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January 29, 2021

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2021 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4956
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 Scheduled date to file quarterly securities report: February 9, 2021
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2021 (from April 1, 2020 to December 31, 2020)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended								
December 31, 2020	97,344	(2.4)	5,120	0.1	5,241	0.3	3,610	10.1
December 31, 2019	99,766	0.5	5,115	(3.1)	5,224	(3.6)	3,278	(1.8)

Note: Comprehensive income For the first nine months ended December 31, 2020: ¥4,980 million [37.9%]
 For the first nine months ended December 31, 2019: ¥3,611 million [43.1%]

	Basic earnings per share	Diluted earnings per share
First nine months ended	Yen	Yen
December 31, 2020	100.43	–
December 31, 2019	90.41	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2020	111,683	65,885	55.8
March 31, 2020	106,113	63,360	56.6

Reference: Equity As of December 31, 2020: ¥62,278 million
 As of March 31, 2020: ¥60,070 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, 2020	–	13.00	–	23.00	36.00
Fiscal year ending March 31, 2021	–	18.00	–		
Fiscal year ending March 31, 2021 (Forecast)				18.00	36.00

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

Breakdown of fiscal year-end dividends for the fiscal year ended March 31, 2020:

Ordinary dividend ¥13.00, 150th anniversary commemorative dividend ¥10.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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
Fiscal year ending March 31, 2021	132,000	(2.4)	6,900	(3.0)	7,000	(3.4)	4,500	(1.9)	125.18

Note: Revisions to the consolidated earnings forecasts most recently announced: Yes

For revisions to the consolidated earnings forecast, please refer to the “Notice of Revisions to Earnings Forecasts” announced today (January 29, 2021).

*** Notes**

- (1) Changes in significant subsidiaries during the first nine months ended December 31, 2020 (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (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: None
 - (ii) Changes in accounting policies other than (i): None
 - (iii) Changes in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of issued shares (common shares)

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

As of December 31, 2020	40,707,440 shares
As of March 31, 2020	40,707,440 shares

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

As of December 31, 2020	5,102,026 shares
As of March 31, 2020	4,482,594 shares

- (iii) Average number of shares outstanding during the period

For the first nine months ended December 31, 2020	35,947,550 shares
For the first nine months ended December 31, 2019	36,264,726 shares

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

Forward-looking statements, including the earnings forecasts stated in these materials, are based on information currently available to Konishi Co., Ltd. (hereinafter the “Company”) and certain assumptions deemed reasonable. Results may differ materially from the earnings forecasts due to various factors. For the assumptions used as the basis for the earnings forecasts and special remarks regarding the use of the earnings forecasts, please refer to “1. Qualitative information regarding financial results for the first nine months (3) Explanation of consolidated earnings forecasts and other forward-looking statements” on page 3 of the financial results report (Attached Material).

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1. Qualitative information regarding financial results for the first nine months

(1) Explanation of operating results

During the nine months ended December 31, 2020 (the first nine months under review), the Japanese economy gradually resumed its activities as the level of socio-economic activities was gradually raised while taking measures to prevent the spread of the novel coronavirus disease (COVID-19). However, the outlook remains uncertain as at this point in time the number of new infections with COVID-19 is on the rise again.

Regarding industries in which the Company and its subsidiaries (the “Group”) are engaged, the housing industry continued to see weakening in the number of new housing starts. The civil engineering and construction industry saw firm demand for redevelopment in urban areas, for building repair and improvement work, and for the maintenance and repair of infrastructure such as roads and railways. The automotive industry, has been on a recovery trend from the global decline in demand since the second quarter.

As a result, the Group’s business performance for the first nine months under review is as follows. Net sales decreased 2.4% year on year to 97,344 million yen, operating profit increased 0.1% year on year to 5,120 million yen, ordinary profit increased 0.3% year on year to 5,241 million yen, and profit attributable to owners of parent increased 10.1% year on year to 3,610 million yen.

Results by segment are as follows.

(i) Bond (synthetic adhesive)

In the general household field, sales through convenience stores decreased, but sales through home improvement stores increased. In addition, sales of adhesives for interior work and adhesives for interior building materials in the housing-related field, adhesives such as water-based adhesives for use in paper-related application, and elastic adhesives for use in such applications as automotive and electrical components in the industrial material field all decreased due to the impact of COVID-19, but began to slowly recover from the third quarter of the current fiscal year.

As a result of the above, net sales decreased 8.1% year on year to 34,897 million yen and operating profit decreased 10.1% year on year to 3,018 million yen.

(ii) Civil Engineering and Construction

In the construction field, sales of materials used in building repair and in methods to prevent detachment from exterior walls, and sales of sealing materials for construction decreased as each work project has been suspended due to the impact of COVID-19, but began to slowly recover from the third quarter of the current fiscal year.

In the civil engineering field, however, sales increased due to the steady performance of methods for surface protection and for preventing detachment, and continuous fiber sheet reinforcement methods. In the Civil Engineering and Construction Business, sales increased due to the continued steady performance of repair, improvement, and reinforcement works in the infrastructure, particularly for public works, and used building markets.

As a result of the above, net sales increased 13.9% year on year to 24,264 million yen and operating profit increased 28.0% year on year to 1,547 million yen.

(iii) Chemicals

In the chemical engineering field, sales of ethanol-related products increased, despite sluggish sales of resin materials.

In the automotive field, sales of products used in automotive electrical components decreased, but sales increased with the recovering demand, and the decrease narrowed in the third quarter of the current fiscal year. In addition, sales continued to decrease in the electronic and electrical field, and coating materials field.

Sales at MARUYASU & CO., LTD. increased due to the recovery and strong performance of products for use in capacitors.

As a result of the above, net sales decreased 5.7% year on year to 37,989 million yen and operating profit decreased 1.2% year on year to 402 million yen.

(iv) Other

The Other segment represents the Real Estate Rental Business. Net sales decreased 8.8% year on year to 193 million yen and operating profit decreased 14.2% year on year to 147 million yen.

(2) Explanation of financial position

Assets, liabilities and net assets

Total assets as of December 31, 2020 increased by 5,569 million yen from the previous fiscal year-end to 111,683 million yen.

(i) Assets

Current assets increased by 3,443 million yen from the previous fiscal year-end to 76,947 million yen mainly due to an increase of 1,782 million yen in cash and deposits, an increase of 979 million yen in notes and accounts receivable - trade, and an increase of 835 million yen in electronically recorded monetary claims - operating. Non-current assets increased by 2,126 million yen from the previous fiscal year-end to 34,736 million yen mainly due to an increase of 1,665 million yen in investment securities and an increase of 804 million yen in property, plant and equipment.

(ii) Liabilities

Current liabilities increased by 2,138 million yen from the previous fiscal year-end to 39,983 million yen mainly due to an increase of 3,306 million yen in notes and accounts payable - trade, despite a decrease of 666 million yen in income taxes payable and a decrease of 511 million yen in provision for bonuses. Non-current liabilities increased by 906 million yen from the previous fiscal year-end to 5,814 million yen mainly due to an increase of 516 million yen in other and an increase of 341 million yen in long-term borrowings.

(iii) Net assets

Net assets increased by 2,525 million yen from the previous fiscal year-end to 65,885 million yen mainly due to an increase of 2,133 million yen in retained earnings.

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

The earnings forecasts have been changed from the earnings forecasts announced on September 24, 2020. For details, please refer to the "Notice of Revisions to Earnings Forecasts" announced on today.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	23,027	24,809
Notes and accounts receivable - trade	37,140	38,120
Electronically recorded monetary claims - operating	3,862	4,698
Securities	295	-
Merchandise and finished goods	6,502	5,967
Work in process	205	211
Raw materials and supplies	1,054	1,117
Costs on construction contracts in progress	343	709
Other	1,114	1,360
Allowance for doubtful accounts	(43)	(47)
Total current assets	73,504	76,947
Non-current assets		
Property, plant and equipment	23,365	24,170
Intangible assets	1,050	926
Investments and other assets		
Investment securities	5,929	7,595
Other	2,281	2,062
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	8,193	9,639
Total non-current assets	32,609	34,736
Total assets	106,113	111,683

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,195	31,502
Electronically recorded obligations - operating	3,733	3,533
Short-term borrowings	95	126
Current portion of long-term borrowings	216	109
Income taxes payable	1,251	585
Provision for bonuses	1,079	568
Provision for bonuses for directors (and other officers)	106	75
Other	3,165	3,481
Total current liabilities	37,845	39,983
Non-current liabilities		
Long-term borrowings	244	585
Retirement benefit liability	1,225	1,274
Other	3,438	3,954
Total non-current liabilities	4,907	5,814
Total liabilities	42,753	45,797
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,513	4,526
Retained earnings	54,184	56,317
Treasury shares	(4,599)	(5,541)
Total shareholders' equity	58,701	59,906
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,392	2,356
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	16	(14)
Remeasurements of defined benefit plans	(38)	31
Total accumulated other comprehensive income	1,369	2,372
Non-controlling interests	3,289	3,607
Total net assets	63,360	65,885
Total liabilities and net assets	106,113	111,683

(2) Consolidated statement of income (cumulative) and consolidated statement of comprehensive income (cumulative)**Consolidated statement of income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Net sales	99,766	97,344
Cost of sales	82,700	80,698
Gross profit	17,065	16,646
Selling, general and administrative expenses	11,949	11,525
Operating profit	5,115	5,120
Non-operating income		
Interest income	10	6
Dividend income	194	185
Share of profit of entities accounted for using equity method	12	2
Other	159	156
Total non-operating income	376	351
Non-operating expenses		
Interest expenses	10	9
Sales discounts	157	151
Foreign exchange losses	37	18
Other	62	51
Total non-operating expenses	267	231
Ordinary profit	5,224	5,241
Extraordinary income		
Gain on sales of non-current assets	38	253
Gain on sales of investment securities	–	155
Other	0	–
Total extraordinary income	38	408
Extraordinary losses		
Loss on disposal of non-current assets	77	18
Other	5	4
Total extraordinary losses	83	22
Profit before income taxes	5,180	5,627
Income taxes - current	1,474	1,709
Income taxes - deferred	229	100
Total income taxes	1,703	1,809
Profit	3,476	3,817
Profit attributable to non-controlling interests	197	207
Profit attributable to owners of parent	3,278	3,610

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	3,476	3,817
Other comprehensive income		
Valuation difference on available-for-sale securities	254	1,124
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	(101)	(24)
Remeasurements of defined benefit plans, net of tax	(6)	69
Share of other comprehensive income of entities accounted for using equity method	(11)	(6)
Total other comprehensive income	135	1,162
Comprehensive income	3,611	4,980
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,378	4,612
Comprehensive income attributable to non- controlling interests	233	367

(3) Notes to quarterly consolidated financial statementsNotes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

1. Disclosure of net sales and profit or loss by reportable segment

Nine months ended December 31, 2019

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
(1) Revenues from external customers	37,954	21,304	40,295	99,554	211	99,766	–	99,766
(2) Intersegment sales and transfers	600	310	83	993	63	1,057	(1,057)	–
Total	38,554	21,614	40,379	100,548	275	100,824	(1,057)	99,766
Segment profit	3,357	1,208	407	4,973	171	5,145	(29)	5,115

Notes: 1. The “Other” category is a business segment not included in reportable segments, and includes the real estate rental business.

2. Adjustments of segment profit represent eliminations for intersegment transactions.

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

Nine months ended December 31, 2020

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
(1) Revenues from external customers	34,897	24,264	37,989	97,151	193	97,344	–	97,344
(2) Intersegment sales and transfers	492	68	79	640	63	703	(703)	–
Total	35,389	24,332	38,068	97,791	256	98,048	(703)	97,344
Segment profit	3,018	1,547	402	4,969	147	5,116	4	5,120

Notes: 1. The “Other” category is a business segment not included in reportable segments, and includes the real estate rental business.

2. Adjustments of segment profit represent eliminations for intersegment transactions.

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

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

Not applicable.