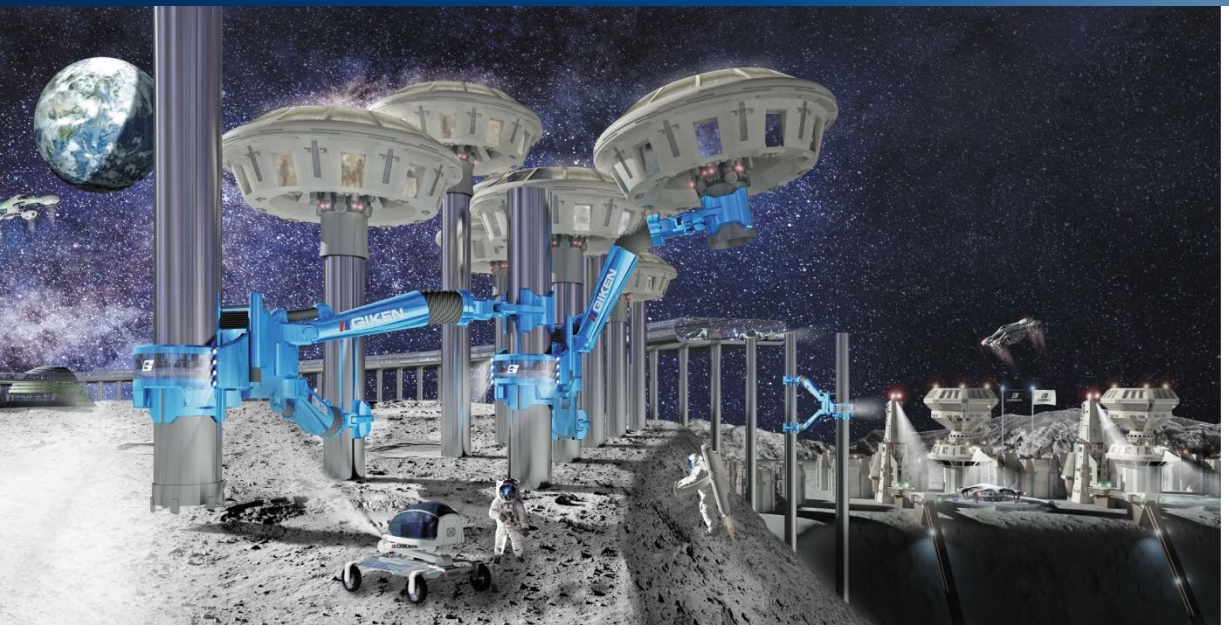
GIKEN

Construction Revolution



FY2024 (September 2023 to August 2024)



GIKEN LTD. Financial Results Overview

October 11, 2024

Securities 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 risky assumptions, 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.

This document has been translated into English. In case of any difference in meaning between the original Japanese text and the English translation, the Japanese text shall prevail.

Content

I. Financial Results

- Financial Results Overview FY2024 **P 3**
- FY2025 Forecast **P 12**
- Shareholder Return **P 19**

II. References **P 21**

Financial Results Overview FY2024

Financial Results Trend — Key Points

(1) Construction Machinery Segment

- ◎ In Japan, while construction investment remained strong, a reduction in the scale of government-funded construction projects due to rising costs impacted capital investment by users.
- ◎ Overseas, sales of products (including used ones) of large-scale specialized machinery grew.
- ◎ Selling, general and administrative expenses, including personnel expenses, increased.

(2) Press-in Work Segment

- ◎ In Japan, orders were steadily received for development-oriented projects* with high-value.
- ◎ Selling, general and administrative expenses decreased as the number of overseas consolidated subsidiaries decreased by one (FY2023 4Q).

＊Development-oriented projects are construction projects using our developed products or methods that we have not yet made generally available.

Financial Results Trend — Full year

- **Net sales increased by 0.7% year on year to JPY 29,481M.**
- **Operating profit increased by 11.4% year on year to JPY 3,324M.**
- **Profit increased by 187.9% year on year to JPY 2,437M.**

Unit: Millions of JPY

Full year	FY2022		FY2023		FY2024	
	Actual	YoY	Actual	YoY	Actual	YoY
Net sales	30,378	+10.0%	29,272	-3.6%	29,481	+0.7%
Domestic sales	24,413	+10.2%	25,180	+3.1%	25,486	+1.2%
Overseas sales	5,965	+9.3%	4,092	-31.4%	3,994	-2.4%
Overseas ratio	19.6%	-0.2%pt	14.0%	-5.6%pt	13.5%	-0.5%pt
Gross profit	11,725	+10.5%	10,709	-8.7%	10,867	+1.5%
Operating profit (operating profit margin)	4,613 (15.2%)	+15.4%	2,983 (10.2%)	-35.3%	3,324 (11.3%)	+11.4%
Ordinary profit	4,832	+16.1%	3,060	-36.7%	3,582	+17.1%
Profit*[1]	3,234	+5.2%	846[*2]	-73.8%	2,437	+187.9%
Profit per share	JPY 117.65	+4.8%	JPY 30.82	-73.8%	JPY 90.99	+195.2%

*1 Profit: Net income attributable to GIKEN LTD.

*2 An extraordinary loss of JPY 1,367M for loss on liquidation of subsidiaries and associates was recorded for FY2023.

Financial Results Trend — 4Q (Jun–Aug)

- **Net sales decreased by 9.0% year on year to JPY 7,347M.**
- **Operating profit decreased by 39.7% year on year to JPY 486M.**
- **Profit decreased by 64.8% year on year to JPY 219M.**

Unit: Millions of JPY

4Q	FY2022		FY2023		FY2024	
	Actual	YoY	Actual	YoY	Actual	YoY
Net sales	9,609	+20.0%	8,076	-16.0%	7,347	-9.0%
Domestic sales	7,578	+28.1%	7,135	-5.8%	6,134	-14.0%
Overseas sales	2,030	-2.9%	940	-53.7%	1,212	+28.9%
Overseas ratio	21.1%	-5.0%pt	11.6%	-9.5%pt	16.5%	+4.9%pt
Gross profit	3,529	+22.9%	2,757	-21.9%	2,504	-9.2%
Operating profit (operating profit margin)	1,439 (15.0%)	+42.7%	806 (10.0%)	-43.9%	486 (6.6%)	-39.7%
Ordinary profit	1,516	+44.1%	806	-46.8%	450	-44.2%
Profit*	1,034	+4.6%	623	-39.7%	219	-64.8%
Profit per share	JPY 37.60	+4.3%	JPY 22.77	-39.4%	JPY 8.19	-64.0%

* Profit: Net income attributable to GIKEN LTD.

Financial Results Trend — Full Year Construction Machinery Segment

- **Net sales increased by 0.6% year on year to JPY 21,402M.**
- **Operating profit decreased by 0.9% year on year to JPY 4,624M.**
- **Operating profit margin decreased by 0.3%pt to 21.6%.**

Unit: Millions of JPY

Construction Machinery Segment	FY2022		FY2023		FY2024	
	Actual	YoY	Actual	YoY	Actual	YoY
Net sales	21,694	+7.9%	21,276	-1.9%	21,402	+0.6%
Domestic sales	18,865	+13.6%	18,699	-0.9%	17,266	-7.7%
Overseas sales	1,986	-21.4%	2,053	+3.4%	3,674	+78.9%
Internal sales	842	-12.5%	523	-37.9%	461	-11.8%
Overseas ratio*	9.5%	-3.7%pt	9.9%	+0.4%pt	17.5%	+7.6%pt
Operating profit (operating profit margin)	6,068 (28.0%)	+27.1%	4,668 (21.9%)	-23.1%	4,624 (21.6%)	-0.9%

* Overseas ratio is calculated on the basis of amounts excluding internal sales.

Financial Results Trend — Full Year Press-in Work Segment

- **Net sales decreased by 1.3% year on year to JPY 8,683M.**
- **Operating profit increased by 32.7% year on year to JPY 1,161M.**
- **Operating profit margin increased by 3.4%pt to 13.4%.**

Unit: Millions of JPY

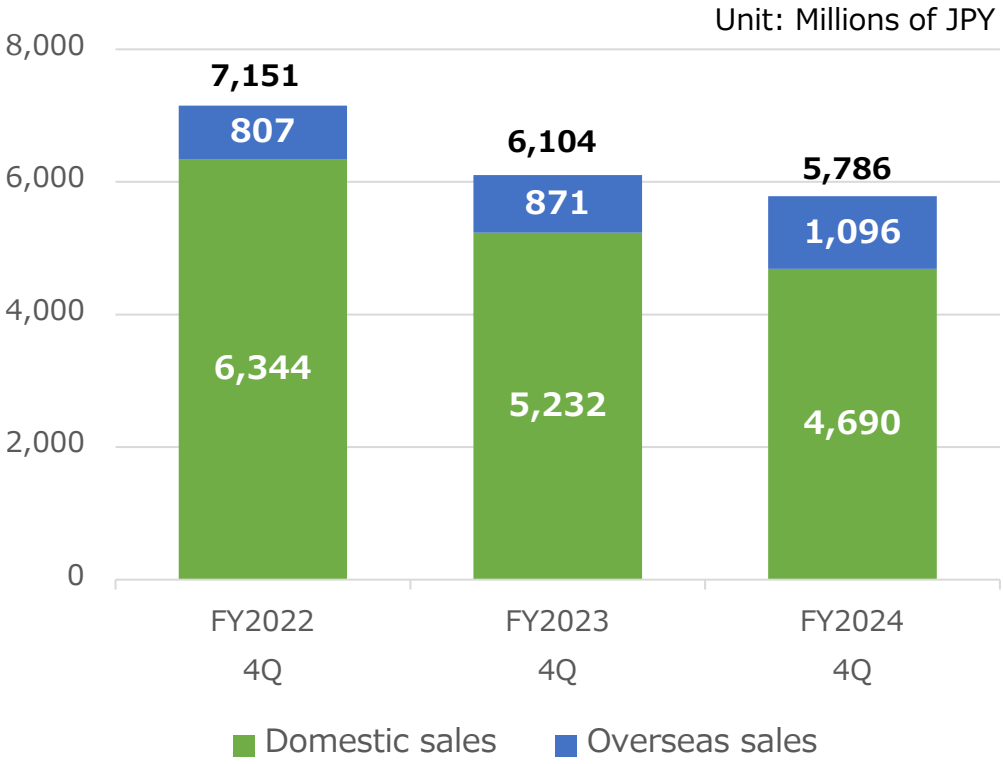
Press-in Work Segment	FY2022		FY2023		FY2024	
	Actual	YoY	Actual	YoY	Actual	YoY
Net sales	9,656	+11.5%	8,769	-8.9%	8,683	-1.3%
Domestic sales	5,547	-0.0%	6,480	+16.8%	8,220	+26.8%
Overseas sales	3,978	+35.6%	2,038*2	-48.8%	320	-84.3%
Internal sales	129	-27.8%	276	+113.2%	142	-48.4%
Overseas ratio*1	41.8%	+7.2%pt	23.9%	-17.9%pt	3.8%	-20.1%pt
Operating profit (operating profit margin)	948 (9.8%)	-23.7%	875 (10.0%)	-7.7%	1,161 (13.4%)	+32.7%

*1 Overseas ratio is calculated on the basis of amounts excluding internal sales.

*2 The number of overseas consolidated subsidiaries decreased by one in 4Q FY2023.

Trend of Net Sales by Segment — 4Q (Jun–Aug)

Construction Machinery Segment

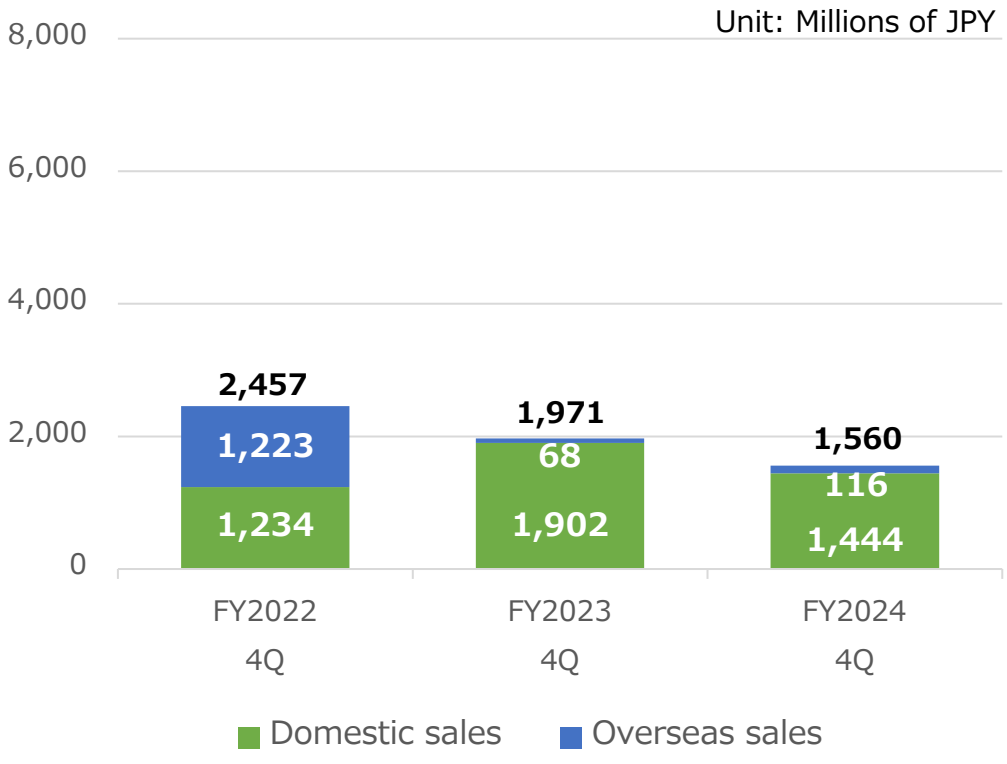


[Factors in sales changes: 4Q (Jun–Aug)]

Domestic:
- Decline in sales of products attributable to surges in prices

Overseas:
- Sale of large-scale specialized machinery to a user in the US
- Sale of large-scale specialized machinery to a user in Singapore
- Sales of large-scale specialized machinery to users in the Netherlands, Italy, and Denmark
- Sale of general machinery to a user in Taiwan

Press-in Work Segment



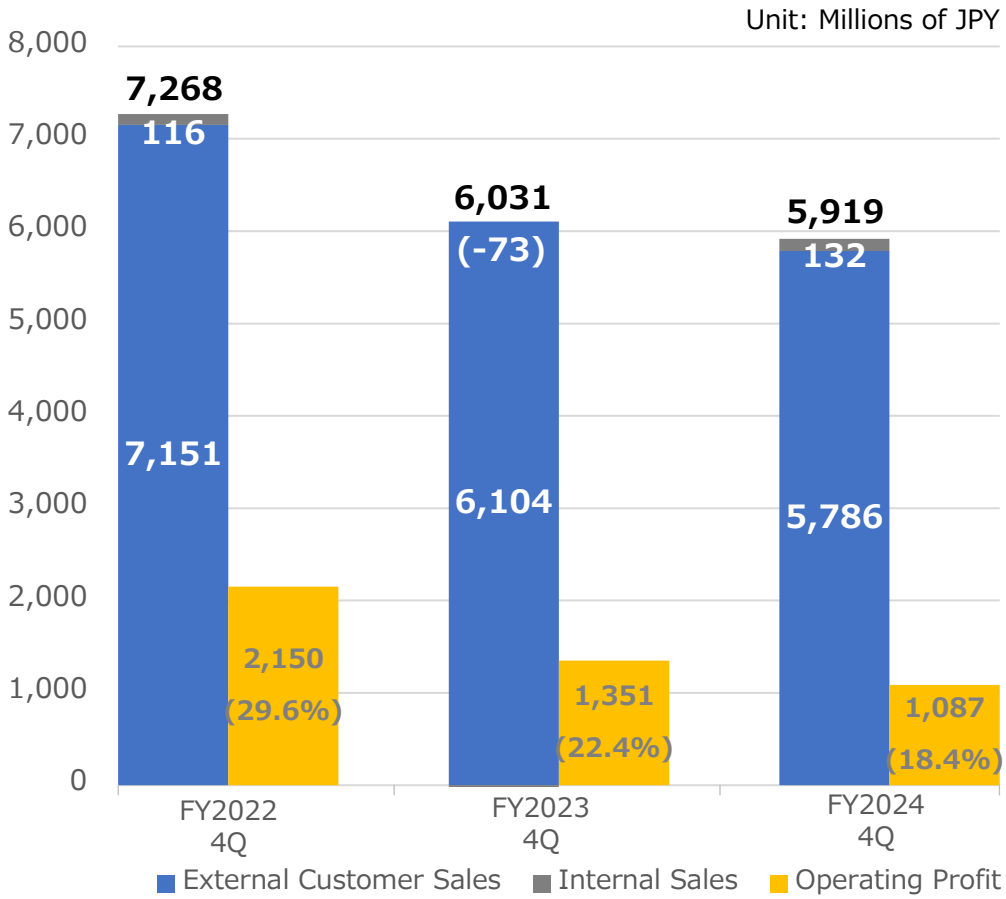
[Factors in sales changes: 4Q (Jun–Aug)]

Domestic:
- Decline in the amount of progress in construction following good progress in 3Q

Overseas:
- Increase in demand for rentals with operators in Germany due to market expansion

Trend of Operating Profit by Segment — 4Q (Jun–Aug)

Construction Machinery Segment

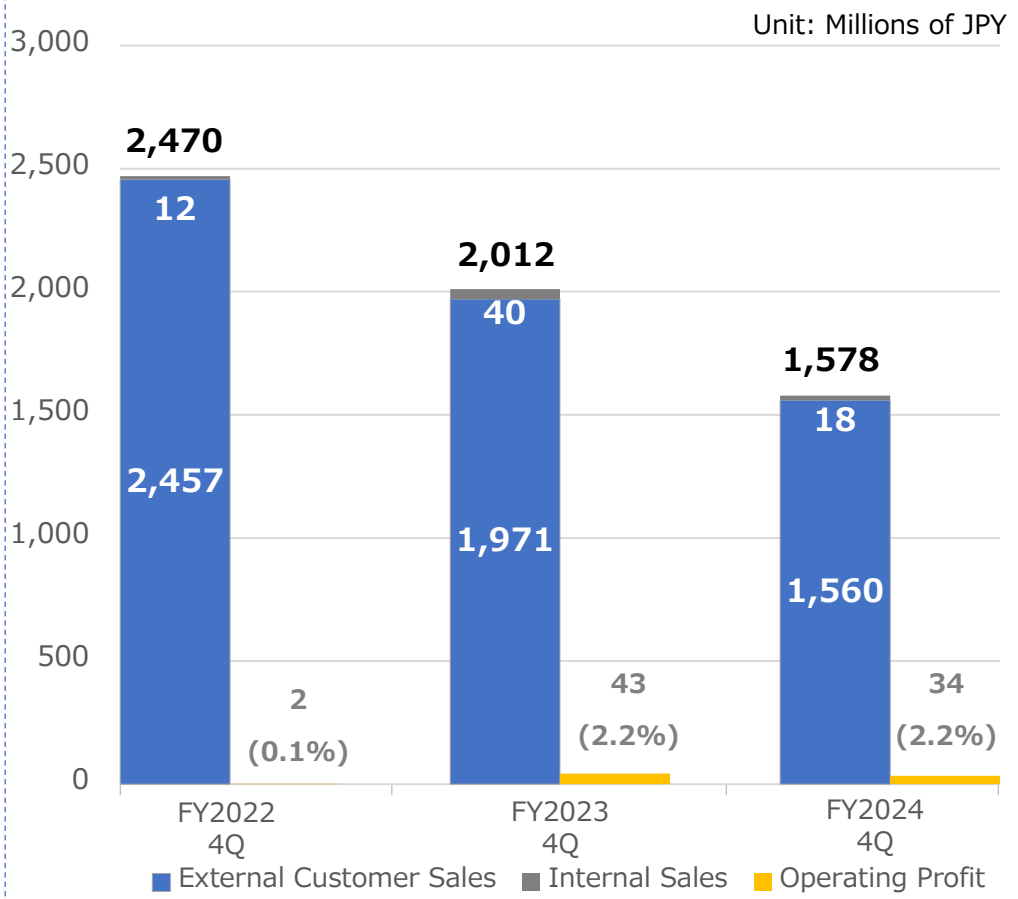


Figures in brackets show the operating profit margins.

[Factors in profit margin changes: 4Q (Jun–Aug)]

- Decline in the gross profit due to the decrease in net sales

Press-in Work Segment



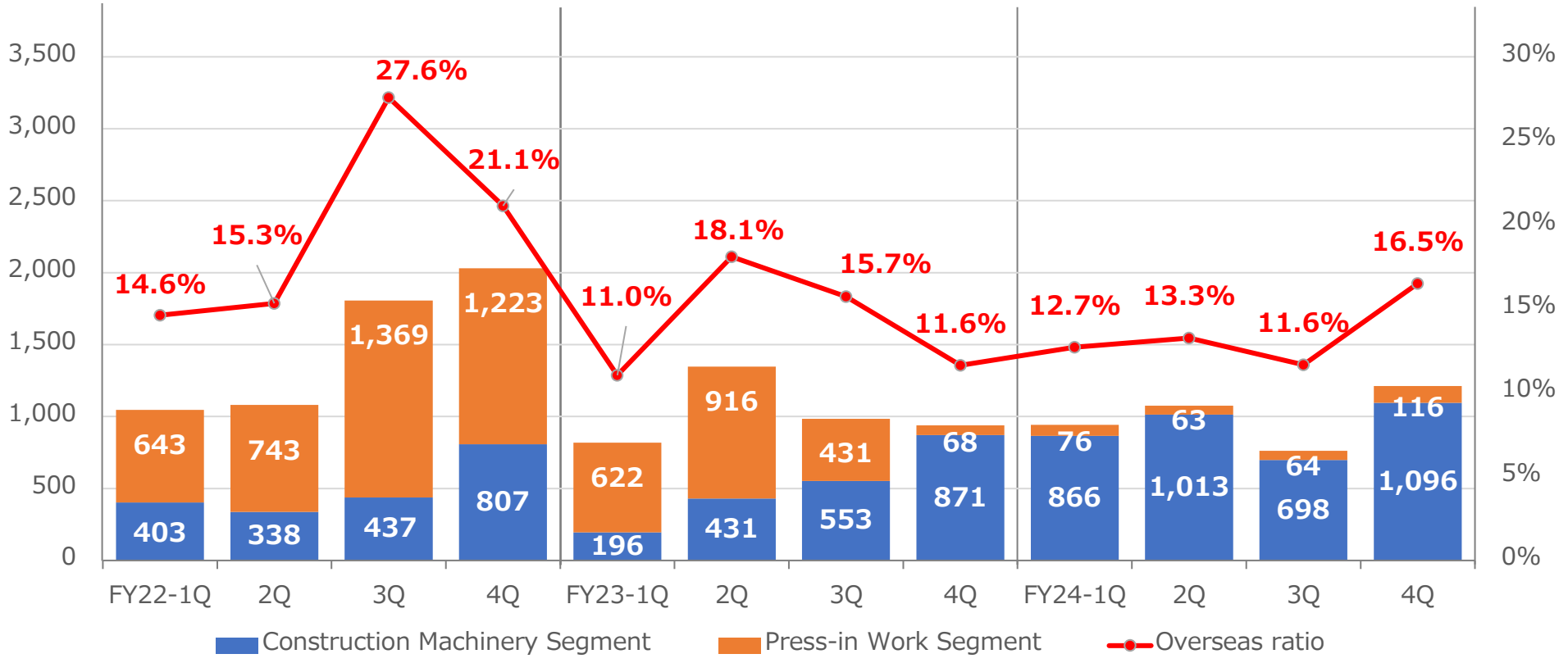
Figures in brackets show the operating profit margins.

[Factors in profit margin changes: 4Q (Jun–Aug)]

- Increase in development projects with high-profit margins
- Increase in selling, general and administrative expenses, including personnel expenses

Trend of Overseas Sales and Overseas Ratio

Unit: millions of JPY



	FY22				FY23				FY24			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Overseas Sales	**1,046**	**1,081**	**1,806**	**2,030**	**819**	**1,347**	**984**	**940**	**943**	**1,076**	**762**	**1,212**

(Note) The number of overseas consolidated subsidiaries decreased by one in 4Q FY2023.

FY2025 Forecast

Forecast

Unit: Millions of JPY

	FY2024 Actual	FY2025 Forecast			
		1st Half Forecast	2nd Half Forecast	Full Year Forecast	YoY
Net sales	29,481	15,700	14,300	30,000	+1.8%
Operating Profit	3,324	2,550	950	3,500	+5.3%
Ordinary profit	3,582	2,600	1,000	3,600	+0.5%
Profit*	2,437	1,900	700	2,600	+6.7%
Profit Per Share	JPY 90.99	JPY 70.98	JPY 26.15	JPY 97.13	+6.7%

* Profit: Net income attributable to GIKEN LTD.

Forecast — Key Points

(1) Construction Machinery Segment

◎ **Solid increase in customers' capital investment**

- Domestic infrastructure development, including measures to strengthen national resilience and Noto Peninsula Earthquake recovery and reconstruction projects, expressways, and ports, is expected to remain strong.

◎ **The impact of rising steel prices and increasing labor costs is required to be closely monitored.**

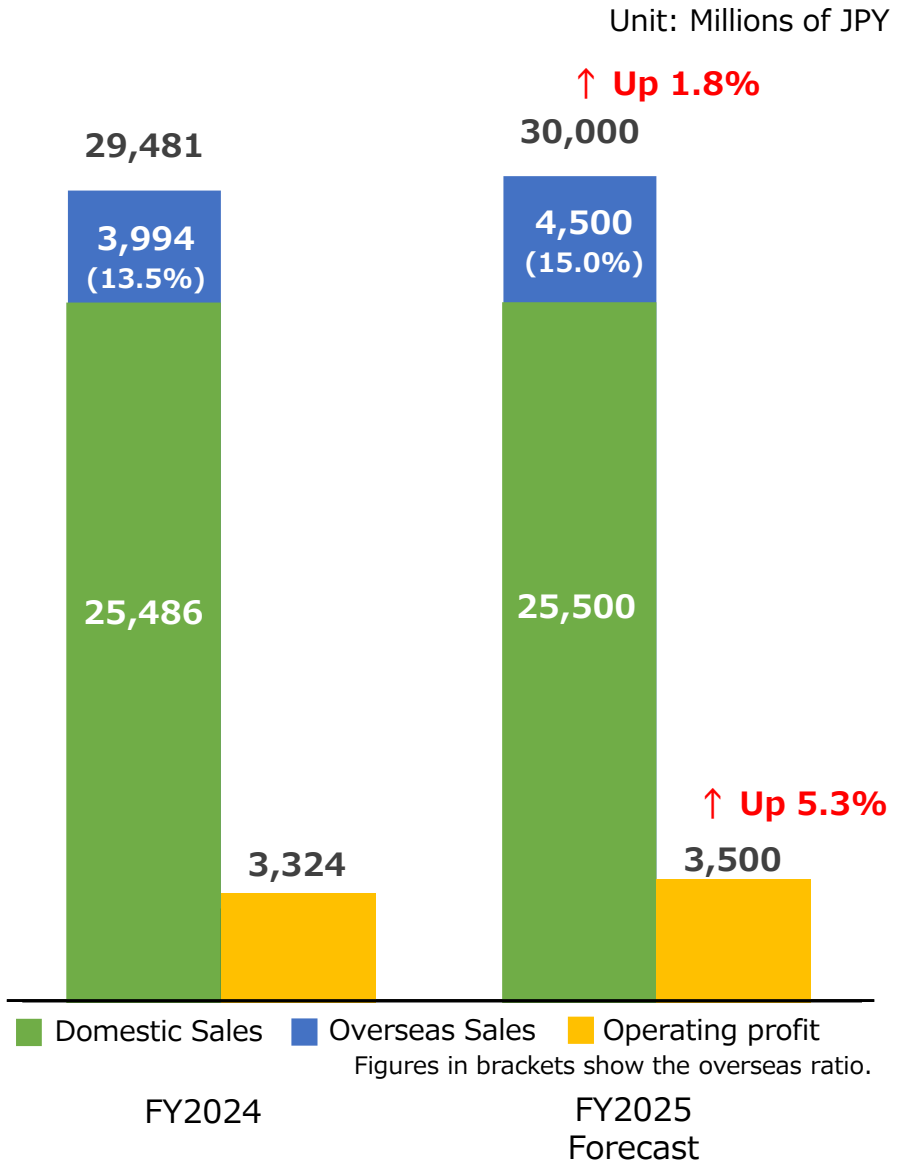
◎ **While staying focused on the regions where market development is getting on track, continue overseas expansion.**

(2) Press-in Work Segment

◎ **Orders steadily received primarily for development-oriented projects.**

- Orders are expected to be steadily received for development-oriented projects, including, construction and renovation of national highways and expressways, flood control projects in river basins, railway grade separation projects, and facility development-oriented projects in power plants.

Forecast — Sales and Operating Profit



[Factors in sales changes]

- It is projected to continuously increase the sales of products which improve the productivity in hard ground construction sites, as well as of which data can be collected for our market and product development.
- Sales are expected to increase in the Europe and Asia regions, where market development is getting on track.
- Orders are expected to be steadily received for development-oriented projects.

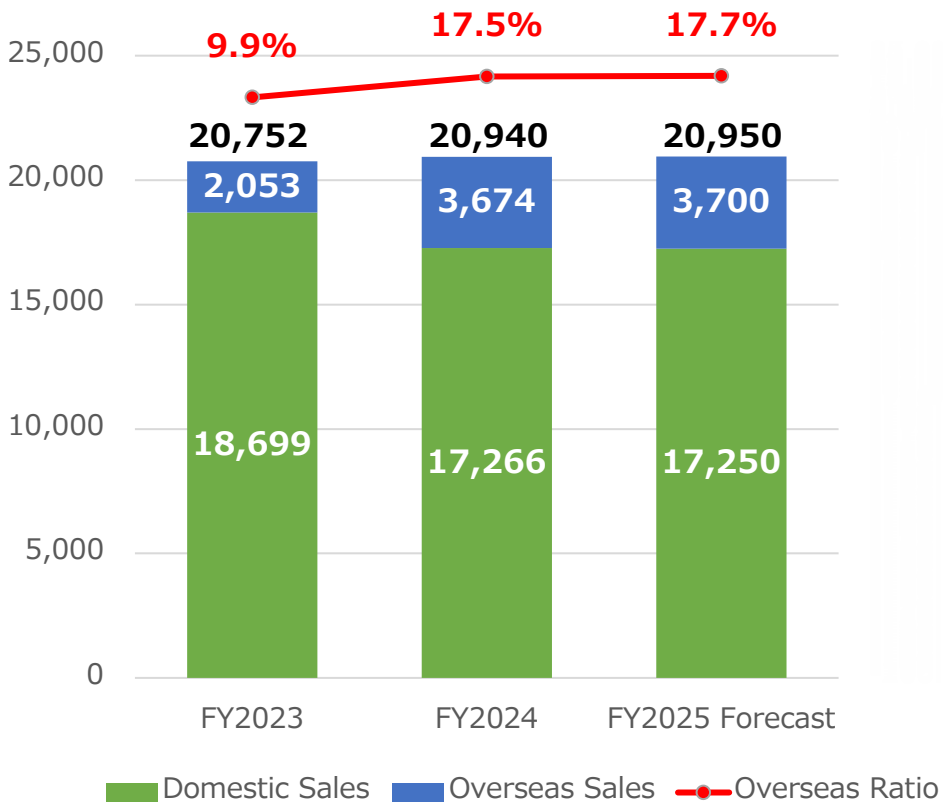
[Factors in operating profit changes]

- Sales of large-scale specialized machinery are expected to increase in Japan.

Forecast — Sales by Segment

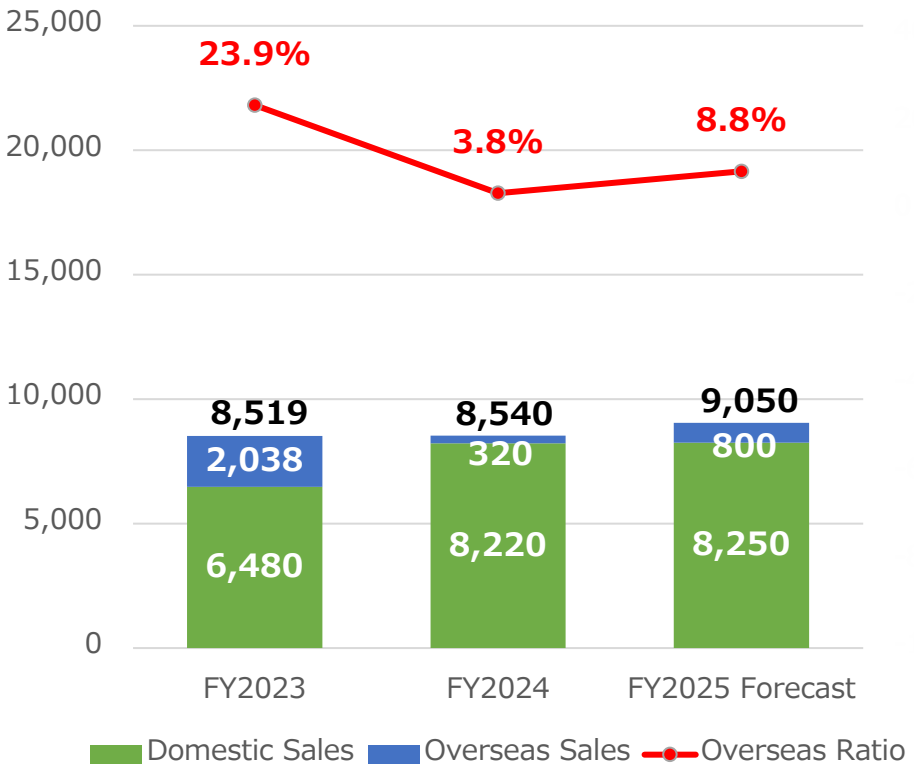
Construction Machinery Segment

Unit: Millions of JPY



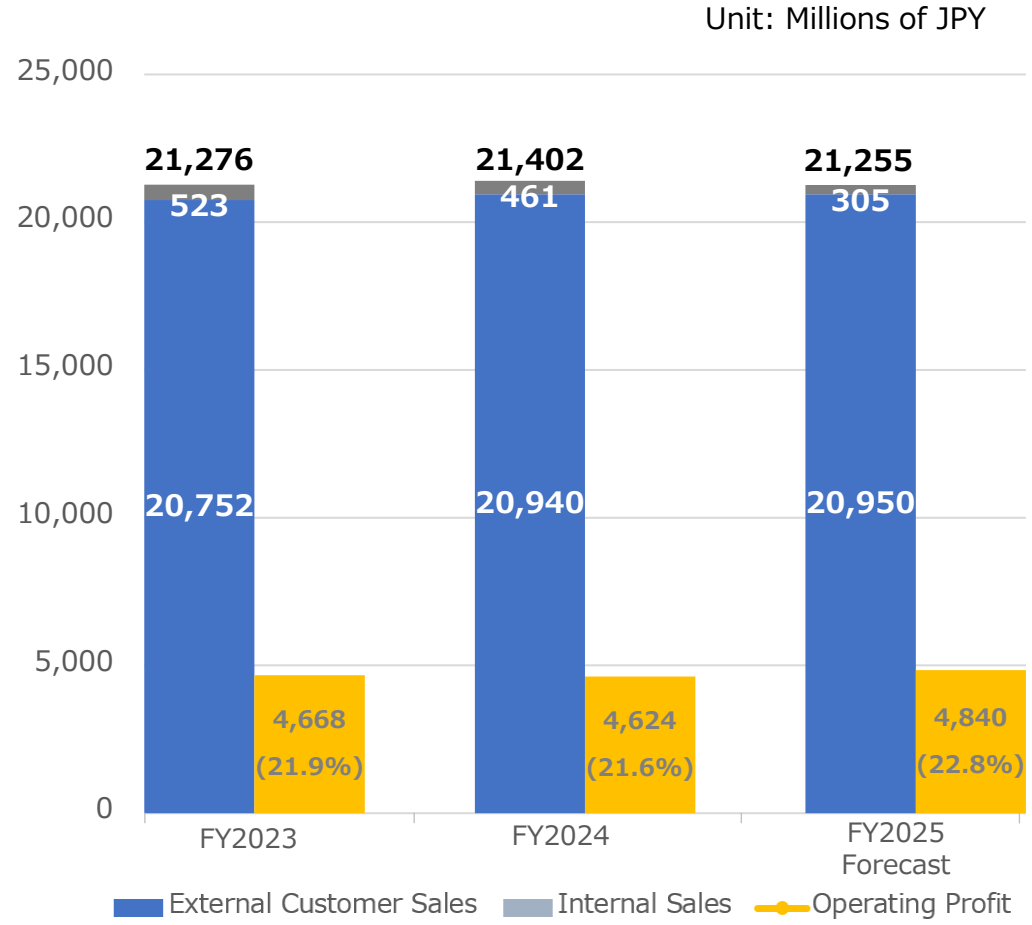
Press-in Work Segment

Unit: Millions of JPY



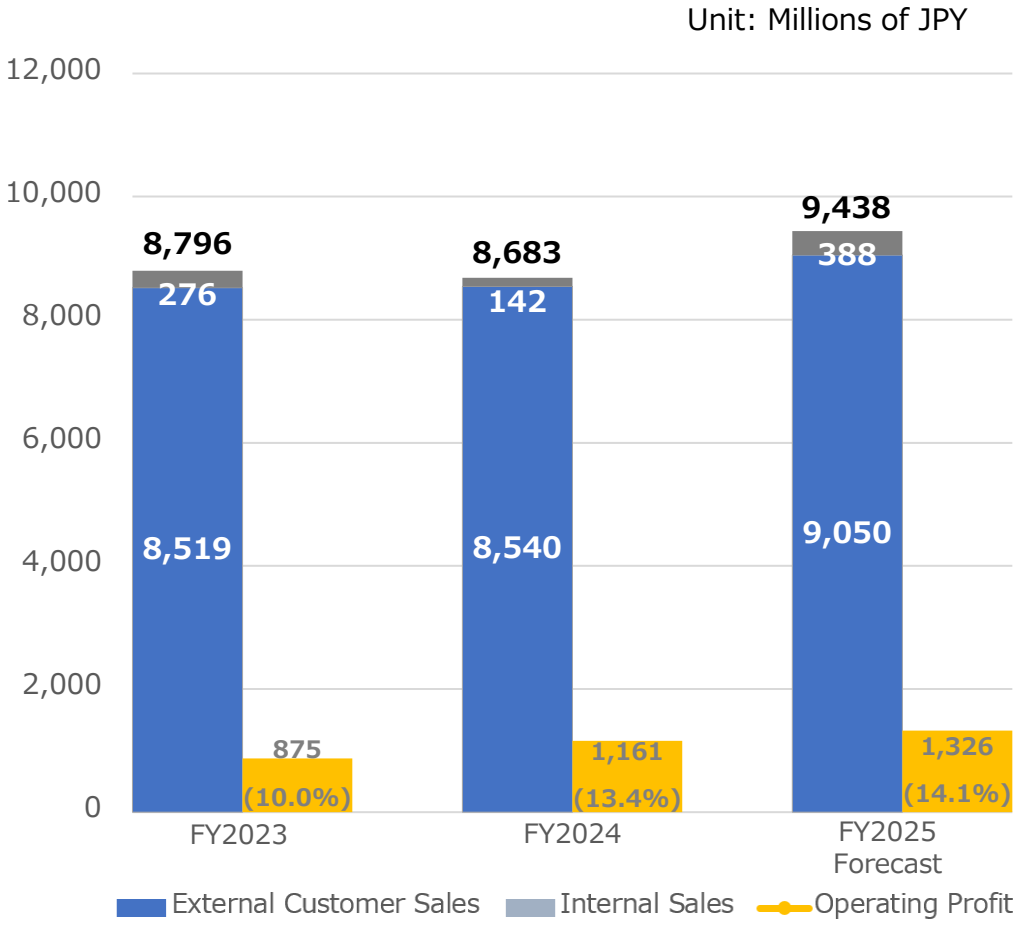
Forecast — Operating Profit by Segment

Construction Machinery Segment



Figures in brackets show the operating profit margin.

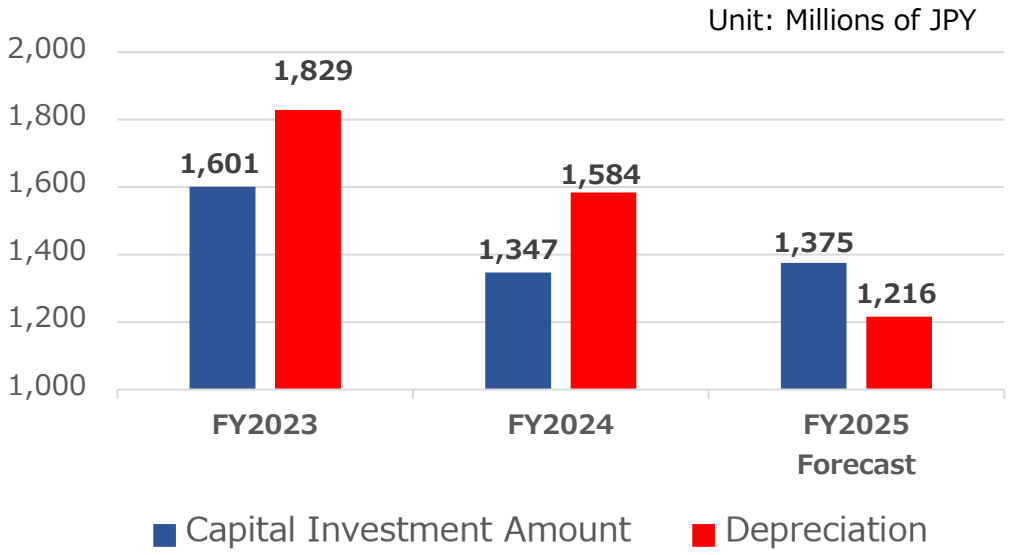
Press-in Work Segment



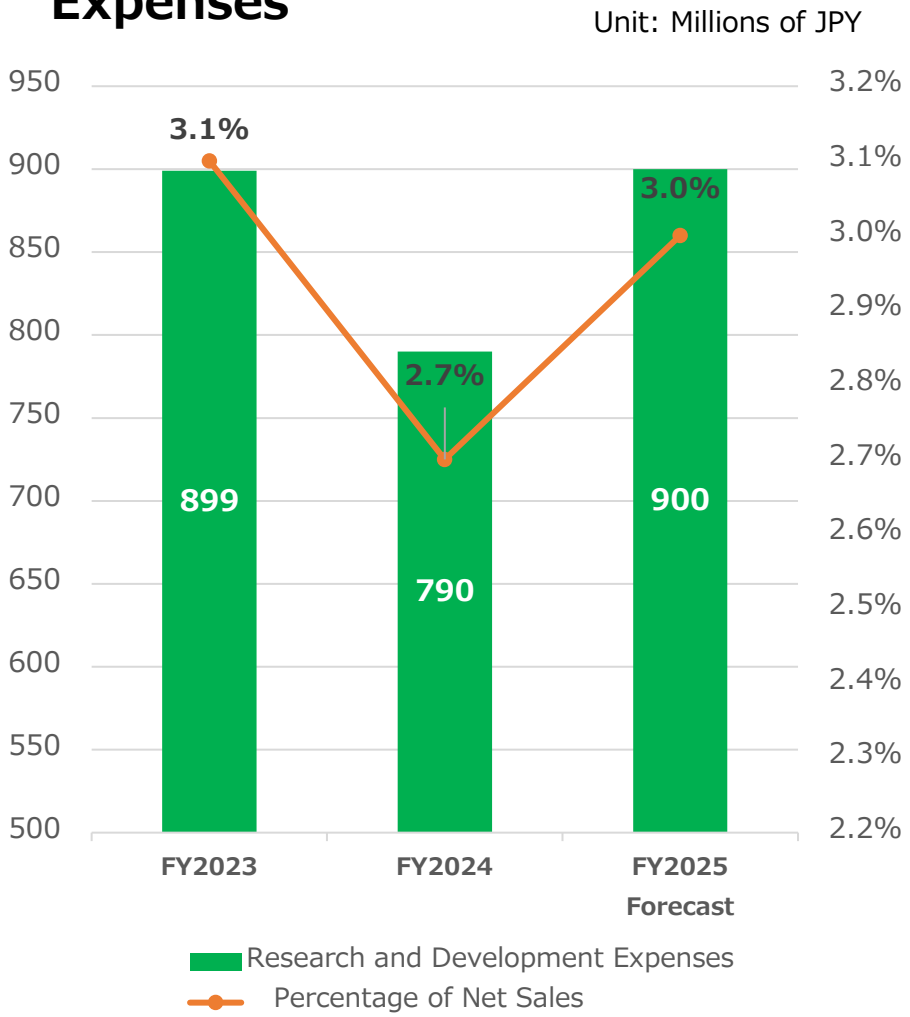
Figures in brackets show the operating profit margin.

Forecast — Capital Investment, Research and Development Expenses

◎ Capital Investment, Depreciation



◎ Research and Development Expenses



Capital Investment Breakdown

Unit: Millions of JPY

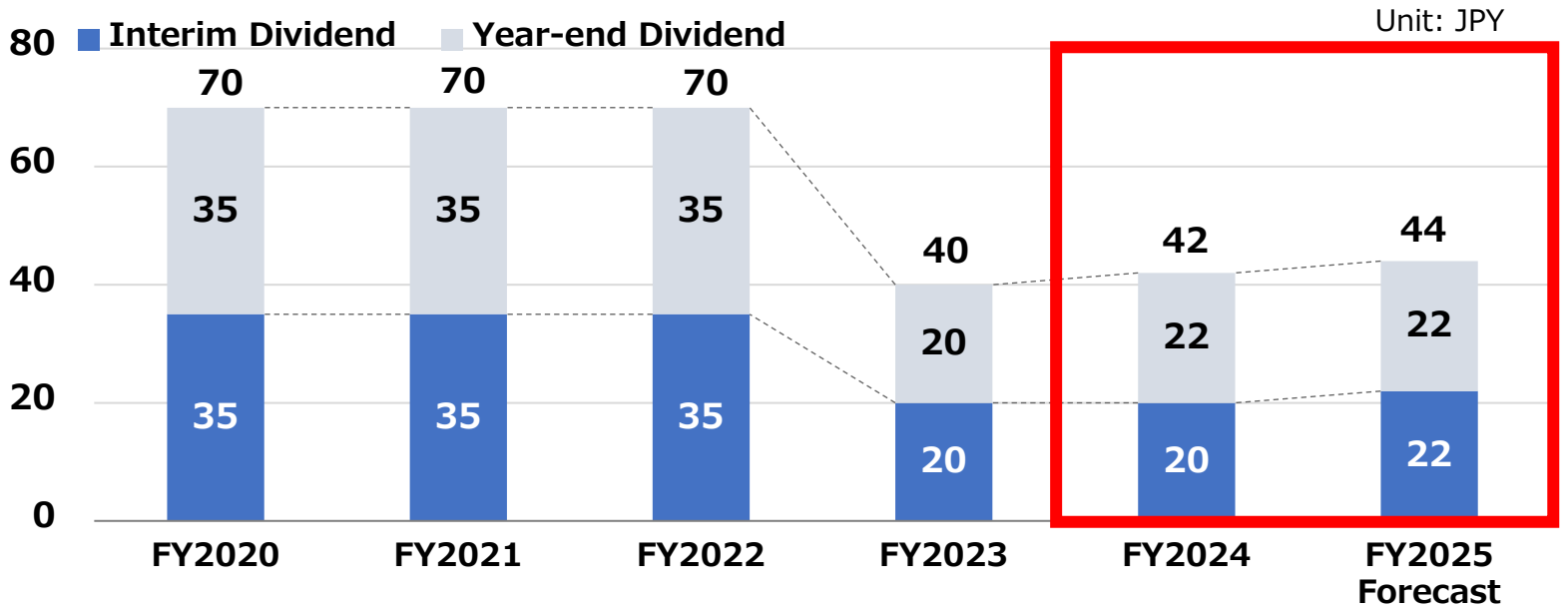
	FY2023	FY2024	FY2025 Forecast
Products for rental/ demonstration	656	604	611
Offices and plant facilities	456	309	219
Other	489	432	545
Total	1,601	1,347	1,375

Shareholder Return

Shareholder Return

FY2024
Interim dividend: JPY 20 (result)
Year-end dividend: JPY 22*
*proposed at the 43rd Ordinary General Meeting of Shareholders to be held on 26 November 2024.

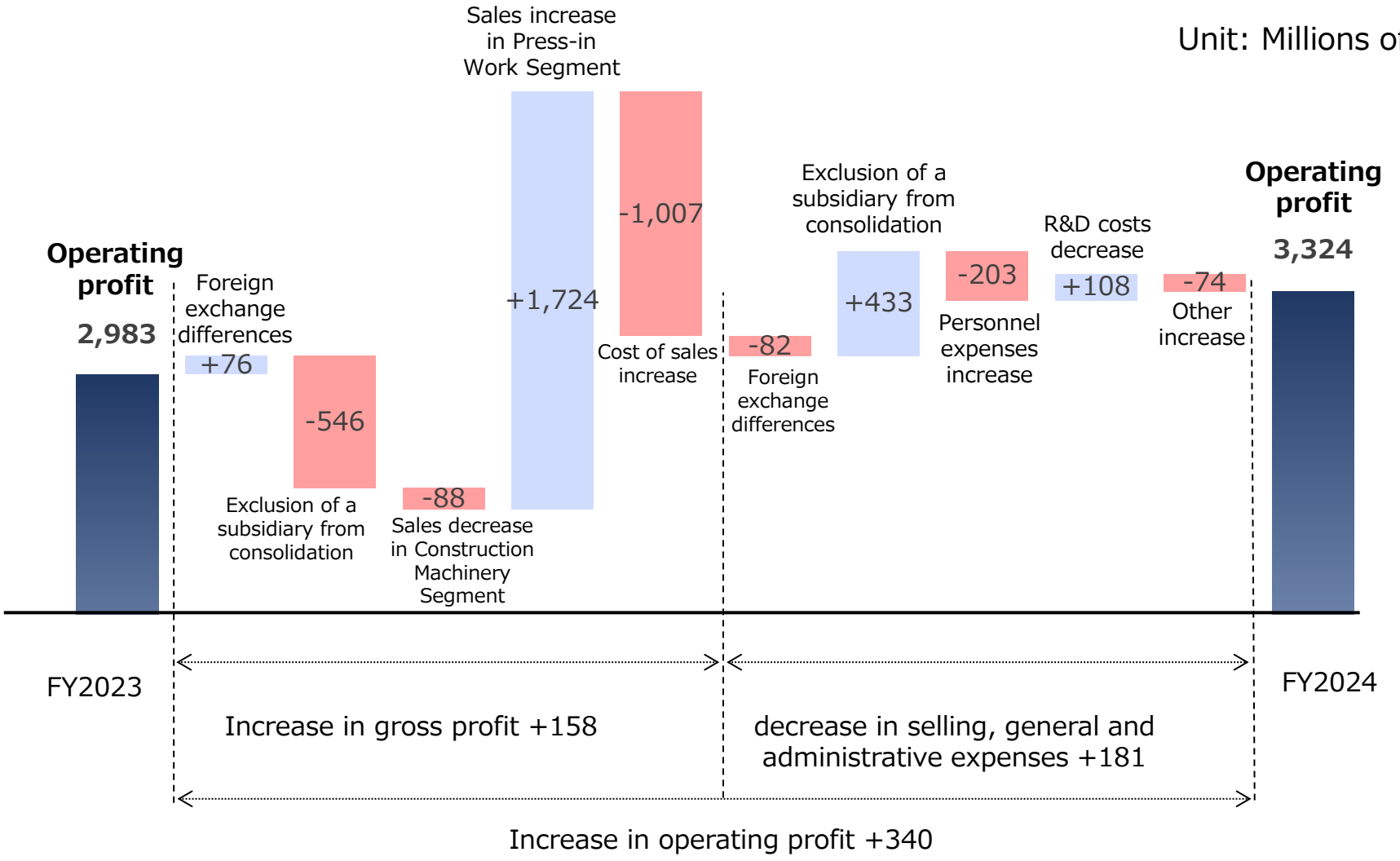
FY2025 (forecast)
Interim dividend: JPY 22
Year-end dividend: JPY 22



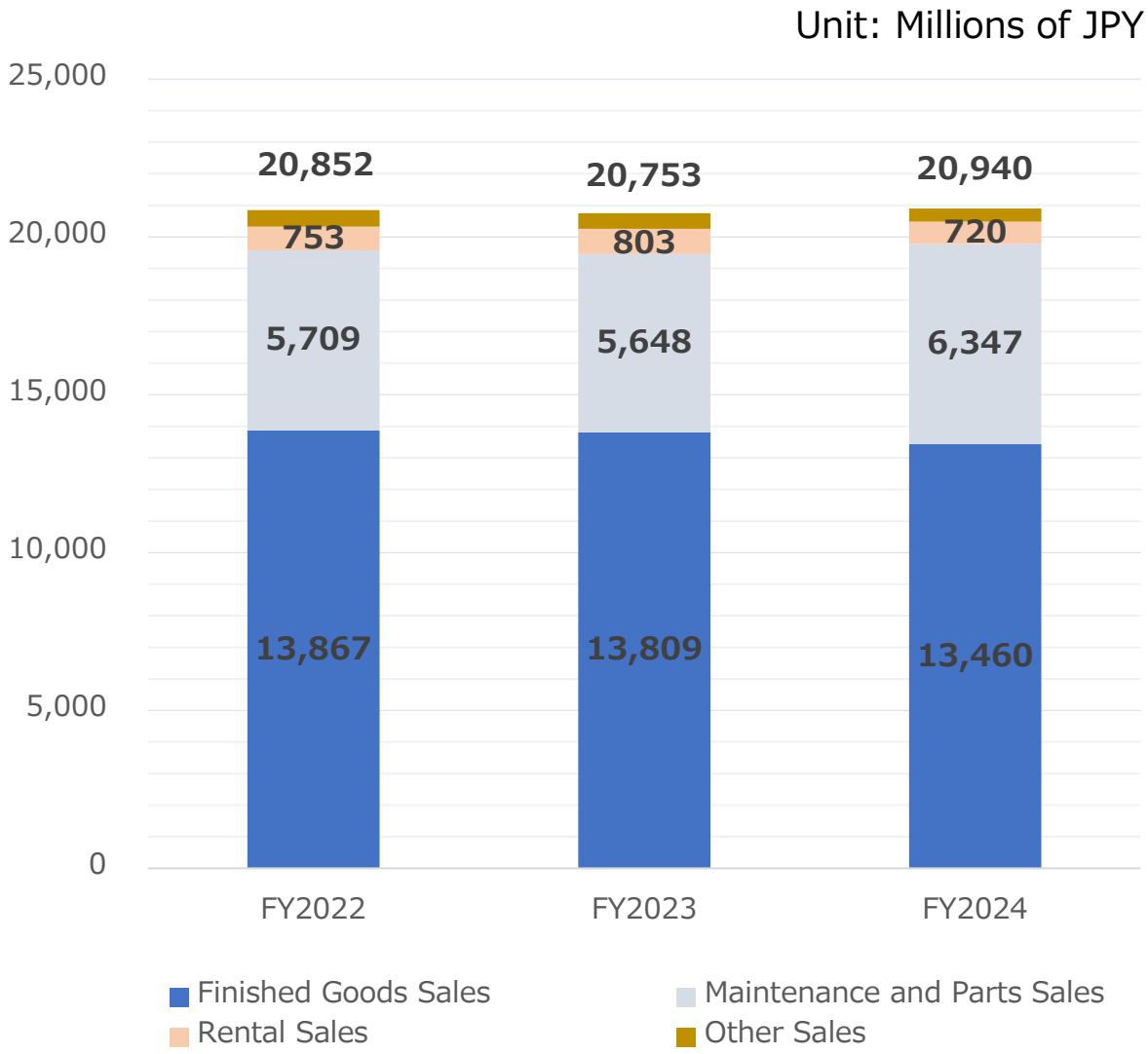
Profit (Millions of JPY)	1,400	3,073	3,234	846	2,437	2,600
Profit per share (JPY)	51.28	112.22	117.65	30.82	90.99	97.13
Payout ratio (%)	136.5	62.4	59.5	129.8	46.2	45.3
Dividend on equity ratio (%)	5.1	5.0	4.8	2.7	2.8	2.9
Total return ratio (%)	136.7	62.4	59.5	197.2	84.1	45.3

References

Financial Results Overview FY2024—Operating Profit Changes



Financial Results Overview FY2024—Construction Machinery Segment Net Sales by Category

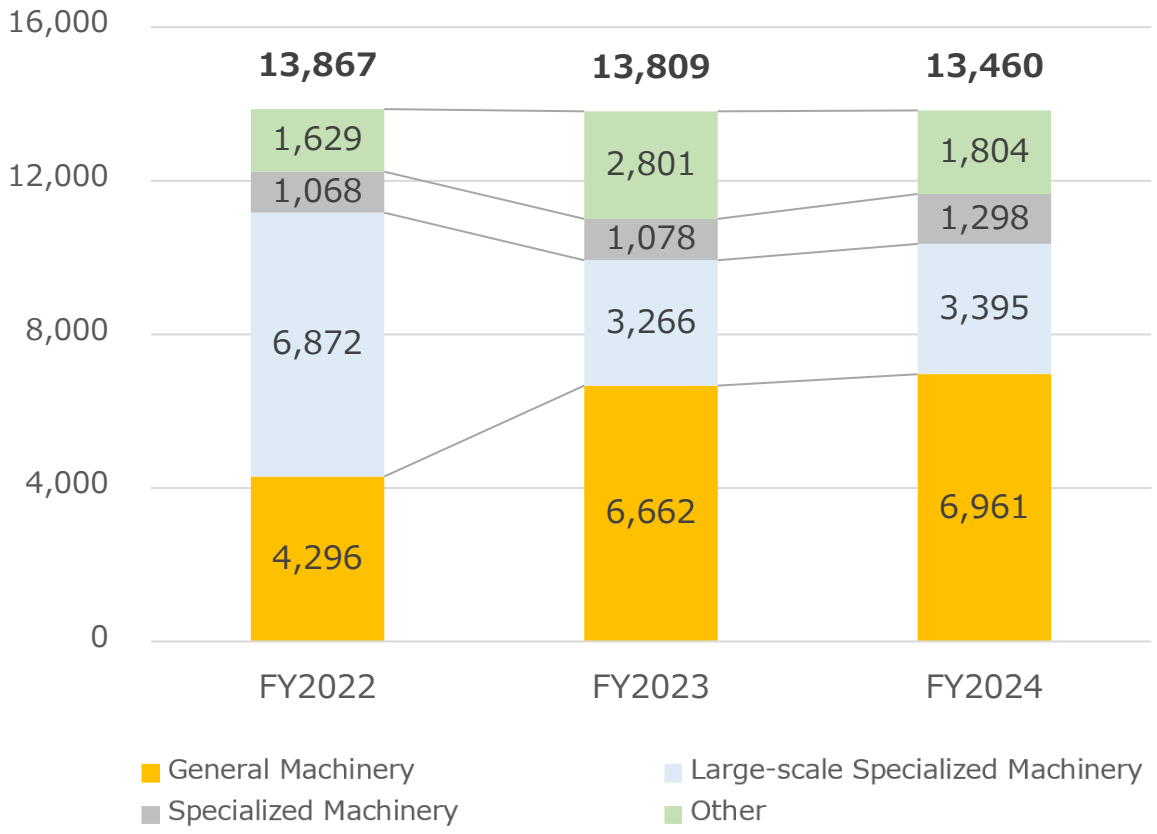


- In Japan, while sales of the SILENT PILER F112 were robust, sales volumes of machinery products used in the construction of permanent structures decreased due to inflation. Overseas, sales were driven primarily by machinery sales to North America.
- Robust growth in sales of maintenance and parts as the number of operating machines in the market increases.

Financial Results Overview FY2024—Construction Machinery Segment Net Sales by Category

Shipment Value Trend by Product Category

Unit: Millions of JPY



Specialized Machinery (e.g. CL70, JZ100)

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

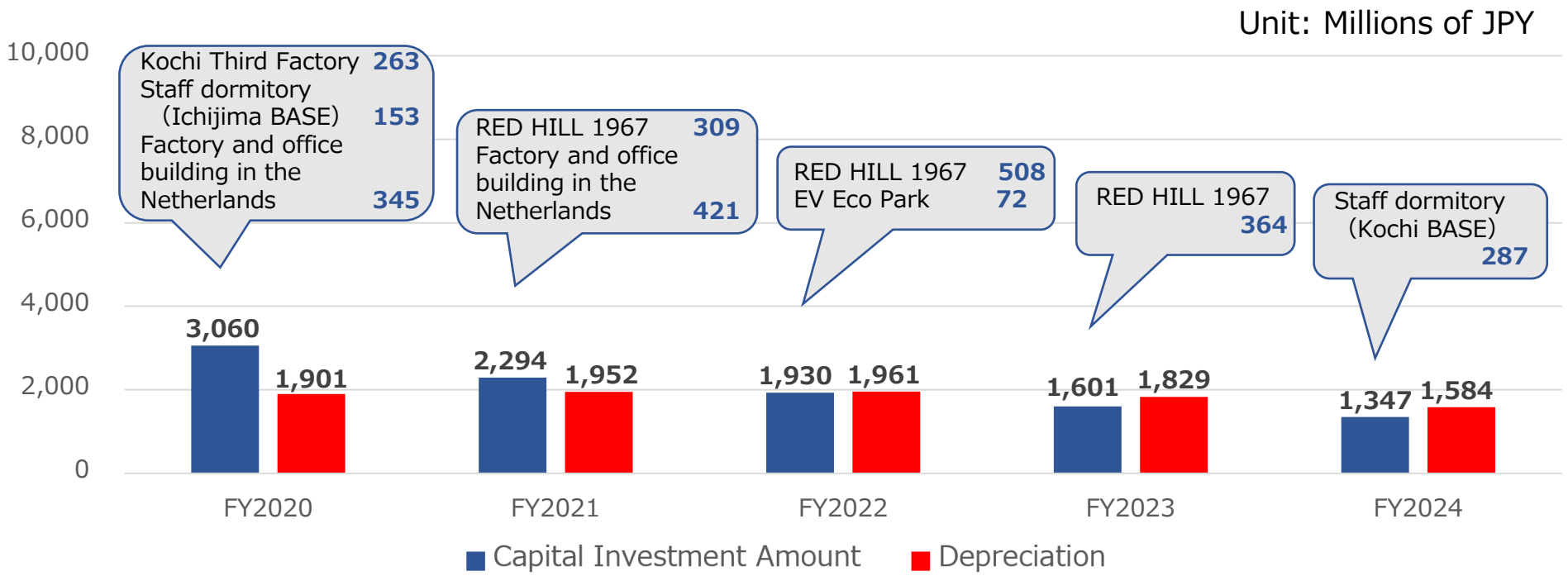
Large-scale Specialized Machinery (e.g. F301, F401)

Press-in machine for 900 mm-width hat sheet piles
Rotary cutting press-in machines (GYRO PILER)
Press-in machine for tubular sheet pile

General Machinery (e.g. F101, F112, F201)

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

Financial Results Overview FY2024—Capital Investment Trend



Capital Investment Breakdown

	FY2020	FY2021	FY2022	FY2023	FY2024
Machines for rental/ demonstration	1,501	1,220	1,047	656	604
Offices and plant facilities	1,004	739	508	456	309
Other	555	335	375	489	432
Total	3,060	2,294	1,930	1,601	1,347

Progress in Domestic Business

2024 Noto Peninsula Earthquake emergency reconstruction work
Press-in technologies were adopted for the reconstruction of the Noto Ohashi bridge in the Noto-Satoyama Kaido expressway.

Before the construction



Under construction



Under construction



GIKEN SEKO built earth-retaining walls quickly, without closing the traffic.

Overseas — Review FY2023

Establish GIKEN business model overseas

Building up press-in markets: Develop potential markets in response to the needs that we can serve through offering press-in technology based on the expertise of GIKEN.

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

Regions where market development is getting on track

■ Europe

✓ Market formation has been progressing in the Netherlands through a project of quay wall renovation for the World Heritage-listed canal in Amsterdam (shifted to commercialization phase), as well as a river embankment reinforcement work conducted as part of the Delta Program, among other projects.

✓ "GTOSS Europe," the European version of GTOSS, was launched to strengthen our business foundation and improve customer loyalty in existing markets.

✓ Promotion of our method has been undertaken with our business partner Seika Sangyo GmbH (Head office: Germany).

■ Asia

✓ Market development in Thailand is actively pursued mainly through riverbank construction projects.

✓ Market research has just been initiated in India.

✓ Gyro market formation in Singapore is vigorously promoted.

✓ Efforts are made in collaboration with partner companies for market expansion in China.

✓ Market formation is progressing in Taiwan, supported by increasing awareness about pollution from construction work.

✓ ODA market is expanding.

Other regions

■ North America

✓ We are doing market research and detailed analyses for rebuilding business strategies for press-in market expansion with the best suitable to the regional characteristics.

✓ "GTOSS North America," the North American version of GTOSS, was launched to strengthen our business foundation and improve customer loyalty in existing markets.

■ South America

✓ Aiming to develop business in Brazil, we are building the business plan (by the end of 2024) jointly with MITSUI & CO., LTD. supported by JICA, based on which we will make technical proposals for infrastructure projects with a potential of press-in construction.

Building up markets which have steady growth in Europe and Asia through spreading the GIKEN business model. Applying this policy, we implemented our actions overseas based on the GIKEN business model for accelerating overseas market expansion.

Progress in Overseas Business

We delivered SILENT PILER CLP200A, a tubular sheet pile press-in machine for ultra-low-headroom, to one of the leading users in North America. It was the first press-in machine for ultra-low-headroom delivered in North America.



It was adopted for a flood prevention project. We are hoping that the scope of its application will be expanded.



Construction Revolution

Implant Method Changes Worldwide Construction