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Consolidated Financial Results for the Six Months Ended February 28, 2025 [JGAAP]

April 10, 2025

Company Name: GIKEN LTD.
Stock Exchange Listing: Tokyo
Securities Code: 6289 (URL <https://www.giken.com>)
Representative: Atsushi Ohira, President and CEO
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Scheduled date to file semi-annual securities report: April 14, 2025
Scheduled date to commence dividend payments: May 8, 2025
Availability of supplementary material on quarterly financial results: Yes
Holding of financial results briefing session: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended February 28, 2025 (from September 1, 2024 to February 28, 2025)

(1) Consolidated Results of Operations (% indicates changes from the same period of the previous financial year)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended February 28, 2025	11,829	(23.9)	1,323	(45.3)	1,345	(48.1)	928	(49.8)
Six months ended February 29, 2024	15,535	4.0	2,417	12.6	2,590	18.0	1,849	34.6

(Note) Comprehensive income: Six months ended February 28, 2025 ¥776 million [(63.2)%]
Six months ended February 29, 2024 ¥2,111 million [51.6%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Six months ended February 28, 2025	34.68	-
Six months ended February 29, 2024	69.00	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of February 28, 2025	47,746	40,681	85.2
As of August 31, 2024	48,129	40,446	84.0

(Reference) Equity: As of February 28, 2025 ¥40,681 million As of August 31, 2024 ¥40,446 million

2. Dividends

	Annual cash dividends per share				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2024	-	20.00	-	22.00	42.00
Fiscal year ending August 31, 2025	-	22.00	-	-	-
Fiscal year ending August 31, 2025 (Forecast)	-	-	-	32.00	54.00

(Note) 1. Revisions to the forecast of cash dividends most recently announced: Yes
2. Breakdown of year-end cash dividends per share of Fiscal year ending August 31, 2025 (Forecast) are ordinary dividend of 22 yen and commemorative dividend 10 yen. For more information, see "Notice on the Revision of Dividends Forecast (Commemorative Dividend on the 50th Year Anniversary of SILENT PILER™)" announced on April 10, 2025.

3. Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending August 31, 2025 (from September 1, 2024 to August 31, 2025)

(% 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
Full year	26,100	(11.5)	2,300	(30.8)	2,450	(31.6)	1,800	(26.2)	68.06

- (Note) 1. Revision of the forecast of consolidated financial results most recently announced: None
2. GIKEN LTD. resolved to purchase treasury shares at a meeting of the Board of Directors on April 10, 2025. The “Profit per share” in the Earnings Forecast of Consolidated Financial Results for Fiscal Year Ending August 31, 2025 takes into account the impact of this purchase of treasury shares. For more information about this purchase of treasury shares, see (Material Subsequent Events) on page 10 of the Appendix, appearing under (3) Principal Notes for Semi-annual Consolidated Financial Statements in 2. Semi-annual Consolidated Financial Statements and Principal Notes.

* Notes

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

(Note) For more information, see (Notes on Special Accounting for Preparing Semi-annual Consolidated Financial Statements) on page 8 of the Appendix, appearing under (3) Principal Notes for Semi-annual Consolidated Financial Statements in 2. Semi-annual Consolidated Financial Statements and Principal Notes.

(3) 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

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

1) Total number of issued shares at the end of the period (including treasury shares):	As of February 28, 2025	28,194,728 shares	As of August 31, 2024	28,194,728 shares
2) Total number of treasury shares at the end of the period:	As of February 28, 2025	1,400,421 shares	As of August 31, 2024	1,427,022 shares
3) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year):	Six months ended February 28, 2025	26,780,905 shares	Six months ended February 29, 2024	26,807,514 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* 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.

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1. Qualitative Information on the Semi-annual Financial Results

(1) Explanation of Operating Results

The GIKEN Group has announced its new Mid-Term Management Plan 2027 that covers a period of three years from the fiscal year ending August 31, 2025 (FY2025 - FY2027). Based on the four basic strategies for growth, we aim to increase our corporate value by strengthening global technological proposals and promoting our construction methods, while promoting the development of new construction method and new products and speeding up their market launch.

In terms of the domestic business environment during the six months under review, construction investment remained solid in both public and private sectors. In our business, however, a reduction in the scale of public works projects and labor cost increases resulting from higher prices continued to put pressure on the operations of the users. As the users' appetite for capital spending significantly decreased amid a severe business environment, we revised our earnings forecast downward in February.

In domestic activities to disseminate our construction method, we worked to promote the Implant Method*¹ mainly for recovery and reconstruction from natural disasters, prevention and mitigation of future disasters, projects for the strengthening of national resilience, and updating and functional strengthening projects for aging infrastructures. As a result, in terms of public works, the number of projects that adopted our construction method remained steady. These included restoration work on roads damaged by the Noto Peninsula Earthquake and torrential rain disaster, renewal work on river and port revetments, and work to expand expressways to six lanes.

In December last year, we opened the Chubu Sales Office, which will serve as a center for expanding the press-in market in the Chubu region, in the Aichi prefectural city of Nagoya, and started activities to disseminate our construction method. There are many existing users in the Chubu region, and we expect demand for the press-in technology will grow as construction of logistics and transportation infrastructures to support manufacturing and disaster countermeasures against the Tonankai and Nankai megathrust earthquakes are planned. With the new sales office's opening, we aim to precisely make technology proposals that meet local needs and work to contribute to further economic development and safe and secure living in the Chubu region.

In terms of product sales in Japan, we began selling "Handling System," a new product that enables efficient press-in of steel sheet piles at sites of hard ground where overhead clearance is restricted, targeting GM members*², and sales have proved solid. As this product, a pile auger lifting device attached to the SILENT PILER, eliminates the need for a large crane to lift the pile auger, it enables expansion of the scope of application to sites where construction work is difficult using conventional technology, such as a site under a bridge. We will continue to properly identify needs in construction sites and work to resolve construction issues and improve user utilization rates.

In overseas business, we have reviewed our existing business model that focused on selling machinery and introduced GTOSS (GIKEN Total Support System), a comprehensive support service for users, and are working to build a support system, aiming to strengthen collaboration with local partners. We aim to accelerate market expansion by working with partner companies that have become GTOSS members to promote our construction method.

In Asia, a GTOSS member user completed the first project in Southeast Asia that used our Gyropress Method in February in Singapore. This successfully achieved a very important track record for the spread of our construction method. We have gotten off to a good start toward continuing to win orders in Singapore, where the third project to use our construction method is already in the works. Building on the latest achievement, the Group aims to speed up the effort to expand the market for our construction method.

In terms of collaboration with partner companies, a user in Singapore has joined GTOSS ASIA, bringing the number of GTOSS Members in Asia to nine. The Group aims to lead the project to success by providing comprehensive support to this user, including technical guidance and on-site inspections, and, in the future, plans to further promote the development of the local press-in market by working with the user as a strong partner in promoting our construction method.

In Europe, we invested in G-Kracht B.V., a joint venture company, with our group company, Giken Europe B.V. (headquartered in the Netherlands), and a local user participating in a project of quay wall renovation for the World Heritage-listed canal in the Netherlands joined GTOSS EUROPE, increasing the number of members to three. In Germany, as needs grew for the press-in technology in measures to address aging infrastructure, flooding disasters, etc., the top user in the country, a construction company, bought a SILENT PILER F401.

In North America, Giken America Corporation, a group company headquartered in the U.S., opened a sales office in New Jersey in January, aiming to use it as a base for developing and expanding the press-in market in the northern part of the U.S. East Coast. The number of sales offices for the Group in the U.S. becomes two, including the Orlando headquarters in Florida on the southern East Coast. The new sales office has easy access to the state of New York, where there is a concentration of leading design consultants, and is located conveniently for both land and air travel, making it ideal for activities to promote our construction method. Using the new sales office as a base, we aim to step up market development and expansion efforts in the northern part of the East Coast, where large-scale infrastructure investment continues.

Under such circumstances, for the six months under review, net sales were 11,829 million yen (a decrease of 23.9% YoY),

operating profit was 1,323 million yen (a decrease of 45.3% YoY), ordinary profit was 1,345 million yen (a decrease of 48.1% YoY), and profit attributable to owners of parent was 928 million yen (a decrease of 49.8% YoY).

The performance by segment is as follows.

(i) Construction Machinery Segment

In Japan, rising prices caused a reduction in the scale of construction work and higher costs, including labor costs, dampened users' sentiment for capital spending, significantly affecting product sales. In overseas business, net sales fell from a year-earlier level as product sales expected in the first half were pushed back to the second half. As a result, in this segment, net sales were 8,119 million yen (a decrease of 26.8% YoY) and operating profit was 1,935 million yen (a decrease of 35.2% YoY).

(ii) Press-in Work Segment

In Japan, our construction methods were steadily adopted. Steady progress was made especially in projects including temporary retaining wall construction for a dam (Nagasaki Prefecture), waterproof wall construction for a power plant (Gifu Prefecture), seawall foundation construction for a power plant (Hokkaido), and repair work on roads damaged in a landslide caused by torrential rain in Noto Peninsula in September 2024 (Ishikawa Prefecture). However, construction-work sales declined from a high level reached in the year-earlier period, and the number of construction projects decreased from the year-earlier figure because of delays in the start of construction. Overseas, on the other hand, rentals with operators grew steadily in Germany. As a result, in this segment, net sales were 3,709 million yen (a decrease of 16.6% YoY) and operating profit was 506 million yen (a decrease of 20.7% YoY).

*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.

*2 The Company provides GTOSS, a comprehensive support service that helps improve on-site productivity by providing products and know-how, such as technological services. Customers need to become a GTOSS Member to receive this support. "GM Member," who meet the certification criteria among GTOSS Member users, are eligible to receive support for construction work including those using methods that are yet to find wide use and those still being developed.

(2) Explanation of Financial Position

(Assets)

Total assets as of February 28, 2025 decreased by 383 million yen from the end of the previous consolidated fiscal year to 47,746 million yen. This was due to a decrease of 218 million yen in current assets, including cash and deposits, and a decrease of 164 million yen in non-current assets, including buildings and structures.

(Liabilities)

Total liabilities as of February 28, 2025 decreased by 619 million yen from the end of the previous consolidated fiscal year to 7,064 million yen. This was due to a decrease of 815 million yen in current liabilities, including provision for bonuses, and an increase of 196 million yen in non-current liabilities, including long-term borrowings.

(Net assets)

Net assets as of February 28, 2025 increased by 235 million yen from the end of the previous consolidated fiscal year to 40,681 million yen. This was mainly due to an increase in retained earnings.

(3) Explanation of Consolidated Earnings Forecasts and Other Forward-looking Statements

There is no change in the full-year earnings forecast announced on February 27, 2025.

2. Semi-annual Consolidated Financial Statements and Principal Notes

(1) Semi-annual Consolidated Balance Sheet

(Millions of yen)

	As of August 31, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	10,180	7,712
Notes and accounts receivable-trade, and contract assets	3,843	4,516
Electronically recorded monetary claims-operating	1,383	1,914
Finished goods	4,391	5,454
Work in process	1,418	1,027
Costs on construction contracts in progress	45	25
Raw materials and supplies	2,619	3,083
Other	393	322
Allowance for doubtful accounts	(3)	(4)
Total current assets	24,271	24,052
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,608	8,499
Machinery, equipment, and vehicles	12,294	12,294
Land	9,730	9,725
Construction in progress	836	880
Other	1,617	1,677
Accumulated depreciation	(14,624)	(14,907)
Total property, plant and equipment	18,463	18,169
Intangible assets	125	161
Investments and other assets		
Investment securities	1,854	2,001
Deferred tax assets	2,017	2,073
Retirement benefit asset	13	13
Other	1,929	1,788
Allowance for doubtful accounts	(545)	(515)
Total investments and other assets	5,270	5,362
Total non-current assets	23,858	23,693
Total assets	48,129	47,746

(Millions of yen)

	As of August 31, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	874	1,213
Short-term borrowings	94	102
Income taxes payable	519	500
Contract liabilities	3,239	3,055
Provision for bonuses	828	542
Other provisions	0	0
Other	1,756	1,081
Total current liabilities	7,312	6,497
Non-current liabilities		
Long-term borrowings	205	327
Other	165	239
Total non-current liabilities	370	566
Total liabilities	7,683	7,064
Net assets		
Shareholders' equity		
Share capital	8,958	8,958
Capital surplus	10,128	10,142
Retained earnings	22,602	22,941
Treasury shares	(1,783)	(1,750)
Total shareholders' equity	39,905	40,292
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	107
Foreign currency translation adjustment	390	207
Remeasurements of defined benefit plans	75	73
Total accumulated other comprehensive income	541	389
Total net assets	40,446	40,681
Total liabilities and net assets	48,129	47,746

(2) Semi-annual Consolidated Statements of Income and Semi-annual Consolidated Statements of Comprehensive Income
(Semi-annual Consolidated Statements of Income)
(Six months ended February 28/29)

(Millions of yen)

	For the six months ended February 29, 2024	For the six months ended February 28, 2025
Net sales	15,535	11,829
Cost of sales	9,525	7,054
Gross profit (loss)	6,009	4,774
Selling, general and administrative expenses	3,591	3,451
Operating profit (loss)	2,417	1,323
Non-operating income		
Interest income	10	5
Dividend income	12	15
Rental income from real estate	37	33
Foreign exchange gains	23	-
Surrender value of insurance policies	66	-
Reversal of allowance for doubtful accounts	-	28
Other	76	29
Total non-operating income	226	111
Non-operating expenses		
Interest expenses	21	5
Rental expenses on real estate	10	9
Commission expenses	10	-
Foreign exchange losses	-	72
Other	11	2
Total non-operating expenses	53	90
Ordinary profit (loss)	2,590	1,345
Extraordinary losses		
Loss on abandonment of non-current assets	-	40
Total extraordinary losses	-	40
Profit (loss) before income taxes	2,590	1,304
Income taxes-current	740	375
Profit (loss)	1,849	928
Profit (loss) attributable to owners of parent	1,849	928

(Semi-annual Consolidated Statements of Comprehensive Income)

(Six months ended February 28/29)

(Millions of yen)

	For the six months ended February 29, 2024	For the six months ended February 28, 2025
Profit (loss)	1,849	928
Other comprehensive income		
Valuation difference on available-for-sale securities	58	32
Foreign currency translation adjustment	204	(182)
Remeasurements of defined benefit plans	(2)	(2)
Total other comprehensive income	261	(152)
Comprehensive income	2,111	776
(Breakdown)		
Comprehensive income attributable to owners of parent	2,111	776

(3) Principal Notes for Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Notes on Significant Changes in the Amount of Shareholders' Equity)

There is no relevant information.

(Notes on Special Accounting for Preparing Semi-annual Consolidated Financial Statements)

• Calculation of tax expenses

Tax expenses are calculated by reasonably estimating the effective tax rate after tax effect accounting is applied to the profit before tax for the consolidated fiscal year, which includes the six months under review and then multiplying the profit before tax by said estimated effective tax rate.

(Notes on Change of Accounting Policy)

• Application of the “Accounting Standard for Current Income Taxes” and other relevant Accounting Standards Board of Japan (ASBJ) regulations

We have applied the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) and other relevant ASBJ regulations from the beginning of the first half ended February 28, 2025. It does not affect our semi-annual consolidated financial statements.

Revisions to categories for recording current income taxes (taxation on other comprehensive income) conform to the transitional treatment in the proviso of paragraph 20-3 of the Revised Accounting Standard of 2022 and the transitional treatment in the proviso of paragraph 65-2 (2) of the “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022, Accounting Standards Board of Japan).

(Revenue Recognition)

The information on the disaggregation of revenue from contracts with customers is shown in the “[Segment Information], (3) Principal Notes for Semi-annual Consolidated Financial Statements, 2. Semi-annual Consolidated Financial Statements and Principal Notes.”

(Notes on Segment Information, etc.)

I For the six months ended February 29, 2024 (September 1, 2023 to February 29, 2024)

1. Information on the Amounts of Net Sales and Profit/Loss by Reportable Segments and Information on the Disaggregation of Revenue

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Note 1)	Posted amount to the semi-annual consolidated statements of income (Note 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	9,206	4,308	13,515	-	13,515
Other regions	1,879	140	2,019	-	2,019
Revenue from contracts with customers	11,086	4,448	15,535	-	15,535
Net sales to external customers	11,086	4,448	15,535	-	15,535
Intersegment net sales and transfer	200	89	290	(290)	-
Total	11,287	4,537	15,825	(290)	15,535
Segment profit	2,985	638	3,623	(1,205)	2,417

- (Notes) 1. The segment profit adjustment of negative 1,205 million yen includes inter-segment transaction eliminations of 44 million yen and corporate expenses not allocated to any reportable segment of negative 1,249 million yen. The corporate expenses are mainly general administrative expenses not belonging to any reportable segment.
2. Segment profit is adjusted with operating profit presented in the semi-annual consolidated statement of income.

2. Information on Impairment Loss for Non-current Assets by Reportable Segment

There is no relevant information.

II For the six months ended February 28, 2025 (September 1, 2024 to February 28, 2025)

1. Information on the Amounts of Net Sales and Profit/Loss by Reportable Segments and Information on the Disaggregation of Revenue

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Note 1)	Posted amount to the semi-annual consolidated statements of income (Note 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	7,159	3,568	10,727	-	10,727
Other regions	960	141	1,101	-	1,101
Revenue from contracts with customers	8,119	3,709	11,829	-	11,829
Net sales to external customers	8,119	3,709	11,829	-	11,829
Intersegment net sales and transfer	265	59	325	(325)	-
Total	8,385	3,769	12,155	(325)	11,829
Segment profit	1,935	506	2,441	(1,118)	1,323

(Notes) 1. The segment profit adjustment of negative 1,118 million yen includes inter-segment transaction eliminations of 43 million yen and corporate expenses not allocated to any reportable segment of negative 1,162 million yen. The corporate expenses are mainly general administrative expenses not belonging to any reportable segment.

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

2. Information on Impairment Loss for Non-current Assets by Reportable Segment

There is no relevant information.

(Material Subsequent Events)

• Purchase of treasury shares

At a meeting on April 10, 2025, the Company's Board of Directors decided on matters pertaining to the purchase of treasury shares in accordance with Article 156 of the Companies Act as applied pursuant to Article 165, Paragraph 3 of said Act.

1. Reason for purchasing treasury shares

To improve capital efficiency and enhance shareholder returns.

2. Details of matters regarding the acquisition of treasury shares

- | | |
|---|--|
| (i) Class of shares to be purchased | Common shares of the Company |
| (ii) Total number of shares to be purchased | 450,000 shares (maximum)
(1.68% of the total number of issued shares (excluding treasury shares)) |
| (iii) Total purchase cost of shares | 500 million yen (maximum) |
| (iv) Period of purchase | From April 11, 2025 to July 31, 2025 |
| (v) Method of purchase | Market purchase on the Tokyo Stock Exchange |