

OKADA AIYON (6294)

Consolidated Fiscal Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
FY03/2018		15,399	1,195	1,270	666	94.9	24.0	1,161.8
FY03/2019		17,866	1,524	1,560	1,000	123.3	27.0	1,258.9
FY03/2020CoE		18,800	1,750	1,750	1,120	137.8	28.0	-
FY03/2019	YoY	16.0%	27.5%	22.8%	50.2%	-	-	-
FY03/2020CoE	YoY	5.2%	14.8%	12.2%	11.9%	-	-	-
Consolidated Half Year (Million Yen)		Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent	EPS (Yen)	DPS (Yen)	BPS (Yen)
Q1 to Q2 FY03/2019		8,773	888	917	573	-	-	-
Q3 to Q4 FY03/2019		9,093	635	642	427	-	-	-
Q1 to Q2 FY03/2020CoE		9,200	920	920	580	-	-	-
Q3 to Q4 FY03/2020CoE		9,600	830	830	540	-	-	-
Q1 to Q2 FY03/2020CoE	YoY	4.9%	3.5%	0.2%	1.2%	-	-	-
Q3 to Q4 FY03/2020CoE	YoY	5.6%	30.5%	29.2%	26.3%	-	-	-

Source: Company Data, WRJ Calculation

1.0 Executive Summary (12 July 2019)


Demolition Demand

OKADA AIYON to manufacture and sell demolition attachments as well as providing maintenance services well takes in increased demand for demolition of buildings in Japan, consistently seeing increased sales and earnings. The mainstay crushers comprising primary crushers, pulverizers and cutters are demolition attachments to replace a bucket part mounted as default for the tip of hydraulic shovel's arm and this replacement makes hydraulic shovel able to be used for demolition of buildings on a full-fledged basis. In line with increased demand for demolition of extra-large buildings in the Metropolitan area, demand for the Company's primary crushers is picking up sharply due to their capability to efficiently cope with the needs and thus increased market share in this domain for the Company. Meanwhile, the Company is keen on cultivating markets overseas where a large room remaining to do so, successfully beefing up sales of hydraulic breakers, etc. mainly in North America. Hydraulic breakers are also regarded as demolition attachments to replace a bucket part, but are also utilized in construction works and civil engineering works across the board for diverse purposes at the same time. On top of this, the Company sees recovery of earnings as expected with operations to have purchased and synergy from here is on the verge of being generated. The Company's long-term management plan "Arch 2020 Strategy" is calling for prospective sales of ¥20,000m, operating profit of ¥2,000m and operating profit margin of 10.0% in FY03/2021 or the last year of the plan, implying CAGR of 5.8% for sales and 14.5% of earnings through FY03/2020 and FY03/2021.

IR Representative: Nobuo Maenishi, Executive Director (+81 6 6576 1271 maenishi@aiyon.co.jp)

2.0 Company Profile

Manufacture / Sales / Maintenance Services for Demolition Attachments

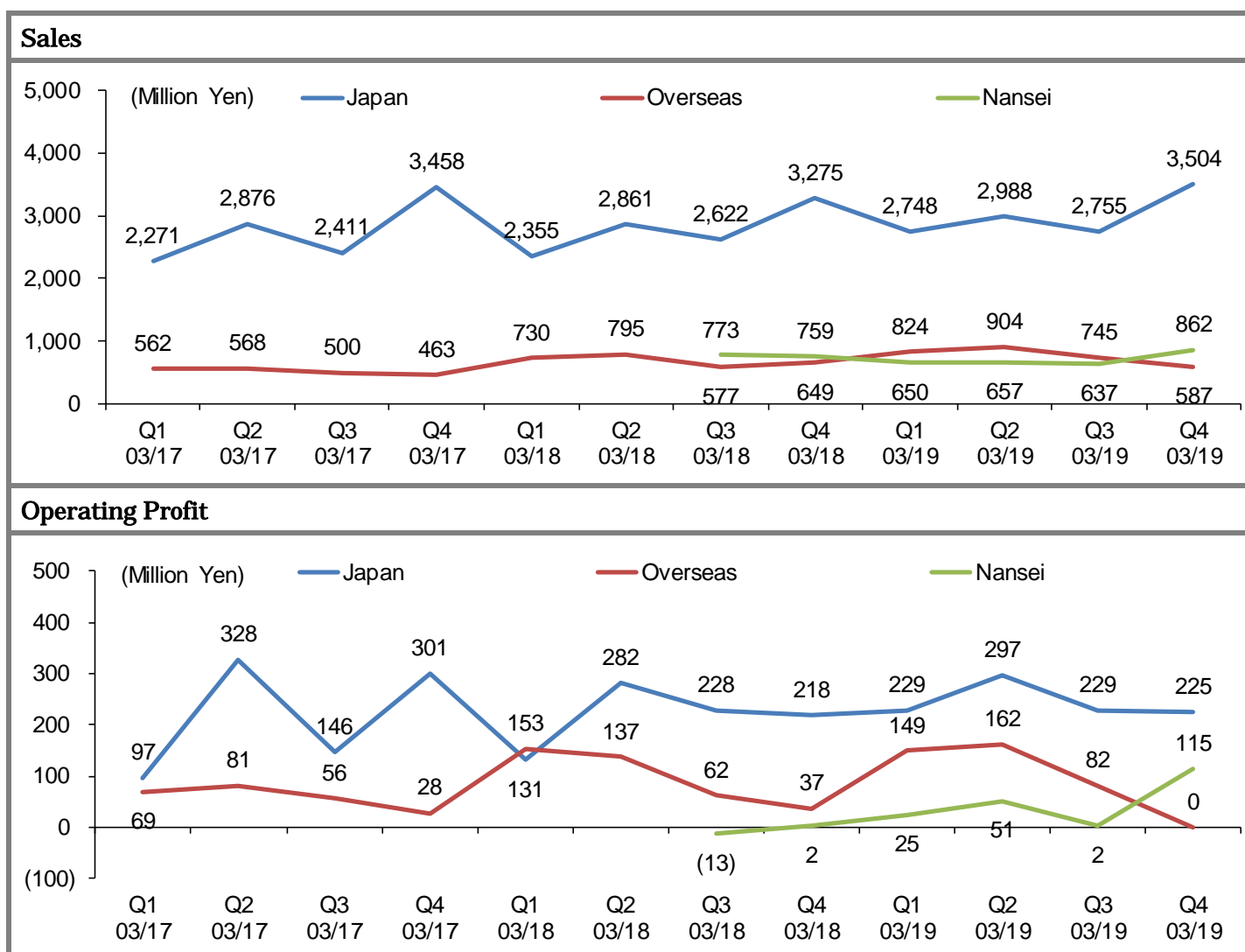
Company Name	OKADA AIYON CORPORATION Company Website IR Information Share Price (Japanese)	 OKADA AIYON CORPORATION
Established	1 September 1960	
Listing	18 March 2016: Tokyo Stock Exchange 1st section (ticker: 6294) 16 July 2013: Tokyo Stock Exchange 2nd section 11 August 1992: Osaka Stock Exchange 2nd section	
Capital	¥2,221m (as of the end of March 2019)	
No. of Shares	8,378,700 shares, including 252,615 treasury shares (as of the end of March 2019)	
Main Features	<ul style="list-style-type: none"> ● Heavily involved with demolition attachments, requiring consistent maintenance services ● Strengths on sales and maintenance services, while the manufacture being mainly of assembly of procured components, etc. ● Fully consolidated ex-Nansei group as subsidiaries since Q3 FY03/2018 	
Business Segments	<ul style="list-style-type: none"> . Japan . Overseas . Nansei 	
Top Management	President & Representative Director: Yuji Okada Chairperson & Representative Director: Toshiyuki Kanda	
Shareholders	Japan Master (trust account) 5.9%, Japan Trustee (trust account) 5.6% (as of the end of March 2019)	
Headquarters	Minato-ku, Osaka, JAPAN	
No. of Employees	Consolidated: 419, Parent: 185 (as of the end of March 2019)	

Source: Company Data

3.0 Recent Trading and Prospects

FY03/2019 Results

In FY03/2019, sales came in at ¥17,866m (up 16.0% YoY), operating profit ¥1,524m (up 27.5%), recurring profit ¥1,560m (up 22.8%) and profit attributable to owners of parent ¥1,000m (up 50.2%), while operating profit margin 8.5% (up 0.8% points). At the extraordinary level, the Company suffered from loss on guarantee for debt of ¥171m in FY03/2018, which did not reappear. Due mainly to this, profit attributable to owners of parent surged. More importantly, the Company renewed record high sales in 9 years in a row, while having renewed record high for operating profit, recurring profit and profit attributable to owners of parent at the same time.



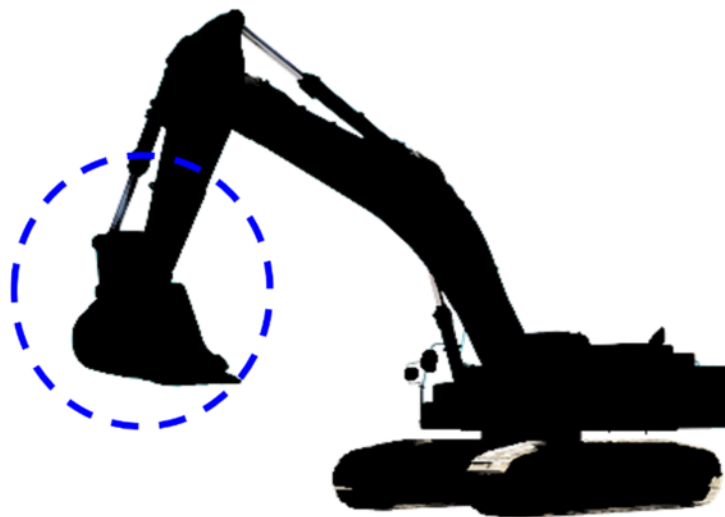
Source: Company Data, WRJ Calculation

Compared with initial Company forecasts, the results were roughly in line. Sales were better by ¥366m (2.1%), operating profit better by ¥24m (1.6%), recurring profit better by ¥60m (4.0%) and profit attributable to owner of parent better by ¥70m (7.5%). Overshoots in Q1 to Q2 results are rather larger than full-year equivalents, due to marginal shortfalls in H2. Still, the full-year results are in line with assumptions of the Company's long-term management plan "Arch 2020 Strategy" (FY03/2016 to FY03/2021).

In the business segment of Japan, the Company saw sales of ¥11,996m (up 7.9%), operating profit of ¥981m (up 14.0%) and operating profit margin of 8.2% (up 0.4% points). In the business segment of Japan, the Company runs collective 12 business offices across Japan, including headquarters office based in Osaka, while business performance as a whole for the Company basically hinges on that of Japan with 67.1% of sales and 62.4% of operating profit (before elimination) being exposed to Japan.

The mainstay demolition attachments (crushers and hydraulic breakers), accounting for the bulk of sales here, are supposed to replace a bucket part or vessel to put in and carry ores, gravels, etc., mounted as default for the tip of hydraulic shovel's arm and this replacement makes hydraulic shovel able to be used for demolition of buildings on a full-fledged basis. In other words, demolition attachments have an aspect that they are “things to break down things”. Meanwhile, demolition attachments (crushers and hydraulic breakers) are used as *the tip* of hydraulic shovel's arm and are “things to break down things” at the same time, implying that they are also used as *the tip* of process for a region to be reborn in line with redevelopment and/or new town development.

A Bucket Part of Hydraulic Shovel

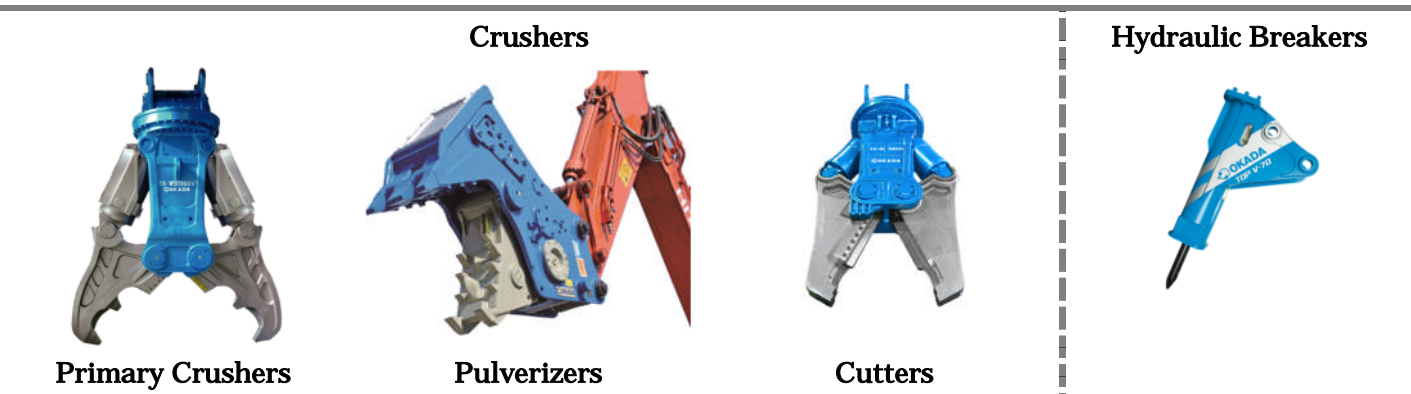


Source: Company Data

On the crushers side, the manufacture is of assembling components externally procured. In regards to the mainstay cast-metal components (to be made by pouring iron melted by heat into mold and take out after being cooled and solidified), Asaka factory (AIYON TECH. Co., Ltd., based in Asaka-city, Saitama-prefecture) is in charge of the assembly for about half of total, while the remaining half by subcontractor adopting canning method. On the hydraulic breaker side, outsourcing contractors are in charge of the manufacture on an OEM basis to supply the Company.

Thus, the Company is not heavily involved with the manufacture of demolition attachments (crushers and hydraulic breakers) in a sense, but creating a good added value from sales and maintenance services with which the Company has strengths as continuous use of demolition attachments (crushers and hydraulic breakers) requires consistent maintenance services. This is a distinguished feature with the Company amongst peers as the rest of the peers are not very keen on maintenance services across the board, according to the Company. Meanwhile, the Company is going for enhancement of the manufacture through consolidation of ex-Nansei group (internal manufacturing ratio: 90%) whose details are to be mentioned later as subsidiaries. In regards to sales of Japan by channel, the Company discloses that manufacturers of hydraulic shovel and their distributors account for 60% of total, providers of rental services 20% and final users or wreckers 20% all though own direct sales network.

Demolition Attachments (the Tip of Hydraulic Shovel: Replacing a Bucket Part)



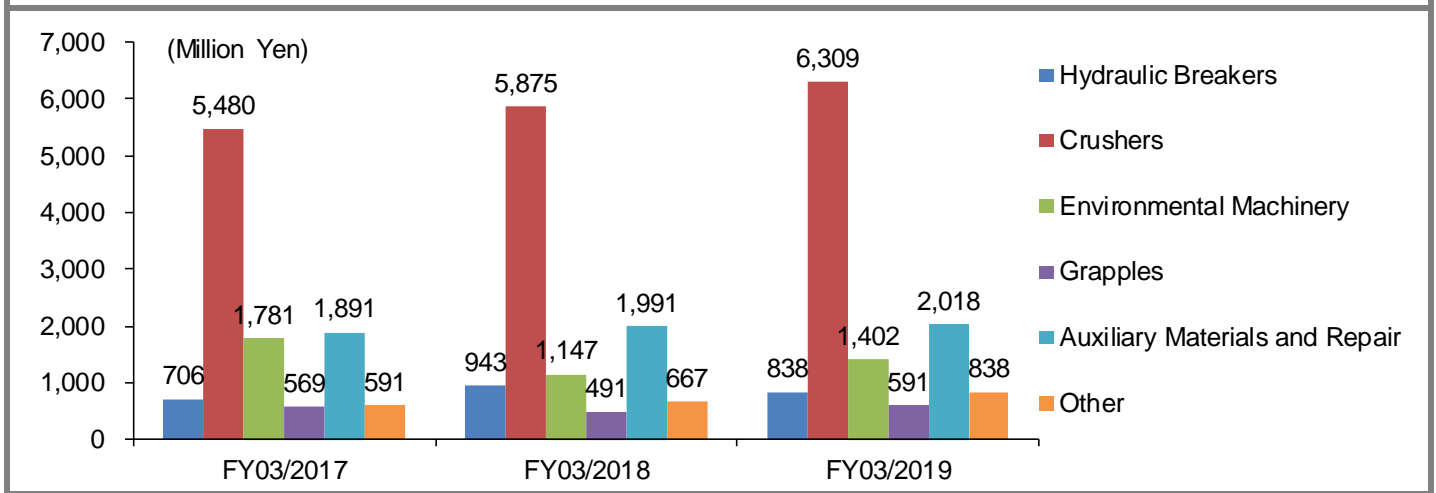
Environmental Machinery (Wood Grinders and Forestry Machinery)



Source: Company Data

Meanwhile, by product category, sales of hydraulic breakers came in at ¥838m (down 11.1%) in FY03/2019, sales of crushers ¥6,309m (up 7.4%), sales of environmental machinery ¥1,402m (up 22.3%), sales of grapples ¥591m (up 20.4%), sales of auxiliary materials and repair ¥2,018m (up 1.4%) and sales classified as other ¥838m (up 25.6%).

Sales of Japan by Product Category

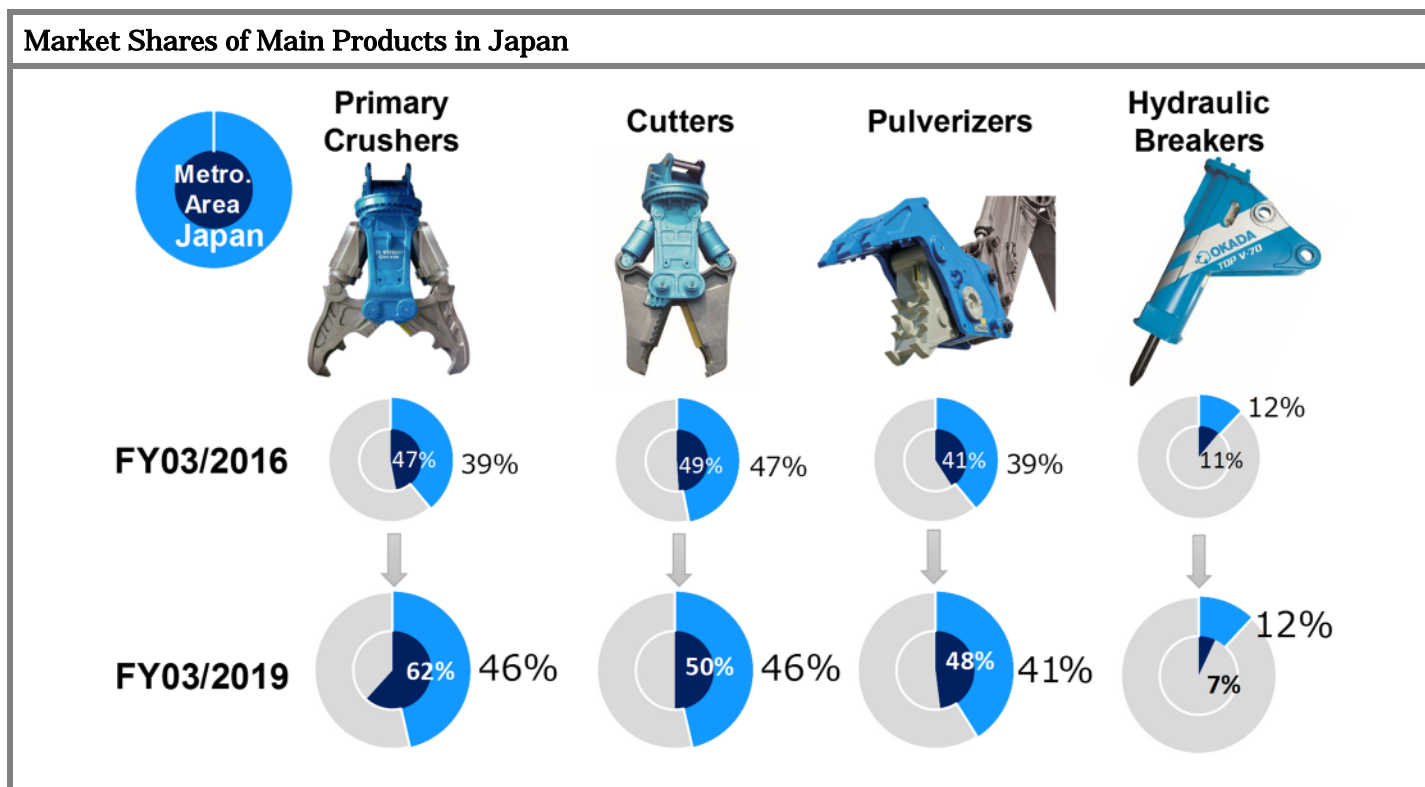


Source: Company Data, WRJ Calculation

Hydraulic breakers are adopted in all kinds of works comprising disruption of bedrocks / concrete, excavation of bedrocks, fine splitting of bedrocks / boulders, etc. at diverse sites of construction and civil engineering, ranging from public / foundation works, quarries / tunneling works / demolition of buildings, etc. Meanwhile, the Company, holding market share of 12% in Japan suffered from decreased sales in FY03/2019. It appears that the Company is losing market share in Metropolitan area (Tokyo, Kanagawa, Saitama and Chiba) as far as hydraulic breakers are concerned. According to the Company, they are suffering from commoditization as products and it is increasingly difficult to appeal any distinguished features with them and thus price-oriented competition is intensifying.

Still, more importantly, sales of Overseas mainly comprising those of hydraulic breakers are buoyant, while it appears that the Company is seeing high gross profit margin due to limited price-oriented competition in there. Actually, operating profit margin of Overseas exceeds that of Japan as a result of this, respectively, 12.9% and 8.2% in FY03/2019. Hydraulic breakers sold mainly in North America are procured from outsourcing contractors to supply the Company with them on an OEM basis in Japan. Meanwhile, it requires to spend expenses on shipping, when they are exported, as well as spending extra expenses to cope with local specifications with local operations. In spite of all those factors, local selling prices are high enough to more than compensating.

In regards the mainstay crushers comprising primary crushers, cutters, pulverizers, etc., sales are firm due to increased demand for demolition in line with vigorous redevelopment and/or rebuilding, while capacity has been well enhanced to cope with increased demand. The Company sees market share of 46% for primary crushers, 41% for pulverizers and 46% for cutters in FY03/2019, while seeing increased market shares on primary crushers and pulverizers, particularly in Metropolitan area (Tokyo, Kanagawa, Saitama and Chiba). Amongst others, the Company sees increased market share up to no less than 62% for primary crushers in Metropolitan area in FY03/2019, compared with 47% in FY03/2016. Given buildings to be demolished are getting larger than before and thus demand for primary crushers to cope with this is increasing fast, with which the Company well copes with own new products.



Source: Company Data (based on materials by Japan Construction Equipment Manufacturers Association)

Thus, the Company is heavily involved with the market for demolition attachments (crushers and hydraulic breakers) in Japan, while holding overwhelming market shares with crushers, likely to steadily taking in demand for demolition of buildings going forward. Still, there is a concern that the Company may not be able to procure components as much as needed in case demand for crushers surges. For example, cast-metal components adopted in crushers are procured from limited number of subcontracted suppliers who are inclined to allocate their own capacity depending on their own decision-making. In the same way, it is too hard for the Company to control their capex plan as it may be taken for granted. It could be the case that the Company set up own capacity for the said components, but the Company would like to avoid it as the business will be exposed to too much risk if doing so, as far as we could gather. Meanwhile, on the hydraulic breakers side, there are effectively no procurement constraints, but the Company has to confront price-oriented competition.

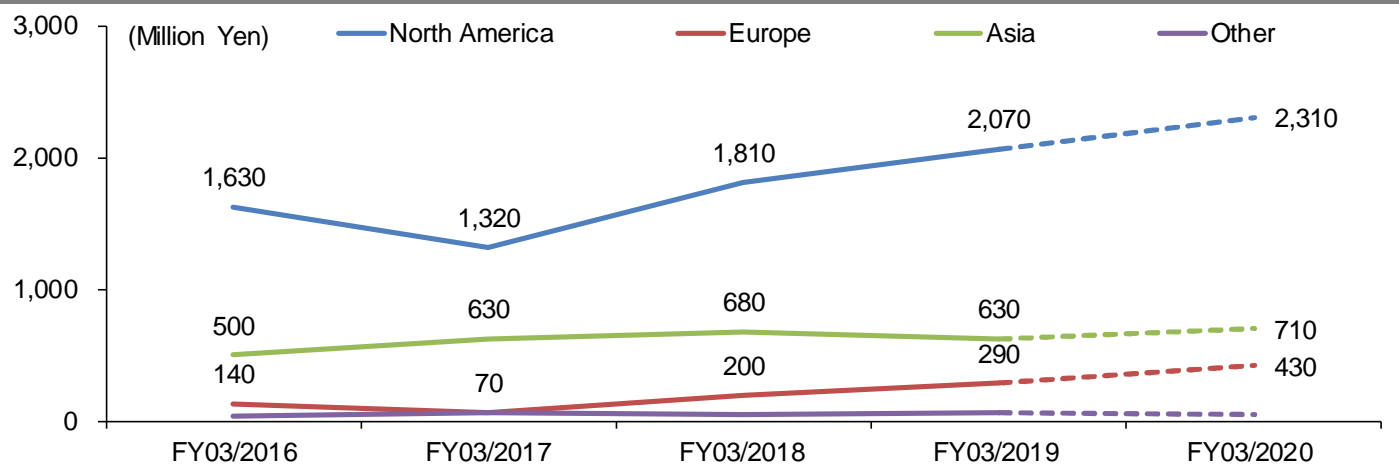
On the environmental machinery side, the Company imports and sells wood grinders and forestry machinery represented by Wood Hog and Big-Bass. The Company imports all those merchandises from manufacturers based in the United States, Germany, etc., while not only stocking and selling them but also being heavily involved with maintenance services after sales. Sales in FY03/2018 were stagnating due to negative impacts from exhaust gas regulations, but they did not reappear two years in a row, having resulted in buoyant sales in FY03/2019.

On the grapples side, sales with the Company are buoyant in line with market trend that demand associated with demolition of low-rise wooden houses is picking up. Meanwhile, sales of auxiliary materials and repair came in at ¥2,018m (up 1.4%) as mentioned earlier, having comprised those of ¥1,176m (down 1.0%) for raw materials and ¥842m (up 4.8%) for repair services. In other words, sales here are of maintenance services associated with demolition attachments, etc. and the Company suggests gross profit margin is the highest in regards to sales of all those maintenance services here out of the Company as a whole.

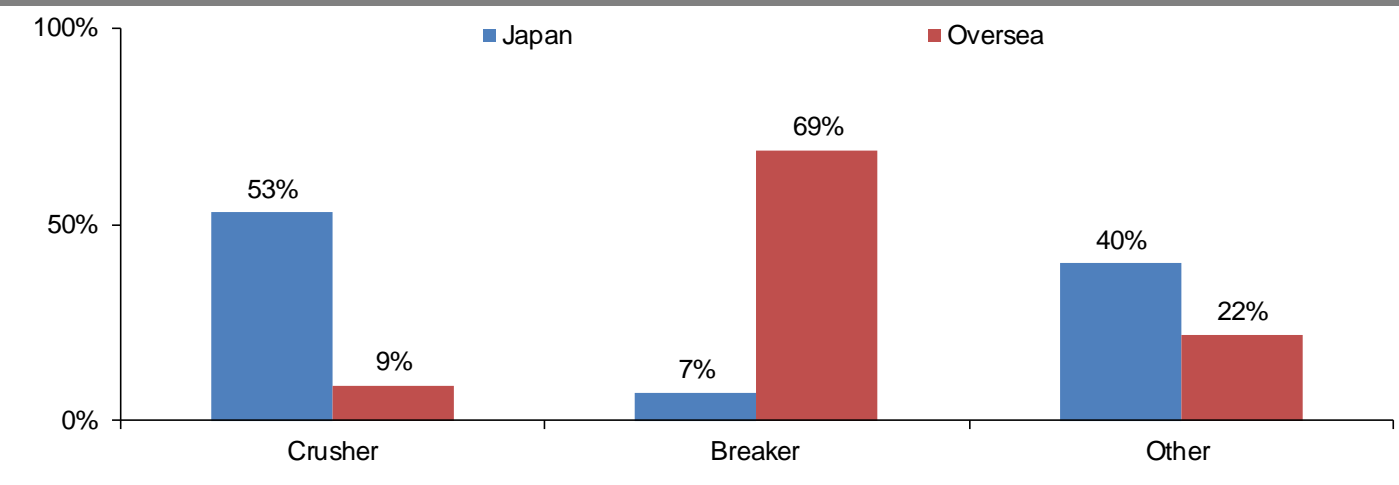
Lastly, sales classified as other are driven by increased demand for couplers and watering boy (Sansui Kozo). Couplers are equipment to efficiently mount demolition attachments onto the tip of hydraulic shovel's arm. As mentioned earlier, the size of crushers is now enlarging and it is starting to take too much time to mount with the existing ways based on human power, while it is increasingly more important to pay attention to safety due to the same reason. Couplers provide this problem with solutions by means of completing the mounting in 10 minutes, versus half day for the same mounting work with human power, for example. Meanwhile, when doing the works of demolition, it has been the case that watering by human power was always carried out in order to reduce dust generation. Now, this is started to get replaced by equipment called watering boy (Sansui Kozo). This equipment is increasingly accepted at the sites of demolition as the adoptions cut back on personnel expenses as well as on those of safety considerations, improving cost efficiency with the operations as a whole.

Meanwhile, in the business segment of Overseas, the Company saw sales of ¥3,061m (up 11.2%), operating profit of ¥395m (up 1.1%) and operating profit margin of 12.9% (down 1.3% points). By region, sales of North America came in at ¥2,070m (up 14%) and accounted for 68% of total on a rounded basis with the Company's disclosure, implying that sales of North America are the mainstay of sales with the business segment of Overseas. Sales of Asia came in at ¥630n (down 7%) and accounted for 21% of total, sales of Europe ¥290m (up 45%) for 9% and the remaining 2% for those of other regions. By product category, hydraulic breakers accounted for 69% of total and crushers 9%, implying that the Company is exposed to the former far larger than Japan and vice versa for the latter. In other words, the bulk of sales with Overseas are of hydraulic breakers in North America.

Sales of Overseas by Region



Sales Breakdown by Region for Each Product Category: FY03/2019



Source: Company Data, WRJ Calculation

In the United States, accounting for the bulk of sales in North America, the Company runs Ohio branch and Texas branch on top of Okada America Head Office (Portland, Oregon). Thus, it appears that the Company has set up sales network across the nation in a sense. In the United States, the Company is trying to get at cultivating new distributors for the sake of further beefing up local sales, while enriching product lineup for crushers, etc. at the same time. FY03/2020 Company forecasts assume sales of ¥2,310m (up 12%) in North America.

In the United States, the Company sees local subsidiary's operations headed by locally-hired management running very well and is keen on implementing measures to further hire local human resources. With respect to local business conditions, although public works are rather unclear, the Company sees good prospects for private projects. For example, the Company finds especial firmness on pipeline-related projects. In fact, given that there are lots of limestones just below surface layer of geographical features in the United States, it is often the case that works are hindered by them as far as exclusively depending on bulldozers. Thus, demand for hydraulic breakers is on the rise. Not only pipeline-related projects, etc., but also is the story true of housing-related projects, road maintenance, etc. As discussed earlier, hydraulic breakers are used across the board at the sites of construction and engineering works on top of demolition of buildings.

While the Company has basically focused on sales promotions of hydraulic breakers in the United States so far with Overseas, the market in Europe is even larger than North America, according to the Company. On top of the market for hydraulic breakers being doubled in Europe when compared with North America, there exists market for crushers in Europe to a certain extent. The Company suggests that market for crushers on a global basis comprises that of Japan (65% of total), Europe (25%) and other countries (10%), when roughly speaking. Looking to future development here in Europe, the Company set up representative office in Rotterdam, the Netherlands, in August 2017, while planning to make this into local subsidiary by the end of FY03/2020 as well as making progress with local hiring in order to accelerate cultivation activities in there. FY03/2020 Company forecasts are going for sales of ¥430m (up 48%) in Europe.

In Asia, there exists secondhand market and price-oriented competition is tough, having resulted in decreased sales in FY03/2019 for the Company. Nevertheless, the Company is looking to new development together with new measures for market cultivation, currently planning to set up representative office in Thailand. This is expected to drive local sales in Asia. FY03/2020 Company forecasts are going for sales of ¥710m (up 13%) in Asia.

Meanwhile, in the business segment of Nansei, sales came in at ¥2,808m, operating profit ¥194m and operating profit margin 6.9%. This business segment was created in Q3 FY03/2018 owing to consolidation of ex-Nansei Group as subsidiaries, having seen full-year consolidation for the first time in FY03/2019. This business segment saw sales of ¥1,532m, operating profit of negative ¥11m and operating profit margin of negative 0.7% in H2 (Q3 and Q4) FY03/2018. Over the results here, this business segment has seen a major improvement of earnings in a sense, but the Company says that business performance in FY03/2019 is as originally expected and synergy is to be generated from now.

In April 2019, the Company enforced merger among three companies of ex-Nansei Group with Nansei Machinery as surviving company, while planning to adopt core system common as a whole for the Company in order to further pursue integrated operations and/or rationalization. On top of this, corporate identity has changed to “OKADA NANSEI” as brand, currently implying that it belongs to the OKADA group.

In the first place, given that ex-Nansei Group has strengths on the manufacture (internal manufacture ratio: 90%), the Company, holding strengths on sales and maintenance services, is expected to gradually generate synergy with this merger. Still, it does not have exposure to the manufacture of cast-metal components adopted in the mainstay crushers and thus synergy is expected to be generated on the manufacture of peripheral parts side and on the sales side.

Nansei Machinery in charge of operation of the business segment of Nansei is based in Kikuchi-city, Kumamoto-prefecture, while running 10 business offices in Japan, including headquarters office where it is based. According to the Company, mainstay products with Nansei are forestry grapples, cable cranes for dam construction and winches. Forestry grapples are mounted for the tip of hydraulic shovel's arm, just like demolition attachments (crushers and hydraulic breakers), functioning as attachments to grasp wood. While winches are equipment to drag wood with rolling ropes, cable cranes for dam construction is something typical with Nansei. i.e., those to transport materials to deposit concrete for dam construction and also for that of hydraulic power plant most recently. The Company suggests that design, execution of works and management control for steel towers and cables for the sake of using the said cranes are implemented together with scheme just like those of general contractors.

Main Products with Nansei



Forestry Grapples



Cable Cranes for Dam Construction



Winches

Source: Company Data

In regards to the mainstay forestry grapples and winches, the Company is making progress with changeover to new models with enhanced competitiveness, while trying to improve productivity and profit margin in line with introduction of planned manufacture of standard models as well as reviewing cost management. Meanwhile, aforementioned watering boy (Sansui Kozo) is currently all manufactured by Nansei Machinery. Sales booked here are of processing fees only and thus impacts are not significant in sales, but the Company is keen on increasing a case like this as much as possible for the sake of beefing up benefits from cooperation on the manufacture. Meanwhile, the Company has already started playing the role of facilitator for sales promotions for Nansei's products in order to support sales and maintenance services with Nansei, albeit not much to date.

Sales of this business segment mainly comprise those of forestry machines represented by forestry grapples by 33%, cable cranes by 27% and metal recycling machines by 14%. Metal recycling machines are also mounted for the tip of hydraulic shovel's arm just like demolition attachments (crushers and hydraulic breakers) and 60% of sales with Nansei are of direct sales to manufacturers of hydraulic shovels and their distributors and the remaining 40% are of direct sales to end users.

FY03/2019 Company Forecasts and Results

Consolidated Fiscal Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
FY03/2019CoE	11-May-18	Q4 Results	17,500	1,500	1,500	930
FY03/2019CoE	10-Aug-18	Q1 Results	17,500	1,500	1,500	930
FY03/2019CoE	9-Nov-18	Q2 Results	17,500	1,500	1,500	930
FY03/2019CoE	8-Feb-19	Q3 Results	17,500	1,500	1,500	930
FY03/2019Act	14-May-19	Q4 Results	17,866	1,524	1,560	1,000
		Amount of Gap	366	24	60	70
		Rate of Gap	2.1%	1.6%	4.0%	7.5%
FY03/2019CoE	11-May-18	Q4 Results	17,500	1,500	1,500	930
FY03/2019Act	14-May-19	Q4 Results	17,866	1,524	1,560	1,000
		Amount of Gap	366	24	60	70
		Rate of Gap	2.1%	1.6%	4.0%	7.5%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q1 to Q2 FY03/2019CoE	11-May-18	Q4 Results	8,500	800	800	500
Q1 to Q2 FY03/2019CoE	10-Aug-18	Q1 Results	8,500	800	800	500
Q1 to Q2 FY03/2019Act	9-Nov-18	Q2 Results	8,773	888	917	573
		Amount of Gap	273	88	117	73
		Rate of Gap	3.2%	11.0%	14.6%	14.6%
Q1 to Q2 FY03/2019CoE	11-May-18	Q4 Results	8,500	800	800	500
Q1 to Q2 FY03/2019Act	9-Nov-18	Q2 Results	8,773	888	917	573
		Amount of Gap	273	88	117	73
		Rate of Gap	3.2%	11.0%	14.6%	14.6%
Consolidated Half Year (Million Yen)	Date	Event	Sales	Operating Profit	Recurring Profit	Profit Attributable to Owners of Parent
Q3 to Q4 FY03/2019CoE	11-May-18	Q4 Results	9,000	700	700	430
Q3 to Q4 FY03/2019CoE	10-Aug-18	Q1 Results	9,000	700	700	430
Q3 to Q4 FY03/2019CoE	9-Nov-18	Q2 Results	8,727	612	583	357
		Amount of Gap	(273)	(88)	(117)	(73)
		Rate of Gap	(3.0%)	(12.6%)	(16.7%)	(17.0%)
Q3 to Q4 FY03/2019CoE	8-Feb-19	Q3 Results	8,727	612	583	357
Q3 to Q4 FY03/2019Act	14-May-19	Q4 Results	9,093	635	642	427
		Amount of Gap	366	23	59	70
		Rate of Gap	4.2%	3.8%	10.1%	19.6%
Q3 to Q4 FY03/2019CoE	11-May-18	Q4 Results	9,000	700	700	430
Q3 to Q4 FY03/2019Act	14-May-19	Q4 Results	9,093	635	642	427
		Amount of Gap	93	(65)	(58)	(3)
		Rate of Gap	1.0%	(9.3%)	(8.3%)	(0.7%)

Source: Company Data, WRJ Calculation

Income Statement (Cumulative, Quarterly)

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Sales	3,085	6,742	10,715	15,399	4,222	8,773	12,911	17,866	+2,466	
CoGS	2,135	4,728	7,587	11,027	2,964	6,126	9,029	12,607	+1,579	
Gross Profit	949	2,014	3,127	4,372	1,258	2,646	3,882	5,259	+887	
SG&A	664	1,308	2,181	3,177	865	1,757	2,684	3,735	+557	
Operating Profit	285	705	945	1,195	392	888	1,197	1,524	+329	
Non Operating Balance	5	4	0	75	7	29	32	35	(39)	
Recurring Profit	290	710	946	1,270	399	917	1,229	1,560	+289	
Extraordinary Balance	(18)	(32)	(241)	(197)	0	0	(12)	(39)	+158	
Profit before Income Taxes	272	677	704	1,073	399	917	1,216	1,521	+447	
Total Income Taxes	91	266	288	407	135	344	460	520	+113	
Profit Attributable to Owners of Parent	180	410	416	666	264	573	756	1,000	+334	
Sales YoY	+8.9%	+7.4%	+16.6%	+17.4%	+36.9%	+30.1%	+20.5%	+16.0%	-	
Operating Profit YoY	+71.7%	+22.3%	+21.7%	+8.0%	+37.6%	+26.0%	+26.6%	+27.5%	-	
Recurring Profit YoY	+100.3%	+30.2%	+21.9%	+16.4%	+37.4%	+29.2%	+30.0%	+22.8%	-	
Profit Attributable to Owners of Parent YoY	+97.4%	+23.5%	(13.3%)	(4.3%)	+46.4%	+39.6%	+81.9%	+50.2%	-	
Gross Profit Margin	30.8%	29.9%	29.2%	28.4%	29.8%	30.2%	30.1%	29.4%	+1.0%	
(SG&A / Sales)	21.5%	19.4%	20.4%	20.6%	20.5%	20.0%	20.8%	20.9%	+0.3%	
Operating Profit Margin	9.2%	10.5%	8.8%	7.8%	9.3%	10.1%	9.3%	8.5%	+0.8%	
Recurring Profit Margin	9.4%	10.5%	8.8%	8.3%	9.5%	10.5%	9.5%	8.7%	+0.5%	
Profit Attributable to Owners of Parent Margin	5.9%	6.1%	3.9%	4.3%	6.3%	6.5%	5.9%	5.6%	+1.3%	
Total Income Taxes / Profit before Income Taxes	33.6%	39.4%	40.9%	37.9%	33.8%	37.5%	37.8%	34.2%	(3.7%)	

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Sales	3,085	3,656	3,973	4,684	4,222	4,550	4,138	4,954	+270	
CoGS	2,135	2,592	2,859	3,439	2,964	3,162	2,902	3,577	+138	
Gross Profit	949	1,064	1,113	1,244	1,258	1,388	1,235	1,376	+132	
SG&A	664	644	872	995	865	891	926	1,050	+54	
Operating Profit	285	420	240	249	392	496	308	326	+77	
Non Operating Balance	5	0	(4)	75	7	21	3	3	(71)	
Recurring Profit	290	419	235	324	399	518	311	330	+5	
Extraordinary Balance	(18)	(13)	(209)	44	0	0	(12)	(26)	(70)	
Profit before Income Taxes	272	405	26	369	399	518	299	304	(65)	
Total Income Taxes	91	175	21	119	135	209	115	60	(58)	
Profit Attributable to Owners of Parent	180	230	5	250	264	309	183	244	(6)	
Sales YoY	+8.9%	+6.1%	+36.4%	+19.4%	+36.9%	+24.5%	+4.2%	+5.8%	-	
Operating Profit YoY	+71.7%	+2.3%	+20.2%	(24.4%)	+37.6%	+18.1%	+28.4%	+31.2%	-	
Recurring Profit YoY	+100.3%	+4.7%	+2.4%	+2.7%	+37.4%	+23.5%	+32.2%	+1.8%	-	
Profit Attributable to Owners of Parent YoY	+97.4%	(4.6%)	(96.4%)	+15.5%	+46.4%	+34.3%	-	(2.5%)	-	
Gross Profit Margin	30.8%	29.1%	28.0%	26.6%	29.8%	30.5%	29.9%	27.8%	+1.2%	
(SG&A / Sales)	21.5%	17.6%	22.0%	21.3%	20.5%	19.6%	22.4%	21.2%	(0.1%)	
Operating Profit Margin	9.2%	11.5%	6.1%	5.3%	9.3%	10.9%	7.5%	6.6%	+1.3%	
Recurring Profit Margin	9.4%	11.5%	5.9%	6.9%	9.5%	11.4%	7.5%	6.7%	(0.3%)	
Profit Attributable to Owners of Parent Margin	5.9%	6.3%	0.1%	5.3%	6.3%	6.8%	4.4%	4.9%	(0.4%)	
Total Income Taxes / Profit before Income Taxes	33.6%	43.2%	80.2%	32.2%	33.8%	40.4%	38.7%	19.8%	(12.4%)	

Source: Company Data, WRJ Calculation

Segmented Information (Cumulative, Quarterly)

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Japan	2,355	5,216	7,838	11,114	2,748	5,736	8,492	11,996	+882	
Overseas	730	1,525	2,102	2,752	824	1,728	2,473	3,061	+309	
Nansei	-	-	773	1,532	650	1,308	1,945	2,808	-	
Sales	3,085	6,742	10,715	15,399	4,222	8,773	12,911	17,866	+2,466	
Japan	131	413	642	860	229	526	756	981	+120	
Overseas	153	291	353	391	149	312	394	395	+4	
Nansei	-	-	(13)	(11)	25	77	79	194	-	
Segment profit	285	705	982	1,241	403	915	1,230	1,572	+330	
Elimination	0	0	(36)	(45)	(11)	(27)	(32)	(47)	(1)	
Operating Profit	285	705	945	1,195	392	888	1,197	1,524	+329	
Japan	5.6%	7.9%	8.2%	7.7%	8.3%	9.2%	8.9%	8.2%	+0.4%	
Overseas	21.0%	19.1%	16.8%	14.2%	18.1%	18.1%	16.0%	12.9%	(1.3%)	
Nansei	-	-	(1.8%)	(0.7%)	3.9%	5.9%	4.1%	6.9%	-	
Elimination	(0.0%)	0.0%	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	(0.3%)	+0.0%	
Operating Profit Margin	9.2%	10.5%	8.8%	7.8%	9.3%	10.1%	9.3%	8.5%	+0.8%	

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Japan	2,355	2,861	2,622	3,275	2,748	2,988	2,755	3,504	+229	
Overseas	730	795	577	649	824	904	745	587	(61)	
Nansei	-	-	773	759	650	657	637	862	+103	
Sales	3,085	3,656	3,973	4,684	4,222	4,550	4,138	4,954	+270	
Japan	131	282	228	218	229	297	229	225	+7	
Overseas	153	137	62	37	149	162	82	0	(36)	
Nansei	-	-	(13)	2	25	51	2	115	+112	
Segment profit	285	419	277	258	403	511	314	341	+83	
Elimination	0	0	(36)	(9)	(11)	(15)	(5)	(15)	(5)	
Operating Profit	285	420	240	249	392	496	308	326	+77	
Japan	5.6%	9.9%	8.7%	6.7%	8.3%	9.9%	8.3%	6.4%	(0.2%)	
Overseas	21.0%	17.3%	10.8%	5.8%	18.1%	18.0%	11.1%	0.1%	(5.7%)	
Nansei	-	-	(1.8%)	0.4%	3.9%	7.9%	0.3%	13.4%	+13.0%	
Elimination	(0.0%)	0.0%	(0.9%)	(0.2%)	(0.3%)	(0.3%)	(0.1%)	(0.3%)	(0.1%)	
Operating Profit Margin	9.2%	11.5%	6.1%	5.3%	9.3%	10.9%	7.5%	6.6%	+1.3%	

Source: Company Data, WRJ Calculation

Balance Sheet (Quarterly)

Balance Sheet (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q2 03/2018	Q3 03/2018	Q4 03/2018	Q1 03/2019	Q2 03/2019	Q3 03/2019	Q4 03/2019		
Cash & Deposit	2,932	3,748	2,768	3,475	3,291	3,208	3,291	2,936	(538)	
Accounts Receivables	3,728	4,015	4,636	5,178	4,937	5,237	4,565	5,346	+167	
Inventory	3,648	3,780	4,680	4,632	4,888	5,153	5,942	5,744	+1,112	
Other	468	580	815	541	369	353	489	417	(123)	
Current Assets	10,776	12,124	12,900	13,827	13,486	13,953	14,289	14,444	+617	
Tangible Assets	3,883	3,949	4,848	4,764	4,763	4,712	4,794	5,059	+294	
Intangible Assets	173	169	392	381	369	355	340	373	(8)	
Investments & Other Assets	493	504	758	731	743	770	722	737	+5	
Fixed Assets	4,549	4,623	5,999	5,878	5,876	5,838	5,857	6,170	+291	
Total Assets	15,326	16,748	18,900	19,706	19,362	19,791	20,146	20,614	+908	
Accounts Payables	2,746	2,990	3,563	3,668	3,658	3,601	3,808	3,809	+141	
Short Term Debt	3,303	4,204	5,262	4,176	4,049	3,918	4,124	4,453	+277	
Other	602	651	991	1,248	998	1,033	909	1,264	+16	
Current Liabilities	6,652	7,846	9,816	9,092	8,706	8,553	8,841	9,527	+435	
Long Term Debt	812	770	690	610	557	783	690	275	(335)	
Other	359	370	571	517	529	532	534	523	-	
Fixed Liabilities	1,171	1,141	1,261	1,127	1,086	1,316	1,224	799	(328)	
Total Liabilities	7,824	8,987	11,078	10,220	9,792	9,869	10,066	10,327	+107	
Shareholders' Equity	7,299	7,561	7,591	9,347	9,420	9,743	9,927	10,175	+827	
Other	203	198	230	138	148	178	152	112	(25)	
Net Assets	7,502	7,760	7,822	9,486	9,569	9,922	10,079	10,287	+801	
Total Liabilities & Net Assets	15,326	16,748	18,900	19,706	19,362	19,791	20,146	20,614	+908	
Equity Capital	7,407	7,676	7,751	9,421	9,507	9,862	10,019	10,230	+809	
Interest Bearing Debt	4,115	4,974	5,952	4,786	4,606	4,701	4,814	4,728	(58)	
Net Debt	1,183	1,226	3,184	1,311	1,314	1,493	1,523	1,792	+480	
Equity Ratio	48.3%	45.8%	41.0%	47.8%	49.1%	49.8%	49.7%	49.6%	+1.8%	
Net Debt Equity Ratio	16.0%	16.0%	41.1%	13.9%	13.8%	15.1%	15.2%	17.5%	+3.6%	
ROE (12 months)	11.1%	10.6%	8.5%	7.9%	8.9%	9.5%	11.3%	10.2%	+2.3%	
ROA (12 months)	8.2%	8.2%	7.5%	7.2%	8.0%	8.1%	8.0%	7.7%	+0.5%	
Days for Inventory Turnover	156	133	149	123	150	149	187	146	-	
Quick Ratio	100%	99%	75%	95%	95%	99%	89%	87%	-	
Current Ratio	162%	155%	131%	152%	155%	163%	162%	152%	-	

Source: Company Data, WRJ Calculation

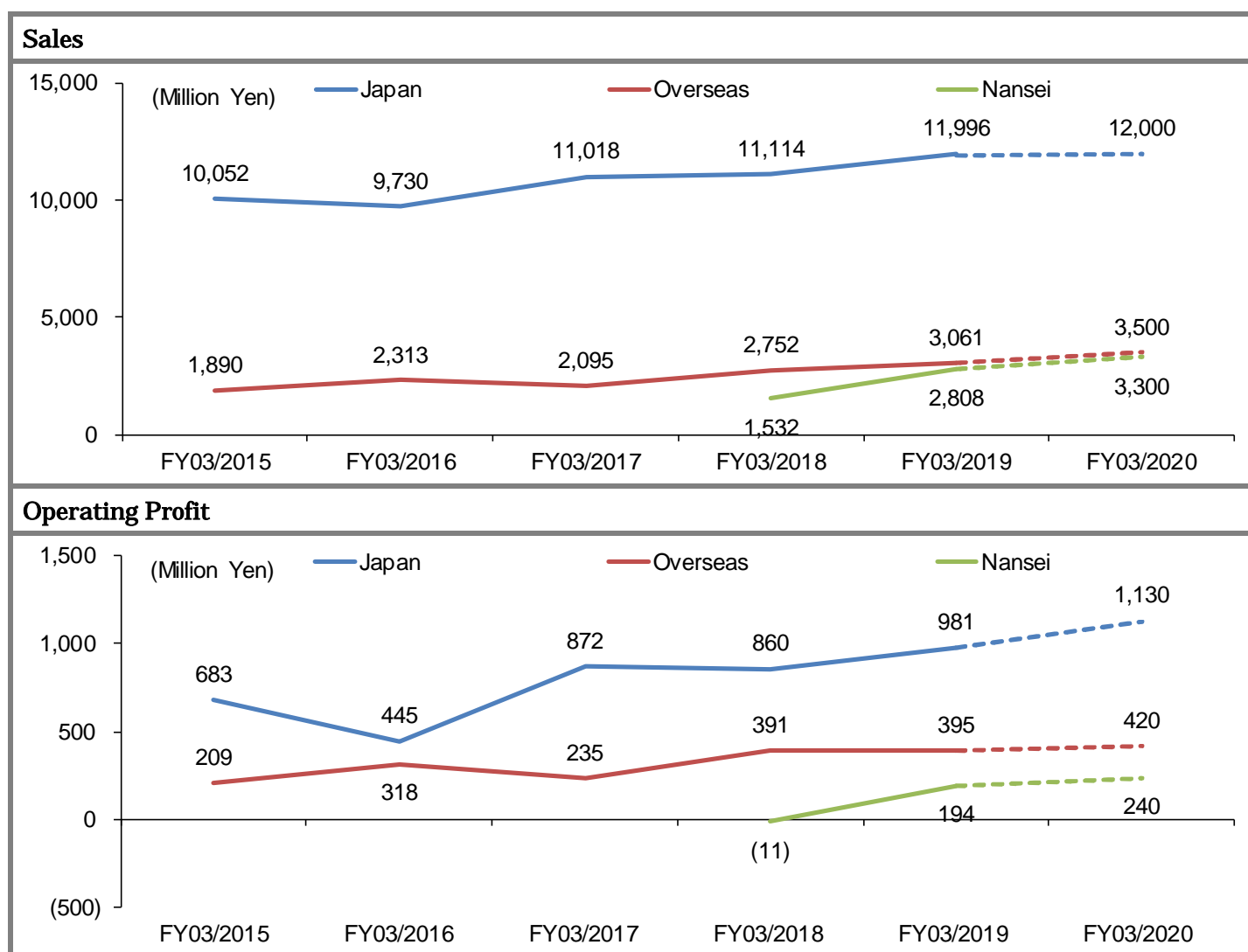
Cash Flow Statement (Cumulative)

Cash Flow Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	YoY Net Chg.
	Q1 03/2018	Q1 to Q2 03/2018	Q1 to Q3 03/2018	Q1 to Q4 03/2018	Q1 03/2019	Q1 to Q2 03/2019	Q1 to Q3 03/2019	Q1 to Q4 03/2019		
Operating Cash Flow	-	76	-	(245)	-	(49)	-	127	+373	
Investing Cash Flow	-	(136)	-	(481)	-	63	-	(400)	+80	
Operating CF & Investing CF	-	(60)	-	(726)	-	14	-	(272)	+453	
Financing Cash Flow	-	552	-	914	-	(282)	-	(267)	(1,182)	

Source: Company Data, WRJ Calculation

FY03/2020 Company Forecasts

FY03/2020 Company forecasts are going for prospective sales of ¥18,800m (up 5.2%), operating profit of ¥1,750m (up 14.8%), recurring profit of ¥1,750m (up 12.2%) and profit attributable to owners of parent of ¥1,120m (up 11.9%), while operating profit margin of 9.3% (up 0.8% points). Company forecasts are also going for prospective annual dividend of ¥28.0 per share, implying payout ratio of 20.3%.



Source: Company Data, WRJ Calculation

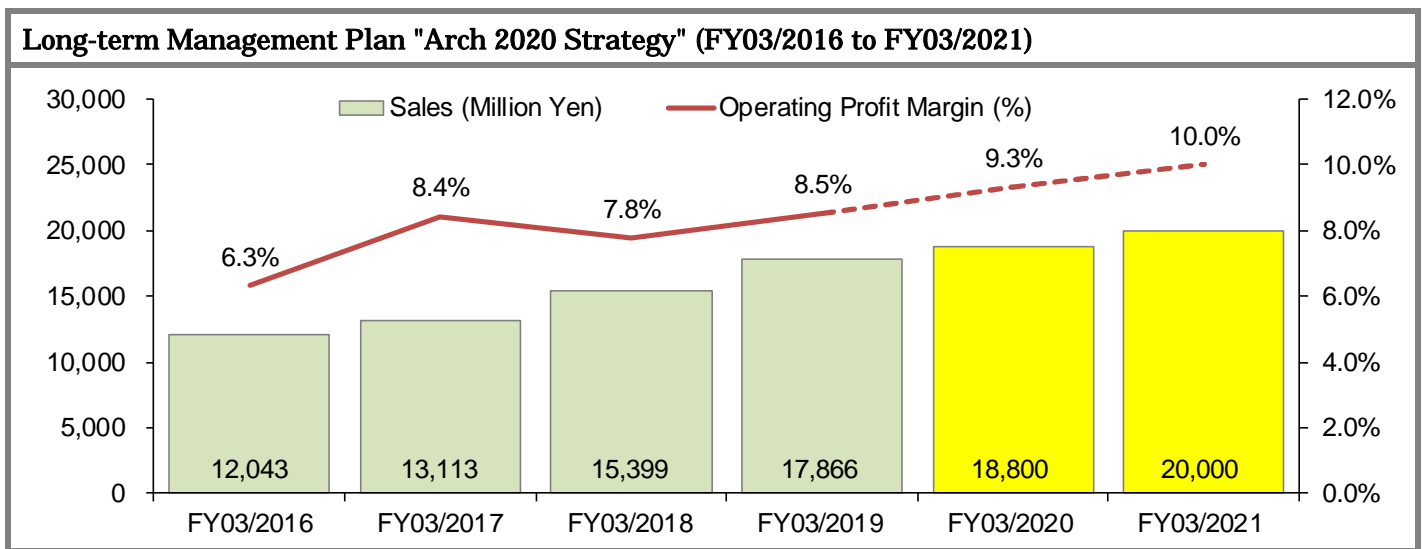
The Company, having achieved ROE of 10.2% in FY03/2019, tends to secure equity capital to generate this profitability good enough in a sense and thus payout ratio has remained not high. Still, the Company is trying to get at making progress for sharing earnings with shareholders by means of consistently increasing dividend. In fact, this has been achieved since FY03/2016 or the first year of long-term management plan “Arch 2020 Strategy” (FY03/2016 to FY03/2021). The Company paid ¥22.0 per share in FY03/2016, implying payout ratio of 34.6%, which was followed by ¥23.0 in FY03/2017, implying payout ratio of 22.8%, by ¥24.0 in FY03/2018, implying payout ratio of 25.3% and by ¥27.0 in FY03/2019, implying payout ratio of 21.9%.

Meanwhile, Company forecasts assume prospective sales of ¥12,000m (up 0.0%), operating profit of ¥1,130m (up 15.1%) and operating profit margin of 9.4% (up 1.2% points) in Japan, while sales of ¥3,500m (up 14.3%), operating profit of ¥420m (up 6.1%) and operating profit margin of 12.0% (down 0.9% points) in Overseas. In regards to Nansei, Company forecasts assume sales of ¥3,300m (up 17.5%), operating profit of ¥240m (up 23.2%) and operating profit margin of 7.3% (up 0.3% points).

Company forecasts are conservative on sales of Japan, while rather challenging on earnings. Details are hesitated to be disclosed and are unknown, but the Company suggests this should lead to favorable business performance at the end of the day. In fact, the Company also suggests that order intake of Japan is firm and that increases of capacity are steadily making progress. On top of this, the Company also discloses that revamping on structure of sales and maintenance services is making progress. On the other hand, prospective sales for Overseas and Nansei could be too optimistic. Still, this is again good for the results in reality, according to the Company.

Long-Term Prospects

With long-term management plan “Arch 2020 Strategy” (FY03/2016 to FY03/2021), the Company is calling for prospective sales of ¥20,000m, operating profit of ¥2,000m and operating profit margin of 10.0% in FY03/2021 or the last year of the plan, while calling for prospective ROE of 10.8% (versus ROE of 10.2% in FY03/2019) at the same time. When based on FY03/2015 results, sales are expected to see CAGR of 9.0% and 14.4% for earnings over the said 6-year period, while the Company saw results of 10.6% and 14.3%, respectively, over four-year period through FY03/2016 to FY03/2019. Now, over two-year period by the last year, i.e., through FY03/2020 to FY03/2021, the plan assumes 5.8% and 14.5%, respectively.



Source: Company Data, WRJ Calculation

As principle of operations over two-year period by the last year of the plan, i.e., through FY03/2020 to FY03/2021, the Company is going for implementation of three Cs as corporate slogan, comprising CONNECTED (further beefing up new connections to pursue visualization of synergy), CHANGE (coping with changes, changing ourselves and making changes) and CHALLENGE WITH CHECK (always check up on our new challenges with raised sights). Meanwhile, the Company is going for OKADA's 8 Measures at the same time. On the market side, the Company is going for 1) fusion with ex-Nansei Group and chemical reactions, 2) sales enhancement in line with capacity enhancement, including those of subcontractors, 3) strengthening of stable earnings on maintenance services and 4) development of markets overseas. On the basic management side, the Company is going for 5) work style reform – improvement of engagement with personnel, 6) improvement of productivity and efficiency by utilizing new core system, 7) strengthening of long-term persistent human resources and 8) emphasis upon compliance and risk control.

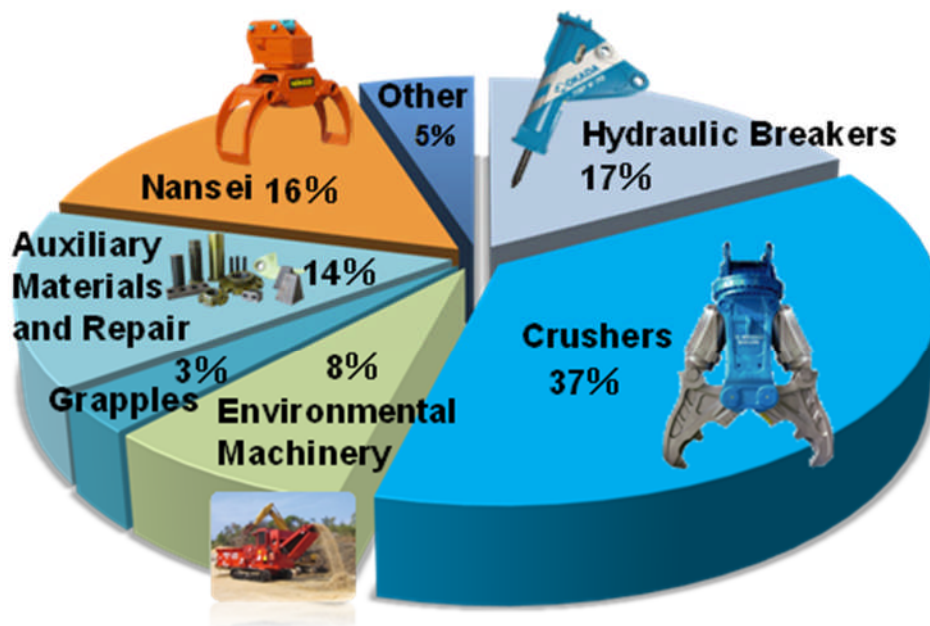
On top of this, the Company discloses that it plans to carry out capex of collective ¥2,000m during the said two-year period, spending on issues to relocate / set up sales offices in Japan as well as remodeling, to expand capacity with factory and to set up / enhance sales offices overseas in Europe and Asia as well as introducing new core system.

4.0 Business Model

Manufacture / Sales / Maintenance Services for Demolition Attachments

The Company mainly runs operations of manufacture / sales / maintenance services for demolition attachments (crushers and hydraulic breakers). Out of sales (Japan / Overseas / Nansei) of ¥17,866m as a whole for the Company in FY03/2019, crushers accounted for 37% of total, hydraulic breakers 17% and auxiliary materials and repair 14%. It appears that the bulk of sales with auxiliary materials and repair are those of maintenance services for demolition attachments (crushers and hydraulic breakers).

Sales (Japan / Overseas / Nansei) Breakdown: FY03/2019



Source: Company Data

Meanwhile, out of above-mentioned 7 product categories, the Company suggests auxiliary materials and repair carries gross profit margin higher than all the rest of product categories. In order to drive sales here, it is required to drive sales of hardware represented by crushers, while it is required to enhance maintenance services in order to do so. Given the fact that the Company has been seeing consistent growth so far, it must be the case that the Company holds business model for the two cogwheels to engage firmly. Given an expectation that the Company is to see synergy on the manufacture and sales from consolidation of ex-Nansei group as subsidiaries, spinning of the cogwheels is to accelerate going forward and thus the Company's business performance.

5.0 Financial Statements

Income Statement

Income Statement (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY 03/2015	FY 03/2016	FY 03/2017	FY 03/2018	FY 03/2019	FY 03/2020	YoY Net Chg.
Sales	11,943	12,043	13,113	15,399	17,866	18,800	+933
CoGS	8,684	8,700	9,359	11,027	12,607	-	-
Gross Profit	3,258	3,343	3,754	4,372	5,259	-	-
SG&A	2,366	2,583	2,647	3,177	3,735	-	-
Operating Profit	892	760	1,106	1,195	1,524	1,750	+225
Non Operating Balance	55	(38)	(14)	75	35	0	(35)
Recurring Profit	947	721	1,092	1,270	1,560	1,750	+189
Extraordinary Balance	0	0	0	(197)	(39)	-	-
Profit before Income Taxes	947	721	1,092	1,073	1,521	-	-
Total Income Taxes	372	282	395	407	520	-	-
Profit Attributable to Owners of Parent	574	438	696	666	1,000	1,120	+119
Sales YoY	+15.1%	+0.8%	+8.9%	+17.4%	+16.0%	+5.2%	-
Operating Profit YoY	+3.0%	(14.8%)	+45.6%	+8.0%	+27.5%	+14.8%	-
Recurring Profit YoY	+13.1%	(23.8%)	+51.4%	+16.4%	+22.8%	+12.2%	-
Profit Attributable to Owners of Parent YoY	+16.9%	(23.6%)	+58.6%	(4.3%)	+50.2%	+11.9%	-
Gross Profit Margin	27.3%	27.8%	28.6%	28.4%	29.4%	-	-
(SG&A / Sales)	19.8%	21.4%	20.2%	20.6%	20.9%	-	-
Operating Profit Margin	7.5%	6.3%	8.4%	7.8%	8.5%	9.3%	+0.8%
Recurring Profit Margin	7.9%	6.0%	8.3%	8.3%	8.7%	9.3%	+0.6%
Profit Attributable to Owners of Parent Margin	4.8%	3.6%	5.3%	4.3%	5.6%	6.0%	+0.4%
Total Income Taxes / Profit before Income Taxes	39.3%	39.2%	36.2%	37.9%	34.2%	-	-

Source: Company Data, WRJ Calculation

Segmented Information

Segmented Information (Million Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Japan	10,052	9,730	11,018	11,114	11,996	12,000	+3
Overseas	1,890	2,313	2,095	2,752	3,061	3,500	+438
Nansei	-	-	-	1,532	2,808	3,300	+491
Sales	11,943	12,043	13,113	15,399	17,866	18,800	+933
Japan	+12.9%	(3.2%)	+13.2%	+0.9%	+7.9%	+0.0%	-
Overseas	+28.8%	+22.4%	(9.4%)	+31.3%	+11.2%	+14.3%	-
Nansei	-	-	-	-	+83.2%	+17.5%	-
Sales (YoY)	+15.1%	+0.8%	+8.9%	+17.4%	+16.0%	+5.2%	-
Japan	84.2%	80.8%	84.0%	72.2%	67.1%	63.8%	-
Overseas	15.8%	19.2%	16.0%	17.9%	17.1%	18.6%	-
Nansei	-	-	-	10.0%	15.7%	17.6%	-
Sales (Composition)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-
Japan	683	445	872	860	981	1,130	+148
Overseas	209	318	235	391	395	420	+24
Nansei	-	-	-	(11)	194	240	+45
Segment profit	892	763	1,107	1,241	1,572	1,790	+217
Elimination	0	(3)	(1)	(45)	(47)	(40)	+7
Operating Profit	892	760	1,106	1,195	1,524	1,750	+225
Japan	6.8%	4.6%	7.9%	7.7%	8.2%	9.4%	+1.2%
Overseas	11.1%	13.8%	11.2%	14.2%	12.9%	12.0%	(0.9%)
Nansei	-	-	-	(0.7%)	6.9%	7.3%	+0.3%
Elimination	(0.0%)	(0.0%)	(0.0%)	(0.3%)	(0.3%)	(0.2%)	+0.1%
Operating Profit Margin	7.5%	6.3%	8.4%	7.8%	8.5%	9.3%	+0.8%

Source: Company Data, WRJ Calculation

Per Share Data

Per Share Data (Before Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
No. of Shares FY End (-000 Shares)	7,229	7,229	7,229	8,379	8,379	-	-
Net Profit / EPS (-000 Shares)	6,903	6,904	6,904	7,026	8,119	-	-
Treasury Shares FY End (-000 Shares)	325	325	325	269	253	-	-
Earnings Per Share	83.27	63.59	100.87	94.85	123.26	137.83	-
Earnings Per Share (Fully Diluted)	82.95	63.26	99.71	93.52	122.11	-	-
Book Value Per Share	950.96	990.88	1,072.95	1,161.82	1,258.93	-	-
Dividend Per Share	18.00	22.00	23.00	24.00	27.00	28.00	-
Per Share Data (After Adjustments for Split) (Yen)	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Share Split Factor	1	1	1	1	1	-	-
Earnings Per Share	83.27	63.59	100.87	94.85	123.26	137.83	-
Book Value Per Share	950.96	990.88	1,072.95	1,161.82	1,258.93	-	-
Dividend Per Share	18.00	22.00	23.00	24.00	27.00	28.00	-
Payout Ratio	21.6%	34.6%	22.8%	25.3%	21.9%	20.3%	-

Source: Company Data, WRJ Calculation

Balance Sheet

Balance Sheet	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Cash & Deposit	1,848	2,201	3,264	3,475	2,936	-	-
Accounts Receivables	3,917	3,260	3,944	5,178	5,346	-	-
Inventory	3,608	4,148	3,444	4,632	5,744	-	-
Other	343	520	332	541	417	-	-
Current Assets	9,718	10,130	10,986	13,827	14,444	-	-
Tangible Assets	3,208	3,794	3,946	4,764	5,059	-	-
Intangible Assets	192	179	175	381	373	-	-
Investments & Other Assets	441	423	490	731	737	-	-
Fixed Assets	3,843	4,396	4,612	5,878	6,170	-	-
Total Assets	13,561	14,527	15,599	19,706	20,614	-	-
Accounts Payables	3,010	2,493	2,454	3,668	3,809	-	-
Short Term Debt	2,524	3,567	3,366	4,176	4,453	-	-
Other	853	527	1,035	1,248	1,264	-	-
Current Liabilities	6,389	6,587	6,855	9,092	9,527	-	-
Long Term Debt	234	685	892	610	275	-	-
Other	351	363	356	517	523	-	-
Fixed Liabilities	585	1,049	1,248	1,127	799	-	-
Total Liabilities	6,974	7,637	8,104	10,220	10,327	-	-
Shareholders' Equity	6,418	6,732	7,277	9,347	10,175	-	-
Other	168	157	217	138	112	-	-
Net Assets	6,586	6,890	7,494	9,486	10,287	-	-
Total Liabilities & Net Assets	13,561	14,527	15,599	19,706	20,614	-	-
Equity Capital	6,564	6,840	7,407	9,421	10,230	-	-
Interest Bearing Debt	2,759	4,252	4,258	4,786	4,728	-	-
Net Debt	910	2,051	993	1,311	1,792	-	-
Equity Ratio	48.4%	47.1%	47.5%	47.8%	49.6%	-	-
Net Debt Equity Ratio	13.9%	30.0%	13.4%	13.9%	17.5%	-	-
ROE (12 months)	9.2%	6.5%	9.8%	7.9%	10.2%	10.5%	-
ROA (12 months)	7.5%	5.1%	7.3%	7.2%	7.7%	-	-
Days for Inventory Turnover	152	174	134	153	166	-	-
Quick Ratio	90%	83%	105%	95%	87%	-	-
Current Ratio	152%	154%	160%	152%	152%	-	-

Source: Company Data, WRJ Calculation

Cash Flow Statement

Cash Flow Statement	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.Act	Cons.CoE	
(Million Yen)	FY	FY	FY	FY	FY	FY	YoY
	03/2015	03/2016	03/2017	03/2018	03/2019	03/2020	Net Chg.
Operating Cash Flow	(199)	(313)	1,528	(245)	127	-	-
Investing Cash Flow	(350)	(680)	(307)	(481)	(400)	-	-
Operating CF & Investing CF	(549)	(994)	1,221	(726)	(272)	-	-
Financing Cash Flow	118	1,362	(156)	914	(267)	-	-

Source: Company Data, WRJ Calculation

6.0 Other Information

Be a Company that Contributes to Society

On 1 April 2019, Yuji Okada, who used to serve as managing director with the Company, was appointed as president & representative director. At the same time, Toshiyuki Kanda, who used to serve as president & representative director with the Company for 6 terms or 12 years after his career with financial institution, was appointed as chairperson & representative director. With Okada Rock Drill Co. Ltd. or the Company's predecessor organization founded in 1960, Tatsuo Okada or the founder served as president & representative director, which was succeeded by Shinichiro or the eldest son of Tatsuo, then by the second son or Toshio and then by the third son or Katsuhiko. This was followed by appointment of above-mentioned Toshiyuki Kanda as the 5th president & representative director with the Company. Meanwhile, Yuji Okada who have succeeded Kanda as the 6th present & representative director is son of Katsuhiko and thus grandson of Tatsuo.

Yuji Okada, appointed as president & representative director, advocates “be a company that contributes to society” as the primary management philosophy as well as “be a department that contributes to the company” and “be an individual who contributes to own department” at the same time to materialize the primary. Having entered the 21st century, he believes that Japan's society and economy are facing a need for structural reform on a full-fledged basis. For example, in construction industry to which the Company belongs, regulations have become tighter as found in environmental issues and/or recycling law, while competition is intensifying and customer needs are increasingly diversified. In a period of changes like this, the Company is trying to get at being one “that contributes to society” particularly with environment, renovation and recycling or the Company's mainstay business domains by means of own community-based sales activities paying attention to own philosophy of coexistence and mutual prosperity. On top of this, the Company also advocates “management thoughtful for people”, while making steady progress with planning, developing and providing for next-generation products.

Company History

Date	Events
September 1960	Established Okada Rock Drill Co. Ltd. in Higashi-ku, Osaka-city and began sales, repair and assembly of pneumatic breakers and other construction machines
March 1969	Established Shigino plant in Joto-ku, Osaka-city
February 1973	Established Higashi-Osaka plant in Higashi-Osaka-city, Osaka-prefecture and Shigino plant relocated here
April 1977	Started selling hydraulic breakers
September 1983	Changed corporate identity to OKADA AIYON CORPORATION
February 1987	Integrated headquarters office and Higashi-Osaka plant and relocated to Minato-ku, Osaka-city
October 1987	Started manufacturing and selling Kowarikun or new product of high-speed crusher
August 1992	Listed onto Osaka Stock Exchange 2nd section
September 1996	Established BOA, Inc. as affiliate
February 2002	Established AIYON TECH. Co., Ltd.
December 2002	Consolidated BOA, Inc. (current OKADA America, Inc.) as subsidiary with additional procurement of shares
July 2013	Listed onto Tokyo Stock Exchange 2nd section due to integration of spot markets between Osaka and Tokyo
February 2016	Completed new plant with AIYON TECH. Co., Ltd.
March 2016	Moved onto Tokyo Stock Exchange 1st section
August 2017	Established representative office in Europe (Rotterdam, the Netherlands)
October 2017	Consolidated Nansei Machine Co., Ltd., Nansei Wintech Co., Ltd., and Akatsuki Kikou Co., Ltd. as subsidiaries due to purchase of the shares
April 2019	Merged three ex-Nansei group subsidiaries with Nansei Machine Co., Ltd. as surviving company

Disclaimer

Information here is a summary of “IR Information” of the Company, compiled by Walden Research Japan, from a neutral and professional standing point, in the form of a report. “IR Information” of the Company comprises a) contents of our interview with the Company, b) contents of presentations for institutional investors, c) contents of timely disclosed information and d) contents of the homepage etc.

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