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October 31, 2024



## Non-consolidated Financial Results for the Six Months Ended September 30, 2024 [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 semi-annual securities report: November 8, 2024

Scheduled date of commencing dividend payments: November 25, 2024

Availability of supplementary briefing material on financial results: Available

Schedule of financial results briefing session: Scheduled (for analysts and institutional investors)

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

### 1. Non-consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 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	%
Six months ended September 30, 2024	20,117	2.2	971	(25.3)	1,048	(23.7)	738	(22.3)
September 30, 2023	19,691	22.5	1,300	360.2	1,373	339.8	950	382.7

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	39.56	—
September 30, 2023	51.09	—

(Note) The Company implemented a 2-for-1 stock split of common shares on October 1, 2024. The basic earnings per share is calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

#### (2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of September 30, 2024	45,886	38,099	83.0
As of March 31, 2024	47,455	38,067	80.2

(Reference) Equity: As of September 30, 2024: ¥38,099 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	–	60.00			
Fiscal year ending March 31, 2025 (Forecast)			–	35.00	–

(Note 1) Revision to the dividends forecast announced most recently: No

(Note 2) The Company implemented a 2-for-1 stock split of common shares on October 1, 2024. The year-end dividend per share for the fiscal year ending March 31, 2025 is stated in consideration of the effect of the stock split, and the total annual dividend is stated as “–.” If the effect of the stock split is not considered, the year-end dividend and the total annual dividend for the fiscal year ending March 31, 2025 would be 70.00 yen and 130.00 yen, respectively.

## 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
Full year	46,000	5.6	3,800	4.4	3,850	3.2	2,850	2.7	153.03

(Note 1) Revision to the financial results forecast announced most recently: No

(Note 2) The Company implemented a 2-for-1 stock split of common shares on October 1, 2024. The full-year basic earnings per share in the financial results forecast for the fiscal year ending March 31, 2025 takes account of the effect of the stock split. If the effect of the stock split is not considered, the basic earnings per share would be 306.06 yen.

### \* Notes:

(1) Adoption of accounting treatment specific to the preparation of semi-annual 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 September 30, 2024: 21,806,480 shares

As of March 31, 2024: 21,806,480 shares

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

As of September 30, 2024: 3,126,394 shares

As of March 31, 2024: 3,160,794 shares

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

Six months ended September 30, 2024: 18,662,646 shares

Six months ended September 30, 2023: 18,601,399 shares

(Note 1) The Company implemented a 2-for-1 stock split of common shares on October 1, 2024. The total number of issued shares at the end of the period (including treasury shares), the total number of treasury shares at the end of the period, and the average number of shares during the period (cumulative from the

beginning of the fiscal year) are calculated on the assumption that the stock split was implemented at the beginning of the previous fiscal year.

(Note 2) 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 (September 30, 2024: 251,600 shares; March 31, 2024: 286,000 shares; September 30, 2023: 286,000 shares).

\* Semi-annual financial results reports are outside the scope of 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 Semi-annual 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 Semi-annual 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 Semi-annual 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. Semi-annual Non-consolidated Financial Statements and Primary Notes .....	4
(1) Semi-annual Non-consolidated Balance Sheets .....	4
(2) Semi-annual Non-consolidated Statements of Income .....	6
(3) Semi-annual Non-consolidated Statements of Cash Flows .....	7
(4) Notes to the Semi-annual Non-consolidated Financial Statements .....	8
(Notes to Segment Information, etc.) .....	8
(Notes to Going Concern Assumption) .....	8
(Notes in the Case of Significant Changes in Shareholders' Equity) .....	8
(Significant Subsequent Events) .....	8

## 1. Qualitative Information on Semi-annual Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the six months ended September 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.”

Regarding operating results for the six months ended September 30, 2024, sales of relocatable partitions, the Company’s mainstay product line, remained solid due to steady office relocation demand, and sales of fixed partitions grew mainly in the segment of school and sports facilities. In addition, sales of movable partitions showed favorable progress due to a recovery in the demand in the segment of accommodation facilities. As a result of these factors, net sales were ¥20,117 million (up 2.2% year on year). Orders received were ¥24,463 million (up 7.8% year on year), and order backlog totaled ¥21,025 million (up 7.5% 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 33.9% (an improvement of 0.6 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 ¥971 million (down 25.3% year on year), ordinary profit was ¥1,048 million (down 23.7% year on year), and profit was ¥738 million (down 22.3% year on year).

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

#### Net Sales, Orders Received, and Order Backlog by Item

(Million yen)

Six months ended September 30, 2024 (from April 1, 2024 to September 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	8,837	102.6	10,648	121.9	5,865	135.7
Fixed partitions	4,358	106.1	5,325	90.4	5,990	98.4
Toilet booths	3,164	94.7	4,446	101.5	4,419	106.0
Movable partitions	2,888	109.0	3,169	111.2	4,338	94.4
Low partitions	261	89.0	296	98.1	102	108.1
Others	606	88.7	577	107.1	309	108.8
Total	20,117	102.2	24,463	107.8	21,025	107.5

### (2) Explanation of Financial Position

Regarding the financial position as of the end of the second quarter of the fiscal year under review, total assets decreased by ¥1,569 million from the end of the previous fiscal year, to ¥45,886 million.

In terms of assets, current assets decreased by ¥1,764 million from the end of the previous fiscal year, to ¥30,774 million. This is mainly due to decreases in notes and accounts receivable - trade, and contract assets of ¥2,022 million and electronically recorded monetary claims - operating of ¥367 million, despite an increase in cash and deposits of ¥361 million. Non-current assets increased by ¥195 million from the end of the previous fiscal year, to ¥15,111 million. This is mainly due to an increase in property, plant and equipment of ¥346 million, despite a decrease in investment securities included in “Other” under investments and other assets of ¥117 million.

In terms of liabilities, current liabilities decreased by ¥1,639 million from the end of the previous fiscal year, to ¥5,301 million. This is mainly due to decreases in accounts payable - trade of ¥392 million, income taxes payable of ¥288 million, provision for bonuses of ¥130 million, and accrued consumption taxes included in “Other” under current liabilities of ¥872 million. Non-current liabilities increased by ¥37 million from the end of the previous fiscal year, to ¥2,484 million.

In terms of net assets, the total amount of net assets increased by ¥32 million from the end of the previous fiscal year, to ¥38,099 million. As a result, the equity ratio stood at 83.0%.

Regarding cash flows for the six months ended September 30, 2024, the Company allocated funds to working capital, capital investment, and shareholder returns among other activities, while enhancing internal reserves.

As a result, cash and cash equivalents (hereinafter referred to as “cash”) as of September 30, 2024 stood at ¥13,373 million (¥12,734 million as of September 30, 2023). Described below are the state of each cash flow for the six months ended September 30, 2024.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥1,677 million (net cash provided of ¥2,424 million for the same period of the previous fiscal year). This is mainly attributable to a net increase due primarily to the recording of profit before income taxes of ¥1,100 million, a decrease in trade receivables of ¥2,388 million, and depreciation of ¥564 million, as well as a net decrease due primarily to income taxes paid of ¥573 million, a decrease in trade payables of ¥392 million, and a decrease in accrued consumption taxes included in “Other” of ¥872 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥1,156 million (net cash used of ¥637 million for the same period of the previous fiscal year). This is mainly attributable to a net decrease due primarily to purchase of property, plant and equipment and intangible assets of ¥728 million and a net payment of ¥500 million due to payments into time deposits and proceeds from withdrawal of time deposits.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥669 million (net cash used of ¥528 million for the same period of the previous fiscal year). This is mainly attributable to a net decrease due primarily to dividends paid of ¥661 million.

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

In terms of the non-consolidated financial results forecast for 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 Semi-annual 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. Semi-annual Non-consolidated Financial Statements and Primary Notes

##### (1) Semi-annual Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	17,640	18,002
Notes and accounts receivable - trade, and contract assets	10,283	8,260
Electronically recorded monetary claims - operating	3,334	2,967
Inventories	1,123	1,213
Other	158	331
Allowance for doubtful accounts	(0)	(0)
<b>Total current assets</b>	<b>32,539</b>	<b>30,774</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,600	11,899
Machinery, equipment and vehicles	7,693	7,722
Land	4,646	4,646
Other	1,781	2,202
Accumulated depreciation	(13,954)	(14,356)
<b>Total property, plant and equipment</b>	<b>11,767</b>	<b>12,113</b>
Intangible assets	385	403
Investments and other assets		
Other	2,770	2,602
Allowance for doubtful accounts	(6)	(7)
<b>Total investments and other assets</b>	<b>2,763</b>	<b>2,594</b>
<b>Total non-current assets</b>	<b>14,915</b>	<b>15,111</b>
<b>Total assets</b>	<b>47,455</b>	<b>45,886</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	2,350	1,957
Income taxes payable	680	392
Provision for bonuses	1,360	1,230
Provision for loss on construction contracts	21	-
Other	2,528	1,721
<b>Total current liabilities</b>	<b>6,940</b>	<b>5,301</b>
Non-current liabilities		
Provision for retirement benefits	1,887	1,920
Provision for share awards for directors (and other officers)	212	215
Other	346	349
<b>Total non-current liabilities</b>	<b>2,447</b>	<b>2,484</b>
<b>Total liabilities</b>	<b>9,388</b>	<b>7,786</b>

(Million yen)

	As of March 31, 2024	As of September 30, 2024
Net assets		
Shareholders' equity		
Share capital	3,099	3,099
Capital surplus	3,035	3,035
Retained earnings	34,361	34,437
Treasury shares	(2,525)	(2,498)
Total shareholders' equity	37,970	38,074
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	96	25
Total valuation and translation adjustments	96	25
Total net assets	38,067	38,099
Total liabilities and net assets	47,455	45,886



## (2) Semi-annual Non-consolidated Statements of Income

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	19,691	20,117
Cost of sales	13,140	13,296
Gross profit	6,550	6,820
Selling, general and administrative expenses	5,250	5,849
Operating profit	1,300	971
Non-operating income		
Interest income	0	0
Dividend income	5	5
Compensation income	–	56
Insurance claim income	41	–
Rental income from buildings	13	5
Other	12	7
Total non-operating income	72	76
Ordinary profit	1,373	1,048
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	–	54
Total extraordinary income	0	54
Extraordinary losses		
Loss on sale and retirement of non-current assets	0	3
Total extraordinary losses	0	3
Profit before income taxes	1,373	1,100
Income taxes - current	428	297
Income taxes - deferred	(5)	63
Total income taxes	423	361
Profit	950	738

## (3) Semi-annual Non-consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	1,373	1,100
Depreciation	522	564
Increase (decrease) in allowance for doubtful accounts	(0)	0
Interest and dividend income	(5)	(6)
Decrease (increase) in trade receivables	1,633	2,388
Decrease (increase) in inventories	(46)	(90)
Increase (decrease) in trade payables	(291)	(392)
Increase (decrease) in provision for retirement benefits	31	32
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(86)	–
Increase (decrease) in provision for share awards for directors (and other officers)	(31)	2
Other, net	(26)	(1,354)
<b>Subtotal</b>	<b>3,072</b>	<b>2,245</b>
Interest and dividends received	5	5
Income taxes paid	(653)	(573)
<b>Net cash provided by (used in) operating activities</b>	<b>2,424</b>	<b>1,677</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(4,000)	(500)
Proceeds from withdrawal of time deposits	4,000	–
Purchase of property, plant and equipment	(611)	(639)
Proceeds from sale of property, plant and equipment	3	0
Purchase of intangible assets	(52)	(88)
Proceeds from sale of investment securities	–	69
Proceeds from maturity of insurance funds	250	–
Other, net	(226)	2
<b>Net cash provided by (used in) investing activities</b>	<b>(637)</b>	<b>(1,156)</b>
<b>Cash flows from financing activities</b>		
Repayments of lease liabilities	(7)	(7)
Purchase of treasury shares	(0)	–
Dividends paid	(520)	(661)
<b>Net cash provided by (used in) financing activities</b>	<b>(528)</b>	<b>(669)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,258</b>	<b>(147)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,476</b>	<b>13,521</b>
<b>Cash and cash equivalents at end of period</b>	<b>12,734</b>	<b>13,373</b>

(4) Notes to the Semi-annual 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 to Going Concern Assumption)

There are no applicable matters.

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

There are no applicable matters.

(Significant Subsequent Events)

(Stock split and partial amendment to the Articles of Incorporation in conjunction with the stock split)

The Company implemented a stock split on October 1, 2024 based on the resolution adopted at the Board of Directors meeting held on August 8, 2024.

1. Stock split

(1) Purpose of stock split

The Company conducts a stock split to reduce the amount per investment unit of its stock and thereby create an environment that facilitates investment by shareholders and seeks to expand its investor base and enhance the liquidity of its stock.

(2) Method of the stock split

The Company implemented a 2-for-1 stock split of common shares held by the shareholders registered in the latest shareholders registry as of Monday, September 30, 2024.

(3) Increase in the number of shares due to the stock split

Total number of issued shares before the stock split:	10,903,240 shares
Increase in the number of shares due to the stock split:	10,903,240 shares
Total number of issued shares after the stock split:	21,806,480 shares
Total number of authorized shares after the stock split:	50,000,000 shares

(4) Schedule for the stock split

Public notice of the record date:	September 13, 2024
Record date:	September 30, 2024
Effective date:	October 1, 2024

(5) Other

There is no change to the amount of share capital due to the stock split.

2. Partial amendment to the Articles of Incorporation in conjunction with the stock split

(1) Reason for the amendment to the Articles of Incorporation

In conjunction with the stock split, the Company revised the total number of authorized shares stipulated in Article 6 of its Articles of Incorporation, effective on October 1, 2024, pursuant to Article 184, paragraph 2 of the Companies Act.

(2) Details of the amendment to the Articles of Incorporation

The Articles of Incorporation was revised as follows.

(Revised text is underlined.)

Articles of Incorporation before amendment	Articles of Incorporation after amendment
(Total number of authorized shares) Article 6 The total number of shares which the Company is authorized to issue shall be <u>25,000,000 shares.</u>	(Total number of authorized shares) Article 6 The total number of shares which the Company is authorized to issue shall be <u>50,000,000 shares.</u>

(3) Schedule for the amendment to the Articles of Incorporation  
Effective date: October 1, 2024