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January 29, 2025

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2025 (Under Japanese GAAP)

Company name: Konishi Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4956
 URL: <https://www.bond.co.jp/>
 Representative: Hirofumi Matsubata, Representative Director and President
 Inquiries: Shinichi Okamoto, Director and Managing Executive Officer
 Telephone: +81-6-6228-2877
 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: None

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

1. Consolidated financial results for the first nine months of the fiscal year ending March 31, 2025 (from April 1, 2024, to December 31, 2024)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First nine months ended December 31, 2024	102,686	1.8	8,485	3.0	8,911	3.1	6,000	5.2
First nine months ended December 31, 2023	100,852	10.6	8,235	59.0	8,644	54.3	5,705	(32.8)

Note: Comprehensive income First nine months ended December 31, 2024 ¥5,856 Millions of yen [(27.5%)]
 First nine months ended December 31, 2023 ¥8,080 Millions of yen [(10.6%)]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First nine months ended December 31, 2024	89.66	-
First nine months ended December 31, 2023	83.88	-

Note: The Company conducted a stock split at a ratio of two shares for one common share with an effective date of January 1, 2024. "Basic earnings per share" is calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	138,192	85,125	61.3
As of March 31, 2024	140,850	84,685	56.6

Reference: Equity As of December 31, 2024 ¥84,726 Millions of yen
 As of March 31, 2024 ¥79,670 Millions of yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended March 31, 2024	Yen -	Yen 27.00	Yen -	Yen 19.50	Yen -
Fiscal year ending March 31, 2025	-	16.50	-		
Fiscal year ending March 31, 2025 (forecast)				16.50	33.00

- Notes:
- Revisions to the forecasts of cash dividends most recently announced: None
 - The Company conducted a stock split at a ratio of two shares for one common share with an effective date of January 1, 2024. Regarding dividends by the third quarter of the fiscal year ended March 31, 2024, the actual dividend amount before the stock split is stated. The full-year dividend per share for the fiscal year ended March 31, 2024, is not presented due to the stock split.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024, to March 31, 2025)

(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
Fiscal year ending March 31, 2025	139,000	4.5	10,700	4.0	11,000	1.8	7,400	0.8	107.81

- Notes:
- Revisions to the consolidated earnings forecasts most recently announced: None
 - The Company conducted a share exchange on June 30, 2024, making the Company's consolidated subsidiaries, Sunrise Corporation, Maruyasu & Co., Ltd., and Konishi Kouei Co., Ltd., wholly owned subsidiaries, and allocated 3,460,356 treasury shares. "Basic earnings per share" is calculated based on the number of shares as of June 30, 2024.

* Notes

- (1) Significant changes in scope of consolidation during the period: None

Newly included: 0 companies
Excluded: 0 companies

- (2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: None

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

- Changes in accounting policies due to revisions to accounting standards and other regulations: None
- Changes in accounting policies other than (i): None
- Changes in accounting estimates: None
- 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 December 31, 2024	70,414,880 shares
As of March 31, 2024	70,414,880 shares

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

As of December 31, 2024	4,056,436 shares
As of March 31, 2024	5,237,078 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

First nine months ended December 31, 2024	66,929,093 shares
First nine months ended December 31, 2023	68,017,258 shares

Notes: 1. The Company conducted a stock split at a ratio of two shares for one common share with an effective date of January 1, 2024. The total number of issued shares at the end of the period, the number of treasury shares at the end of the period, and the average number of shares outstanding during the period are calculated based on the assumption that the stock split was conducted at the beginning of the fiscal year ended March 31, 2024.

2. Based on the resolution of the Board of Directors meeting held on May 22, 2024, the Company conducted a share exchange on June 30, 2024, making the Company's consolidated subsidiaries, Sunrise Corporation, Maruyasu & Co., Ltd., and Konishi Kouei Co., Ltd., wholly owned subsidiaries, and allocated 3,460,356 treasury shares.

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Proper use of earnings forecasts, and other special matters

Caution regarding forward-looking statements and others

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. Overview of operating results, etc." on page 3 (Attached Material).

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1. Overview of operating results, etc.

(1) Overview of operating results for the first nine months

During the nine months ended December 31, 2024, the Japanese economy showed a moderate recovery trend. This was due to improved employment and income conditions, which led to a turnaround in personal consumption, and solid corporate earnings driven by inbound demand. On the other hand, the economic outlook remains uncertain due to factors such as the certification fraud issue in the automobile industry, the stagnant Chinese economy, soaring resource prices, and the impact of higher prices.

In this business environment, the Group has launched its newly formulated “Medium-Term Management Plan 2027 (Fiscal Year Ending March 2025 to Fiscal Year Ending March 2027).” Based on this plan, the Group will strengthen new business development through the introduction of new products, further focus on growth areas, and make the largest-ever capital investments in production, logistics, and DX-related areas. The Group expands its business further and improves management efficiency through these efforts.

As a result, the Group’s operating results for the first nine months under review were as follows. Net sales increased 1.8% year on year to 102,686 million yen, operating profit grew 3.0% year on year to 8,485 million yen, ordinary profit was up 3.1% year on year to 8,911 million yen, and profit attributable to owners of parent increased 5.2% year on year to 6,000 million yen.

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, sales of adhesives for interior work, etc., were sluggish due to a decline in the number of new housing starts caused by rising construction costs. However, sales of adhesives for building material manufacturing and exterior wall tiles, for which the Company is developing the market, increased due to the growing adoption of new products. In the industrial material field, sales increased due to expanded sales of elastic adhesives used in automobiles/electronic components, water-based adhesives used in paper-related applications, and adhesives for steel components and different material types. The Company is developing new customers for these adhesives. In the civil engineering and construction field, sales of building sealing materials for construction rose in line with an increase in renovation projects.

As a result of the above, net sales grew 2.6% year on year to 56,317 million yen and operating profit increased 1.7% year on year to 5,670 million yen.

(ii) Chemicals

In the chemical engineering field, sales fell due to prolonged production adjustments of resin raw materials affected by the economic slowdown in China. In the automobile field, sales decreased due to factors such as clients’ plant shutdowns caused by the certification fraud issue and a fall in unit selling prices linked to purchase prices. In the electronics and electrical appliance field, sales increased due to the lateral expansion to new models of smartphone-related products and growth in products for capacitors.

As a result of the above, net sales were down 7.1% year on year to 27,843 million yen and operating profit increased 5.3% year on year to 1,055 million yen.

(iii) Construction

In the Construction Business, sales and profits increased as construction was completed according to plan. In addition, order-taking activities for repair, improvement, and reinforcement works in the infrastructure and (housing) stock markets, particularly for public works, were progressing steadily.

As a result of the above, net sales grew 16.0% year on year to 18,385 million yen and operating profit increased 7.1% year on year to 1,664 million yen.

(iv) Other

The “Other” segment represents the Real Estate Rental Business, etc. Net sales grew 4.2% year on year to 139 million yen and operating profit increased 34.6% year on year to 122 million yen.

(2) Overview of financial position for the first nine months

Assets, liabilities and net assets

Total assets as of December 31, 2024, decreased 2,657 million yen from the previous fiscal year-end to 138,192 million yen.

(i) Assets

Current assets were down 4,356 million yen from the previous fiscal year-end to 88,268 million yen. This was mainly due to a decrease of 5,970 million yen in cash and deposits, and a drop of 1,266 million yen in merchandise and finished goods, despite an increase of 1,144 million yen in electronically recorded monetary claims - operating, and an increase of 920 million yen in notes and accounts receivable-trade, and contract assets. Non-current assets grew 1,699 million yen from the previous fiscal year-end to 49,923 million yen, mainly due to an increase of 1,435 million yen in property, plant and equipment.

(ii) Liabilities

Current liabilities were down 3,382 million yen from the previous fiscal year-end to 45,762 million yen, mainly due to a decrease of 1,312 million yen in electronically recorded obligations - operating, and a drop of 708 million yen in provision for bonuses. Non-current liabilities grew 284 million yen from the previous fiscal year-end to 7,305 million yen.

(iii) Net assets

Net assets were up 439 million yen from the previous fiscal year-end to 85,125 million yen, mainly due to an increase of 3,610 million yen in retained earnings, and an increase of 1,619 million yen in capital surplus, despite a decrease of 4,615 million yen in non-controlling interests.

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

There are currently no changes to the earnings forecast announced on April 25, 2024.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	26,651	20,680
Notes and accounts receivable–trade, and contract assets	36,390	37,310
Electronically recorded monetary claims–operating	16,958	18,103
Merchandise and finished goods	9,415	8,148
Work in process	281	371
Raw materials and supplies	1,537	1,734
Other	1,445	1,947
Allowance for doubtful accounts	(54)	(28)
Total current assets	92,625	88,268
Non-current assets		
Property, plant and equipment	29,715	31,151
Intangible assets	1,978	2,488
Investments and other assets		
Investment securities	11,402	11,275
Other	5,145	5,026
Allowance for doubtful accounts	(17)	(17)
Total investments and other assets	16,530	16,284
Total non-current assets	48,224	49,923
Total assets	140,850	138,192

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	37,218	36,802
Electronically recorded obligations–operating	4,072	2,760
Short-term borrowings	50	49
Current portion of long-term borrowings	42	41
Income taxes payable	1,087	897
Provision for bonuses	1,411	702
Provision for bonuses for directors (and other officers)	155	91
Other	5,105	4,416
Total current liabilities	49,144	45,762
Non-current liabilities		
Long-term borrowings	76	48
Retirement benefit liability	714	790
Other	6,229	6,466
Total non-current liabilities	7,020	7,305
Total liabilities	56,165	53,067
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,422	6,041
Retained earnings	67,314	70,925
Treasury shares	(4,604)	(4,508)
Total shareholders' equity	71,735	77,062
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,687	4,520
Foreign currency translation adjustment	650	715
Remeasurements of defined benefit plans	2,597	2,427
Total accumulated other comprehensive income	7,934	7,663
Non-controlling interests	5,014	398
Total net assets	84,685	85,125
Total liabilities and net assets	140,850	138,192

(2) Quarterly consolidated statement of income (cumulative) and quarterly consolidated statement of comprehensive income (cumulative)

Quarterly consolidated statement of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	100,852	102,686
Cost of sales	80,507	81,763
Gross profit	20,344	20,922
Selling, general and administrative expenses	12,108	12,436
Operating profit	8,235	8,485
Non-operating income		
Interest income	11	17
Dividend income	247	282
Share of profit of entities accounted for using equity method	28	22
Other	224	210
Total non-operating income	512	532
Non-operating expenses		
Interest expenses	8	6
Commission expenses	45	65
Other	50	34
Total non-operating expenses	104	106
Ordinary profit	8,644	8,911
Extraordinary income		
Gain on sale of non-current assets	3	88
Gain on sale of investment securities	108	-
Insurance claim income	92	-
Total extraordinary income	203	88
Extraordinary losses		
Loss on disposal of non-current assets	28	174
Bad debts expenses	84	-
Other	2	-
Total extraordinary losses	114	174
Profit before income taxes	8,733	8,826
Income taxes—current	2,341	2,380
Income taxes—deferred	344	338
Total income taxes	2,686	2,719
Profit	6,047	6,107
Profit attributable to non-controlling interests	341	106
Profit attributable to owners of parent	5,705	6,000

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	6,047	6,107
Other comprehensive income		
Valuation difference on available-for-sale securities	1,747	(165)
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	370	76
Remeasurements of defined benefit plans, net of tax	(100)	(169)
Share of other comprehensive income of entities accounted for using equity method	16	7
Total other comprehensive income	2,033	(250)
Comprehensive income	8,080	5,856
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,597	5,729
Comprehensive income attributable to non-controlling interests	482	127

(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)

(Acquisition of shares of a subsidiary through a share exchange)

Based on the resolution of the Board of Directors meeting held on May 22, 2024, the Company conducted a share exchange, effective June 30, 2024, making the Company's consolidated subsidiaries, Sunrise Corporation, Maruyasu & Co., Ltd., and Konishi Kouei Co., Ltd., wholly owned subsidiaries, and allocated 3,460,356 shares of the Company's treasury shares. As a result, capital surplus increased by 1,599 million yen, and treasury shares decreased by 3,042 million yen.

(Purchase of treasury shares)

The Company acquired 2,340,800 treasury shares pursuant to a resolution of the Board of Directors held on August 27, 2024. As a result, treasury shares increased by 2,999 million yen, including the acquisition through the purchase of odd-lot shares.

As a result of these and other impacts, capital surplus was 6,041 million yen and treasury shares were 4,508 million yen as of December 31, 2024.

(Notes on quarterly consolidated statement of cash flows)

Quarterly consolidated statement of cash flows has not been prepared for the first nine months ended December 31, 2024. Depreciation expenses (including amortization expenses pertaining to intangible assets excluding goodwill) and amortization of goodwill pertaining to the first nine months of the accounting period are as follows.

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	¥1,312 million	¥1,480 million
Amortization of goodwill	95	96

(Notes on segment information, etc.)

[Segment information]

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

Nine months ended December 31, 2023

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
(1) Revenues from external customers	54,887	29,983	15,848	100,718	133	100,852	-	100,852
(2) Intersegment sales and transfers	215	222	149	587	56	644	(644)	-
Total	55,102	30,205	15,997	101,306	190	101,496	(644)	100,852
Segment profit	5,575	1,002	1,553	8,131	90	8,222	13	8,235

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.

Nine months ended December 31, 2024

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated statement of income (Note) 3
	Bond	Chemicals	Construction	Total				
Net sales								
(1) Revenues from external customers	56,317	27,843	18,385	102,546	139	102,686	-	102,686
(2) Intersegment sales and transfers	185	227	461	873	53	927	(927)	-
Total	56,503	28,070	18,846	103,420	192	103,613	(927)	102,686
Segment profit	5,670	1,055	1,664	8,390	122	8,512	(26)	8,485

- 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.