

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.

July 31, 2023

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2024 (Under Japanese GAAP)

Company name: Konishi Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4956
 URL: <https://www.bond.co.jp/>
 Representative: Keiichi Oyama, Representative Director and President
 Inquiries: Shinichi Okamoto, Director and Managing Executive Officer
 Telephone: +81-6-6228-2877
 Scheduled date to file quarterly securities report: August 9, 2023
 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, 2024 (from April 1, 2023, to June 30, 2023)

(1) Consolidated operating results (YTD)

(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, 2023	31,844	14.9	2,202	75.3	2,416	61.5	1,586	67.7
First three months ended June 30, 2022	27,707	6.6	1,256	(19.2)	1,496	(11.4)	946	(18.4)

(Note) Comprehensive income First three months ended June 30, 2023 2,502 Millions of yen(127.8%)
 First three months ended June 30, 2022 1,098 Millions of yen[(7.2%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First three months ended June 30, 2023	45.30	-
First three months ended June 30, 2022	26.55	-

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First three months ended June 30, 2023	127,138	79,720	59.1
As of March 31, 2023	132,874	81,482	57.9

(Reference) Equity First three months ended June 30, 2023 75,129 Millions of yen
 As of March 31, 2023 76,975 Millions of yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
As of March 31, 2023	-	27.00	-	22.00	49.00
As of March 31, 2024	-				
Fiscal year ending March 31, 2024 (forecast)		27.00	-	27.00	54.00

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

*** Notes**

(1) Changes in significant subsidiaries during the first three months ended June 30, 2023 (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

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of June 30, 2023	40,707,440 shares
As of March 31, 2023	40,707,440 shares

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

As of June 30, 2023	6,859,001 shares
As of March 31, 2023	5,298,801 shares

(iii) Average number of shares outstanding during the period

As of June 30, 2023	35,018,589
As of June 30, 2022	35,640,060

* 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 “(3) Explanation of consolidated earnings forecasts and other forward-looking statements” in “1. Qualitative information regarding financial results for the first three months” on page 3 (Attached Material).

Index

1.	Qualitative information regarding financial results for the first three months	2
	(1) Explanation of operating results	2
	(2) Explanation of financial position.....	3
	(3) Explanation of consolidated earnings forecasts and other forward-looking statements.....	3
2.	Quarterly consolidated financial statements and significant notes thereto	4
	(1) Consolidated balance sheet.....	4
	(2) Consolidated statement of income (quarterly) and consolidated statement of comprehensive income (quarterly)	6
	(3) Notes to quarterly consolidated financial statements	8
	Notes on premise of going concern	8
	Notes on significant changes in the amount of shareholders' equity	8
	Segment information	8

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

(1) Explanation of operating results

During the three months ended June 30, 2023, the Japanese economy showed signs of a recovery, with the relaxation of behavioral restrictions against COVID-19 and the normalization of socioeconomic activities. On the other hand, the situation affecting economic activities, such as the state of affairs in Ukraine, soaring resource and energy prices, and the ongoing yen's depreciation, has been prolonged. Therefore, the outlook remains uncertain.

In this business environment, the Group has launched its newly formulated "Medium-Term Management Plan 2026 (Fiscal Period Ending March 2024 to Fiscal Period Ending March 2026)." Based on this plan, the Group will strengthen new business development, further focus on growth areas, and make the largest-ever capital investments in production, logistics, and DX-related areas. Through these efforts, the Group will further expand its business and improve management efficiency.

As a result, the Group's operating results for the first three months under review were as follows. Net sales increased 14.9% year on year to 31,844 million yen, operating profit grew 75.3% year on year to 2,202 million yen, ordinary profit was up 61.5% year on year to 2,416 million yen, and profit attributable to owners of parent rose 67.7% year on year to 1,586 million yen.

Results by segment are as follows.

(i) Bond

In the general household field, sales through convenience stores remained steady. In the housing-related field, construction costs continued to be on an upward trend. The sales volumes of adhesives for interior work remained at the same level as in the same period last year 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 civil engineering and construction field, the sales volumes of sealing materials for construction repair and for civil engineering and construction decreased, partly due to the low number of construction projects.

The prices of raw materials used in adhesives and sealants continued to rise. However, efforts for cost-saving and cost improvement, and reflecting cost in product sales prices progressed, resulting in higher net sales and operating profit.

As a result of the above, net sales grew 8.3% year on year to 17,445 million yen and operating profit increased 64.5% year on year to 1,448 million yen.

(ii) Chemicals

In the chemical engineering field, sales of heat-dissipating materials increased despite a decrease in sales of resin raw materials. In the automobile field, sales of products for hybrid vehicles were strong. On the other hand, profit from merchandise for electronic and electrical appliances declined due to the impact of weaker demand for personal consumer products such as PCs, tablets, and smartphones. In addition, products for use in capacitors and semiconductor manufacturing equipment decreased at Maruyasu & Co., Ltd.

As a result of the above, net sales increased 14.9% year on year to 9,480 million yen and operating profit fell 18.9% year on year to 294 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. The progress of

construction projects based on the percentage of completion was also good. As a result, net sales and profit of all five related construction companies increased significantly.

As a result of the above, net sales grew 47.4% year on year to 4,874 million yen and operating profit increased 1,475.4% year on year to 424 million yen.

(iv) Other

The “Other” segment represents the Real Estate Rental Business, etc. Net sales decreased 1.8% year on year to 44 million yen and operating profit was 25 million yen (operating loss of 14 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, 2023, decreased 5,736 million yen from the previous fiscal year-end to 127,138 million yen.

(i) Assets

Current assets dropped 6,576 million yen from the previous fiscal year-end to 87,857 million yen, mainly due to a decrease of 5,102 million yen in cash and deposits, and a drop of 1,306 million yen in notes and accounts receivable–trade, and contract assets, despite an increase of 474 million yen in electronically recorded monetary claims–operating. Non-current assets grew 840 million yen from the previous fiscal year-end to 39,280 million yen, mainly due to an increase of 1,147 million yen in investment securities.

(ii) Liabilities

Current liabilities were down 4,604 million yen from the previous fiscal year-end to 41,251 million yen, mainly due to a decrease of 2,960 million yen in income taxes payable, a decrease of 775 in notes and accounts payable–trade, and a decrease of 489 million yen in provision for bonuses. Non-current liabilities grew 629 million yen from the previous fiscal year-end to 6,165 million yen, mainly due to an increase of 623 million yen in other liabilities, despite a decrease of 10 million yen in long-term borrowings.

(iii) Net assets

Net assets were down 1,762 million yen from the previous fiscal year-end to 79,720 million yen, mainly due to an increase of 3,398 million yen in treasury shares, an item that reduces net assets because the company has to acquire such shares with its own cash, despite an increase of 807 million yen in retained earnings and an increase of 695 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, 2023.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Assets		
Current assets		
Cash and deposits	32,195	27,092
Notes and accounts receivable–trade, and contract assets	34,752	33,445
Electronically recorded monetary claims–operating	14,667	15,142
Merchandise and finished goods	9,355	8,990
Work in process	314	310
Raw materials and supplies	1,640	1,573
Other	1,565	1,361
Allowance for doubtful accounts	(57)	(58)
Total current assets	94,434	87,857
Non-current assets		
Property, plant and equipment	25,746	25,760
Intangible assets	1,188	1,257
Investments and other assets		
Investment securities	8,084	9,231
Other	3,440	3,049
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	11,506	12,262
Total non-current assets	38,440	39,280
Total assets	132,874	127,138

(Millions of yen)

	As of March 31, 2023	As of June 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	33,983	33,207
Electronically recorded obligations–operating	3,728	3,298
Short-term borrowings	48	48
Current portion of long-term borrowings	60	51
Income taxes payable	3,298	338
Provision for bonuses	1,152	662
Provision for bonuses for directors (and other officers)	131	32
Other	3,450	3,612
Total current liabilities	45,856	41,251
Non-current liabilities		
Long-term borrowings	116	105
Retirement benefit liability	645	662
Other	4,774	5,398
Total non-current liabilities	5,536	6,165
Total liabilities	51,392	47,417
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,557	4,557
Retained earnings	69,450	70,257
Treasury shares	(5,904)	(9,302)
Total shareholders' equity	72,707	70,116
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,611	3,307
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	450	532
Remeasurements of defined benefit plans	1,206	1,172
Total accumulated other comprehensive income	4,268	5,013
Non-controlling interests	4,507	4,590
Total net assets	81,482	79,720
Total liabilities and net assets	132,874	127,138

(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, 2022	Three months ended June 30, 2023
Net sales	27,707	31,844
Cost of sales	22,411	25,554
Gross profit	5,295	6,289
Selling, general and administrative expenses	4,039	4,087
Operating profit	1,256	2,202
Non-operating income		
Interest income	1	2
Dividend income	113	110
Foreign exchange gains	83	72
Share of profit of entities accounted for using equity method	7	9
Other	50	40
Total non-operating income	256	235
Non-operating expenses		
Interest expenses	1	2
Depreciation	6	12
Other	8	5
Total non-operating expenses	16	20
Ordinary profit	1,496	2,416
Extraordinary income		
Gain on sale of non-current assets	2	0
Other	0	-
Total extraordinary income	2	0
Extraordinary losses		
Loss on disposal of non-current assets	0	25
Loss on valuation of investment securities	11	-
Other	0	-
Total extraordinary losses	13	25
Profit before income taxes	1,485	2,391
Income taxes—current	235	380
Income taxes—deferred	235	332
Total income taxes	471	713
Profit	1,014	1,678
Profit attributable to non-controlling interests	67	92
Profit attributable to owners of parent	946	1,586

Consolidated statement of comprehensive income (quarterly)

(Millions of yen)

	Three months ended June 30, 2022	Three months ended June 30, 2023
Profit	1,014	1,678
Other comprehensive income		
Valuation difference on available-for-sale securities	(119)	755
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	201	72
Remeasurements of defined benefit plans, net of tax	(18)	(33)
Share of other comprehensive income of entities accounted for using equity method	21	29
Total other comprehensive income	84	824
Comprehensive income	1,098	2,502
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,018	2,331
Comprehensive income attributable to non-controlling interests	80	171

(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

The Company acquired 1,560,200 shares of treasury shares pursuant to a resolution of the Board of Directors held on June 20, 2023. As a result, treasury shares increased by 3,398 million yen during the first three months under review, and treasury stock was 9,302 million yen as of June 30, 2023.

Segment information

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

Three months ended June 30, 2022

(Millions of yen)

	Reportable segment				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.

Three months ended June 30, 2023

(Millions of yen)

	Reportable segment				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	17,445	9,480	4,874	31,799	44	31,844	-	31,844
(2) Intersegment sales and transfers	75	52	-	128	18	147	(147)	-
Total	17,520	9,533	4,874	31,928	63	31,991	(147)	31,844
Segment profit	1,448	294	424	2,167	25	2,193	8	2,202

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

2. Disclosure of impairment loss on non-current assets or goodwill, etc. by reportable segment

Not applicable.