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July 31, 2020

Consolidated Financial Results for the First Three 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: August 11, 2020
 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 three months of the fiscal year ending March 31, 2021 (from April 1, 2020 to June 30, 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 three months ended								
June 30, 2020	29,416	(6.3)	1,067	(9.2)	1,112	(9.5)	661	(14.8)
June 30, 2019	31,398	3.0	1,175	4.4	1,228	1.0	776	8.7

Note: Comprehensive income For the first three months ended June 30, 2020: ¥1,005 million [68.7%]
 For the first three months ended June 30, 2019: ¥595 million [(15.2)%]

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
June 30, 2020	18.26	–
June 30, 2019	21.42	–

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2020	102,686	63,469	58.6
March 31, 2020	106,113	63,360	56.6

Reference: Equity As of June 30, 2020: ¥60,139 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	–				
Fiscal year ending March 31, 2021 (Forecast)		18.00	–	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
Six months ending September 30, 2020	66,200	1.5	3,070	0.3	3,130	0.2	1,980	0.6	54.61
Fiscal year ending March 31, 2021	139,000	2.8	7,180	0.9	7,260	0.2	4,620	0.7	127.42

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

*** Notes**

- (1) Changes in significant subsidiaries during the first three months ended June 30, 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 due to other reasons: 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 June 30, 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 June 30, 2020	4,482,626 shares
As of March 31, 2020	4,482,594 shares

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

For the first three months ended June 30, 2020	36,224,830 shares
For the first three months ended June 30, 2019	36,249,546 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 three 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 three months

(1) Explanation of operating results

During the three months ended June 30, 2020 (the first three months under review), the Japanese economy saw very harsh conditions due to the stagnation of economic activities in Japan and overseas affected by the global spread of the novel coronavirus (COVID-19). As for individual consumption, there have been signs of movement toward recovery following the lifting of the state of emergency.

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 rail. The automotive industry saw considerably decreased demand for products such as electrical components due to production adjustments reflecting the global decline in demand.

As a result, the Group’s business performance for the first three months under review is as follows. Net sales decreased 6.3% year on year to 29,416 million yen, operating profit decreased 9.2% year on year to 1,067 million yen, ordinary profit decreased 9.5% year on year to 1,112 million yen, and profit attributable to owners of parent decreased 14.8% year on year to 661 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 the housing-related field, sales of adhesives for interior work decreased due to the decrease of the number of new housing starts caused by the impact of COVID-19, despite sales of sealing materials for repair increased.

In the industrial material field, sales decreased due to the entire sluggish performance of 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.

As a result of the above, net sales decreased 9.7% year on year to 10,802 million yen and operating profit decreased 20.8% year on year to 685 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.

In the civil engineering field, sales increased due to the strong 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 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 11.0% year on year to 6,592 million yen and operating profit increased 104.0% year on year to 252 million yen.

(iii) Chemicals

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

The automotive field saw sluggish performance of products used in automotive electrical components due to global decline in demand for automobiles caused by the impact of COVID-19,

and sales significantly decreased. In addition, sales decreased in the electronic and electrical field, and coating materials field.

MARUYASU & CO., LTD. saw an increase in sales due to the recovery of products for use in capacitors which had been sluggish until the previous fiscal year, and the strong performance of raw ingredients for health foods.

As a result of the above, net sales decreased 10.9% year on year to 11,958 million yen and operating profit decreased 39.5% year on year to 80 million yen.

(iv) Other

The Other segment represents the Real Estate Rental Business. Net sales decreased 5.6% year on year to 62 million yen and operating profit decreased 24.0% year on year to 47 million yen.

(2) Explanation of financial position

Assets, liabilities and net assets

Total assets as of June 30, 2020 decreased by 3,427 million yen from the previous fiscal year-end to 102,686 million yen.

(i) Assets

Current assets decreased by 4,077 million yen from the previous fiscal year-end to 69,427 million yen mainly due to a decrease of 5,065 million yen in notes and accounts receivable - trade, despite an increase of 510 million yen in merchandise and finished goods. Non-current assets increased by 649 million yen from the previous fiscal year-end to 33,259 million yen mainly due to an increase of 457 million yen in investment securities and an increase of 415 million yen in property, plant and equipment.

(ii) Liabilities

Current liabilities decreased by 3,734 million yen from the previous fiscal year-end to 34,111 million yen mainly due to a decrease of 1,933 million yen in notes and accounts payable - trade, a decrease of 1,047 million yen in income taxes payable, and a decrease of 491 million yen in provision for bonuses. Non-current liabilities increased by 197 million yen from the previous fiscal year-end to 5,105 million yen mainly due to an increase of 220 million yen in other.

(iii) Net assets

Net assets increased by 109 million yen from the previous fiscal year-end to 63,469 million yen mainly due to an increase of 275 million yen in valuation difference on available-for-sale securities, despite a decrease of 171 million yen in retained earnings.

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

At this time, the earnings forecasts are unchanged from the forecasts announced in April 30, 2020. If a revision to the earnings forecasts becomes necessary in the future due to the spread of the impact of COVID-19, we will promptly disclose it.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	23,027	23,329
Notes and accounts receivable - trade	37,140	32,075
Electronically recorded monetary claims - operating	3,862	3,777
Securities	295	-
Merchandise and finished goods	6,502	7,012
Work in process	205	269
Raw materials and supplies	1,054	1,167
Costs on construction contracts in progress	343	654
Other	1,114	1,182
Allowance for doubtful accounts	(43)	(42)
Total current assets	73,504	69,427
Non-current assets		
Property, plant and equipment	23,365	23,781
Intangible assets	1,050	968
Investments and other assets		
Investment securities	5,929	6,387
Other	2,281	2,140
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	8,193	8,509
Total non-current assets	32,609	33,259
Total assets	106,113	102,686

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,195	26,262
Electronically recorded obligations - operating	3,733	3,527
Short-term borrowings	95	110
Current portion of long-term borrowings	216	38
Income taxes payable	1,251	204
Provision for bonuses	1,079	587
Provision for bonuses for directors (and other officers)	106	28
Other	3,165	3,352
Total current liabilities	37,845	34,111
Non-current liabilities		
Long-term borrowings	244	220
Retirement benefit liability	1,225	1,226
Other	3,438	3,658
Total non-current liabilities	4,907	5,105
Total liabilities	42,753	39,216
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,513	4,513
Retained earnings	54,184	54,012
Treasury shares	(4,599)	(4,599)
Total shareholders' equity	58,701	58,529
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,392	1,668
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	16	(42)
Remeasurements of defined benefit plans	(38)	(15)
Total accumulated other comprehensive income	1,369	1,610
Non-controlling interests	3,289	3,330
Total net assets	63,360	63,469
Total liabilities and net assets	106,113	102,686

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

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	31,398	29,416
Cost of sales	26,184	24,497
Gross profit	5,213	4,918
Selling, general and administrative expenses	4,038	3,851
Operating profit	1,175	1,067
Non-operating income		
Interest income	2	2
Dividend income	90	90
Share of profit of entities accounted for using equity method	1	-
Other	46	42
Total non-operating income	141	136
Non-operating expenses		
Interest expenses	3	3
Sales discounts	49	50
Foreign exchange losses	18	5
Share of loss of entities accounted for using equity method	-	15
Other	16	17
Total non-operating expenses	88	91
Ordinary profit	1,228	1,112
Extraordinary income		
Gain on sales of non-current assets	-	3
Total extraordinary income	-	3
Extraordinary losses		
Loss on disposal of non-current assets	0	12
Loss on valuation of investment securities	0	11
Total extraordinary losses	1	23
Profit before income taxes	1,227	1,091
Income taxes - current	198	167
Income taxes - deferred	212	216
Total income taxes	411	383
Profit	816	708
Profit attributable to non-controlling interests	40	46
Profit attributable to owners of parent	776	661

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	816	708
Other comprehensive income		
Valuation difference on available-for-sale securities	(260)	334
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	48	(57)
Remeasurements of defined benefit plans, net of tax	(2)	23
Share of other comprehensive income of entities accounted for using equity method	(6)	(3)
Total other comprehensive income	(220)	297
Comprehensive income	595	1,005
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	593	901
Comprehensive income attributable to non- controlling interests	2	103

(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

Three months ended June 30, 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	11,964	5,940	13,426	31,331	66	31,398	–	31,398
(2) Intersegment sales and transfers	189	67	22	279	21	300	(300)	–
Total	12,154	6,008	13,448	31,611	87	31,698	(300)	31,398
Segment profit	865	123	133	1,122	62	1,185	(10)	1,175

- 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.

Three months ended June 30, 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	10,802	6,592	11,958	29,353	62	29,416	–	29,416
(2) Intersegment sales and transfers	158	22	30	211	21	232	(232)	–
Total	10,961	6,614	11,989	29,564	84	29,648	(232)	29,416
Segment profit	685	252	80	1,018	47	1,066	1	1,067

- 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.