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July 30, 2021

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2022 (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 10, 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 three months of the fiscal year ending March 31, 2022 (from April 1, 2021 to June 30, 2021)

#### (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, 2021	25,996	10.3	1,554	52.8	1,689	51.9	1,158	75.3
June 30, 2020	23,567	–	1,017	–	1,112	–	661	–

Note: Comprehensive income For the first three months ended June 30, 2021: ¥1,184 million [17.8%]  
 For the first three months ended June 30, 2020: ¥1,005 million [–%]

	Basic earnings per share	Diluted earnings per share
First three months ended	Yen	Yen
June 30, 2021	32.55	–
June 30, 2020	18.25	–

Note: Konishi Co., Ltd. (the “Company”) has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the first three months ended June 30, 2020, is the figure after retrospectively applying the accounting standard and relevant revised ASBJ regulations. Consequently, the percentage of year-on-year change of each figure for the first three months ended June 30, 2020, is not shown.

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	110,622	69,119	58.9
March 31, 2021	113,800	68,785	56.9

Reference: Equity As of June 30, 2021: ¥65,123 million  
 As of March 31, 2021: ¥64,780 million

Note: The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and

each figure as of March 31, 2021, is the figure after retrospectively applying the accounting standard and relevant revised ASBJ regulations.

## 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, 2021	—	18.00	—	22.00	40.00
Fiscal year ending March 31, 2022	—				
Fiscal year ending March 31, 2022 (Forecast)		20.00	—	20.00	40.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2021	50,500	1.9	2,650	1.3	2,780	1.2	1,720	0.6	47.95
Fiscal year ending March 31, 2022	109,500	2.3	7,200	1.7	7,500	1.0	4,940	0.2	137.72

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

Note: At this time, the earnings forecasts are unchanged from the forecasts announced in April 30, 2021, as it is extremely difficult to properly and rationally estimate the impact of the spread of COVID-19. If a revision to the earnings forecasts becomes necessary in the future, we will promptly disclose it.

**\* Notes**

- (1) Changes in significant subsidiaries during the first three months ended June 30, 2021 (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: Yes
  - (ii) Changes in accounting policies other than (i): None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

Note: For details, please refer to “2. Quarterly consolidated financial statements and significant notes thereto (3) Notes to quarterly consolidated financial statements, Changes in accounting policies” on page 9 of the financial results report (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, 2021	40,707,440 shares
As of March 31, 2021	40,707,440 shares

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

As of June 30, 2021	5,102,123 shares
As of March 31, 2021	5,102,082 shares

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

For the first three months ended June 30, 2021	35,605,327 shares
For the first three months ended June 30, 2020	36,224,830 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 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 4 (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, 2021 (the first three months under review), Japan's economy continued to suffer from sluggish personal consumption and a contraction in business activity due to the continued spread of COVID-19 and the re-issuance of semi-state of emergency coronavirus measures and the declaration of a state of emergency. Vaccinations have commenced and other measures are being taken, but it is still uncertain whether the spread of the virus will be contained.

In the main industries related to the Company and its subsidiaries (the "Group"), in the housing industry, the number of new housing starts which had fallen after the spread of COVID-19 began to recover, while in the automotive industry the recovery trend continued.

In the civil engineering and construction work industry, demand for redevelopment of urban areas, repair and improvement works of buildings, and demand for maintenance and mending of infrastructure such as roads and railroads remained strong.

As a result, the Group's operating results for the first three months under review, which partly reflect the reaction to the significant impact of COVID-19 in the same period of the previous fiscal year, were as follows. Net sales increased 10.3% year on year to 25,996 million yen, operating profit increased 52.8% year on year to 1,554 million yen, ordinary profit increased 51.9% year on year to 1,689 million yen, and profit attributable to owners of parent increased 75.3% year on year to 1,158 million yen.

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other relevant standards have been applied from the beginning of the first quarter of the current fiscal year, and comparative analysis is based on figures after retrospective application. For details, please refer to "2. Quarterly consolidated financial statements and significant notes thereto (3) Notes to quarterly consolidated financial statements, Changes in accounting policies."

Results by segment are as follows.

The Group's business segments were "Bond," "Civil Engineering and Construction," and "Chemicals." However, from the first quarter of the current fiscal year, the business of adhesives, repair materials, and sealants used in the civil engineering and construction field, which were included in "Civil Engineering and Construction," was transferred to "Bond," and the business segments have been reorganized as "Bond," "Chemicals," and "Construction." This was due to the change in management structure to further enhance the construction contracting business for repair, improvement and reinforcement of social infrastructure and building stock markets from April 2021 onwards.

The following comparisons with the same period of the previous fiscal year are based on figures prepared in accordance with the new segment classifications.

#### (i) Bond (synthetic adhesive)

In the general household field, sales decreased due to the sluggish performance of sales through convenience stores and sales through home improvement stores.

Sales of adhesives for interior work and adhesives for interior building materials in the housing-related field, increased due to the recovery of the number of new housing starts.

Sales 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 in the industrial material field significantly increased due to the favorable performance overall.

In the construction field, sales of materials used for building repairs and building sealants increased, partly reflecting the reaction to the suspension of various construction projects in the same period of the previous fiscal year due to the effects of COVID-19.

In the civil engineering field, however, sales decreased due to the sluggish performance of methods for surface protection and for preventing detachment.

As a result of the above, net sales increased 9.5% year on year to 14,647 million yen and operating profit increased 52.2% year on year to 1,052 million yen.

(ii) Chemicals

In the chemical engineering field, although sales of resin materials were strong, sales of ethanol-related products fell sharply in reaction to last year's emergency demands, and sales were on a par with those in the same period of the previous fiscal year.

In the automotive field, sales of products used in automotive electrical components increased significantly in reaction to the significant impact of COVID-19 in the same period of the previous fiscal year. In addition, sales also increased in the electronic and electrical field, and coating materials field.

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

As a result of the above, net sales increased 25.5% year on year to 7,723 million yen and operating profit increased 208.1% year on year to 243 million yen.

(iii) Construction

In the Civil Engineering and Construction Business, sales decreased due to the delay of construction work although the orders of repair, improvement, and reinforcement works in the infrastructure, particularly for public works, and used building markets were steady.

As a result of the above, net sales decreased 9.9% year on year to 3,580 million yen and operating profit increased 13.1% year on year to 222 million yen.

(iv) Other

The Other segment represents the Real Estate Rental Business. Net sales decreased 28.4% year on year to 45 million yen and operating profit decreased 36.4% year on year to 30 million yen.

## (2) Explanation of financial position

Assets, liabilities and net assets

Total assets as of June 30, 2021 decreased by 3,178 million yen from the previous fiscal year-end to 110,622 million yen.

(i) Assets

Current assets decreased by 2,740 million yen from the previous fiscal year-end to 73,248 million yen mainly due to a decrease of 6,729 million yen in notes and accounts receivable - trade, and contract assets, despite an increase of 3,993 million yen in electronically recorded monetary claims - operating. Non-current assets decreased by 437 million yen from the previous fiscal year-end to 37,374 million yen mainly due to a decrease of 324 million yen in investment securities.

(ii) Liabilities

Current liabilities decreased by 3,576 million yen from the previous fiscal year-end to 35,857 million yen mainly due to a decrease of 1,407 million yen in notes and accounts payable - trade and a decrease of 1,405 million yen in income taxes payable. Non-current liabilities increased by 63 million yen from the previous fiscal year-end to 5,645 million yen mainly due to an increase of 34 million yen in retirement benefit liability.

(iii) Net assets

Net assets increased by 334 million yen from the previous fiscal year-end to 69,119 million yen mainly due to an increase of 375 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, 2021, as it is extremely difficult to properly and rationally estimate the impact of the spread of COVID-19. If a revision to the earnings forecasts becomes necessary in the future, 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, 2021	As of June 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	23,876	23,155
Notes and accounts receivable - trade, and contract assets	38,727	31,998
Electronically recorded monetary claims - operating	4,588	8,581
Merchandise and finished goods	6,254	6,574
Work in process	248	271
Raw materials and supplies	1,039	1,251
Other	1,302	1,463
Allowance for doubtful accounts	(48)	(47)
Total current assets	75,989	73,248
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,462	12,501
Other, net	13,349	13,320
Total property, plant and equipment	25,812	25,822
Intangible assets	991	961
Investments and other assets		
Investment securities	8,005	7,681
Other	3,020	2,927
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	11,007	10,590
Total non-current assets	37,811	37,374
Total assets	113,800	110,622

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	29,525	28,117
Electronically recorded obligations - operating	3,116	2,884
Short-term borrowings	48	53
Current portion of long-term borrowings	81	91
Income taxes payable	1,617	211
Provision for bonuses	1,108	632
Provision for bonuses for directors (and other officers)	113	26
Other	3,821	3,839
Total current liabilities	39,433	35,857
Non-current liabilities		
Long-term borrowings	440	435
Retirement benefit liability	836	870
Other	4,305	4,339
Total non-current liabilities	5,582	5,645
Total liabilities	45,015	41,502
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,526	4,526
Retained earnings	57,596	57,972
Treasury shares	(5,541)	(5,541)
Total shareholders' equity	61,185	61,560
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,643	2,448
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(66)	100
Remeasurements of defined benefit plans	1,019	1,014
Total accumulated other comprehensive income	3,595	3,562
Non-controlling interests	4,004	3,995
Total net assets	68,785	69,119
<b>Total liabilities and net assets</b>	<b>113,800</b>	<b>110,622</b>

**(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, 2020	Three months ended June 30, 2021
Net sales	23,567	25,996
Cost of sales	18,698	20,517
Gross profit	4,869	5,478
Selling, general and administrative expenses	3,851	3,923
Operating profit	1,017	1,554
Non-operating income		
Interest income	2	1
Dividend income	90	94
Share of profit of entities accounted for using equity method	–	2
Other	42	47
Total non-operating income	136	146
Non-operating expenses		
Interest expenses	3	2
Foreign exchange losses	5	–
Share of loss of entities accounted for using equity method	15	–
Depreciation	6	6
Other	11	1
Total non-operating expenses	41	10
Ordinary profit	1,112	1,689
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sale of investment securities	–	17
Total extraordinary income	3	19
Extraordinary losses		
Loss on disposal of non-current assets	12	0
Loss on valuation of investment securities	11	12
Total extraordinary losses	23	12
Profit before income taxes	1,092	1,696
Income taxes - current	167	210
Income taxes - deferred	216	277
Total income taxes	383	487
Profit	708	1,208
Profit attributable to non-controlling interests	47	49
Profit attributable to owners of parent	661	1,158

**Consolidated statement of comprehensive income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	708	1,208
Other comprehensive income		
Valuation difference on available-for-sale securities	334	(206)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	(57)	190
Remeasurements of defined benefit plans, net of tax	23	(4)
Share of other comprehensive income of entities accounted for using equity method	(3)	(3)
Total other comprehensive income	297	(24)
Comprehensive income	1,005	1,184
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	901	1,126
Comprehensive income attributable to non- controlling interests	104	57

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

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Changes in accounting policies

Application of Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations effective from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services.

The major revisions due to the application of the accounting standard are as follows.

**(1) Revenue recognition for agent transactions**

Regarding revenue from the sale of products mainly in the Bond Business and the Chemicals Business, the Company previously recognized the total amount of consideration received from customers as revenue. However, for transactions in which the Company's role in providing goods to customers is that of an agent, the Company has changed to recognizing revenue as the net amount received from the customer less the amount paid to the supplier of the goods.

**(2) Revenue recognition for construction contracts**

In the past, the percentage-of-completion method was applied to construction contracts in the Construction Business if the outcome of the contracted work was deemed certain, while the completed-contract method was applied to construction contracts that did not meet this requirement. However, the Company has changed its method to recognizing revenue over a certain period of time as performance obligations are satisfied. If the extent of progress toward satisfaction of the performance obligation cannot be reasonably measured, revenue is recognized only to the extent of the actual cost incurred. If the period between the date of commencement of the transaction in the contract and the time when the performance obligation is expected to be fully satisfied is very short, the Company does not recognize revenue over a certain period of time but recognizes revenue when the performance obligation is fully satisfied.

**(3) Revenue recognition for transactions including variable consideration**

In the past, rebates, etc., mainly in the Bond Business and the Chemicals Business, were deducted from net sales when the amount was fixed. However, the method has been changed to reflect these components in the transaction price only to the extent that it is highly probable that there will be no significant reversal of the accumulated amount of revenue recognized when the uncertainty regarding variable consideration is subsequently resolved. In addition, sales discounts, which were previously recorded as non-operating expenses, are now deducted from net sales.

This change in accounting policy has been applied retrospectively in principle, and the quarterly consolidated financial statements and consolidated financial statements for the same period of the previous fiscal year and the previous fiscal year adjusted retrospectively.

As a result, net sales, cost of sales, operating profit, and non-operating expenses for the first three months ended June 30, 2020 decreased by 5,848 million yen, 5,799 million yen, 49 million yen, and 50 million yen, respectively, and ordinary profit and profit before income taxes increased by 0 million yen each, compared with the results before the retrospective application.

As a result of the cumulative effect being reflected in the net assets at the beginning of the previous fiscal year, the balance of retained earnings at the beginning of the previous fiscal year decreased by 42 million yen.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Notes and accounts receivable - trade,” which was presented in “Current assets” in the consolidated balance sheet for the previous fiscal year, is now included in “Notes and accounts receivable - trade, and contract assets” from the first quarter of the current fiscal year.

#### Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance

The Company applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and its implementation guidance from the beginning of the first quarter of the current fiscal year. Furthermore, the Company will prospectively apply the new accounting policies prescribed by the Accounting Standard for Fair Value Measurement and its implementation guidance in accordance with the transitional treatments prescribed in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The resulting effect on the quarterly consolidated financial statements is nothing.

#### Segment information

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

Three months ended June 30, 2020

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
(1) Revenues from external customers	13,377	6,153	3,973	23,504	62	23,567	–	23,567
(2) Intersegment sales and transfers	86	30	–	116	21	137	(137)	–
Total	13,463	6,183	3,973	23,620	84	23,705	(137)	23,567
Segment profit	691	78	197	967	47	1,015	2	1,017

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, 2021

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
(1) Revenues from external customers	14,647	7,723	3,580	25,951	45	25,996	–	25,996
(2) Intersegment sales and transfers	72	41	–	114	20	135	(135)	–
Total	14,720	7,765	3,580	26,065	65	26,131	(135)	25,996
Segment profit	1,052	243	222	1,518	30	1,549	5	1,554

- 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. Matters concerning changes to reportable segments

As stated in the “Changes in accounting policies” section, the Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition. Therefore, the measurement method for profit or loss in the business segment has also changed.

Additionally, the Group’s business segments were “Bond,” “Civil Engineering and Construction,” and “Chemicals.” However, from the first quarter of the current fiscal year, the business of adhesives, repair materials, and sealants used in the civil engineering and construction field, which were included in “Civil Engineering and Construction,” was transferred to “Bond,” and the business segments have been reorganized as “Bond,” “Chemicals,” and “Construction.” This was due to the change in management structure to further enhance the construction contracting business for repair, improvement and reinforcement of social infrastructure and building stock markets from April 2021 onwards.

The segment information for the first three months ended June 30, 2020 is disclosed based on the new method of measuring profit or loss and the classification of reportable segments.

3. Disclosure of impairment loss on non-current assets or goodwill, etc. by reportable segment  
Not applicable.