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October 26, 2023



## Non-consolidated Financial Results for the Six Months Ended September 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

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

Scheduled date of commencing dividend payments: November 27, 2023

Availability of supplementary briefing material on quarterly financial results: Available

Schedule of quarterly 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, 2023 (April 1, 2023 to September 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 | %      |
| Six months ended<br>September 30, 2023 | 19,691      | 22.5 | 1,300            | 360.2  | 1,373           | 339.8  | 950         | 382.7  |
| September 30, 2022                     | 16,074      | 0.8  | 282              | (45.9) | 312             | (44.6) | 196         | (42.4) |

|  | Basic earnings<br>per share | Diluted earnings<br>per share |
|--|-----------------------------|-------------------------------|
|  | Yen                         | Yen                           |
| Six months ended<br>September 30, 2023 | 102.19                      | —                             |
| September 30, 2022                     | 21.20                       | —                             |

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

|                          | Total assets | Net assets  | Equity ratio |
|--------------------------|--------------|-------------|--------------|
|                          | Million yen  | Million yen | %            |
| As of September 30, 2023 | 44,456       | 36,754      | 82.7         |
| As of March 31, 2023     | 44,760       | 36,225      | 80.9         |

(Reference) Equity: As of September 30, 2023: ¥36,754 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<br>–         | Yen<br>40.00    | Yen<br>–        | Yen<br>55.00 | Yen<br>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: Yes

### \* 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 September 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 September 30, 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):
    - Six months ended September 30, 2023: 9,300,699 shares
    - Six months ended September 30, 2022: 9,286,476 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 (September 30, 2023: 143,000 shares; March 31, 2023: 178,500 shares; September 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."

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

### (1) Explanation of Operating Results

During the six months ended September 30, 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.” To further tap into office demand, the Company also opened the Nagoya Showroom in Nagoya, Aichi Prefecture and committed itself to PR activities.

Regarding operating results for the six months ended September 30, 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 ¥19,691 million (up 22.5% 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 ¥22,697 million (up 11.1% year on year), with fixed partitions showing positive growth in particular. Order backlog totaled ¥19,552 million (up 5.7% 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 33.3% (a 1.9-point improvement year on year), leading to an operating profit of ¥1,300 million (up 360.2% year on year), an ordinary profit of ¥1,373 million (up 339.8% year on year), and a profit of ¥950 million (up 382.7% year on year).

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

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

(Million yen)

| Six months ended September 30, 2023 (from April 1, 2023 to September 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   | 8,611     | 125.2                   | 8,737           | 108.9                   | 4,323         | 95.3                    |
| Fixed partitions   | 4,109     | 125.2                   | 5,887           | 153.7                   | 6,085         | 130.5                   |
| Toilet booths  | 3,341     | 120.5                   | 4,380           | 110.3                   | 4,170         | 113.7                   |
| Movable partitions   | 2,651     | 114.9                   | 2,850           | 79.5                    | 4,593         | 92.6                    |
| Low partitions   | 294       | 114.7                   | 302             | 106.6                   | 94            | 98.2                    |
| Others   | 683       | 118.4                   | 538             | 72.4                    | 284           | 50.2                    |
| Total  | 19,691    | 122.5                   | 22,697          | 111.1                   | 19,552        | 105.7                   |

### (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 ¥304 million from the end of the previous fiscal year, to ¥44,456 million.

In terms of assets, current assets decreased by ¥406 million from the end of the previous fiscal year, to ¥29,593 million. This is mainly due to decreases in notes and accounts receivable – trade, and contract assets of ¥1,228 million and electronically recorded monetary claims - operating of ¥405 million, despite an increase in cash and deposits of ¥1,268 million. Non-current assets increased by ¥101 million from the end of the previous fiscal year, to ¥14,862 million.

In terms of liabilities, current liabilities decreased by ¥770 million from the end of the previous fiscal year, to ¥5,327 million. This is mainly due to decreases in accounts payable - trade of ¥291 million, income taxes payable of ¥229 million, and accounts payable - other included in “Other” under current liabilities of ¥335 million. Non-current liabilities decreased by ¥62 million from the end of the previous fiscal year, to ¥2,374 million.

In terms of net assets, the total amount of net assets increased by ¥529 million from the end of the previous

fiscal year, to ¥36,754 million. As a result, the equity ratio stood at 82.7%.

Regarding cash flows for the six months ended September 30, 2023, 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, 2023 stood at ¥12,734 million (¥12,603 million as of September 30, 2022). Described below is the state of cash flows for the six months ended September 30, 2023.

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥2,424 million (net cash provided of ¥2,110 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 ¥1,373 million, a decrease in trade receivables of ¥1,633 million, and depreciation of ¥522 million, as well as a net decrease due primarily to income taxes paid of ¥653 million and a decrease in trade payables of ¥291 million.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥637 million (net cash used of ¥327 million for the same period of the previous fiscal year). This is mainly attributable to purchase of property, plant and equipment and intangible assets of ¥664 million.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥528 million (net cash used of ¥426 million for the same period of the previous fiscal year). This is mainly attributable to a net decrease due primarily to dividends paid of ¥520 million.

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

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.

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 September 30, 2023 |
|--|----------------------|--------------------------|
| <b>Assets</b>  |                      |                          |
| Current assets   |                      |                          |
| Cash and deposits  | 15,579               | 16,847                   |
| Notes and accounts receivable - trade, and contract assets           | 10,253               | 9,025                    |
| Electronically recorded monetary claims - operating                  | 2,929                | 2,524                    |
| Inventories  | 1,023                | 1,069                    |
| Other  | 214                  | 127                      |
| Allowance for doubtful accounts                                      | (0)                  | (0)                      |
| <b>Total current assets</b>  | <b>29,999</b>        | <b>29,593</b>            |
| Non-current assets   |                      |                          |
| Property, plant and equipment  |                      |                          |
| Buildings and structures   | 11,396               | 11,651                   |
| Machinery, equipment and vehicles                                    | 7,622                | 7,643                    |
| Land   | 4,646                | 4,646                    |
| Other  | 1,621                | 1,777                    |
| Accumulated depreciation   | (13,364)             | (13,740)                 |
| <b>Total property, plant and equipment</b>                           | <b>11,922</b>        | <b>11,978</b>            |
| Intangible assets  | 420                  | 400                      |
| Investments and other assets   |                      |                          |
| Other  | 2,425                | 2,490                    |
| Allowance for doubtful accounts                                      | (6)                  | (6)                      |
| <b>Total investments and other assets</b>                            | <b>2,418</b>         | <b>2,483</b>             |
| <b>Total non-current assets</b>                                      | <b>14,760</b>        | <b>14,862</b>            |
| <b>Total assets</b>  | <b>44,760</b>        | <b>44,456</b>            |
| <b>Liabilities</b>   |                      |                          |
| Current liabilities  |                      |                          |
| Accounts payable - trade   | 2,345                | 2,054                    |
| Income taxes payable   | 732                  | 503                      |
| Provision for bonuses  | 1,250                | 1,260                    |
| Other  | 1,769                | 1,509                    |
| <b>Total current liabilities</b>                                     | <b>6,098</b>         | <b>5,327</b>             |
| Non-current liabilities  |                      |                          |
| Provision for retirement benefits                                    | 1,810                | 1,841                    |
| Provision for retirement benefits for directors (and other officers) | 86                   | -                        |
| Provision for share awards for directors (and other officers)        | 209                  | 178                      |
| Other  | 330                  | 354                      |
| <b>Total non-current liabilities</b>                                 | <b>2,437</b>         | <b>2,374</b>             |
| <b>Total liabilities</b>   | <b>8,535</b>         | <b>7,701</b>             |

(Million yen)

|   | As of March 31, 2023 | As of September 30, 2023 |
|---|----------------------|--------------------------|
| Net assets  |                      |                          |
| Shareholders' equity                                  |                      |                          |
| Share capital   | 3,099                | 3,099                    |
| Capital surplus                                       | 3,035                | 3,035                    |
| Retained earnings                                     | 32,627               | 33,056                   |
| Treasury shares                                       | (2,582)              | (2,525)                  |
| Total shareholders' equity                            | 36,180               | 36,666                   |
| Valuation and translation adjustments                 |                      |                          |
| Valuation difference on available-for-sale securities | 45                   | 87                       |
| Total valuation and translation adjustments           | 45                   | 87                       |
| Total net assets                                      | 36,225               | 36,754                   |
| Total liabilities and net assets                      | 44,760               | 44,456                   |

(2) Quarterly Non-consolidated Statements of Income  
(Six Months Ended September 30)

(Million yen)

|   | For the six months<br>ended September 30, 2022 | For the six months<br>ended September 30, 2023 |
|---|--|--|
| Net sales   | 16,074   | 19,691   |
| Cost of sales                                     | 11,025   | 13,140   |
| Gross profit                                      | 5,048  | 6,550  |
| Selling, general and administrative expenses      | 4,766  | 5,250  |
| Operating profit                                  | 282  | 1,300  |
| Non-operating income                              |  |  |
| Interest income                                   | 0  | 0  |
| Dividend income                                   | 6  | 5  |
| Insurance claim income                            | –  | 41   |
| Rental income from buildings                      | 13   | 13   |
| Other   | 8  | 12   |
| Total non-operating income                        | 29   | 72   |
| Ordinary profit                                   | 312  | 1,373  |
| Extraordinary income                              |  |  |
| Gain on sale of non-current assets                | 0  | 0  |
| Gain on sale of investment securities             | 28   | –  |
| Total extraordinary income                        | 28   | 0  |
| Extraordinary losses                              |  |  |
| Loss on sale and retirement of non-current assets | 0  | 0  |
| Loss on sale of investment securities             | 0  | –  |
| Total extraordinary losses                        | 0  | 0  |
| Profit before income taxes                        | 340  | 1,373  |
| Income taxes - current                            | 153  | 428  |
| Income taxes - deferred                           | (9)  | (5)  |
| Total income taxes                                | 144  | 423  |
| Profit  | 196  | 950  |



## (3) Quarterly Non-consolidated Statements of Cash Flows

(Million yen)

|   | For the six months<br>ended September 30, 2022 | For the six months<br>ended September 30, 2023 |
|---|--|--|
| <b>Cash flows from operating activities</b>   |  |  |
| Profit before income taxes  | 340  | 1,373  |
| Depreciation  | 503  | 522  |
| Increase (decrease) in allowance for doubtful accounts                                      | (1)  | (0)  |
| Interest and dividend income  | (7)  | (5)  |
| Decrease (increase) in trade receivables  | 1,986  | 1,633  |
| Decrease (increase) in inventories  | (171)  | (46)   |
| Increase (decrease) in trade payables   | (217)  | (291)  |
| Increase (decrease) in provision for retirement benefits                                    | 66   | 31   |
| 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)        | 21   | (31)   |
| Other, net  | (206)  | (26)   |
| <b>Subtotal</b>   | <b>2,313</b>                                   | <b>3,072</b>                                   |
| Interest and dividends received   | 7  | 5  |
| Income taxes paid   | (210)  | (653)  |
| <b>Net cash provided by (used in) operating activities</b>                                  | <b>2,110</b>                                   | <b>2,424</b>                                   |
| <b>Cash flows from investing activities</b>   |  |  |
| Payments into time deposits   | (4,000)  | (4,000)  |
| Proceeds from withdrawal of time deposits   | 4,000  | 4,000  |
| Purchase of property, plant and equipment   | (265)  | (611)  |
| Proceeds from sale of property, plant and equipment   | 0  | 3  |
| Purchase of intangible assets   | (54)   | (52)   |
| Proceeds from sale of investment securities   | 46   | –  |
| Proceeds from maturity of insurance funds   | –  | 250  |
| Other, net  | (55)   | (226)  |
| <b>Net cash provided by (used in) investing activities</b>                                  | <b>(327)</b>                                   | <b>(637)</b>                                   |
| <b>Cash flows from financing activities</b>   |  |  |
| Repayments of lease liabilities   | –  | (7)  |
| Purchase of treasury shares   | –  | (0)  |
| Dividends paid  | (426)  | (520)  |
| <b>Net cash provided by (used in) financing activities</b>                                  | <b>(426)</b>                                   | <b>(528)</b>                                   |
| <b>Net increase (decrease) in cash and cash equivalents</b>                                 | <b>1,356</b>                                   | <b>1,258</b>                                   |
| <b>Cash and cash equivalents at beginning of period</b>                                     | <b>11,246</b>                                  | <b>11,476</b>                                  |
| <b>Cash and cash equivalents at end of period</b>   | <b>12,603</b>                                  | <b>12,734</b>                                  |

(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.