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April 28, 2023

Consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4956
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 Scheduled date of annual general meeting of shareholders: June 20, 2023
 Scheduled date to commence dividend payments: June 21, 2023
 Scheduled date to file annual securities report: June 20, 2023
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

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

1. Consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	123,339	8.5	7,421	1.7	7,927	1.3	10,032	95.4
March 31, 2022	113,671	5.5	7,298	3.1	7,822	5.4	5,135	4.1

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥10,791 million [89.7%]
 For the fiscal year ended March 31, 2022: ¥5,690 million [(25.3)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
March 31, 2023	281.95	-	13.8	6.3	6.0
March 31, 2022	144.13	-	7.7	6.7	6.4

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2023: ¥31 million
 For the fiscal year ended March 31, 2022: ¥19 million

(2) 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, 2023	132,874	81,482	57.9	2,173.91
March 31, 2022	119,148	72,897	57.6	1,926.62

Reference: Equity
 As of March 31, 2023: ¥76,975 million
 As of March 31, 2022: ¥68,664 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, 2023	4,606	3,549	(2,476)	31,268
March 31, 2022	6,198	(2,674)	(1,823)	25,514

2. Cash dividends

	Annual dividends per share					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, 2022	-	22.00	-	22.00	44.00	1,568	30.5	2.3
Fiscal year ended March 31, 2023	-	27.00	-	22.00	49.00	1,742	17.4	2.4
Fiscal year ending March 31, 2024 (Forecast)	-	27.00	-	27.00	54.00		30.8	

Note: Breakdown of dividends at the end of the second quarter for the fiscal year ended March 31, 2023: Ordinary dividend ¥22.00; 70th anniversary of the launch of bond (synthetic adhesive) commemorative dividend ¥5.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

(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, 2023	62,000	6.6	4,350	50.7	4,500	39.2	2,900	(58.8)	81.90
Fiscal year ending March 31, 2024	129,000	4.6	9,300	25.3	9,700	22.4	6,200	(38.2)	175.10

Note: The main reason for the large fluctuation compared with the same period of the previous year in profit attributable to owners of parent is that extraordinary income of 7,184 million was generated for the first six months of the fiscal year ended March 2023 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 period (changes in specified subsidiaries resulting in a change in the scope of consolidation): No

Included: 0 companies, excluded 0 companies

(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 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 March 31, 2023	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 March 31, 2023	5,298,801 shares
As of March 31, 2022	5,067,401 shares

(iii) Average number of shares outstanding during the period

Fiscal year ended March 31, 2023	35,583,727 shares
Fiscal year ended March 31, 2022	35,629,379 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	82,025	9.1	4,217	8.4	5,232	6.2	9,035	149.7
March 31, 2022	75,195	5.9	3,890	1.2	4,926	5.3	3,619	(2.7)

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	253.93	-
March 31, 2022	101.58	-

(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, 2023	109,502	60,572	55.3	1,710.66
March 31, 2022	97,643	53,459	54.7	1,499.98

Reference: Equity

As of March 31, 2023: ¥60,572 million
As of March 31, 2022: ¥53,459 million

* Reports on financial results are exempt from an 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 “(4) Future outlook” in “1. Overview of operating results, etc.” on page 4 of the attached document.

The Company plans to hold a presentation meeting for institutional investors and analysts on May 26, 2023 (Friday). A summary of the presentation materials for financial results to be distributed at the meeting will be posted on the Company’s website after the briefing.

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1. Overview of operating results, etc.

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

During the fiscal year ended March 31, 2023 (fiscal year under review), the Japanese economy showed signs of a gradual recovery amid the ongoing normalization of life in order to achieve a balance between measures against COVID-19 and socioeconomic activities. However, the recovery of the Japanese economy was weak as prices of electricity, fuel, and other commodities continued to rise, affected by the global surge in resource and energy prices. Going forward, the economy is expected to recover gradually as economic activities normalize. On the other hand, further escalation of resource costs due to the prolonged situation in Ukraine and credit concerns about financial institutions in the U.S. and Europe may significantly impact the recovery of the Japanese economy. Therefore, the outlook remains uncertain.

In this business environment, the Group saw a recovery in demand in the construction and civil engineering fields, and sales for repair, improvement, and reinforcement in both the bond and construction segments were strong. In the Chemicals segment, sales of automotive products were strong. On the other hand, soaring raw material costs and electricity and fuel prices squeezed the overall profits. However, profits were on a recovery trend as these costs were passed on to selling prices toward the latter half of the fiscal year.

As a result, the Group's operating results for the fiscal year under review were as follows. Net sales increased 8.5% year on year to 123,339 million yen, operating profit went up 1.7% year on year to 7,421 million yen, ordinary profit rose 1.3% year on year to 7,927 million yen, and profit attributable to owners of parent grew 95.4% year on year to 10,032 million yen due to the recording of gain on sale of non-current assets as described in the "Notice Concerning Transfer of Non-current Assets and Recording of Extraordinary Income" announced on August 24, 2021.

Results by segment are as follows.

(i) Bond

In the general household field, sales through home improvement stores and convenience stores remained steady. In the housing-related field, construction costs were on an upward trend. The sales volumes of adhesives for interior work decreased as the recovery of new housing starts was slow. In the industrial material field, the sales volume of elastic adhesives for use in such applications as automotive and electrical components increased. In the construction field, the sales volumes of sealing materials for construction repair and construction increased. Additionally, in the civil engineering field, construction methods for surface protection and preventing peeling performed well.

In the fiscal year under review, prices of raw materials used in adhesives and sealants soared to unprecedented levels. However, as cost-saving and cost-improvement efforts were made, as well as the passing on of costs to selling prices, progressed toward the latter half of the fiscal year, operating profit recovered to the same level as in the same period of the previous fiscal year.

As a result of the above, net sales increased 8.4% year on year to 68,968 million yen and operating profit fell 1.5% year on year to 4,536 million yen.

(ii) Chemicals

Both net sales and profits were favorable overall, partly due to the effect of price revisions for purchased products. In the chemical engineering field, sales of resin raw materials were strong. Automobile products performed well due to easing supply constraints and the new adoption of products, although their demand was affected by the shortage of semiconductors and other factors. Products for electronics and electrical appliances remained weak due to production adjustments at customers. Regarding sales at Maruyasu & Co., Ltd., products for use in capacitors decreased due to the effect of a semiconductor shortage. On the other hand, products for use in semiconductor manufacturing continued to show a strong performance.

As a result of the above, net sales increased 8.9% year on year to 34,674 million yen and operating profit grew 27.9% year on year to 1,265 million yen.

(iii) Construction

In the Construction Business, repair, improvement, and reinforcement works in the infrastructure and (housing) stock markets, particularly for public works, were continuously steady. As a result, both sales and profits increased at BOND ENGINEERING Co., Ltd. In addition, CHUSHIN CONSTRUCTION CO., LTD., which became a subsidiary of the Company in January 2023, contributed to the increase in sales and profit. Although orders for construction work were firm, other related construction companies remained weak due to soaring material prices and the absence of large-scale construction projects, etc.

As a result of the above, net sales increased 8.3% year on year to 19,514 million yen and operating profit fell 4.0% year on year to 1,606 million yen.

(iv) Other

The Other segment represents the Real Estate Rental Business, etc. Net sales decreased 5.7% year on year to 182 million yen and operating profit dropped 82.5% year on year to 2 million yen.

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

Total assets as of March 31, 2023 increased 13,726 million yen from the previous fiscal year-end to 132,874 million yen.

(i) Assets

Current assets increased 12,167 million yen from the previous fiscal year-end to 94,434 million yen mainly due to an increase of 6,025 million yen in cash and deposits, an increase of 4,030 million yen in electronically recorded monetary claims-operating, and an increase of 2,074 million yen in merchandise and finished goods, despite a decrease of 1,872 million yen in notes receivable-trade. Non-current assets increased 1,558 million yen from the previous fiscal year-end to 38,440 million yen, despite decreases of 552 million yen in machinery, equipment and vehicles and 331 million yen in buildings and structures of property, plant and equipment. The reasons for this include increases of 927 million yen in construction in progress of property, plant and equipment and 455 million yen in investment securities of investments and other assets.

(ii) Liabilities

Current liabilities increased by 4,660 million yen from the previous fiscal year-end to 45,856 million yen mainly due to an increase of 2,246 million yen in notes and accounts payable-trade, and an increase of 2,060 million yen in income taxes payable. Non-current liabilities grew 480 million yen from the previous fiscal year-end to 5,536 million yen mainly due to an increase of 334 million yen in deferred tax liabilities.

(iii) Net assets

Net assets grew 8,584 million yen from the previous fiscal year-end to 81,482 million yen mainly due to an increase of 8,285 million yen in retained earnings.

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

Cash and cash equivalents (hereinafter “cash”) increased 5,754 million yen during the fiscal year under review (3,961 million yen increase year on year). This was comprised of cash flows from operating activities of 4,606 million yen (down 1,591 million yen year on year), cash flows from investing activities of 3,549 million yen

(down 2,674 million yen year on year), and cash flows used in financing activities of 2,476 million yen (up 653 million yen year on year).

As a result, the balance of cash as of March 31, 2023 amounted to 31,268 million yen, an increase of 5,754 million yen year on year.

(i) Cash flows from operating activities

Net cash provided by operating activities was 4,606 million yen (down 1,591 million yen year on year).

This was mainly due to profit before income taxes of 15,052 million yen, despite a gain on sale of property, plant and equipment of 7,183 million yen, and an increase in trades receivables and contract assets of 2,973 million yen.

(ii) Cash flows from investing activities

Net cash provided by investment activities was 3,549 million yen (2,674 million yen was used in the same period of the previous year).

This was mainly due to proceeds from sale of property, plant and equipment of 6,471 million yen, despite payments into time deposits of 1,607 million yen, and purchase of shares of subsidiaries resulting in a change in the scope of consolidation of 1,475 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 2,476 million yen (up 653 million yen year on year).

This was mainly due to dividends paid of 1,748 million yen, and purchase of treasury shares of 442 million yen.

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

	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Equity ratio (%)	53.2	56.6	56.9	57.6	57.9
Market value equity ratio (%)	53.6	48.9	56.2	46.8	51.0
Interest-bearing debt to cash flow ratio (yearly)	0.2	0.1	0.1	0.1	0.0
Interest coverage ratio (times)	326.3	446.6	513.7	584.5	447.6

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.

Note 5: The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended March 31, 2022, and the cash flow indicator for the fiscal year ended March 31, 2021 is the indicator after retrospectively applying the accounting standard and relevant revised ASBJ regulations.

(4) Future outlook

The Japanese economy in the fiscal year ending March 2024 is expected to recover moderately as normalization of economic activities progresses. Personal consumption is also expected to remain firm as the trend of self-restraint from the COVID-19 disaster fades, and wages rise against a backdrop of high prices and labor shortages. However, further escalation of resource costs due to the prolonged situation in Ukraine and rapidly growing credit concerns about financial institutions in the U.S. and Europe may significantly impact the recovery of the Japanese economy. Therefore, the outlook remains uncertain.

Under these circumstances, in the Bond Business, the number of housing starts is expected to be at the same level as the previous year because, in the housing-related sector, a recovery in housing demand is not expected due to increased construction costs, etc. On the other hand, in the civil engineering and construction field, repair, reinforcement, and renovation work in the stock market, such as buildings and condominiums, as well as in the infrastructure market, is expected to remain strong. Additionally, the outlook for raw material prices used in adhesives and sealants is uncertain, as prices remain high due to rising energy costs and other factors, although procurement costs are expected to decline gradually. In the Chemicals Business, growth is expected to continue in the automotive industry and industrial equipment, despite concerns about a decline in consumer markets such as smartphones and personal computers. In the Construction Business, demand for the development and maintenance of aging infrastructure is continuously expected to grow due to the promotion of the Fundamental Plan for National Resilience (to prevent and mitigate disasters).

Under these circumstances, in the Group’s Bond Business, the Group will strengthen its core businesses, such as adhesives for the housing-related field and adhesives and sealants for civil engineering and construction. It will also endeavor to expand its business domains by developing products and strengthening new development activities for growth markets such as the electronic, electronic materials, and automobile industries.

In the Chemicals Business, we will promote the development of products utilizing our own technologies, which are being promoted by our Material Science Institute, with the aim of introducing them to the market. In addition, we will work to expand sales of heat-dissipation and heat-resistant products by strengthening sales activities in the growing markets of automobile, electronics and electrical appliances, and chemical industries.

In the Construction Business, we will work to further expand the repair, reinforcement, and renovation business in the social infrastructure, such as bridges, and building stock market, by utilizing adhesives and construction methods for repair, reinforcement, and renovation that the Bond Business possesses. In response to labor shortages, which is an issue, we will consider measures to strengthen recruitment and secure employment and strive to build a system to sustain business expansion.

In our consolidated earnings forecasts for the fiscal year ending March 31, 2024, we forecast that net sales will increase 4.6% year on year to 129,000 million yen, operating profit will go up 25.3% year on year to 9,300 million yen, ordinary profit will rise 22.4% year on year to 9,700 million yen, and profit attributable to owners of parent will decrease 38.2% year on year to 6,200 million yen.

The main reason for the decrease in profit attributable to owners of parent is that extraordinary income of 7,184 million yen was generated for the first six months of the fiscal year ended March 2023 as a gain on sale of non-current assets due to the transfer of non-current assets. (Announced on August 24, 2021)

(5) Basic policy on profit distribution and dividends for fiscal 2023 and fiscal 2024

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 and stable dividend with a payout ratio of 30% as a guideline based on considerations such as each fiscal year's business performance. We will also strive to improve business performance through measures including investing in automation, labor-saving manufacturing, and logistics facilities that can improve productivity; expanding business areas through M&A; and investing in introducing new core systems.

For the fiscal year under review (ended March 31, 2023), the Company forecasts a year-end dividend of 22 yen per share in addition to an interim dividend of 27 yen (including 70th anniversary of the launch of bond (synthetic adhesive) commemorative dividend ¥5.00) already paid, and this will result in an annual dividend of 49 yen. Regarding dividends for the following fiscal year (ending March 31, 2024), the Company forecasts an interim dividend of 27 yen per share as an ordinary dividend and a year-end dividend of 27 yen and this will result in an annual dividend of 54 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	26,169	32,195
Notes receivable–trade	5,977	4,104
Electronically recorded monetary claims–operating	10,637	14,667
Accounts receivable–trade	23,374	24,898
Contract assets	5,734	5,749
Merchandise and finished goods	7,280	9,355
Work in process	253	314
Raw materials and supplies	1,305	1,640
Other	1,579	1,565
Allowance for doubtful accounts	(47)	(57)
Total current assets	82,266	94,434
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,328	25,493
Accumulated depreciation	(13,361)	(13,857)
Buildings and structures, net	11,967	11,635
Machinery, equipment and vehicles	17,489	17,746
Accumulated depreciation	(14,628)	(15,438)
Machinery, equipment and vehicles, net	2,860	2,307
Tools, furniture and fixtures	4,340	4,342
Accumulated depreciation	(3,839)	(3,824)
Tools, furniture and fixtures, net	500	518
Land	9,818	9,906
Leased assets	312	309
Accumulated depreciation	(165)	(184)
Leased assets, net	146	125
Construction in progress	325	1,252
Total property, plant and equipment	25,618	25,746
Intangible assets	811	1,188
Investments and other assets		
Investment securities	7,628	8,084
Long-term loans receivable	11	2
Guarantee deposits	377	380
Retirement benefit asset	1,704	1,791
Deferred tax assets	221	225
Other	527	1,040
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	10,453	11,506
Total non-current assets	36,882	38,440
Total assets	119,148	132,874

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	31,737	33,983
Electronically recorded obligations–operating	3,413	3,728
Short-term borrowings	46	48
Current portion of long-term borrowings	104	60
Lease obligations	21	20
Income taxes payable	1,238	3,298
Contract liabilities	328	360
Provision for bonuses	1,125	1,152
Provision for bonuses for directors (and other officers)	116	131
Other	3,063	3,070
Total current liabilities	41,195	45,856
Non-current liabilities		
Lease obligations	135	110
Long-term guarantee deposits	2,915	3,010
Long-term borrowings	256	116
Deferred tax liabilities	966	1,300
Retirement benefit liability	612	645
Other	169	353
Total non-current liabilities	5,055	5,536
Total liabilities	46,251	51,392
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,544	4,557
Retained earnings	61,164	69,450
Treasury shares	(5,504)	(5,904)
Total shareholders' equity	64,808	72,707
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,383	2,611
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	270	450
Remeasurements of defined benefit plans	1,201	1,206
Total accumulated other comprehensive income	3,856	4,268
Non-controlling interests	4,232	4,507
Total net assets	72,897	81,482
Total liabilities and net assets	119,148	132,874

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

Consolidated statement of income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	113,671	123,339
Cost of sales	90,665	99,756
Gross profit	23,006	23,583
Selling, general and administrative expenses	15,707	16,161
Operating profit	7,298	7,421
Non-operating income		
Interest income	13	22
Dividend income	210	247
Share of profit of entities accounted for using equity method	19	31
Other	334	289
Total non-operating income	577	591
Non-operating expenses		
Interest expenses	10	10
Depreciation	24	39
Compensation expenses	8	17
Other	9	18
Total non-operating expenses	53	85
Ordinary profit	7,822	7,927
Extraordinary income		
Gain on sale of non-current assets	45	7,185
Other	152	0
Total extraordinary income	197	7,185
Extraordinary losses		
Loss on disposal of non-current assets	40	60
Other	0	0
Total extraordinary losses	40	61
Profit before income taxes	7,980	15,052
Income taxes-current	2,627	4,502
Income taxes-deferred	(54)	206
Total income taxes	2,573	4,709
Profit	5,406	10,342
Profit attributable to non-controlling interests	271	310
Profit attributable to owners of parent	5,135	10,032

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	5,406	10,342
Other comprehensive income		
Valuation difference on available-for-sale securities	(281)	238
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	361	205
Remeasurements of defined benefit plans, net of tax	182	4
Share of other comprehensive income of entities accounted for using equity method	21	0
Total other comprehensive income	283	449
Comprehensive income	5,690	10,791
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,396	10,444
Comprehensive income attributable to non-controlling interests	294	347

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2022

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,526	57,596	(5,541)	61,185
Changes during period					
Dividends of surplus			(1,567)		(1,567)
Profit attributable to owners of parent			5,135		5,135
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		17		37	55
Net changes in items other than shareholders' equity					
Total changes during period	-	17	3,567	37	3,623
Balance at end of period	4,603	4,544	61,164	(5,504)	64,808

	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	2,643	(0)	(66)	1,019	3,595
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	(259)	0	337	182	260
Total changes during period	(259)	0	337	182	260
Balance at end of period	2,383	0	270	1,201	3,856

	Non-controlling interests	Total net assets
Balance at beginning of period	4,004	68,785
Changes during period		
Dividends of surplus		(1,567)
Profit attributable to owners of parent		5,135
Purchase of treasury shares		(0)
Disposal of treasury shares		55
Net changes in items other than shareholders' equity	227	488
Total changes during period	227	4,112
Balance at end of period	4,232	72,897

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,544	61,164	(5,504)	64,808
Changes during period					
Dividends of surplus			(1,747)		(1,747)
Profit attributable to owners of parent			10,032		10,032
Purchase of treasury shares				(442)	(442)
Disposal of treasury shares		13		42	55
Net changes in items other than shareholders' equity					
Total changes during period	-	13	8,285	(400)	7,898
Balance at end of period	4,603	4,557	69,450	(5,904)	72,707

	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	2,383	0	270	1,201	3,856
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	227	(0)	179	4	411
Total changes during period	227	(0)	179	4	411
Balance at end of period	2,611	(0)	450	1,206	4,268

	Non-controlling interests	Total net assets
Balance at beginning of period	4,232	72,897
Changes during period		
Dividends of surplus		(1,747)
Profit attributable to owners of parent		10,032
Purchase of treasury shares		(442)
Disposal of treasury shares		55
Net changes in items other than shareholders' equity	274	686
Total changes during period	274	8,584
Balance at end of period	4,507	81,482

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	7,980	15,052
Depreciation	2,266	2,050
Amortization of goodwill	222	106
Loss (gain) on sale of investment securities	(152)	0
Loss (gain) on disposal of property, plant and equipment	5	33
Loss (gain) on sale of property, plant and equipment	(45)	(7,183)
Increase (decrease) in allowance for doubtful accounts	(2)	6
Increase (decrease) in provision for bonuses	17	26
Increase (decrease) in provision for bonuses for directors (and other officers)	3	14
Decrease (increase) in retirement benefit asset	(37)	(48)
Increase (decrease) in retirement benefit liability	115	0
Interest and dividend income	(224)	(270)
Interest expenses	10	10
Share of loss (profit) of entities accounted for using equity method	(19)	(31)
Decrease (increase) in trade receivables and contract assets	(2,242)	(2,973)
Decrease (increase) in inventories	(1,224)	(2,433)
Increase (decrease) in trade payables	2,385	2,304
Increase (decrease) in other current liabilities	(127)	(32)
Increase (decrease) in other non-current liabilities	(15)	30
Other	53	256
Subtotal	8,971	6,919
Interest and dividends received	224	270
Interest paid	(10)	(10)
Income taxes paid	(2,987)	(2,573)
Cash flows from operating activities	6,198	4,606
Cash flows from investing activities		
Payments into time deposits	(1,655)	(1,607)
Proceeds from withdrawal of time deposits	1,155	1,587
Purchase of property, plant and equipment	(2,882)	(1,309)
Proceeds from sale of property, plant and equipment	764	6,471
Purchase of intangible assets	(209)	(92)
Purchase of investment securities	(66)	(71)
Proceeds from sale of investment securities	220	0
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,475)
Proceeds from cancellation of insurance funds	8	-
Other	(8)	45
Cash flows from investing activities	(2,674)	3,549

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(6)	(3)
Repayments of lease obligations	(23)	(22)
Repayments of long-term borrowings	(181)	(184)
Purchase of treasury shares	(0)	(442)
Dividends paid	(1,564)	(1,748)
Dividends paid to non-controlling interests	(66)	(72)
Other	20	(4)
Cash flows from financing activities	(1,823)	(2,476)
Effect of exchange rate change on cash and cash equivalents	92	75
Net increase (decrease) in cash and cash equivalents	1,792	5,754
Cash and cash equivalents at beginning of period	23,721	25,514
Cash and cash equivalents at end of period	25,514	31,268

(5) Notes on premise of going concern

Not applicable.

(6) Changes in significant basic matters for preparation of consolidated financial statements

Changes in presentation

Consolidated statement of income

“Foreign exchange gains” in “Non-operating income,” which were independently presented in the previous fiscal year, are included in “Other” of “Non-operating income” from the fiscal year under review, as they decreased to no more than 10% of the total amount of non-operating income. To reflect the changes to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, the 81 million yen of “Foreign exchange gains” and 252 million yen of “Other” shown in “Non-operating income” in the consolidated statement of income of the previous fiscal year have been reclassified as 334 million yen in “Other.”

“Gain on sale of investment securities” in “Extraordinary income,” which were independently presented in the previous fiscal year, are included in “Other” of “Extraordinary income” from the fiscal year under review, as they decreased to no more than 10% of the total amount of extraordinary income. To reflect the changes to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, the 152 million yen of “Gain on sale of investment securities” and 0 million yen of “Other” shown in “Extraordinary income” in the consolidated statement of income of the previous fiscal year have been reclassified as 152 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, Chemicals Business, and Construction Business, with each business formulating a comprehensive strategy that includes Japan and overseas, and pursuing business activities.

Accordingly, the Group has the following three reportable segments: Bond, Chemicals, and Construction.

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

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

The accounting method for the reported business segments is in accordance with the accounting policies used to prepare the consolidated financial statements.

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

Intersegment internal revenues and transfers are based on market prices.

3 Disclosure of net sales, profit or loss, and other items by reportable segment
Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustment s (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
Revenues from external customers	63,613	31,844	18,020	113,478	193	113,671	-	113,671
Intersegment sales and transfers	315	183	6	505	83	588	(588)	-
Total	63,929	32,028	18,026	113,984	276	114,260	(588)	113,671
Segment profit	4,606	989	1,674	7,269	17	7,287	11	7,298
Segment assets	63,659	39,246	11,939	114,844	3,569	118,414	734	119,148
Other items								
Depreciation	1,952	44	84	2,082	168	2,250	16	2,266
Amortization of goodwill	15	-	207	222	-	222	-	222
Investments in equity method affiliates	-	-	-	-	-	-	311	311
Increase in property, plant and equipment and intangible assets	1,305	43	27	1,377	735	2,112	-	2,112

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) The 734 million yen adjustment for segment assets includes minus 210 million yen of elimination of intersegment receivables and payables, minus 24 million yen of adjustment for unrealized gains, and 969 million yen of corporate assets not allocated to each reportable segment. Corporate assets consist mainly of surplus funds under management (time deposits) at the Company and investments in equity method affiliates.

(3) Adjustments of depreciation mainly 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, 2023

(Millions of yen)

	Reportable segment				Other (Note) 1	Total	Adjustment s (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
Revenues from external customers	68,968	34,674	19,514	123,157	182	123,339	-	123,339
Intersegment sales and transfers	331	389	14	734	80	815	(815)	-
Total	69,299	35,064	19,528	123,892	262	124,155	(815)	123,339
Segment profit	4,536	1,265	1,606	7,408	2	7,411	10	7,421
Segment assets	68,043	43,371	17,104	128,519	3,623	132,143	731	132,874
Other items								
Depreciation	1,734	35	90	1,859	174	2,033	16	2,050
Amortization of goodwill	17	-	88	106	-	106	-	106
Investments in equity method affiliates	-	-	-	-	-	-	342	342
Increase in property, plant and equipment and intangible assets	1,622	55	698	2,376	290	2,667	-	2,667

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) The 731 million yen adjustment for segment assets includes minus 218 million yen of elimination of intersegment receivables and payables, minus 26 million yen of adjustment for unrealized gains, and 977 million yen of corporate assets not allocated to each reportable segment. Corporate assets consist mainly of surplus funds under management (time deposits) at the Company and investments in equity method affiliates.
- (3) Adjustments of depreciation mainly 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, 2022

Not applicable.

Fiscal year ended March 31, 2023

Not applicable.

Amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2022

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Chemicals	Construction	Total			
Amortization during period	15	-	207	222	-	-	222
Balance at end of period	64	-	118	183	-	-	183

Fiscal year ended March 31, 2023

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Chemicals	Construction	Total			
Amortization during period	17	-	88	106	-	-	106
Balance at end of period	51	-	472	523	-	-	523

Information about gain on negative goodwill by reportable segment

Fiscal year ended March 31, 2022

Not applicable.

Fiscal year ended March 31, 2023

Not applicable.

Per share information

(Yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net assets per share	1,926.62	2,173.91
Basic earnings per share	144.13	281.95

Notes: 1 Diluted earnings per share is not stated because there were no potential shares.

2 The basis for calculation is as follows:

(i) Net assets per share

	As of March 31, 2022	As of March 31, 2023
Total net assets (millions of yen)	72,897	81,482
Net assets attributable to common shares (millions of yen)	68,664	76,975
Main details of differences (millions of yen)		
Non-controlling interests	4,232	4,507
Number of issued common shares (thousand shares)	40,707	40,707
Number of treasury common shares (thousand shares)	5,067	5,298
Number of common shares used for calculating net assets per share (thousand shares)	35,640	35,408

(ii) Basic earnings per share

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit attributable to owners of parent (millions of yen)	5,135	10,032
Amounts not attributable to common shareholders (millions of yen)	-	-
Profit attributable to owners of parent related to common shares (millions of yen)	5,135	10,032
Average number of outstanding common shares during period (thousand shares)	35,629	35,583

Omission of disclosure

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

Significant events after reporting period

Not applicable.

4. Other

Change in officers

(i) Change in representative
Not applicable.

(ii) Change in other officers (scheduled as of June 20, 2023)

1. Candidates for new Directors

Director: Shinichi Okamoto

Director: Yosuke Higo

Note: Mr. Yosuke Higo is a candidate for outside Director.

2. Director scheduled to retire

Director: Shozo Arisawa

Reference: Supplementary Information on Financial Results for the Fiscal Year Ended March 31, 2023

1. Financial Results and Forecasts

(Millions of yen)

		Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024 (forecast)		
		Full year	Full year	Changes (amount)	Changes (%)
Net sales	Consolidated	123,339	129,000	5,660	4.6%
Operating profit	Consolidated	7,421	9,300	1,878	25.3%
Ordinary profit	Consolidated	7,927	9,700	1,772	22.4%
Profit attributable to owners of parent	Consolidated	*10,032	6,200	(3,832)	(38.2)%

* Significant increase due to gain on sale of non-current assets of 7.1 billion yen recorded under extraordinary income

2. Financial Results and Forecasts by Segment

(Millions of yen)

		Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024 (forecast)		
		Full year	Full year	Changes (amount)	Changes (%)
Bond	Net sales	68,968	72,000	3,031	4.4%
	Operating profit	4,536	6,200	1,663	36.7%
Chemicals	Net sales	34,674	35,000	325	0.9%
	Operating profit	1,265	1,300	34	2.7%
Construction	Net sales	19,514	21,800	2,285	11.7%
	Operating profit	1,606	1,700	93	5.8%
Other	Net sales	182	200	17	9.8%
	Operating profit	2	100	97	3233.5%
Adjustments	Net sales	—	—	—	—
	Operating profit	10	0	(10)	(100.0)%
Total	Net sales	123,339	129,000	5,660	4.6%
	Operating profit	7,421	9,300	1,878	25.3%

3. Indicators

(Millions of yen)

		Fiscal year ended March 31, 2023	Fiscal year ending March 31, 2024 (forecast)		
		Full year	Full year	Changes (amount)	Changes (%)
Capital investment	Consolidated	2,667	6,689	4,022	150.8%
Depreciation	Consolidated	2,050	1,947	(102)	(5.0)%
Research and development	Consolidated	1,645	1,745	99	6.1%

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

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