

# Financial Results for Q2 FY3/23

November 18, 2022

**OKADA AIYON CORPORATION**

(TSE Prime 6294)

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

## **2. Business Results for Q2 FY3/23 and Full-year Outlook**

## **3. Appendix**

# Corporate Profile (As of March 31, 2022)

## 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

20,306  
million yen

### Business bases

22 in Japan  
5 overseas

Head Office (Minato-ku, Osaka)



### Group companies

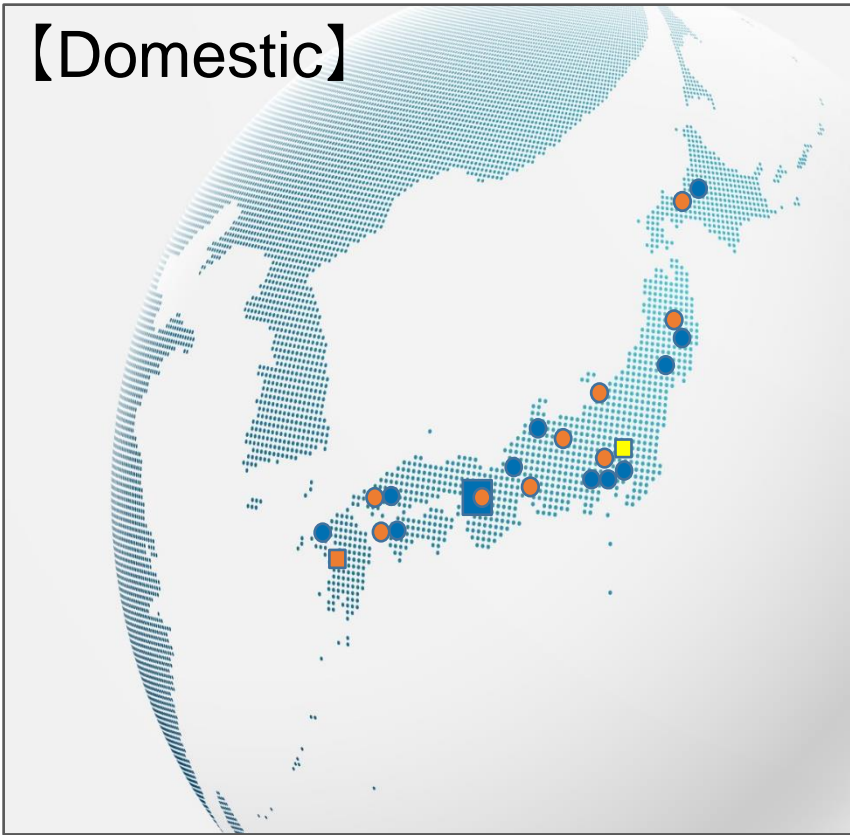
- AIYON TECH. CO., LTD.  
(Main assembly plant)
- Nansei Machine Co., Ltd.  
(Manufacturing,  
development and sales of  
forestry machinery)
- Okada America
- Okada Europe

### Number of employees (consolidated)

459

# Business bases

## 【Domestic】



- OKADA AIYON: 12 bases
- AIYON TECH: 1 base
- Nansei Machinery Group: 9 bases

## 【Overseas】

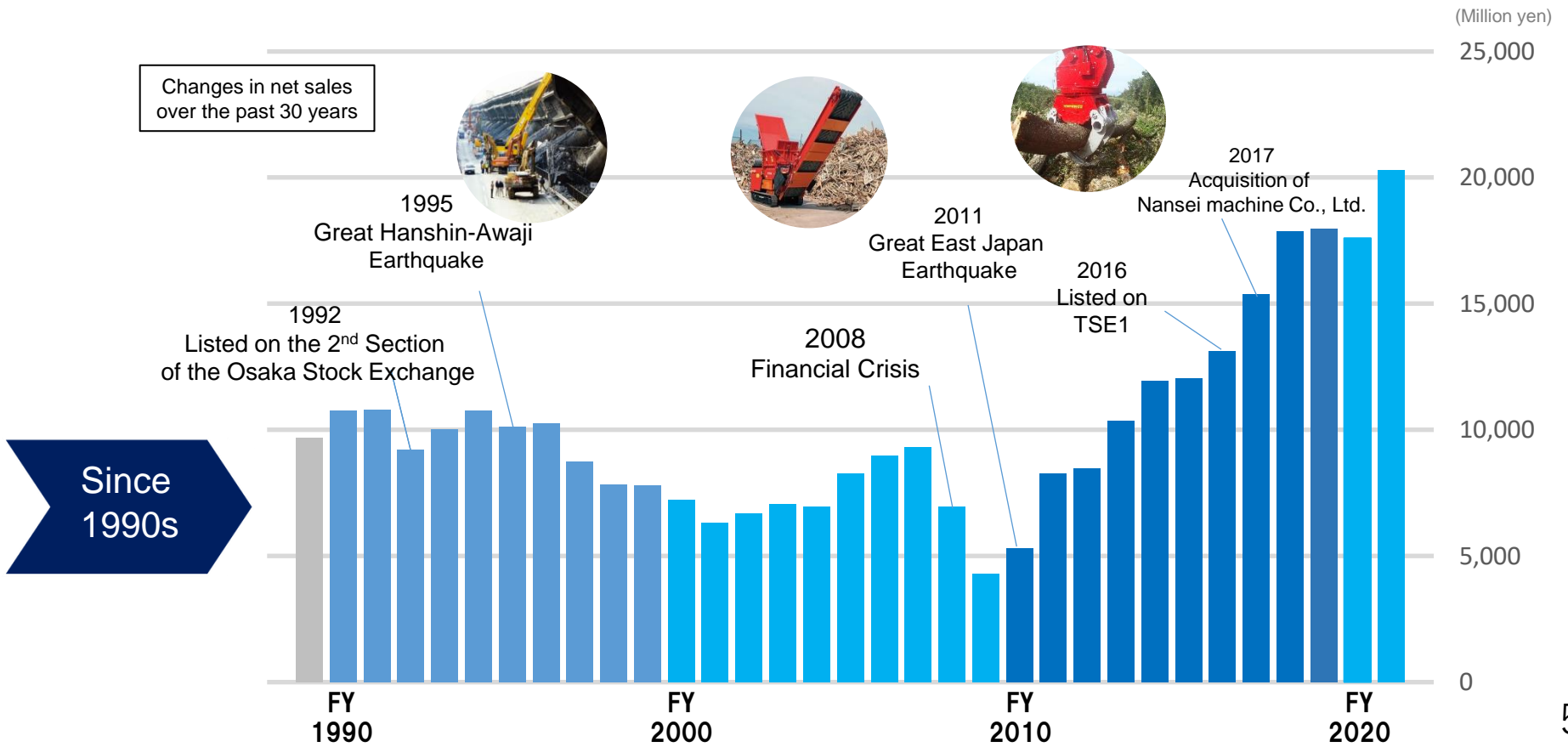


- Okada America: 3 bases (headquarters/Oregon)
- Okada Europe: 1 base (headquarters/Netherlands)
- Okada Thailand: 1 base (headquarters/Ayutthaya)

# Corporate history



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



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# Results Summary (Q2 FY3/23)

**Net sales**

**11,680** million yen  
(+16.1% YoY)

**Operating income**

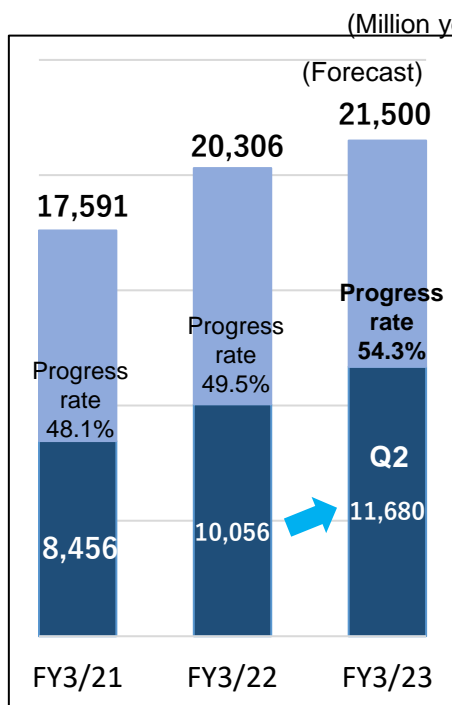
**1,105** million yen  
(+8.1% YoY)

**Ordinary income**

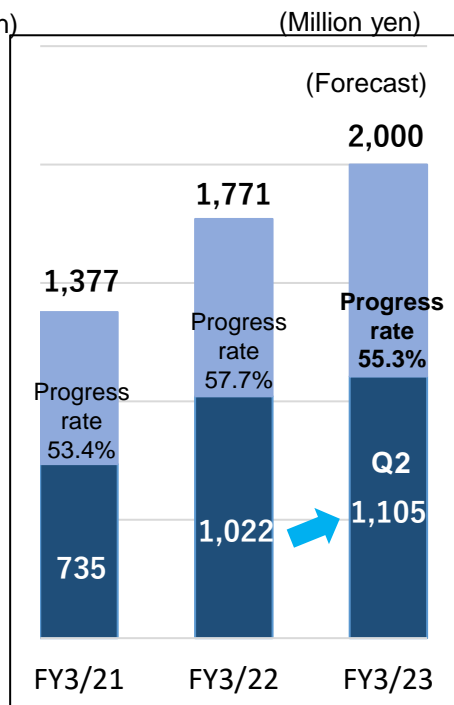
**1,168** million yen  
(+13.9% YoY)

**Net income**

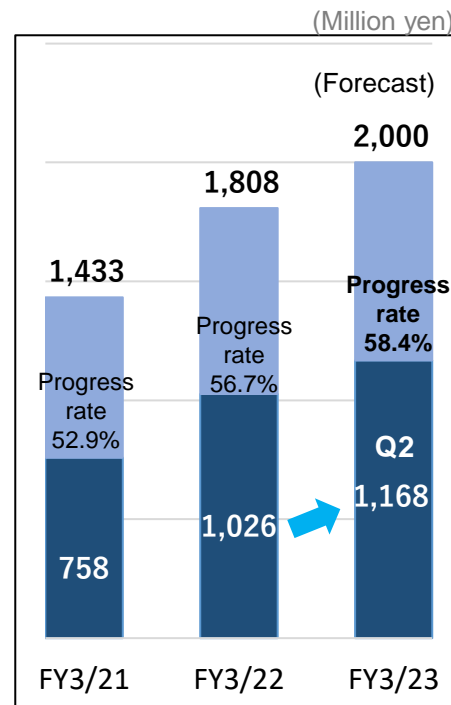
**785** million yen  
(+19.0% YoY)



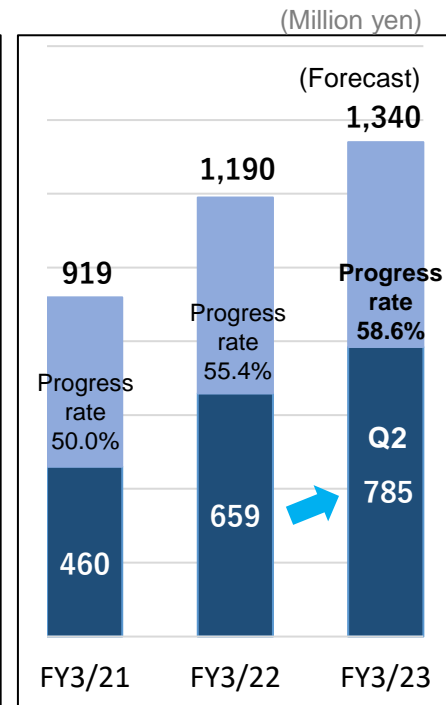
[Net sales]



[Operating income]



[Ordinary income]



[Net income]

# Business Results for Q2 FY3/23 and Full-year Outlook

- As sales and profits for H1 exceeded the forecasts, we revised the full-year forecasts upwardly. The H2 plan remains unchanged from the initial forecasts due to uncertainty in the financial market and other factors despite the strong performance of orders.

(Million yen)

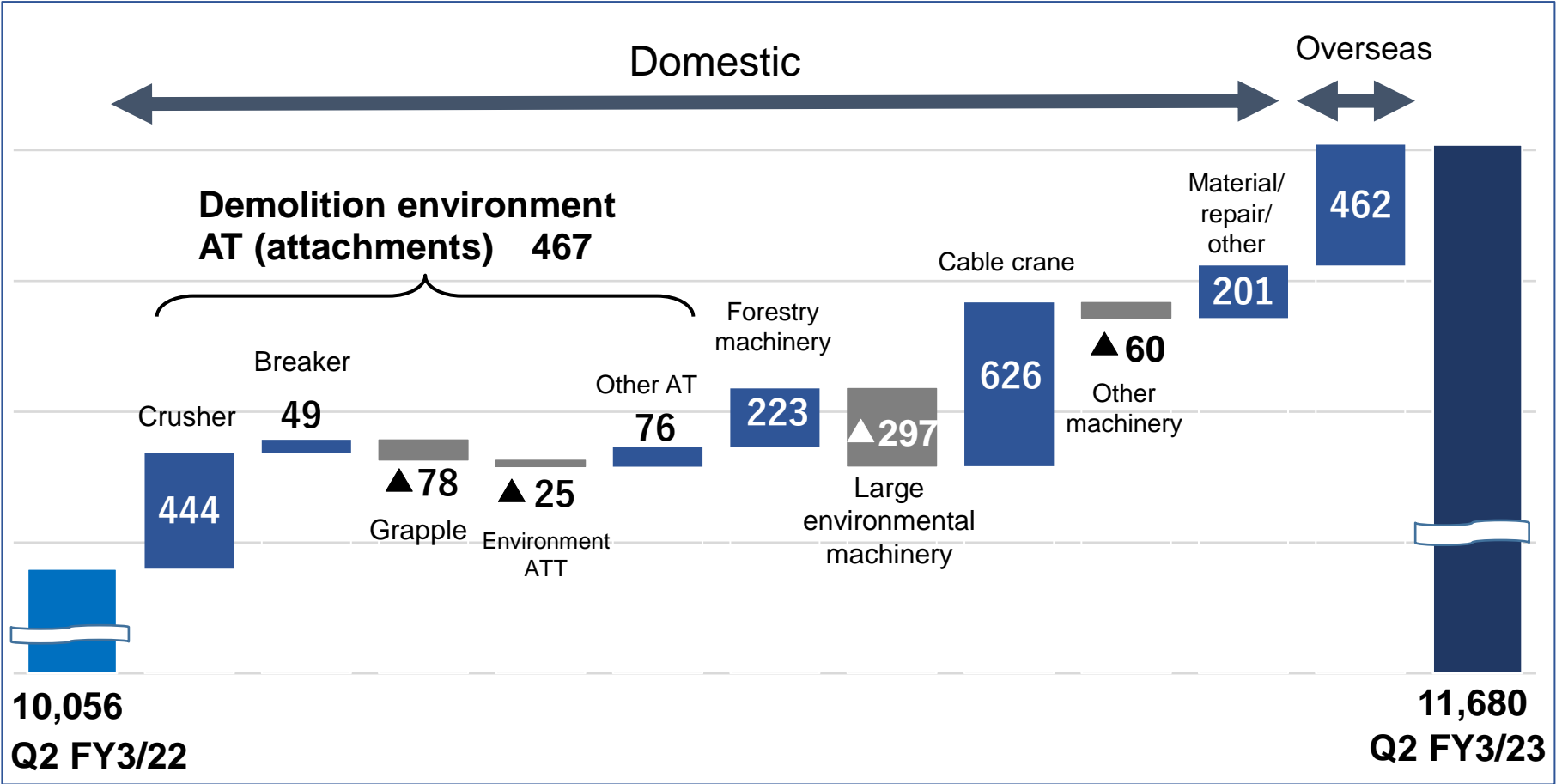
	FY3/22 Q2 Results	FY3/23 Q2 Results	YoY change		FY3/23 Initial forecasts (May 12, 2022)	FY3/23 Revised forecasts (Current revision)	Change vs. forecasts on May 12
			(amount)	(%)			
Net sales	10,056	11,680	1,623	16.1	21,500	22,500	+1,000
Gross profit	2,991	3,347	356	11.9	—	—	—
SG&A expenses	1,968	2,242	274	13.9	—	—	—
Operating income	1,022	1,105	82	8.1	2,000	2,065	+65
Ordinary income	1,026	1,168	142	13.9	2,000	2,128	+128
Net income (attributable to our shareholders)	659	785	125	19.0	1,340	1,425	+85



# Factors for Changes in Net Sales

- Domestic sales increased due to strong demand for crushers and large orders for cable cranes. Forestry machinery sales increased due to the effect of new products. Sales of large-scale environmental machinery for imported products declined due to the impact of long-term delivery times.
- Overseas sales increased due to market development in Europe and recovery in North America and Asia.

(Million yen)



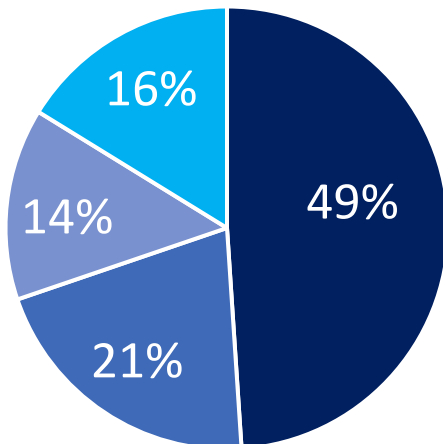
# Sales by Segment and Business (Q2)

- Net sales increased in all 4 segments. Overseas sales ratio gradually increased.

\*For details of each segment, please refer to P11 "Sales Trends by Model".

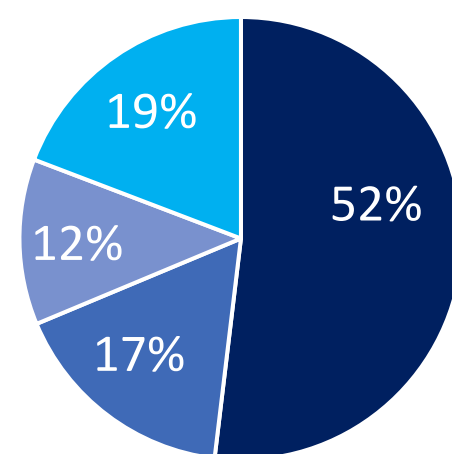
**Net sales**  
**8,456 million yen**

Q2 FY3/21



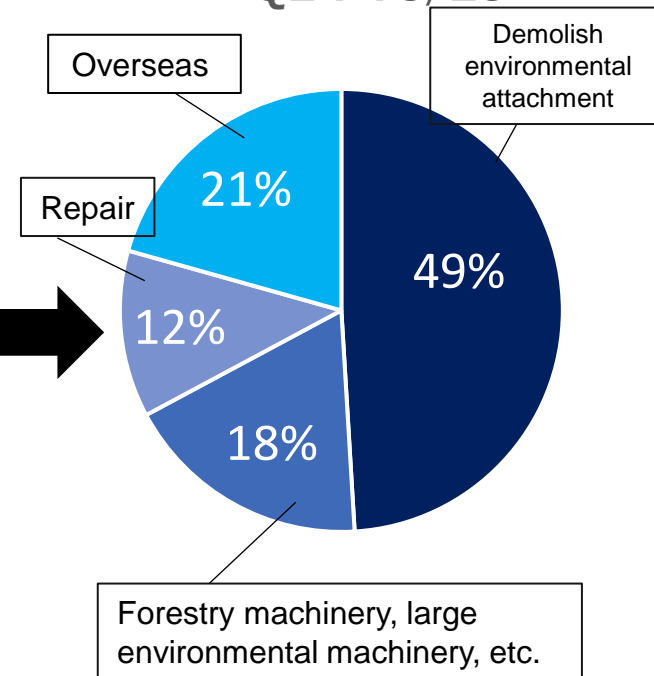
**Net sales**  
**10,056 million yen**

Q2 FY3/22



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

Q2 FY3/23

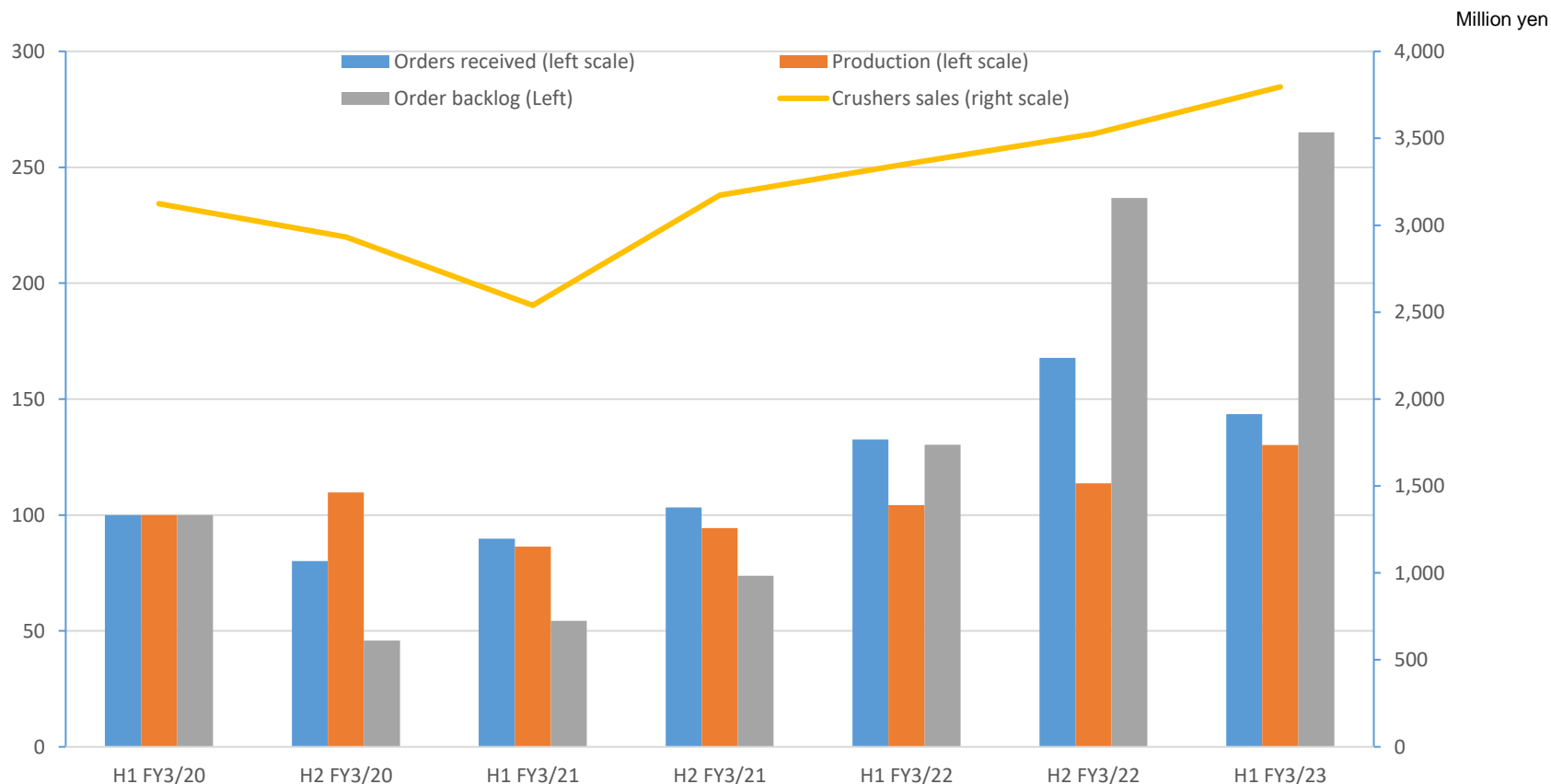


# Sales Trends by Model (Q2)

(Million yen)

		FY3/21 Q2	FY3/22 Q2	FY3/23 Q2	YoY		Yo2Y	
					Amount	Changes(%)	Changes(%)	
Domestic	Demolish environmental attachment	Crushers	2,539	3,352	3,796	444	13.3	49.5
		Breakers	381	448	498	49	11.1	30.7
		Grapples	489	698	620	△78	△11.2	26.8
		Environmental attachment	325	313	288	△25	△8.0	△11.4
		Others	405	403	480	76	19.0	18.5
		Total	4,140	5,216	5,684	467	9.0	37.3
	Forestry machinery, large environmental machinery, others	Forestry machinery	305	347	571	223	64.2	87.0
		Large environmental machinery	612	446	149	△297	△66.5	△75.6
		Cable crane	591	609	1,235	626	102.7	109.1
		Others	252	283	223	△60	△21.2	△11.4
		Total	1,761	1,688	2,180	492	29.2	23.8
	After- sales business	Material	786	821	952	130	15.9	21.1
		Repair	401	395	466	71	18.0	16.2
	Total	1,187	1,217	1,418	201	16.6	19.4	
Domestic segment		7,089	8,121	9,283	1,161	14.3	30.9	
Overseas	U.S.	896	1,158	1,387	229	19.8	54.9	
	Europe	233	373	562	188	50.6	141.4	
	Asia (excluding China)	215	260	304	44	17.1	41.4	
	Others	21	142	141	△0	△0.6	557.4	
	Overseas segment	1,366	1,935	2,397	462	23.9	75.4	
Consolidated total		8,456	10,056	11,680	1,623	16.1	38.1	

- Higher sales of mainstay crushers secured robust orders with growth in unit production.
- Orders in the H1 of FY3/23 (April-September) declined in reaction to the impact of last-minute orders in the H2 of FY3/22 (October-March) prior to price increases. The backlog of orders will be addressed through capital investment in AIYON TECH Asaka Plant and productivity improvements at manufacturing partner companies.



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

# Topics Lineup of Forestry Machinery

- Strong sales of the Okada Hybrid Bucket contributed to a significant increase in sales of forestry machineries. In addition, in anticipation of the forest environment tax, which will be introduced in 2024, we will strengthen our lineup to respond precisely to increased demand.

OHB-120 (12 ton-class hydraulic excavators)

## Building forest working roads



-Make product lines-

Scheduled for launch in December next month  
OHB-200 (20 ton-class installation)

To be launched next spring  
OHB-60 (6 ton-class installation)

## ● Features of Okada Hybrid Bucket

Responding to the 4 processes of building a forest working road with 1 vehicle/achieving labor saving and efficiency



[Cutting]



[Transportation]

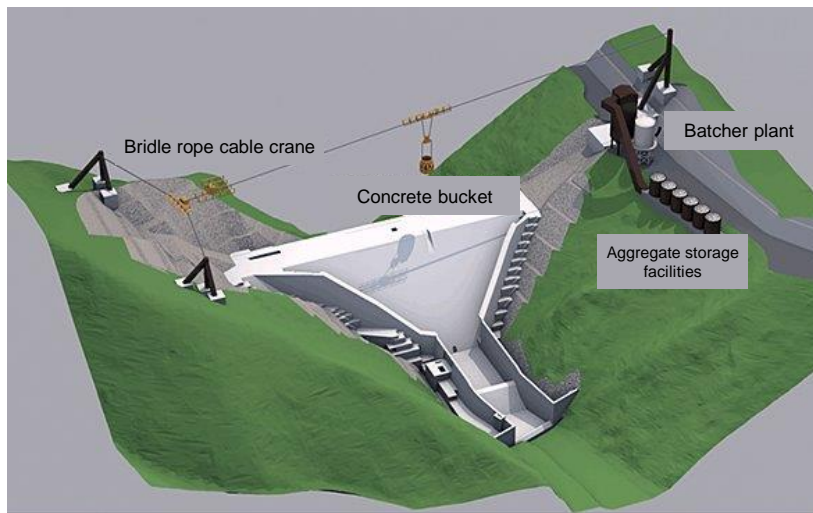


[Elimination of roots and backfill]



[Slope shaping]

- **Applications /A cable crane is a mechanical device to transport loads by erecting pylons on both sides of a dam and stretching cables across the dam. Cable cranes are used to transport heavy loads during dam construction and hydroelectric power plant refurbishment, suspending buckets of fresh concrete and many materials on cables.**



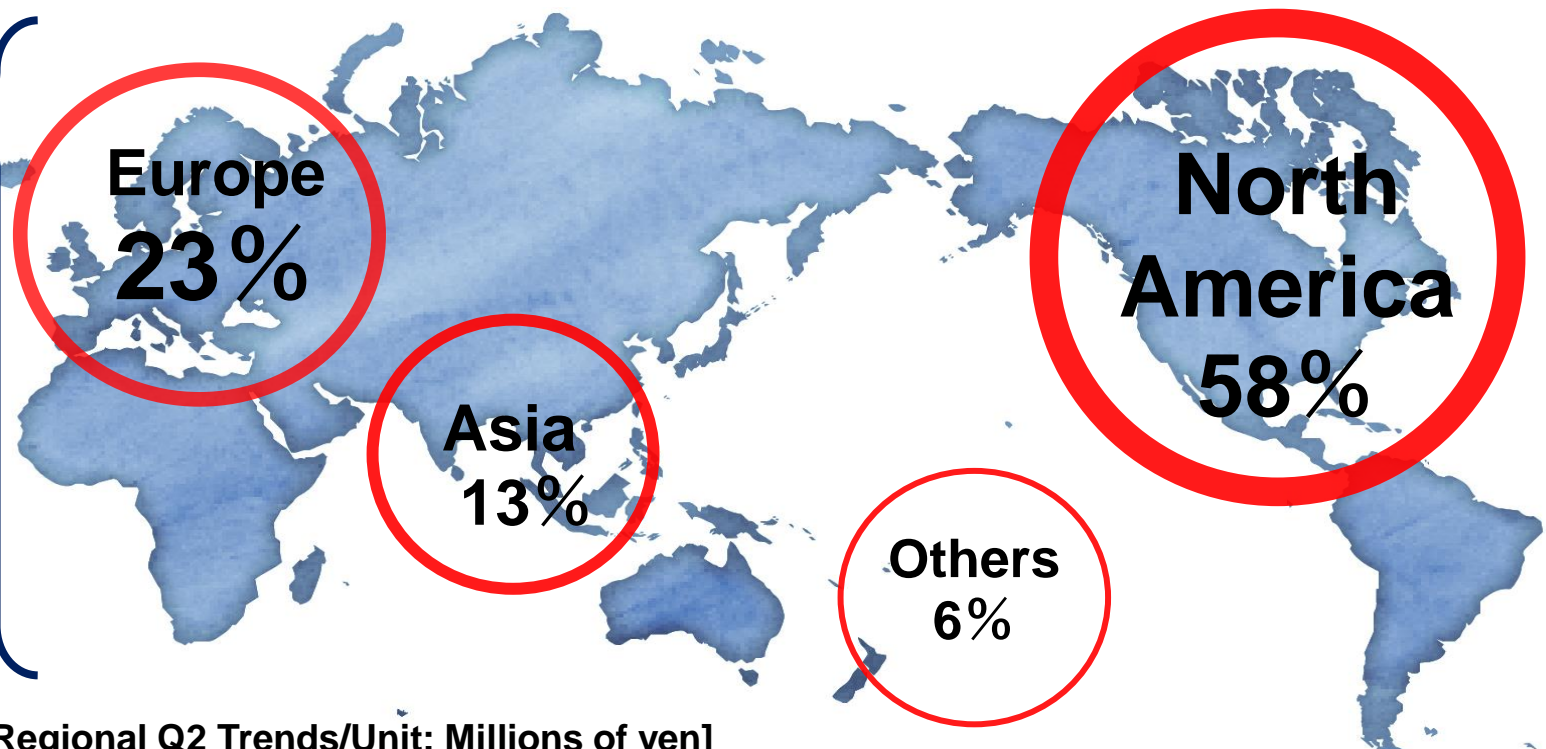
- **Delivery status/Currently, construction work is underway for the installation of 2 cable cranes at the Asuwagawa Dam (Fukui Prefecture). This dam is a flood adjustment dam for heavy rain disaster prevention and the construction is scheduled to be completed in FY2026. It will be the largest water flow type dam in Japan (in dam height, bank volume, and flood adjustment capacity).**

# Sales Breakdown by Region (Q2 FY3/23)

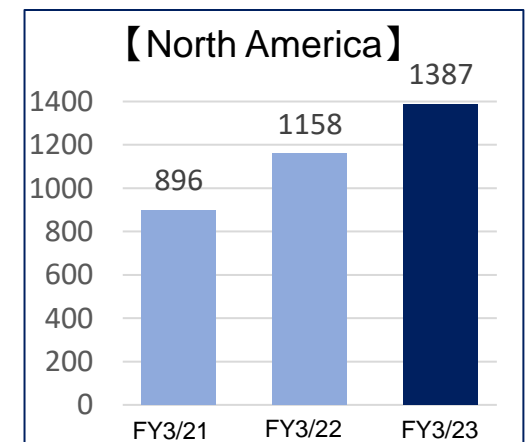
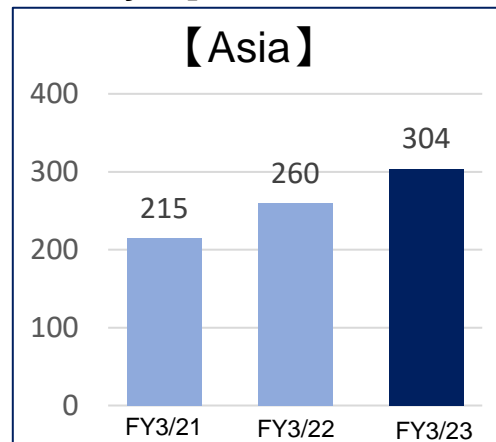
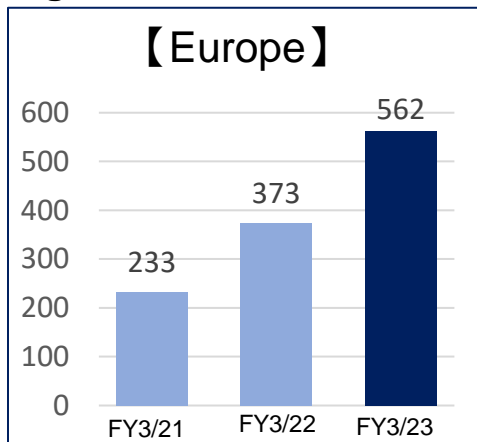
(Sales Composition)

Overseas  
20.5%

Domestic  
79.5%



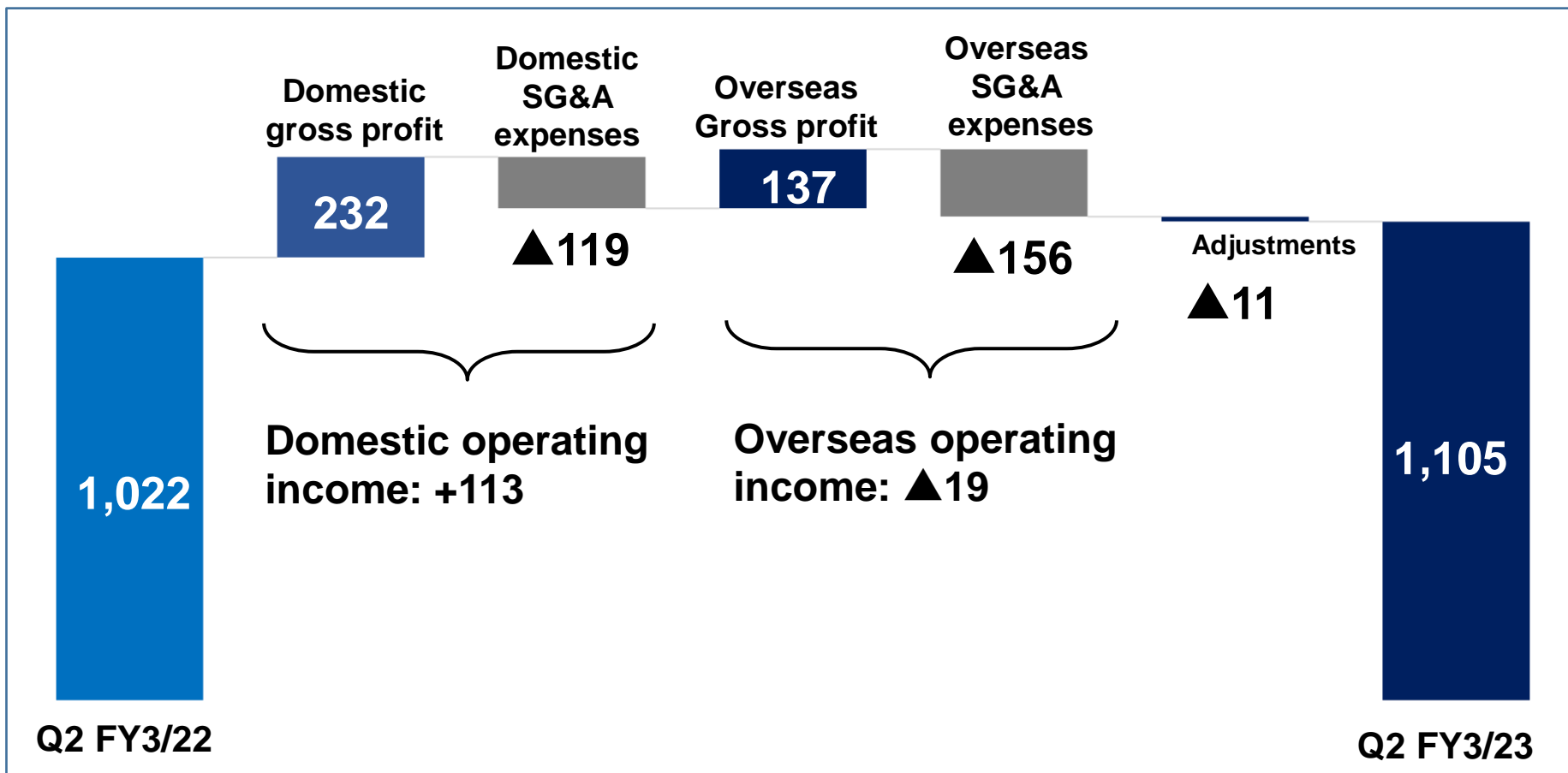
[Regional Q2 Trends/Unit: Millions of yen]



# Factors for Changes in Operating Income

- Domestic profit increased due to strong sales of Crusher, cable cranes, etc.
- Overseas, gross profit increased due to higher sales, but profit declined due to higher SG&A expenses, as the support from the PPP (payroll protection program) in the U.S. in the previous year disappeared, in addition to the impact of higher ocean freight rates.

(Million yen)

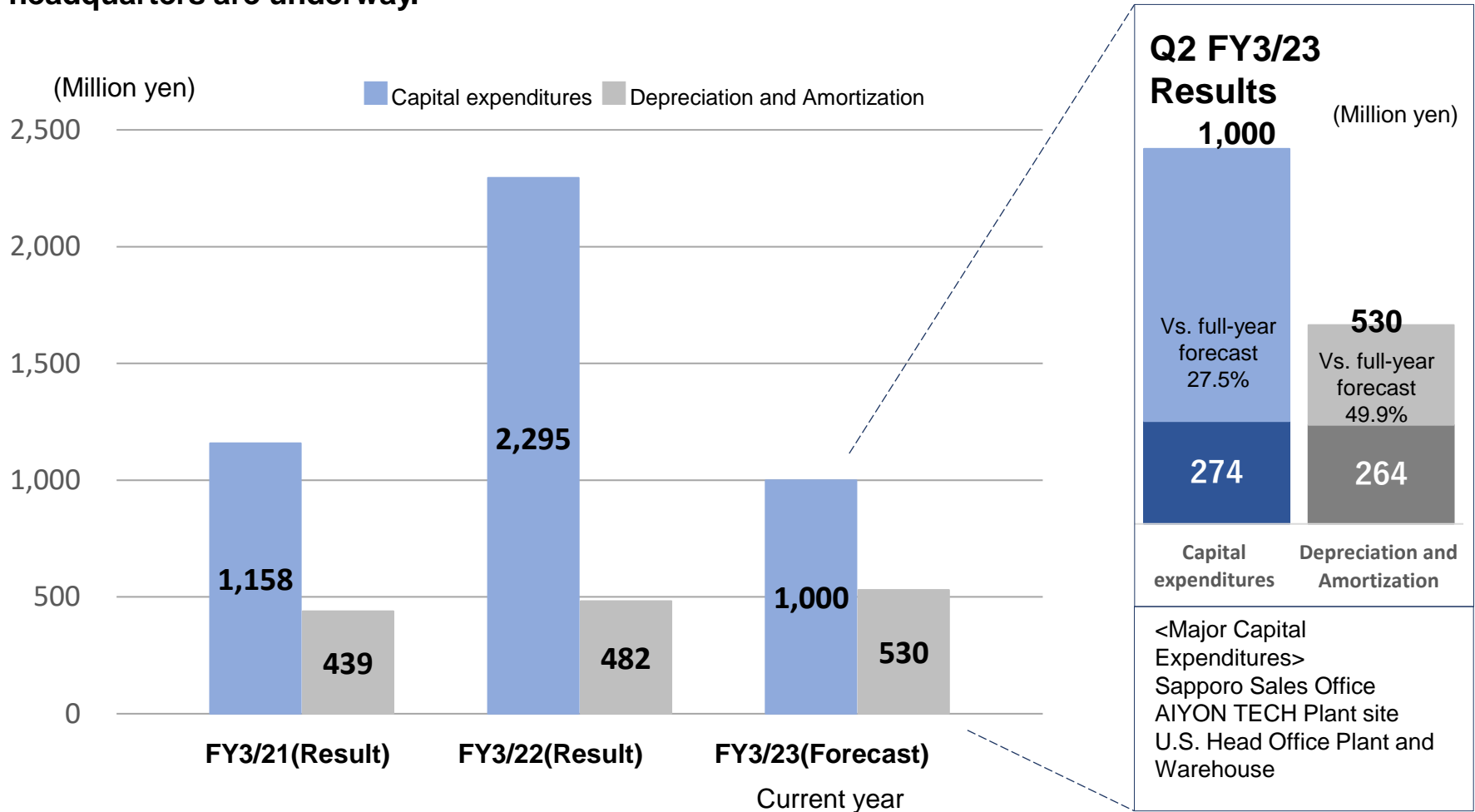




# Capital Expenditures and Depreciation Plan

Renewal of domestic sales and maintenance bases in response to the growing size of attachments is expected in this fiscal year.

Expansion of domestic manufacturing plants to increase production and the transfer of the U.S. headquarters are underway.

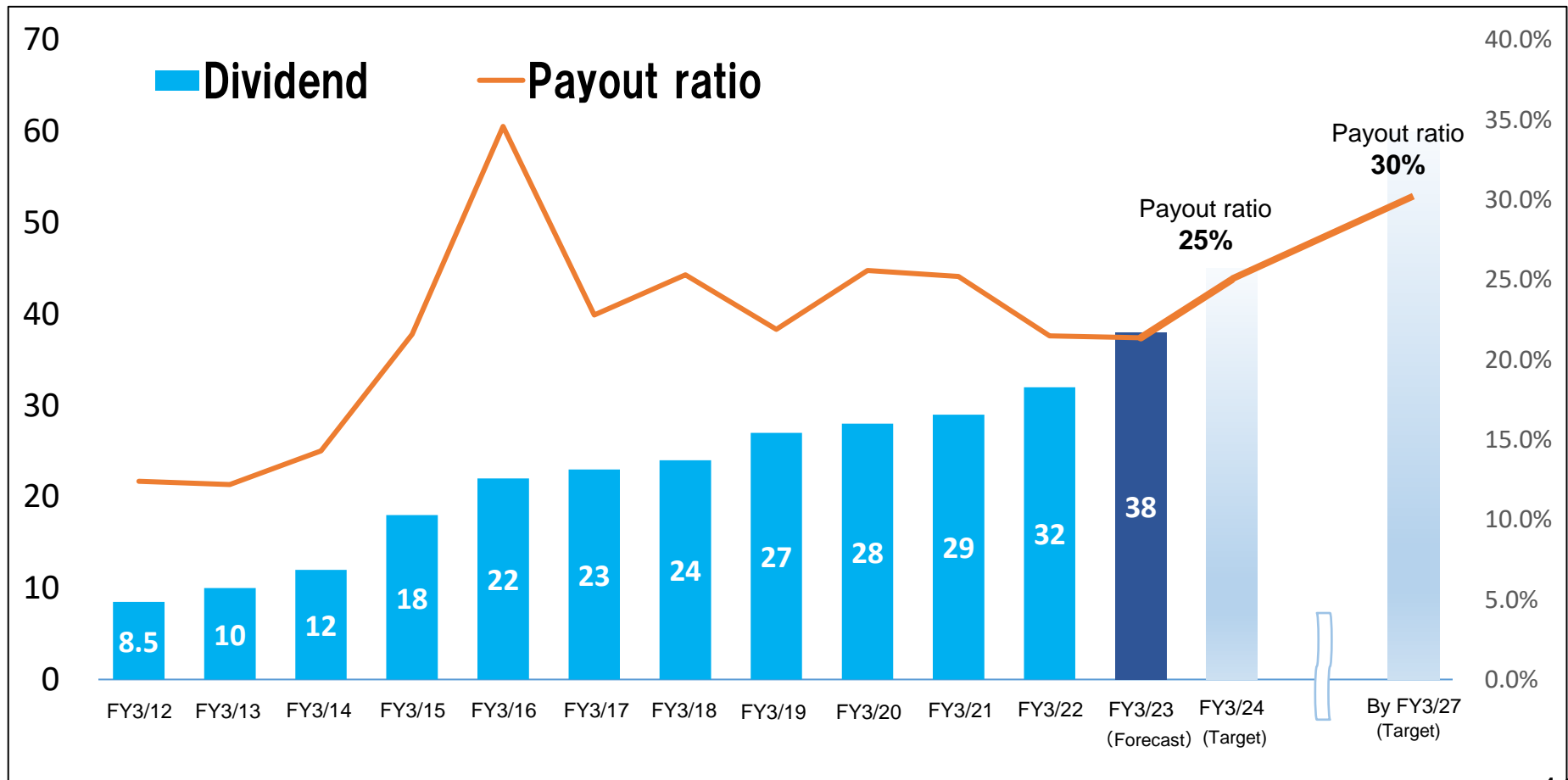


# Shareholder Returns / Dividend Results and Plans

- Continue to increase dividends under the progressive dividend policy. Going forward, we will gradually increase the dividend payout ratio while investing in growth. (Target is 25% by FY3/24 and then 30% within 3 years.)
- The annual dividend was increased by 5 yen from the initial forecast of 33 yen to 38 yen per share (+6 yen YoY), the 13th consecutive year of dividend increases.

(Dividend: Yen)

(Payout ratio: %)

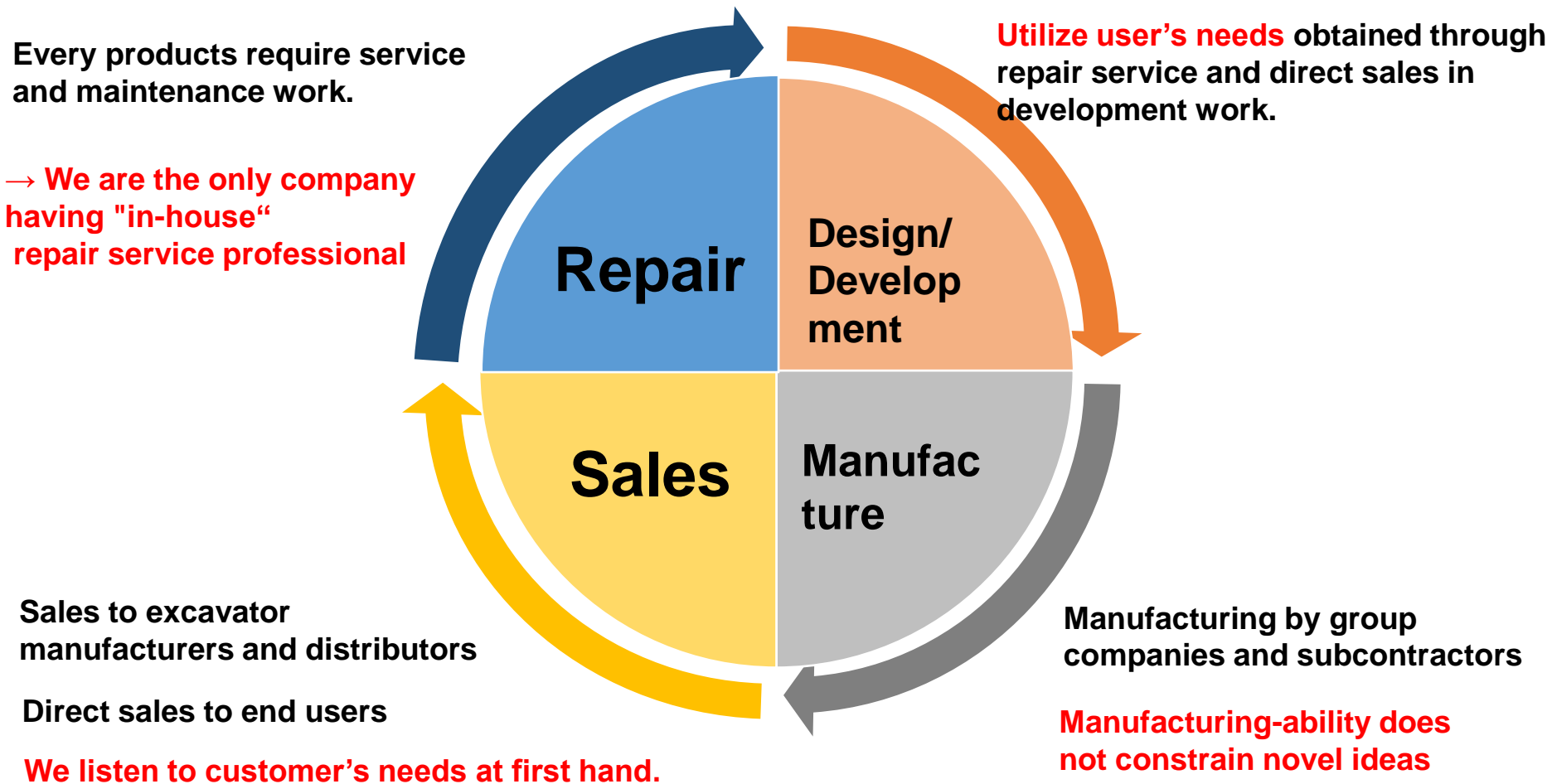


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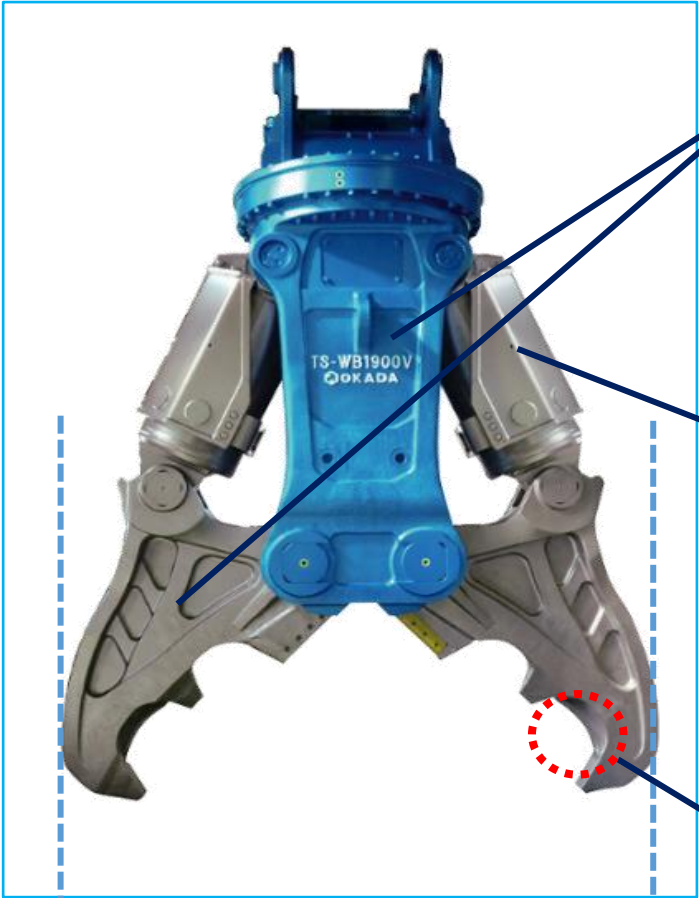
## One-stop circulation model



# 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



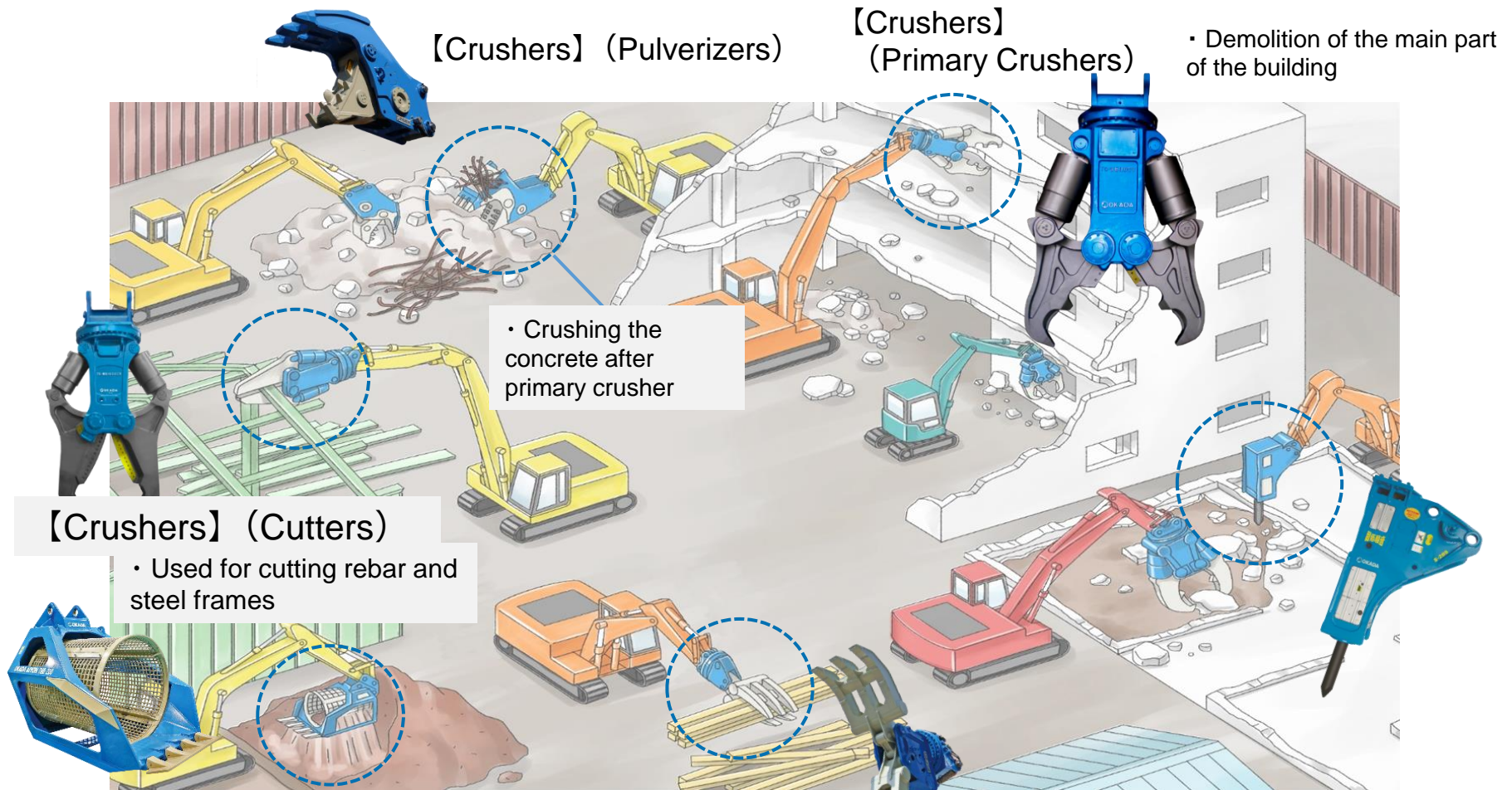
Cylinder is equipped with a speed increasing valve **to achieve both power and speed**

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 environment attachment)

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



【Crushers】 (Pulverizers)

【Crushers】  
(Primary Crushers)

• Demolition of the main part of the building

• Crushing the concrete after primary crusher

【Crushers】 (Cutters)

• Used for cutting rebar and steel frames

【Environmental Attachment (Amidas)】

• Select/screen various mixtures without straining the excavator

【Grapples】

• Versatile equipment for demolition of wooden houses, scrap lumber collection, and disaster relief breakers

【Breakers】

• Major equipment in overseas, with outstanding crushing power  
• However, the noise is loud.

# 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]



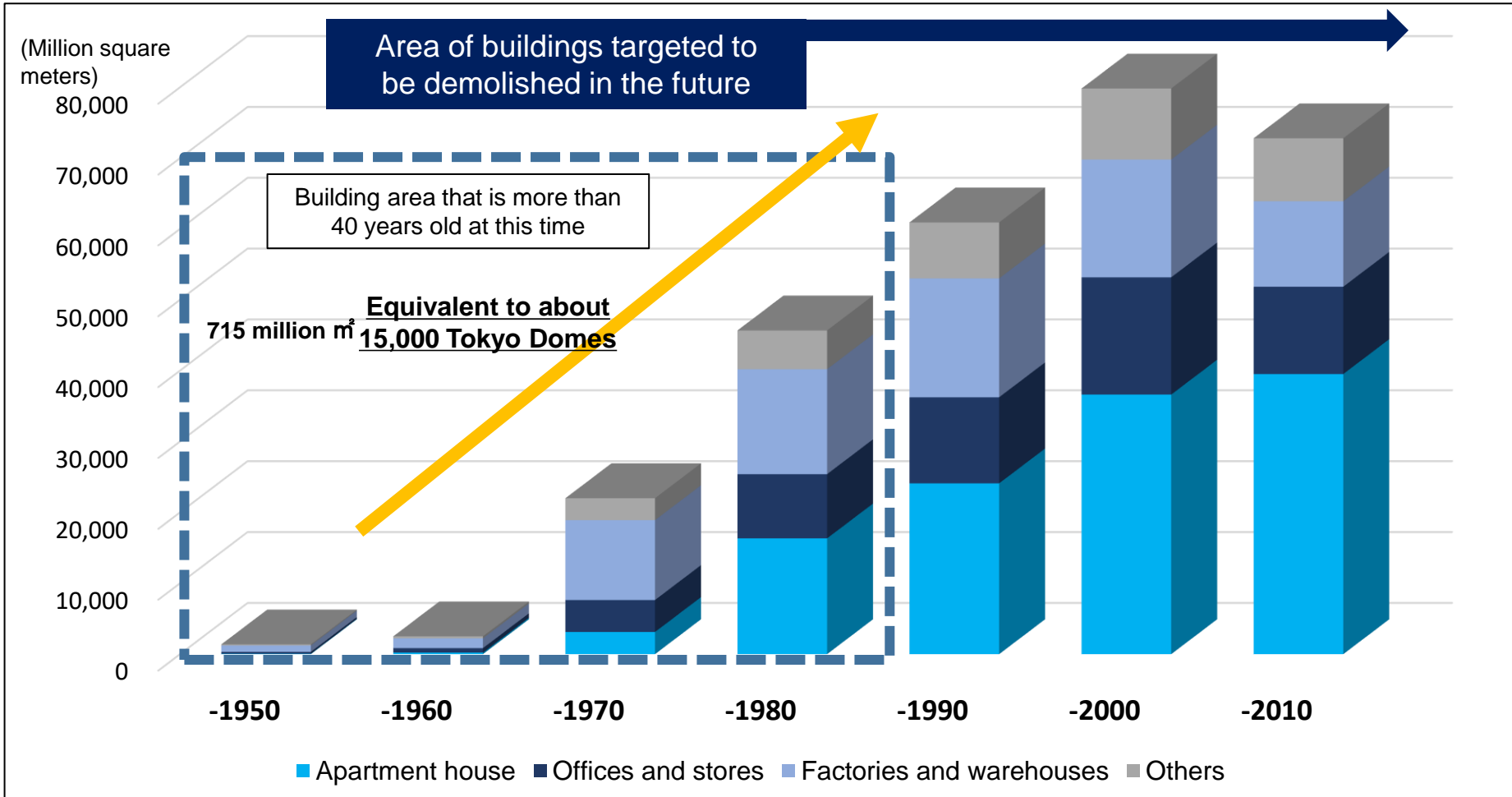
- Conveying concrete, materials, etc. on roadless mountain slopes
- For pipe replacement work at aging hydroelectric power plants



# 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).

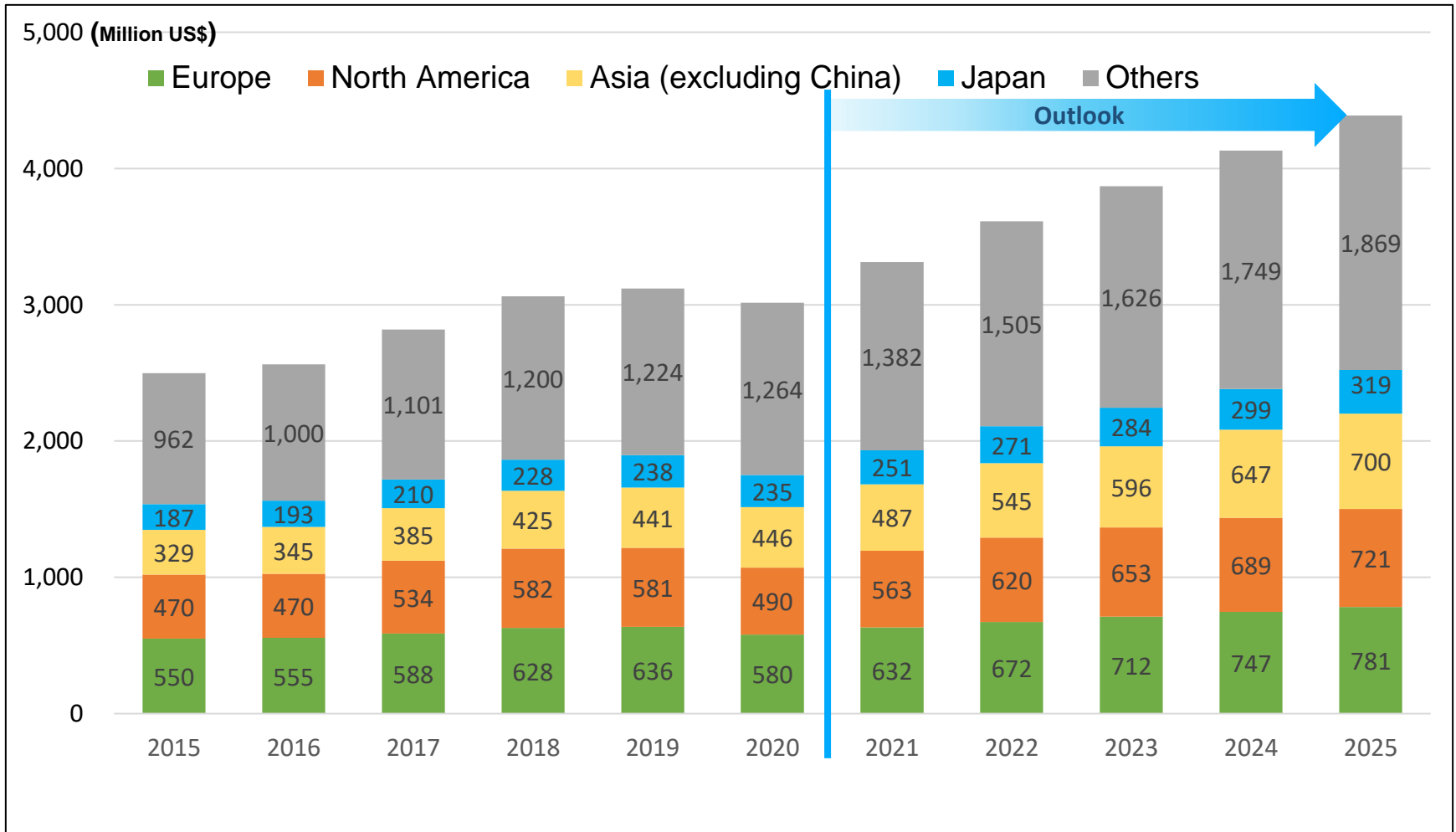


◆ Converted to the floor area of the Tokyo Dome as 46,000 m<sup>2</sup>.

# 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%**.



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

## Outline of VISION 30

### VISION 30 Statement

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

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**."

### 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 3 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, development and utilization of human resources</p> <p>Fair valuation and compensation system reflecting results and contributions</p> <p>Creating a workplace that is easy to work in, makes people want to work in, and is rewarding to work in</p>
<b>Market Strategy</b>	<p>(1) Domestic Strategy</p> <p>(2) Overseas Strategy</p> <p>(3) New Businesses</p>	<p>Strengthening integrated value chain in response to increased demand</p> <p>Market development through the introduction of products and manpower to three bases in the U.S., Europe and Asia</p> <p>Application of new technologies (new demolition methods, DX, etc.) and promotion of strategic M&amp;A</p>
<b>Strengthening Management Base</b>	<p>(1) CG System</p> <p>(2) Hardware</p> <p>(3) Software</p>	<p>Establishment of governance structure to support sustainable growth</p> <p>Maintenance (expansion and new construction) of plants and sales bases in Japan and overseas</p> <p>Development of system infrastructure and business reform and evolution of customer responsiveness through DX</p>

# 3-Year Plan (FY2022 to FY2024) Measures by Division

Our company will focus on expanding production capacity and supply that will contribute to marketing.









★ represents measures related to the expansion of production capacity and supply.

Division	Measures	Details
Production	★Strengthening ties with cooperating suppliers	Stable procurement of products, parts and materials
	★Strengthening production capacity at AIYON TECH Asaka Plant	Securing human resources, increasing the number of partner companies, and expanding production facilities
	★Improving productivity and reviewing cost management at Okada and Nanseikikai	Pursuing higher production capacity and lower costs
	★Shift to mass production at the hydraulic breaker plant in Vietnam	Strengthening the lineup of the global models of hydraulic breakers
Domestic sales and services	★Renovation of the sales offices and maintenance plants	Sendai Sales Office (April 2022) and Sapporo Sales Office (scheduled for May 2023) aim to respond to increase in size of construction machinery
	Spread of sales price revisions	Responding to cost increases due to a rise in raw material and transportation costs
	Continuation of the attachment insurance system	Improving the user's peace of mind by compensating for damage and repair costs for the first two years after the sale of the "TS Series" demolition attachments
	Strengthening the cooperative structure with Okada and Nanseikikai	Strengthening in-group collaboration in sales and maintenance services
Overseas	★Relocation and expansion of Okada America Head Office	Expanding the functions of warehouses and repair factories in the major North America region
	Enriching products for overseas markets	Development and release of models with overseas specifications
	Enhancement of base functions	Deploying personnel and products at overseas bases

# Initiatives for Sustainability

- ◆ Work on materiality (key issues) with the aim of becoming a "company that has value in society" in our management philosophy

## Materiality (Key Issues) and KPIs

Materiality	SDGs	Commitment	KPI
<b>Achieving carbon neutrality</b>	 	<ul style="list-style-type: none"> <li>■ Aiming to realize a decarbonized society, our company will make efforts to minimize energy consumption and utilize next-generation renewable energy.</li> <li>■ Recognizing that CO<sub>2</sub> emissions from the use of our company's products at demolition, forestry and large-scale civil engineering sites are of high significance, our company will promote efforts to develop and improve products for achieving electrification and higher energy efficiency.</li> <li>■ Our company will reduce CO<sub>2</sub> emissions from indirect departments and production processes.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Reducing CO<sub>2</sub> emissions within the group (Scopes I and II) [Excluding overseas sales companies]</b> <b>Net 0 by 2050</b> <b>70% reduction by 2030 (compared to 2018)</b></li> <li>■ <b>Efforts to reduce scope III CO<sub>2</sub> emissions (Establishment of mechanisms and target selection)</b></li> </ul>
<b>Supporting recycling systems in society</b>	 	<ul style="list-style-type: none"> <li>■ Effective use and recycling of resources are important issues in resource-poor countries and contribute to efficient scrap and build.</li> <li>■ Our company aims to create a recycling-oriented society by contributing to the improvement of the efficiency of demolition sites and by recycling waste materials.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Increasing productivity of attachment demolition operations by 10% by 2030 (compared to our company's existing products in 2020)</b></li> <li>■ <b>Contributing to maintaining a recycling rate of 98% or more for construction waste such as concrete</b></li> </ul>
<b>Conservation and effective use of mountain and forest resources</b>	 	<ul style="list-style-type: none"> <li>■ Our company will contribute to the efficiency of forestry.</li> <li>■ Our company will contribute to effective utilization of lumber resources.</li> <li>■ Our company aims to make effective use of land by providing equipment for moving and transporting materials in difficult construction areas.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Increasing productivity of forestry equipment by 10% by 2030 (compared to our company's existing products in 2020)</b></li> <li>■ <b>Contributing to the maintenance of hydropower capacity at 250 million kwh/year (by 2030)</b></li> </ul>
<b>Realization of work style reform and diversity</b>	 	<ul style="list-style-type: none"> <li>■ In response to the decline in the Japanese productive population, our company will work on productivity improvement and automation using DX.</li> <li>■ Our company will provide a place where everyone can work by creating a mechanism and environment for recruitment, human resource development and promotion.</li> <li>■ Labor and human rights are also taken into consideration at the group's partner companies.</li> <li>■ Our company will strengthen the corporate governance system to realize work style reform and diversity.</li> </ul>	<ul style="list-style-type: none"> <li>■ <b>Introducing a mechanism to measure employee satisfaction and improve employee satisfaction</b></li> <li>■ <b>Female employee ratio: 13% (2021) → 25% (2030)</b></li> <li>■ <b>Percentage of female directors: 12.5% (2021) → 25% (2030)</b></li> <li>■ <b>Considering labor and human rights when selecting partner companies</b></li> </ul>

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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.

(Inquiries)

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