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July 29, 2022

## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2023 (Under Japanese GAAP)

Company name: Konishi Co., Ltd.  
 Listing: Tokyo Stock Exchange  
 Securities code: 4956  
 URL: <http://www.bond.co.jp/>  
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 Scheduled date to file quarterly securities report: August 9, 2022  
 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, 2023 (from April 1, 2022 to June 30, 2022)

#### (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, 2022	27,707	6.6	1,256	(19.2)	1,496	(11.4)	946	(18.4)
First three months ended June 30, 2021	25,996	10.3	1,554	52.8	1,689	51.9	1,158	75.3

Note: Comprehensive income First three months ended June 30, 2022 1,098 Millions of yen [7.2%]  
 First three months ended June 30, 2021 1,184 Millions of yen [17.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months ended June 30, 2022	26.55	-
First three months ended June 30, 2021	32.55	-

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First three months ended June 30, 2022	117,841	73,139	58.5
As of March 31, 2022	119,148	72,897	57.6

Reference: Equity  
 First three months ended June 30, 2022 68,899 Millions of yen  
 As of March 31, 2022 68,664 Millions of yen

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
As of March 31, 2022	Yen -	Yen 22.00	Yen -	Yen 22.00	Yen 44.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		27.00	-	22.00	49.00

Note: Revisions to the forecasts of cash dividends most recently announced: None  
 Breakdown of second quarter-end dividends (forecast) for the fiscal year ending March 31, 2023: Ordinary dividend ¥22.00, 70th anniversary of the launch of bond (synthetic adhesive) dividend ¥5.00

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2022	58,250	8.0	2,670	(22.1)	2,800	(23.7)	6,860	188.0	192.54
Fiscal year ending March 31, 2023	122,000	7.3	6,950	(4.8)	7,250	(7.3)	9,600	86.9	269.44

Note: Revisions to the consolidated earnings forecasts most recently announced: None  
 The main reason for the large fluctuation in profit attributable to owners of parent is that extraordinary income of 7,176 million yen will be generated for the first six months of the fiscal year as a gain on sale of non-current assets due to the transfer of non-current assets.

\* **Notes**

(1) Changes in significant subsidiaries during the first three months ended June 30, 2022 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

Included: 0 companies, excluded 0 companies

(2) Application of special accounting for preparing quarterly consolidated financial statements: None

(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

(3) 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, 2022	40,707,440 shares
As of March 31, 2022	40,707,440 shares

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

As of June 30, 2022	5,067,373 shares
As of March 31, 2022	5,067,401 shares

(iii) Average number of shares outstanding during the period

As of June 30, 2022	35,640,060 shares
For the first three months ended June 30, 2021	35,605,327 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 3 (Attached Material).

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## 1. Qualitative information regarding financial results for the first three months

### (1) Explanation of operating results

The global economy is in a difficult situation due to rising interest rates, inflation, and climbing energy prices. In Japan's economy, the business condition's diffusion index (DI) for large companies in the Bank of Japan's Tankan (June survey) improved for the first time in two quarters for non-manufacturing industries but worsened for two consecutive quarters for manufacturing industries. In the manufacturing industry, rising raw material costs due to climbing resource prices and stagnant supply chains due to the Shanghai lockdown pushed down business sentiment.

In the Konishi Group (the "Group"), the outlook for demand for automobiles and electric machinery remained uncertain due to supply chain disruptions caused by the Shanghai lockdown. Still, personal consumption showed signs of picking up, and the housing industry remained firm. In addition, the orders for repair, improvement, and reinforcement works in infrastructure and stock markets were strong regarding public investment. On the other hand, rising raw material costs due to the prolonged situation in Ukraine and restrained economic activities in China, etc., put pressure on earnings.

As a result, the Group's operating results for the first three months under review were as follows. Net sales increased 6.6% year on year to 27,707 million yen, operating profit fell 19.2% year on year to 1,256 million yen, ordinary profit was down 11.4% year on year to 1,496 million yen, and profit attributable to owners of parent decreased 18.4% year on year to 946 million yen.

Results by segment are as follows.

#### (i) Bond

In the general household field, sales through home improvement stores were on a par with those in the same period of the previous fiscal year, but sales through convenience stores recovered and increased. In the housing-related field, sales of adhesives for interior work and interior building materials and sales of sealants for exterior walls increased as the number of new housing starts continued to pick up. In the industrial materials field, sales of elastic adhesives used in electrical components, etc., were on a par with those in the same period of the previous fiscal year. Still, sales increased due to strong sales of products such as water-based adhesives for paper-related applications. In the construction field, sales of materials used for building repairs and preventing the exfoliation of exterior walls, as well as construction sealants, increased. Additionally, in the civil engineering field, sales grew due to the favorable performance of sales for construction methods for surface protection and for preventing detachment.

However, the prices of raw materials used in adhesives and sealants rose even higher. Despite efforts for cost-saving and cost improvement, and reflecting these in selling prices, profits declined.

As a result of the above, net sales increased 10.0% year on year to 16,107 million yen and operating profit fell 16.3% year on year to 880 million yen.

#### (ii) Chemicals

In the chemical engineering field, although sales of resin materials and heat dissipating materials were strong, sales of products for automobiles and electric machinery were affected by production cutbacks due to a shortage of parts supply caused by the Shanghai lockdown. Sales at Maruyasu & Co., Ltd. continued to show the strong performance of products for use in semiconductor manufacturing and products for use in capacitors.

As a result of the above, net sales grew 6.8% year on year to 8,247 million yen and operating profit increased 49.1% year on year to 362 million yen.

## (iii) Construction

In the Civil Engineering and Construction Business, the orders of repair, improvement, and reinforcement works in the infrastructure and stock markets, particularly for public works, were continuously steady. However, profit dropped due to higher prices of materials used in construction and other reasons.

As a result of the above, net sales decreased 7.6% year on year to 3,306 million yen and operating profit was down 87.9% year on year to 26 million yen.

## (iv) Other

The Other segment represents the Real Estate Rental Business. Net sales increased 0.3% year on year to 45 million yen and operating loss was 14 million yen (operating profit of 30 million yen in the same period of the previous year).

**(2) Explanation of financial position**

Assets, liabilities and net assets

Total assets as of June 30, 2022 decreased by 1,307 million yen from the previous fiscal year-end to 117,841 million yen.

## (i) Assets

Current assets dropped 884 million yen from the previous fiscal year-end to 81,381 million yen mainly due to a decrease of 2,872 million yen in notes and accounts receivable - trade, and contract assets, despite an increase of 1,417 million yen in electronically recorded monetary claims - operating. Non-current assets fell 423 million yen from the previous fiscal year-end to 36,459 million yen mainly due to a decrease of 175 million yen in buildings and structures and a decrease of 132 million yen in investment securities.

## (ii) Liabilities

Current liabilities were down 1,630 million yen from the previous fiscal year-end to 39,564 million yen mainly due to a decrease of 1,011 million yen in income taxes payable and a decrease of 493 million yen in provision for bonuses. Non-current liabilities grew 81 million yen from the previous fiscal year-end to 5,137 million yen, mainly due to an increase of 168 million yen in other liabilities, despite a decrease of 99 million yen in long-term borrowings.

## (iii) Net assets

Net assets were up 242 million yen from the previous fiscal year-end to 73,139 million yen, mainly due to an increase of 192 million yen in foreign currency translation adjustment and 162 million yen in retained earnings, despite a decrease of 101 million yen in valuation difference on available-for-sale securities.

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

There are currently no changes to the earnings forecast announced on April 28, 2022.

## 2. Quarterly consolidated financial statements and significant notes thereto

## (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	26,169	25,904
Notes and accounts receivable - trade, and contract assets	35,087	32,214
Electronically recorded monetary claims-operating	10,637	12,054
Merchandise and finished goods	7,280	7,989
Work in process	253	300
Raw materials and supplies	1,305	1,575
Other	1,579	1,390
Allowance for doubtful accounts	(47)	(48)
Total current assets	82,266	81,381
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,967	11,791
Other, net	13,651	13,649
Total property, plant and equipment	25,618	25,441
Intangible assets	811	757
Investments and other assets		
Investment securities	7,628	7,496
Other	2,842	2,781
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	10,453	10,260
Total non-current assets	36,882	36,459
Total assets	119,148	117,841

(Millions of yen)

	As of March 31, 2022	As of June 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,737	31,619
Electronically recorded obligations - operating	3,413	3,316
Short-term borrowings	46	47
Current portion of long-term borrowings	104	78
Income taxes payable	1,238	227
Provision for bonuses	1,125	632
Provision for bonuses for directors (and other officers)	116	33
Other	3,413	3,609
Total current liabilities	41,195	39,564
Non-current liabilities		
Long-term borrowings	256	157
Retirement benefit liability	612	624
Other	4,186	4,355
Total non-current liabilities	5,055	5,137
Total liabilities	46,251	44,701
<b>Net assets</b>		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,544	4,544
Retained earnings	61,164	61,326
Treasury shares	(5,504)	(5,503)
Total shareholders' equity	64,808	64,970
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,383	2,282
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	270	463
Remeasurements of defined benefit plans	1,201	1,182
Total accumulated other comprehensive income	3,856	3,928
Non-controlling interests	4,232	4,240
Total net assets	72,897	73,139
<b>Total liabilities and net assets</b>	<b>119,148</b>	<b>117,841</b>

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

Consolidated statement of income (quarterly)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Net sales	25,996	27,707
Cost of sales	20,517	22,411
Gross profit	5,478	5,295
Selling, general and administrative expenses	3,923	4,039
Operating profit	1,554	1,256
Non-operating income		
Interest income	1	1
Dividend income	94	113
Foreign exchange gains	5	83
Share of profit of entities accounted for using equity method	2	7
Other	42	50
Total non-operating income	146	256
Non-operating expenses		
Interest expenses	2	1
Depreciation	6	6
Other	1	8
Total non-operating expenses	10	16
Ordinary profit	1,689	1,496
Extraordinary income		
Gain on sale of non-current assets	1	2
Other	17	0
Total extraordinary income	19	2
Extraordinary losses		
Loss on valuation of investment securities	12	11
Other	0	1
Total extraordinary losses	12	13
Profit before income taxes	1,696	1,485
Income taxes-current	210	235
Income taxes-deferred	277	235
Total income taxes	487	471
Profit	1,208	1,014
Profit attributable to non-controlling interests	49	67
Profit attributable to owners of parent	1,158	946

## Consolidated statement of comprehensive income (quarterly)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Profit	1,208	1,014
Other comprehensive income		
Valuation difference on available-for-sale securities	(206)	(119)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	190	201
Remeasurements of defined benefit plans, net of tax	(4)	(18)
Share of other comprehensive income of entities accounted for using equity method	(3)	21
Total other comprehensive income	(24)	84
Comprehensive income	1,184	1,098
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,126	1,018
Comprehensive income attributable to non-controlling interests	57	80

**(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.

Segment information

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

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.

Three months ended June 30, 2022

(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	16,107	8,247	3,306	27,661	45	27,707	-	27,707
(2) Intersegment sales and transfers	89	106	-	195	20	216	(216)	-
Total	16,197	8,353	3,306	27,857	65	27,923	(216)	27,707
Segment profit or loss	880	362	26	1,270	(14)	1,256	(0)	1,256

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 or loss represent eliminations for intersegment transactions.

3. Segment profit or loss 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.