Consolidated Financial Results for the Nine Months Ended May 31, 2025 [JGAAP]

July 10, 2025

Company Name: GIKEN LTD.
Stock Exchange Listing: Tokyo
Securities Code: 6289 (URL https://www.giken.com)
Representative: Atsushi Ohira, President and CEO
Contact: Tsuyoshi Tanouchi, Managing Operating Officer
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Scheduled date to commence dividend payments: –
Availability of supplementary material on quarterly financial results: Yes
Holding of financial results briefing session: No

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Nine Months Ended May 31, 2025 (from September 1, 2024 to May 31, 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	%
Nine months ended May 31, 2025	17,429	(21.3)	1,399	(50.7)	1,438	(54.1)	451	(79.7)
Nine months ended May 31, 2024	22,133	4.4	2,837	30.4	3,132	39.0	2,218	894.5

(Note) Comprehensive income: Nine months ended May 31, 2025 ¥144 million [(94.2)%]
Nine months ended May 31, 2024 ¥2,500 million [-]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Nine months ended May 31, 2025	16.86	-
Nine months ended May 31, 2024	82.78	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of May 31, 2025	47,182	39,239	83.2
As of August 31, 2024	48,129	40,446	84.0

(Reference) Equity: As of May 31, 2025 ¥39,239 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

(Notes) 1. Revisions to the forecast of cash dividends most recently announced: None
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 PILERTM)” 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)	1,260	(48.3)	47.64

(Notes) 1. Revision of the forecast of consolidated financial results most recently announced: None

2. At the meeting of the Board of Directors held on April 10, 2025, the Company determined to acquire treasury shares. The "profit per share" in the consolidated financial forecasts for the fiscal year ending August 31, 2025, reflects the effects of this share repurchase. For details regarding the acquisition of treasury shares, please refer to the "Notice Concerning Determination of Matters Related to Acquisition of Own Shares" announced on 10 April 2025.

* Notes

(1) Significant changes in the scope of consolidation during the nine-month period ended May 31, 2025: None

(2) Notes on special accounting for preparing quarterly consolidated financial statements: Yes

(Note) For more information, see (Notes on Special Accounting for Preparing Quarterly Consolidated Financial Statements) on page 8 of Appendix, appearing under (3) Principal Notes for Quarterly Consolidated Financial Statements in 2. Quarterly 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 May 31, 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 May 31, 2025	1,554,621 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):	Nine months ended May 31, 2025	26,764,451 shares	Nine months ended May 31, 2024	26,794,276 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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 Quarterly 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 nine months under review, construction investment generally remained solid, supported by resilient government spending and recovery in corporate spending. In our business, however, user appetite for capital spending still remained cautious, affected by the impact of rising construction costs and a severe shortage of skilled workers.

In domestic activities to disseminate our construction methods, 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 quay walls damaged by the Noto Peninsula Earthquake and torrential rain disaster, anti-quake reinforcement work on wharves, and expressway ramp construction work.

As part of our efforts to accelerate the adoption of our construction methods in Japan, we increased staff in March at the Noto Recovery Support Office in Kanazawa, Ishikawa Prefecture, and the Chubu Sales Office in Nagoya, Aichi Prefecture. In addition to proposing construction methods, the Noto Recovery Support Office is now capable of taking on such work as construction planning, construction progress management, etc. and has expanded its coverage areas to include the entire Hokushinetsu region. Furthermore, in April, we assigned a new full-time representative to the Kochi Head Office responsible for the Shikoku area, which had been covered by the Kansai Sales Office (Osaka Prefecture), aiming to strengthen our construction method sales to better address specific needs of the region.

In terms of products, our Flywheel-type Pile Auger, which improves the excavation performance and work efficiency of auger equipment when pressing steel sheet piles into hard ground, has been selected as a recommended technology for fiscal 2025*2 and an earthquake disaster recovery and reconstruction support technology under the Ministry of Land, Infrastructure, Transport and Tourism's New Technology Information System (NETIS). Since its launch in 2021, this product has expanded the range of its hard-ground applications and is recognized as a revolutionary technology that improves productivity. Its sales have been growing, along with the SILENT PILER F112, which comes standard with this product. Leveraging the tailwind from the product's selection, we will further promote efforts to uncover new needs.

In overseas business, we have reviewed our existing business model that focused on selling machinery and have been working to establish GTOSS*3 (GIKEN Total Support System), a comprehensive support service for users, 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 methods.

In Asia, we delivered the third GYRO PILER to a user in Singapore who is a member of GTOSS ASIA. In Singapore, the second project using our Gyropress Method was completed in May and the third is progressing on schedule. We are working to expand the market for the method through tours of the sites, etc.

In China, we delivered three units of the SILENT PILER to Shijiazhuang Tianyuan Technology Group Co., Ltd. (Hebei Province), a major construction machinery sales company serving as a sales agent and a designated factory. The partnership with the company, which began in 2020, has helped demand for the press-in method to increase steadily especially in local disaster prevention and mitigation measures and infrastructure restoration work. We aim to capture this demand to increase sales of our products through rentals to construction companies.

In Europe, a German user who has been using our products for over 30 years joined GTOSS EUROPE, increasing the number of members to four. With the addition of the company, the network of GTOSS EUROPE has expanded to include the Netherlands, Germany, the United Kingdom and Italy, which we designated as priority areas in Europe in the Mid-Term Management Plan. The collaborative framework with local partners has been steadily being strengthened.

In North America, we worked together with a U.S. user, a GTOSS North America member, on sales activities, and this led the user to win an order for the first project in the country to use the Gyropress Method. Our Group aims to continue working closely with this user to ensure the success of this project and use our construction track record to expand the market for the Gyropress Method.

Despite these circumstances, for the nine months under review, net sales came to 17,429 million yen (a decrease of 21.3% YoY) chiefly as product sales decreased in the domestic market. In terms of profits, operating profit was 1,399 million yen (a decrease of 50.7% YoY), and ordinary profit was 1,438 million yen (a decrease of 54.1% YoY), affected by a significant drop in sales in the Construction Machinery Segment, which has high profit margin. In addition, as announced in the "Notice Concerning Recording of Extraordinary Losses and Revisions to Full-Year Financial Results Forecast for Fiscal Year Ending August 31, 2025" published on July 2, we have recorded 301 million yen as loss on litigation and 511 million yen as provision of allowance for doubtful accounts in extraordinary losses due to the settlement with J Steel Group Pty Limited (hereinafter "J Steel"), our former consolidated subsidiary. As a result, profit attributable to owners of parent was 451 million yen (a decrease of 79.7% YoY).

Please note that all of our rights and obligations related to J Steel have been resolved with this settlement, and the matter will have no impact on our future business performance. With this settlement, we will focus our management resources on our overseas operations and continue to promote further global expansion.

The performance by segment is as follows.

(i) Construction Machinery Segment

In Japan, rising construction costs and a shortage of skilled workers dampened users' sentiment for capital spending, significantly affecting product sales. Overseas, sales are expected to be concentrated in the fourth quarter of the current fiscal year, by contrast to the previous fiscal year when product sales were high in the first half, and sales of some products have been postponed to the fourth quarter. These factors resulted in a decrease in revenue. Under such circumstances, in this segment, net sales were 11,370 million yen (a decrease of 25.0% YoY) and operating profit was 2,188 million yen (a decrease of 38.1% 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), sinkhole repair and lifeline reconstruction work (Saitama Prefecture), seawall foundation construction for a power plant (Hokkaido Prefecture), waterproof wall construction for a power plant (Gifu Prefecture), and ECO Cycle installation work (Hyogo Prefecture). However, revenue declined as there was a relative decline in construction-work sales from a high level reached in the year-earlier period, development-oriented projects are scheduled to be concentrated in the fourth quarter, and there were delays in starts of construction work for some ordered projects. Overseas, on the other hand, rentals with operators grew steadily in Germany. As a result, in this segment, net sales were 6,058 million yen (a decrease of 13.2% YoY) and operating profit was 915 million yen (a decrease of 18.7% 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 NETIS-registered technologies that have been utilized in directly managed construction projects, etc. and have been evaluated for their impact are designated as "technologies that have been evaluated after the fact." Of these, groundbreaking new technologies that are expected to raise the technological standards for public works projects, etc. are selected as "recommended technologies." Selection as a recommended technology is expected to promote the use of the technology because it adds to the scores in construction performance evaluations and comprehensive evaluation methods compared to regular NETIS-registered technologies.

*3 A comprehensive support service that helps improve on-site productivity by providing member users with products and know-how, such as technological services.

(2) Explanation of Financial Position

(Assets)

Total assets as of May 31, 2025 decreased by 947 million yen from the end of the previous consolidated fiscal year to 47,182 million yen. This was due to a decrease of 844 million yen in current assets, including cash and deposits, and a decrease of 102 million yen in non-current assets, including investments and other assets.

(Liabilities)

Total liabilities as of May 31, 2025 increased by 259 million yen from the end of the previous consolidated fiscal year to 7,943 million yen. This was due to an increase of 39 million yen in current liabilities, including notes and accounts payable-trade, and an increase of 220 million yen in non-current liabilities, including long-term borrowings.

(Net assets)

Net assets as of May 31, 2025 decreased by 1,207 million yen from the end of the previous consolidated fiscal year to 39,239 million yen. This was mainly due to a decrease in retained earnings.

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

There is no change in the full-year consolidated earnings forecast announced on July 2, 2025.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of August 31, 2024	As of May 31, 2025
Assets		
Current assets		
Cash and deposits	10,180	7,344
Notes and accounts receivable-trade, and contract assets	3,843	3,591
Electronically recorded monetary claims-operating	1,383	1,940
Finished goods	4,391	5,382
Work in process	1,418	1,241
Costs on construction contracts in progress	45	37
Raw materials and supplies	2,619	3,166
Other	393	727
Allowance for doubtful accounts	(3)	(5)
Total current assets	24,271	23,426
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,608	8,693
Machinery, equipment, and vehicles	12,294	12,395
Land	9,730	9,724
Construction in progress	836	1,009
Other	1,617	1,684
Accumulated depreciation	(14,624)	(15,017)
Total property, plant and equipment	18,463	18,489
Intangible assets	125	145
Investments and other assets		
Investment securities	1,854	2,081
Deferred tax assets	2,017	2,332
Retirement benefit asset	13	14
Other	1,929	1,746
Allowance for doubtful accounts	(545)	(1,055)
Total investments and other assets	5,270	5,120
Total non-current assets	23,858	23,755
Total assets	48,129	47,182

(Millions of yen)

	As of August 31, 2024	As of May 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable-trade	874	1,563
Short-term borrowings	94	95
Income taxes payable	519	180
Contract liabilities	3,239	3,284
Provision for bonuses	828	250
Other provisions	0	-
Other	1,756	1,976
Total current liabilities	7,312	7,351
Non-current liabilities		
Long-term borrowings	205	303
Other	165	287
Total non-current liabilities	370	591
Total liabilities	7,683	7,943
Net assets		
Shareholders' equity		
Share capital	8,958	8,958
Capital surplus	10,128	10,142
Retained earnings	22,602	21,874
Treasury shares	(1,783)	(1,971)
Total shareholders' equity	39,905	39,004
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	75	95
Foreign currency translation adjustment	390	67
Remeasurements of defined benefit plans	75	72
Total accumulated other comprehensive income	541	235
Total net assets	40,446	39,239
Total liabilities and net assets	48,129	47,182

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

(Quarterly Consolidated Statements of Income)

(For the nine months ended May 31)

(Millions of yen)

	For the nine months ended May 31, 2024	For the nine months ended May 31, 2025
Net sales	22,133	17,429
Cost of sales	13,770	10,618
Gross profit (loss)	8,363	6,810
Selling, general and administrative expenses	5,526	5,411
Operating profit (loss)	2,837	1,399
Non-operating income		
Interest income	11	16
Dividend income	14	18
Rental income from real estate	55	58
Foreign exchange gains	97	-
Surrender value of insurance policies	66	-
Outsourcing service income	40	45
Other	50	41
Total non-operating income	337	180
Non-operating expenses		
Interest expenses	1	6
Rental expenses on real estate	14	12
Commission expenses	10	-
Fiduciary obligation expenses	9	-
Foreign exchange losses	-	115
Other	5	6
Total non-operating expenses	42	140
Ordinary profit (loss)	3,132	1,438
Extraordinary losses		
Loss on litigation	-	301
Provision of allowance for doubtful accounts	-	511
Loss on abandonment of non-current assets	-	40
Total extraordinary losses	-	853
Profit (loss) before income taxes	3,132	585
Income taxes-current	914	133
Profit (loss)	2,218	451
Profit (loss) attributable to owners of parent	2,218	451

(Quarterly Consolidated Statements of Comprehensive Income)

(For the nine months ended May 31)

(Millions of yen)

	For the nine months ended May 31, 2024	For the nine months ended May 31, 2025
Profit (loss)	2,218	451
Other comprehensive income		
Valuation difference on available-for-sale securities	62	20
Foreign currency translation adjustment	223	(322)
Remeasurements of defined benefit plans	(3)	(3)
Total other comprehensive income	282	(306)
Comprehensive income	2,500	144
(Breakdown)		
Comprehensive income attributable to owners of parent	2,500	144

(3) Principal Notes for Quarterly 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 Quarterly 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 nine months under review and then multiplying the profit before tax by said estimated effective tax rate. However, if calculating tax expenses using said estimated effective tax rate would result in a significantly unreasonable outcome, the statutory effective tax rate is used instead.

(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 three months ended November 30, 2024. It does not affect our quarterly 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 Quarterly Consolidated Financial Statements, 2. Quarterly Consolidated Financial Statements and Principal Notes."

(Notes to Quarterly Consolidated Statements of Cash Flows)

We did not prepare quarterly consolidated statements of cash flows for the nine months under review. Depreciation (including amortization related to intangible assets) for the nine months under review are as follows.

	For the nine months ended May 31, 2024 (September 1, 2023 to May 31, 2024)	For the nine months ended May 31, 2025 (September 1, 2024 to May 31, 2025)
Depreciation	¥1,187 million	¥1,014 million

(Additional Information)

・Litigation-related matter

J Steel Group Pty Limited (hereinafter “J Steel”), a former consolidated subsidiary of GIKEN LTD. (the “Company”) hereby, arranged a guarantee provided by a financial institution for the performance of a construction contract J Steel won in Australia to the customer that placed the order (hereinafter the “Customer”). After the Customer exercised its rights and the bank fulfilled the guarantee in the fiscal year ended August 31, 2023, a contractual obligation arose for J Steel to pay 11 million Australian dollars (1,035 million yen) to the bank. As the Company had set a parent-company guarantee for the financial institution guarantee, it made the repayment in subrogation of 11 million Australian dollars (1,035 million yen) to the financial institution and booked the amount in “Other” under “Investments and other assets” on the quarterly consolidated balance sheets as a claim against J Steel. J Steel is currently undertaking legal action trying to recover the claimed amount from the Customer. The Company and J Steel signed an agreement whereby the subrogation amount will be returned to the Company if the amount is recovered and had agreed to cooperate in resolving the dispute.

However, considering the state of the dispute addressed by J Steel, we determined that the likelihood of an early settlement had decreased and that continuing with this agreement would lead to a decrease in the amount we can recover as fees to professionals and other costs continue to accumulate. Considering this situation, we asked J Steel to terminate the agreement and exercised our rights to the claim afresh in August 2024.

In response, J Steel filed a lawsuit claiming that our procedures were unjust and seeking to prevent the termination of the agreement. Although we have no doubts that our judgement and procedures are just, we have determined to conclude the matter through a settlement, considering the effects that prolonged litigation may have on our future management and other factors.

Accompanying the settlement, we will record a litigation-related loss of 3 million Australian dollars (301 million yen) in the consolidated financial results for the third quarter of the fiscal year ending August 31, 2025 as well as 511 million yen in provision of allowance for doubtful accounts under extraordinary losses for the unrecoverable amount resulting from the waiver of claims against J Steel.

(Note) The amount in parentheses was calculated using the exchange rate as of the last day of May 2025.

(Notes on Segment Information, etc.)

I For the nine months ended May 31, 2024 (September 1, 2023 to May 31, 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 quarterly consolidated statements of income (Note 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	12,575	6,775	19,351	-	19,351
Other regions	2,577	204	2,782	-	2,782
Revenue from contracts with customers	15,153	6,980	22,133	-	22,133
Net sales to external customers	15,153	6,980	22,133	-	22,133
Intersegment net sales and transfer	329	124	453	(453)	-
Total	15,482	7,105	22,587	(453)	22,133
Segment profit	3,537	1,126	4,664	(1,826)	2,837

(Notes) 1. The segment profit adjustment of negative 1,826 million yen includes inter-segment transaction eliminations of 67 million yen and corporate expenses not allocated to any reportable segment of negative 1,893 million yen. The corporate expenses are mainly general and administrative expenses not belonging to any reportable segment.

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

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

There is no relevant information.

II For the nine months ended May 31, 2025 (September 1, 2024 to May 31, 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 quarterly consolidated statements of income (Note 2)
	Construction Machinery	Press-in Work			
Net sales					
Japan	9,753	5,840	15,594	-	15,594
Other regions	1,617	217	1,835	-	1,835
Revenue from contracts with customers	11,370	6,058	17,429	-	17,429
Net sales to external customers	11,370	6,058	17,429	-	17,429
Intersegment net sales and transfer	411	122	533	(533)	-
Total	11,781	6,180	17,962	(533)	17,429
Segment profit	2,188	915	3,104	(1,705)	1,399

(Notes) 1. The segment profit adjustment of negative 1,705 million yen includes inter-segment transaction eliminations of 68 million yen and corporate expenses not allocated to any reportable segment of negative 1,774 million yen. The corporate expenses are mainly general and administrative expenses not belonging to any reportable segment.

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

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

There is no relevant information.