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Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2025 (Under Japanese GAAP)

August 6, 2024

Company name: Bunka Shutter Co., Ltd.
Listing: Tokyo Stock Exchange
Securities code: 5930
URL: https://www.bunka-s.co.jp/
Representative: Hiroyuki Ogura, Representative Director and President
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Scheduled date to commence dividend payments: –
Preparation of supplementary material on financial results: None
Holding of financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the first three months of the fiscal year ending March 31, 2025 (from April 1, 2024 to June 30, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	46,315	1.8	433	33.8	1,614	107.7	772	160.0
June 30, 2023	45,477	16.3	323	–	777	–	297	–

Note: Comprehensive income For the three months ended June 30, 2024: ¥185 million [(72.5)%]
For the three months ended June 30, 2023: ¥673 million [867.3%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2024	10.86	–
June 30, 2023	4.85	4.18

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2024	199,576	101,680	50.9
March 31, 2024	206,879	103,924	50.2

Reference: Equity
As of June 30, 2024: ¥101,521 million
As of March 31, 2024: ¥103,769 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	–	21.00	–	34.00	55.00
Fiscal year ending March 31, 2025	–				
Fiscal year ending March 31, 2025 (Forecast)		32.00	–	32.00	64.00

Note: Revisions to the cash dividends forecasts most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2024	103,000	4.4	4,700	8.2	4,400	(12.4)	2,450	(20.4)	34.44
Fiscal year ending March 31, 2025	230,000	4.0	15,000	3.6	15,400	(3.4)	11,400	7.7	160.27

Note: Revisions to the earnings forecasts most recently announced: None

*** Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Application of specific accounting treatment for preparing quarterly consolidated financial statements: Yes

Note: For more details, please refer to "2. Quarterly consolidated financial statements, (3) Notes to quarterly consolidated financial statements, (Notes to specific accounting treatment for preparing quarterly consolidated financial statements)" on page 8 of the attached material.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

Note: For more details, please refer to "2. Quarterly consolidated financial statements, (3) Notes to quarterly consolidated financial statements, (Notes on changes in accounting policies)" on page 8 of the attached material.

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2024	72,196,487 shares
As of March 31, 2024	72,196,487 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2024	1,065,202 shares
As of March 31, 2024	1,065,082 shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2024	71,131,353 shares
Three months ended June 30, 2023	61,259,754 shares

Note: The number of treasury shares at the end of the period includes the number of shares of Bunka Shutter Co., Ltd. (the "Company") held by the Board Incentive Plan trust. The Company's shares held by the trust are included in the treasury shares deducted in calculating the average number of shares outstanding during the period.

* Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or an audit corporation: None

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements and others)

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Consequently, any statements herein do not constitute assurances regarding actual results by the Company. Actual business and other results may differ substantially due to various factors. Regarding earnings forecasts, please refer to "1. Overview of operating results, etc., (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 3 of the attached material.

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1. Overview of operating results, etc.

(1) Overview of operating results for the first three months of the current fiscal year

In the first three months of the fiscal year ending March 31, 2025, the Japanese economy maintained a moderate recovery trend mainly owing to a recovery in inbound tourism demand and improvements in employment and income conditions buoyed by wage hikes and the like.

On the other hand, the future outlook remains uncertain, due to such factors as the prolonged war in Ukraine, instability in the Middle East, supply constraints caused by elevated commodity prices and labor shortages, and foreign exchange rate fluctuations.

In the construction and housing industries too, in which the Bunka Shutter Group operates, the situation remains unclear mainly because of weak figures for new housing starts due to skyrocketing construction costs and other factors.

Under these circumstances, the Group posted consolidated net sales of 46,315 million yen (up 1.8% year on year) in the first three months of the fiscal year ending March 31, 2025. With regard to profits, as a result of all Group segments exerting the utmost effort to secure profits by reflecting increases in raw materials prices, etc., in sales prices, improving profit margins, cutting costs, and other measures, operating profit was 433 million yen (up 33.8 % year on year), ordinary profit was 1,614 million yen (up 107.7% year on year), and profit attributable to owners of parent was 772 million yen (up 160.0% year on year).

Operating results by segment are as follows:

1. Shutter Business

   In addition to strong sales of sheet shutters and other products for factories and warehouses, the inclusion in the scope of consolidation of DOORWORKS AUSTRALIA PTY LTD, Windsor Doors Limited and three other companies, and SPRINT ROLLER SHUTTERS PTY LTD led to net sales of 19,217 million yen (up 2.2% year on year) for the first three months of the fiscal year ending March 31, 2025, and operating profit of 1,030 million yen (up 100.7% year on year).

2. Construction-Related Materials Business

   Due to weakness in steel doors and the other products for large commercial complexes and office buildings, net sales for the first three months of the fiscal year ending March 31, 2025, were 17,574 million yen (down 3.4% year on year), and operating loss was 232 million yen (compared to an operating profit of 394 million yen in the same period of the previous fiscal year).

3. Service Business

   Due to strong results mainly from emergency repairs and periodic maintenance services, centering on the firm performance of consolidated subsidiary Bunka Shutter Service Co., Ltd., net sales amounted to 6,602 million yen (up 14.2% year on year), and operating profit was 827 million yen (up 38.4% year on year).

4. Refurbishment Business

   This segment focuses on the renewal business, which mainly engages in renovation of buildings, and the housing remodeling business. With BX Yutori Form Co., Ltd. as the main driver, net sales amounted to 1,449 million yen (up 3.8% year on year), but due to weakness in the housing remodeling business, operating loss was 4 million yen (compared to an operating profit of 7 million yen in the same period of the previous fiscal year).

5. Other

   The other businesses, including the water-sealing business which handles water-sealing equipment for dealing with the social problems of torrential rain, etc., performed strongly. Accordingly, net sales for the first three months of the fiscal year ending March 31, 2025, amounted to 1,470 million yen (up 11.7% year on year) and operating profit was 149 million yen (up 9.9% year on year).

(2) Overview of financial position for the first three months of the current fiscal year

Total assets as of June 30, 2024 amounted to 199,576 million yen, a decrease of 7,303 million yen from the end of the previous fiscal year. Current assets amounted to 112,109 million yen, a decrease of 7,939 million yen. This is attributed mainly to a decrease in notes and accounts receivable - trade, and contract assets (10,593 million yen), which more than offset an increase in merchandise and finished goods (3,016 million yen). Non-current assets amounted to 87,466 million yen, an increase of 636 million yen from the end of the previous fiscal year. This is attributed mainly to increases in “other” in property, plant and equipment (370 million yen), land (368 million yen), and investment securities (100 million yen), which more than offset decreases in “other” in intangible assets (143 million yen) and goodwill (120 million yen).

Total liabilities as of June 30, 2024 amounted to 97,895 million yen, a decrease of 5,058 million yen from the end of the previous fiscal year. Current liabilities amounted to 60,744 million yen, a decrease of 4,815 million yen. This is attributed mainly to decreases in income taxes payable (2,397 million yen), provision for bonuses (2,353 million yen), notes and accounts payable - trade (1,352 million yen), and electronically recorded obligations - operating (1,041 million yen), which more than offset increases in “other” in current liabilities (1,407 million yen) and in short-term borrowings (970 million yen). Non-current liabilities amounted to 37,151 million yen, a decrease of 243 million yen. This is attributed mainly to decreases in retirement benefit liability (146 million yen) and long-term borrowings (119 million yen).

Total net assets as of June 30, 2024 amounted to 101,680 million yen, a decrease of 2,244 million yen from the end of the previous fiscal year. This is attributed mainly to a decrease caused by dividends paid (2,429 million yen) and a decrease in foreign currency translation adjustment (639 million yen), which more than offset an increase in profit attributable to owners of parent (772 million yen).

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Consolidated earnings forecasts for the first six months and full year for the fiscal year ending March 31, 2025 are unchanged from those announced in the “Consolidated Financial Results for the Fiscal Year Ended March 31, 2024” on May 14, 2024.

2. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Assets		
Current assets		
Cash and deposits	40,151	39,407
Notes and accounts receivable - trade, and contract assets	46,935	36,342
Electronically recorded monetary claims - operating	10,631	10,114
Merchandise and finished goods	9,818	12,835
Work in process	1,406	1,498
Raw materials and supplies	8,654	8,544
Other	2,752	3,679
Allowance for doubtful accounts	(302)	(311)
Total current assets	120,049	112,109
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,320	12,384
Land	13,121	13,490
Other, net	13,265	13,635
Total property, plant and equipment	38,707	39,510
Intangible assets		
Goodwill	11,318	11,197
Other	8,156	8,012
Total intangible assets	19,474	19,209
Investments and other assets		
Investment securities	19,940	20,040
Retirement benefit asset	1,397	1,396
Other	7,564	7,571
Allowance for doubtful accounts	(254)	(262)
Total investments and other assets	28,648	28,746
Total non-current assets	86,830	87,466
Total assets	206,879	199,576

(Millions of yen)

	As of March 31, 2024	As of June 30, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,604	14,252
Electronically recorded obligations - operating	21,552	20,511
Short-term borrowings	1,352	2,322
Current portion of long-term borrowings	817	878
Income taxes payable	4,334	1,937
Provision for bonuses	4,809	2,455
Provision for bonuses for directors (and other officers)	182	48
Provision for loss on construction contracts	373	400
Other	16,531	17,938
Total current liabilities	65,559	60,744
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term borrowings	3,209	3,089
Provision for retirement benefits for directors (and other officers)	247	233
Provision for share awards for directors (and other officers)	69	74
Retirement benefit liability	16,433	16,287
Asset retirement obligations	53	54
Other	7,381	7,411
Total non-current liabilities	37,395	37,151
Total liabilities	102,954	97,895
Net assets		
Shareholders' equity		
Share capital	15,051	15,051
Capital surplus	11,292	11,292
Retained earnings	70,476	68,820
Treasury shares	(1,103)	(1,103)
Total shareholders' equity	95,716	94,060
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,026	5,117
Revaluation reserve for land	(46)	(46)
Foreign currency translation adjustment	908	268
Remeasurements of defined benefit plans	2,163	2,121
Total accumulated other comprehensive income	8,052	7,461
Non-controlling interests	155	158
Total net assets	103,924	101,680
Total liabilities and net assets	206,879	199,576

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Net sales	45,477	46,315
Cost of sales	34,326	34,379
Gross profit	11,151	11,936
Selling, general and administrative expenses	10,827	11,503
Operating profit	323	433
Non-operating income		
Interest income	7	23
Dividend income	146	192
Foreign exchange gains	488	1,130
Other	184	141
Total non-operating income	827	1,486
Non-operating expenses		
Interest expenses	57	114
Share of loss of entities accounted for using equity method	273	173
Other	42	18
Total non-operating expenses	373	305
Ordinary profit	777	1,614
Extraordinary income		
Gain on sale of non-current assets	1	1
Gain on sale of investment securities	4	–
Total extraordinary income	6	1
Extraordinary losses		
Loss on retirement of non-current assets	12	16
Total extraordinary losses	12	16
Profit before income taxes	771	1,599
Income taxes	473	822
Profit	297	776
Profit attributable to non-controlling interests	0	3
Profit attributable to owners of parent	297	772

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Profit	297	776
Other comprehensive income		
Valuation difference on available-for-sale securities	807	95
Foreign currency translation adjustment	(489)	(815)
Remeasurements of defined benefit plans, net of tax	(33)	(49)
Share of other comprehensive income of entities accounted for using equity method	91	177
Total other comprehensive income	375	(591)
Comprehensive income	673	185
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	673	181
Comprehensive income attributable to non-controlling interests	0	3

(3) Notes to quarterly consolidated financial statements

(Notes on changes in accounting policies)

(Application of "Accounting Standard for Current Income Taxes" and other standards)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter the "Revised 2022 Accounting Standard") and relevant regulations have been applied from the beginning of the first quarter of the fiscal year ending March 31, 2025.

Revisions to the category in which income tax, etc. is recorded (in cases where other comprehensive income is subject to tax) are subject to the transitional treatment stipulated in the provisos to paragraph 20-3 of the Revised 2022 Accounting Standard, and paragraph 65-2 (2) of the "Guidance on Accounting Standard for Tax Effect Accounting" (ASBJ Guidance No. 28, October 28, 2022; hereinafter the "Revised 2022 Guidance"). These changes in accounting policies have no impact on the quarterly consolidated financial statements.

With regard to revisions related to changes in the treatment in the consolidated financial statement of cases involving the deferral of taxes associated with gains or losses arising from the sale of shares, etc. of subsidiaries between consolidated companies, the Revised 2022 Guidance has been applied from the beginning of the first quarter of the fiscal year ending March 31, 2025. These changes to accounting policies have been applied retrospectively, and quarterly consolidated financial statements and consolidated financial statements for the quarters of the previous fiscal year and for the previous fiscal year, respectively, reflect this retrospective application. These changes to accounting policies have no impact on quarterly consolidated financial statements for the quarters of the previous fiscal year or consolidated financial statements for the previous fiscal year.

(Notes to specific accounting treatment for preparing quarterly consolidated financial statements)

(Calculation of tax expenses)

The Company calculates tax expenses by estimating a reasonable effective tax rate after the application of tax-effect accounting to profit before income taxes for the consolidated fiscal year ending March 31, 2025, including the first quarter under review, and multiplying profit before income taxes by this estimated effective tax rate.

(Notes to segment information, etc.)

I For the three months ended June 30, 2023

1. Explanation of net sales, profit (loss), and other items, and information on disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Adjust-ments (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Shutter Business	Construction-Related Materials Business	Service Business	Refurbish-ment Business	Total				
Net sales									
Revenue from contracts with customers	18,797	18,188	5,778	1,396	44,161	1,316	45,477	–	45,477
Other revenue	–	–	–	–	–	–	–	–	–
Net sales to external customers	18,797	18,188	5,778	1,396	44,161	1,316	45,477	–	45,477
Inter-segment sales and transfers	1,138	10	100	0	1,251	230	1,482	(1,482)	–
Total	19,935	18,199	5,879	1,397	45,412	1,547	46,959	(1,482)	45,477
Segment profit	513	394	597	7	1,512	136	1,648	(1,324)	323

Notes: 1. The category "Other" is an operating segment which is not included in the reportable segments, and it includes water-sealing business, solar power system business, real estate leasing business, insurance agency business and architecture design business.

2. The adjustment to segment profit of (1,324) million yen consists of (1,324) million yen for corporate expenses not allocated to any reportable segment and (0) million yen for inventory adjustments. Corporate expenses consist primarily of general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information of impairment loss or goodwill, etc. on non-current assets by reportable segment

Not applicable.

II For the three months ended June 30, 2024

1. Explanation of net sales, profit (loss), and other items, and information on disaggregation of revenue for each reportable segment

(Millions of yen)

	Reportable segments					Other (Note 1)	Total	Adjust-ments (Note 2)	Amount recorded in quarterly consolidated statement of income (Note 3)
	Shutter Business	Construction-Related Materials Business	Service Business	Refurbish-ment Business	Total				
Net sales									
Revenue from contracts with customers	19,217	17,574	6,602	1,449	44,844	1,470	46,315	–	46,315
Other revenue	–	–	–	–	–	–	–	–	–
Net sales to external customers	19,217	17,574	6,602	1,449	44,844	1,470	46,315	–	46,315
Inter-segment sales and transfers	1,155	8	103	2	1,270	210	1,480	(1,480)	–
Total	20,373	17,583	6,706	1,452	46,115	1,681	47,796	(1,480)	46,315
Segment profit (loss)	1,030	(232)	827	(4)	1,619	149	1,769	(1,336)	433

Notes: 1. The category "Other" is an operating segment which is not included in the reportable segments, and it includes water-sealing business, solar power system business, real estate leasing business, insurance agency business and architecture design business.

2. The adjustment to segment profit (loss) of (1,336) million yen consists of (1,335) million yen for corporate expenses not allocated to any reportable segment and (0) million yen for inventory adjustments. Corporate expenses consist primarily of general and administrative expenses that do not belong to any reportable segment.

3. Segment profit (loss) is adjusted with operating profit in the quarterly consolidated statement of income.

2. Information of impairment loss or goodwill, etc. on non-current assets by reportable segment

Not applicable.

(Notes on significant changes in the amount of shareholders' equity)
Not applicable.

(Notes on premise of going concern)
Not applicable.

(Notes to consolidated quarterly statement of cash flows)

No consolidated quarterly statement of cash flows has been prepared for the first three months of the fiscal year ending March 31, 2025. Amounts of depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill associated with the first three months of the fiscal year ending March 31, 2025, are as follows.

(Millions of yen)

	Three months ended June 30, 2023	Three months ended June 30, 2024
Depreciation	1,022	1,249
Amortization of goodwill	78	266