

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

April 30, 2020

Consolidated Financial Results for the Fiscal Year Ended March 31, 2020 (Under Japanese GAAP)

Company name: Konishi Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4956
 URL: <http://www.bond.co.jp/>
 Representative: Takashi Yokota, Representative Director and President
 Inquiries: Shozo Arisawa, Director and Senior Managing Executive Officer, General Manager of Administration Division
 TEL: +81-6-6228-2877

Scheduled date of annual general meeting of shareholders: June 23, 2020
 Scheduled date to commence dividend payments: June 24, 2020
 Scheduled date to file annual securities report: June 23, 2020
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (May be cancelled due to future developments.)

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

1. Consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	135,180	0.8	7,115	1.2	7,248	0.9	4,585	4.1
March 31, 2019	134,139	4.4	7,031	(2.9)	7,182	(2.0)	4,404	(4.6)

Note: Comprehensive income For the fiscal year ended March 31, 2020: ¥3,492 million [(2.5)%]
 For the fiscal year ended March 31, 2019: ¥3,581 million [(35.1)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2020	126.47	–	7.8	6.8	5.3
March 31, 2019	121.28	–	7.8	6.8	5.2

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2020: ¥19 million
 For the fiscal year ended March 31, 2019: ¥30 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2020	106,113	63,360	56.6	1,658.28
March 31, 2019	108,402	60,913	53.2	1,592.21

Reference: Equity

As of March 31, 2020:

¥60,070 million

As of March 31, 2019:

¥57,717 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2020	6,285	(3,924)	(1,833)	22,812
March 31, 2019	5,507	(6,571)	(2,163)	22,263

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2019	–	13.00	–	13.00	26.00	942	21.4	1.7
Fiscal year ended March 31, 2020	–	13.00	–	23.00	36.00	1,304	28.5	2.2
Fiscal year ending March 31, 2021 (Forecast)	–	18.00	–	18.00	36.00		–	

Note: 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

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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
- (3) Number of issued shares (common shares)

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

As of March 31, 2020	40,707,440 shares
As of March 31, 2019	40,707,440 shares

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

As of March 31, 2020	4,482,594 shares
As of March 31, 2019	4,457,894 shares

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

Fiscal year ended March 31, 2020	36,259,369 shares
Fiscal year ended March 31, 2019	36,319,668 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2020 (from April 1, 2019 to March 31, 2020)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2020	93,539	2.5	4,277	12.1	4,897	9.2	3,560	13.1
March 31, 2019	91,268	4.6	3,816	(6.0)	4,486	(3.2)	3,147	(4.5)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2020	98.18	—
March 31, 2019	86.65	—

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2020	91,370	49,455	54.1	1,365.23
March 31, 2019	91,875	47,547	51.8	1,311.67

Reference: Equity As of March 31, 2020: ¥49,455 million
As of March 31, 2019: ¥47,547 million

* Financial results reports are exempt from audit 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. Overview of operating results, etc. (4) Future outlook” on page 4 of the financial results report (Attached Material).
- The Company plans to hold a presentation meeting for institutional investors and analysts on May 27, 2020 (Wednesday), but it may be cancelled due to future developments. In that case, it will be announced on the Company’s website.

Attached Material**Index**

1. Overview of operating results, etc.	2
(1) Overview of operating results for the fiscal year under review.....	2
(2) Overview of financial position for the fiscal year under review	3
(3) Review of cash flow position for the fiscal year under review	4
(4) Future outlook	4
(5) Basic policy on profit distribution and dividends for fiscal 2020 and fiscal 2021	5
2. Basic concept regarding selection of accounting standards.....	5
3. Consolidated financial statements and significant notes thereto.....	6
(1) Consolidated balance sheet	6
(2) Consolidated statement of income and consolidated statement of comprehensive income	8
(3) Consolidated statement of changes in equity	10
(4) Consolidated statement of cash flows	12
(5) Notes on premise of going concern.....	14
(6) Changes in significant accounting policies for preparation of consolidated financial statements....	14
(7) Notes to consolidated financial statements.....	14
Segment information, etc.	14
Per share information	17
Omission of disclosure	17
Significant events after reporting period	17
4. Other	18
Changes in representatives and officers (Effective June 23, 2020).....	18
Reference: Supplementary Information on Financial Results for the Fiscal Year Ended March 31, 2020 ...	19

1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year ended March 31, 2020 (the fiscal year under review), the Japanese economy saw continued improvement in the employment and income environments and a gradual recovery in consumer spending. However, following the consumption tax increase implemented in October 2019, it continued to lack robustness. Also, although corporate earnings remained steady, there were signs of weakening, particularly in the manufacturing industry. While capital investment decreased in the manufacturing industry, investment in non-manufacturing industries and software grew. The outlook continues to be uncertain due to factors such as the economic impact of the spread of the novel coronavirus (COVID-19), as well as trade issues between the US and China, a slowdown in the Chinese economy, and the UK's exit from the EU.

Regarding industries in which the Group is engaged, the housing industry continued to see weakening in the number of new housing starts, but the civil engineering and construction industry saw firm demand for redevelopment in urban areas and building repair and improvement work, as well as demand for the maintenance and repair of infrastructure such as roads and rail. The automotive industry also saw increased demand for products such as electrical components due to the growing use of electronics in vehicles.

Within this environment, the Group advanced business in line with the basic strategies of its medium-term management plan, which positions the fiscal year ending March 31, 2021 as the year in which targets are to be achieved.

As a result, the Group's business performance for the fiscal year under review is as follows. Net sales increased 0.8% year on year to 135,180 million yen, operating profit increased 1.2% year on year to 7,115 million yen, ordinary profit increased 0.9% year on year to 7,248 million yen, and profit attributable to owners of parent increased 4.1% year on year to 4,585 million yen.

Results by segment are as follows.

(i) Bond (synthetic adhesive)

In general household-related fields, sales through channels such as 100-yen shops and home improvement stores were firm, but sales through convenience stores decreased. Also, sales of *Bond Saihou Jozu Stick*, a new product for handicrafts, were strong.

In the housing-related field, sales increased due to the strong performance of adhesives for interior work and adhesives for tiling, despite the number of new housing starts weakening. Sales of sealing materials for repair were also strong and increased.

In industrial materials-related fields, sales of elastic adhesives for uses such as automotive and electrical components increased.

As a result of the above, net sales increased 0.5% year on year to 49,979 million yen and operating profit increased 4.7% year on year to 4,331 million yen.

(ii) Civil Engineering and Construction

In the construction field, sales increased due to the strong performance of materials used in methods to prevent detachment from exterior walls and sealing materials for construction.

In the civil engineering field, sales increased due to the strong performance of reinforcement methods such as continuous fiber sheet reinforcement methods, despite the sluggish performance of methods for surface protection and for preventing detachment.

The Civil Engineering and Construction Business saw steady performance of repair, improvement, and reinforcement works in the infrastructure, particularly for public works, and used building markets, and BOND ENGINEERING Co., Ltd. saw an increase in sales. On the other hand, Kinki Reinforced Concrete Co., Ltd. experienced a significant decline in sales and operating profit.

As a result of the above, net sales increased 3.7% year on year to 30,844 million yen but operating profit decreased 9.0% year on year to 2,044 million yen.

(iii) Chemicals

In the chemical engineering industry, there was a slight increase in sales due to an increase in sales of ethanol-related products, despite sluggish sales of resin materials.

In the electronic and electrical industry, sales declined due to the sluggish performance of semiconductor-related and smartphone-related products.

In the automotive industry, sales grew significantly due to the strong performance of products used in electrical components.

In the coating materials industry, sales declined due to the sluggish performance of coating products for automotive repair and other coating products, despite the strong performance of coating products for construction.

MARUYASU & CO., LTD. saw a significant decrease in sales and operating profit due to the sluggish performance of products for use in semiconductor manufacturing and products for use in capacitors.

As a result of the above, net sales decreased 0.8% year on year to 54,084 million yen and operating profit decreased 10.8% year on year to 553 million yen.

(iv) Other

In the Other segment, the Real Estate Rental Business saw an increase in rent revenues due to the acquisition of the Kitahama TNK Building (now Kitahama Konishi Building) in February 2019. As a result of the above, net sales increased 108.4% year on year to 271 million yen and operating profit increased 917.3% year on year to 219 million yen.

(2) Overview of financial position for the fiscal year under review

Total assets as of March 31, 2020 decreased by 2,288 million yen from the previous fiscal year-end to 106,113 million yen.

(i) Assets

Current assets decreased by 1,501 million yen from the previous fiscal year-end to 73,504 million yen mainly due to a decrease of 2,688 million yen in notes and accounts receivable - trade, despite an increase of 680 million yen in cash and deposits and an increase of 497 million yen in merchandise and finished goods.

Non-current assets decreased by 786 million yen from the previous fiscal year-end to 32,609 million yen mainly due to a decrease of 1,388 million yen in investment securities of investments and other assets and a decrease of 1,078 million yen in construction in progress of property, plant and equipment, despite an increase of 2,108 million yen in buildings and structures of property, plant and equipment.

(ii) Liabilities

Current liabilities decreased by 4,251 million yen from the previous fiscal year-end to 37,845 million yen mainly due to a decrease of 2,682 million yen in notes and accounts payable - trade, a decrease of 1,190 million yen in electronically recorded obligations - operating, and a decrease of 491 million yen in current portion of long-term borrowings.

Non-current liabilities decreased by 483 million yen from the previous fiscal year-end to 4,907 million yen mainly due to a decrease of 400 million yen in deferred tax liabilities.

(iii) Net assets

Net assets increased by 2,446 million yen from the previous fiscal year-end to 63,360 million yen mainly due to an increase of 3,642 million yen in retained earnings, despite a decrease of 878 million yen in valuation difference in available-for-sale securities and a decrease of 311 million yen in remeasurements of defined benefit plans.

(3) Review of cash flow position for the fiscal year under review

Cash and cash equivalents (hereinafter “cash”) increased by 549 million yen during the fiscal year under review (3,282 million yen decrease in the previous fiscal year). This comprised cash flows provided by operating activities of 6,285 million yen (up 777 million yen year on year), cash flows used in investing activities of 3,924 million yen (down 2,646 million yen year on year), and cash flows used in financing activities of 1,833 million yen (down 329 million yen year on year).

As a result, the balance of cash as of March 31, 2020 amounted to 22,812 million yen, an increase of 549 million yen year on year.

(i) Cash flows from operating activities

Net cash provided by operating activities was 6,285 million yen (up 777 million yen year on year).

This was mainly due to profit before income taxes of 7,256 million yen, a decrease in trades receivables of 2,696 million yen, and depreciation of 1,862 million yen, despite a decrease in trades payables of 3,405 million yen and income taxes paid of 2,511 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 3,924 million yen (down 2,646 million yen year on year).

This was mainly due to purchase of property, plant and equipment of 4,266 million yen and payments into time deposits of 705 million yen, despite proceeds from withdrawal of time deposits of 712 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 1,833 million yen (down 329 million yen year on year).

This was mainly due to dividends paid of 942 million yen, repayments of long-term borrowings of 708 million yen, and purchase of treasury shares of 76 million yen.

Trends in the various cash flow indicators are shown in the table below.

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Equity ratio (%)	54.4	55.9	53.7	53.2	56.6
Market value equity ratio (%)	59.3	52.9	58.7	53.6	48.9
Interest-bearing debt to cash flow ratio (yearly)	0.0	0.1	0.2	0.2	0.1
Interest coverage ratio (times)	358.7	361.5	415.6	326.3	446.6

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / cash flow

Interest coverage ratio: cash flow / interest payments

Note 1: All indicators are calculated using consolidated financial data.

Note 2: Market capitalization is calculated by multiplying the share price at the end of the fiscal year by the number of issued shares at the end of the fiscal year (excluding treasury shares).

Note 3: Cash flow means cash flows from operating activities.

Note 4: Interest-bearing debt includes the total amount of borrowings on the consolidated balance sheets.

(4) Future outlook

In the Japanese economy, from the beginning of the year to February, with factors such as retail sales showing underlying strength and exports moderately picking up, it was expected there would be a continuation of gradual recovery for demand amid a temporary suspension in trade friction between the U.S. and China. However, since February the impact of COVID-19 has been increasing by the day and the possibility of a severe recession is growing. Effects of COVID-19 on the Japanese economy are

expected to include a decrease in exports due to the slowing down of the global economy and the fragmentation of supply chains, and a decline in domestic consumption due to factors such as the cancellation of various events, people refraining from going out, and a decrease in foreign visitors to Japan. This is predicted to place huge downward pressure on the Japanese economy.

Within this environment, the Bond Business is forecast to weaken due to a slowdown in construction of rental housing and condominium buildings in the Tokyo metropolitan area in the number of new housing starts. On the other hand, steady demand is expected for reform work.

In the Civil Engineering and Construction Business, a slowdown in both public and private sector works is forecast, particularly in the Tokyo metropolitan area, but this is expected to recover in the second half of the fiscal year.

In the Chemicals Business, growth is expected to continue in advanced technology fields due to factors such as the strengthening and expanding of information and communications functions, the growing use of electronics in vehicles, and an increase in demand for robotics against the backdrop of labor shortages.

Based on these circumstances, the Group will aim to create sustainable profits and expand business by strengthening cooperation within the Konishi Group, optimizing the allocation of management and research resources by revising our business portfolio, strengthening our core businesses and exploring and developing markets in areas surrounding these, and expanding into Asian markets.

In our consolidated earnings forecasts for the fiscal year ending March 31, 2021, we forecast that net sales will increase 2.8% year on year to 139,000 million yen, operating profit will increase 0.9% year on year to 7,180 million yen, ordinary profit will increase 0.2% year on year to 7,260 million yen, and profit attributable to owners of parent will increase 0.7% year on year to 4,620 million yen.

(5) Basic policy on profit distribution and dividends for fiscal 2020 and fiscal 2021

As a basic policy on profit distribution, the Company believes that returning profits to shareholders is a vital issue facing company management. Our policy is to strive to strengthen the Company's business base by enhancing financial structure through revenue-focused business activities and to pay a sustainable dividend based on considerations such as each fiscal year's business performance. We will also strive to improve business performance through the effective use of internal reserves, such as investment in automation and labor saving equipment that can improve productivity, investment in strengthening logistics systems, research and development of environmentally friendly and highly functional products, investment in reducing environmental impact, and the expansion of business areas through M&A.

For the fiscal year under review (ended March 31, 2020), the Company forecasts a year-end dividend of 23 yen per share (a regular dividend of 13 yen and a 150th anniversary commemorative dividend of 10 yen). In addition to a midterm dividend of 13 yen already paid, this will result in an annual dividend of 36 yen. Regarding the dividends for the following fiscal year (ending March 31, 2021), the Company forecasts midterm and year-end dividends of 18 yen each, amounting to an annual dividend of 36 yen.

2. Basic concept regarding selection of accounting standards

The Group has adopted Japanese accounting standards in order to ensure comparability with other Japanese companies in the same industries.

3. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Assets		
Current assets		
Cash and deposits	22,346	23,027
Notes and accounts receivable - trade	39,829	37,140
Electronically recorded monetary claims - operating	3,878	3,862
Securities	290	295
Merchandise and finished goods	6,005	6,502
Work in process	204	205
Raw materials and supplies	1,014	1,054
Costs on construction contracts in progress	318	343
Other	1,164	1,114
Allowance for doubtful accounts	(47)	(43)
Total current assets	75,005	73,504
Non-current assets		
Property, plant and equipment		
Buildings and structures	20,795	22,956
Accumulated depreciation	(11,812)	(11,865)
Buildings and structures, net	8,982	11,091
Machinery, equipment and vehicles	14,698	15,420
Accumulated depreciation	(12,456)	(13,134)
Machinery, equipment and vehicles, net	2,241	2,286
Tools, furniture and fixtures	3,893	4,068
Accumulated depreciation	(3,415)	(3,438)
Tools, furniture and fixtures, net	478	630
Land	8,519	8,418
Leased assets	296	299
Accumulated depreciation	(98)	(119)
Leased assets, net	197	180
Construction in progress	1,837	758
Total property, plant and equipment	22,256	23,365
Intangible assets	1,219	1,050
Investments and other assets		
Investment securities	7,317	5,929
Long-term loans receivable	38	28
Guarantee deposits	496	377
Retirement benefit asset	1,129	806
Deferred tax assets	164	300
Other	794	768
Allowance for doubtful accounts	(20)	(18)
Total investments and other assets	9,919	8,193
Total non-current assets	33,396	32,609
Total assets	108,402	106,113

(Millions of yen)

	As of March 31, 2019	As of March 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,878	28,195
Electronically recorded obligations - operating	4,924	3,733
Short-term borrowings	98	95
Current portion of long-term borrowings	708	216
Lease obligations	22	22
Income taxes payable	1,296	1,251
Provision for bonuses	1,017	1,079
Provision for bonuses for directors (and other officers)	123	106
Other	3,027	3,142
Total current liabilities	42,097	37,845
Non-current liabilities		
Lease obligations	192	172
Long-term guarantee deposits	2,834	2,842
Long-term borrowings	435	244
Deferred tax liabilities	611	211
Retirement benefit liability	1,039	1,225
Other	277	210
Total non-current liabilities	5,391	4,907
Total liabilities	47,488	42,753
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,499	4,513
Retained earnings	50,541	54,184
Treasury shares	(4,548)	(4,599)
Total shareholders' equity	55,095	58,701
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,271	1,392
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	77	16
Remeasurements of defined benefit plans	272	(38)
Total accumulated other comprehensive income	2,621	1,369
Non-controlling interests	3,196	3,289
Total net assets	60,913	63,360
Total liabilities and net assets	108,402	106,113

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

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net sales	134,139	135,180
Cost of sales	111,669	112,196
Gross profit	22,470	22,984
Selling, general and administrative expenses	15,438	15,868
Operating profit	7,031	7,115
Non-operating income		
Interest income	20	14
Dividend income	191	204
Share of profit of entities accounted for using equity method	30	19
Other	220	249
Total non-operating income	463	487
Non-operating expenses		
Interest expenses	16	14
Sales discounts	203	206
Foreign exchange losses	18	53
Compensation expenses	24	35
Other	48	44
Total non-operating expenses	311	354
Ordinary profit	7,182	7,248
Extraordinary income		
Gain on sales of non-current assets	36	40
Gain on sales of investment securities	0	114
Other	–	0
Total extraordinary income	36	155
Extraordinary losses		
Loss on disposal of non-current assets	77	132
Loss on sales of shares of subsidiaries and associates	61	–
Other	4	14
Total extraordinary losses	143	147
Profit before income taxes	7,075	7,256
Income taxes - current	2,515	2,432
Income taxes - deferred	(119)	(10)
Total income taxes	2,395	2,422
Profit	4,679	4,834
Profit attributable to non-controlling interests	274	249
Profit attributable to owners of parent	4,404	4,585

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit	4,679	4,834
Other comprehensive income		
Valuation difference on available-for-sale securities	(718)	(966)
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	(128)	(38)
Remeasurements of defined benefit plans, net of tax	(245)	(311)
Share of other comprehensive income of entities accounted for using equity method	(5)	(24)
Total other comprehensive income	(1,097)	(1,342)
Comprehensive income	3,581	3,492
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,372	3,334
Comprehensive income attributable to non- controlling interests	208	158

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,480	47,117	(4,229)	51,971
Changes during period					
Dividends of surplus			(981)		(981)
Profit attributable to owners of parent			4,404		4,404
Purchase of treasury shares				(340)	(340)
Disposal of treasury shares		19		22	41
Net changes in items other than shareholders' equity					
Total changes during period	–	19	3,423	(318)	3,124
Balance at end of period	4,603	4,499	50,541	(4,548)	55,095

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	2,937	(0)	197	518	3,653
Changes during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes in items other than shareholders' equity	(666)	(0)	(120)	(245)	(1,031)
Total changes during period	(666)	(0)	(120)	(245)	(1,031)
Balance at end of period	2,271	(0)	77	272	2,621

	Non-controlling interests	Total net assets
Balance at beginning of period	3,291	58,916
Changes during period		
Dividends of surplus		(981)
Profit attributable to owners of parent		4,404
Purchase of treasury shares		(340)
Disposal of treasury shares		41
Net changes in items other than shareholders' equity	(94)	(1,126)
Total changes during period	(94)	1,997
Balance at end of period	3,196	60,913

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,499	50,541	(4,548)	55,095
Changes during period					
Dividends of surplus			(942)		(942)
Profit attributable to owners of parent			4,585		4,585
Purchase of treasury shares				(76)	(76)
Disposal of treasury shares		13		25	39
Net changes in items other than shareholders' equity					
Total changes during period	–	13	3,642	(50)	3,605
Balance at end of period	4,603	4,513	54,184	(4,599)	58,701

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income
Balance at beginning of period	2,271	(0)	77	272	2,621
Changes during period					
Dividends of surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Net changes in items other than shareholders' equity	(878)	(0)	(61)	(311)	(1,251)
Total changes during period	(878)	(0)	(61)	(311)	(1,251)
Balance at end of period	1,392	(0)	16	(38)	1,369

	Non-controlling interests	Total net assets
Balance at beginning of period	3,196	60,913
Changes during period		
Dividends of surplus		(942)
Profit attributable to owners of parent		4,585
Purchase of treasury shares		(76)
Disposal of treasury shares		39
Net changes in items other than shareholders' equity	92	(1,158)
Total changes during period	92	2,446
Balance at end of period	3,289	63,360

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from operating activities		
Profit before income taxes	7,075	7,256
Depreciation	1,590	1,862
Amortization of goodwill	189	189
Loss (gain) on sales of investment securities	0	(113)
Loss (gain) on sales of shares of subsidiaries and associates	61	–
Loss (gain) on disposal of property, plant and equipment	25	21
Loss (gain) on sales of property, plant and equipment	33	(40)
Increase (decrease) in allowance for doubtful accounts	0	(6)
Increase (decrease) in provision for bonuses	(12)	61
Increase (decrease) in provision for bonuses for directors (and other officers)	16	(16)
Decrease (increase) in retirement benefit asset	(1)	9
Increase (decrease) in retirement benefit liability	135	50
Interest and dividend income	(211)	(218)
Interest expenses	16	14
Share of loss (profit) of entities accounted for using equity method	(30)	(19)
Decrease (increase) in trade receivables	(3,159)	2,696
Decrease (increase) in inventories	(649)	(514)
Increase (decrease) in trade payables	2,673	(3,405)
Increase (decrease) in other current liabilities	160	341
Increase (decrease) in other non-current liabilities	99	(73)
Other, net	(132)	494
Subtotal	7,880	8,590
Interest and dividends received	210	220
Interest paid	(16)	(14)
Income taxes paid	(2,566)	(2,511)
Net cash provided by (used in) operating activities	5,507	6,285
Cash flows from investing activities		
Payments into time deposits	(876)	(705)
Proceeds from withdrawal of time deposits	1,965	712
Purchase of securities	(166)	(141)
Purchase of property, plant and equipment	(7,683)	(4,266)
Proceeds from sales of property, plant and equipment	266	446
Purchase of intangible assets	(235)	(166)
Purchase of investment securities	(62)	(69)
Proceeds from sales of investment securities	0	195
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	29
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	(22)	–
Proceeds from cancellation of insurance funds	231	34
Other, net	11	5
Net cash provided by (used in) investing activities	(6,571)	(3,924)

(Millions of yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(40)	(16)
Repayments of lease obligations	(22)	(23)
Repayments of long-term borrowings	(704)	(708)
Purchase of treasury shares	(340)	(76)
Dividends paid	(980)	(942)
Dividends paid to non-controlling interests	(73)	(65)
Other, net	–	(0)
Net cash provided by (used in) financing activities	(2,163)	(1,833)
Effect of exchange rate change on cash and cash equivalents	(55)	21
Net increase (decrease) in cash and cash equivalents	(3,282)	549
Cash and cash equivalents at beginning of period	25,545	22,263
Cash and cash equivalents at end of period	22,263	22,812

(5) Notes on premise of going concern

Not applicable.

(6) Changes in significant accounting policies for preparation of consolidated financial statements

Changes in presentation

Consolidated statement of income

“Compensation expenses” which were included in “Other” of “Non-operating expenses” in the previous fiscal year are presented separately from the fiscal year under review, as they exceeded 10% of the total amount of non-operating expenses. To reflect the changes to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income of the previous fiscal year, the 72 million yen that had been shown in the “Other” of “Non-operating expenses” has been reclassified as 24 million yen in “Compensation expenses” and 48 million yen in “Other.”

(7) Notes to consolidated financial statements**Segment information, etc.**Segment information

1. Description of reportable segments

The reportable segments of the Company are constituent units of the Company for which separate financial information is available. The Board of Directors periodically examines these segments to decide on the allocation of management resources and evaluate business performance.

The Company basically consists of three business divisions, the Bond Business, Civil Engineering and Construction Business, and Chemicals Business, with each business formulating a comprehensive strategy that includes Japan and overseas, and pursuing business activities.

Accordingly, the Company has the following three reportable segments: Bond, Civil Engineering and Construction, and Chemicals.

“Bond” covers the manufacture and sale of industrial adhesives, adhesives for general household use, adhesives for construction, sealing materials for use in housing construction, adhesives for wall coverings, waxes, and adhesive tapes. “Civil Engineering and Construction” covers the manufacture and sale of adhesives, repair materials, and sealing materials for use in civil engineering and construction works, and the undertaking of contracts for repair, improvement, and reinforcement works in the infrastructure and used building markets. “Chemicals” covers the sale of industrial chemicals, synthetic resins, resin mold products, materials for electronic components, and thin film materials.

2. Method of calculating net sales, profit or loss, and other items by reportable segment

The accounting method used for reported business segments is generally the same as the method recorded in “Significant matters forming the basis of preparing consolidated financial statements” in the Company’s recent Annual Securities Report (submitted June 21, 2019)

Values for profits shown in reportable segments are based on operating profit.

Intersegment internal revenues and transfers are based on market prices.

Please note the Company does not allocate assets and liabilities to business segment.

3. Disclosure of net sales, profit or loss, and other items by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
Revenues from external customers	49,720	29,750	54,538	134,009	130	134,139	–	134,139
Intersegment sales and transfers	654	99	105	859	47	907	(907)	–
Total	50,374	29,850	54,643	134,868	178	135,046	(907)	134,139
Segment profit	4,138	2,246	621	7,005	21	7,026	4	7,031
Other items								
Depreciation	1,206	305	26	1,537	34	1,571	18	1,590
Amortization of goodwill	7	182	–	189	–	189	–	189

- Notes: 1. The “Other” category is a business segment not included in reportable segments, and includes the real estate rental business.
2. Details of adjustments are as follows:
- (1) Adjustments of segment profit represent eliminations for intersegment transactions.
- (2) Adjustments of depreciation represent depreciation unallocated to the reportable segments.
3. Segment profit is adjusted with operating profit in the consolidated statement of income.

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
Revenues from external customers	49,979	30,844	54,084	134,909	271	135,180	–	135,180
Intersegment sales and transfers	801	365	110	1,278	84	1,363	(1,363)	–
Total	50,781	31,210	54,194	136,187	356	136,544	(1,363)	135,180
Segment profit	4,331	2,044	553	6,929	219	7,148	(32)	7,115
Other items								
Depreciation	1,394	363	34	1,792	52	1,844	18	1,862
Amortization of goodwill	7	182	–	189	–	189	–	189

- Notes: 1. The “Other” category is a business segment not included in reportable segments, and includes the real estate rental business.
2. Details of adjustments are as follows:
- (1) Adjustments of segment profit represent eliminations for intersegment transactions.
- (2) Adjustments of depreciation represent depreciation unallocated to the reportable segments.
3. Segment profit is adjusted with operating profit in the consolidated statement of income.

Disclosure of impairment loss on non-current assets by reportable segment

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

Not applicable.

Amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2019

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Civil Engineering and Construction	Chemicals	Total			
Amortization during period	7	182	–	189	–	–	189
Balance at end of period	15	591	–	607	–	–	607

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Civil Engineering and Construction	Chemicals	Total			
Amortization during period	7	182	–	189	–	–	189
Balance at end of period	7	418	–	426	–	–	426

Information about gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2019

Not applicable.

Fiscal year ended March 31, 2020

Not applicable.

Per share information

(Yen)

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Net assets per share	1,592.21	1,658.28
Basic earnings per share	121.28	126.47

Notes: 1. Diluted earnings per share is not stated because there were no potential shares.
2. Basis for calculation is as follows:

(i) Net assets per share

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Total net assets (Millions of yen)	60,913	63,360
Net assets attributable to common shares (Millions of yen)	57,717	60,070
Main details of differences (Millions of yen)		
Non-controlling interests	3,196	3,289
Number of issued common shares (Thousand shares)	40,707	40,707
Number of treasury common shares (Thousand shares)	4,457	4,482
Number of common shares used for calculating net assets per share (Thousand shares)	36,249	36,224

(ii) Basic earnings per share

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020
Profit attributable to owners of parent (Millions of yen)	4,404	4,585
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	4,404	4,585
Average number of outstanding common shares during period (Thousand shares)	36,319	36,259

Omission of disclosure

Notes other than the above are omitted because their disclosure is considered unnecessary in financial results reports.

Significant events after reporting period

Not applicable.

4. Other

Changes in representatives and officers (Effective June 23, 2020)

1. New candidates for Audit & Supervisory Board Member

Shinya Enomoto

Yoshiki Yamada

Note: Yoshiki Yamada is a candidate for outside Audit & Supervisory Board Member.

2. Retiring Audit & Supervisory Board Members

Masato Togo

Ikuo Yoshikawa

Note: Ikuo Yoshikawa is an outside Audit & Supervisory Board Member.

Reference: Supplementary Information on Financial Results for the Fiscal Year Ended March 31, 2020

1. Business performance and earnings forecasts

(Millions of yen)

		Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021 (forecast)			
		Full year	2Q (cumulative)	Full year	Changes (amount)	Changes (%)
Net sales	Consolidated	135,180	66,200	139,000	3,819	2.8%
	Non-consolidated	93,539	46,620	95,040	1,500	1.6%
Operating profit	Consolidated	7,115	3,070	7,180	64	0.9%
	Non-consolidated	4,277	1,910	4,280	2	0.1%
Ordinary profit	Consolidated	7,248	3,130	7,260	11	0.2%
	Non-consolidated	4,897	2,460	4,900	2	0.1%
Profit attributable to owners of parent	Consolidated	4,585	1,980	4,620	34	0.7%
Profit	Non-consolidated	3,560	1,870	3,560	0	(0.0)%

2. Business performance and earnings forecasts by segment

(Millions of yen)

		Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021 (forecast)			
		Full year	2Q (cumulative)	Full year	Changes (amount)	Changes (%)
Bond	Net sales	49,979	25,400	52,200	2,220	4.4%
	Operating profit	4,331	2,030	4,335	3	0.1%
Civil Engineering and Construction	Net sales	30,844	14,000	32,300	1,455	4.7%
	Operating profit	2,044	680	2,080	35	1.8%
Chemicals	Net sales	54,084	26,670	54,230	145	0.3%
	Operating profit	553	255	555	1	0.2%
Other	Net sales	271	130	270	(1)	(0.6)%
	Operating profit	219	105	210	(9)	(4.2)%
Adjustments	Net sales	—	—	—	—	—
	Operating profit	(32)	—	—	32	—
Total	Net sales	135,180	66,200	139,000	3,819	2.8%
	Operating profit	7,115	3,070	7,180	64	0.9%

3. Indicators

(Millions of yen)

		Fiscal year ended March 31, 2020	Fiscal year ending March 31, 2021 (forecast)		
		Full year	Full year	Changes (amount)	Changes (%)
Capital investment	Consolidated	3,775	7,120	3,345	88.6%
	Non-consolidated	2,488	4,331	1,843	74.1%
Depreciation	Consolidated	1,862	1,907	44	2.4%
	Non-consolidated	1,184	1,286	102	8.7%
Research and development	Consolidated	1,644	1,836	191	11.7%
	Non-consolidated	1,426	1,626	199	14.0%

Note 1: Figures are rounded down to the nearest ¥1 million.

Note 2: Changes (amount and %) are presented in comparison with the same period of the previous fiscal year.