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January 30, 2025

**Non-consolidated Financial Results
for the Nine Months Ended December 31, 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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 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	%
Nine months ended December 31, 2024	31,659	1.0	1,927	(26.0)	2,016	(25.0)	1,362	(26.4)
December 31, 2023	31,358	20.0	2,605	145.1	2,688	142.5	1,850	156.1

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2024	74.00	–
December 31, 2023	99.41	–

(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 December 31, 2024	44,115	36,482	82.7
As of March 31, 2024	47,455	38,067	80.2

(Reference) Equity: As of December 31, 2024: ¥36,482 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 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, 2024: 19,721,980 shares

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

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

As of December 31, 2024: 2,176,410 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):

Nine months ended December 31, 2024: 18,416,827 shares

Nine months ended December 31, 2023: 18,616,246 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 (December 31, 2024: 406,600 shares; March 31, 2024: 286,000 shares; December 31, 2023: 286,000 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. Overview of Operating Results, etc., (3) Explanation of Non-consolidated Financial Results Forecast and Other Forward-looking Information."

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

During the nine months ended December 31, 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 nine months ended December 31, 2024, sales of relocatable partitions, the Company’s mainstay product line, and fixed partitions remained solid due to steady office relocation demand, and sales of movable partitions also grew because of a recovery in the demand in the segment of accommodation facilities, but sales of toilet booths remained weak. As a result of these factors, net sales were ¥31,659 million, only a slight increase from the same period of the previous fiscal year (up 1.0% year on year). Meanwhile, orders received showed favorable progress and were ¥36,794 million (up 8.0% year on year), and order backlog totaled ¥21,814 million (up 13.3% year on year) and increased in all the items except others.

On the profitability front, the gross profit margin was 34.5% (an improvement of 0.7 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 ¥1,927 million (down 26.0% year on year), ordinary profit was ¥2,016 million (down 25.0% year on year), and profit was ¥1,362 million (down 26.4% year on year).

Net sales, orders received, and order backlog by item for the nine months ended December 31, 2024 are as follows.

Net Sales, Orders Received, and Order Backlog by Item

(Million yen)

Nine months ended December 31, 2024 (from April 1, 2024 to December 31, 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	13,728	103.9	15,971	116.5	6,297	134.2
Fixed partitions	6,855	101.8	8,061	97.7	6,230	107.0
Toilet booths	5,404	94.8	6,474	100.5	4,208	108.6
Movable partitions	4,418	103.1	4,997	115.7	4,636	104.7
Low partitions	385	89.3	447	107.0	130	175.5
Others	867	87.5	841	91.7	312	88.2
Total	31,659	101.0	36,794	108.0	21,814	113.3

(2) Overview of Financial Position for the Period under Review

Regarding the financial position as of the end of the third quarter of the fiscal year under review, total assets decreased by ¥3,339 million from the end of the previous fiscal year, to ¥44,115 million.

In terms of assets, current assets decreased by ¥3,489 million from the end of the previous fiscal year, to ¥29,050 million. This is mainly due to decreases in cash and deposits of ¥2,314 million and notes and accounts receivable - trade, and contract assets of ¥1,581 million, despite increases in inventories of ¥190 million and accounts receivable - other included in “Other” under current assets of ¥186 million. Non-current assets increased by ¥149 million from the end of the previous fiscal year, to ¥15,065 million. This is mainly due to an increase in property, plant and equipment of ¥477 million, despite a decrease in deferred tax assets included in “Other” under investments and other assets of ¥292 million.

In terms of liabilities, current liabilities decreased by ¥1,908 million from the end of the previous fiscal year, to ¥5,031 million. This is mainly due to decreases in provision for bonuses of ¥725 million, income taxes payable of ¥680 million, and accounts payable - trade of ¥164 million. Non-current liabilities increased by ¥153 million from the end of the previous fiscal year, to ¥2,601 million.

In terms of net assets, the total amount of net assets decreased by ¥1,584 million from the end of the previous fiscal year, to ¥36,482 million. This is mainly due to a decrease in retained earnings of ¥1,950 million, as well as a decrease in treasury shares (a factor contributing to an increase in net assets) of ¥318 million resulting from the purchase, cancellation, etc. of treasury shares. As a result, the equity ratio stood at 82.7%.

(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. Quarterly Non-consolidated Financial Statements and Primary Notes

(1) Quarterly Non-consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	17,640	15,326
Notes and accounts receivable - trade, and contract assets	10,283	8,701
Electronically recorded monetary claims - operating	3,334	3,327
Inventories	1,123	1,313
Other	158	381
Allowance for doubtful accounts	(0)	(0)
Total current assets	32,539	29,050
Non-current assets		
Property, plant and equipment		
Buildings and structures	11,600	12,268
Machinery, equipment and vehicles	7,693	7,809
Land	4,646	4,646
Other	1,781	2,014
Accumulated depreciation	(13,954)	(14,494)
Total property, plant and equipment	11,767	12,244
Intangible assets	385	416
Investments and other assets		
Other	2,770	2,411
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	2,763	2,403
Total non-current assets	14,915	15,065
Total assets	47,455	44,115
Liabilities		
Current liabilities		
Accounts payable - trade	2,350	2,185
Income taxes payable	680	–
Provision for bonuses	1,360	635
Provision for loss on construction contracts	21	9
Other	2,528	2,201
Total current liabilities	6,940	5,031
Non-current liabilities		
Provision for retirement benefits	1,887	1,948
Provision for share awards for directors (and other officers)	212	299
Other	346	353
Total non-current liabilities	2,447	2,601
Total liabilities	9,388	7,633

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	3,099	3,099
Capital surplus	3,035	3,109
Retained earnings	34,361	32,410
Treasury shares	(2,525)	(2,206)
Total shareholders' equity	37,970	36,413
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	96	69
Total valuation and translation adjustments	96	69
Total net assets	38,067	36,482
Total liabilities and net assets	47,455	44,115

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

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	31,358	31,659
Cost of sales	20,767	20,747
Gross profit	10,590	10,911
Selling, general and administrative expenses	7,985	8,983
Operating profit	2,605	1,927
Non-operating income		
Interest income	0	0
Dividend income	8	9
Compensation income	–	56
Insurance claim income	41	–
Rental income from buildings	16	8
Other	16	11
Total non-operating income	83	88
Ordinary profit	2,688	2,016
Extraordinary income		
Gain on sale of non-current assets	0	0
Gain on sale of investment securities	18	54
Total extraordinary income	18	54
Extraordinary losses		
Loss on sale and retirement of non-current assets	1	4
Total extraordinary losses	1	4
Profit before income taxes	2,706	2,066
Income taxes - current	632	399
Income taxes - deferred	222	304
Total income taxes	855	703
Profit	1,850	1,362

(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)

(Purchase of treasury shares)

The Company purchased 1,134,500 treasury shares as of November 1, 2024, based on the resolution adopted at the Board of Directors meeting held on October 31, 2024. As a result, during the nine months ended December 31, 2024, treasury shares increased by ¥1,717 million.

(Cancellation of treasury shares)

The Company cancelled 2,084,500 treasury shares as of November 8, 2024, based on the resolution adopted at the Board of Directors meeting held on October 31, 2024. As a result, during the nine months ended December 31, 2024, capital surplus decreased by ¥3 million, retained earnings decreased by ¥2,082 million, and treasury shares decreased by ¥2,086 million.

(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 nine months ended December 31, 2024. Depreciation (including amortization of intangible assets) is as follows for the nine months ended December 31, 2023 and the nine months ended December 31, 2024.

	(Million yen)	
	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Depreciation	802	863