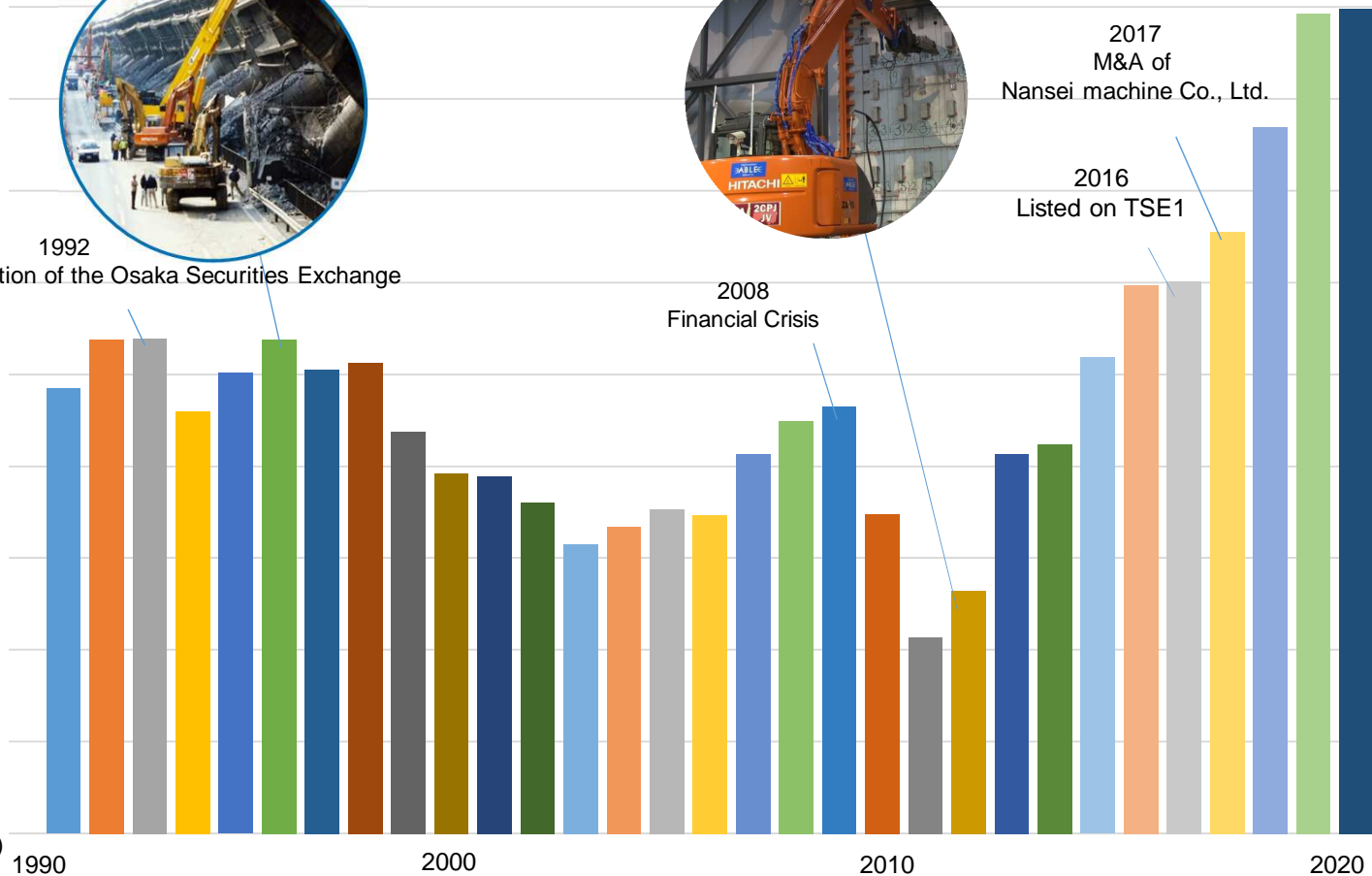


2008
Financial Crisis

Changes in net sales
over the past 30 years

2017
M&A of
Nansei machine Co., Ltd.

2016
Listed on TSE1



Product application (attachment)



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

[① Primary crushers]

- Demolition of the main part of the building

[② Pulverizers]

- Crushing the concrete after primary crusher

[③ Cutters]

- Used for cutting rebar and steel frames.

[④ Breaker]

- Excellent crushing power
- However, the noise is loud.

Product application (Nansei Machine)



[Forestry machinery]



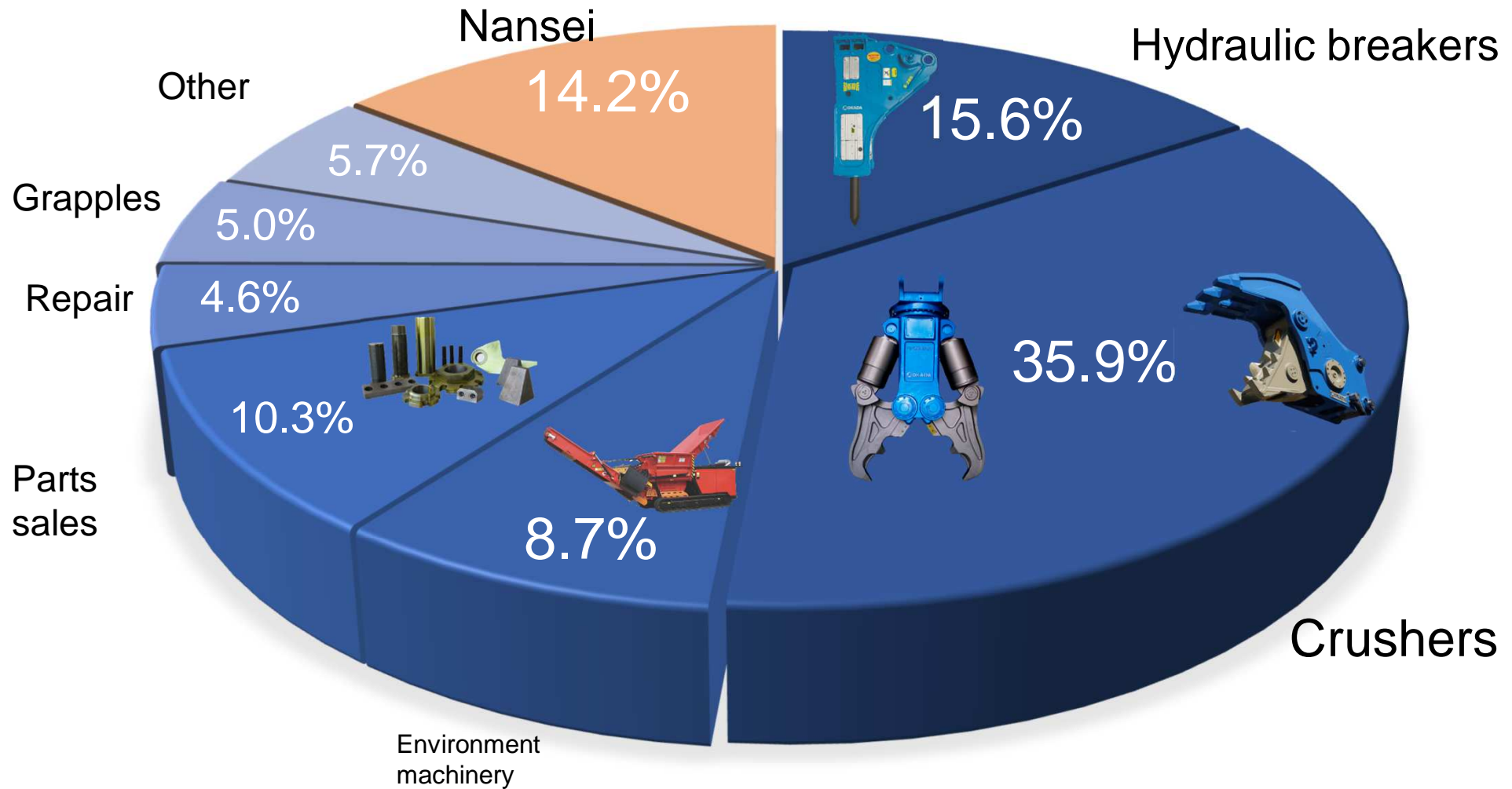
- Logging timber in the forest
- Limbing, pruning and conveying

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

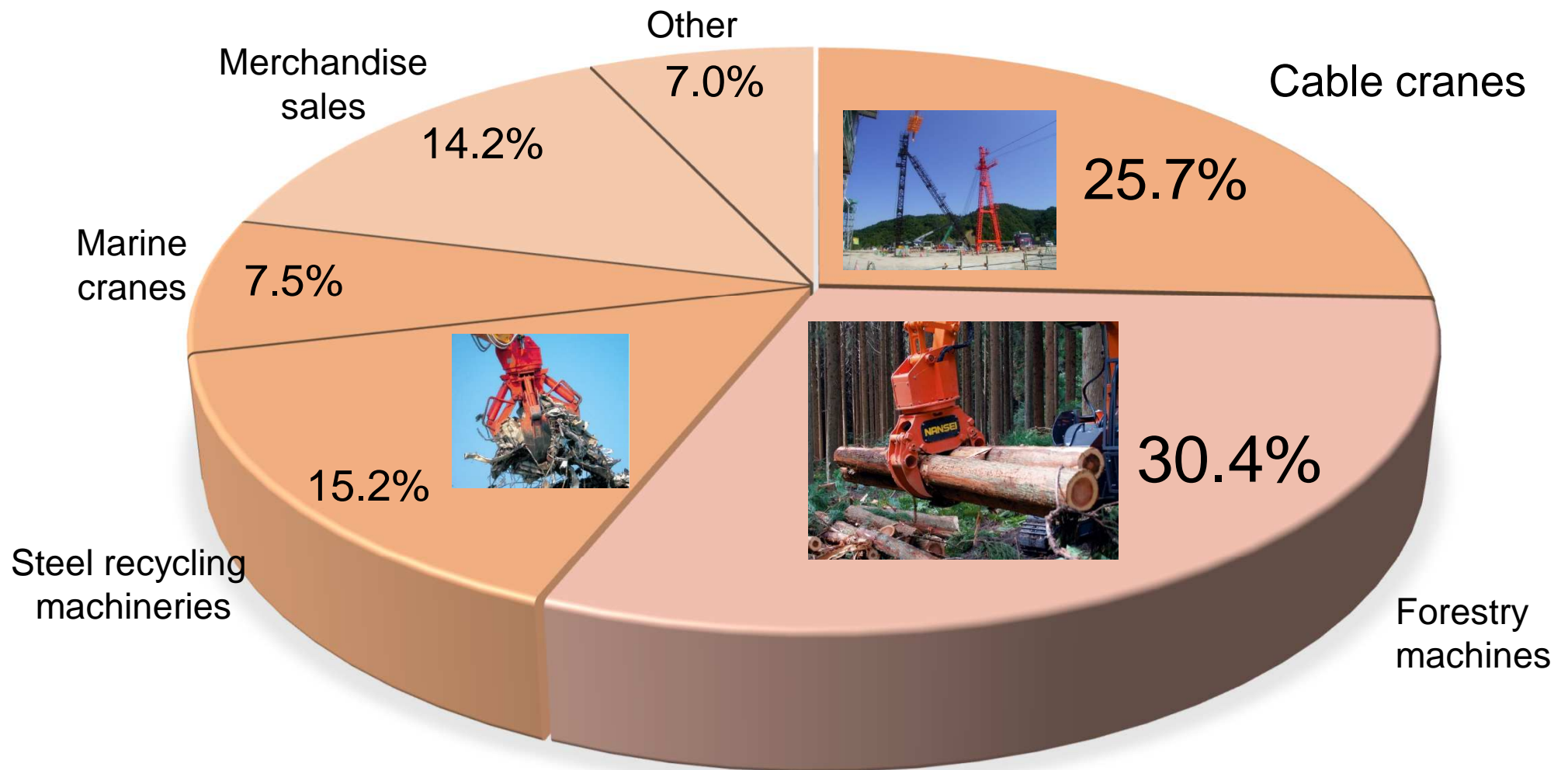


- Conveying ready-mixed concrete, materials, etc. on roadless mountain slopes

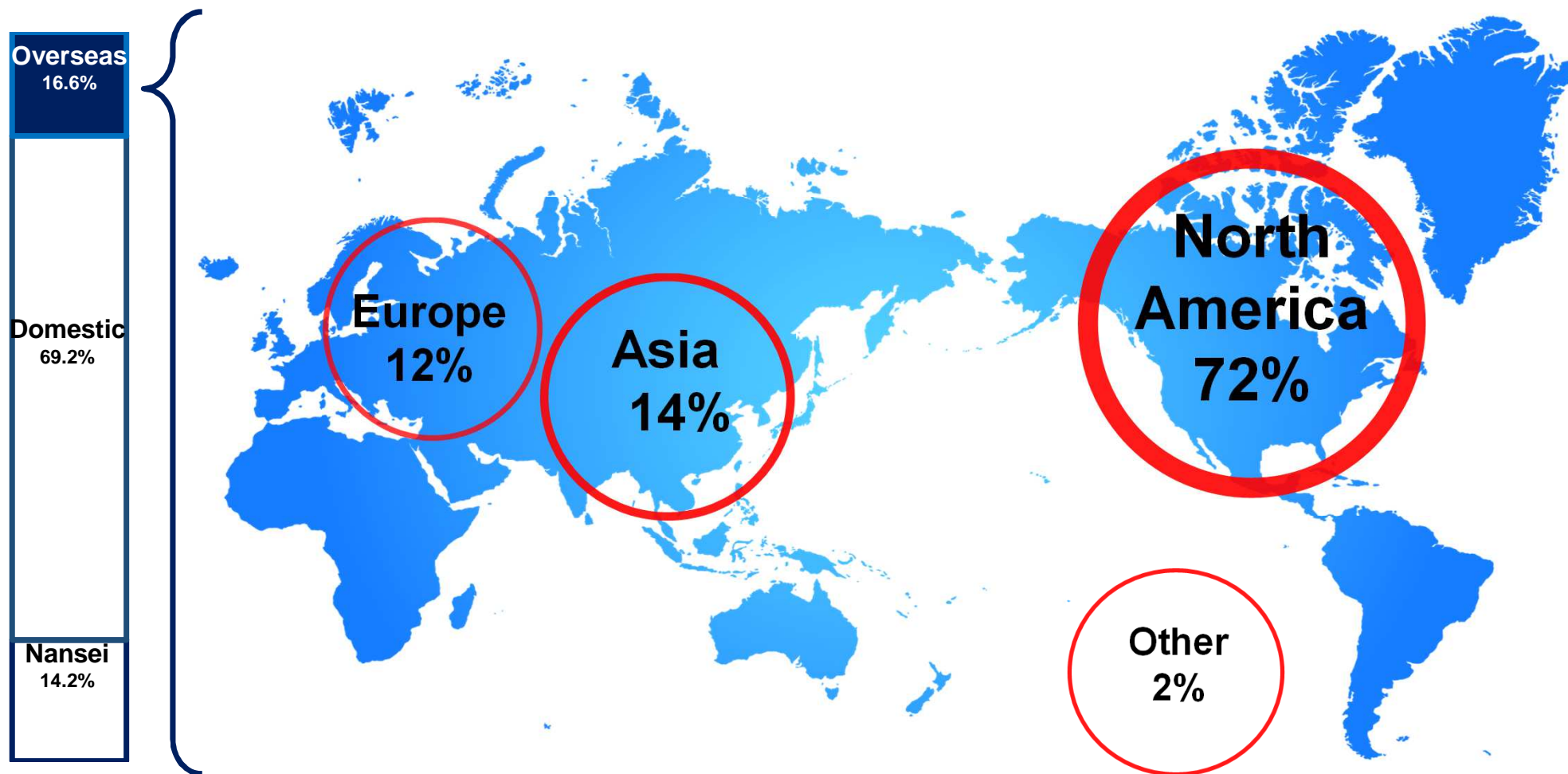
Sales composition ratio (Overall)



Markets composition ratio (Nansei)



Overseas sales ratio



Product customers (Domestic)



About 70%

[Excavator manufacturers]



About 20%

[Rental companies]

(Example)



(Other, regional rental companies)

About 10%

Dismantling business operator



Major competitors (attachments)



[FURUKAWA ROCK DRILL CO.,LTD]

[Nippon Pneumatic Mfg.Co.,Ltd.]

[Taguchi Industrial Co., Ltd.]

[TOKU PNEUMATIC CO.,LTD.]

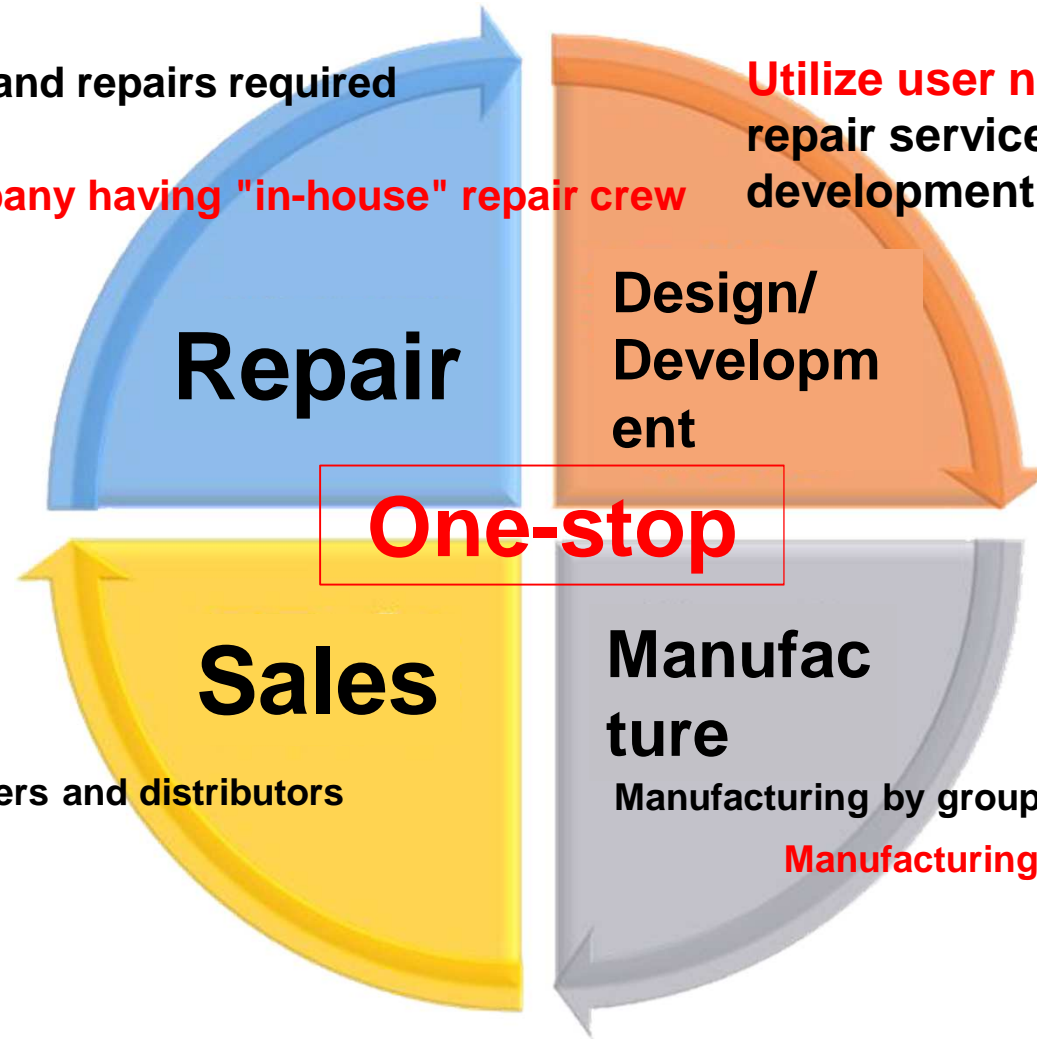
Our strengths



Products must be wear and repairs required

→ We are the only company having "in-house" repair crew

Utilize user needs obtained through repair service and direct sales in development



Sales to excavator manufacturers and distributors

Direct sales to end users

We can hear the direct needs

Manufacture

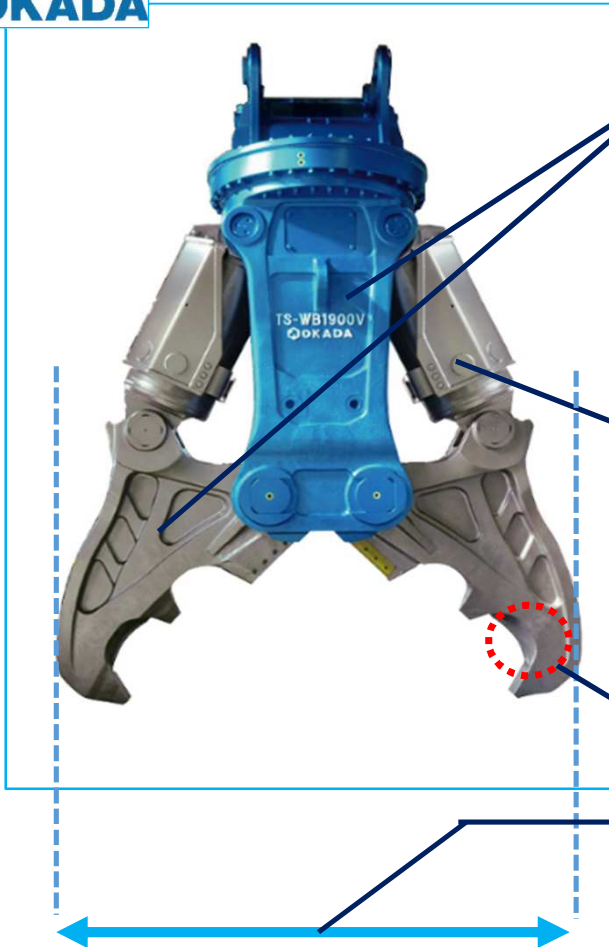
Manufacturing by group companies and subcontractors

Manufacturing ability not constrained by ideas

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**

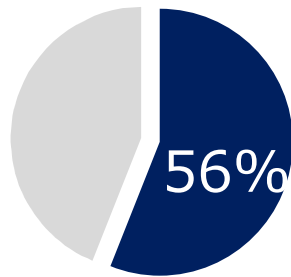
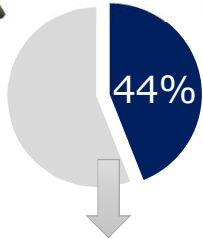
Use of wedge arms realizes **outstanding crushing power**

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

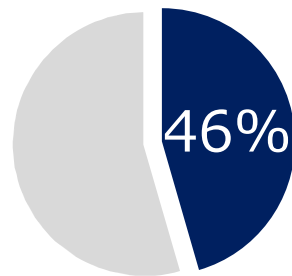
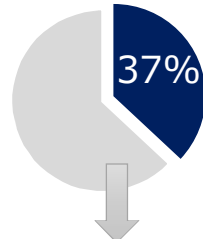
Changes in product share (Tokyo area)



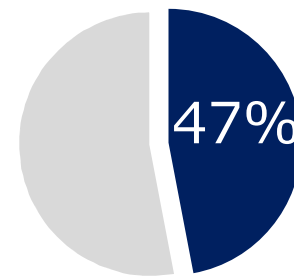
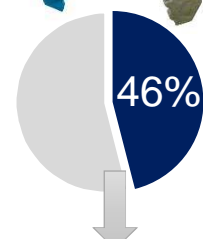
Primary crushers



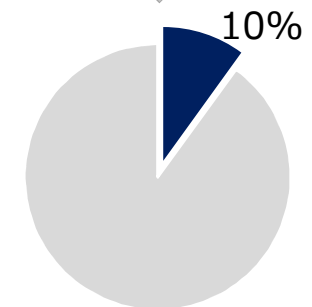
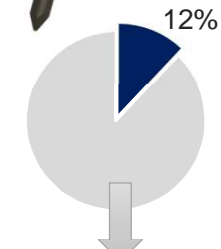
Pulverizers



Cutters



Breaker



National average

Tokyo area

Performance summary



(Million yen)

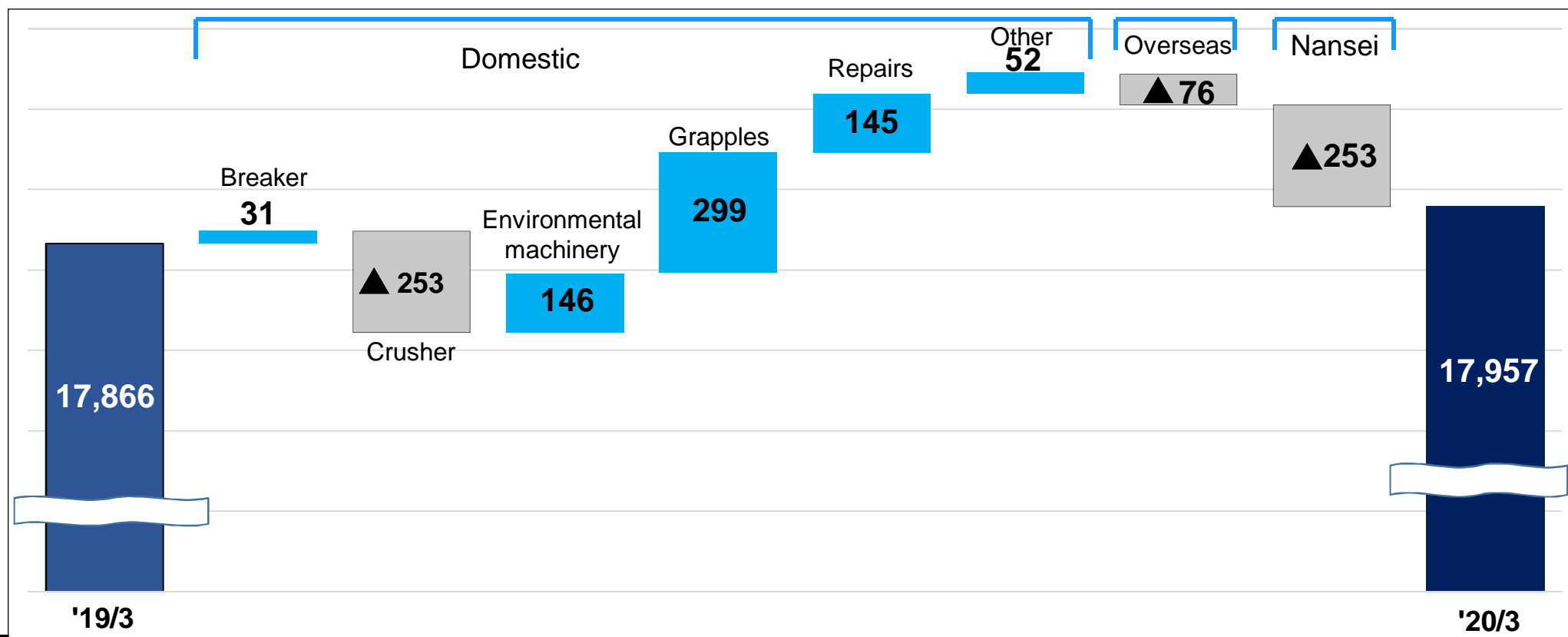
	FY3/20 4Q results	4Q YoY change		FY3/20 Actual	Full-year YoY change	
		Amount	Change (%)		Amount	Change (%)
Net sales	5,076	121	+2.4	17,957	91	+0.5
Operating income	391	65	+19.9	1,368	▼155	▼10.2
Ordinary income	368	37	+11.5	1,347	▼213	▼13.7
Net income	304	60	+24.8	884	▼116	▼11.6

Factors for changes in net sales



- In Japan, sales of crushers are affected by decrease in shipment of excavator due to damage from last year's typhoon, which also affected delivery delays. Strong sales of grapples used for wood dismantling and disaster recovery, and sales of wood grinders also increased.
- Overseas, sales increased in North America and Europe, but business sentiment worsened in Asia

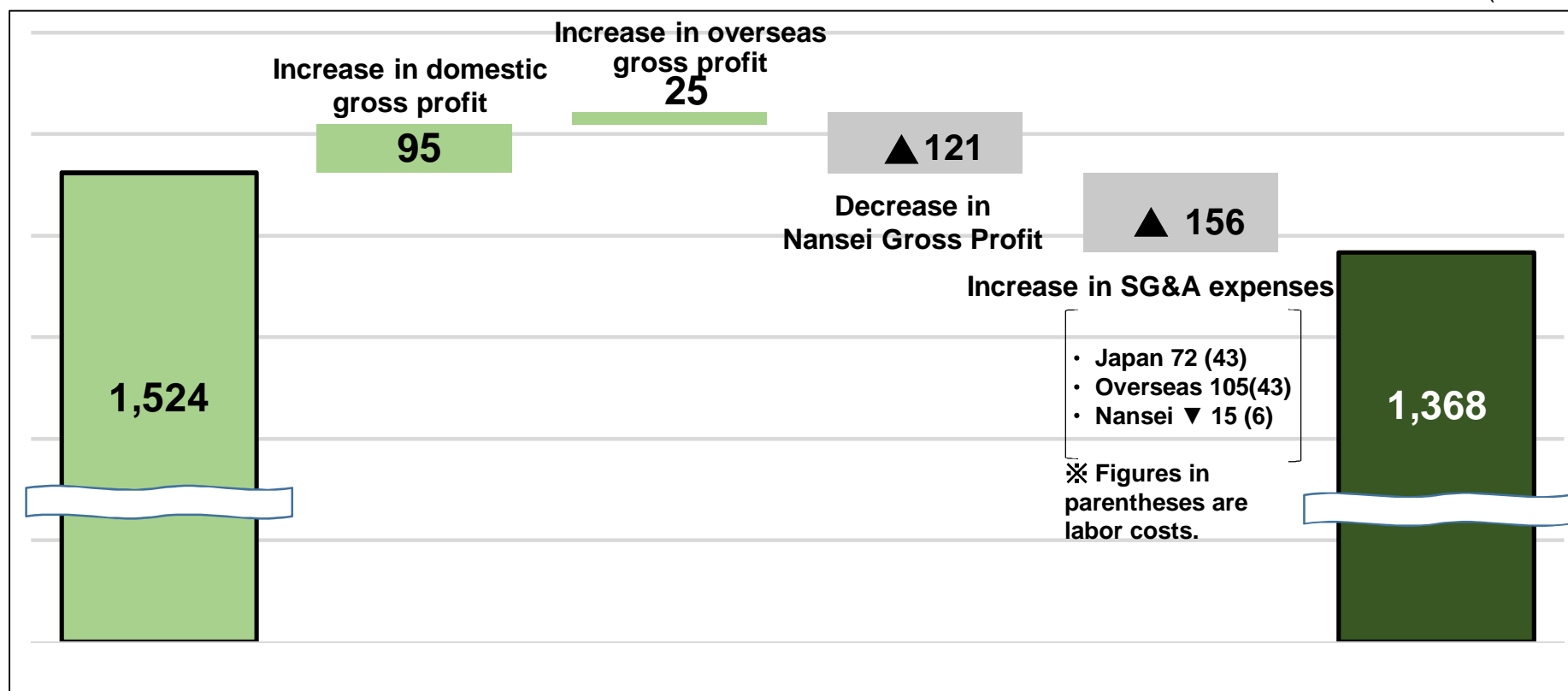
(Million yen)



Factors for changes operating income

- Gross profit increased in Japan due to sales growth, and sales increased in the United States and Europe, where profit margins are high
- Decrease in Nansei gross profit due to lower sales, increase in other SG&A expenses in Japan and overseas

(Million yen)



Sales by product category



(Million yen)

	FY3/18	FY3/19	FY3/20	YoY change Amount	YoY change (%)	Vs. FY3/18 (%)
Breaker	943	838	870	31	+3.7	▼7.7
Crusher	5,875	6,309	6,055	▼253	▼4.0	+3.1
Environment machinery	1,147	1,402	1,549	146	+10.5	+35.0
Gripper	491	591	890	299	+50.5	+81.3
Repair and maintenance	1,991	2,018	2,164	145	+7.2	+8.7
Other	667	838	890	52	▼6.2	+33.4
Domestic total	11,114	11,996	12,418	421	+3.5	+11.7
Overseas total	2,752	3,061	2,985	▼76	▼2.5	+8.5
Nansei Total	1,532	2,808	2,554	▼253	▼9.0	+66.7
Consolidated total	15,399	17,866	17,957	91	+0.5	+16.6

Sales by region



(Million yen)

	FY3/18	FY3/19	FY3/20	YoY change Amount	YoY change (%)	Vs. FY3/18 (%)
Hokkaido	426	532	446	▼ 86	▼16	4.7
Tohoku	1,400	1,413	1,282	▼131	▼9.3	▼8.4
Kanto	3,701	3,924	3,781	▼143	▼3.6	2.2
Chubu/Hokuriku	1,351	1,592	1,613	21	1.3	19.4
Kansai	1,287	1,586	1,770	184	11.6	37.5
Chugoku/Shikoku	846	1,086	1,288	202	18.6	52.2
Kyushu	1,784	1,529	1,703	174	11.4	▼4.5
Other (Head Office)	318	329	530	201	61.1	66.7
Domestic total	11,114	11,996	12,418	421	3.5	11.7
Overseas total	2,752	3,061	2,985	▼76	▼2.5	8.5
Nansei Total	1,532	2,808	2,554	▼253	▼9.0	66.7
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Sales by region (overseas)



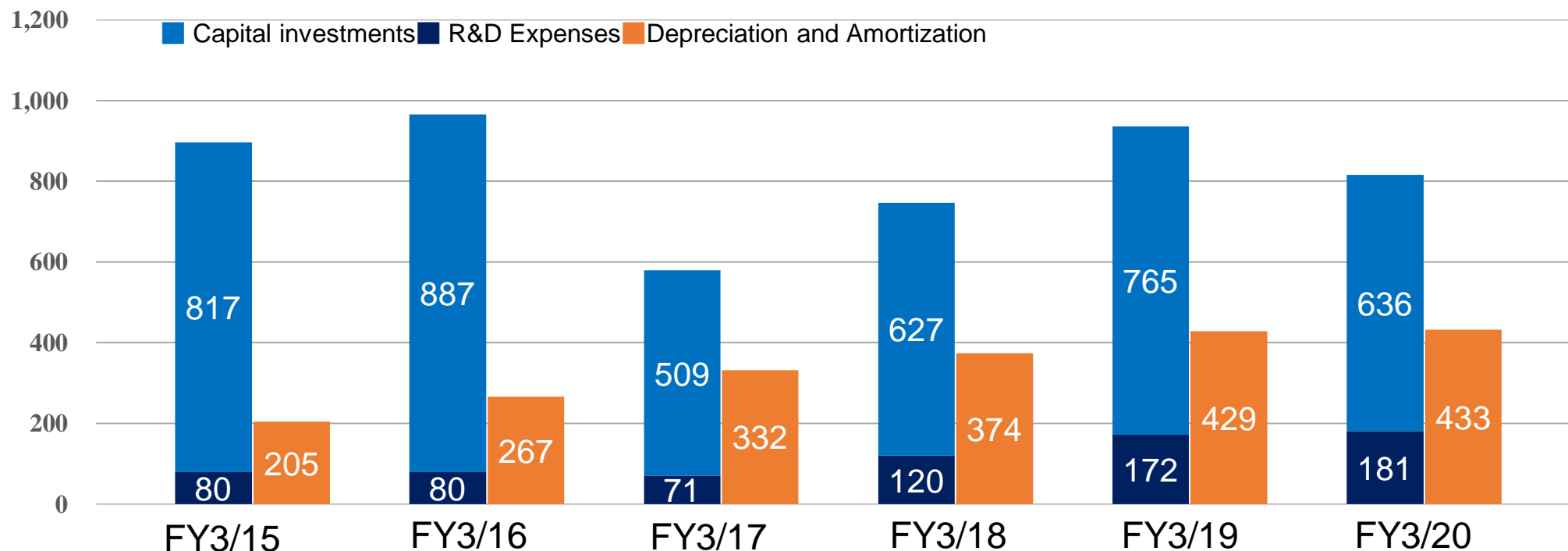
(Million yen)

	FY3/18	FY3/19	FY3/20	YoY change Amount	YoY change (%)
North America	1,812	2,072	2,153	+81	4.0
Asia	683	635	411	▼224	▼35.2
Europe	205	294	361	67	22.8
Other	52	60	60	0	0
Total overseas sales	2,752	3,061	2,985	▼76	▼2.5
Overseas ratio (%)	17.9	17.1	16.6	▼0.5	-

Capital investments



(Million yen)



[Major Contents] · AIYON TECH's neighboring land and plant (402 million yen)

· AIYON TECH Capital Investment (559 million yen)

· Construction of Hokuriku Sales Office (270 million yen)

· Reconstruction of AIYON TECH (220 million yen)

· Land for relocation of Yokohama Sales Office (201 million yen)

· Newly built of Shikoku Sales Office (276 million yen)

· Nansei Group's goodwill (209 million yen)

· Land for relocation of Shikoku Sales Office (105 million yen)

· Rebuilding of Head Office Maintenance Factory (94Million yen)

Progress of Medium-to Long-Term Management Plan



(Million yen)

	1st stage results			2nd stage results		Management plan
	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Net sales	12,043	13,113	15,399	17,866	17,957	20,000
Operating income	760	1,106	1,195	1,524	1,368	2,000
Ordinary income	721	1,092	1,270	1,560	1,347	2,000
Net income attributable to owners of parent	438	696	666	1,000	884	1,250
Overseas net sales	2,313	2,095	2,752	3,061	2,985	4,000
Overseas sales ratio	19.2%	16.0%	17.9%	17.1%	16.6%	20.0%

TBD

Current effects of COVID-19



Domestic: No effect until April. Although self-restraint trends continue in sales activities, but operations mostly resumed and the number of orders for repair remain unchanged.

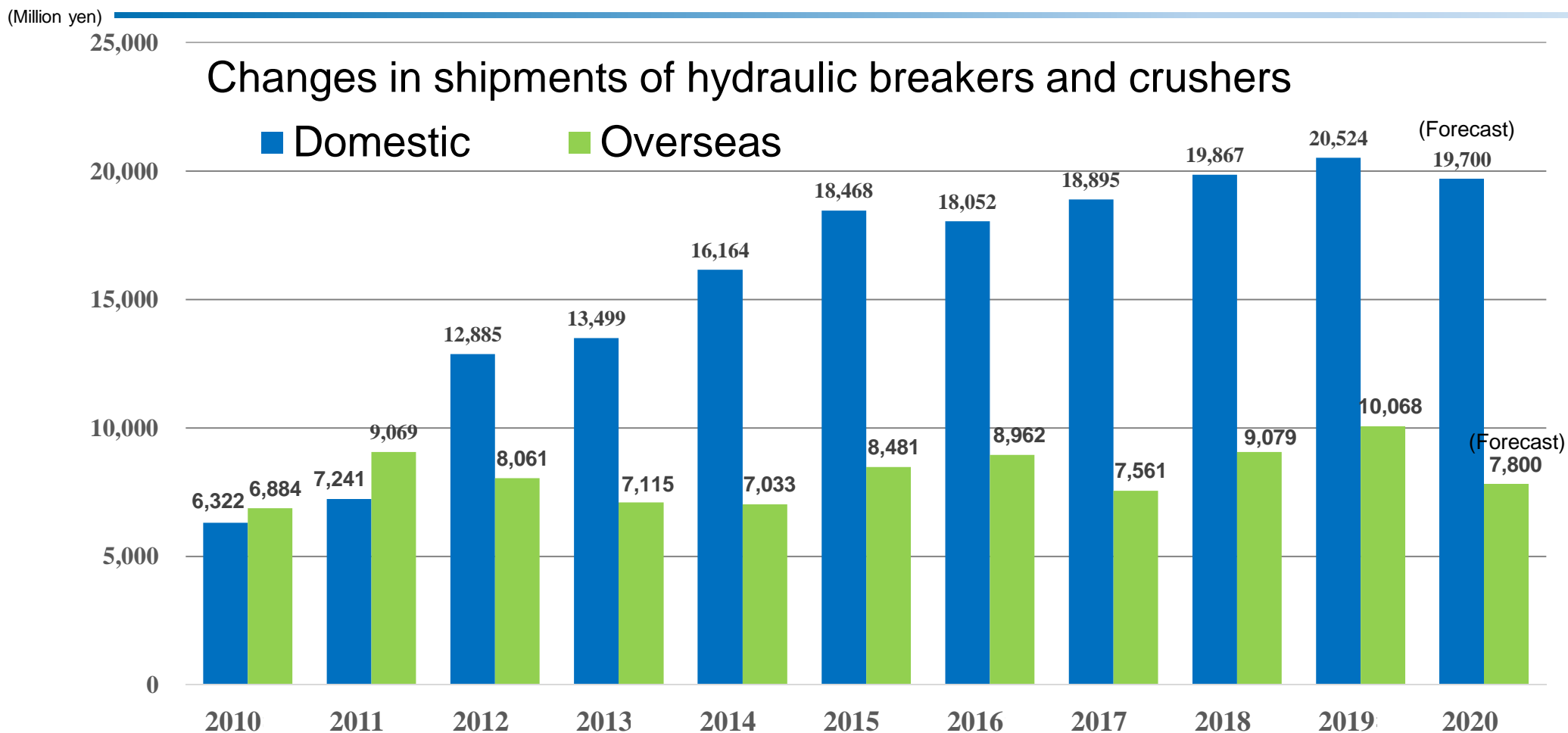
Overseas: Effects started to appear since March. Asian operations resumed in some regions.

Nansei: Effects on the machinery division started to appear since April. No major problems in the construction division in the fiscal year, regardless of COVID-19 effect.

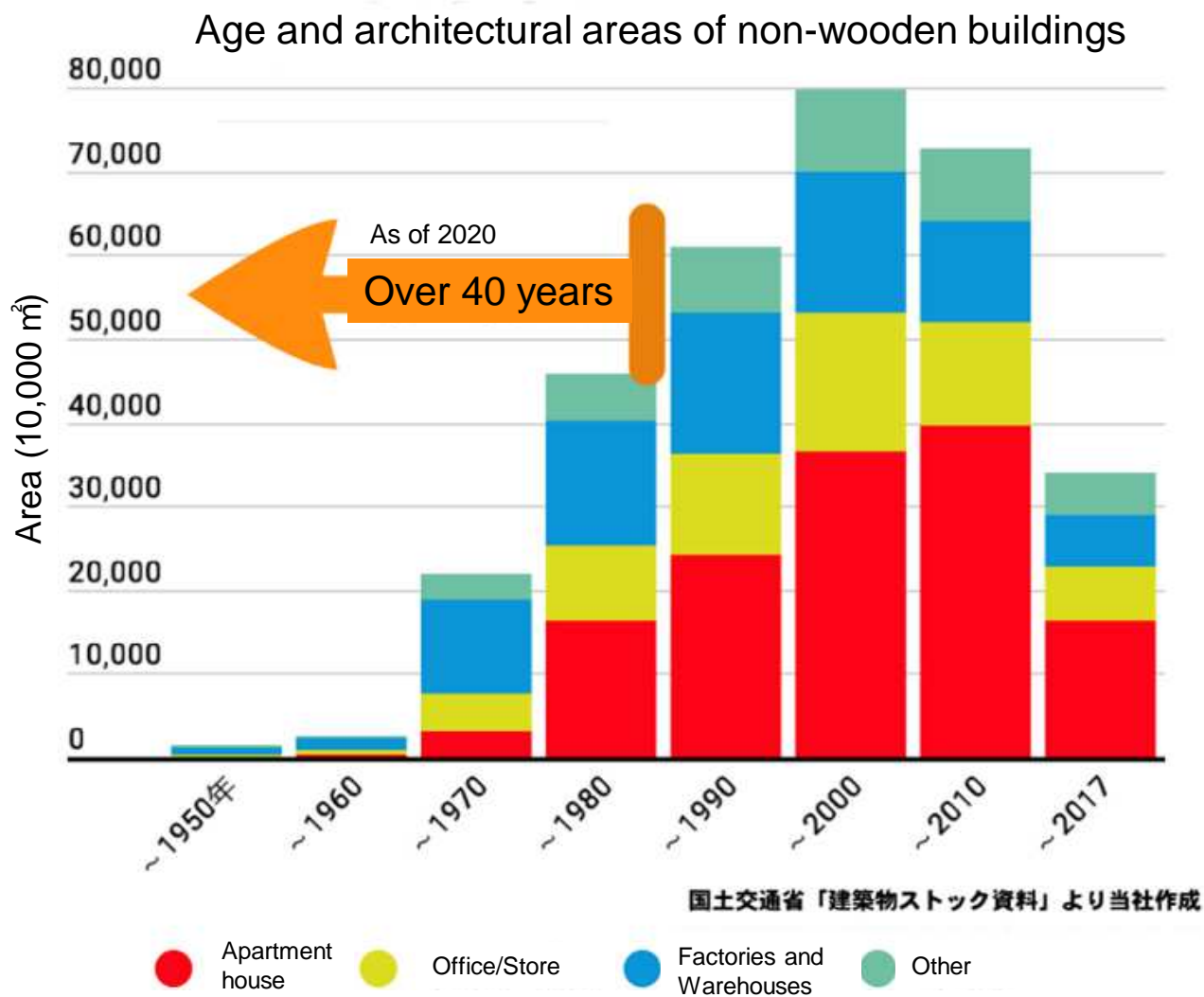
[Net sales by business YoY comparison]

Business	Company	Divisions	Region	FY3/20 ratio to sales	February	March	April
Domestic business	OKADA AIYON	Construction machinery division	Japan	69%	+18%	▼1%	+0%
Overseas business	OKADA AIYON	Construction machinery division	North America	12%	+43%	▼43%	▼43%
			Europe	2%	+51%	▼11%	▼43%
			Asia and Others	3%	+124%	▼45%	▼20%
Nansei business	Nansei Machine	Machinery/ Trading division	Japan	10%	▼19%	+4%	▼14%
		Construction division		4%	▼46%	▼3%	▼37%

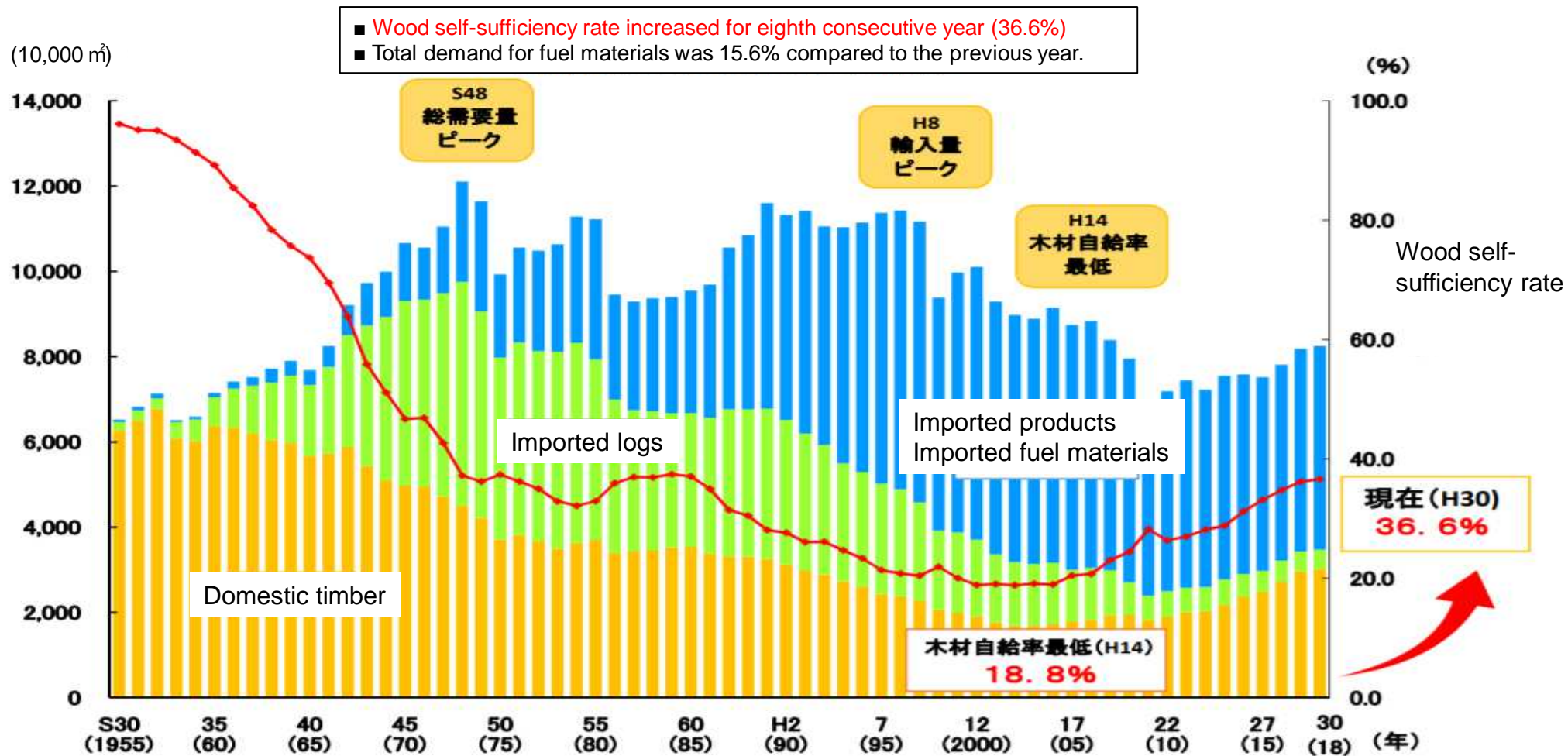
Market size



Demolition market demand



Forestry market demand



Toward further growth



① [Human Resources Strategy] - Aiming to be a company that is “comfortable, motivated, and rewarding” for employees

- Our business model is highly dependent on the skills of individual employees



Individual capacity enhancement & teamwork enhancement required



- ◆ Enhancing training and career support
- ◆ Conduct recruitment of personnel (year-round hiring)
- ◆ Review of evaluation and compensation systems in response to changes in work styles
- ◆ Efforts to reform work styles
 - Efforts for streamlining and labor savings through systemization
 - Maintenance of "Equal Work and Equal Wages" and the principle of permanent employment (Ratio of full-time employees: 97.4%)
 - Securing employment until age 70
- ◆ Consider measures to increase motivation to improve job satisfaction

Toward further growth



② [Market Strategy]

Domestic: Strengthen production and expand sales bases (including maintenance plants)

- In October 2020, the Yokohama Sales Office was relocated and opened as the Shonan Sales Office.



Overseas: Establishment of tri-polar structure in North America, Europe, and Asia

- Planning and introducing strategic products for overseas markets

Nansei: Realize synergies between Okada and Nansei

- Realize the effects of the integration through group collaboration in terms of both sales and manufacturing, improved productivity, and an overhaul of cost management



(Medium-to Long-Term Issues)

New Businesses: Expand business domains through m&a and capital alliances introducing new technologies into existing businesses

- Compatible with new dismantling methods and new technologies such as AI and IOT

Toward further growth



③ [Strengthen the management base]

◆ Introduction of integrated core system

- strengthening group collaboration to streamline and standardize operations and unify information

◆ Strengthen Corporate Governance

- Study of the effectiveness of the Board of Directors by an external organization
- Submit proposals for the election of female outside directors to the General Meeting of Shareholders (to increase the ratio of outside directors to one-third)
- Introduction of electronic voting at the General Meeting of Shareholders
- Establishment of voluntary Nomination and Compensation Committee (June)
- Enhancement of dialogue with investors (establishment of team in charge of IR, education)

◆ Initiatives for SDGs (Next page→)



Initiatives for SDGs



Dismantling and metal recycling machinery that supports recycling systems in cities

[Strengthening national land and reconstruction capabilities]



The life of concrete is said to be 40 to 50 years. Resilience requires dismantling



The highway collapsed in the Great Hanshin Earthquake. Our products supported the reconstruction.



Separate process of large quantities of garbage generated by the Tohoku Earthquake using wood crushers

[Promotion of recycling of concrete, iron, etc.]



Efficient sorting without burdening the shovel body



The attachment of Nansei Machine is playing an active role in the recycling of scrap iron



Some machinery treats soft waste such as wood waste, plastic waste, and tires

Initiatives for SDGs



Forestry equipment and cable cranes that contribute to the effective use of domestic mountainous and forestry resources



[It is necessary to cut trees in order to protect the forest]



We use winches to haul the harvested timber down from the roadless mountain



It can move, cut down, clear branches, and cut down, which helps to eliminate the labor shortage



We can cut a large, manageable tree and handle rootstock



[Promote woody biomass power generation and hydroelectric power generation]



Thinned wood can be chipped and used as raw material for power generation



Cable cranes play an active role in transporting materials during construction of dams and power plants

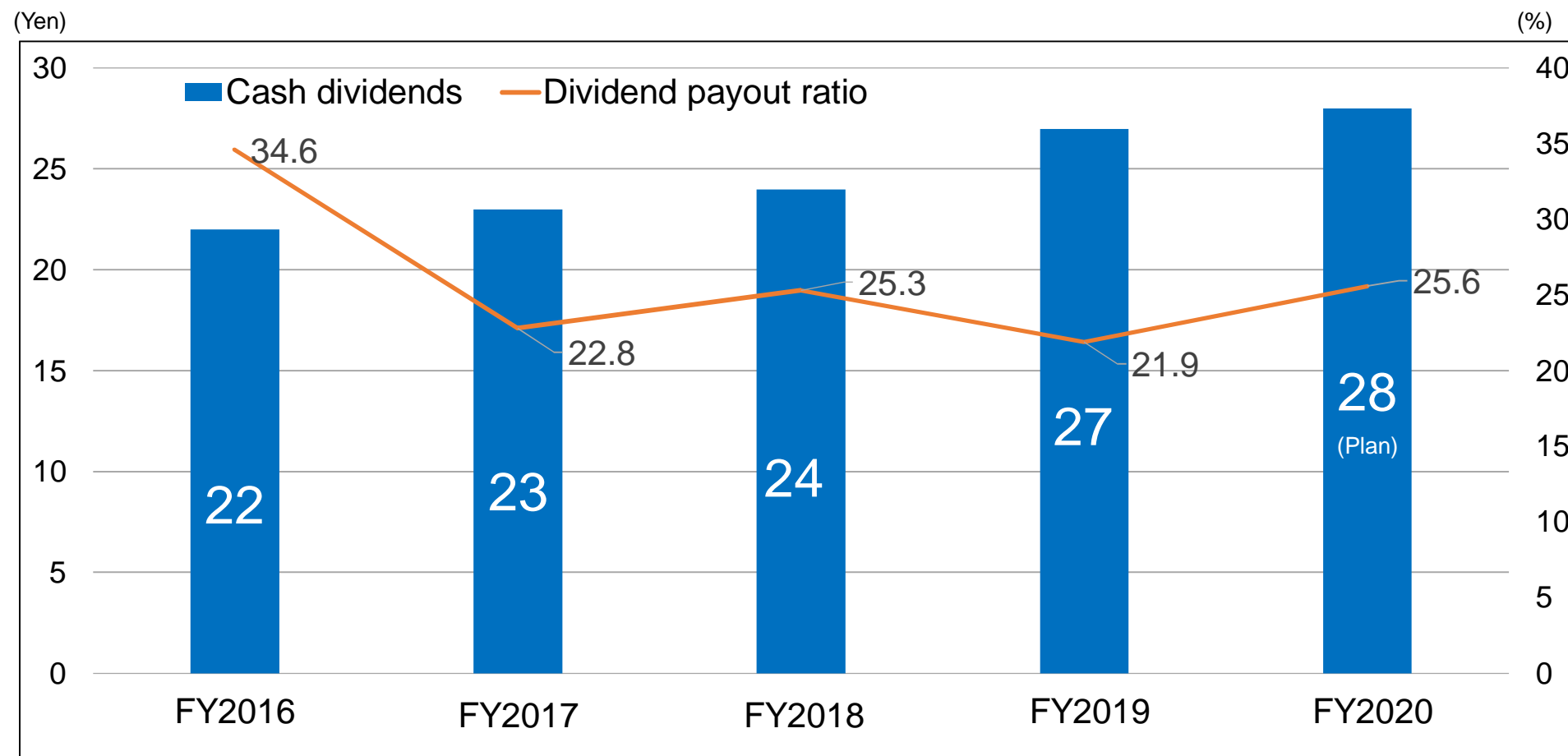


Our power is 100% derived from a solid wood-burning biomass power plant

Changes in dividends



10th consecutive year of dividend increases



Thank you for your attention.



Precautions

The forecasts in this document were prepared based on the information available at the time of the announcement of settlement of accounts.

Actual results may differ depending on various factors in the future.