

Consolidated Financial Results for the Fiscal Year Ended August 31, 2021 [JGAAP]

October 11, 2021

Company Name: GIKEN LTD.

Stock Code: 6289 (URL: <https://www.giken.com>)

Stock Exchange Listing: Tokyo

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Scheduled date of Ordinary General Meeting of Shareholders: November 24, 2021

Scheduled date to commence dividend payments: November 25, 2021

Scheduled date to submit the Annual Securities Report: November 25, 2021

Availability of supplementary briefing material on annual results: Yes

Holding of Annual Results Briefing Session: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(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, 2021	27,618	12.1	3,997	59.9	4,161	49.0	3,073	119.4
Year ended August 31, 2020	24,640	(24.0)	2,498	(62.6)	2,792	(58.7)	1,400	(69.4)

(Note) Comprehensive income : Year ended August 31, 2021 : ¥3,455 million [129.0%]

Year ended August 31, 2020 : ¥1,508 million [(63.9)%]

	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, 2021	112.22	111.89	8.0	8.2	14.5
Year ended August 31, 2020	51.28	50.99	3.7	5.5	10.1

(Reference) Equity in earnings of affiliated companies : Year ended August 31, 2021 : ¥ – million

Year ended August 31, 2020 : ¥ – million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2021	51,667	39,554	75.7	1,426.10
As of August 31, 2020	49,708	38,411	75.5	1,372.25

(Reference) Equity : As of August 31, 2021 : ¥39,108 million As of August 31, 2020 : ¥37,551 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, 2021	7,768	(5,337)	(2,197)	5,666
Year ended August 31, 2020	3,263	(1,892)	(953)	5,324

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, 2020	–	35.00	–	35.00	70.00	1,914	136.5	5.1
Year ended August 31, 2021	–	35.00	–	35.00	70.00	1,918	62.4	5.0
Year ending August 31, 2022 (Forecast)	–	35.00	–	35.00	70.00		60.0	

3. Earnings Forecast of Consolidated Financial Results

for Fiscal Year Ending August 31, 2022 (From September 1, 2021 to August 31, 2022)

(% 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	14,000	5.3	2,270	4.6	2,300	3.6	1,500	3.7	54.70
Full year	30,000	8.6	4,500	12.6	4,550	9.3	3,200	4.1	116.69

* Notes

(1) Changes in significant subsidiaries during the fiscal year ended August 31, 2021 (changes in specific subsidiaries involving changes in the scope of consolidation): Not applicable

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

1) Changes in accounting policies due to the revision of accounting standards: Not applicable

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):

2) Total number of treasury shares at the end of the period:

3) Average number of shares during the period:

As of August 31, 2021	28,115,928 Shares	As of August 31, 2020	28,058,028 shares
As of August 31, 2021	692,963 Shares	As of August 31, 2020	692,915 shares
Year ended August 31, 2021	27,386,872 shares	Year ended August 31, 2020	27,319,278 shares

(Reference) Summary of the Non-consolidated Financial Results

Overview of the Non-consolidated Financial Results

for the Fiscal Year Ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(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, 2021	20,480	19.8	3,719	68.5	3,056	265.1
Year ended August 31, 2020	17,096	(32.2)	2,207	(67.4)	837	(82.6)

	Profit per share	Fully diluted profit per share
	Yen	Yen
Year ended August 31, 2021	111.62	111.28
Year ended August 31, 2020	30.65	30.47

(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, 2021	45,550	36,296	79.7	1,323.56
As of August 31, 2020	44,586	35,466	78.4	1,277.63

(Reference) Equity: As of August 31, 2021: ¥36,296 million As of August 31, 2020: ¥34,962 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 3 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

In the consolidated fiscal year under review, the business environment surrounding the Giken Group continued to impose a certain level of restrictions on our business activities such as delay in some of our construction projects both in Japan and overseas due to the impacts of the new coronavirus infections, while domestic public works was steady. Also, flood damage and landslides caused by climate change are increasing in many parts of the world. Measures to cope with increasingly severe natural and man-made disasters, as well as measures to deal with the aging of social infrastructure, are positioned as important measures in many countries, and there is an urgent need to renew and strengthen construction structures.

Under these circumstances, although the current consolidated fiscal year was the final year of the "Medium-Term Management Plan (for the period from August 2019 to August 2021)," the numerical targets were revised on October 9, 2020 to net sales of 27,100 million yen, operating profit of 3,150 million yen, and overseas net sales of 5,200 million yen, in light of the recent significant changes in the business environment. In the consolidated fiscal year under review, the entire Group worked together towards these targets and transformation into a global engineering corporation based on the management policy of "Change construction across the world through the Implant Method."

In our domestic activities to disseminate our methodologies, efforts to expand the applicable range of the Implant Method led to a steady increase in the adoption thereof. More specifically, in addition to projects for recovery and reconstruction from natural disasters, we implemented road extensions and improvements including expressway renewals, port facility improvements to change the quay into a deep-water one, measures to make reservoirs earthquake-resistant, and liquefaction countermeasures for private plants, focusing on prevention or mitigation of future disaster as well as measures to strengthen the national resilience. With regard to the collapse of river levees, which are the cause of many large-scale floods in recent years, we continue to strongly appeal to the government and the people that the essential purpose of levees is to protect the lives and properties of the people and that they must be "responsible structures," which are never allowed to be broken. We proposed our resilient levee developed by the Company using the Implant Lock Method to the relevant ministries and local government officials, and it was discussed by the Deliberative Council for Infrastructure Development of the Ministry of Land, Infrastructure, Transport and Tourism as an issue to be considered for the future. We will continue our efforts toward the realization of drastic measures.

In overseas development, we are focusing on activities to propose construction methods that comply with the five principles of construction by making the best use of the press-in principle at some higher, more objective level. The number of construction projects resulting from these activities has been steadily increasing, raising awareness of the Implant Method. As for large-scale projects, Giken Europe B.V., an overseas subsidiary, established G-Kracht B.V., a joint venture with a local construction company, for a project to develop new technologies for the improvement of canal revetment in Amsterdam, the Netherlands. In preparation for the pilot construction scheduled to start in January 2022, detailed design and various monitoring plans are underway at the site, and so are the demonstration tests of the newly developed electric GRB system in Japan. In Brazil, technical guidance to local companies for the construction of disaster prevention measures for tailings dams is progressing steadily, and in Australia, preparatory work for the full-scale construction of a large-scale project is underway.

As a result, for the current consolidated fiscal year, net sales were 27,618 million yen (an increase of 12.1% from the previous fiscal year), operating profit was 3,997 million yen (an increase of 59.9%), ordinary profit was 4,161 million yen (an increase of 49.0%), net profit attributable to owners of parent was 3,073 million yen (an increase of 119.4%), and overseas sales totaled 5,460 million yen (an increase of 93.8%).

The performance by segment are as follows.

(i) Construction Machinery Segment

In Japan, clients were temporarily cautious about capital investment due to a lull in construction investment related to the Olympic and Paralympic Games and redevelopment projects, but chiefly new private sector development has strengthened clients' appetite for capital investment. Sales of general-purpose machines such as the Silent Pilers F101 and F111 for 400 mm-wide U-type Sheet Piles increased favorably due to replacement demand. In public works in Japan, there has been a shift from 600 mm-wide U-type Sheet Piles to 900 mm-wide Hat Sheet Piles for piles used in main construction work, and the number of projects has been increasing. Sales of Silent Piler F301-900, which is compatible with such piles, have been strong.

As a result, net sales were 19,134 million yen (an increase of 22.7% from the previous fiscal year), and segment profit was 4,775 million yen (an increase of 38.8%).

(ii) Press-in Construction Segment

Due to its superiority, the Implant Method is adopted in the improvement of flood control facilities such as coastal embankments and river revetments, quay wall improvement of port facilities, road restoration, landslide prevention, and road extension and improvement for the purposes of disaster recovery with a high degree of emergency and difficulty, disaster prevention and

mitigation measures of high importance, measures for aging, and strengthening of the functions of transportation networks such as expressways. The mainstay of the Implant Method is the Gyropress Method, which enables piles to be penetrated into existing structures by rotary press-in. In addition to our domestic subsidiary Giken Seko Co., Ltd., 17 GM members of the press-in technology franchise "GTOSS Membership" carry out the construction work to promote and expand the use of this method.

Giken Seko Co., Ltd. does construction work as part of the development of new technologies and construction methods, and works on advanced projects in which it can engage in automation and labor-saving of construction work and completion of various construction methods, thereby enhancing press-in technology. The number of large-scale construction projects decreased compared to the previous fiscal year, partly due to the fact that reconstruction projects and Nankai Trough earthquake countermeasure projects have settled down as this year marks the 10th anniversary of the Great East Japan Earthquake.

As a result, net sales were 8,484 million yen (a decrease of 6.2% from the previous fiscal year), and segment profit was 1,243 million yen (a decrease of 0.4%).

For the next fiscal year (ending August 2022), we expect consolidated net sales of 30,000 million yen (an increase of 8.6% from the previous fiscal year), operating profit of 4,500 million yen (an increase of 12.6%), ordinary profit of 4,550 million yen (an increase of 9.3%), and net profit attributable to owners of parent of 3,200 million yen (an increase of 4.1%).

(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 increased by 1,958 million yen compared to the end of the previous consolidated fiscal year to 51,667 million yen. Current assets increased by 1,430 million yen to 26,907 million yen and non-current assets increased by 527 million yen to 24,759 million yen from the end of the previous fiscal year.

The increase in current assets was mainly due to an increase of 3,707 million yen in cash and deposits, while there was a decrease of 1,951 million yen in products.

The increase in non-current assets was mainly due to a 315 million yen increase in property, plant and equipment, including buildings and structures, and a 288 million yen increase in investments and other assets.

Total liabilities at the end of the current consolidated fiscal year increased by 824 million yen compared to the end of the previous consolidated fiscal year to 12,122 million yen. Current liabilities increased by 1,033 million yen to 10,527 million yen and non-current liabilities decreased by 209 million yen to 1,594 million yen from the end of the previous fiscal year.

The increase in current liabilities was mainly due to increases of 909 million yen in advances received and 457 million yen in income taxes payable.

The decrease in non-current liabilities was mainly due to a decrease of 168 million yen in long-term loans payable.

Net assets as of the end of the current consolidated fiscal year increased by 1,133 million yen compared to the end of the previous consolidated fiscal year to 39,544 million yen. This was mainly due to an increase of 1,254 million yen in shareholders' equity and a decrease of 503 million yen in share acquisition rights. The equity ratio increased to 75.7% from 75.5% at the end of the previous fiscal year due to the increase in equity capital. Net assets per share increased from 1,372.25 yen at the end of the previous fiscal year to 1,426.10 yen at the end of the current fiscal year.

(ii) Cash Flow

Cash and cash equivalents (hereinafter "cash") at the end of the current fiscal year increased by 342 million yen compared to the end of the previous fiscal year to 5,666 million yen. The status of each cash flow is as follows.

(Cash Flow from Operating Activities)

Net cash provided by operating activities increased by 4,505 million yen compared to the previous fiscal year to 7,768 million yen. This was mainly due to profit before income taxes of 4,548 million yen and a decrease in inventories of 3,208 million yen.

(Cash Flow from Investing Activities)

Net cash used in investing activities increased by 3,444 million yen compared to the previous fiscal year to 5,337 million yen. This was mainly due to payments into time deposits of 5,532 million yen.

(Cash Flow from Financing Activities)

Net cash used in financing activities increased by 1,243 million yen compared to the previous fiscal year to 2,197 million yen. This was mainly due to dividend payout of 1,914 million yen.

	Year ended August 31, 2019	Year ended August 31, 2020	Year ended August 31, 2021
Shareholders' equity ratio (%)	73.1	75.5	75.7
Market value-based shareholders' equity ratio (%)	175.7	209.2	251.3
Interest-bearing debt to cash flow ratio (%)	24.2	54.5	18.5
Interest coverage ratio(times)	539.8	230.3	720.8

(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

1. All indicators are calculated using consolidated financial data.
2. 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.
3. 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) 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 35 yen per share. As a result, combined with the interim dividend of 35 yen per share already paid, the annual dividend will be 70 yen per share.

For the next fiscal year, we forecast a full-year dividend of 70 yen per share, consisting of an interim dividend of 35 yen and a year-end dividend of 35 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, 2020	As of August 31, 2021
Assets		
Current assets		
Cash and deposits	6,882	10,589
Notes and accounts receivable-trade	5,272	6,699
Electronically recorded monetary claims-operating	1,693	1,234
Finished goods	5,247	3,296
Work in process	1,895	1,627
Costs on construction contracts in progress	26	104
Raw materials and supplies	3,753	2,877
Other	711	483
Allowance for doubtful accounts	(3)	(4)
Total current assets	25,477	26,907
Non-current assets		
Property, plant and equipment		
Buildings and structures	6,056	6,900
Accumulated depreciation	(2,731)	(3,056)
Buildings and structures, net	3,324	3,844
Machinery, equipment and vehicles	13,560	13,134
Accumulated depreciation	(8,190)	(8,160)
Machinery, equipment and vehicles, net	5,369	4,973
Land	9,563	9,720
Construction in progress	1,151	1,206
Other	1,324	1,421
Accumulated depreciation	(983)	(1,101)
Other, net	340	319
Total property, plant and equipment	19,749	20,064
Intangible assets	352	275
Investments and other assets		
Investment securities	1,238	1,186
Deferred tax assets	1,799	1,700
Other	1,107	1,548
Allowance for doubtful accounts	(14)	(16)
Total investments and other assets	4,129	4,418
Total non-current assets	24,231	24,759
Total assets	49,708	51,667

(Millions of yen)

	As of August 31, 2020	As of August 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,333	1,534
Electronically recorded obligations-operating	2,429	978
Short-term borrowings	870	718
Income taxes payable	392	849
Advances received	2,802	3,711
Provision for bonuses	562	679
Other provisions	8	20
Other	1,095	2,035
Total current liabilities	9,493	10,527
Non-current liabilities		
Long-term borrowings	707	538
Provisions for maintenance of product's function	34	53
Retirement benefit liability	80	102
Other provisions	0	1
Other	980	898
Total non-current liabilities	1,803	1,594
Total liabilities	11,297	12,122
Net assets		
Shareholders' equity		
Share capital	8,843	8,892
Deposits for subscriptions of shares	-	0
Capital surplus	10,020	10,069
Retained earnings	19,439	20,596
Treasury shares	(304)	(304)
Total shareholders' equity	37,999	39,253
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(95)	0
Deferred gains or losses on hedges	5	18
Foreign currency translation adjustment	(352)	(138)
Remeasurements of defined benefit plans	(5)	(26)
Total accumulated other comprehensive income	(447)	(145)
Share acquisition rights	503	0
Non-controlling interests	355	435
Total net assets	38,411	39,544
Total liabilities and net assets	49,708	51,667

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

(Millions of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Net sales	24,640	27,618
Cost of sales	15,465	17,003
Gross profit (loss)	9,175	10,614
Selling, general and administrative expenses	6,676	6,617
Operating profit (loss)	2,498	3,997
Non-operating income		
Interest income	3	1
Dividend income	22	19
Gain on sales of scraps	3	14
Rental income from real estate	38	66
Insurance claim income	193	–
Foreign exchange gains	22	27
Surrender value of insurance policies	–	9
Other	37	48
Total non-operating income	321	187
Non-operating expenses		
Interest expenses	14	10
Rental expenses on real estate	1	0
Share issuance costs	3	2
Loss on abandonment of non-current assets	2	–
Loss on cancellation of leases	–	4
Other	5	3
Total non-operating expenses	27	22
Ordinary profit (loss)	2,792	4,161
Extraordinary income		
Gain on sales of investment securities	41	–
Gain on reversal of share acquisition rights	–	567
Total extraordinary income	41	567
Extraordinary losses		
Loss on abandonment of non-current assets	–	70
Loss on valuation of investment securities	297	88
Amortization of goodwill	245	–
Impairment loss	–	21
Total extraordinary losses	543	180
Profit (loss) before income taxes	2,289	4,548
Income taxes-current	907	1,403
Income taxes-deferred	40	18
Total income taxes	948	1,421
Profit (loss)	1,340	3,127
Profit (loss) attributable to non-controlling interests	(60)	53
Profit (loss) attributable to owners of parent	1,400	3,073

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Profit (loss)	1,340	3,127
Other comprehensive income		
Valuation difference on available-for-sale securities	132	96
Deferred gains or losses on hedges	(13)	24
Foreign currency translation adjustment	9	229
Remeasurements of defined benefit plans	39	(21)
Total other comprehensive income	167	328
Comprehensive income	1,508	3,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,545	3,375
Comprehensive income attributable to non-controlling interests	(36)	79

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total Shareholders' equity
Balance at beginning of period	8,731	9,891	19,903	(303)	38,222
Cumulative effects of changes in accounting policies			17		17
Restated balance	8,731	9,891	19,920	(303)	38,239
Changes during period					
Issuance of new shares	112	112			225
Dividends of surplus			(1,882)		(1,882)
Profit (loss) attributable to owners of parent			1,400		1,400
Purchase of treasury shares				(0)	(0)
Purchase of share of consolidated subsidiaries treasury stock		16			16
Net changes in items other than shareholders' equity					
Total changes during period	112	129	(481)	(0)	(240)
Balance at end of period	8,843	10,020	19,439	(304)	37,999

	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	(228)	12	(331)	(44)	(591)	242	456	38,329
Cumulative effects of changes in accounting policies							13	30
Restated balance	(228)	12	(331)	(44)	(591)	242	470	38,360
Changes during period								
Issuance of new shares								225
Dividends of surplus								(1,882)
Profit (loss) attributable to owners of parent								1,400
Purchase of treasury shares								(0)
Purchase of share of consolidated subsidiaries treasury stock								16
Net changes in items other than shareholders' equity	132	(6)	(20)	39	144	260	(114)	291
Total changes during period	132	(6)	(20)	39	144	260	(114)	50
Balance at end of period	(95)	5	(352)	(5)	(447)	503	355	38,411

Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(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	8,843	—	10,020	19,439	(304)	37,999
Changes during period						
Issuance of new shares	48	0	48			97
Dividends of surplus				(1,916)		(1,916)
Profit (loss) attributable to owners of parent				3,073		3,073
Purchase of treasury shares					(0)	(0)
Net changes in items other than shareholders' equity						
Total changes during period	48	0	48	1,157	(0)	1,254
Balance at end of period	8,892	0	10,069	20,596	(304)	39,253

	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	(95)	5	(352)	(5)	(447)	503	355	38,411
Changes during period								
Issuance of new shares								97
Dividends of surplus								(1,916)
Profit (loss) attributable to owners of parent								3,073
Purchase of treasury shares								(0)
Net changes in items other than shareholders' equity	96	13	213	(21)	302	(503)	79	(120)
Total changes during period	96	13	213	(21)	302	(503)	79	1,133
Balance at end of period	0	18	(138)	(26)	(145)	0	435	39,544

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended August 31, 2020	Fiscal year ended August 31, 2021
Cash flows from operating activities		
Profit (loss) before income taxes	2,289	4,548
Depreciation	1,901	1,952
Amortization of goodwill	279	–
Impairment loss	–	21
Increase (decrease) in provision for bonuses	(151)	117
Increase (decrease) in retirement benefit liability	(27)	(8)
Increase (decrease) in Provisions for maintenance of product's function	(110)	18
Interest and dividend income	(26)	(21)
Interest expenses	14	10
Insurance claim income	(193)	–
Foreign exchange losses (gains)	(64)	52
Loss (gain) on valuation of investment securities	297	88
Decrease (increase) in trade receivables	6,025	(45)
Decrease (increase) in inventories	(3,715)	3,208
Increase (decrease) in trade payables	(1,130)	(1,466)
Increase (decrease) in advances received on construction contracts in progress	8	(8)
Other, net	(469)	(18)
Subtotal	4,928	8,448
Interest and dividends received	26	21
Interest paid	(14)	(10)
Income taxes paid	(1,871)	(1,036)
Income taxes refund	–	346
Proceeds from insurance income	193	–
Net cash provided by (used in) operating activities	3,263	7,768
Cash flows from investing activities		
Payments into time deposits	(1,240)	(5,532)
Proceeds from withdrawal of time deposits	2,090	2,175
Purchase of property, plant and equipment	(3,273)	(2,080)
Purchase of investment securities	(9)	(0)
Other, net	539	99
Net cash provided by (used in) investing activities	(1,892)	(5,337)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	363	(170)
Proceeds from long-term borrowings	563	–
Repayments of long-term borrowings	(111)	(140)
Proceeds from issuance of shares	221	94
Purchase of treasury shares	(61)	(0)
Dividends paid	(1,880)	(1,914)
Other, net	(47)	(65)
Net cash provided by (used in) financing activities	(953)	(2,197)
Effect of exchange rate change on cash and cash equivalents	(14)	107
Net increase (decrease) in cash and cash equivalents	403	342
Cash and cash equivalents at beginning of period	4,920	5,324
Cash and cash equivalents at end of period	5,324	5,666

(5) Notes to Consolidated Financial Statements

(Notes on Going Concern Assumption)

There is no relevant information.

(Additional Information)

• Accounting estimates

Although when the new coronavirus infections will end is expected to continue to be uncertain, we assume that there will be no significant impact in the following consolidated fiscal year, based on the business conditions of the Group in the current consolidated fiscal year, and we have made accounting estimates for the impairment loss on non-current assets, the recoverability of deferred tax assets, and the valuation of inventories from this perspective.

(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 Construction 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 Construction 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

Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Notes 1, 3)	Posted amount to the consolidated financial statements (Notes 2)
	Construction machinery business	Press-fitting construction business			
Net sales					
(1) Net sales to external customers	15,592	9,048	24,640	—	24,640
(2) Intersegment net sales and transfer	1,377	133	1,510	(1,510)	—
Total	16,969	9,181	26,151	(1,510)	24,640
Segment profit [Operating profit] (loss)	3,440	1,249	4,689	(2,190)	2,498
Segment assets (Property, plant and equipment)	41,978	6,350	48,329	1,379	49,708
Other items					
Depreciation	1,544	167	1,712	189	1,901
Amortization of goodwill	—	—	—	279	279
Increased amount in property, plant and equipment	3,027	32	3,059	1	3,060

(Note) 1. The segment income adjustment of negative 2,190 million yen includes inter-segment transaction eliminations of negative 56 million yen and corporate expenses not allocated to any reportable segment of negative 2,133 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 1,379 million yen includes inter-segment credit elimination of negative 696 million yen and corporate assets not allocated to any reportable segment of 2,076 million yen.

Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Reportable segments		Total	Adjusted amount (Notes 1, 3)	Posted amount to the consolidated financial statements (Notes 2)
	Construction machinery business	Press-fitting construction business			
Net sales					
(1) Net sales to external customers	19,134	8,484	27,618	—	27,618
(2) Intersegment net sales and transfer	963	179	1,142	(1,142)	—
Total	20,097	8,663	28,761	(1,142)	27,618
Segment profit [Operating profit] (loss)	4,775	1,243	6,019	(2,022)	3,997
Segment assets (Property, plant and equipment)	43,429	6,953	50,383	1,283	51,667
Other items					
Depreciation	1,607	136	1,743	208	1,952
Increased amount in property, plant and equipment	2,261	22	2,283	10	2,294

(Note) 1. The segment income adjustment of negative 2,022 million yen includes inter-segment transaction eliminations of negative 66 million yen and corporate expenses not allocated to any reportable segment of negative 2,089 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 1,283 million yen includes inter-segment credit elimination of negative 843 million yen and corporate assets not allocated to any reportable segment of 2,127 million yen.

[Relevant Information]

Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

1. Information by product and service

Information by product and service is omitted here because the same information is presented in the Segment Information, etc.

2. Information by region

(1) Net sales

(Millions of yen)		
Japan	Other	Total
21,822	2,818	24,640

(Note) Major regions that belong to “Other regions” other than Japan are as follows:

Other regions: Europe, Asia, North America, and Oceania

(2) Property, plant and equipment

Information on property, plant and equipment is omitted because 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, 2021 (from September 1, 2020 to August 31, 2021)

1. 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
22,158	5,460	27,618

(Note) Major regions that belong to “Other regions” other than Japan are as follows:

Other regions: 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

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.

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

There is no relevant information.

Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

(Millions of yen)

	Construction machinery business	Press-fitting construction business	Corporate and elimination	Total
Impairment loss	—	—	21	21

(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]

Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)

(Millions of yen)

	Construction machinery business	Press-fitting construction business	Corporate and elimination	Total
Amortization for the current fiscal year	—	—	279	279
Unamortized Balance for the current fiscal year	—	—	—	—

(Note) Of amortization for the current fiscal year in the "Corporate/elimination" of 279 million yen, 33 million yen is reported in "depreciation" in sales, general and administrative expenses, and 245 million yen is reported in "amortization of goodwill" in extraordinary loss.

Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)

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, 2020 (from September 1, 2019 to August 31, 2020)	Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)
Net assets per share	1,372.25Yen	1,426.10Yen
Profit per share	51.28Yen	112.22Yen
Diluted profit per share	50.99Yen	111.89Yen

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

	Fiscal year ended August 31, 2020 (from September 1, 2019 to August 31, 2020)	Fiscal year ended August 31, 2021 (from September 1, 2020 to August 31, 2021)
Profit per share		
Profit attributable to owners of parent (millions of yen)	1,400	3,073
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent concerning common shares (millions of yen)	1,400	3,073
Average number of common shares during the fiscal year (shares)	27,319,278	27,386,872
Diluted profit per share		
Profit attributable to owners of parent - deferred (millions of yen)	—	—
Increase in common stock (shares)	156,106	82,293
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.