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July 25, 2024



Non-consolidated Financial Results for the Three Months Ended June 30, 2024 [Under Japanese GAAP]

Company name: KOMATSU WALL INDUSTRY CO., LTD.

Listing: Tokyo Stock Exchange

Securities code: 7949

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Scheduled date of commencing dividend payments: –

Availability of supplementary briefing material on financial results: Available

Schedule of 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, 2024 (April 1, 2024 to June 30, 2024)

(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, 2024	9,186	3.1	224	(43.7)	236	(48.3)	157	(53.3)
June 30, 2023	8,908	21.2	399	–	456	–	336	–

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended June 30, 2024	16.84	–
June 30, 2023	36.22	–

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of June 30, 2024	45,856	37,577	81.9
As of March 31, 2024	47,455	38,067	80.2

(Reference) Equity: As of June 30, 2024: ¥37,577 million

As of March 31, 2024: ¥38,067 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2024	Yen –	Yen 55.00	Yen –	Yen 70.00	Yen 125.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		60.00	–	70.00	130.00

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

3. Non-consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(% 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	20,800	5.6	1,000	(23.1)	1,020	(25.7)	660	(30.6)	70.88
Full year	46,000	5.6	3,800	4.4	3,850	3.2	2,850	2.7	306.06

(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, 2024: 10,903,240 shares

As of March 31, 2024: 10,903,240 shares

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

As of June 30, 2024: 1,576,197 shares

As of March 31, 2024: 1,580,397 shares

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

Three months ended June 30, 2024: 9,325,935 shares

Three months ended June 30, 2023: 9,287,544 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 (June 30, 2024: 138,800 shares; March 31, 2024: 143,000 shares; June 30, 2023: 178,500 shares).

* Review by certified public accountants or audit firms of the attached quarterly non-consolidated financial statements: None

* 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.”

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

(1) Explanation of Operating Results

During the three months ended June 30, 2024, the Japanese economy faced a downward risk posed by the downturn in overseas economic conditions, with interest rates remaining at high levels in the United States and Europe. However, steady progress was made towards the normalization of social and economic activities, and the economy continued 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”: “Growth of existing partition business,” “Creation of new products,” and “Enhancement of production and logistics operations.” As one of those initiatives, the Company opened a new area at the Tokyo Showroom by expanding the floor. The Company will utilize the new area effectively to capitalize on office demand, which is expected to remain solid, and deliver growth.

Regarding operating results for the three months ended June 30, 2024, net sales were ¥9,186 million (up 3.1% year on year), as sales of fixed partitions and relocatable partitions remained solid, meeting the demand in the segments of welfare and healthcare facilities and school and sports facilities. Orders received were ¥12,293 million (up 9.5% year on year), and order backlog totaled ¥19,787 million (up 4.9% year on year). In particular, relocatable partitions showed positive growth in both orders received and order backlog.

On the profitability front, the gross profit margin was 33.5% (an improvement of 0.3 percentage points year on year), falling short of offsetting the increase in selling, general and administrative expenses due to an increase in rental fees resulting from the showroom floor expansion, an increase in logistics expenses, and other factors. As a result, operating profit was ¥224 million (down 43.7% year on year), ordinary profit was ¥236 million (down 48.3% year on year), and profit was ¥157 million (down 53.3% year on year).

Net sales, orders received, and order backlog by item for the three months ended June 30, 2024 are as follows.

Net Sales, Orders Received, and Order Backlog by Item

(Million yen)

Three months ended June 30, 2024 (from April 1, 2024 to June 30, 2024)						
Item	Net sales		Orders received		Order backlog	
	Amount	Year-on-year change (%)	Amount	Year-on-year change (%)	Amount	Year-on-year change (%)
Relocatable partitions	4,270	104.2	5,426	122.3	5,209	114.9
Fixed partitions	1,958	109.0	2,769	93.3	5,835	106.5
Toilet booths	1,305	99.9	2,015	104.2	3,848	102.4
Movable partitions	1,230	96.6	1,609	111.6	4,435	97.2
Low partitions	117	80.4	134	86.0	84	87.3
Others	304	106.2	338	116.4	373	86.1
Total	9,186	103.1	12,293	109.5	19,787	104.9

(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 ¥1,598 million from the end of the previous fiscal year, to ¥45,856 million.

In terms of assets, current assets decreased by ¥1,823 million from the end of the previous fiscal year, to ¥30,715 million. This is mainly due to decreases in notes and accounts receivable - trade, and contract assets of ¥2,517 million and electronically recorded monetary claims - operating of ¥148 million, despite increases in cash and deposits of ¥628 million and inventories of ¥218 million. Non-current assets increased by ¥225 million from the end of the previous fiscal year, to ¥15,140 million. This is mainly due to an increase in property, plant and equipment of ¥297 million and other factors.

In terms of liabilities, current liabilities decreased by ¥1,125 million from the end of the previous fiscal year, to ¥5,815 million. This is mainly due to decreases in provision for bonuses of ¥805 million, income taxes payable of ¥635 million, accounts payable - trade of ¥553 million, and accrued consumption taxes included in “Other” under current liabilities of ¥675 million, despite an increase in accounts payable - personnel expenses included in “Other” under current liabilities of ¥1,376 million. Non-current liabilities increased by ¥16 million from the end of the previous fiscal year, to ¥2,463 million.

In terms of net assets, the total amount of net assets decreased by ¥490 million from the end of the previous fiscal year, to ¥37,577 million. This is mainly due to a decrease in retained earnings of ¥505 million resulting from the payment of dividends of surplus of ¥662 million and the recording of profit of ¥157 million. As a result, the equity ratio stood at 81.9%.

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

In terms of the non-consolidated financial results forecast for the first half and the full year of the fiscal year ending March 31, 2025, there is no change to the non-consolidated financial results forecast announced on April 25, 2024.

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, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	17,640	18,269
Notes and accounts receivable - trade, and contract assets	10,283	7,765
Electronically recorded monetary claims - operating	3,334	3,186
Inventories	1,123	1,341
Other	158	153
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,539	30,715
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,600	11,938
Machinery, equipment and vehicles	7,693	7,718
Land	4,646	4,646
Other	1,781	1,941
Accumulated depreciation	(13,954)	(14,180)
Total property, plant and equipment	11,767	12,064
Intangible assets	385	380
Investments and other assets		
Other	2,770	2,703
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	2,763	2,695
Total non-current assets	14,915	15,140
Total assets	47,455	45,856
Liabilities		
Current liabilities		
Accounts payable - trade	2,350	1,796
Income taxes payable	680	44
Provision for bonuses	1,360	555
Provision for loss on construction contracts	21	-
Other	2,528	3,418
Total current liabilities	6,940	5,815
Non-current liabilities		
Provision for retirement benefits	1,887	1,905
Provision for share awards for directors (and other officers)	212	204
Other	346	353
Total non-current liabilities	2,447	2,463
Total liabilities	9,388	8,279

(Million yen)

	As of March 31, 2024	As of June 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,099	3,099
Capital surplus	3,035	3,035
Retained earnings	34,361	33,855
Treasury shares	(2,525)	(2,518)
Total shareholders' equity	37,970	37,472
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	96	105
Total valuation and translation adjustments	96	105
Total net assets	38,067	37,577
Total liabilities and net assets	47,455	45,856

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

(Million yen)

	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Net sales	8,908	9,186
Cost of sales	5,948	6,107
Gross profit	2,960	3,078
Selling, general and administrative expenses	2,561	2,853
Operating profit	399	224
Non-operating income		
Interest income	0	0
Dividend income	4	4
Insurance claim income	41	—
Rental income from buildings	6	2
Other	4	3
Total non-operating income	57	11
Ordinary profit	456	236
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	—	3
Total extraordinary losses	—	3
Profit before income taxes	457	233
Income taxes - current	16	(2)
Income taxes - deferred	104	78
Total income taxes	121	76
Profit	336	157

(3) Notes to the Quarterly Non-consolidated Financial Statements

(Notes to Segment Information, etc.)

This information is omitted because the Company operates in a single segment of manufacturing, sales, and installation of partition products and their ancillary operations.

(Notes in the Case of Significant Changes in Shareholders' Equity)

There are no applicable matters.

(Notes to Going Concern Assumption)

There are no applicable matters.

(Notes to Non-consolidated Statements of Cash Flows)

The Company did not prepare quarterly non-consolidated statements of cash flows for the three months ended June 30, 2024. Depreciation (including amortization of intangible assets) is as follows for the three months ended June 30, 2023 and the three months ended June 30, 2024.

	(Million yen)	
	For the three months ended June 30, 2023	For the three months ended June 30, 2024
Depreciation	256	273