

# Financial Results for FY3/23

May 17, 2023

**OKADA AIYON CORPORATION**

(TSE Prime 6294)

- 1. Corporate Profile/History**
- 2. Business Results for FY3/23**
- 3. Forecast for FY3/24 and  
Mid-term Management Plan  
"Rolling Plan"**
- 4. Appendix**

## 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.

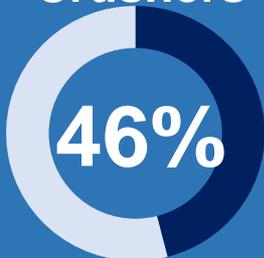


Domestic market share of our major products

**No.1**



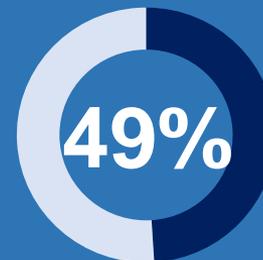
Primary  
Crushers



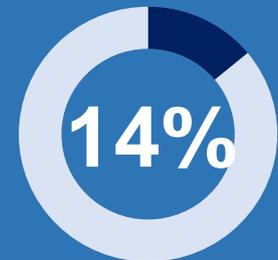
Pulverizers



Cutters

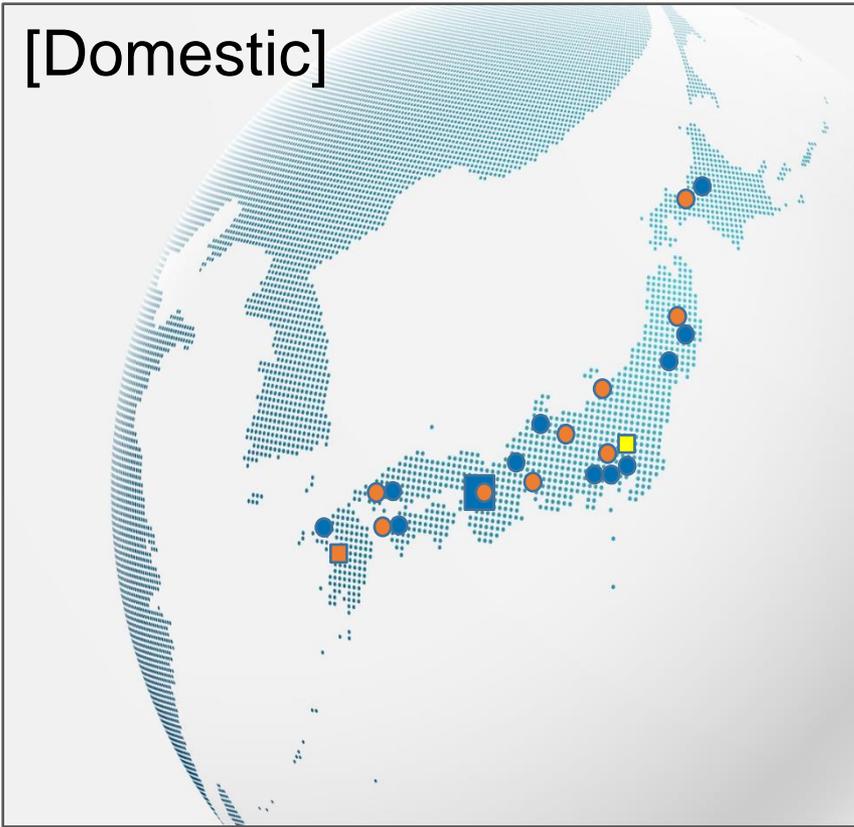


Breakers



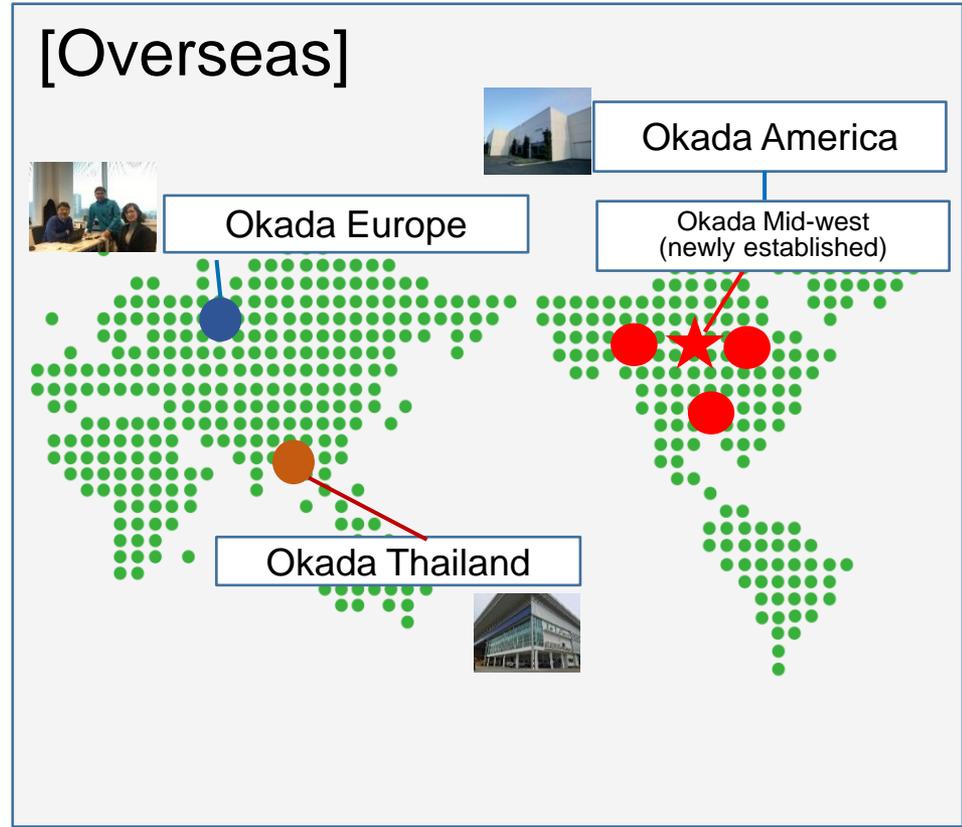
# Business Bases

## [Domestic]



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

## [Overseas]

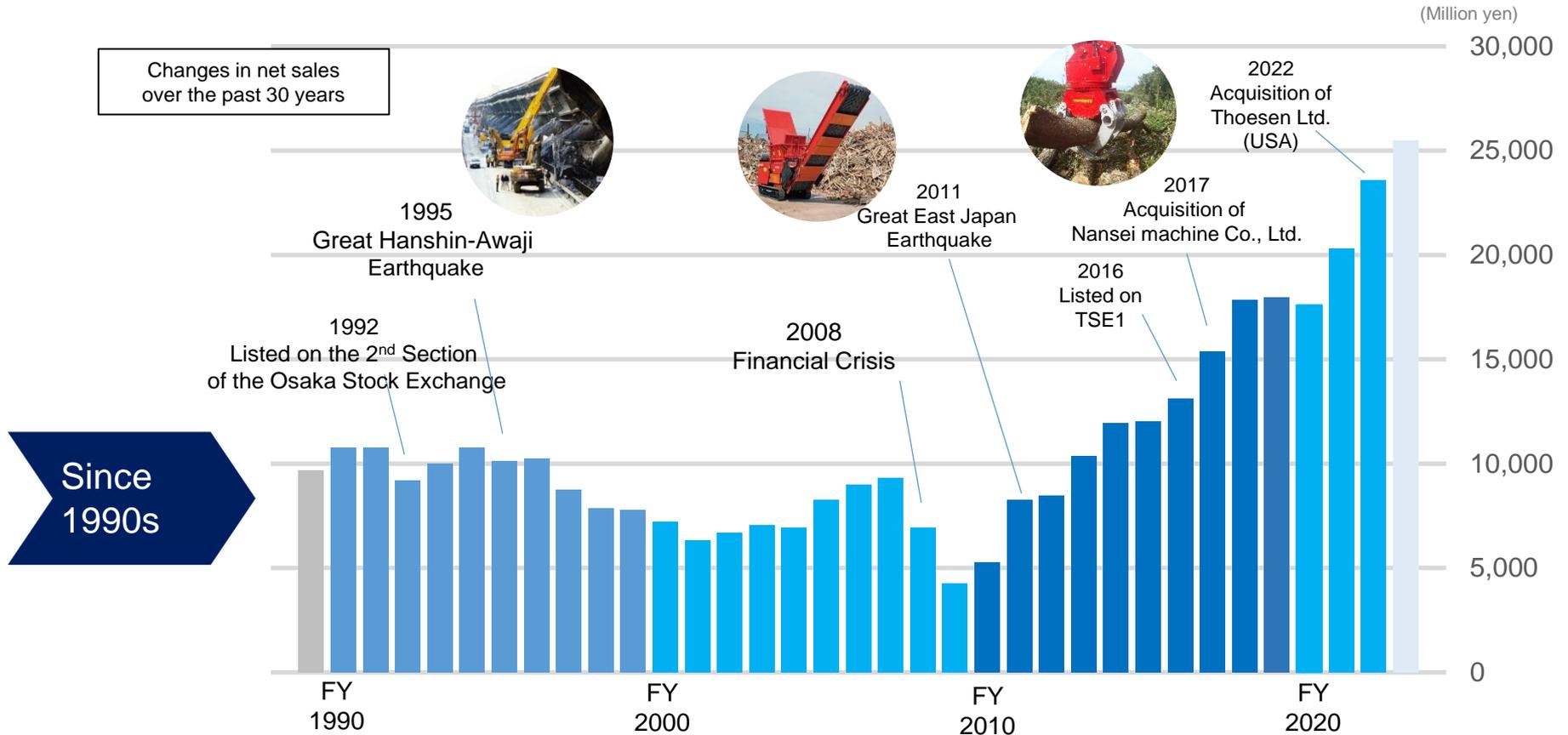


- Okada America: 4 bases (headquarters/Oregon)
- Okada Europe: 1 base (headquarters/Netherlands)
- Okada Thailand: 1 base (headquarters/Ayutthaya)

# Coprorate History



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. Forecast for FY3/24 and  
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"Rolling Plan"
4. Appendix

# Results Summary (FY3/23)

- Achieved record-high sales and profits, and net sales achieved the rolling plan target announced in the previous fiscal year one year ahead of schedule.

Net sales

**23,575** million yen  
(+16.1% YoY)

Operating  
income

**1,965** million yen  
(+10.9% YoY)

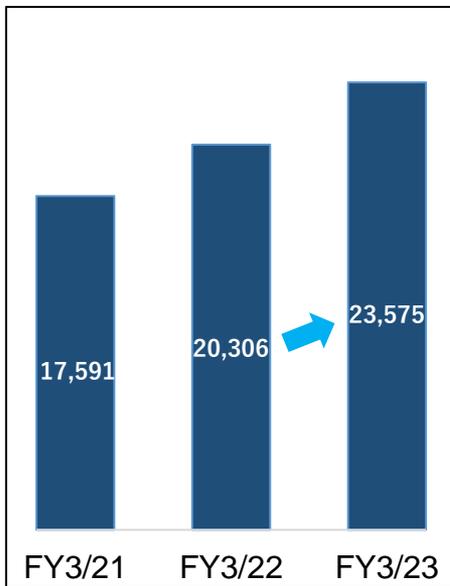
Ordinary  
income

**1,961** million yen  
(+8.4% YoY)

Net income

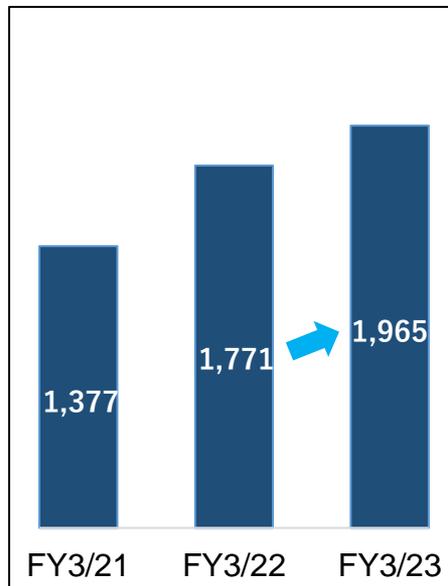
**1,414** million yen  
(+18.8% YoY)

(Million yen)



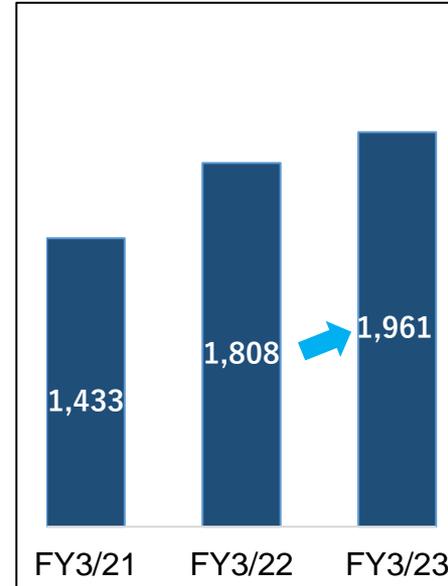
[Net sales]

(Million yen)



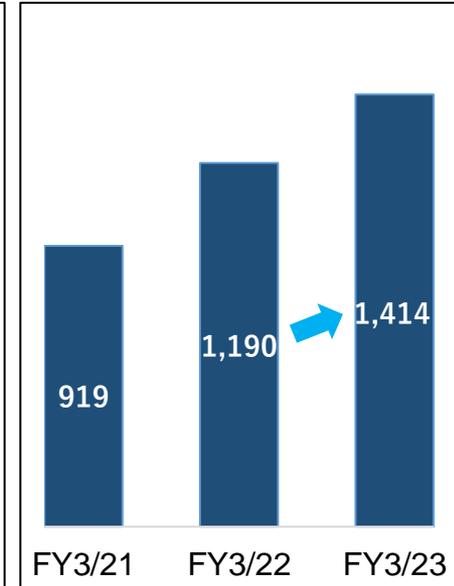
[Operating income]

(Million yen)



[Ordinary income]

(Million yen)



[Net income]

# Business Results for FY3/23

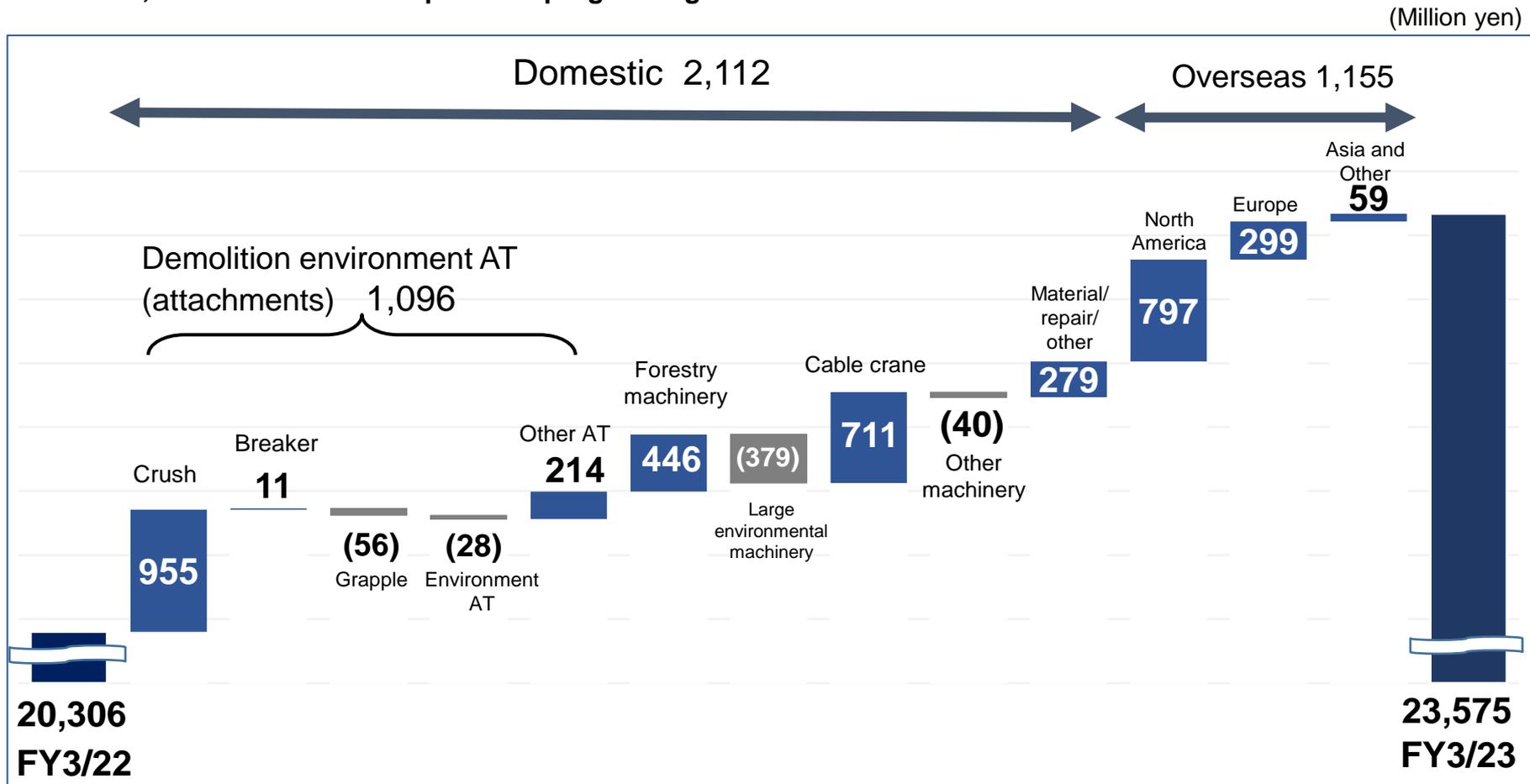
- Profits fell short of the revised forecast due to higher costs and one-time M&A expenses (130 million yen). Due to the gain on sale of real estate (114 million yen), net income was only slightly below the revised forecast.

(Million yen)

	FY3/22 Results	FY3/23 Results	YoY change				Factors for YoY change
			(amount)	(%)	Vs. revised forecasts on Nov. 11, 2022		
Net sales	20,306	23,575	3,268	16.1	1,075	See p.10	
Gross profit	5,970	6,792	821	13.8	-	Increase in sales Increase in steel materials and materials, and marine freight rates	
SG&A expenses	4,198	4,827	628	15.0	-	Cost increase: Personnel expenses (189), U.S. M&A expenses (130), absence of U.S. PPP recorded in prior year (43)	
Operating income	1,771	1,965	193	10.9	(99)	See p.15	
Ordinary income	1,808	1,961	152	8.4	(166)	Non-operating profit (loss): Foreign exchange gain (loss) (-40)	
Profit before taxes	1,766	2,075	308	17.5	-	Extraordinary gain (loss): Gain on sale of real estate in Sendai (114)	
Net income (attributable to our shareholders)	1,190	1,414	223	18.8	(10)	-	

# FY3/23 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 in North America, partly due to the weak yen. Sales also increased in Europe and Asia, where market development is progressing.



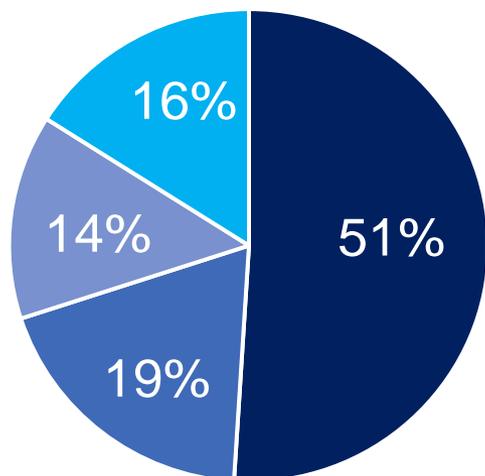
# Sales by Segment and Business

- Net sales increased in all 4 segments. Owing to the overseas expansion, overseas sales ratio gradually increased.

\*For details of each segment, please refer to P12 "Sales Trends by Model".

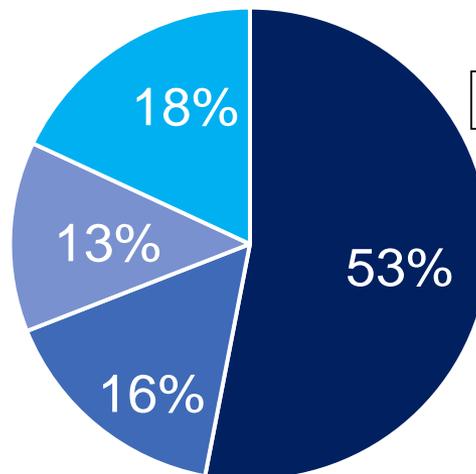
**Net sales**  
**17,591 million yen**

**FY3/21**



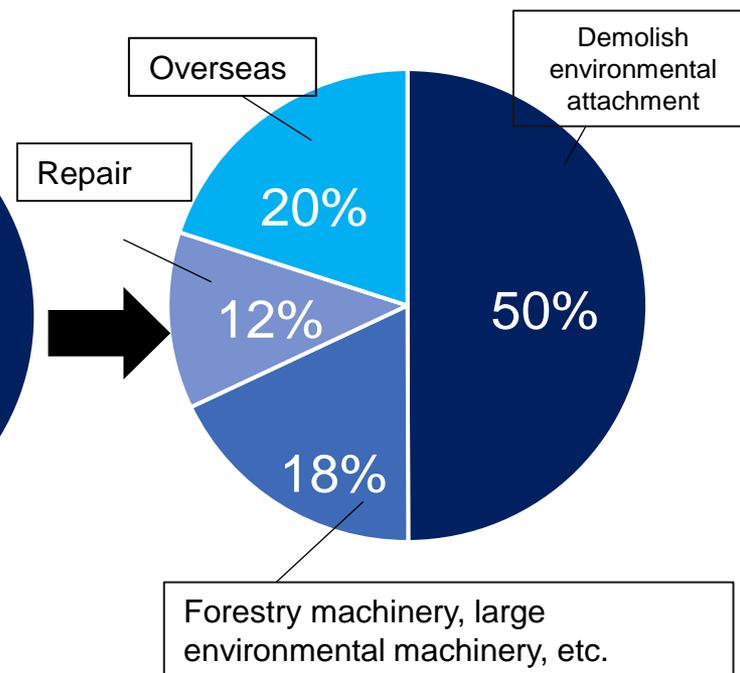
**Net sales**  
**20,306 million yen**

**FY3/22**



**Net sales**  
**23,575 million yen**

**FY3/23**



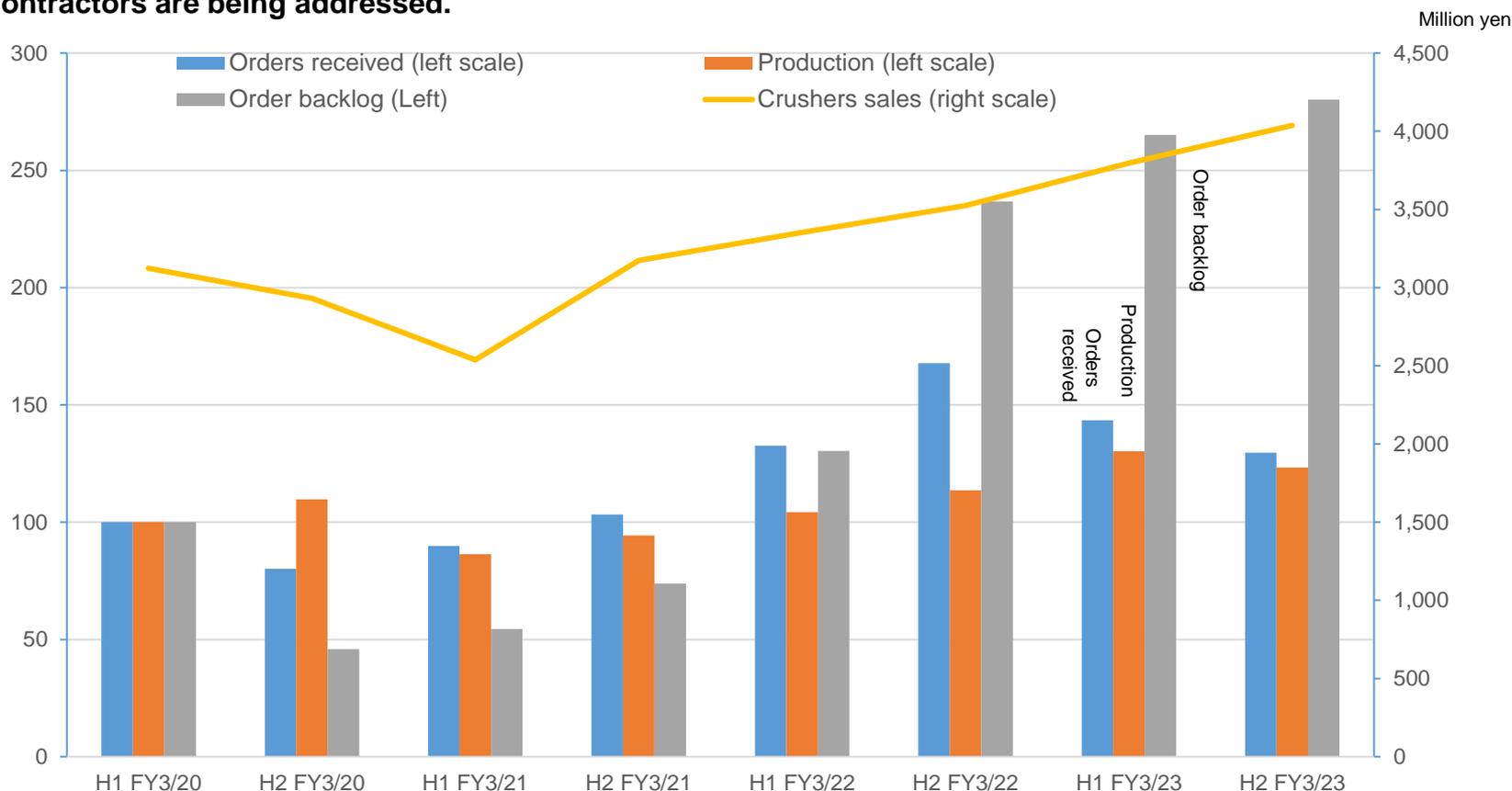
# Sales Trends by Model

(Million yen)

		FY3/21	FY3/22	FY3/23	YoY		Yo2Y	
					Amount	Changes(%)	Changes(%)	
Domestic	Demolish environmental attachment	Crushers	5,713	6,877	7,833	955	13.9	37.1
		Breakers	807	928	939	11	1.2	16.4
		Grapples	1,113	1,362	1,305	(56)	(4.2)	17.2
		Environmental attachment	585	608	579	(28)	(4.8)	(1.1)
		Others	825	932	1,147	214	23.0	39.0
		Total	9,045	10,708	11,804	1,096	10.2	30.5
	Forestry machinery, large environmental machinery, others	Forestry machinery	662	852	1,298	446	52.4	96.0
		Large environmental machinery	1,054	842	463	(379)	(45.0)	(56.1)
		Cable crane	990	1,064	1,775	711	66.8	79.3
		Others	566	598	557	(40)	(6.8)	(1.5)
		Total	3,273	3,357	4,094	737	22.0	25.1
	After-sales business	Material	1,591	1,730	1,887	156	9.1	18.6
		Repair	782	865	987	122	14.2	26.3
		Total	2,373	2,595	2,875	279	10.8	21.1
Domestic segment		14,692	16,661	18,774	2,112	12.7	27.8	
Overseas	U.S.	1,839	2,158	2,955	797	36.9	60.7	
	Europe	478	717	1,017	299	41.7	112.4	
	Asia (excluding China)	508	552	601	49	8.9	18.4	
	Others	72	216	226	10	4.7	212.4	
	Overseas segment	2,899	3,645	4,801	1,155	31.7	65.6	
Consolidated total		17,591	20,306	23,575	3,268	16.1	34.0	

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

- Sales of crushers, our mainstay product, continue to increase on the back of steady orders as a result of growth in production volume.  
Crushers sales increased by 13.9% YoY and 37.1% Yo2Y.
- Growth in orders settled due to long-term delivery times for crushers, but the order backlog remained at a high level.  
Investment in equipment at the Asaka Plant of AIYON TECH and improvement of productivity at manufacturing subcontractors are being addressed.

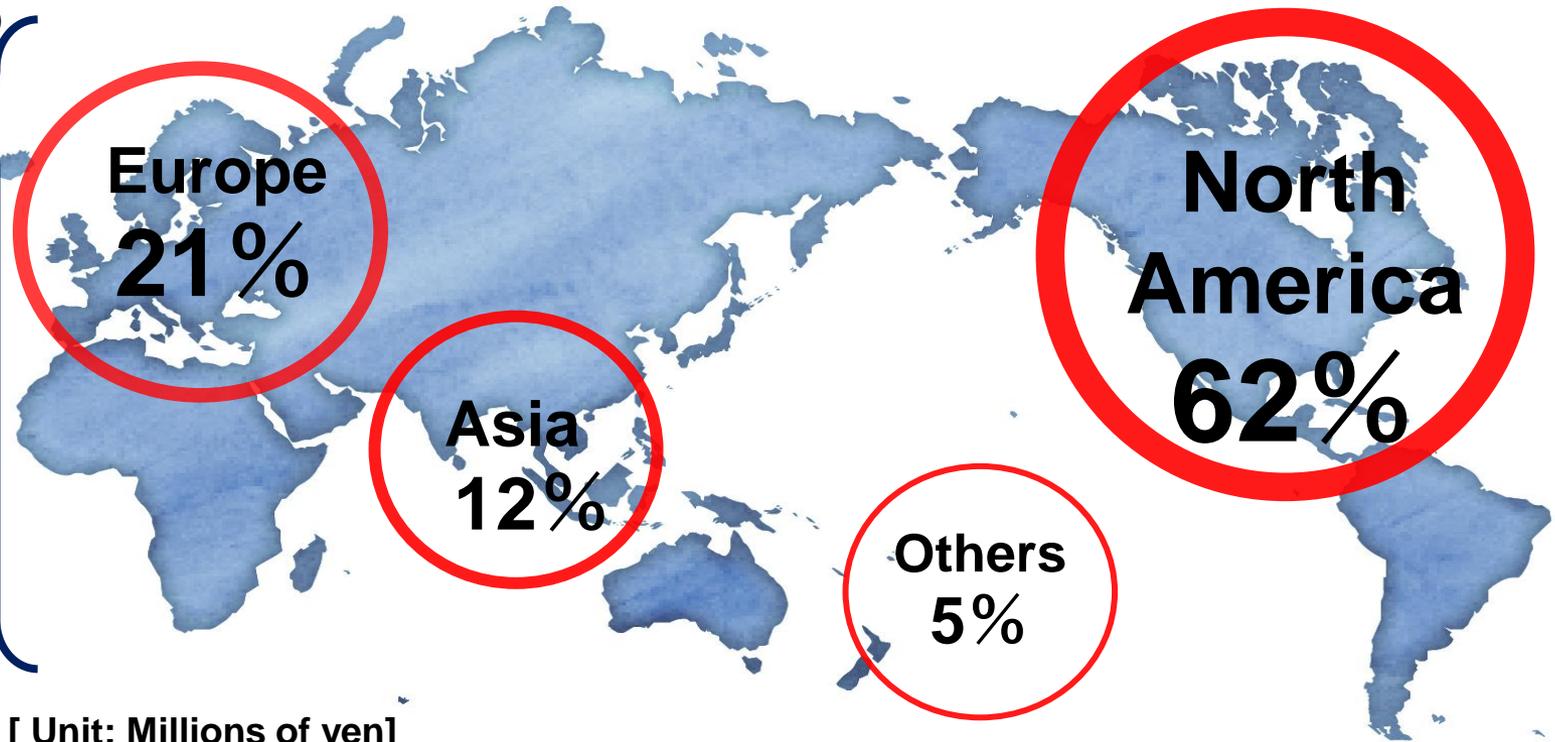


\*Orders received, production, and order backlog are set at 100 for the H1 of FY3/20.

# Sales Breakdown by Region (FY3/23)

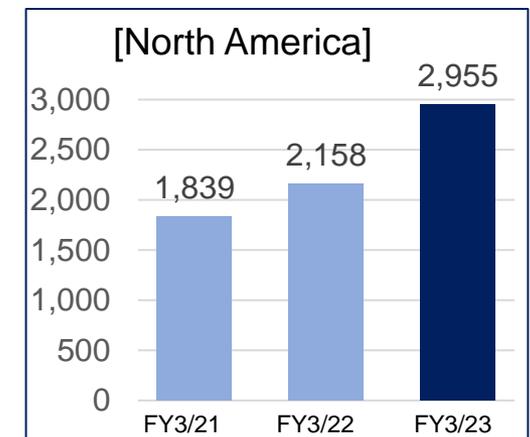
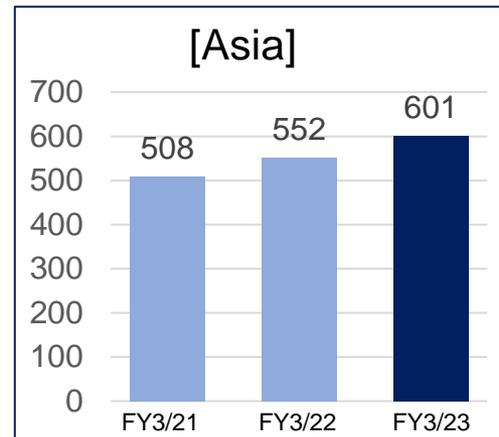
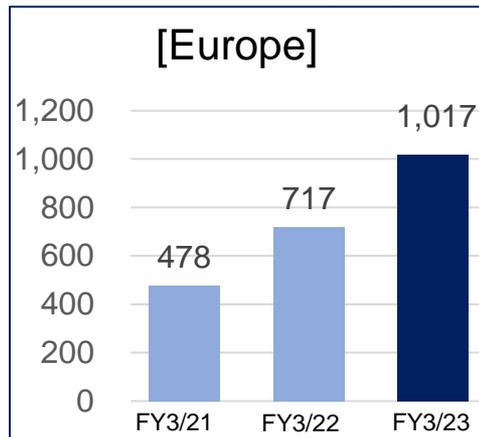
(Sales Composition)

Overseas  
20.4%



Domestic  
79.6%

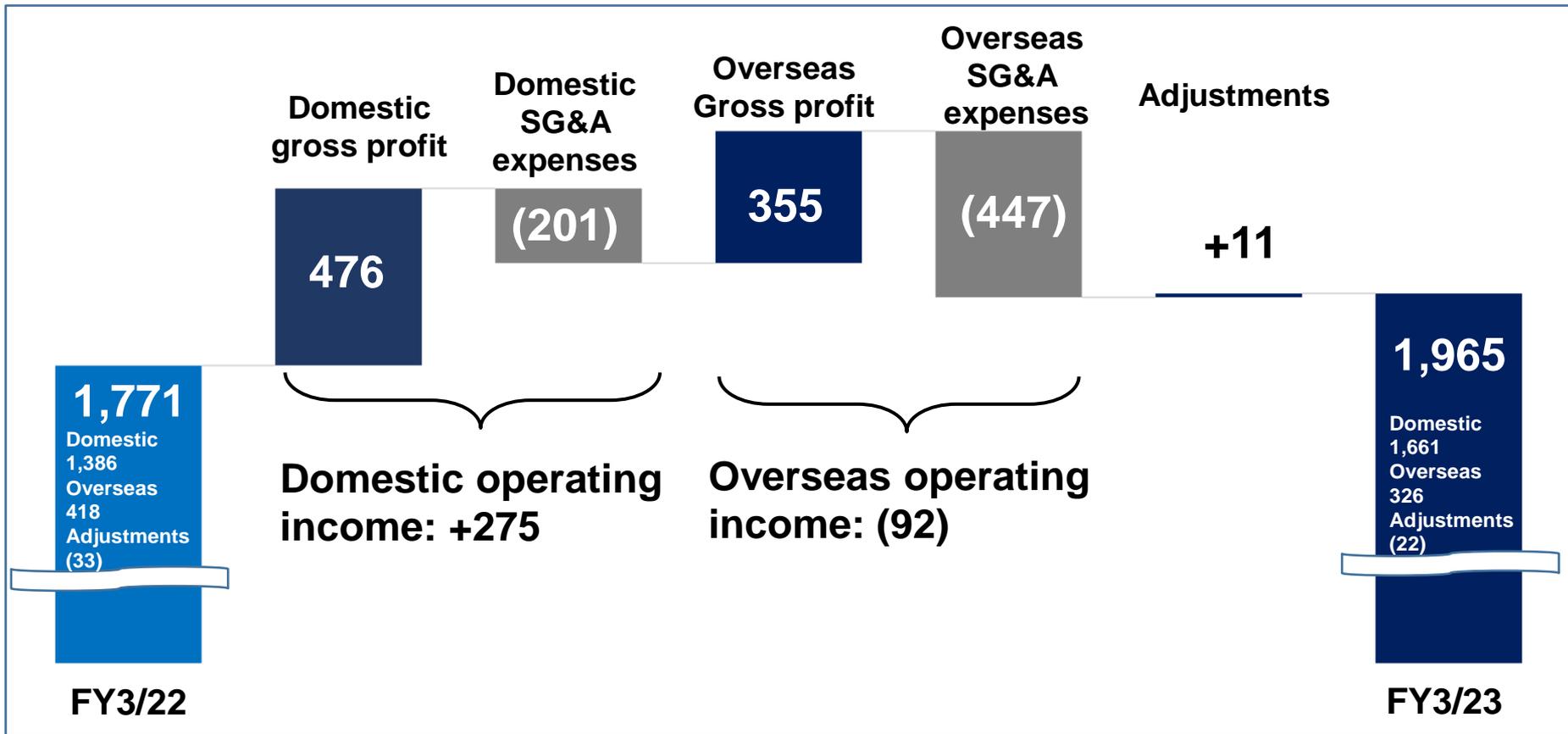
[ Unit: Millions of yen ]



# FY3/23 Factors for Changes in Operating Income

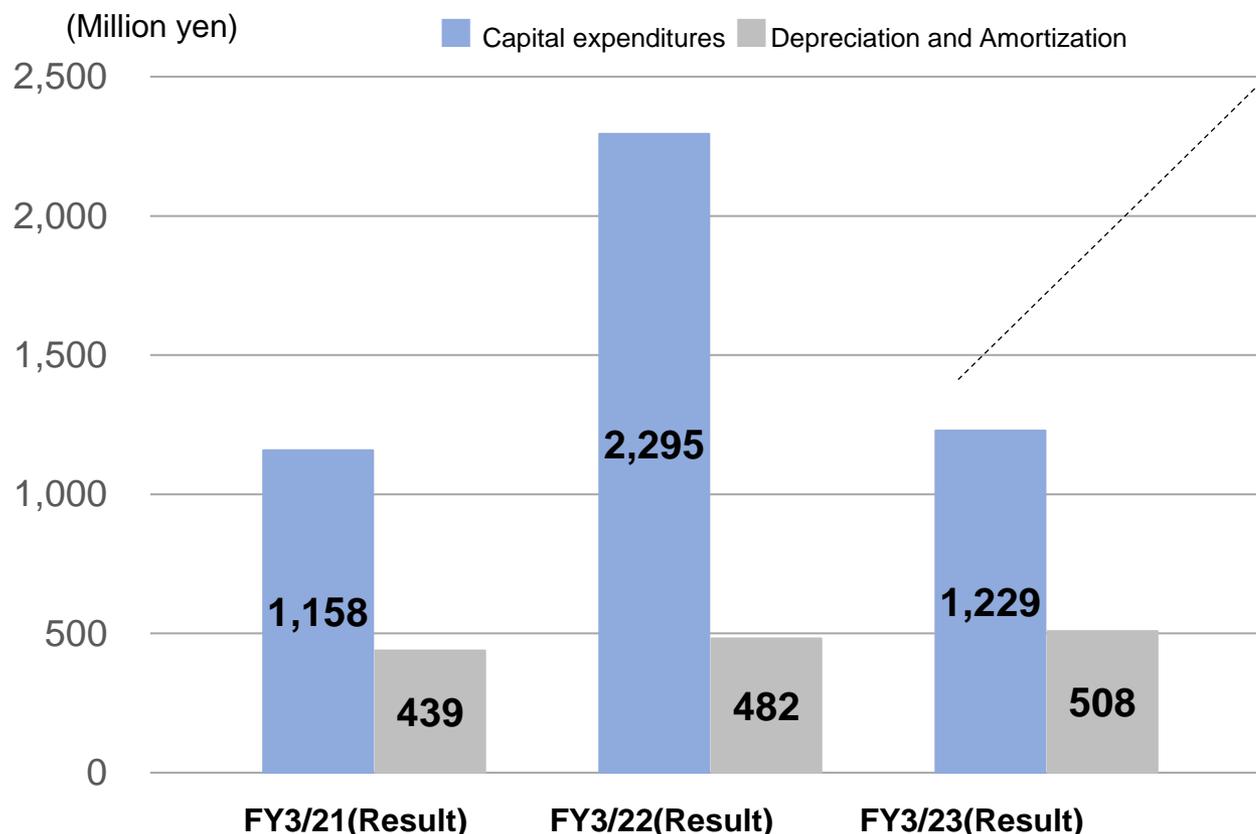
- Domestic profit increased due to strong sales of crusher, cable cranes, etc.
- Overseas, gross profit increased due to steady sales growth in the 3 regions of North America, Europe, and Asia. However, in addition to the one-time M&A expenses in North America (130 million yen), profits declined due to the absence of support from the previous year's U.S. PPP (Paycheck Protection Program) (43 million yen).

(Million yen)



# Capital Expenditures and Depreciation Plan

- Domestically, the Sapporo Sales Office was relocated to a new location and the expansion of the AIYON TECH Asaka Plant is under way to increase production.
- The new U.S. Portland headquarters (factory and warehouse) is scheduled to be completed this summer. Prepare for the expansion of the North American business.
- Purchased business property in Chicago/Okada Midwest (formerly Thoesen), USA, which was consolidated through M&A.



### FY3/23 Results

(Million yen)

Category	Plan	Results	Variance
Capital expenditures	1,000	1,229	Vs. full-year plan: 122.9%
Depreciation and Amortization	530	508	Vs. full-year plan: 95.8%

<Major Capital Expenditures>  
 Sapporo Sales Office  
 AIYON TECH Plant site  
 U.S. Head Office Plant and Warehouse  
 Okada Midwest Real Estate

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# 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

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

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



Basic policy: In Japan, we will further strengthen the value chain centered on productivity improvement, while overseas, we will steadily bring M&A (Chicago) and facility expansion (Portland) in the US to fruition and take on the challenge of early achievement of the medium- to long-term management plan VISION30 in the final year of this three-year plan.

Numerical plan

(Million yen)

	FY2022		FY2023		FY2024		FY2025	VISION30 Targets
	Results (ended March, 2023)	Previous year (FY2022) vs rolling plan	Plan (ending March, 2024)	Previous year (FY2022) vs rolling plan	Plan (ending March, 2025)	Previous year (FY2022) vs rolling plan	Plan (ending March, 2026)	
Net sales	23,575	+2,075	25,500	+2,500	27,500	+2,500	30,000	<b>30,000</b>
Operating income	1,965	(34)	2,300	+100	2,600	+100	3,000	<b>3,000</b>
Ordinary income	1,961	(38)	2,250	+50	2,550	+50	3,000	<b>3,000</b>
Net income (attributable to our shareholders)	1,414	+74	1,500	+30	1,710	+40	2,000	<b>2,000</b>
Operating profit to net sales ratio (%)	8.3	(1.0)	9.0	(0.6)	9.5	(0.5)	10.0	<b>10.0</b>
ROE (%)	10.7	+0.4	10.4	0	11.0	+0.1	11.8	<b>10.0</b>

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

# 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  
(Scheduled for  
May)**



**2016  
Hokuriku  
Sales  
Office**



**2020  
Shonan  
Sales  
Office**



**2022  
Chubu  
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

## Asia

## US



### 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

### 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

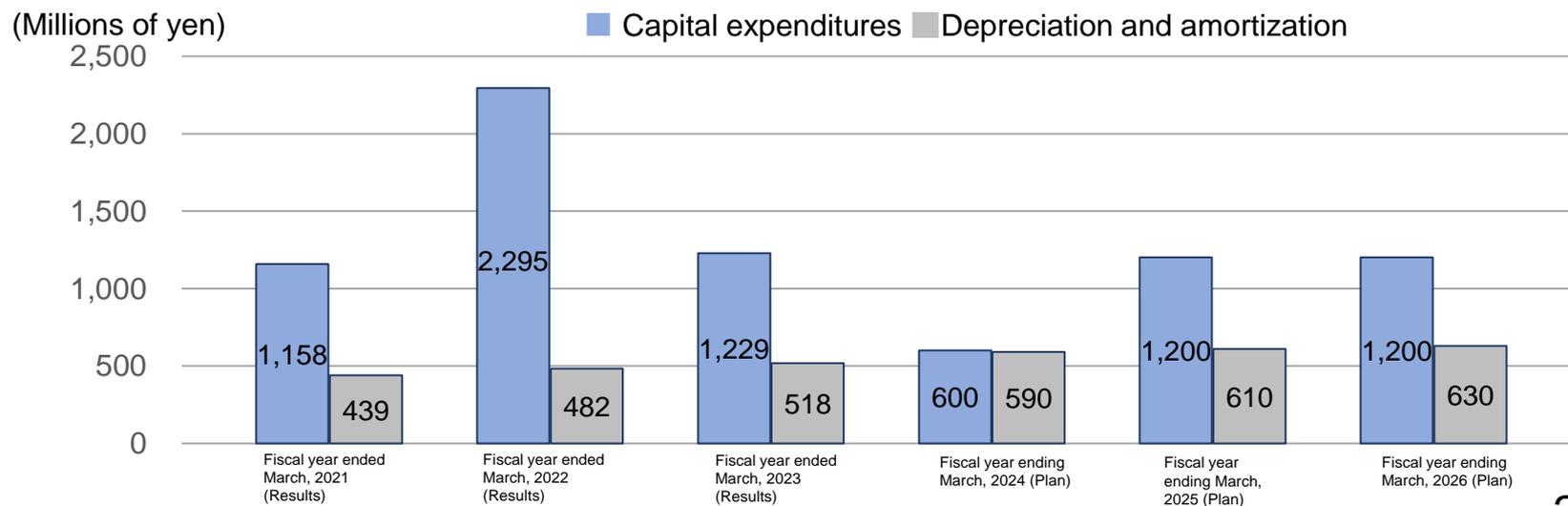
# Capital Expenditures Results / Plan

We are on track to expand facilities at our sales offices and maintenance shops in Japan to accommodate larger attachments.

The Company will focus on expanding its manufacturing plants and facilities in Tokyo and Kansai, where demand is growing.

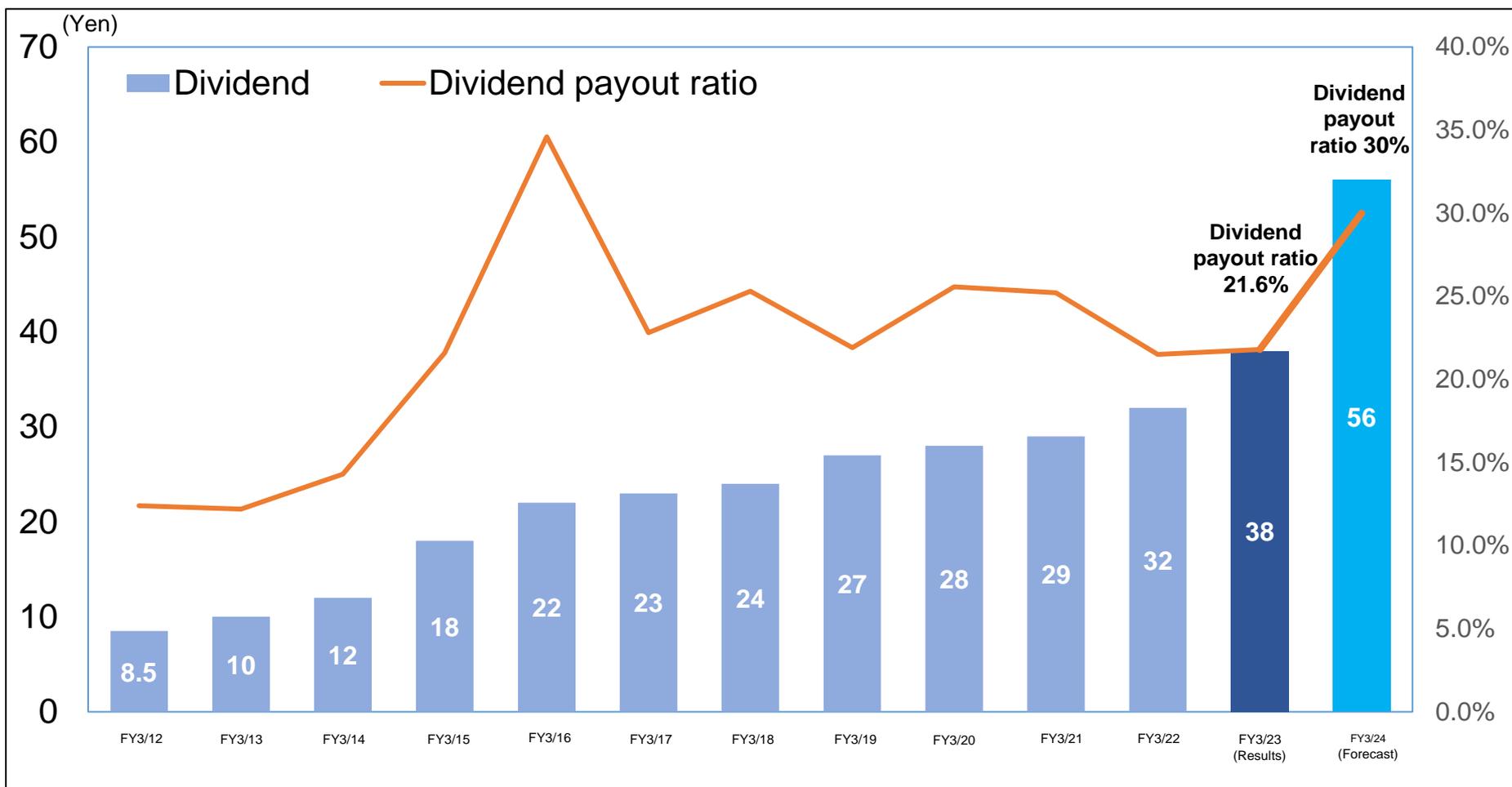
(Millions of yen)

	Results			Rolling Plan FY2023-FY2025		
	FY3/21	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Capital Investment	1,158	2,295	1,229	600	1,200	1,200
Main Facilities	Shonan Sales Office Hiroshima Sales Office	Hiroshima Sales Office Chubu Sales Office Sendai Sales Office Sapporo Sales Office	Aiyon Tech Land US Headquarters Sapporo Sales Office Okada Midwest Real Estate	US Headquarters Sapporo Sales Office	Plans to focus on facility expansion at Aiyon Tech's Asaka Plant, Tokyo Head Office, Headquarters, Kansai Branch, and technical training facilities.	
Depreciation and amortization	439	482	518	590	610	630



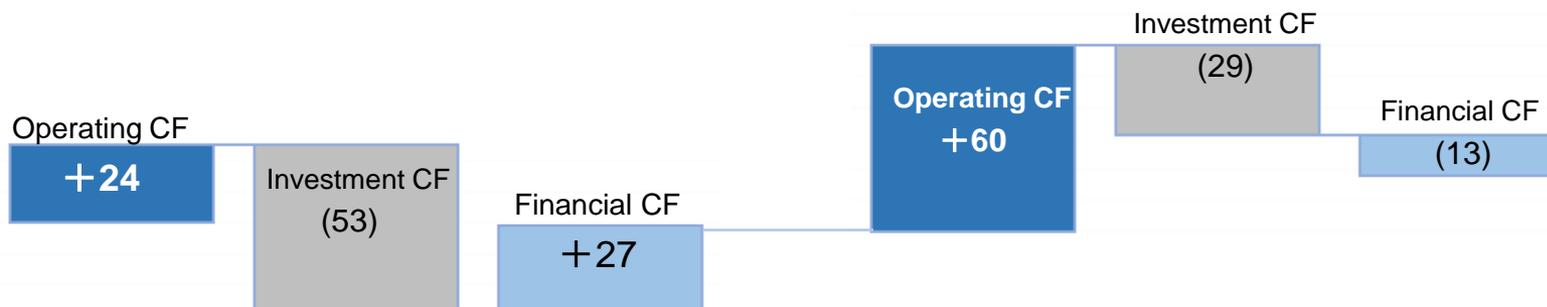
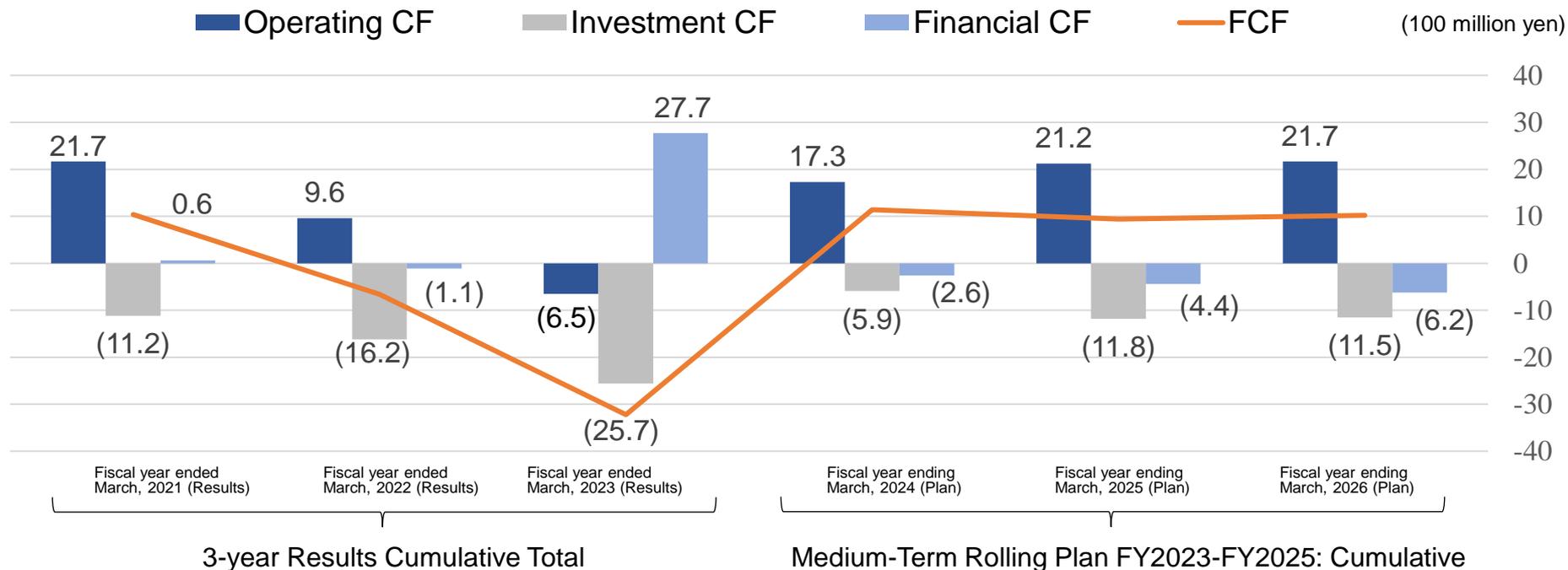
# Shareholder Returns and Dividend Policy

- The company plans to pay an annual dividend of ¥56 per share (+¥18 YoY) in fiscal year ending March, 2024, which would result in a dividend payout ratio of 30%, three years ahead of the schedule of dividend increases announced last year.
- The company will continue to increase dividends under its progressive dividend policy based on stable business growth (dividends have increased for 14 consecutive years as of this fiscal year).



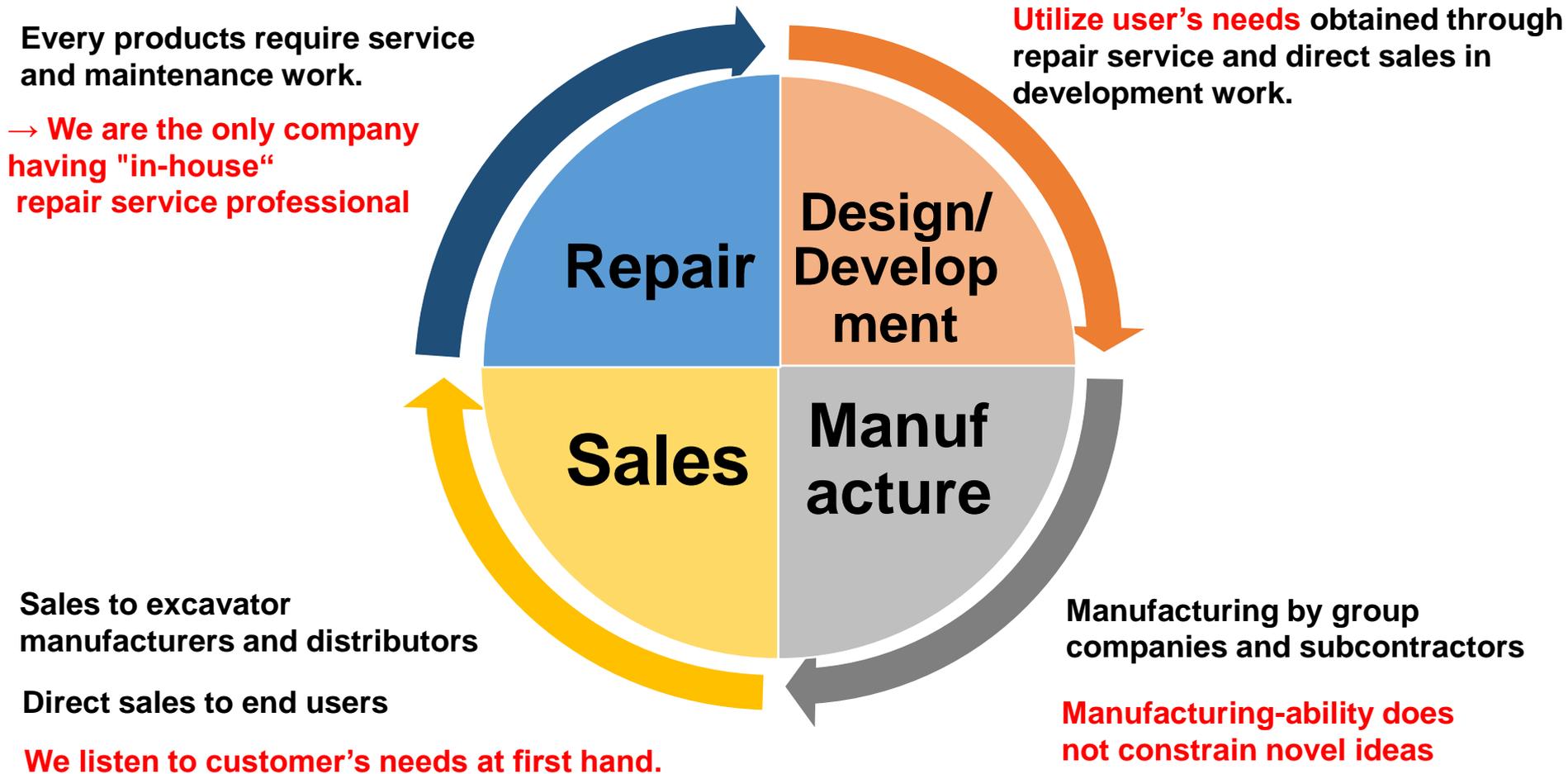
# Cash Flow: Results / Plan

In the previous three years, the Company aggressively invested in facilities and M&A in preparation for business expansion. In the three years from fiscal year ending March, 2024, the Company will continue to invest in growth while securing cash flow to recover the investment.



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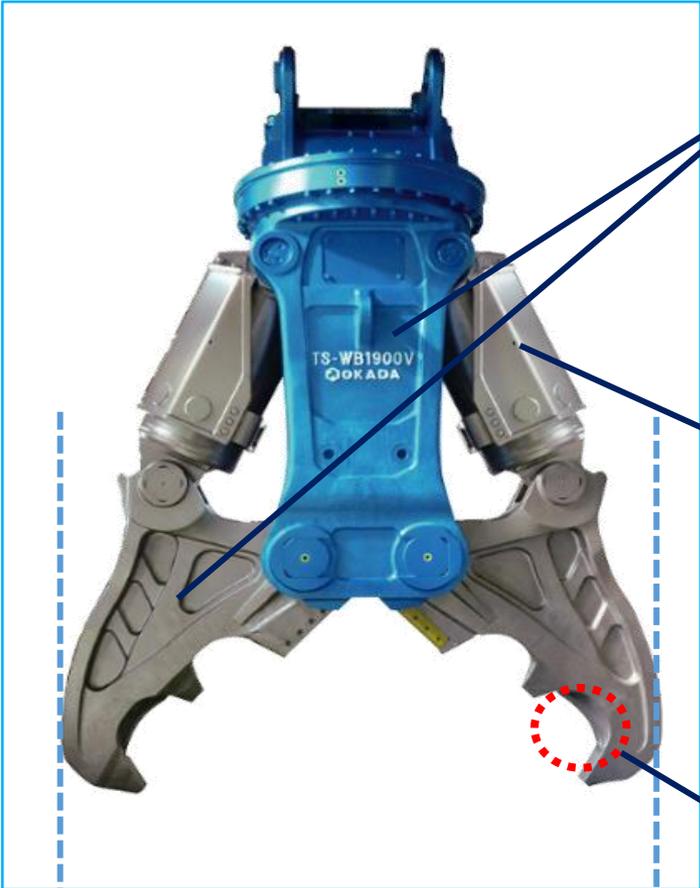
## One-stop circulation model



# 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]



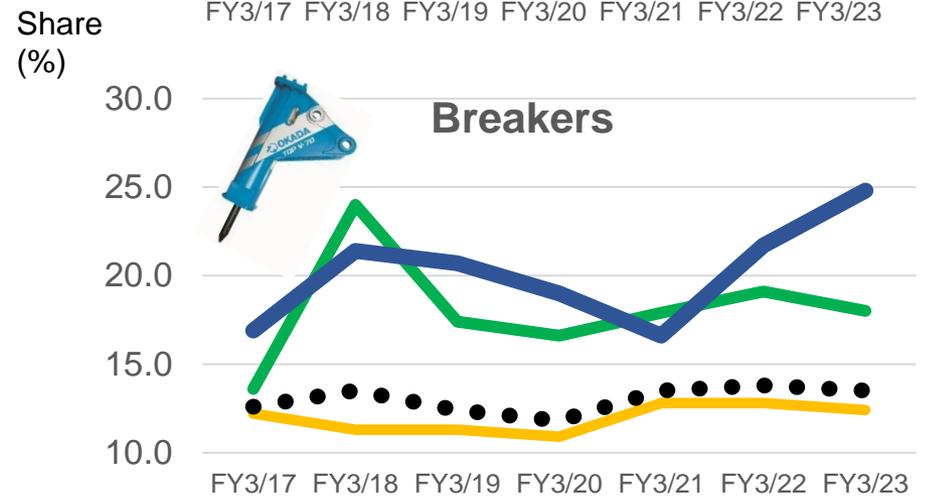
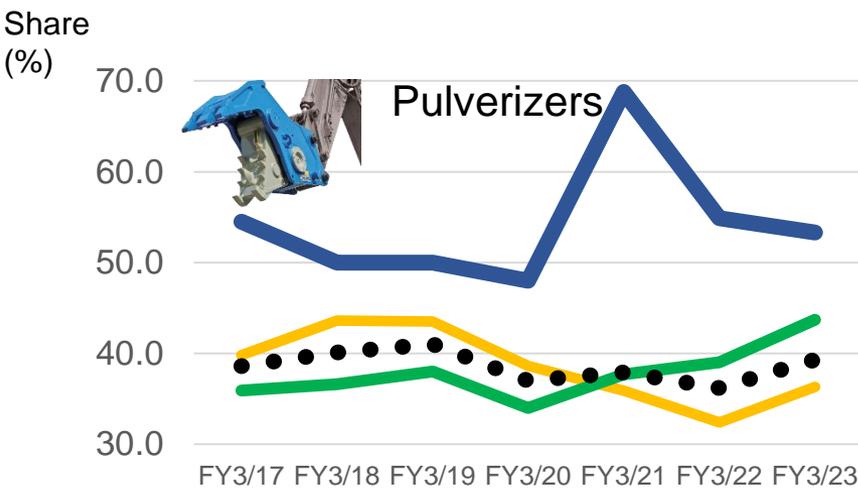
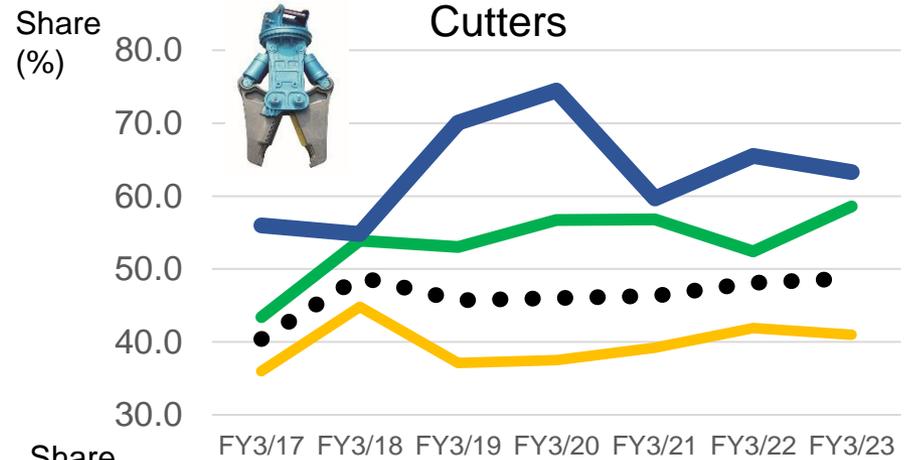
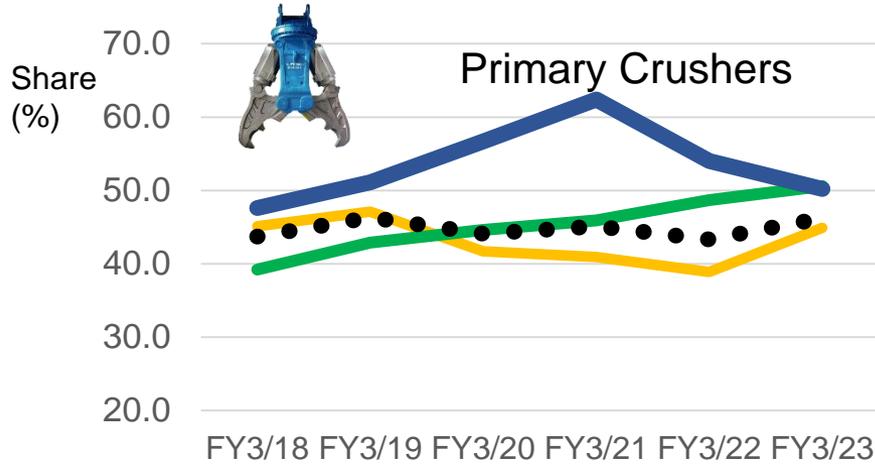
- Logging timber in the forest
- Lumbering, pruning and transporting

[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

# Domestic Share of Our Major Products by Class

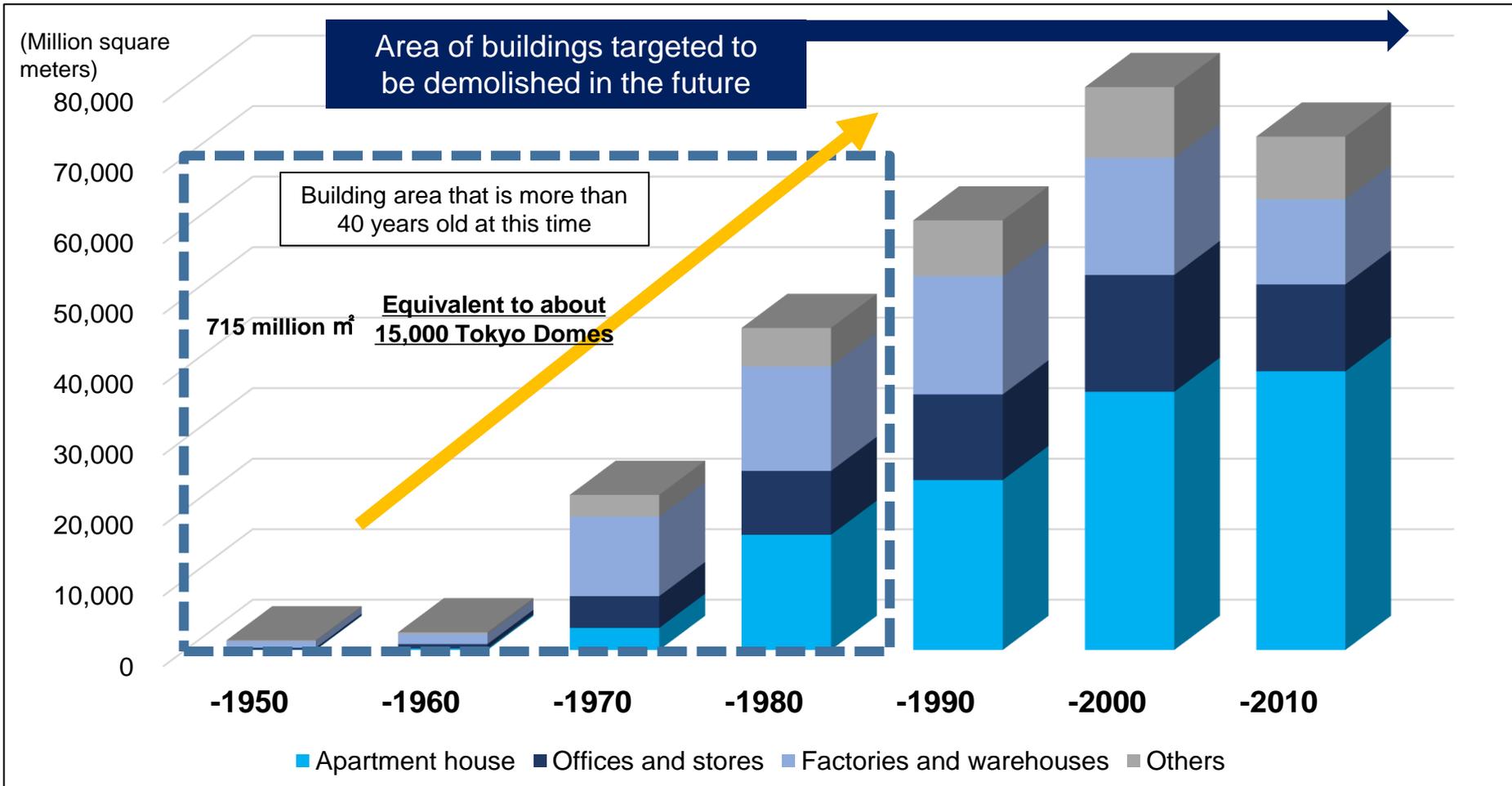


● ● ● Overall share    ■ 30 ton or over    ■ 20 to less than 30 ton    ■ Less than 20 ton

# 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).

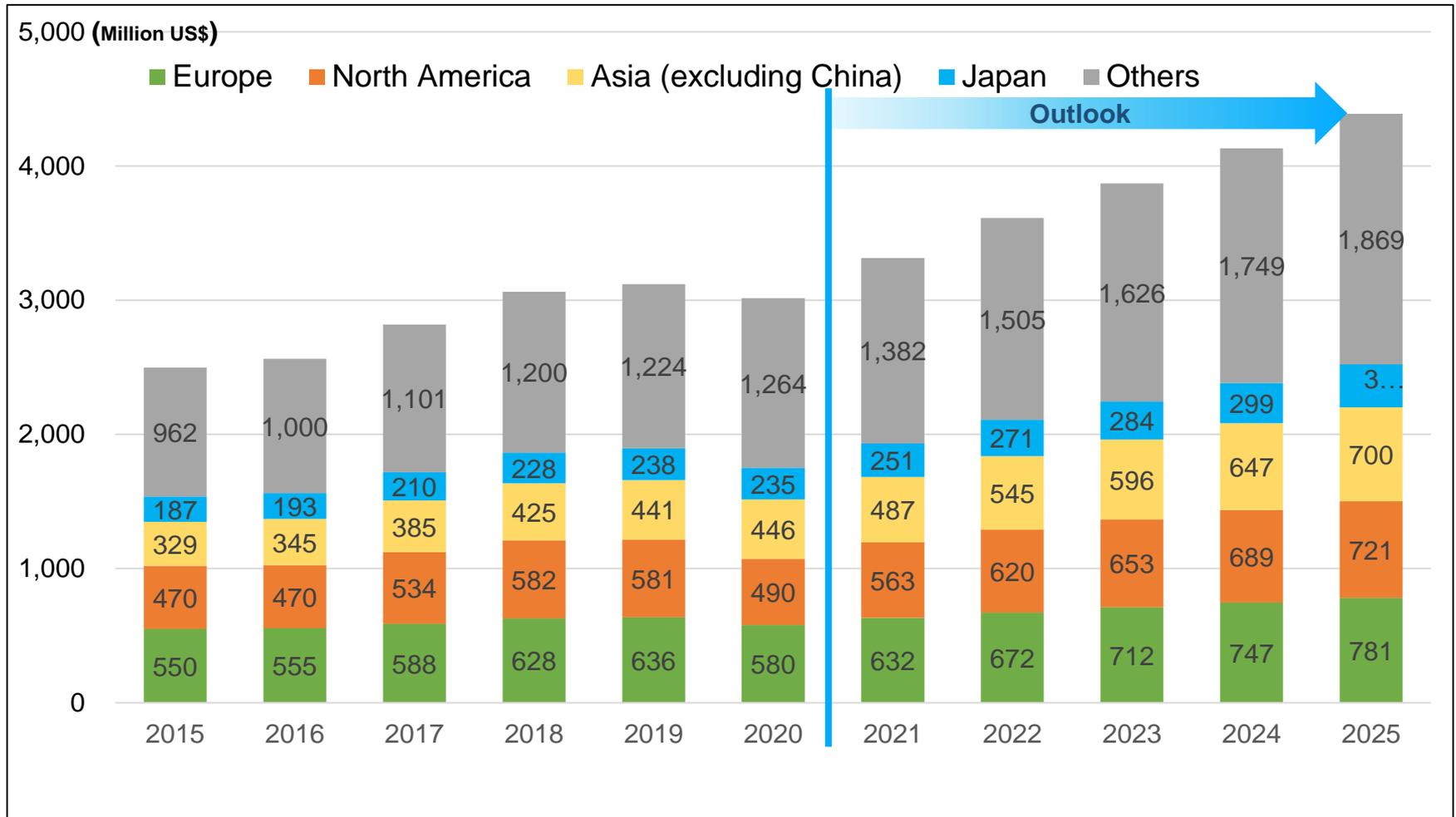


◆ Converted to the floor area of the Tokyo Dome as 46,000 m<sup>2</sup>.

# 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%**.



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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 involve risks and uncertainties.

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

(Inquiries)

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