



Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 [JGAAP]

October 11, 2023

Company Name: GIKEN LTD.
 Stock Code: 6289 (URL: <https://www.giken.com>)
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 Scheduled date of Ordinary General Meeting of Shareholders: November 28, 2023
 Scheduled date to commence dividend payments: November 29, 2023
 Scheduled date to submit the Annual Securities Report: November 29, 2023
 Availability of supplementary briefing material on annual results: Yes
 Holding of Annual Results Briefing Session: Yes

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(1) Consolidated Results of Operations (% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended August 31, 2023	29,272	(3.6)	2,983	(35.3)	3,060	(36.7)	846	(73.8)
Year ended August 31, 2022	30,378	10.0	4,613	15.4	4,832	16.1	3,234	5.2

(Note) Comprehensive income: Year ended August 31, 2023: ¥883 million [(74.8)%]
 Year ended August 31, 2022: ¥3,503 million [1.4%]

	Profit per share	Fully diluted profit per share	Rate of return on equity	Ordinary profit to total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Year ended August 31, 2023	30.82	–	2.1	5.8	10.2
Year ended August 31, 2022	117.65	117.62	8.1	9.1	15.2

(Reference) Equity in earnings of affiliated companies: Year ended August 31, 2023: ¥ – million
 Year ended August 31, 2022: ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended August 31, 2023	51,388	39,544	77.0	1,452.90
Year ended August 31, 2022	54,694	41,256	74.5	1,481.41

(Reference) Equity: As of August 31, 2023: ¥39,544 million As of August 31, 2022: ¥40,741 million

(3) Consolidated Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended August 31, 2023	2,039	(156)	(1,975)	5,147
Year ended August 31, 2022	5,923	(4,216)	(1,940)	5,598

2. Dividends

	Annual cash dividends per share					Total dividends paid (annual)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended August 31, 2022	–	35.00	–	35.00	70.00	1,925	59.5	4.8
Year ended August 31, 2023	–	20.00	–	20.00	40.00	1,094	129.8	2.7
Year ending August 31, 2024 (Forecast)	–	20.00	–	20.00	40.00		44.6	

3. Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending August 31, 2024 (From September 1, 2023 to August 31, 2024)

(% indicates changes from the previous corresponding term)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	15,300	2.5	2,200	2.5	2,250	2.5	1,600	16.4	59.79
Full year	30,000	2.5	3,300	10.6	3,400	11.1	2,400	183.4	89.68

(Note) The Company's Board of Directors resolved on the acquisition of treasury shares at a meeting on July 21, 2023. The profit per share figure in the earnings forecast of consolidated financial results reflects the impact of the treasury share acquisition.

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended August 31, 2023 (changes in specific subsidiaries involving changes in the scope of consolidation): Yes

Newly added: - (Name) -, Excluded: One company (Name) J Steel Group Pty Limited

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1): Not applicable

3) Changes in accounting estimates: Not applicable

4) Restatements: Not applicable

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury shares):	As of August 31, 2023	28,194,728 shares	As of August 31, 2022	28,194,728 shares
2) Total number of treasury shares at the end of the period:	As of August 31, 2023	977,118 shares	As of August 31, 2022	693,034 shares
3) Average number of shares during the period:	Year ended August 31, 2023	27,474,392 shares	Year ended August 31, 2022	27,492,033 shares

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results for the Fiscal Year Ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(1) Non-consolidated Results of Operations

(% indicates changes from the previous corresponding term)

	Net sales		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended August 31, 2023	20,982	(2.0)	2,978	(35.2)	856	(74.4)
Year ended August 31, 2022	21,417	4.6	4,593	23.5	3,350	9.6

	Profit per share	Fully diluted profit per share
	Yen	Yen
Year ended August 31, 2023	31.16	—
Year ended August 31, 2022	121.87	121.83

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2023	45,821	36,685	80.1	1,347.86
As of August 31, 2022	47,906	37,873	79.1	1,377.14

(Reference) Equity: As of August 31, 2023: ¥36,685 million As of August 31, 2022: ¥37,873 million

* Financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Explanation on the appropriate use of earnings forecasts, and other special notes

The forecast figures stated above are the prospects based on information currently available and contain largely uncertain elements.

Actual results may differ from the forecast figures above, depending on various factors such as changes in business conditions.

Please refer to page 4 of the attached material for the above forecasts.

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1. Overview of Business Results, etc.

(1) Overview of Business Results for the Current Fiscal Year

Aiming for a dramatic growth, the Giken Group has set in the Medium-Term Management Plan (for the period from September 2022 to August 2024) a long-term target sales of 100 billion yen for the fiscal year ending August 2031. In the consolidated fiscal year under review, the middle year of the Medium-Term Management Plan, we announced the Long-Term Roadmap Giken Goals 2031, which includes numerical targets and strategies to achieve the 2031 goal, and specific initiatives were carried out all across the company.

In terms of the business environment during the fiscal year under review, domestic construction investment remained solid in both public and private sectors, and so did capital investment by customers. However, amid soaring steel and other construction material prices, material costs have come to represent a larger proportion of public works budgets, which resulted in a downward trend in construction volume. This has affected sales of high-gross margin products and parts used in permanent structures. Furthermore, manufacture of machinery, etc. was affected by a cheaper yen and other factors as material prices for components have remained elevated. In order to cushion the rises in costs of purchasing components, etc. amid such a difficult business environment, we raised prices of finished goods by 10%, as we did in the previous fiscal year, beginning with orders received in May to pass on the cost rises.

In our domestic activities to disseminate the Press-in Method, we worked to promote the Implant Method*¹ mainly for the strengthening of national resilience, including recovery and reconstruction from natural disasters, and prevention and mitigation of future disasters. As a result, the number of projects in which the method was adopted increased steadily. These included repair work on national roads and training jetties damaged by torrential rain, seawall construction work, anti-seismic reinforcement on river revetments, improvements on port revetments, road widening work, and anti-erosion measures for bridges.

*1 A construction method to build Implant Structures, which are resistant to earthquakes, tsunamis, floods, and other external forces, by pressing deeply into the ground structural members with high rigidity and quality

In overseas business, which we aim to expand to represent 70% of overall net sales (50% by the fiscal year ending August 31, 2031), we aim to establish a market structure that can achieve stable growth, with a focus on Europe and Asia where a market is beginning to take shape, for the goal of achieving stable growth of the press-in construction market. For other regions, we plan to rethink our strategies and are conducting market research, etc. to work out measures that can realize new development.

In Europe, in a project to develop new technologies to improve revetment of the world heritage-listed canal in Amsterdam, the Netherlands, G-Kracht B. V., a joint venture in which Giken Europe B.V., our Netherlands-headquartered Group company, has a stake, completed the press-in process of the pilot construction works in March and then the entire process, including the post-process, in July. The city of Amsterdam has expressed satisfaction in our work. Discussions are underway on the next, commercialization phase*². In Germany, instances of adoption of our methods have increased mainly in counterflooding and railway projects, which led to increases in machinery rentals. We are thus steadily developing the German market.

In Asia, machinery sales remained solid in Singapore, Thailand, Taiwan, etc. as the press-in construction market expanded. In India, our new market, we delivered a full set of GRB system to a user we won in the previous fiscal year in January. At the site, construction work steadily proceeded under the technological guidance by Group company Giken Seko Co., Ltd., on course to leave a successful track record, which we need to develop the market for press-in construction.

In Brazil, where we aim to build business, we launched an initiative that takes advantage of the Japan International Cooperation Agency (JICA)'s support program to conduct anything from market research to business plan designing in a joint endeavor with MITSUI & CO., LTD. We began by conducting research on local needs related to the press-in technology.

In Oceania, we terminated in June the joint venture relationship with Australia-headquartered J Steel Group Pty Limited (hereinafter "J Steel"), which was our consolidated subsidiary, due to differences in management policy. After the termination of the joint venture relationship, J Steel has continued business as a user in the Oceania market.

*2 In the commercialization phase, ordering of construction work on segments totaling 3.3 kilometers over eight years is guaranteed.

In rolling out products for underground development, Giken Seko completed the installation work of two units of automated bicycle parking facility ECO Cycle, which provide an underground parking space for 400 bicycles in total, in the Ichinohashi Park (Minato-ku, Tokyo). In July, the Minato Ward office opened the parking space under the name of Ichinobashi Park Bicycle

Parking Lot. This marks the 25th locations of delivery of ECO Cycle, which now totals 61 facilities nationwide. In addition, Giken Seko is working on the installation of two units of ECO Cycle in an underground parking space with a capacity of 504 bicycles near Shin-Tsunashima Station of Tokyu Shin-Yokohama Line (Kohoku-ku, Yokohama), which opened in March.

In terms of efforts to advertise the press-in technology to the world, we opened in May RED HILL 1967, a facility promoting the press-in technology we had been building in Akaoka in the Kochi prefectural city of Konan. Since the opening, the facility has been visited by more than 3,000 people, including customers, general contractors and consultants to general visitors. We expect it to have a significant impact as a facility to promote a construction method revolution on a global scale.

Under such circumstances, for the current consolidated fiscal year, net sales were 29,272 million yen (a decrease of 3.6% from the previous fiscal year), operating profit was 2,983 million yen (a decrease of 35.3%), ordinary profit was 3,060 million yen (a decrease of 36.7%), and profit attributable to owners of parent was 846 million yen (a decrease of 73.8%). We note that, due to the termination of the joint venture relationship with a consolidated subsidiary, 1,367 million yen in loss on liquidation of subsidiaries and associates was booked under extraordinary losses.

The performance by segment are as follows.

(i) Construction Machinery Segment

Sales were solid for our new SILENT PILER F112, which comes equipped with a flywheel-type pile auger that have improved excavating capability and construction efficiency to enable sheet piles to be pressed into hard grounds in mountainous areas, grounds that have obstacles, etc. Sales were also brisk for general-purpose machines, as well as attachments for them. On the other hand, reflecting small sales of large-scale models with high gross margins, including GYRO PILER, and increased selling, general and administrative expenses, net sales dropped 0.5% from a year earlier to 20,752 million yen and segment profit decreased 23.1% from a year earlier to 4,668 million yen.

(ii) Press-in Work Segment

While our methods were adopted steadily, construction projects proceeded at a steady pace. These included improvement work on sea embankments as a countermeasure against Nankai megathrust earthquakes (Kochi Prefecture), improvement work on revetments as a measure against quakes and storm surges (Tokyo), reinforcement work on revetments along the Hijikawa river system that were damaged in torrential rain (western Japan heavy rain disaster) in July 2018 (Ehime Prefecture), reinforcement work on revetments at a fishing port (Hokkaido), construction work of protective walls for an expressway extension project (Kyoto Prefecture), and support piles of landing piers in a U.S. military warehouse district (Kanagawa Prefecture). However, as a large overseas project, for which work was done mainly in the previous fiscal year, was completed and the number of construction projects with high gross margins decreased, net sales for the Press-in Work segment decreased 10.6% from a year earlier to 8,519 million yen, while segment profit dropped 7.7% to 875 million yen.

(2) Overview of Financial Position for the Current Fiscal Year

(i) Assets, Liabilities and Net Assets

Total assets as of the end of the current consolidated fiscal year decreased by 3,305 million yen compared to the end of the previous consolidated fiscal year to 51,388 million yen. Current assets decreased by 4,698 million yen to 25,419 million yen and non-current assets increased by 1,392 million yen to 25,969 million yen from the end of the previous consolidated fiscal year.

The decrease in current assets was mainly due to decreases of 2,901 million yen in cash and deposits and combined 2,220 million yen in notes and accounts receivable-trade, and contract assets, although there was an increase of 861 million yen in finished goods.

The increase in non-current assets was mainly due to a 1,915 million yen increase in investments and other assets, while there was a 470 million yen decrease in property, plant and equipment, including machinery, equipment and vehicles.

Total liabilities at the end of the current consolidated fiscal year decreased by 1,594 million yen compared to the end of the previous consolidated fiscal year to 11,844 million yen. Current liabilities decreased by 707 million yen to 11,396 million yen and non-current liabilities decreased by 886 million yen to 447 million yen from the end of the previous consolidated fiscal year.

The decrease in current liabilities was mainly due to a decrease of 908 million yen in income taxes payable.

The decrease in non-current liabilities was mainly due to a decrease of 722 million yen in other.

Net assets as of the end of the current consolidated fiscal year decreased by 1,711 million yen compared to the end of the

previous consolidated fiscal year to 39,544 million yen. This was mainly due to a decrease of 1,256 million yen in shareholders' equity. The equity ratio increased to 77.0% from 74.5% at the end of the previous consolidated fiscal year due to the decrease in total assets. Net assets per share decreased from 1,481.41 yen at the end of the previous consolidated fiscal year to 1,452.90 yen at the end of the current fiscal year.

(ii) Cash Flow

Cash and cash equivalents (hereinafter "cash") at the end of the current consolidated fiscal year decreased by 451 million yen compared to the end of the previous consolidated fiscal year to 5,147 million yen. The status of each cash flow is as follows.

(Cash Flow from Operating Activities)

Net cash provided by operating activities decreased by 3,883 million yen compared to the previous consolidated fiscal year to 2,039 million yen. This was mainly due to profit before income taxes of 1,577 million yen.

(Cash Flow from Investing Activities)

Net cash used in investing activities decreased by 4,060 million yen compared to the previous consolidated fiscal year to 156 million yen. This was mainly due to proceeds from withdrawal of time deposits of 11,070 million yen and payments into time deposits of 8,620 million yen.

(Cash Flow from Financing Activities)

Net cash used in financing activities increased by 35 million yen compared to the previous consolidated fiscal year to 1,975 million yen. This was mainly due to dividends paid of 1,512 million yen.

	Year ended August 31, 2021	Year ended August 31, 2022	Year ended August 31, 2023
Shareholders' equity ratio (%)	75.7	74.5	77.0
Market value-based shareholders' equity ratio (%)	251.3	163.7	107.5
Interest-bearing debt to cash flow ratio (%)	18.5	24.3	40.8
Interest coverage ratio (times)	720.8	407.2	39.0

(Note) Equity ratio: Equity divided by total assets

Market value-based shareholders' equity ratio : market capitalization divided by total assets

Interest-bearing debt to cash flow ratio : interest-bearing debt divided by operating cash flows

Interest coverage ratio : operating cash flow divided by interest payment

- All indicators are calculated using consolidated financial data.
- Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year by the number of shares outstanding (after deducting treasury shares) at the end of the period.
- Operating cash flows represent the cash flows from operating activities indicated in the consolidated statements of cash flows. Interest-bearing debt includes all liabilities reported in the consolidated balance sheet, on which interest is paid. The interest payment represents the amount of interest payment indicated in the consolidated statement of cash flows.

(3) Outlook on the Next Fiscal Year

For the Construction Machinery Segment, we expect solid infrastructure investments in Japan in areas including measures to strengthen national resilience and measures related to national security, expressways, and ports. On the other hand, we will need to remain alert on the impacts of spikes in prices of steel materials, production materials, etc. and geopolitical risk. In overseas business, we will step up efforts for expansion, while focusing resources on regions where markets are beginning to take shape.

In the Press-in Work Segment, we expect adoption of the Implant Method to increase in projects including infrastructure remodeling of piers and river dikes, expressway renewal, and (BCP related) disaster prevention initiatives private companies independently undertake.

In such a business environment, for the next consolidated fiscal year (ending August 2024), we expect consolidated net sales of 30,000 million yen (an increase of 2.5% from the previous consolidated fiscal year), operating profit of 3,300 million yen (an

increase of 10.6%), ordinary profit of 3,400 million yen (an increase of 11.1%), and profit attributable to owners of parent of 2,400 million yen (an increase of 183.4%).

(4) Basic Policy on Profit Distribution, and Dividends for the Current and Next Fiscal Years

The Company has regarded the stable distribution of profits to its shareholders as a top priority. Its basic policy is to appropriately distribute profits in line with its earnings as well as to enhance internal reserves for long-term business development.

For the fiscal year under review, the Company plans to pay a year-end dividend of 20 yen per share. As a result, combined with the interim dividend of 20 yen per share already paid, the annual dividend will be 40 yen per share.

For the next fiscal year, we forecast a full-year dividend of 40 yen per share, consisting of an interim dividend of 20 yen and a year-end dividend of 20 yen.

We will use our internal reserves to strengthen our financial position, as well as for capital investment and development investment to achieve sustainable growth as a development-based company.

2. Basic Policy regarding Selection of Accounting Standards

The Group's policy is to adopt the Japanese standards for a while in order to secure the comparability of consolidated financial statements with domestic companies. Carefully watching future developments concerning IFRS adoption, we will work to establish a system to properly handle this matter.

3. Consolidated financial statements and Principal Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of August 31, 2022	As of August 31, 2023
Assets		
Current assets		
Cash and deposits	12,818	9,917
Notes and accounts receivable-trade, and contract assets	8,365	6,144
Electronically recorded monetary claims-operating	1,009	1,335
Finished goods	2,793	3,654
Work in process	1,890	1,416
Costs on construction contracts in progress	48	52
Raw materials and supplies	2,757	2,488
Other	438	414
Allowance for doubtful accounts	(3)	(5)
Total current assets	30,117	25,419
Non-current assets		
Property, plant and equipment		
Buildings and structures	7,604	8,256
Accumulated depreciation	(3,369)	(3,684)
Buildings and structures, net	4,235	4,571
Machinery, equipment and vehicles	12,956	12,553
Accumulated depreciation	(8,789)	(9,035)
Machinery, equipment and vehicles, net	4,166	3,518
Land	9,722	9,699
Construction in progress	1,119	1,047
Other	1,678	1,548
Accumulated depreciation	(1,266)	(1,200)
Other, net	412	348
Total property, plant and equipment	19,656	19,185
Intangible assets	233	182
Investments and other assets		
Investment securities	1,211	2,054
Deferred tax assets	1,767	1,901
Other	1,724	2,664
Allowance for doubtful accounts	(17)	(19)
Total investments and other assets	4,686	6,601
Total non-current assets	24,576	25,969
Total assets	54,694	51,388

(Millions of yen)

	As of August 31, 2022	As of August 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,877	1,708
Electronically recorded obligations-operating	1,261	2,107
Short-term borrowings	875	453
Income taxes payable	1,053	145
Contract liabilities	4,375	4,158
Provision for bonuses	746	652
Other provisions	19	4
Other	1,894	2,165
Total current liabilities	12,103	11,396
Non-current liabilities		
Long-term borrowings	393	314
Provisions for maintenance of product's function	4	-
Retirement benefit liability	84	4
Other	852	129
Total non-current liabilities	1,334	447
Total liabilities	13,438	11,844
Net assets		
Shareholders' equity		
Share capital	8,958	8,958
Capital surplus	10,135	10,118
Retained earnings	21,908	21,244
Treasury shares	(305)	(880)
Total Shareholders' equity	40,696	39,440
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	18	62
Deferred gains or losses on hedges	8	-
Foreign currency translation adjustment	14	(29)
Remeasurements of defined benefit plans	3	70
Total accumulated other comprehensive income	44	103
Non-controlling interests	514	-
Total net assets	41,256	39,544
Total liabilities and net assets	54,694	51,388

(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)

(Millions of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Net sales	30,378	29,272
Cost of sales	18,653	18,563
Gross profit (loss)	11,725	10,709
Selling, general and administrative expenses	7,111	7,725
Operating profit (loss)	4,613	2,983
Non-operating income		
Interest income	8	2
Dividend income	23	24
Gain on sales of scraps	15	5
Rental income from real estate	57	69
Insurance claim income	14	10
Foreign exchange gains	95	–
Outsourcing service income	5	25
Other	29	33
Total non-operating income	250	170
Non-operating expenses		
Interest expenses	14	55
Rental expenses on real estate	8	17
Share issuance costs	1	–
Foreign exchange losses	–	8
Other	7	11
Total non-operating expenses	31	93
Ordinary profit	4,832	3,060
Extraordinary losses		
Impairment loss	–	115
Loss on liquidation of subsidiaries and associates	–	1,367
Total extraordinary losses	–	1,483
Profit (loss) before income taxes	4,832	1,577
Income taxes-current	1,679	938
Income taxes-deferred	(88)	(223)
Total income taxes	1,591	715
Profit (loss)	3,241	861
Profit (loss) attributable to non-controlling interests	6	14
Profit (loss) attributable to owners of parent	3,234	846

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Profit (loss)	3,241	861
Other comprehensive income		
Valuation difference on available-for-sale securities	17	43
Deferred gains or losses on hedges	(18)	(25)
Foreign currency translation adjustment	233	(63)
Remeasurements of defined benefit plans	29	67
Total other comprehensive income	<u>261</u>	<u>22</u>
Comprehensive income	<u>3,503</u>	<u>883</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,424	902
Comprehensive income attributable to non-controlling interests	78	(18)

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	8,892	0	10,069	20,596	(304)	39,253
Changes during period						
Issuance of new shares	65	(0)	65			131
Dividends of surplus				(1,922)		(1,922)
Profit (loss) attributable to owners of parent				3,234		3,234
Purchase of treasury shares					(0)	(0)
Net changes in items other than shareholders' equity						
Total changes during period	65	(0)	65	1,312	(0)	1,443
Balance at end of period	8,958	–	10,135	21,908	(305)	40,696

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	0	18	(138)	(26)	(145)	0	435	39,544
Changes during period								
Issuance of new shares								131
Dividends of surplus								(1,922)
Profit (loss) attributable to owners of parent								3,234
Purchase of treasury shares								(0)
Net changes in items other than shareholders' equity	17	(10)	152	29	189	(0)	78	267
Total changes during period	17	(10)	152	29	189	(0)	78	1,711
Balance at end of period	18	8	14	3	44	–	514	41,256

Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Shareholders' equity					
	Share capital	Deposits for subscriptions of shares	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	8,958	–	10,135	21,908	(305)	40,696
Changes during period						
Issuance of new shares						
Dividends of surplus				(1,512)		(1,512)
Profit (loss) attributable to owners of parent				846		846
Purchase of treasury shares					(575)	(575)
Change in scope of consolidation			(16)	1		(15)
Net changes in items other than shareholders' equity						
Total changes during period	–	–	(16)	(664)	(575)	(1,256)
Balance at end of period	8,958	–	10,118	21,244	(880)	39,440

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	18	8	14	3	44	–	514	41,256
Changes during period								
Issuance of new shares								
Dividends of surplus								(1,512)
Profit (loss) attributable to owners of parent								846
Purchase of treasury shares								(575)
Change in scope of consolidation		6	(2)		3		(514)	(526)
Net changes in items other than shareholders' equity	43	(14)	(41)	67	55	–		55
Total changes during period	43	(8)	(43)	67	59	–	(514)	(1,711)
Balance at end of period	62	–	(29)	70	103	–	–	39,544

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended August 31, 2022	Fiscal year ended August 31, 2023
Cash flows from operating activities		
Profit (loss) before income taxes	4,832	1,577
Depreciation	1,961	1,829
Loss on liquidation of subsidiaries and associates	–	1,367
Impairment loss	–	115
Increase (decrease) in provision for bonuses	66	(93)
Increase (decrease) in retirement benefit liability	24	17
Increase (decrease) in Provisions for maintenance of product's function	(48)	(4)
Interest and dividend income	(30)	(26)
Interest expenses	14	55
Foreign exchange losses (gains)	(30)	(144)
Decrease (increase) in trade receivables and contract assets	(1,354)	1,288
Decrease (increase) in inventories	1,128	(703)
Increase (decrease) in trade payables	623	841
Increase (decrease) in contract liabilities	531	(260)
Other, net	(332)	(142)
Subtotal	7,386	5,716
Interest and dividends received	32	34
Interest paid	(14)	(52)
Income taxes paid	(1,480)	(1,848)
Payments for performance of guarantee obligation	–	(1,810)
Net cash provided by (used in) operating activities	5,923	2,039
Cash flows from investing activities		
Payments into time deposits	(14,020)	(8,620)
Proceeds from withdrawal of time deposits	11,722	11,070
Purchase of property, plant and equipment	(1,876)	(1,781)
Purchase of investment securities	–	(800)
Other, net	(43)	(25)
Net cash provided by (used in) investing activities	(4,216)	(156)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	115	297
Repayments of long-term borrowings	(180)	(167)
Proceeds from issuance of shares	129	–
Purchase of treasury shares	(0)	(575)
Dividends paid	(1,918)	(1,512)
Other, net	(85)	(17)
Net cash provided by (used in) financing activities	(1,940)	(1,975)
Effect of exchange rate change on cash and cash equivalents	164	31
Net increase (decrease) in cash and cash equivalents	(68)	(60)
Cash and cash equivalents at beginning of period	5,666	5,598
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	–	(390)
Cash and cash equivalents at end of period	5,598	5,147

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes to Consolidated Balance Sheets)

• Contingent Liabilities

J Steel Group Pty Limited (hereinafter “J Steel”), a former consolidated subsidiary of the Company, set bank guarantee on the construction work which they received an order in Australia. After the customer that placed the order (hereinafter the “Customer”) exercised the right on the bank guarantee in the consolidated fiscal year under review, an contractual obligation arose for J Steel to pay 1,059 million yen to the Bank. As the Company had set a parent-company guarantee for the bank guarantee, it made the repayment in subrogation and booked the amount in “Other” under “Investments and the Other assets” on the consolidated balance sheets. As J Steel is in court trying to recover the claimed amount from the Customer at present and it is thus difficult to reasonably estimate the amount of impact on our earnings at this point, we have not reflected it in the consolidated financial statements for the consolidated fiscal year under review. However, if any event occurs that causes impact on the Company during the court proceedings, we will reflect the amount of its impact on our consolidated financial statements depending on the situation.

(Changes in Accounting Policies)

• Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement

The Company has applied the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021; hereinafter “Fair Value Measurement Guidance”) since the beginning of the consolidated fiscal year under review, and has decided to prospectively apply the new accounting policies stipulated by the Fair Value Measurement Guidance in accordance with the transitional treatment provided in Paragraph 27-2 of the Fair Value Measurement Guidance. This does not affect the consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

1. Overview of reportable segments

The Company's reportable segments are the units of the Company for which discrete financial information is available and for which the Board of Directors regularly conducts a review to determine allocation of management resources and assess performance.

The Company engages in business activities as a company coping with social problems caused by construction works home and abroad, by developing machines and new methodologies which make maximum use of the superiority of the Press-in Method.

Therefore, the Company consists of two reportable segments: "Construction Machinery Segment" and "Press-in Work Segment." The main products and services of each reportable segment are as follows:

Construction Machinery Segment . . . Development, manufacture, sale, rental and maintenance services of hydraulic press-in and extraction machines and auxiliary equipment

Press-in Work Segment Press-in works and foundation works, and underground development

2. Method of calculating net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting methods applied for reportable segments are generally the same as those for consolidated financial statements preparation.

Segment income of reportable segments represents figures based on operating profit.

Internal sales and transfers between segments are based on prevailing market prices.

3. Information on the amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment and disaggregation of revenues

Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Notes 1, 3)	Posted amount to the consolidated financial statements (Notes 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	18,865	5,547	24,413	–	24,413
Other regions	1,986	3,978	5,965	–	5,965
Revenue from contracts with customers	20,851	9,526	30,378	–	30,378
Net sales to external customers	20,851	9,526	30,378	–	30,378
Intersegment net sales and transfer	842	129	972	(972)	–
Total	21,694	9,656	31,351	(972)	30,378
Segment profit	6,068	948	7,017	(2,403)	4,613
Segment assets	45,519	7,811	53,330	1,364	54,694
Other items					
Depreciation	1,573	109	1,683	278	1,961
Increased amount in property, plant and equipment	1,827	99	1,927	3	1,930

(Notes) 1. The segment income adjustment of negative 2,403 million yen includes inter-segment transaction eliminations of negative 64 million yen and corporate expenses not allocated to any reportable segment of negative 2,468 million yen. The corporate expenses are mainly general administrative expenses not belonging to any reportable segment.

2. Segment income is adjusted with operating profit presented in the consolidated statement of income.

3. The segment assets adjustment of 1,364 million yen includes inter-segment credit elimination of negative 732 million yen and corporate assets not allocated to any reportable segment of 2,096 million yen.

Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Notes 1, 3)	Posted amount to the consolidated financial statements (Notes 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	18,699	6,480	25,180	–	25,180
Other regions	2,053	2,038	4,092	–	4,092
Revenue from contracts with customers	20,752	8,519	29,272	–	29,272
Net sales to external customers	20,752	8,519	29,272	–	29,272
Intersegment net sales and transfer	523	276	800	(800)	–
Total	21,276	8,796	30,072	(800)	29,272
Segment profit	4,668	875	5,544	(2,560)	2,983
Segment assets	42,486	7,696	50,182	1,206	51,388
Other items					
Depreciation	1,475	91	1,566	263	1,829
Increased amount in property, plant and equipment	1,467	118	1,585	16	1,601

(Notes) 1. The segment income adjustment of negative 2,560 million yen includes inter-segment transaction eliminations of negative 27 million yen and corporate expenses not allocated to any reportable segment of negative 2,588 million yen. The corporate expenses are mainly general administrative expenses not belonging to any reportable segment.

2. Segment income is adjusted with operating profit presented in the consolidated statement of income.

3. The segment assets adjustment of 1,206 million yen includes inter-segment credit elimination of negative 1,472 million yen and corporate assets not allocated to any reportable segment of 2,678 million yen.

[Relevant Information]

Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

1. Information by product and service

Information by product and service is omitted here since the same information is described as segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Australia	Other	Total
24,413	3,561	2,404	30,378

(Note) Major regions that belong to "Other regions" are as follows:

Europe, Asia, North America, and South America

(2) Property, plant and equipment

Information on property, plant and equipment is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

3. Information by major customer

Information by major customer is omitted because there is no external customer accounting for 10% or more of net sales stated in the consolidated statement of income.

Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

1. Information by product and service

Information by product and service is omitted here since the same information is described as segment information.

2. Information by region

(1) Net sales

(Millions of yen)

Japan	Other	Total
25,180	4,092	29,272

(Note) Major regions that belong to "Other regions" are as follows:

Europe, Asia, North America, South America, and Oceania

(2) Property, plant and equipment

Information on property, plant and equipment is omitted since the amount of property, plant and equipment located in Japan exceeds 90% of the amount of property, plant and equipment stated in the consolidated balance sheet.

3. Information by major customer

(Millions of yen)

Customer name	Net sales	Name of related segment
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.	3,146	Construction Machinery Segment

[Information on Impairment Loss for Fixed Assets by Reportable Segment]

Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)

There is no relevant information.

Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)

(Millions of yen)

	Construction Machinery	Press-in Work	Corporate and elimination	Total
Impairment losses	-	-	115	115

(Note) The amount of "Corporate and elimination" represents an impairment loss on corporate assets, which do not belong to any reportable segment.

[Information on Amortization and Unamortized Balance of Goodwill by Reportable Segment]

There is no relevant information.

[Information on Gain on Negative Goodwill by Reportable Segment]

There is no relevant information.

(Per Share Information)

	Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)	Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)
Net assets per share	1,481.41 Yen	1,452.90 Yen
Profit per share	117.65 Yen	30.82 Yen
Fully diluted profit per share	117.62 Yen	–

(Notes) The basis of calculation of profit per share and fully diluted profit per share is as follows:

	Fiscal year ended August 31, 2022 (from September 1, 2021 to August 31, 2022)	Fiscal year ended August 31, 2023 (from September 1, 2022 to August 31, 2023)
Profit per share		
Profit attributable to owners of parent (millions of yen)	3,234	846
Amount not attributable to common shareholders (millions of yen)	–	–
Profit attributable to owners of parent concerning common shares (millions of yen)	3,234	846
Average number of common shares during the fiscal year (shares)	27,492,033	27,474,392
Fully diluted profit per share		
Profit attributable to owners of parent - deferred (millions of yen)	–	–
Increase in common stock (shares)	8,028	–
Overview of potential shares not included in computation of diluted profit per share because of their anti-dilutive effect	–	–

(Material Subsequent Events)

There is no relevant information.