



Consolidated Financial Results for the Three Months Ended November 30, 2023 [JGAAP]

January 10, 2024

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 Stock Exchange Listing: Tokyo
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 Scheduled date to submit the quarterly securities report: January 12, 2024
 Scheduled date to commence dividend payments: –
 Availability of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results briefing session: No

(Figures are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended November 30, 2023 (from September 1, 2023 to November 30, 2023)

(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	%
Three months ended November 30, 2023	7,418	(0.9)	1,198	6.7	1,265	7.2	872	21.5
Three months ended November 30, 2022	7,482	4.5	1,123	(18.8)	1,180	(16.8)	717	(22.1)

(Note) Comprehensive income: Three months ended November 30, 2023: ¥1,086 million [57.0%]
 Three months ended November 30, 2022: ¥692 million [(20.5)%]

	Profit per share	Fully diluted profit per share
	Yen	Yen
Three months ended November 30, 2023	32.49	–
Three months ended November 30, 2022	26.10	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of November 30, 2023	49,904	39,171	78.5
As of August 31, 2023	51,388	39,544	77.0

(Reference) Equity: As of November 30, 2023: ¥39,171 million As of August 31, 2023: ¥39,544 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, 2023	–	20.00	–	20.00	40.00
Fiscal year ending August 31, 2024	–				
Fiscal year ending August 31, 2024 (Forecast)		20.00	–	20.00	40.00

(Note) Revisions to the forecast of cash dividends most recently announced: None

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

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

2. 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 three-month period ended November 30, 2023 (changes in specific subsidiaries involving changes in the scope of consolidation): None

(2) Application of special accounting for preparing quarterly consolidated financial statements: Yes

(3) 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

(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 November 30, 2023	28,194,728 shares	As of August 31, 2023	28,194,728 shares
2) Total number of treasury shares at the end of the period:	As of November 30, 2023	1,444,388 shares	As of August 31, 2023	977,118 shares
3) Average number of shares during the period (cumulative from the beginning of the fiscal year):	Three months ended November 30, 2023	26,847,220 shares	Three months ended November 30, 2022	27,501,692 shares

* Quarterly financial results reports are exempt from quarterly review 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.

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1. Qualitative Information on the Quarterly Financial Results

(1) Explanation of Operating Results

Aiming for dramatic growth, the Giken Group set in the Medium-Term Management Plan (for the period from September 2021 to August 2024) a long-term net sales target of 100 billion yen for the fiscal year ending August 31, 2031, and specific initiatives have been carried out all across the company based on the Long-Term Roadmap Giken Goals 2031, which includes numerical targets and strategies to achieve the 2031 goal.

In terms of the business environment during the three months under review, construction investment remained strong in both the public and private sectors, resulting in steady capital investment by customers. However, as steel and other construction material prices stayed at elevated levels, a downward trend in public works construction volume remained, affecting sales of high-gross-margin products and parts used in permanent structures. In terms of manufacturing, prices of materials and parts have remained elevated, and the situation calls for continued close monitoring.

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 prefectural roads damaged by torrential rain, work on protective walls for newly built high-specification roads, improvements on river revetments, and for bridge foundations.

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 business model that accelerates market expansion, 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 Asia, we delivered the GYRO PILER*² tubular pile rotary cutting press-in machinery to a major user and partner in technological tie-up in Singapore. This was the first-ever delivery in Southeast Asia. Going forward, we will work with Giken Seisakusho Asia Pte., Ltd., a group company headquartered in Singapore, to develop the market for the Gyropress Method.

In South America, a local company that completed pilot construction work under the Giken Group's technological guidance for anti-bursting work on tailings dams recognized the advantages of the press-in technology and decided to use it in continuing projects. We plan to continue to assist in the projects as part of our effort to contribute to solving social issues.

Under such circumstances, for the three months under review, net sales were 7,418 million yen (a decrease of 0.9% YoY), operating profit was 1,198 million yen (an increase of 6.7% YoY), ordinary profit was 1,265 million yen (an increase of 7.2% YoY), and profit attributable to owners of parent was 872 million yen (an increase of 21.5% YoY).

The performance by segment are as follows.

(i) Construction Machinery Segment

In Japan, sales remained solid for the Silent Piler F112, the successor of the Silent Piler F111 (with specifications for hard ground) for 400 mm-width U-shape sheet piles that features improved excavating capability and construction efficiency in hard ground. In the overseas business, product sales in Brazil and sales of GYRO PILER in Singapore contributed to earnings. As a result, in this segment, net sales were 5,280 million yen (an increase of 5.1% YoY) and operating profit was 1,518 million yen (an increase of 13.7% YoY).

(ii) Press-in Work Segment

In Japan, as our methods were adopted steadily, construction projects proceeded at a steady pace. These included foundation work for water gates under a Great East Japan Earthquake reconstruction project (Iwate Prefecture), 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), landslide control piles, construction of protective walls for roads at sites of collapse (Hokkaido), and repair work on reservoir embankments (Kyoto Prefecture). However, due in part to a decrease of one consolidated subsidiary overseas, net sales for the Press-in Work segment came to 2,137 million yen (a decrease of 13.0% YoY). Operating profit came to 299 million yen (a decrease of 28.5% YoY) as there were few high-margin projects and personnel expenses increased.

*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 A press-in machine used in our unique Gyropress Method. This method installs piles by attaching cutting ring bits on their toes and rotating and pressing them through existing reinforced concrete structures and hard ground to build resilient Implant Structures. It has been increasingly adopted in Japan as well as overseas as an effective method that allows rebuilding and reinforcing functions without removing existing structures.

(2) Explanation of Financial Position

(Assets)

Total assets as of November 30, 2023 decreased by 1,484 million yen from the end of the previous consolidated fiscal year to 49,904 million yen. This was due to decreases of, respectively, 413 million yen in current assets, including cash and deposits, and 1,070 million yen in non-current assets, including investments and other assets.

(Liabilities)

Total liabilities as of November 30, 2023 decreased by 1,111 million yen from the end of the previous consolidated fiscal year to 10,732 million yen. This was due to decreases of, respectively, 820 million yen in current liabilities, including provision for bonuses, and 291 million yen in non-current liabilities, including long-term borrowings.

(Net assets)

Net assets as of November 30, 2023 decreased by 372 million yen from the end of the previous consolidated fiscal year to 39,171 million yen. This was mainly due to an increase in treasury shares.

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

There is no change in the full-year earnings forecast announced on October 11, 2023.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheet

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Assets		
Current assets		
Cash and deposits	9,917	8,772
Notes and accounts receivable-trade, and contract assets	6,144	5,185
Electronically recorded monetary claims-operating	1,335	2,241
Finished goods	3,654	3,897
Work in process	1,416	1,680
Costs on construction contracts in progress	52	49
Raw materials and supplies	2,488	2,915
Other	414	268
Allowance for doubtful accounts	(5)	(5)
Total current assets	25,419	25,005
Non-current assets		
Property, plant and equipment		
Buildings and structures	8,256	8,383
Machinery, equipment and vehicles	12,553	12,633
Land	9,699	9,704
Construction in progress	1,047	1,203
Other	1,548	1,538
Accumulated depreciation	(13,920)	(14,290)
Total property, plant and equipment	19,185	19,173
Intangible assets	182	169
Investments and other assets		
Investment securities	2,054	1,856
Deferred tax assets	1,901	1,851
Other	2,664	1,867
Allowance for doubtful accounts	(19)	(20)
Total investments and other assets	6,601	5,554
Total non-current assets	25,969	24,898
Total assets	51,388	49,904

(Millions of yen)

	As of August 31, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,708	2,244
Electronically recorded obligations-operating	2,107	1,786
Short-term borrowings	453	59
Income taxes payable	145	390
Contract liabilities	4,158	3,795
Provision for bonuses	652	226
Other provisions	4	-
Other	2,165	2,073
Total current liabilities	11,396	10,575
Non-current liabilities		
Long-term borrowings	314	16
Retirement benefit liability	4	2
Other	129	138
Total non-current liabilities	447	156
Total liabilities	11,844	10,732
Net assets		
Shareholders' equity		
Share capital	8,958	8,958
Capital surplus	10,118	10,118
Retained earnings	21,244	21,581
Treasury shares	(880)	(1,805)
Total shareholders' equity	39,440	38,853
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62	76
Foreign currency translation adjustment	(29)	172
Remeasurements of defined benefit plans	70	69
Total accumulated other comprehensive income	103	318
Total net assets	39,544	39,171
Total liabilities and net assets	51,388	49,904

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 (Quarterly Consolidated Statements of Income)
 (For the three months ended November 30)

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Net sales	7,482	7,418
Cost of sales	4,668	4,417
Gross profit (loss)	2,813	3,000
Selling, general and administrative expenses	1,690	1,801
Operating profit (loss)	1,123	1,198
Non-operating income		
Interest income	3	9
Rental income from real estate	21	18
Foreign exchange gains	39	–
Surrender value of insurance policies	–	66
Other	15	17
Total non-operating income	80	112
Non-operating expenses		
Interest expenses	13	1
Rental expenses on real estate	5	5
Commission expenses	–	10
Foreign exchange losses	–	27
Other	3	0
Total non-operating expenses	22	44
Ordinary profit (loss)	1,180	1,265
Profit (loss) before income taxes	1,180	1,265
Income taxes-current	451	393
Profit (loss)	728	872
Profit (loss) attributable to non-controlling interests	11	–
Profit (loss) attributable to owners of parent	717	872

(Quarterly Consolidated Statements of Comprehensive Income)

(For the three months ended November 30)

(Millions of yen)

	For the three months ended November 30, 2022	For the three months ended November 30, 2023
Profit (loss)	728	872
Other comprehensive income		
Valuation difference on available-for-sale securities	12	14
Deferred gains or losses on hedges	15	-
Foreign currency translation adjustment	(64)	201
Remeasurements of defined benefit plans	0	(1)
Total other comprehensive income	(36)	214
Comprehensive income	692	1,086
(Breakdown)		
Comprehensive income attributable to owners of parent	686	1,086
Comprehensive income attributable to non-controlling interests	5	-

(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.

(Application of 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 three months under review and then multiplying the profit before tax by said estimated effective tax rate.

(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.”

(Segment Information)

I For the three months ended November 30, 2022 (September 1, 2022 to November 30, 2022)

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	4,829	1,833	6,662	–	6,662
Other regions	196	622	819	–	819
Revenue from contracts with customers	5,026	2,455	7,482	–	7,482
Net sales to external customers	5,026	2,455	7,482	–	7,482
Intersegment net sales and transfer	350	132	483	(483)	–
Total	5,376	2,588	7,965	(483)	7,482
Segment profit	1,335	419	1,754	(631)	1,123

(Notes) 1. The segment profit adjustment of negative 631 million yen includes inter-segment transaction eliminations of negative 97 million yen and corporate expenses not allocated to any reportable segment of negative 533 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 quarterly consolidated statement of income.

II For the three months ended November 30, 2023 (September 1, 2023 to November 30, 2023)

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	4,413	2,061	6,475	–	6,475
Other regions	866	76	943	–	943
Revenue from contracts with customers	5,280	2,137	7,418	–	7,418
Net sales to external customers	5,280	2,137	7,418	–	7,418
Intersegment net sales and transfer	108	47	155	(155)	–
Total	5,388	2,185	7,573	(155)	7,418
Segment profit	1,518	299	1,817	(619)	1,198

(Notes) 1. The segment profit adjustment of negative 619 million yen includes inter-segment transaction eliminations of 22 million yen and corporate expenses not allocated to any reportable segment of negative 641 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 quarterly consolidated statement of income.