



Construction Revolution



FY2023 (September 2022 to August 2023)



GIKEN LTD. Financial Results Overview

**October 11, 2023
<stock code: 6289>**

Forward-looking Statements Disclaimer

Except for historical facts, certain information provided in this document, such as our and our group's current policies and management strategies, contains forward-looking statements based on currently available information, including statements about the future. These statements, which are based on estimates, projections, or assumptions with potential risks, involve uncertainties that could cause results to differ materially from those anticipated in the statements.

Such risks and uncertainties include general domestic and international economic conditions, such as national economic conditions, industrial and market conditions, interest rates, commodity prices, and exchange rate fluctuations.

We are not obligated to update or revise "forward-looking statements" provided in this document, even in the event of new information or future developments.



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Financial Results Overview FY2023

Financial Results Trend

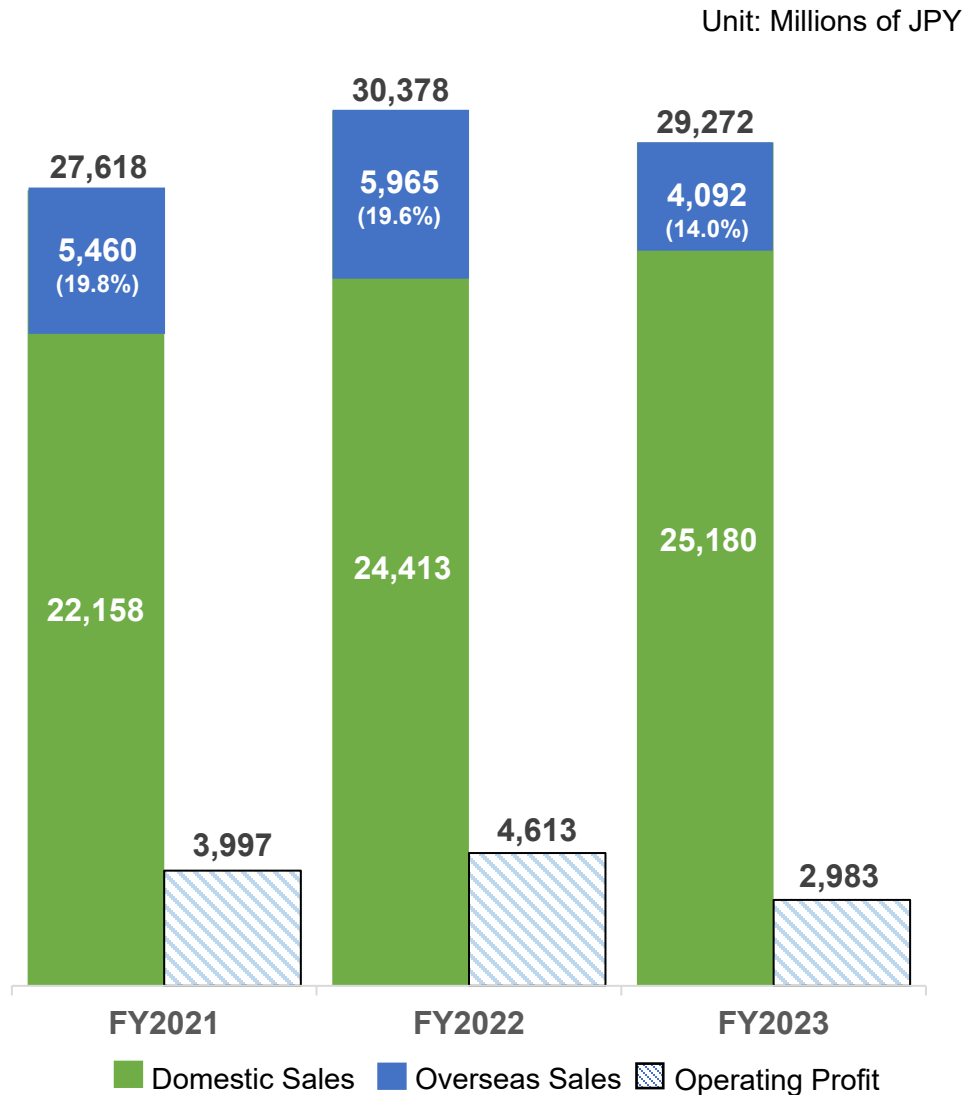
Unit: Millions of JPY

	FY2021	FY2022		FY2023	
	Actual	Actual	YoY	Actual	YoY
Net Sales	27,618	30,378	+10.0%	29,272	-3.6%
Operating Profit	3,997	4,613	+15.4%	2,983	-35.3%
Ordinary Profit	4,161	4,832	+16.1%	3,060	-36.7%
Profit*	3,073	3,234	+5.2%	846	-73.8%
Profit per Share (JPY)	112.22	117.65	+4.8%	30.82	-73.8%

*1 An extraordinary losses of 1,367 million yen for loss on liquidation of subsidiaries and associates was recorded for the fiscal year ended August 31, 2023.

*2 Profit attributable to owners of GIKEN LTD.

Financial Results Trend—Net Sales and Operating Profit



Figures in brackets show the overseas ratio

[Factors in sales changes]

- Large-scale projects overseas undertaken mainly in the previous fiscal year have been completed.
- Steady progress in construction work, with robust adoption increase of our method, mainly for projects related to disaster recovery and reconstruction, disaster prevention and mitigation measures, and strengthening national resilience measures.

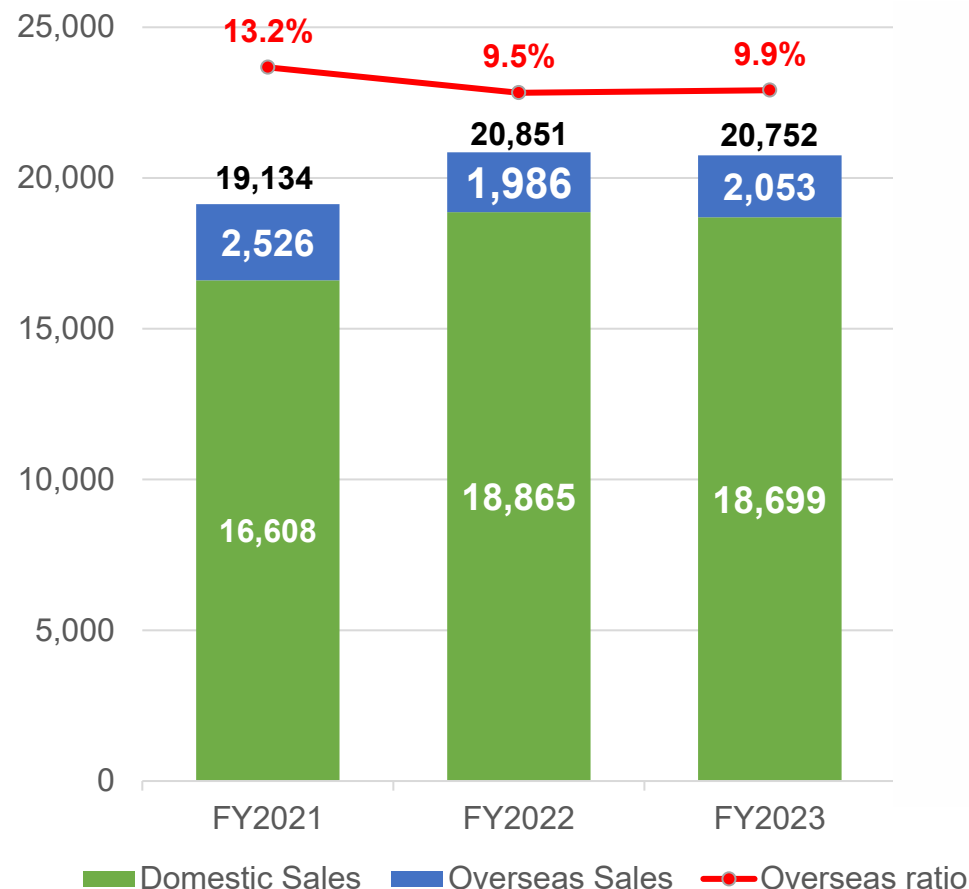
[Factors in operating profit changes]

- Amid soaring steel and other construction material prices, material costs represent a larger proportion of construction works expenditures, and the resulting downward trend in construction volume has affected sales of machinery products and parts with a high gross margin used in permanent structures.
- Selling, general and administrative expenses, including research and development expenses, increased.

Financial Results Trend—Net Sales by Segment

Construction Machinery Segment

Unit: Millions of JPY



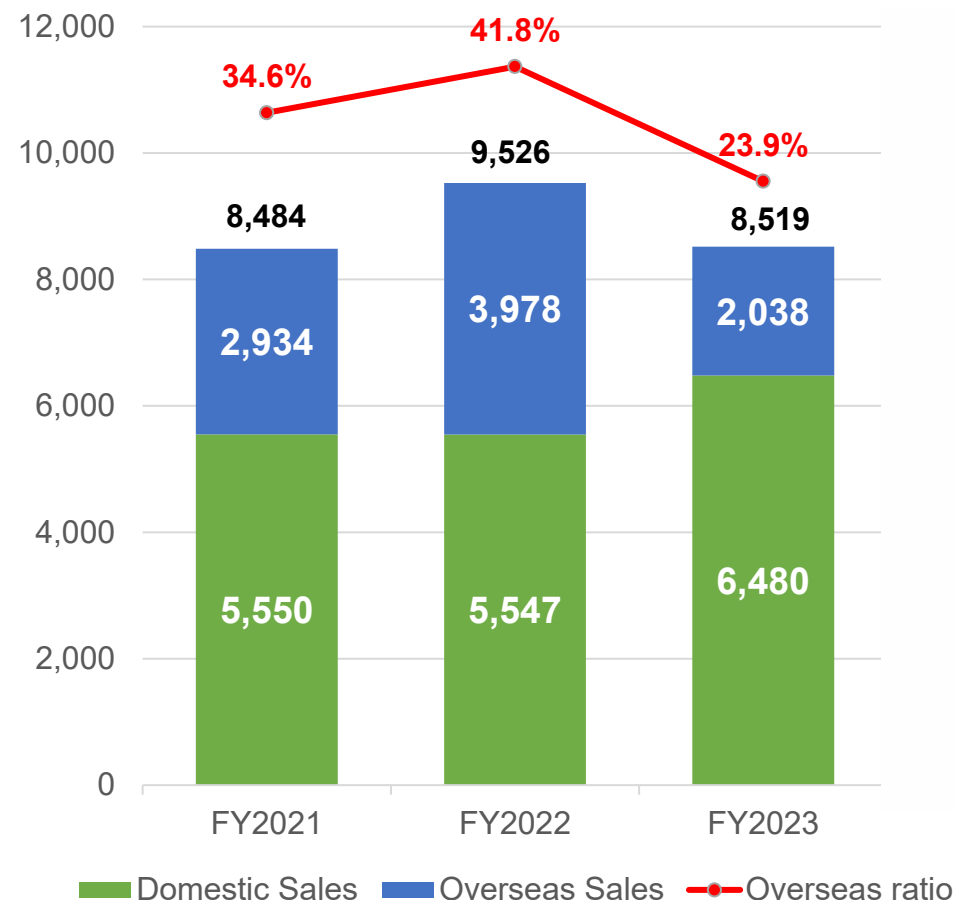
[Factors in sales changes]

Overseas: Steady sales growth of finished goods in Asia

Domestic: The sales of large machinery used in the construction of permanent structures decreased. In contrast, robust sales of general machinery used in the construction of temporary structures were recorded.

Press-in Work Segment

Unit: Millions of JPY



[Factors in sales changes]

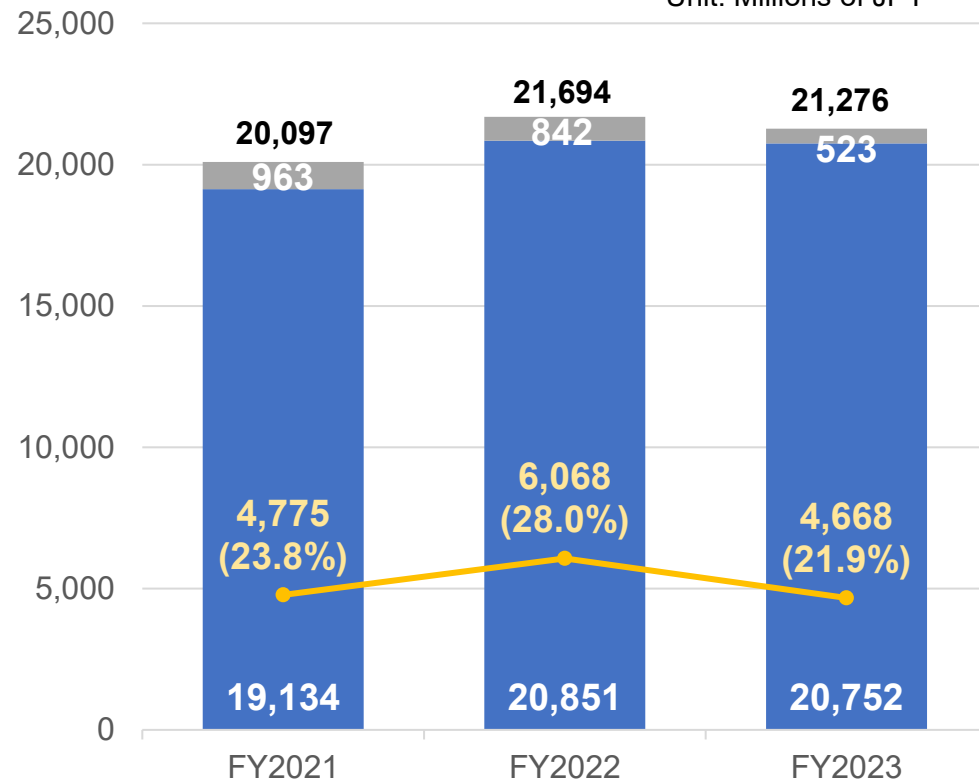
Overseas: Large-scale projects overseas undertaken mainly in the previous fiscal year have been completed.

Domestic: Adoption of our method has strongly increased for disaster recovery and reconstruction projects and other fields.

Financial Results Trend – Operating Profit by Segment

Construction Machinery Segment

Unit: Millions of JPY



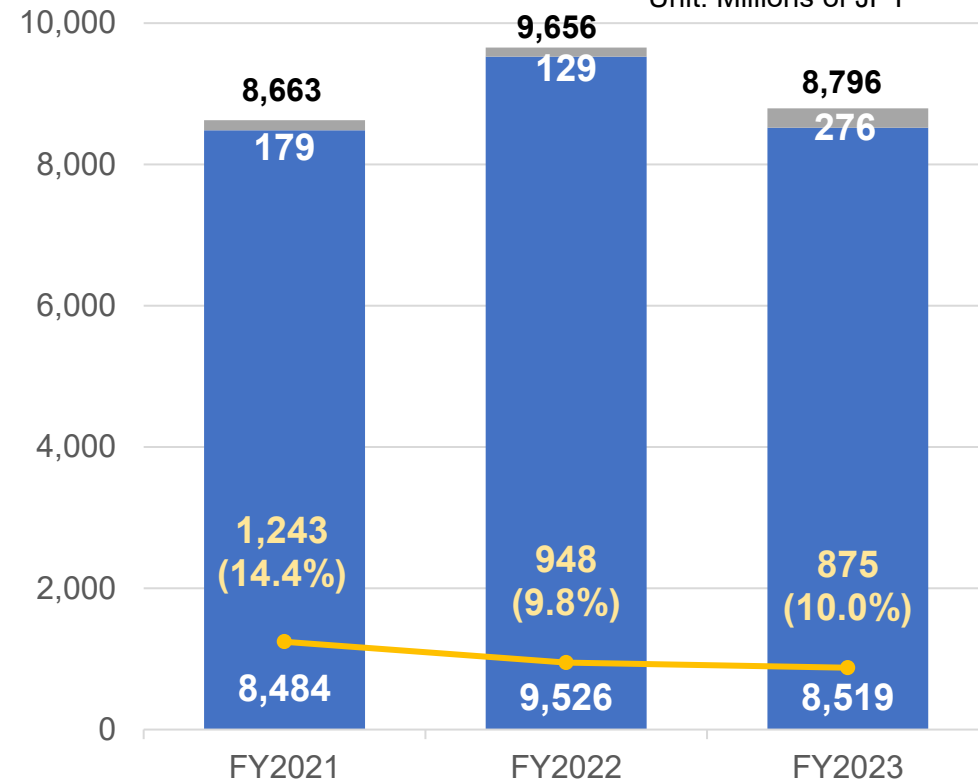
■ External Customer Sales ■ Internal Sales
— Operating Profit
Figures in brackets show the operating profit margin

[Factors in profit margin changes]

- The sales of high gross margin finished goods and parts decreased.
- Selling, general and administrative expenses, including research and development expenses, increased.

Press-in Work Segment

Unit: Millions of JPY



■ External Customer Sales ■ Internal Sales
— Operating Profit
Figures in brackets show the operating profit margin

[Factors in profit margin changes]

- Completion of large-scale overseas projects with low gross margin undertaken mainly in the previous fiscal year increased operating profit margin. Domestic operating profit remains at the level seen in the first half of the year due to the decrease of high gross margin projects.

Extraordinary Losses on Dissolution of Joint Venture with J Steel

Background

■ December 2017

- Acquisition of 50.1% of outstanding shares of J Steel Group Pty Limited to drive our global expansion.

■ May 2023

- Agreement on dissolution of the joint venture relationship due to differences in management policies.
- Recording an extraordinary losses of 1,367 million yen as a loss on liquidation of subsidiaries and associates for the consolidated financial results of the third quarter of the fiscal year ended August 31, 2023.

■ June 2023

- Completion of transfer of J Steel shares. Dissolution of the joint venture relationship.



Going Forward

- J Steel continues operations as a user of the press-in method in the Oceania market.
- J Steel has an ongoing dispute with one of its customers regarding construction work for which J Steel received orders. The Company had a parent company guarantee covering the disputed transactions and will continue to cooperate with J steel in resolving the issue even after the dissolution of the joint venture agreement.

FY2024 Forecast

Forecast

Unit: Millions of JPY

	FY2023 Actual	FY2024 Forecast			
		1st Half	2nd Half	Full Year	YoY
Net Sales	29,272	15,300	14,700	30,000	+2.5%
Operating Profit	2,983	2,200	1,100	3,300	+10.6%
Ordinary Profit	3,060	2,250	1,150	3,400	+11.1%
Profit*	846	1,600	800	2,400	+183.4%
Profit Per Share (JPY)	30.82	59.79	29.89	89.68	+191.0%

*1 An extraordinary losses of 1,367 million yen for loss on liquidation of subsidiaries and associates was recorded for the fiscal year ended August 31, 2023.

*2 Profit attributable to owners of GIKEN LTD.

(1) Construction Machinery Segment

◎ Strong increase of customers' capital investment

- Domestic infrastructure development, including measures to strengthen national resilience and projects related to national-defense, expressways, and ports, is expected to remain strong.

◎ The impact of rising prices of steel and other materials, as well as geopolitical risks, are required to be closely monitored.

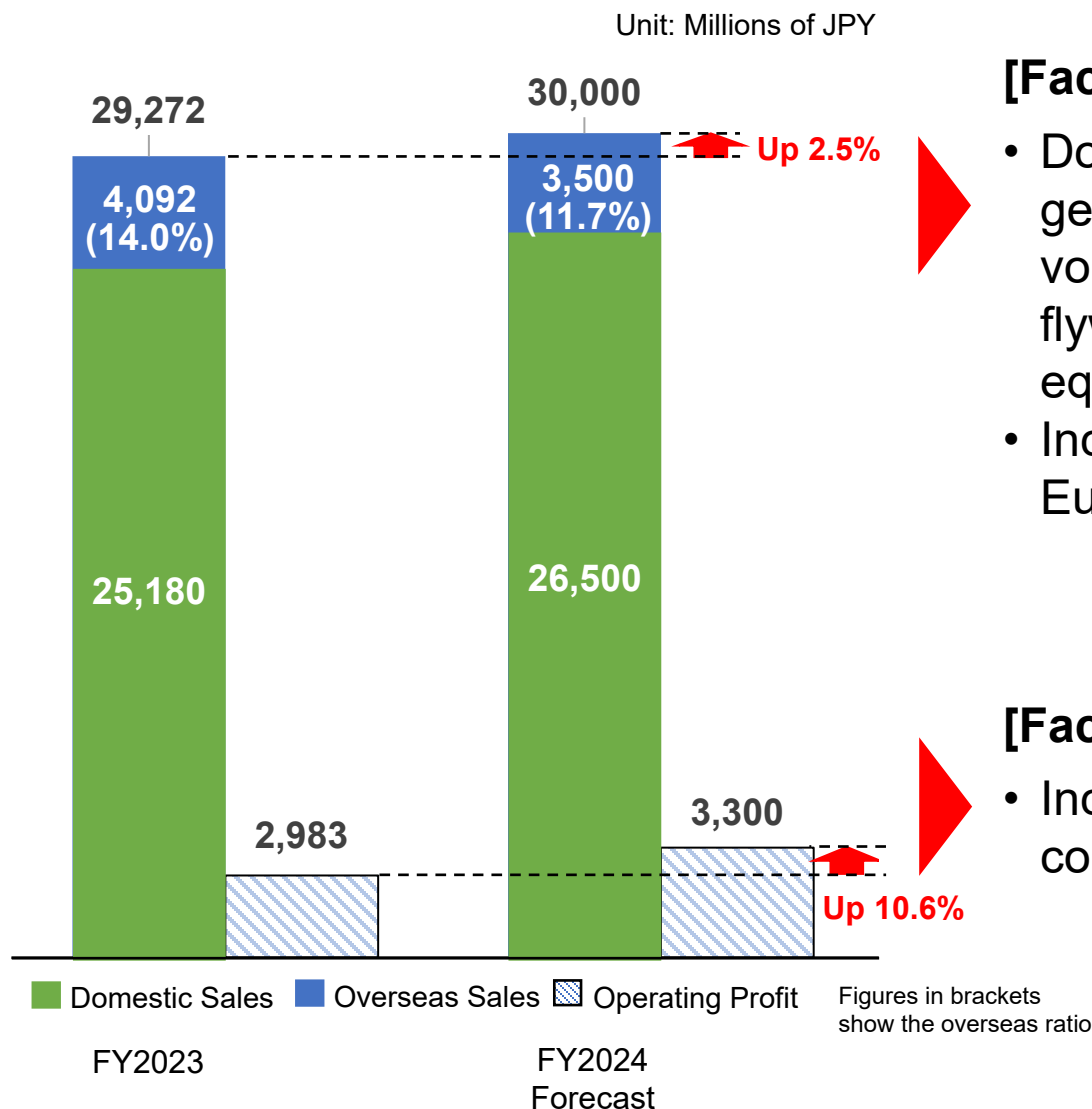
◎ While staying focused on the regions where we are steadily forming a market, accelerate overseas expansion.

(2) Press-in Work Segment

◎ Increased adoption of Implant™ Method

- Increase in adoption of the Implant™ Method in projects including infrastructure remodeling of piers and river dikes, expressway renewal, and (BCP related) disaster prevention initiatives undertaken independently by private companies.

Forecast—Sales and Operating Profit



[Factors in sales changes]

- Domestic demand for replacement of general machinery and increase in sales volume of our new F112 model with a flywheel-type pile auger as standard equipment and other products.
- Increase in sales volume of machinery in Europe and Asia.

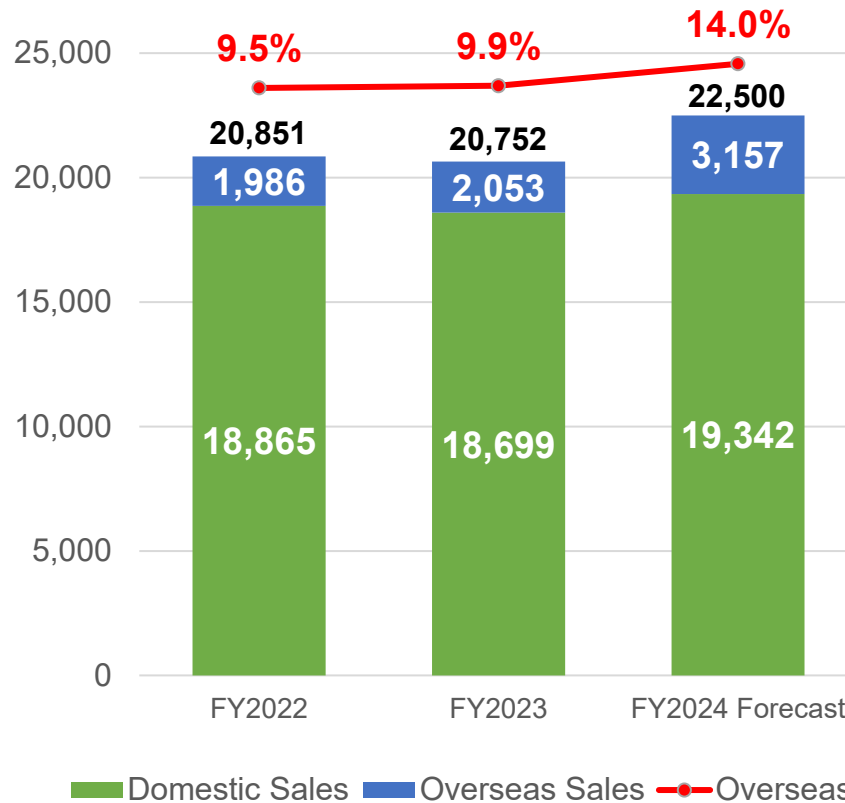
[Factors in operating profit changes]

- Increase in sales in the highly profitable construction machinery segment.

Forecast—Sales by Segment

Construction Machinery Segment

Unit: Millions of JPY



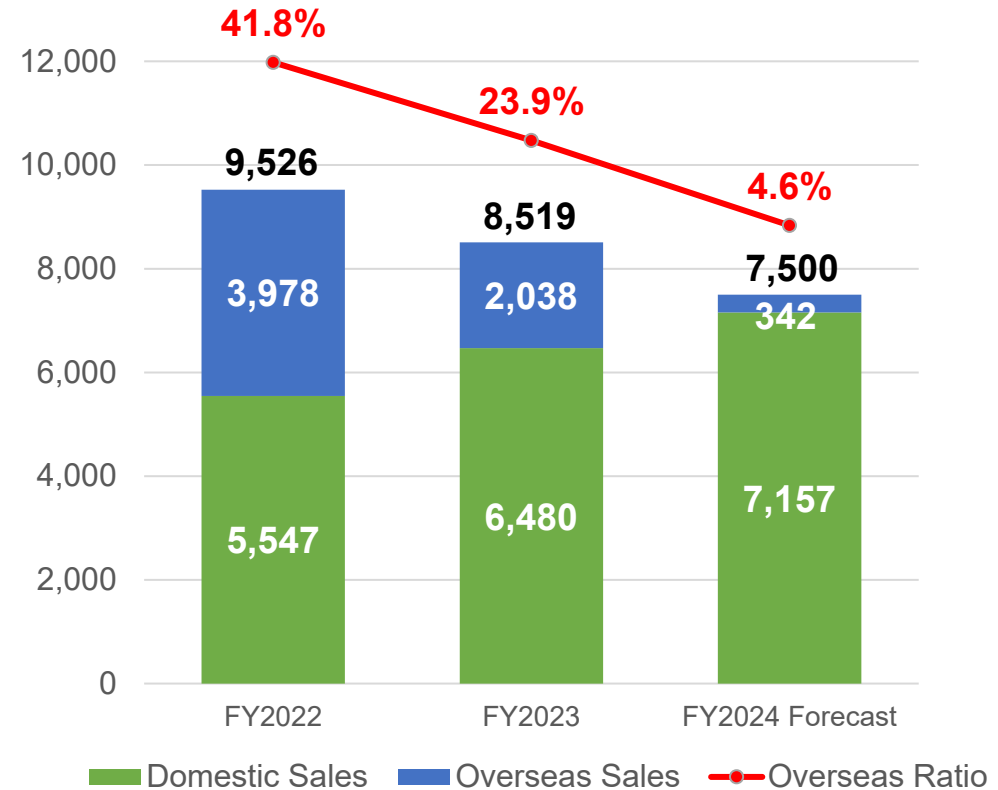
[Factors in sales changes]

Overseas: Increase in sales volume of machinery in Europe and Asia where the press-in construction market is expanding.

Domestic: Increase in sales volume of the new F112 model.

Press-in Work Segment

Unit: Millions of JPY



[Factors in sales changes]

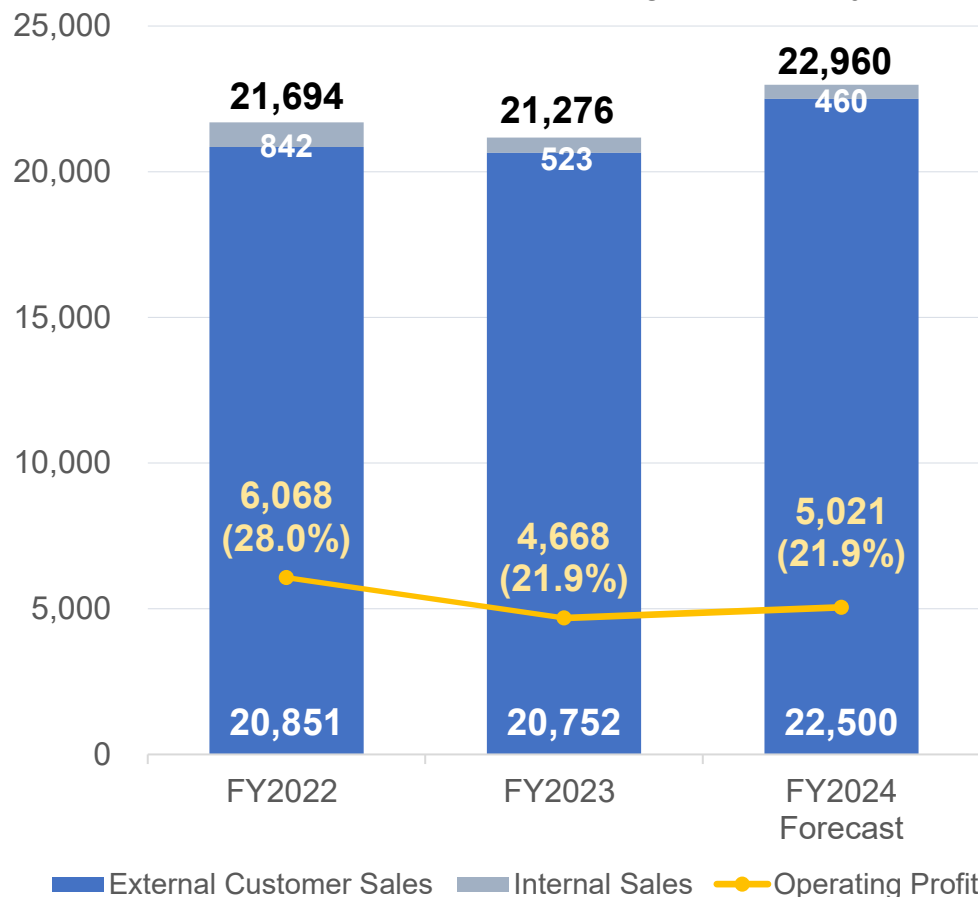
Overseas: Dissolution of the joint venture relationship with J Steel

Domestic: Increase in adoption of the Implant™ Method in projects including infrastructure remodeling of piers and river dikes, expressway renewal, and (BCP related) disaster prevention initiatives undertaken independently by private companies.

Forecast—Operating Profit by Segment

Construction Machinery Segment

Unit: Millions of JPY



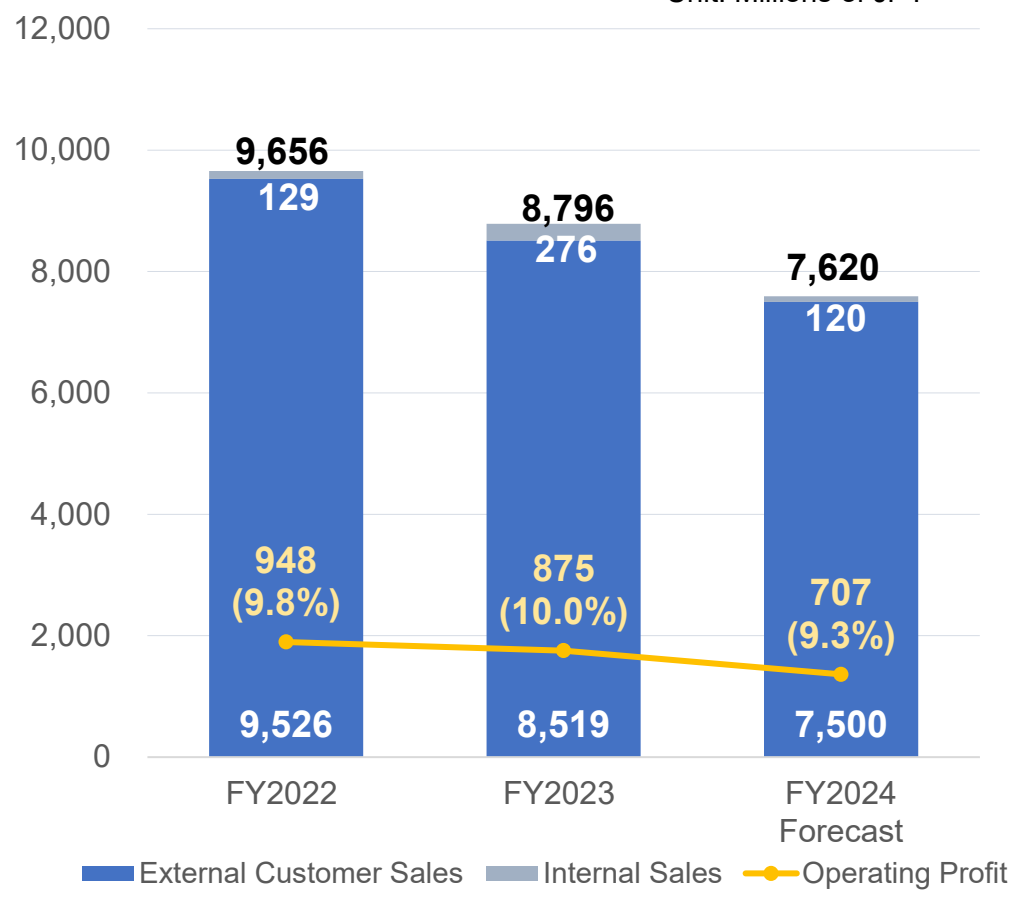
Figures in brackets show the operating profit margin

[Factors in profit margin changes]

- Increase in personnel expenses and expenses for overseas strategic restructuring.

Press-in Work Segment

Unit: Millions of JPY



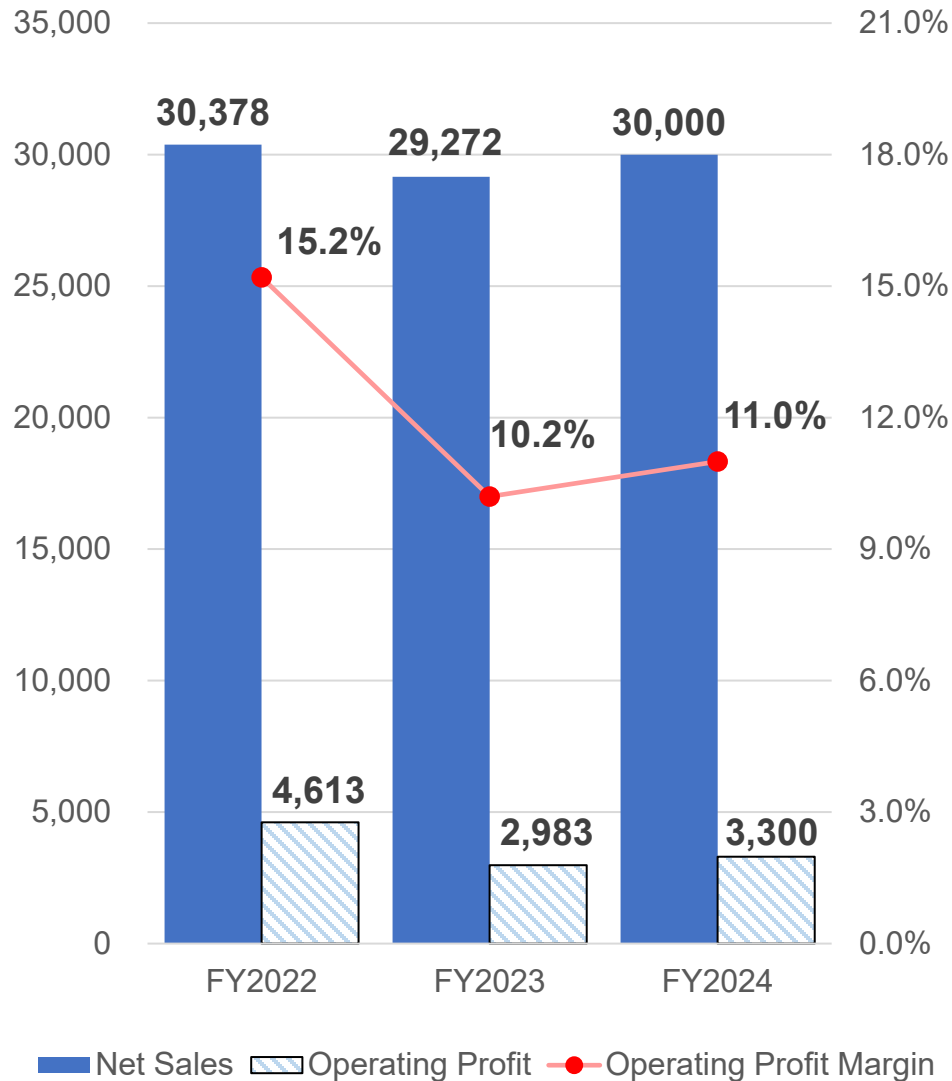
Figures in brackets show the operating profit margin

[Factors in profit margin changes]

- Increase in fixed costs including personnel expenses.

Forecast—Factors in Operating Profit Decrease and Actions

Unit: Millions of JPY



Factors

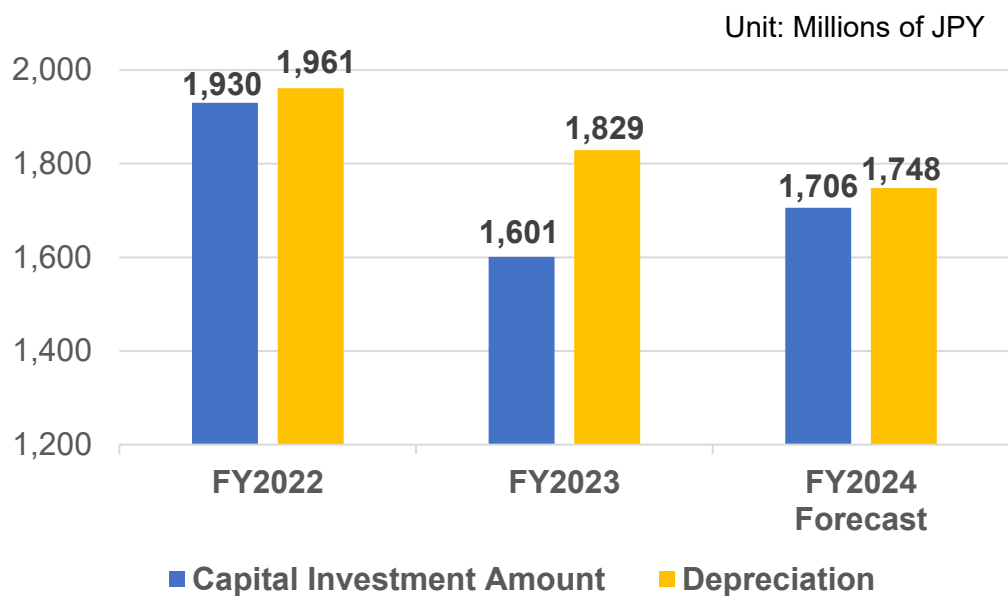
- Rising purchasing costs
Increase in production costs
- Soaring steel prices
Impact on sales of finished goods and parts with high gross margin used in permanent structures
- Proactive investments in R&D, human resources, and other areas for future growth
Increase in fixed costs (Selling, general and administrative expenses)

Actions

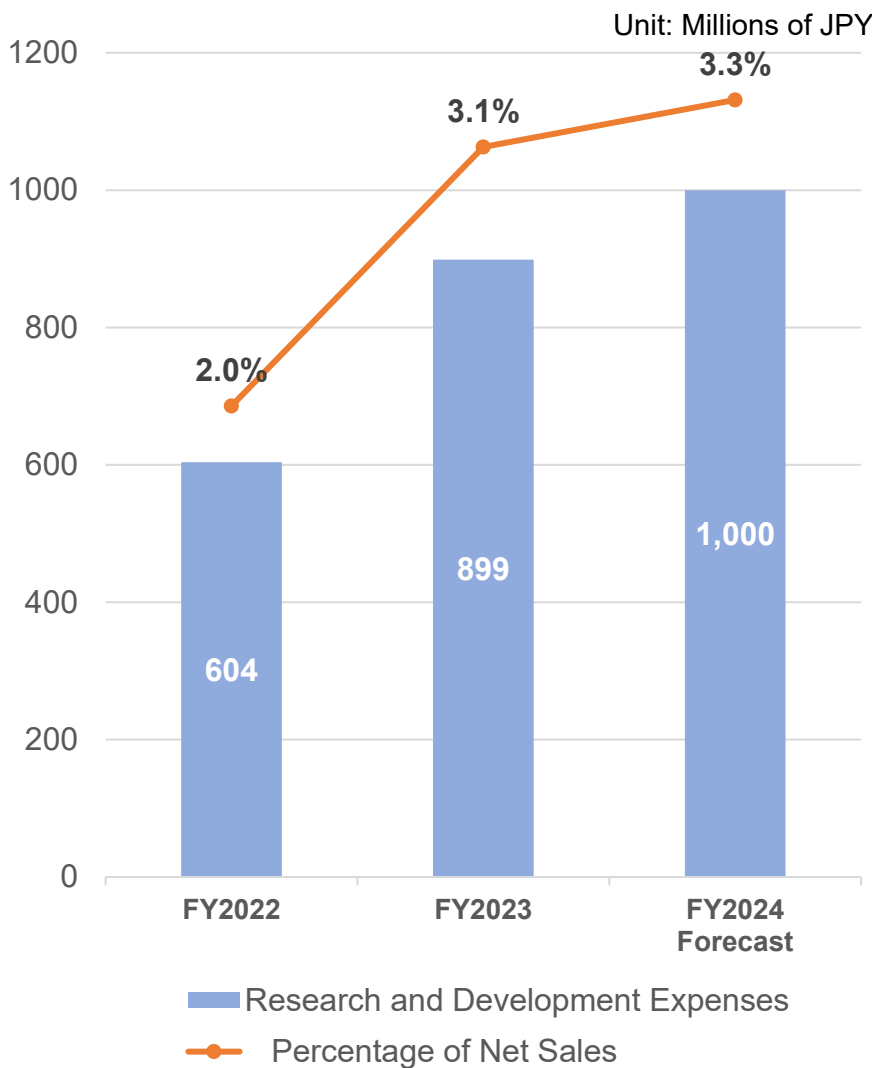
- Increasing finished goods price
Increased in June 2022 and May 2023
- Expanding the press-in construction market
Expand the applicable range of Implant™ Method
(e.g. projects related to national-defense, expressways, and infrastructure remodeling)
- Restructuring overseas strategy
While staying focused on the regions where we are steadily forming a market, accelerate overseas expansion
- Improving productivity
Increase operational efficiency through driving DX

Forecast—Capital Investment, Research and Development Expenses

◎Capital investment, Depreciation



◎Research and development expenses



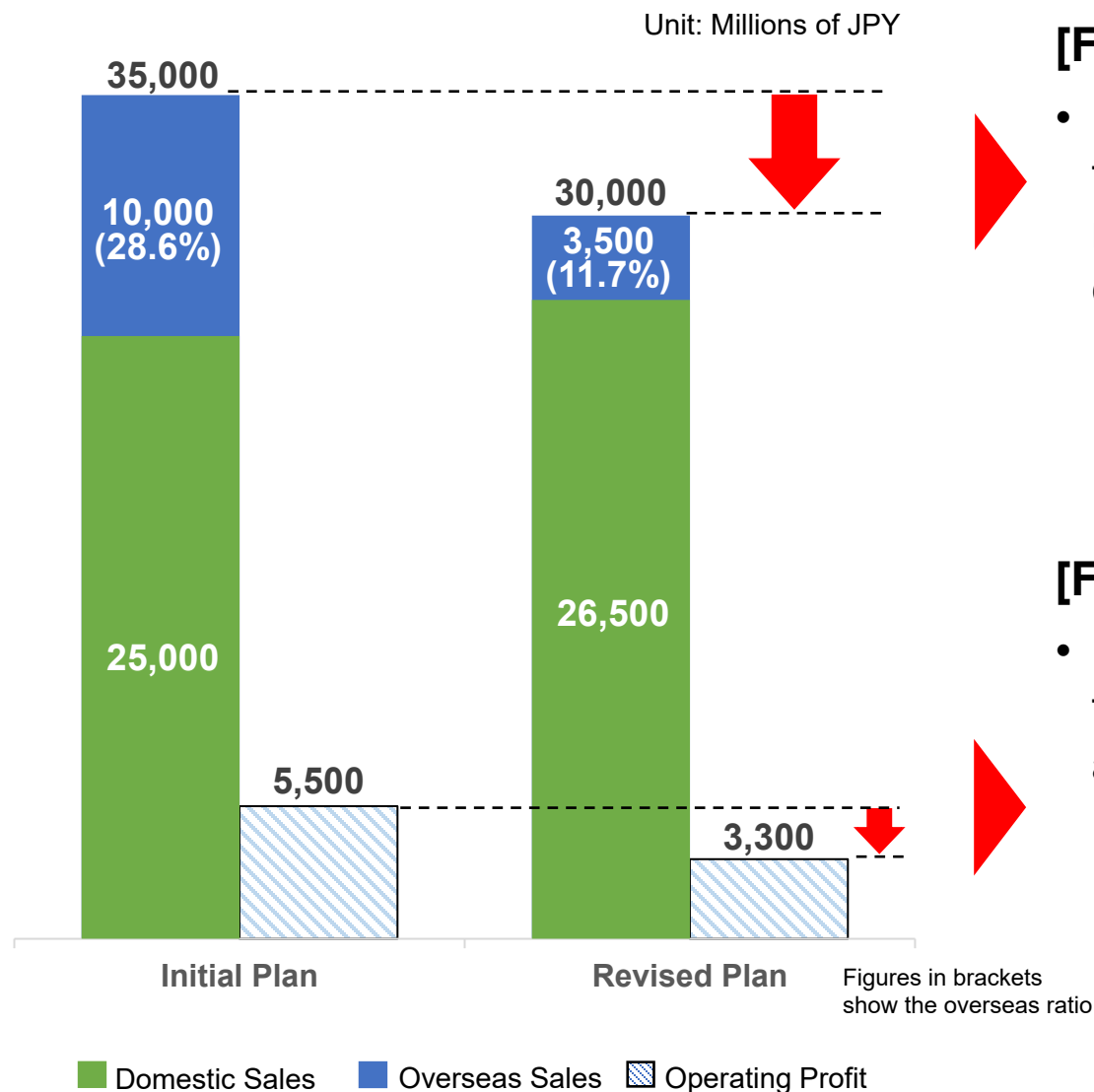
Capital investment breakdown

Unit: Millions of JPY

	FY2022	FY2023	FY2024 Forecast
Products for rental/ demonstration	1,047	656	748
Offices and plant facilities	508	456	317
Other	375	489	641
Total	1,930	1,601	1,706

Revision of Medium-term Management Plan

Medium-term Management Plan—Initial Plan, Comparison Before and After Revision



[Factors in sales changes]

- Decrease in overseas sales mainly due to the dissolution of joint venture relationship with J Steel, a former consolidated subsidiary.

➡ Restructured overseas strategy

[Factors in operating profit changes]

- Decrease in operating profit due to the temporary drop in sales caused by the above factors.

Shareholder Return

Dividends and Purchase of Treasury Shares

■ Dividends

[Overview]

- Annual dividend was revised down to 40 yen from 70 yen, the initial plan at the beginning of the term.

[Reason]

- Intensive investment in R&D was necessary to enable the electrification of core products, carbon neutrality, and automated driving, as well as business expansion, to achieve the target of “100 billion sales in FY2031.” Therefore, the Company decided to retain internal reserves in the previous fiscal year. Appropriate actions will be taken in the future based on performance according to various measures.

■ Purchase of Treasury Shares

[Overview]

- In accordance with a resolution of the Board of Directors' meeting held on July 21, 2023, the Company will purchase up to 800,000 treasury shares for a maximum of 1.5 billion yen by November 22, 2023.

[Reason]

- This is to increase capital efficiency and shareholder returns.

Shareholder Return

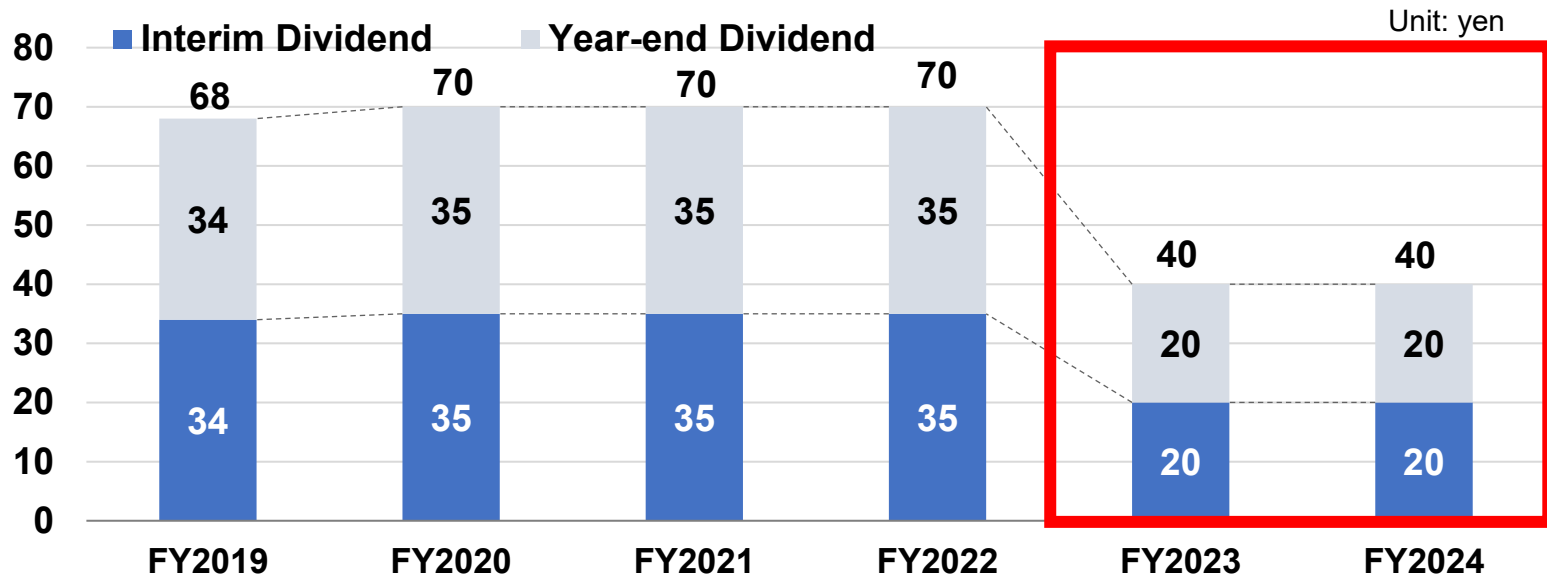
FY2023

Interim dividend: 20 yen (result)
Year-end dividend: 20 yen (forecast)



FY2024

Interim dividend: 20 yen
Year-end dividend: 20 yen

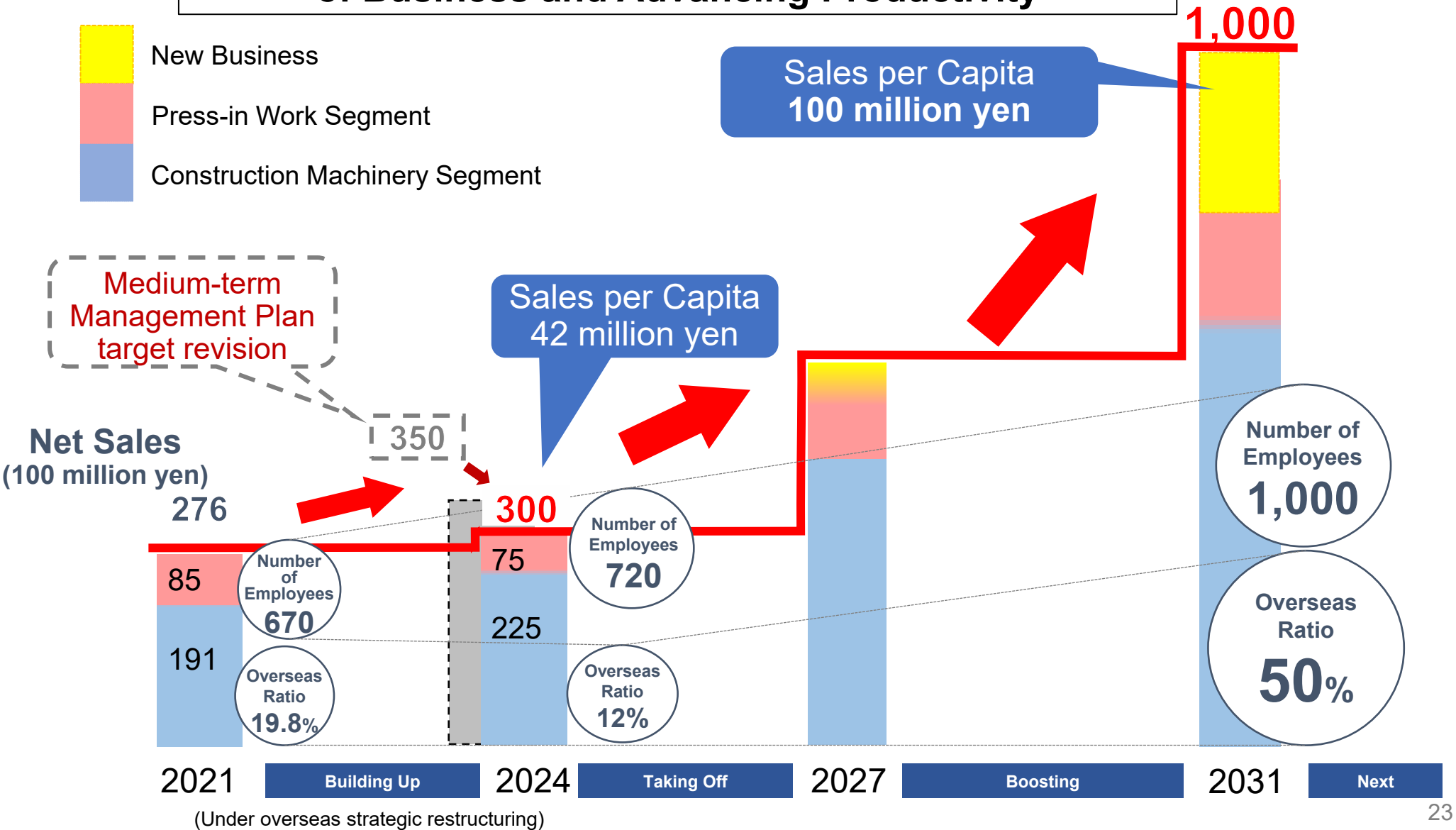


Profit (Millions of JPY)	4,571	1,400	3,073	3,234	846	Forecast 2,400
Profit per share (JPY)	168.80	51.28	112.22	117.65	30.82	89.68
Payout Ratio (%)	40.3	136.5	62.4	59.5	129.8	44.6
Dividend on Equity Ratio (%)	4.8	5.1	5.0	4.8	2.7	2.7
Total Return Ratio (%)	40.5	136.7	62.4	59.5	197.2	83.1

GIKEN GOALS 2031

GIKEN GOALS 2031 Numeric Target

Achieve 100 billion sales through Expanding the Size of Business and Advancing Productivity



GIKEN GOALS 2031 Business Expansion

Development-based business expansion into domestic and overseas markets

Overseas

Forming projects to meet regional needs
Select potential leading hub sites in North and South America and other area.

Europe/Asia/North and South America
Increase cases adopted and enhance the content

Business expansion in each area

Net Sales
100 billion yen

Domestic

Expand business to infrastructure development with a wider range of applications such as expressways and ports.

Further expand the range of applications, including shelters and similar national-defense facilities, and disaster prevention measures for private facilities.

Establish technology for infrastructure remodeling
Expansion into the building sector

Development

Electric and automated driving

Autonomous construction with self-learning machines

Implement unmanned construction

Transfer domestically successful expertise to other areas

Take advantage of GIKEN's expertise with new businesses

2021

Building Up

2024

Taking Off

2027

Boosting

2031

Overseas—Current Status and Future Plans

Establish GIKEN's business model overseas

Stimulation of press-in markets: Develop potential market in response to the needs where we can serve through offering press-in technology based on GIKEN's expertise.

Growth of press-in industry: Expand the industry leading the press-in work through developing the press-in market and offering high value-added technology to address social issues.

Regions where we are steadily forming a market

■ Europe

- ✓ Press-in market development in the Netherlands has been making steady progress through our project of repairing the banks of the World Heritage canal and other projects.
- ✓ Promotion of our method has been undertaken with our business partner Seika Sangyo GmbH (Head office: Germany).

■ Asia

- ✓ The projects are increasing mainly in Singapore.
- ✓ Market development in Thailand has also been making steady progress mainly through river bank construction projects.
- ✓ In India, we are proactively making proposals to potential customers stemming from a new user we acquired in FY2022.
- ✓ ODA market is expanding.

Other regions

■ South America

- ✓ Aiming to establish business in Brazil, we formulated a business plan and made a technology proposal for infrastructure needed jointly with Mitsui & Co., supported by JICA.

■ North America, Oceania, and Others

- ✓ Press-in market has not yet been fully developed. Restructure market development strategy to reflect regional strengths based on analysis of issues and outcomes.



We will establish a steadily growing market centered on Europe and Asia through spreading GIKEN's business model. Applying this policy, we implemented our own actions in each country based on GIKEN's business model, accelerating overseas expansion.

Target countries: the Netherlands, Germany, Singapore, Thailand, China, North America, Brazil, etc.

Domestic—Expansion of Press-in Work Market

Boost adoption in projects with potential investments in the future.

Coast



Road



River



Port



Erosion control



Bridge



Disaster prevention measures in the private sectors



Major renovation of expressways



Construction of national-defense facilities



Urban Infrastructure remodeling



Domestic—Key Points for Expansion of Press-in Market

Major renovation of expressways

Law revised to extend toll collection period for up to 50 years to cover major renovations and repairs.
Aiming to boost adoption in “expressway renewal”

Expand track record through foundation works for the Metropolitan Expressway and expressway Daishi Bridge.



Footage: Metropolitan Expressway Co., Ltd, Image: Kyoei



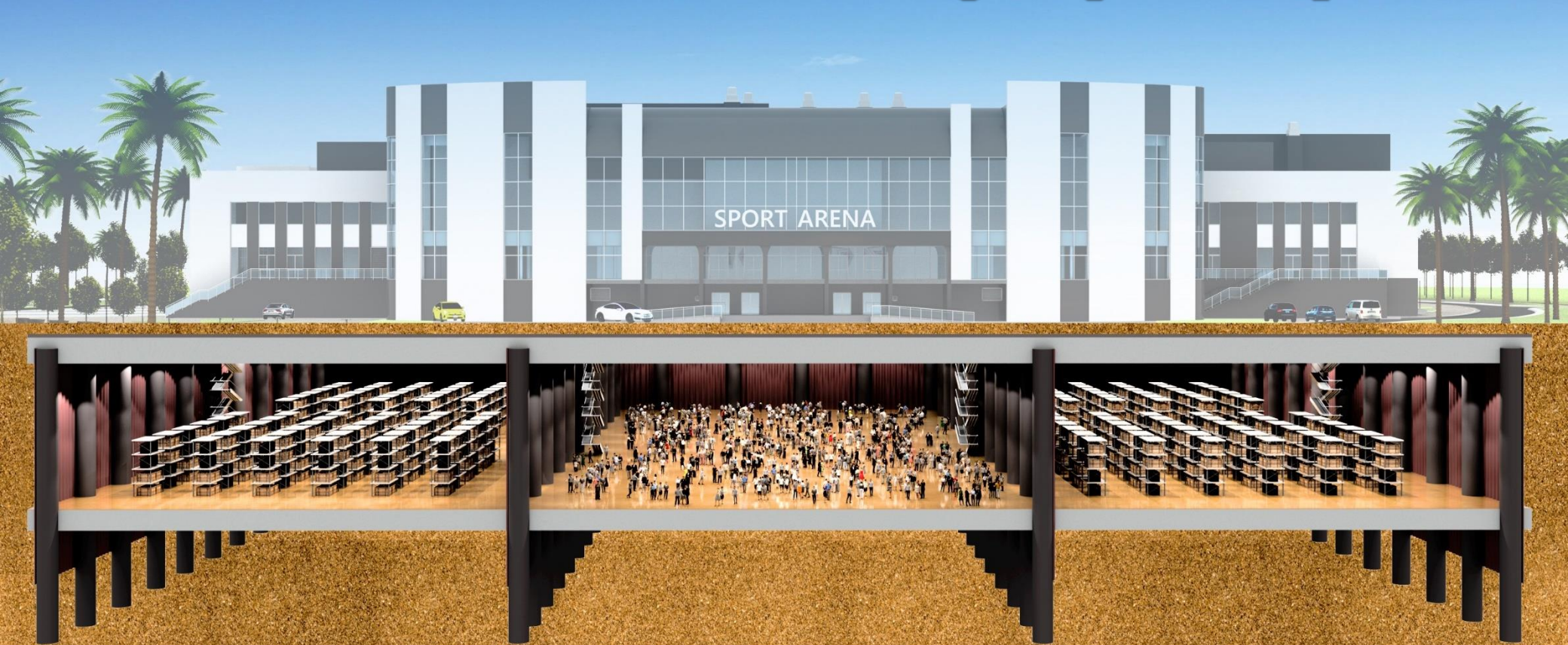
Domestic—Key Points for Expansion of Press-in Market

Construction of national-defense facilities

Policy of large-scale increases in national defense expenditures

Aiming for more adoptions in projects for reinforcing the functions of shelters and port facilities and other national defense facilities projects

Image of large-scale underground shelter



Domestic—Key Points for Expansion of Press-in Market

Infrastructure remodeling

Infrastructure upgrading in overcrowded urban areas

Expand market for “remodeling” existing infrastructure

- Gyropress Method™ restores and enhances the functionality of existing infrastructure by driving piles through it.
- No need to demolish or remove existing infrastructure, reducing construction period and cost as well as CO₂ emissions.
- This space-saving and temporary installation-free method enables construction without interrupting urban functions.



Development—Development Policy

Growing Social Issues

Decarbonization, extreme disasters due to climate change, declining workforce, and deteriorating infrastructure.

**Development policy to
address social issues**

**Machinery
and Methods**

**Reduced environmental
impacts
Higher productivity**

Structures

**Disaster-resistant
and Sustainable**

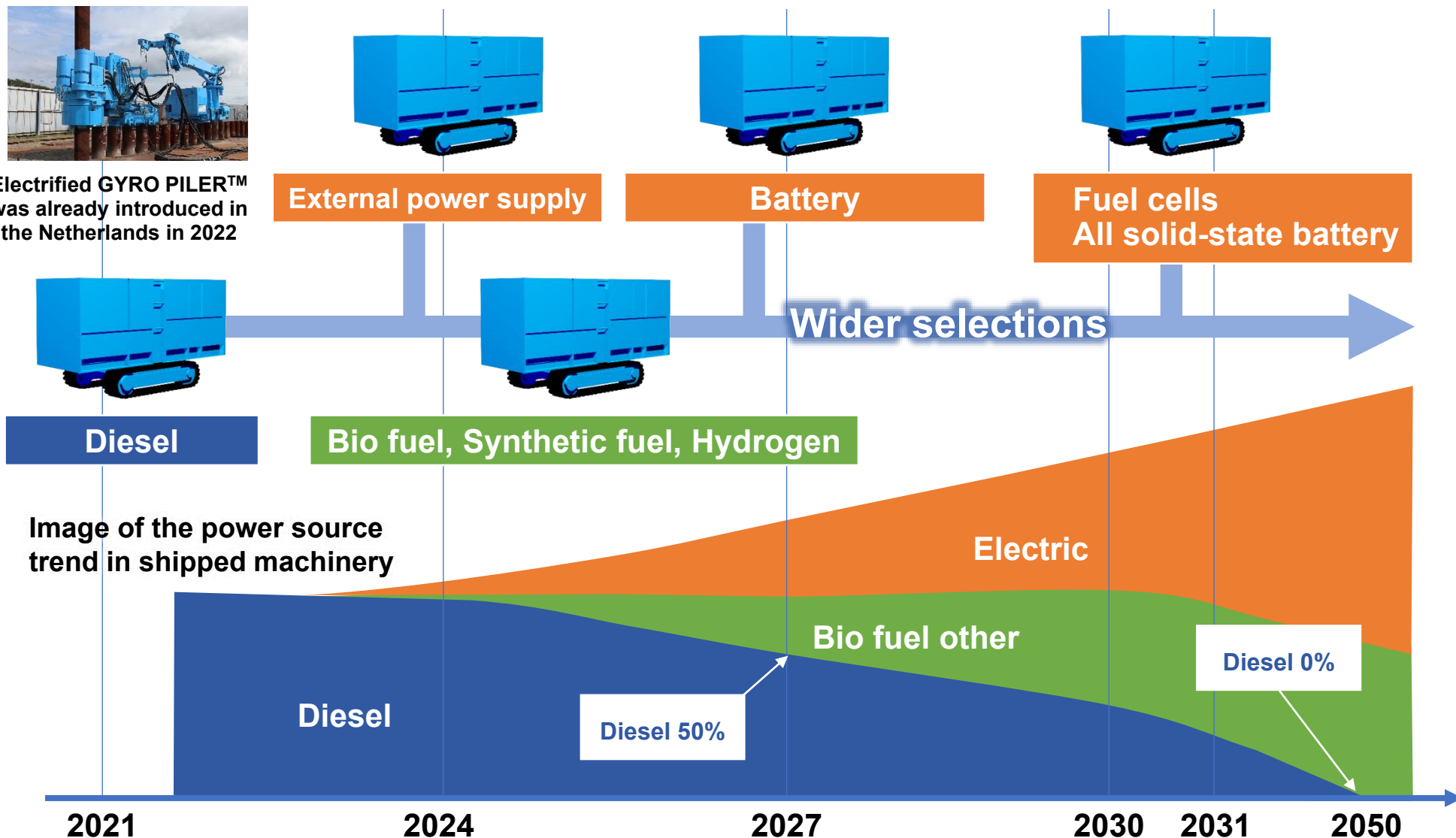
**Creating new sustainable social
infrastructure**

Development—Decarbonization Technology

Development for reducing greenhouse gas emissions



Electrified GYRO PILER™ was already introduced in the Netherlands in 2022



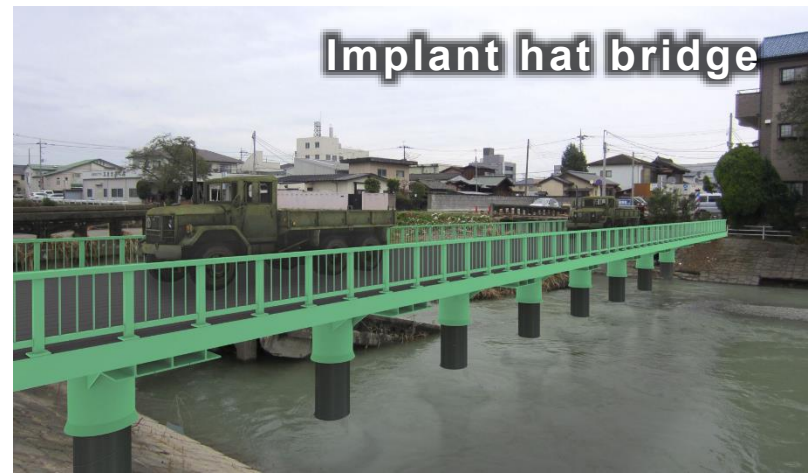
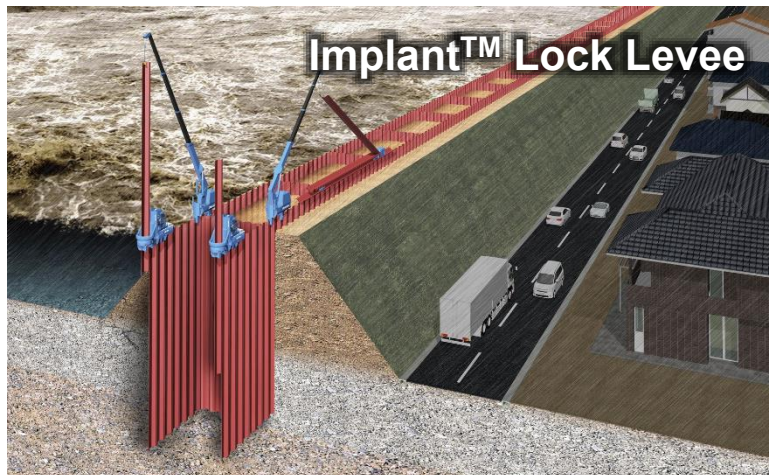
Development—Technology Development of Implanting Structures

Development of technology for implanting structures which are disaster-resistant and allow quick construction

Work to address more severe and more frequent floods

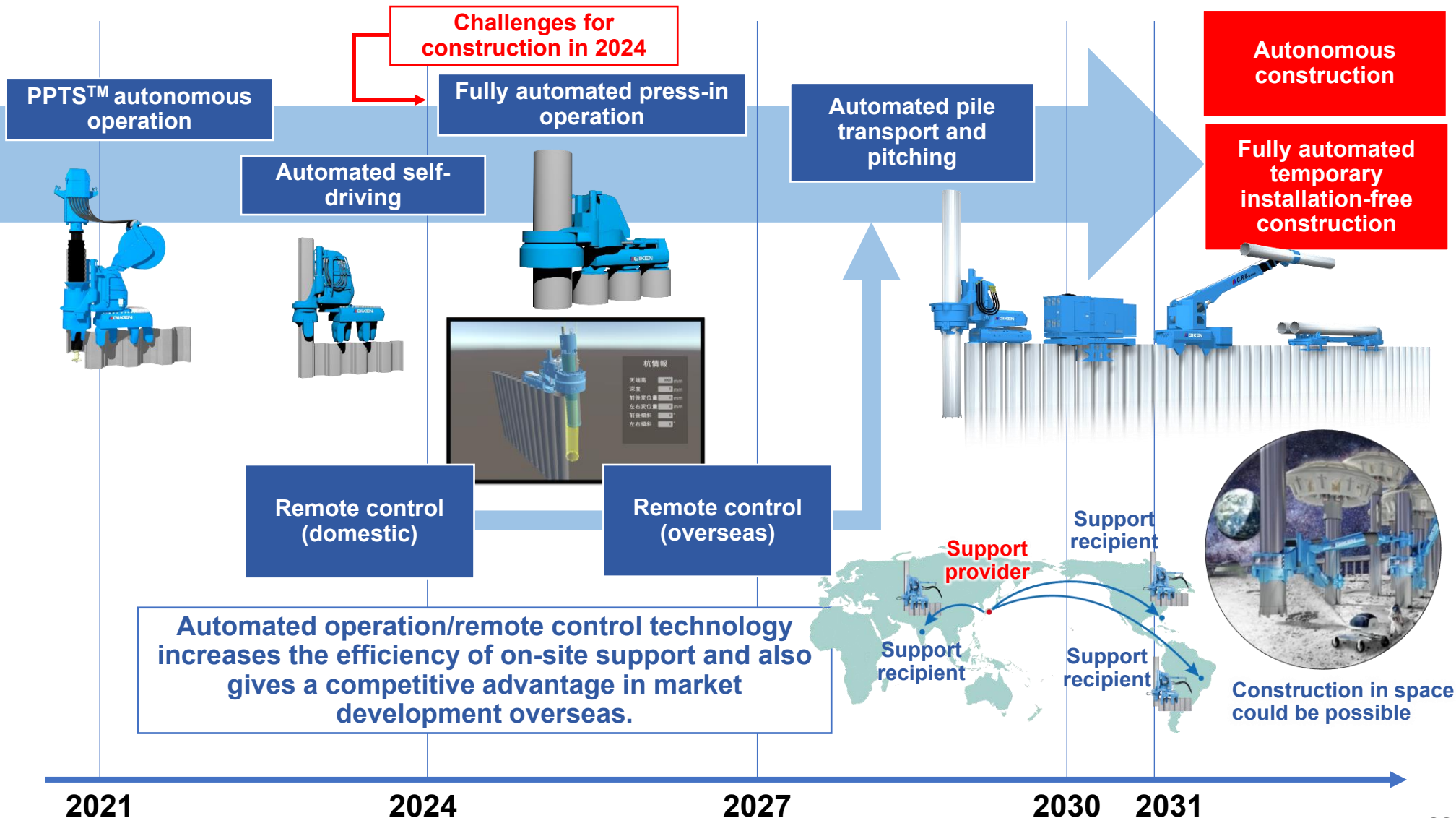


Quick construction of replacements for damaged bridges



Development—Automated Operation/Remote Control

Development of technology for automated operation/remote control to address worksite labor shortage issue

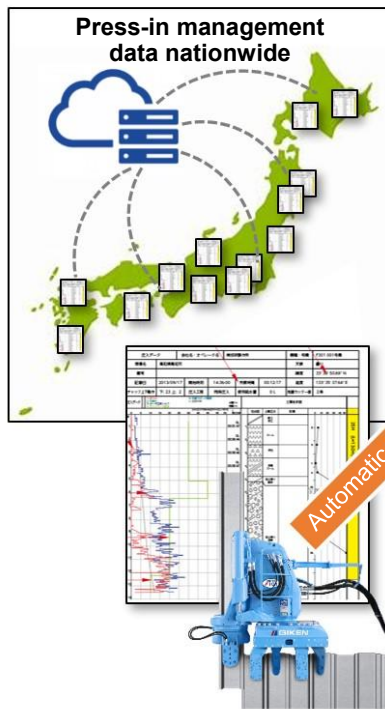


Development—DX

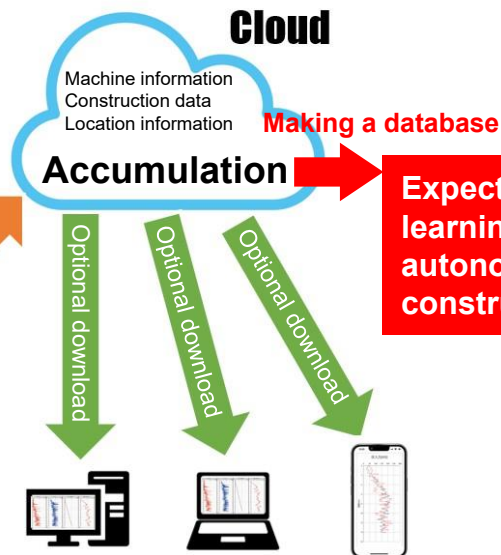
From products to services. Development of new businesses through digital transformation

Data providing services using digital platform

Press-in machine and geo data are available, via the cloud, advancing user accessibility.



- For efficient machine management
- For construction method marketing



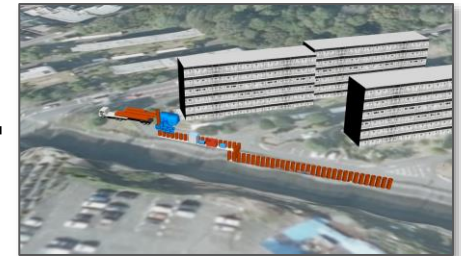
Expected use for AI learning to develop autonomous construction.

Technology proposal tools using 3D measurement, 3D modelling, and BIM/CIM solutions

Point Group Measurement Technology (3D surveying)



3D editing and planning tool



Internal operation started in August 2023

Pilot operation is scheduled to launch in May 2024

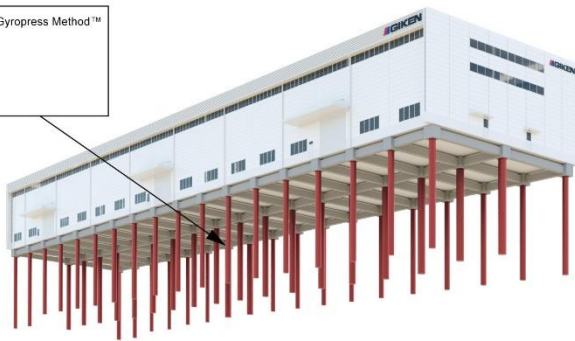
Development—Expansion into the Construction Sector

Apply ImplantTM Method to the construction sector

The method enables earthquake-resistant and sustainable structures with a simple process.

Construction of foundation piles by Gyopress MethodTM

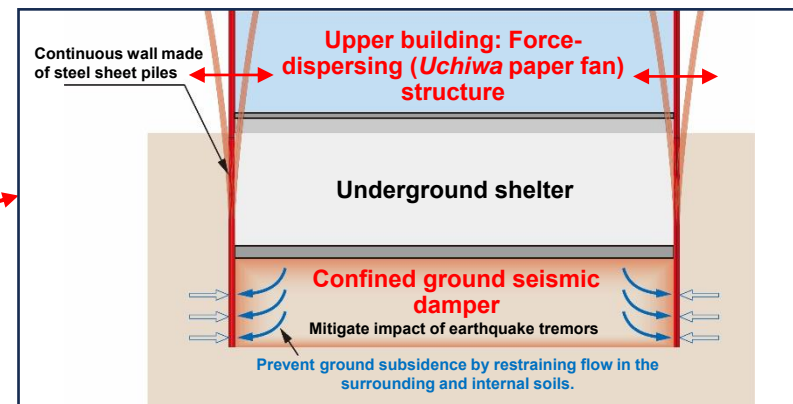
Tubular pile foundation built with Gyopress MethodTM
Pile diameter : $\phi 800 - 1000$
Pile length : 15.0 - 15.8 m
No. of piles : 54 piles
Pile distance : 7.0m



Create large-scale underground spaces which also serve as building foundations



Underground shelter



GIKEN GOALS 2031 Human capital enhancement

**Talents who create
the press-in market**

**Talents who
grow the press-in
industry**

**Talents who support
management and
development**

Enhance investment in people to deliver our business strategy

References

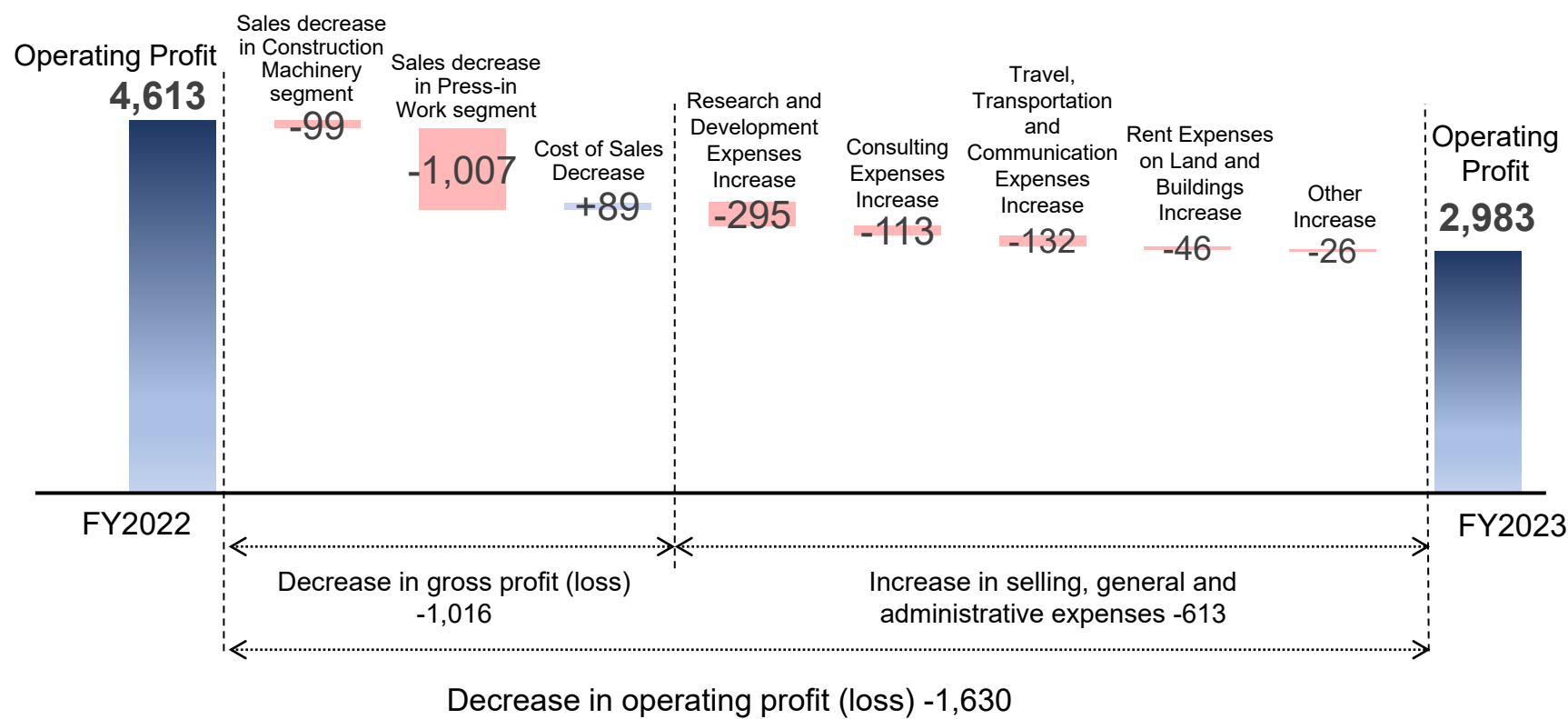


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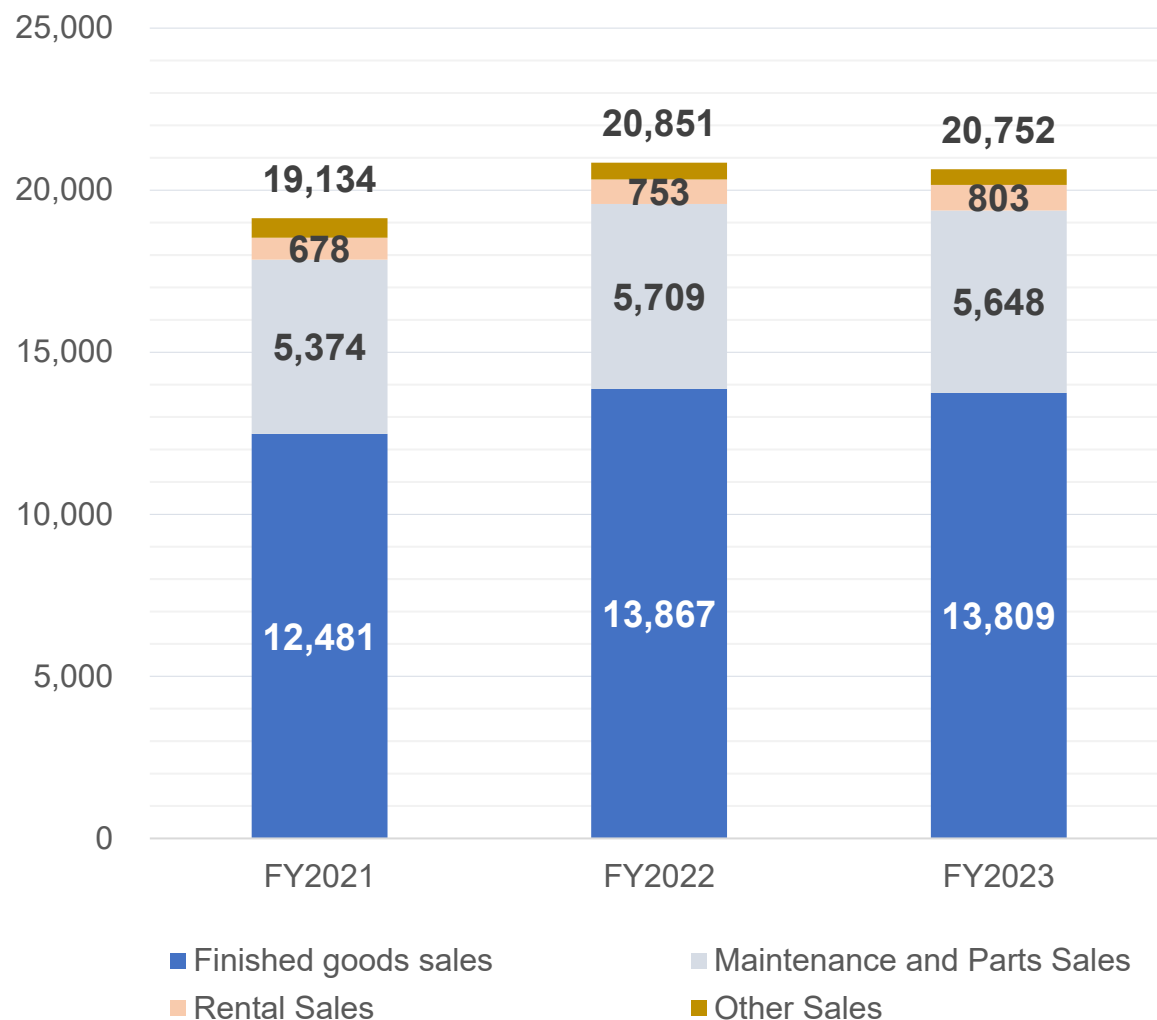
Financial Results Overview FY2023—Operating Profit Changes

Unit: Millions of JPY



Financial Results Overview FY2023—Construction Machinery Segment Net Sales by Category

Unit: Millions of JPY

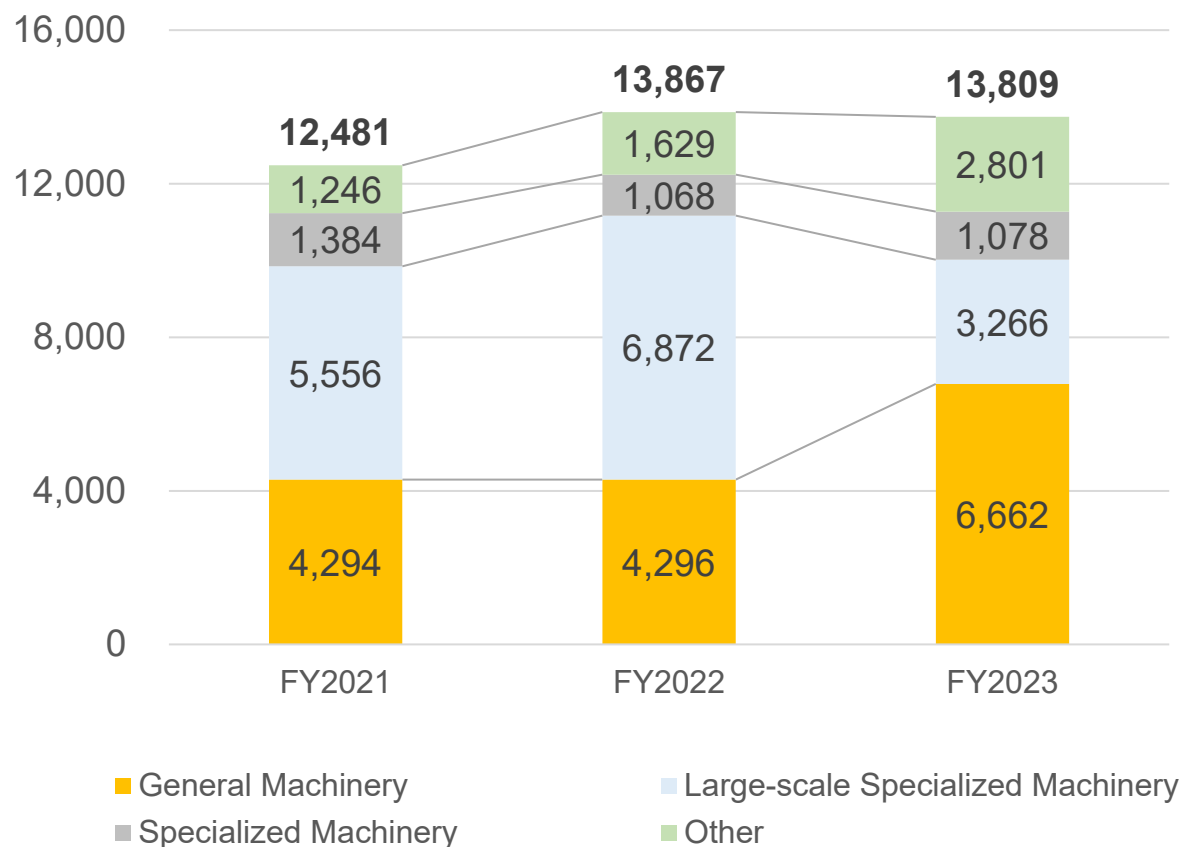


- Decrease in sales volume of machinery products used in the construction of permanent structures. In contrast, steady growth in sales of general machinery used in the construction of temporary structures.
- Robust growth in sales of maintenance and parts as the number of operating machines in the market increases.
(Except parts used in the construction of permanent structures of which the sales volume decreased due to soaring steel prices)

Financial Results Overview FY2023—Construction Machinery Segment Net Sales by Category

Shipment Value Trend by Product Category

Unit: Millions of JPY



Specialized Machinery

Press-in machine for ultra-low-headroom
Press-in machine for zero-sheet piles
GRB™ system and others

Large-scale Specialized Machinery

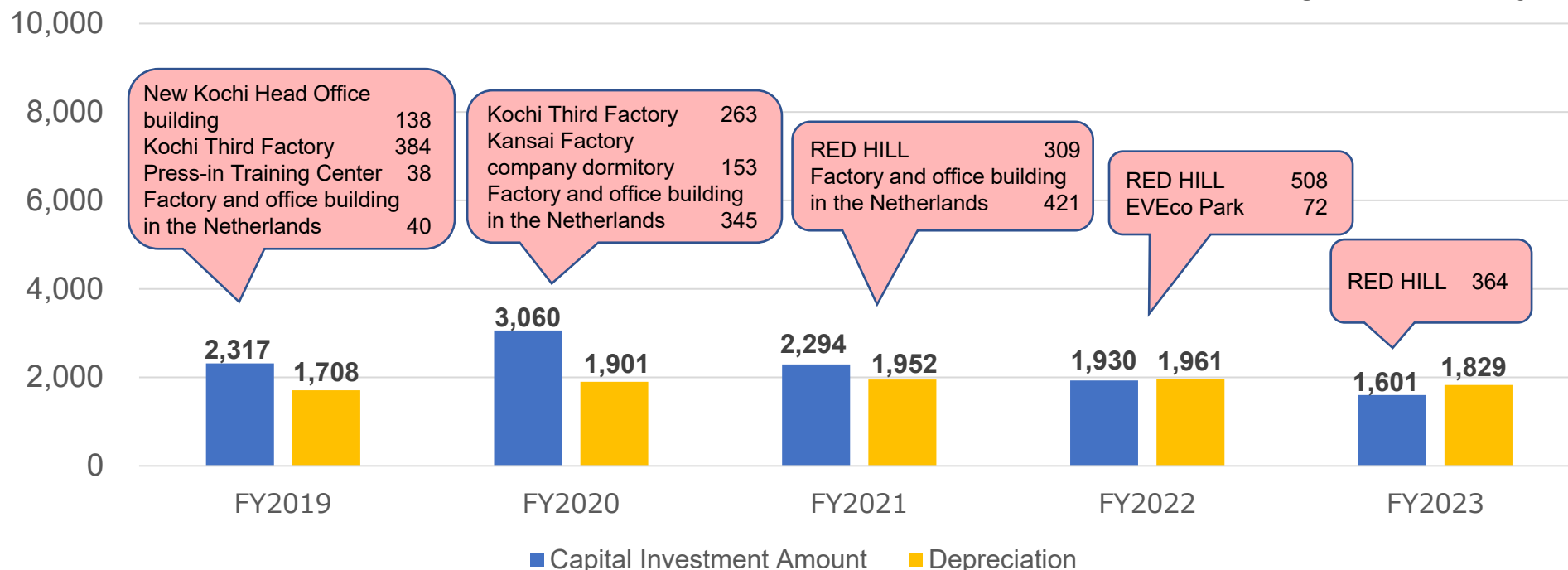
Press-in machine for 900 mm-width hat
sheet piles
Rotary cutting press-in machines (Gyro)
Steel pipe piler and others

General Machinery

Press-in machine for 400 mm-width U-
shape sheet piles and others

Financial Results Overview FY2023—Capital Investment Trend

Unit: Millions of JPY



Capital investment breakdown

	FY2019	FY2020	FY2021	FY2022	FY2023
Machines for rental/ demonstration	996	1,501	1,220	1,047	656
Offices and plant facilities	602	1,004	739	508	456
Other	719	555	335	375	489
Total	2,317	3,060	2,294	1,930	1,601

Progress in FY2023—Overseas Business

Pilot project to repair the banks of the World Heritage canal in the Netherlands has been completed.

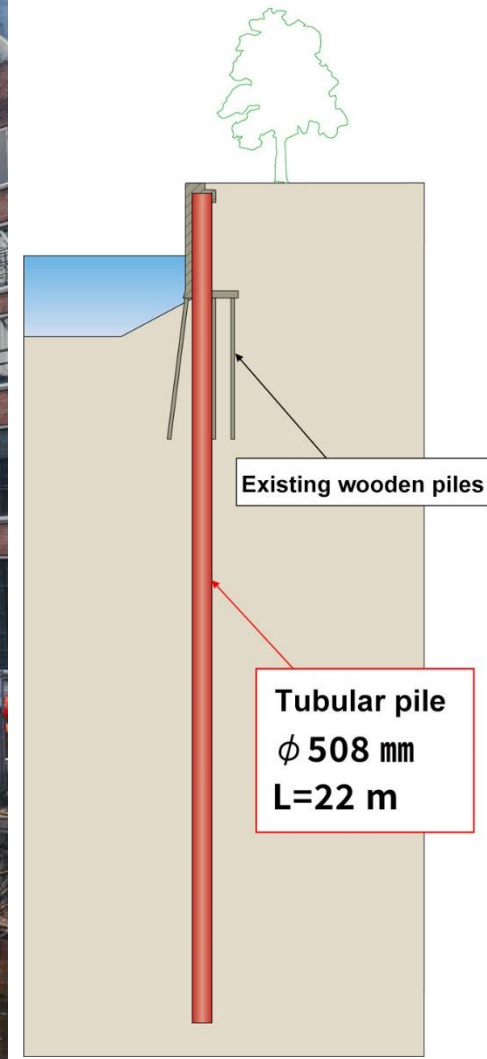
Electrified GYRO PILER™ and GRB™ System demonstrated the advantages of press-in technology.



271 tubular piles were pressed-in a 208 m section.

- Completion of press-in work in March
- Completion of pilot project in July

Discussion with the city of Amsterdam, the project owner, is in progress to shift to the commercialization phase.



Progress in FY2023—Overseas Business

Project to repair the banks of the World Heritage canal in the Netherlands was well recognized nationally.

Received “the Japan Construction International Award”

Awarded by the Minister of the Ministry of Land, Infrastructure, Transport and Tourism, Pioneering Activity Category

For contribution to delivering quality infrastructure overseas

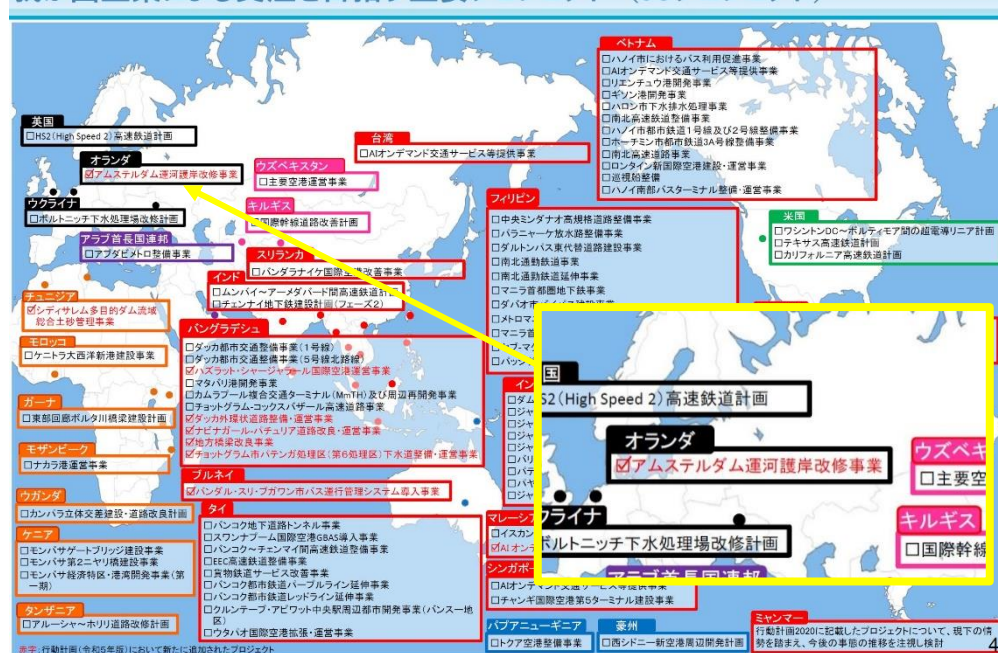
Selected for “the Action Plan for the Overseas Development of Infrastructure System as a major project by a Japanese company targeting orders from overseas”

Our work was recognized under “the Ministry of Land, Infrastructure, Transport and Tourism’s Action Plan for the Overseas Development of Infrastructure Systems (2023)”

Listed as top sale business by MLIT senior officials



我が国企業による受注を目指す主要プロジェクト（93プロジェクト） 国土交通省



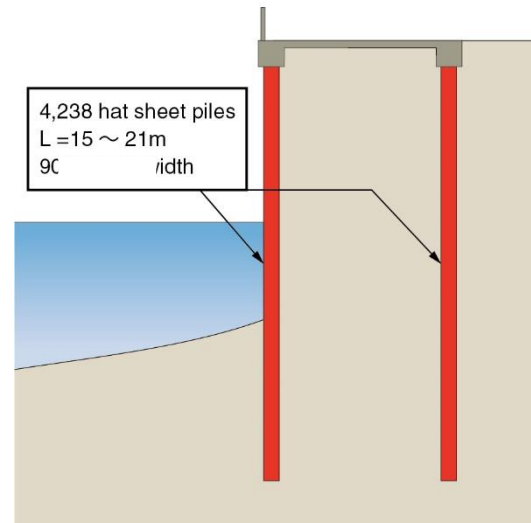
Progress in FY2023—Overseas Business

Implant™ Method was adopted for the Pa Sak river bank protection project in Thailand

Sales of F301-900 to a local company. We expect this will lead to its continued adoption with them, further promoting our business among countries around the world for their flood control measures.

Work for the first 2 km out of an approximately 52 km construction section was completed in July 2023.

Pressed in 2,782 hat sheet piles with 900 mm width. Based on the performance, a technical proposal is currently being presented for the next section.



- Vibration-free and noise-free construction minimizes the impact on the living environment of local residents.
- The high accuracy of construction mitigates corrective work, allowing speedy construction.

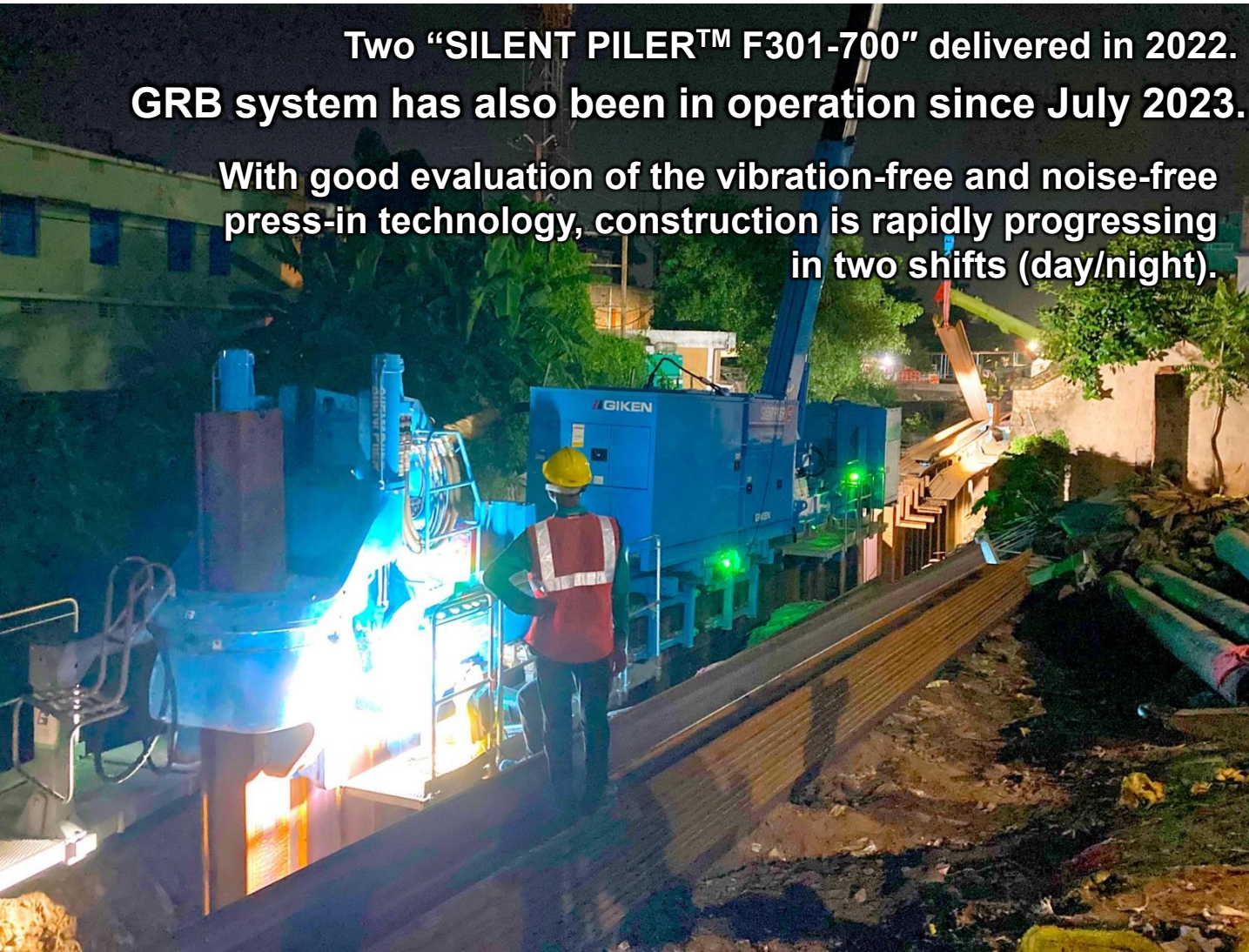
Progress in FY2023—Overseas Business

Major project in India is on track

Appeal to market with great potential. Implant™ Method will be a clue to full entry into the untapped market.

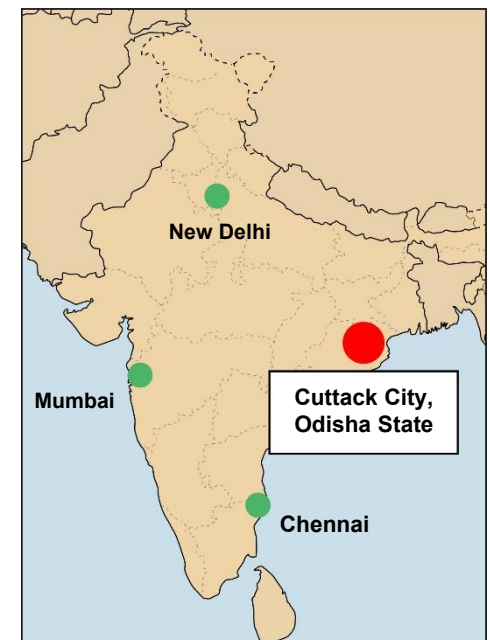
Two “SILENT PILER™ F301-700” delivered in 2022.
GRB system has also been in operation since July 2023.

With good evaluation of the vibration-free and noise-free press-in technology, construction is rapidly progressing in two shifts (day/night).



A water drainage facility development project in Cuttack City, Odisha State

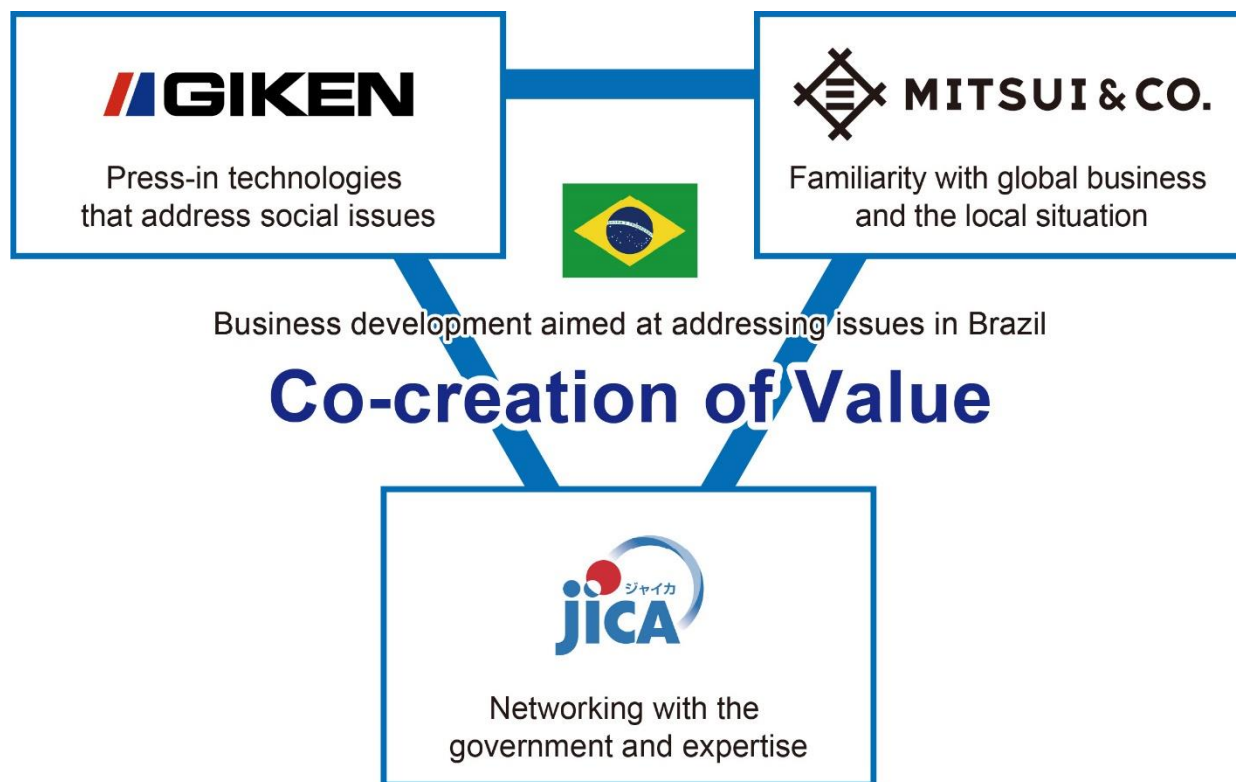
Approximately 7,000 U-sheet piles with a width of 600 and 750 mm were pressed into the ground over a distance of about 5.8 km on both banks. Earth retaining walls required for construction were built.



Progress in FY2023—Overseas Business

GIKEN, along with Mitsui & Co., will formulate a Joint Plan to develop business in Brazil with JICA support

Joint Plan with partners with strong networks and know-how in global business.



Aim to jointly develop a sustainable market and create business structures based in the local market.

(News release: https://www.giken.com/en/release/28_iun_2023/)

Progress in FY2023—Overseas Business

Launch of promotion in Europe with the cooperation of Seika Sangyo GmbH (Head office: Germany), a group company of the general machinery trading company Seika Corporation

Seika Sangyo GmbH has a strong track record and is highly competitive in the European market in the sale of submersible pumps and other products for construction, with solid connections to construction companies. Their sales channels closely match our target.

Cooperation

- Machinery sales and rental business
- Construction method promotion and project formation

Staff involved in promotion activities of construction methods were assigned.

They work together to promote construction methods starting in Germany, the biggest construction market in Europe, aiming for forming potential projects and obtaining new users.

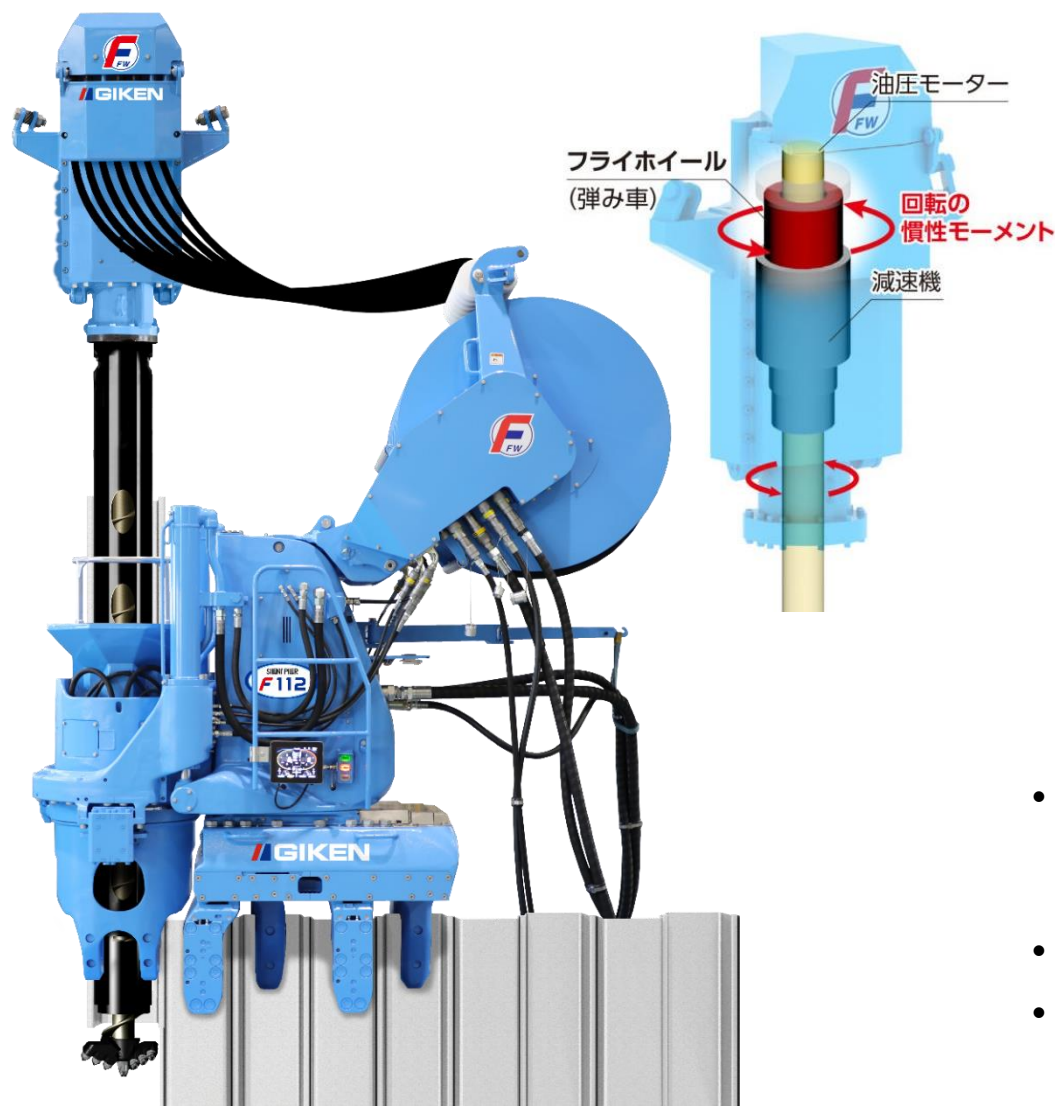


Seika Sangyo GmbH
Business partnership
agreement was concluded in
June 2022.



Progress in FY2023—Development

Launch of SILENT PILER™ F112, a machine specialized for hard ground construction with a flywheel pile auger as standard equipment



The weight increases torque through use of the rotational moment of inertia.

This model delivers torque that is roughly **three times** greater than the earlier models

Increased construction efficiency on hard ground

Expansion of applicable hard ground range

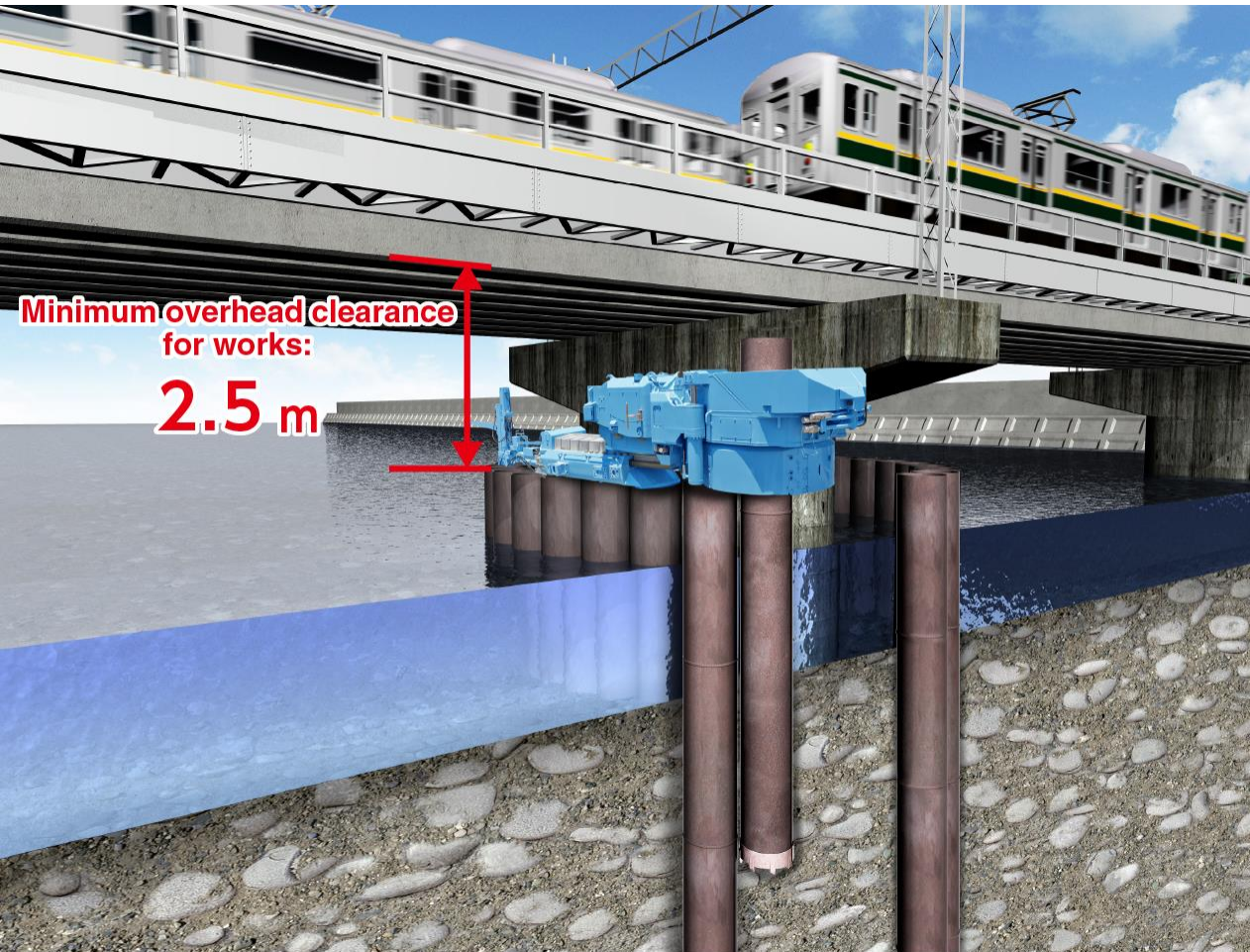
Shorter construction period on hard ground



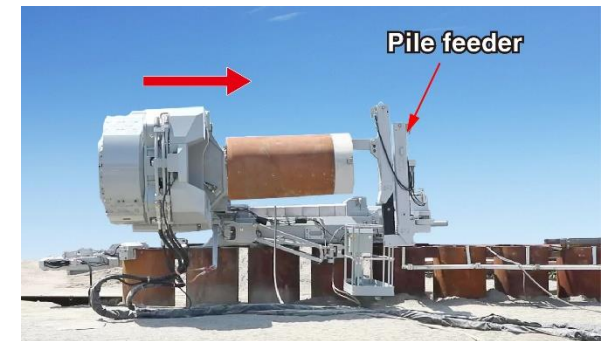
- More applications for projects in rivers (boulder beds) and mountain areas (bedrock layer).
- Solution to labor shortages
- Reduced CO₂ emissions

Progress in FY2023—Development

GIKEN develops Ultra-Low-headroom GYRO PILER™ – enabling Hard Ground Press-in Piling of 1-m-Diameter Tubular Piles with only 2.5 m overhead clearance



Feeding piles from the side enables pitching longer piles, reducing the number of joints.



Reduced construction period even under limited overhead clearance and hard ground.

Solution for infrastructure remodeling projects stymied due to severe construction site conditions, such as seismic strengthening of bridges and reinforcement of river revetments around bridges.

Customer development undertaken with external partners



AKTIO: Partnership agreement for rental business was concluded in February 2022



ITOCHU TC Construction Machinery Co.: Partnership agreement for sales was concluded in March 2021



Leveraging the two companies' extended sales network and our own channels

Results

- Renting our machines to potential new customers
⇒ **Chance to know the advantages of press in machine.
Potentially lead to purchase of new machines.**
- Delivering new machine to inactive customers
- Renting press-in machine specialized for hard-ground construction to users who own standard press-in machines

Progress in FY2023—Promotion of Construction Methods

“RED HILL 1967,” an information center for Press-in Technologies, opens
The facility showcases actual Implant™ Method, promoting press-in technology worldwide through the opportunity to see and experience it.



Progress in FY2023—Investing in People

Enhanced “Parental Leave Assistance Grant”

Eligibility: Those who took paternal leave for three months or more

*Grant is provided regardless of gender *Eligible also for a second and subsequent children

Amount: Maximum 50,000 yen monthly for **maximum 12 months**



■ Actual results of parental leave taken by male employees

0 parental leaves taken by male employees up until FY2018

*Data as of August 31st, 2023

	FY2019	FY2020	FY2021	FY2022
Number of people who took leave	6 out of 20 (Number of people who took leave out of number of those eligible)	8 out of 13	13 out of 13 *8 took over 3 months	14 out of 14 *13 took over 3 months
Usage rate	30%	61.5%	100%	100%
Average number of days taken	110.2 days	60.6 days	89.2 days	100.1 days * Including those currently on leave

◎Contributing to addressing social issues including declining birth rate, active women’s participation, diversity, etc.



Construction Revolution

Implant method change the Worldwide Construction