

This document is an English translation of the original document in Japanese and has been prepared for reference purposes only. In the event of any discrepancy between this English translation and the original in Japanese, the original shall prevail.

July 27, 2023



Non-consolidated Financial Results for the Three Months Ended June 30, 2023 [Under Japanese GAAP]

Company name: KOMATSU WALL INDUSTRY CO., LTD.

Listing: Tokyo Stock Exchange

Securities code: 7949

URL: <https://www.komatsuwall.co.jp/>

Representative: Shinya Kano, Representative Director, President & CEO

Contact: Yukio Aya, Director and Managing Executive Officer, General Manager of Administration Headquarters

Telephone: +81-761-21-3131

Scheduled date of filing quarterly securities report: August 10, 2023

Scheduled date of commencing dividend payments: —

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly financial results briefing session: Not scheduled

(Amounts of less than one million yen are rounded down.)

1. Non-consolidated Financial Results for the Three Months Ended June 30, 2023 (April 1, 2023 to June 30, 2023)

(1) Non-consolidated Operating Results

(% indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended June 30, 2023	8,908	21.2	399	—	456	—	336	—
June 30, 2022	7,353	3.8	(60)	—	(43)	—	(48)	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2023	36.22	—
June 30, 2022	(5.23)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2023	43,921	36,043	82.1
As of March 31, 2023	44,760	36,225	80.9

(Reference) Equity: As of June 30, 2023: ¥ 36,043 million

As of March 31, 2023: ¥ 36,225 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2023	Yen –	Yen 40.00	Yen –	Yen 55.00	Yen 95.00
Fiscal year ending March 31, 2024	–				
Fiscal year ending March 31, 2024 (Forecast)		55.00	–	65.00	120.00

(Note) Revision to the dividends forecast announced most recently: No

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

(% indicates year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	18,000	12.0	600	112.3	650	108.1	400	103.2	43.07
Full year	40,000	5.9	2,900	25.7	2,950	24.8	1,980	21.6	213.20

(Note) Revision to the financial results forecast announced most recently: No

* Notes:

(1) Adoption of accounting treatment specific to the preparation of quarterly non-consolidated financial statements: No

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

As of June 30, 2023: 10,903,240 shares

As of March 31, 2023: 10,903,240 shares

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

As of June 30, 2023: 1,615,724 shares

As of March 31, 2023: 1,615,689 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Three months ended June 30, 2023: 9,287,544 shares

Three months ended June 30, 2022: 9,285,388 shares

(Note) The number of treasury shares deducted in calculating the total number of treasury shares at the end of the period and the average number of shares during the period includes the Company's shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets related to the Board Benefit Trust (BBT) system (June 30, 2023: 178,500 shares; March 31, 2023: 178,500 shares; June 30, 2022: 178,500 shares).

* Quarterly financial results are outside the scope of quarterly review by certified public accountants or audit firms.

* Explanation of the proper use of financial results forecast and other notes

The financial results forecasts and other forward-looking statements herein are based on the information currently available to the Company and certain assumptions deemed reasonable. Actual results may differ significantly from these forecasts due to a wide range of factors. For the conditions underlying the financial results forecast and the precautions for using the financial results forecast, please refer to page 3 of the attached document, "1. Qualitative Information on Quarterly Financial Results for the Period under Review, (3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information."

Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results for the Period under Review	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	2
(3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information	3
2. Matters Related to Summary Information (Notes)	3
(1) Adoption of Accounting Treatment Specific to the Preparation of Quarterly Non-consolidated Financial Statements	3
(2) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement	3
3. Important Events Related to Going Concern Assumption	3
4. Quarterly Non-consolidated Financial Statements and Primary Notes	4
(1) Quarterly Non-consolidated Balance Sheets	4
(2) Quarterly Non-consolidated Statements of Income	6
(3) Notes to the Quarterly Non-consolidated Financial Statements	7
(Notes to Going Concern Assumption)	7
(Notes in the Case of Significant Changes in Shareholders' Equity)	7

1. Qualitative Information on Quarterly Financial Results for the Period under Review

(1) Explanation of Operating Results

During the three months ended June 30, 2023, the Japanese economy suffered from concerns regarding the impact of the downturn in overseas economic conditions on the domestic economy amid continued global monetary tightening. On the other hand, thanks to policy changes in response to COVID-19, steady progress was made towards the normalization of economic activities, and the economy gradually recovered with an improvement in employment and income conditions.

Under this situation, the Company pursued three basic policies based on the medium-term management plan, “NEXT VISION 2028,” which started in the current fiscal year: “Growth of existing partition business,” “Creation of new products,” and “Enhancement of production and logistics operations.”

Regarding operating results for the three months ended June 30, 2023, we achieved significant growth in net sales, orders received, and order backlog, all of which reached their highest amounts ever recorded for the corresponding three months. In terms of net sales by application, the office segment grew steadily, driven by strong office demand in major urban areas, particularly in the Tokyo metropolitan area. The segments of welfare and healthcare facilities, school and sports facilities, and factories also showed favorable progress. By product category, net sales of relocatable partitions, toilet booths, and movable partitions were robust due to the increase in office demand. Net sales of fixed partitions also showed positive growth thanks to the rising demand from school and sports facilities, as well as factories.

Total net sales amounted to ¥8,908 million, representing a 21.2% increase compared to the same period of the previous fiscal year.

On the profitability front, the adjustment of selling prices in response to the rise in raw material prices was widely adopted. As a result, the gross profit margin was 33.2% (a 2.1-point improvement year on year), leading to an operating profit of ¥399 million, an ordinary profit of ¥456 million, and a profit of ¥336 million.

Net sales, orders received, and order backlog by item for the three months ended June 30, 2023 are as follows.

Net Sales, Orders Received, and Order Backlog by Item

(Million yen)

Three months ended June 30, 2023(from April 1, 2023 to June 30, 2023)						
Item	Net sales		Orders received		Order backlog	
	Amount	Year-on-year change (%)	Amount	Year-on-year change (%)	Amount	Year-on-year change (%)
Relocatable partitions	4,098	122.4	4,436	109.0	4,535	110.3
Fixed partitions	1,797	122.6	2,968	154.6	5,477	119.8
Toilet booths	1,305	121.5	1,934	106.3	3,759	117.0
Movable partitions	1,273	118.7	1,442	87.3	4,562	107.1
Low partitions	146	110.6	156	113.5	97	129.0
Others	286	111.1	290	104.2	433	102.8
Total	8,908	121.2	11,228	113.7	18,866	113.3

(2) Explanation of Financial Position

Regarding the financial position as of the end of the first quarter of the fiscal year under review, total assets decreased by ¥839 million from the end of the previous fiscal year, to ¥43,921 million.

In terms of assets, current assets decreased by ¥601 million from the end of the previous fiscal year, to ¥29,398 million. This is mainly due to a decrease in notes and accounts receivable - trade, and contract assets of ¥2,097 million, and an increase in cash and deposits of ¥1,413 million. Non-current assets decreased by ¥238 million from the end of the previous fiscal year, to ¥14,522 million. This is mainly due to a decrease in insurance funds included in investments and other assets of ¥198 million.

In terms of liabilities, current liabilities decreased by ¥569 million from the end of the previous fiscal year, to ¥5,529 million. This is mainly due to decreases in income taxes payable of ¥681 million, provision for bonuses of ¥675 million, and accounts payable - trade of ¥617 million, as well as an increase in accounts payable - personnel expenses included in “Other” under current liabilities of ¥1,430 million. Non-current liabilities decreased by ¥88 million from the end of the previous fiscal year, to ¥2,348 million.

In terms of net assets, the total amount of net assets decreased by ¥181 million from the end of the previous fiscal year, to ¥36,043 million. This is mainly due to the payment of dividends of surplus of ¥520 million and the recording of profit of ¥336 million, which resulted in a decrease in retained earnings of ¥184 million. As a result,

the equity ratio stood at 82.1%.

(3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information

The financial results forecast for the six months ending September 30, 2023 and the fiscal year ending March 31, 2024 has not changed from the financial results forecast announced on April 27, 2023.

2. Matters Related to Summary Information (Notes)

(1) Adoption of Accounting Treatment Specific to the Preparation of Quarterly Non-consolidated Financial Statements

There are no applicable matters.

(2) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

There are no applicable matters.

3. Important Events Related to Going Concern Assumption

There are no applicable matters.

4. Quarterly Non-consolidated Financial Statements and Primary Notes

(1) Quarterly Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	15,579	16,992
Notes and accounts receivable - trade, and contract assets	10,253	8,156
Electronically recorded monetary claims - operating	2,929	2,987
Inventories	1,023	1,057
Other	214	205
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,999	29,398
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,396	11,412
Machinery, equipment and vehicles	7,622	7,634
Land	4,646	4,646
Other	1,621	1,840
Accumulated depreciation	(13,364)	(13,532)
Total property, plant and equipment	11,922	12,000
Intangible assets	420	408
Investments and other assets		
Other	2,425	2,120
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	2,418	2,114
Total non-current assets	14,760	14,522
Total assets	44,760	43,921
Liabilities		
Current liabilities		
Accounts payable - trade	2,345	1,728
Income taxes payable	732	51
Provision for bonuses	1,250	575
Other	1,769	3,173
Total current liabilities	6,098	5,529
Non-current liabilities		
Provision for retirement benefits	1,810	1,822
Provision for retirement benefits for directors (and other officers)	86	-
Provision for share awards for directors (and other officers)	209	167
Other	330	358
Total non-current liabilities	2,437	2,348
Total liabilities	8,535	7,877

(Million yen)

	As of March 31, 2023	As of June 30, 2023
Net assets		
Shareholders' equity		
Share capital	3,099	3,099
Capital surplus	3,035	3,035
Retained earnings	32,627	32,442
Treasury shares	(2,582)	(2,582)
Total shareholders' equity	36,180	35,995
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	45	47
Total valuation and translation adjustments	45	47
Total net assets	36,225	36,043
Total liabilities and net assets	44,760	43,921

(2) Quarterly Non-consolidated Statements of Income
(Three Months Ended June 30)

(Million yen)

	For the three months ended June 30, 2022	For the three months ended June 30, 2023
Net sales	7,353	8,908
Cost of sales	5,065	5,948
Gross profit	2,287	2,960
Selling, general and administrative expenses	2,347	2,561
Operating profit (loss)	(60)	399
Non-operating income		
Interest income	0	0
Dividend income	5	4
Insurance claim income	–	41
Rental income from buildings	6	6
Other	3	4
Total non-operating income	16	57
Ordinary profit (loss)	(43)	456
Extraordinary income		
Gain on sale of non-current assets	0	0
Total extraordinary income	0	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	–
Total extraordinary losses	0	–
Profit (loss) before income taxes	(43)	457
Income taxes - current	14	16
Income taxes - deferred	(8)	104
Total income taxes	5	121
Profit (loss)	(48)	336

(3) Notes to the Quarterly Non-consolidated Financial Statements
(Notes to Going Concern Assumption)
There are no applicable matters.

(Notes in the Case of Significant Changes in Shareholders' Equity)
There are no applicable matters.