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January 25, 2024



Non-consolidated Financial Results for the Nine Months Ended December 31, 2023 [Under Japanese GAAP]

Company name: KOMATSU WALL INDUSTRY CO., LTD.

Listing: Tokyo Stock Exchange

Securities code: 7949

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Scheduled date of filing quarterly securities report: February 9, 2024

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 Nine Months Ended December 31, 2023 (April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	31,358	20.0	2,605	145.1	2,688	142.5	1,850	156.1
December 31, 2022	26,122	5.9	1,063	15.9	1,108	14.0	722	15.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2023	198.82	–
December 31, 2022	77.83	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2023	44,843	37,110	82.8
As of March 31, 2023	44,760	36,225	80.9

(Reference) Equity: As of December 31, 2023: ¥37,110 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	–	55.00	–		
Fiscal year ending March 31, 2024 (Forecast)				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
Full year	41,500	9.9	3,400	47.4	3,470	46.8	2,320	42.5	249.44

(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 December 31, 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 December 31, 2023: 1,580,351 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):

Nine months ended December 31, 2023: 9,308,123 shares

Nine months ended December 31, 2022: 9,286,835 shares

(Note) The total number of treasury shares at the end of the period and the number of treasury shares deducted in calculating 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 (December 31, 2023: 143,000 shares; March 31, 2023: 178,500 shares; December 31, 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 nine months ended December 31, 2023, the Japanese economy suffered from concerns regarding the impact on the domestic economy of the downturn in overseas economic conditions due to 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 maintained gradual recovery 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 nine months ended December 31, 2023, the office segment grew steadily, driven by strong office demand in major urban areas, particularly in the Tokyo metropolitan area. The segments of school and sports facilities, welfare and healthcare facilities, and factories also showed favorable progress. As a result, net sales amounted to ¥31,358 million (up 20.0% year on year). The adjustment of selling prices in response to the rise in raw material prices was widely adopted at a high level, which also contributed to the increase in net sales. By product category, net sales of relocatable partitions were particularly robust due to the increase in office demand. Orders received totaled ¥34,060 million (up 10.9% year on year), with fixed partitions showing positive growth in particular. Order backlog totaled ¥19,248 million (up 2.8% year on year), maintaining the increasing trend.

On the profitability front, the adjustment of selling prices was widely adopted. As a result, the gross profit margin was 33.8% (a 1.8-point improvement year on year), leading to an operating profit of ¥2,605 million (up 145.1% year on year), an ordinary profit of ¥2,688 million (up 142.5% year on year), and a profit of ¥1,850 million (up 156.1% year on year).

Net sales, orders received, and order backlog by item for the nine months ended December 31, 2023 are as follows.

Net Sales, Orders Received, and Order Backlog by Item

(Million yen)

Nine months ended December 31, 2023 (from April 1, 2023 to December 31, 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	13,214	123.4	13,709	113.3	4,692	98.1
Fixed partitions	6,734	123.5	8,250	132.8	5,822	119.4
Toilet booths	5,702	118.8	6,445	106.9	3,874	104.7
Movable partitions	4,284	113.2	4,320	88.4	4,429	92.6
Low partitions	431	106.7	418	93.8	74	66.4
Others	992	102.3	916	88.7	354	76.3
Total	31,358	120.0	34,060	110.9	19,248	102.8

(2) Explanation of Financial Position

Regarding the financial position as of the end of the third quarter of the fiscal year under review, total assets increased by ¥82 million from the end of the previous fiscal year, to ¥44,843 million.

In terms of assets, current assets increased by ¥221 million from the end of the previous fiscal year, to ¥30,221 million. This is mainly due to increases in inventories of ¥222 million and electronically recorded monetary claims - operating of ¥186 million, despite a decrease in notes and accounts receivable - trade, and contract assets of ¥140 million. Non-current assets decreased by ¥138 million from the end of the previous fiscal year, to ¥14,622 million.

In terms of liabilities, current liabilities decreased by ¥769 million from the end of the previous fiscal year, to ¥5,328 million. This is mainly due to decreases in provision for bonuses of ¥625 million and income taxes payable of ¥536 million, despite an increase in accounts payable - trade of ¥100 million. Non-current liabilities decreased by ¥31 million from the end of the previous fiscal year, to ¥2,405 million.

In terms of net assets, the total amount of net assets increased by ¥884 million from the end of the previous fiscal year, to ¥37,110 million. As a result, the equity ratio stood at 82.8%.

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

We pray for the souls of those who lost their lives in the 2024 Noto Peninsula Earthquake and extend our deepest sympathies to all those affected by the disaster. Luckily, there were no injuries to our employees as a result of the earthquake, and damage to buildings and production facilities at our head office and factories was minor. As for the impact of the damages incurred by some suppliers, as announced in our “Notice of Impact of 2024 Noto Peninsula Earthquake (Third Report)” released on January 23, 2024, we have confirmed that the affected suppliers have resumed operations and are taking measures such as securing alternative procurement sources. Therefore, we currently expect the impact on production to be minimal.

The impact of the earthquake on the Company's business performance is expected to be negligible. Therefore, the non-consolidated financial results forecast for the fiscal year ending March 31, 2024 is as announced in “Notice on Difference Between Non-consolidated Financial Results Forecast and Actual Results for the Six Months Ended September 30, 2023 and Revision to Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024,” released on October 26, 2023. We will make an announcement promptly if we forecast the earthquake to cause any significant impact on our business performance.

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 December 31, 2023
Assets		
Current assets		
Cash and deposits	15,579	15,583
Notes and accounts receivable - trade, and contract assets	10,253	10,113
Electronically recorded monetary claims - operating	2,929	3,116
Inventories	1,023	1,246
Other	214	162
Allowance for doubtful accounts	(0)	(0)
Total current assets	29,999	30,221
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,396	11,604
Machinery, equipment and vehicles	7,622	7,681
Land	4,646	4,646
Other	1,621	1,639
Accumulated depreciation	(13,364)	(13,680)
Total property, plant and equipment	11,922	11,890
Intangible assets	420	387
Investments and other assets		
Other	2,425	2,351
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	2,418	2,344
Total non-current assets	14,760	14,622
Total assets	44,760	44,843
Liabilities		
Current liabilities		
Accounts payable - trade	2,345	2,446
Income taxes payable	732	196
Provision for bonuses	1,250	625
Other	1,769	2,060
Total current liabilities	6,098	5,328
Non-current liabilities		
Provision for retirement benefits	1,810	1,863
Provision for retirement benefits for directors (and other officers)	86	-
Provision for share awards for directors (and other officers)	209	188
Other	330	352
Total non-current liabilities	2,437	2,405
Total liabilities	8,535	7,733

(Million yen)

	As of March 31, 2023	As of December 31, 2023
Net assets		
Shareholders' equity		
Share capital	3,099	3,099
Capital surplus	3,035	3,035
Retained earnings	32,627	33,436
Treasury shares	(2,582)	(2,525)
Total shareholders' equity	36,180	37,046
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	45	63
Total valuation and translation adjustments	45	63
Total net assets	36,225	37,110
Total liabilities and net assets	44,760	44,843

(2) Quarterly Non-consolidated Statements of Income
(Nine Months Ended December 31)

(Million yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	26,122	31,358
Cost of sales	17,773	20,767
Gross profit	8,348	10,590
Selling, general and administrative expenses	7,285	7,985
Operating profit	1,063	2,605
Non-operating income		
Interest income	0	0
Dividend income	11	8
Insurance claim income	–	41
Rental income from buildings	19	16
Other	13	16
Total non-operating income	45	83
Ordinary profit	1,108	2,688
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	28	18
Total extraordinary income	29	18
Extraordinary losses		
Loss on sale and retirement of non-current assets	6	1
Loss on sale of investment securities	0	–
Total extraordinary losses	6	1
Profit before income taxes	1,131	2,706
Income taxes - current	240	632
Income taxes - deferred	168	222
Total income taxes	408	855
Profit	722	1,850

(4) 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.