



July 2, 2025

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Notice Concerning Recording of Extraordinary Losses and Revisions to Full-Year Financial Results Forecast for Fiscal Year Ending August 31, 2025

GIKEN LTD. (the “Company”) hereby announces the recording of extraordinary losses in the first nine months of the fiscal year ending August 31, 2025 (September 1, 2024 to May 31, 2025). Due to the recording of said extraordinary losses, we have revised the full-year consolidated financial results forecasts for the fiscal year ending August 31, 2025. The details are as described below. The dividends forecast for fiscal year ending August 31, 2025 remains unchanged from the previously announced figures.

1. Recording of extraordinary losses

J Steel Group Pty Limited (hereinafter “J Steel”), a former consolidated subsidiary of the Company, 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.

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.

We refrain from disclosing further details on the settlement due to confidentiality obligations.

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

2. Revisions to consolidated financial results forecasts for the fiscal year ending August 31, 2025 (September 1, 2024 to August 31, 2025)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Profit per share
Previously announced forecasts (A)	Millions of yen 26,100	Millions of yen 2,300	Millions of yen 2,450	Millions of yen 1,800	Yen 68.06
Revised forecasts (B)	26,100	2,300	2,450	1,260	47.64
Change (B-A)	0	0	0	(540)	-
Change (%)	0.0	0.0	0.0	(30.0)	-
(Reference) Results for the previous fiscal year (Fiscal year ended August 31, 2024)	29,481	3,324	3,582	2,437	90.99

(Reasons for revision)

Due to the recording of extraordinary losses arising from the settlement with J Steel as described in 1. above, profit attributable to owners of parent is expected to fall below the previously announced forecast. Accordingly, we have revised the full-year consolidated financial results forecasts for this fiscal year.

3. Dividends forecast

In line with our commitment to providing stable returns to shareholders, the year-end dividends forecast for fiscal year ending August 31, 2025, which was released on April 10, 2025, remains unchanged at 32 yen (ordinary dividend of 22 yen and commemorative dividend of 10 yen) per share.

(Note) The above forecasts are based on information currently available. Actual results may differ from the forecast due to various factors.

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