

Consolidated Financial Results

for the Fiscal Year Ended March 31, 2022



「ボンド」発売70周年
since 1952

Konishi Co., Ltd.

Summary of Financial Results of the Fiscal year Ended March 31,2022

vs Previous Year

Net Sales	113,671 million yen	(+ 5.5%)
Operating Profit	7,298 million yen	(+ 3.1%)
Ordinary Profit	7,822 million yen	(+ 5.4%)
Profit Attributable to Owners of Parent	5,135 million yen	(+ 4.1%)

- ✓ Net sales and each profit have reached a record high.
- ✓ Remarkable increase in prices of raw materials decreased profits of “Bond”. “Chemical products” and “Construction” increased the profits significantly.

Financial Highlights of 5 years

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◆ Net sales and each profit have reached a record high

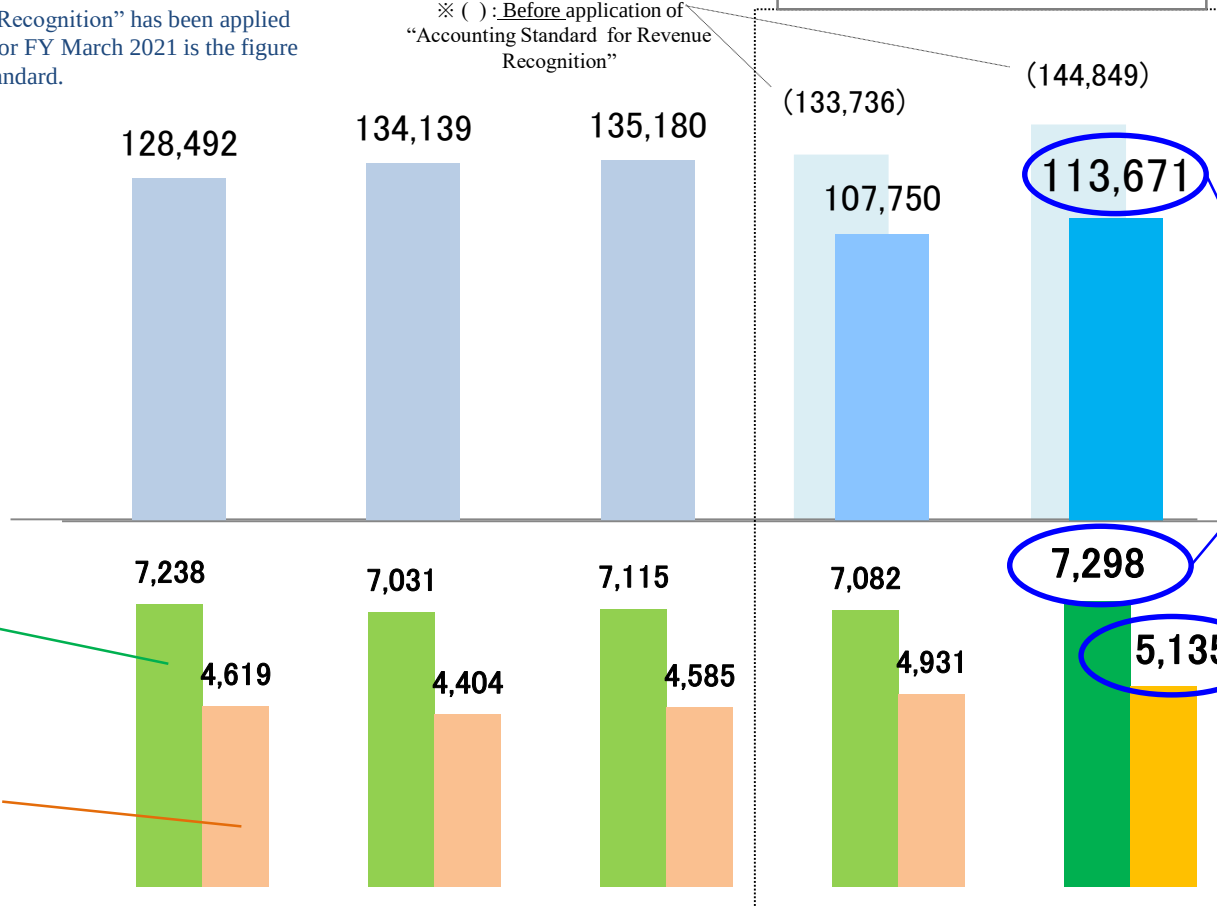
※ “Accounting Standard for Revenue Recognition” has been applied since FY March 2022. Each figure for FY March 2021 is the figure after retrospectively applying the standard.

※ () : Before application of “Accounting Standard for Revenue Recognition”

After application of “Accounting Standard for Revenue Recognition”

(unit : million yen)

◆ Net Sales

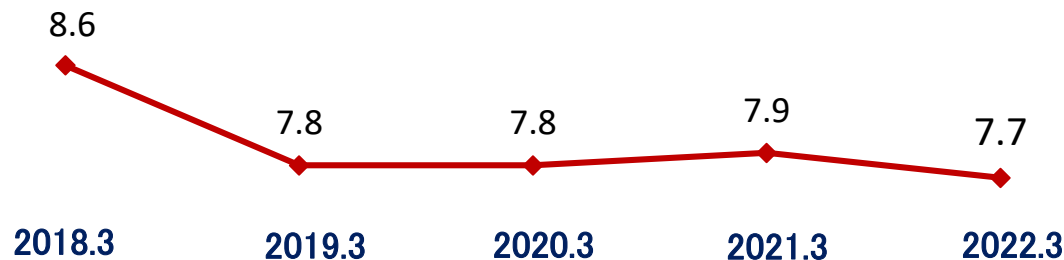


Each result has reached a record high.

◆ Operating Profit

◆ Profit attributable to owners of parent

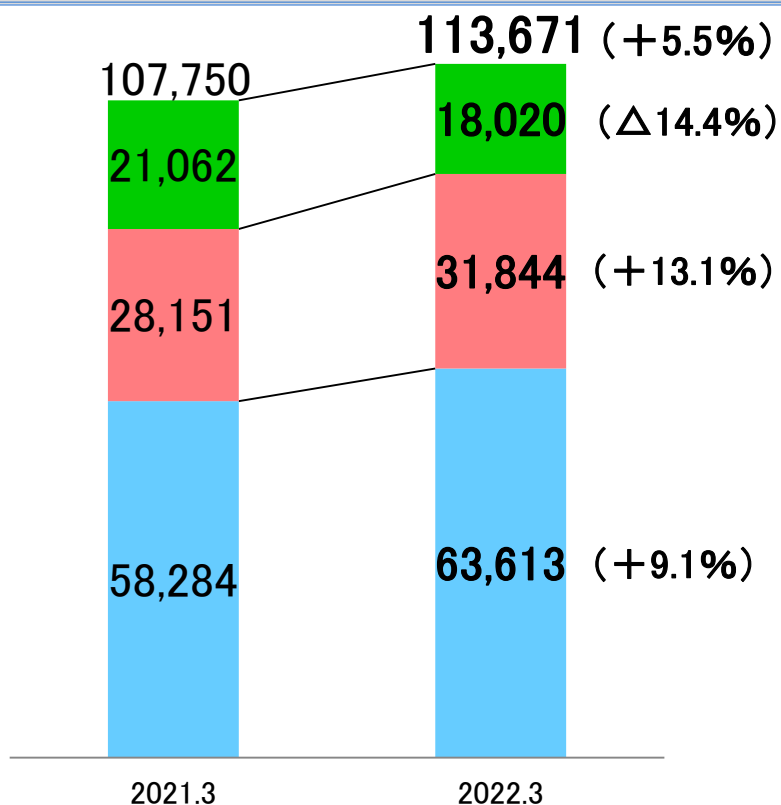
◆ ROE (%)



“Accounting Standard for Revenue Recognition” Applied.

Net Sales

- Increased in “Bond” and “Chemical products” due to demand recovery in major market
- Decreased in “Construction” due to large scale projects in the previous fiscal year

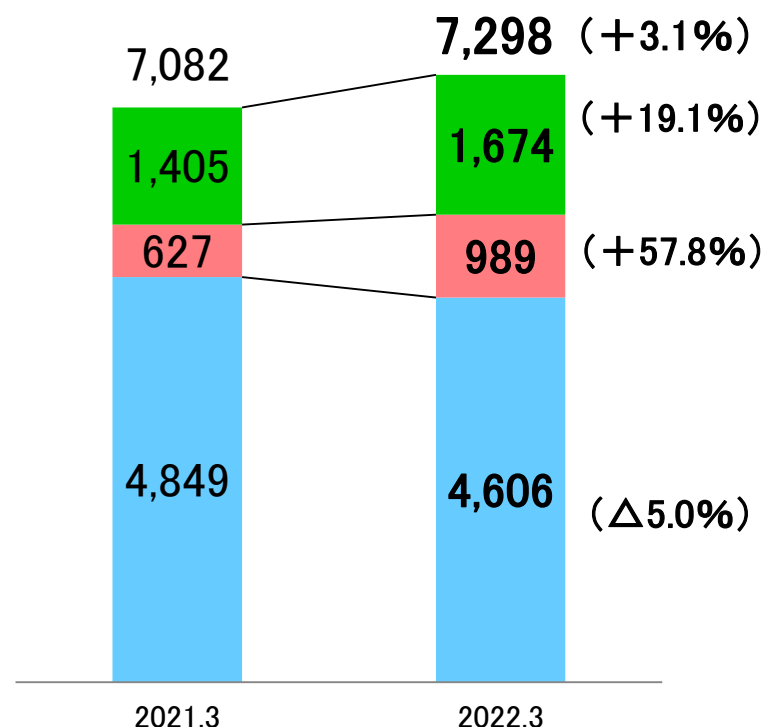


Operating profit

- Decreased in “Bond” due to remarkable increase in prices of raw materials
- Increased in “Chemical products” due to sales increase in major market
- Increased in “Construction” due to high profitable projects

(unit : million yen)

% of the inside of () is comparison with the previous year



■ Bond
 ■ Chemical products
 ■ Construction

Segment “Other” is excluded in the graph above.

Main factor of change in operating profits

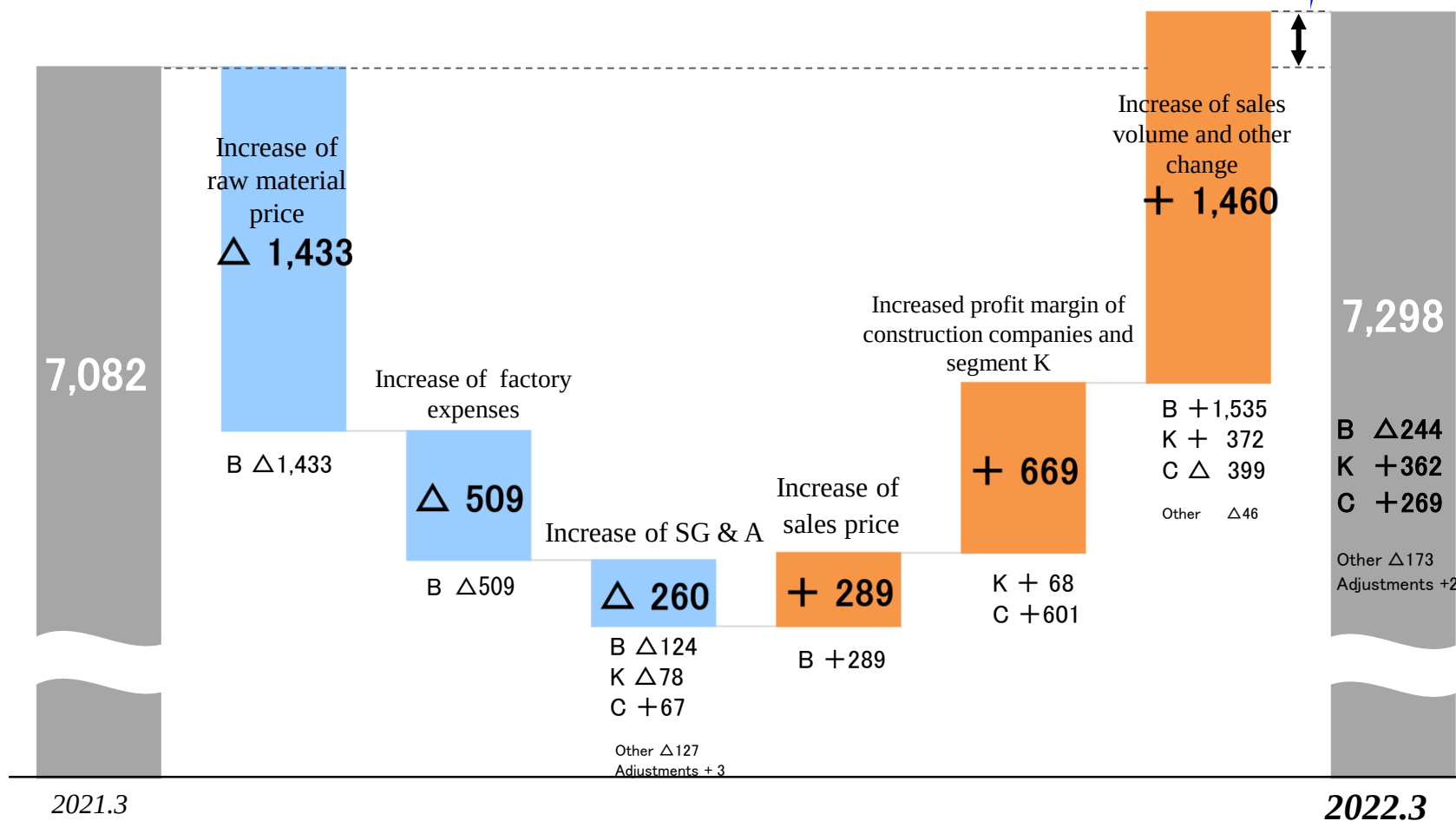
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Operating Profit

(unit : million yen)

% of the inside of () is comparison with the previous year

+216 million yen (+3.1%)



B =Bond K =Chemical Products C=Construction

[Segment B] Breakdown of sales

“Accounting Standard for Revenue Recognition” Applied.

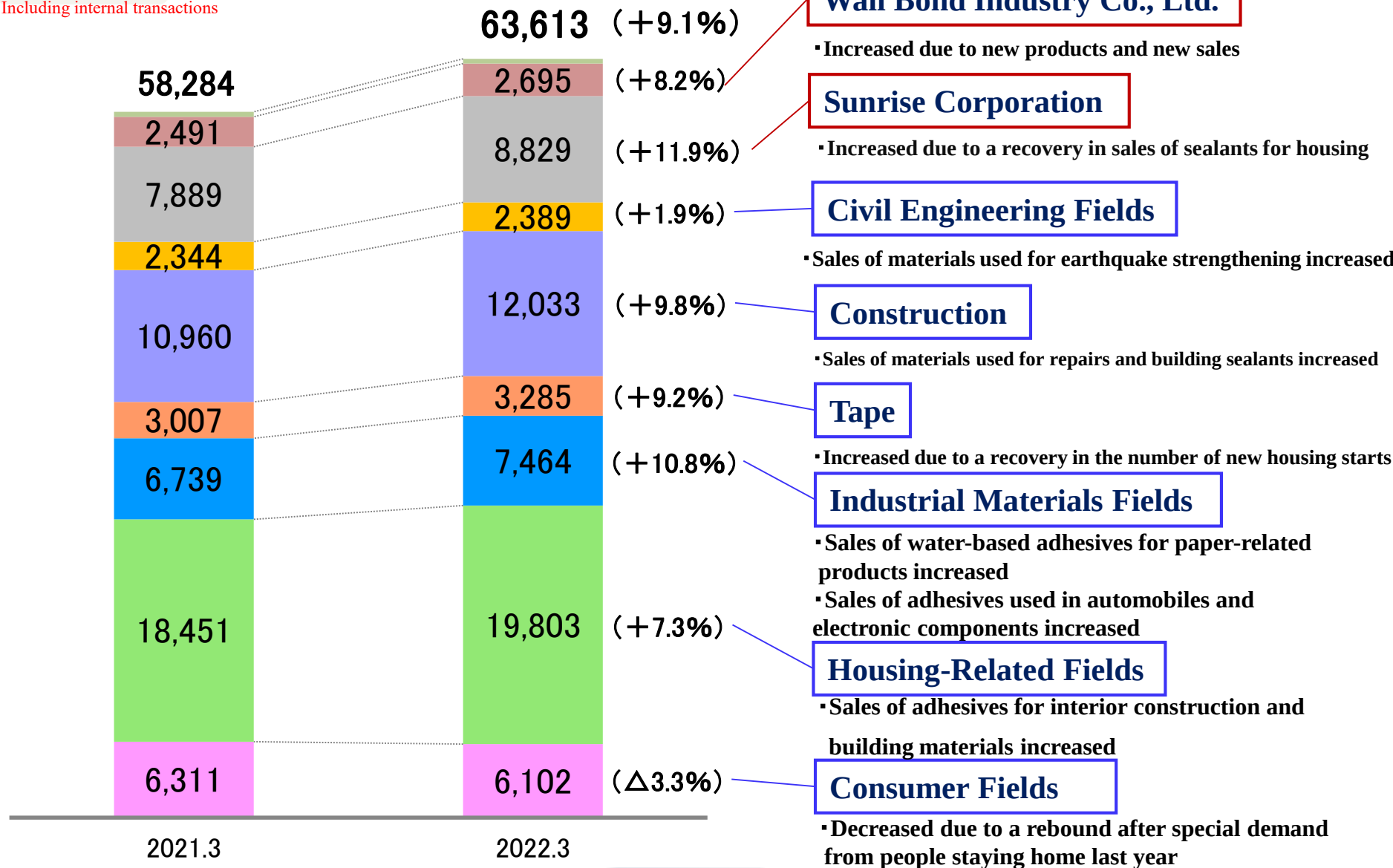
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Net Sales

(unit : million yen)

% of the inside of () is comparison with the previous year

※Including internal transactions



Gross profit

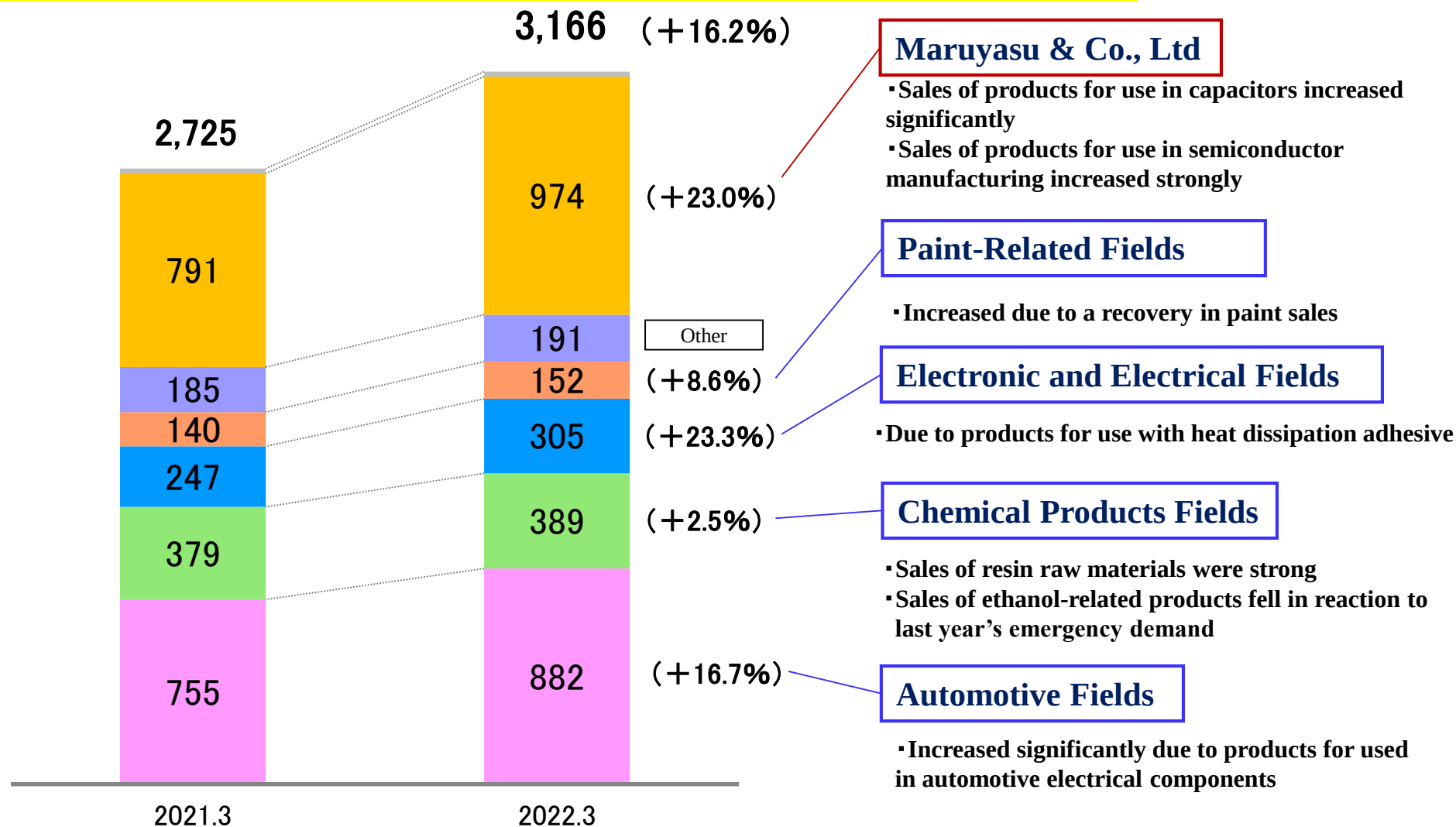
(unit : million yen)

% of the inside of () is comparison with the previous year

Consolidated Subsidiary Konishi Co.,Ltd.

※Including internal transactions

※"Gross profit" is shown below for chemical products segment conducting trading business.



[Segment C] Breakdown of sales

“Accounting Standard for Revenue Recognition” Applied.

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Net Sales

(unit : million yen)

% of the inside of () is comparison with the previous year

※Including internal transactions

Consolidated Subsidiary

Sansho Construction Incorporated

KAKUMARU KENSETSU Co.,Ltd.

▪ Decreased due to large-scale construction projects in the previous fiscal year, although reached the planned profits.

Kinki Reinforced Concrete Co.,Ltd.

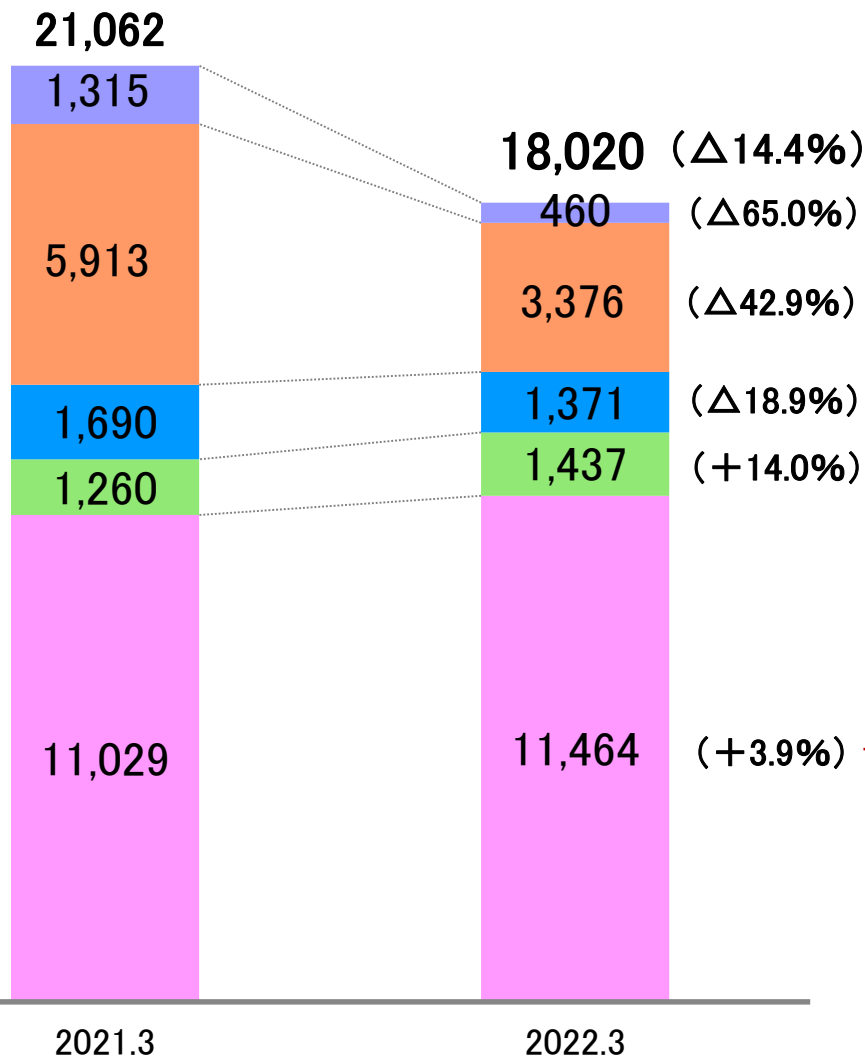
▪ Profits increased due to high profitable projects, although sales decreased.

Konishi Kouei Co.,Ltd.

▪ Construction proceeded smoothly

Bond Engineering Co.,Ltd.

▪ Sales of repair, improvement, and reinforcement works in infrastructure and used building markets were strong
▪ The amount of order significantly increased and reached a record high



Consolidated earnings forecasts for the fiscal year ending March 31, 2023

“Accounting Standard for Revenue Recognition” Applied.

(unit : million yen)

	FY 2022.3	FY 2023.3 Earnings Forecasts	vs Previous Year
Net sales	113,671	122,000	+7.3%
(Before application of “Accounting Standard for Revenue Recognition”)	(144,849)	(154,500)	(+ 6.7%)
Operating profit	7,298	6,950	△4.8%
Ordinary profit	7,822	7,250	△7.3%
Profit attributable to owners of parent	5,135	9,600	+86.9%

✓ We forecast that we will record increases in net sales.

✓ Operating profit and ordinary profit will decrease due to significant increases in prices of raw materials in “bond” business.

【Price of naphtha made in Japan】 56,600 yen/kl (Actual price for FY 2022.3) → 85,000 yen/kl (Forecasts for FY 2023.3)

✓ The main reason for the large fluctuation in profit attributable to owners of parent is that income of 4,986 million yen (after tax) is expected to be generated for the first six months of FY 2023.3 as a gain on sale of non-current assets due to the transfer of real estate.(Announced on August 24,2021)

Net sales

(unit : million yen)

% of the inside of () is comparison with the previous year

• We forecast increases in net sales of “Bond”, “Chemical products”, and “Construction”.

122,000 (+7.3%)

113,671

Construction

18,020

20,200 (+12.1%)

Chemical Products

31,844

34,400 (+8.0%)

Bond

63,613

67,200 (+5.6%)

2022.3

2023.3
(Forecasts)



Bond



Chemical products



Construction

Operating profit

• “Bond”

We forecast decrease due to significant increases in prices of raw materials

• “Chemical products”

We forecast increase due to increase of net sales.

• “Construction”

We forecast increase although prices of materials will increase

7,298

6,950 (Δ4.8%)

1,674

(+4.5%)

989

(+18.2%)

4,606

4,000 (Δ13.2%)

2022.3

2023.3
(Forecasts)

Segment “Other” is excluded in the graph above.

Established departments specialized in new business development

Focus on sales in the “new fields” and “low market share fields”



Pursue to expand our business fields in adhesive market



Electronic material fields

- Promote production development used for electronic appliances and automobiles



Building material fields

- Strengthen sales activities to new customers, mainly on glued laminated woods



Paper-related fields

- Increase our collection of products used for the fields where our market share is low



1. Proceed development of products and improve profitability

- Proceed development of products such as heat-dissipation resin and heat-resistant resin by strengthening of cooperation with Materials Science Institute(Established in 2017)
- Accomplish market introduction of new finished products developed by us, such as sealants for automobiles, intermediate materials for a paint industry



We will shift to “trading company with manufacturer function”



2. Continue to strengthen the development of new products and new customers

- Strengthen sales activities to growing markets and find new theme

Automotive Fields

Electronic and electrical fields

Chemical products fields

- Collaborate with Maruyasu to increase purchasing and sales opportunities



1. Improve profitability

- Increase order receipt for high-margin construction work
- Increase ratio of prime contract construction

↓

Increase orders of repair/improvement projects for social infrastructure(roads,railways,bridges) by strengthening collaboration between affiliated companies



2.Promote secure employment

- Increase the number of employees by strengthening recruitment of licensed employees
- Encourage to build up employee's skill and acquire qualification by promoting human resources development

↓

Resolve labor shortages and keep expanding business



3. Expand business by M&A

- Carry out M&A actively to companies related to “civil engineering construction work”

【The latest results of M&A】

2013: Kinki Reinforced Concrete Co.,Ltd.

2017: KAKUMARU KENSETSU Co.,Ltd.

2020: Izumi Corporation (consolidated subsidiary of KAKUMARU)

2020: Sansho Construction Incorporated

1. Build a new production building for “water-based adhesives” at Tochigi factory (scheduled to be completed in FY2025.3)

Build as a model of Konishi Group production building in the future

- Introduce automation and labor-saving facilities and improve cost competitiveness
- Decrease transportation cost by manufacturing water-based adhesives in Shiga and Tochigi



2. Prepare to introduce new core systems (scheduled to be completed in FY2025.3)

- Review issues of current core systems and set up systems which have great practical utility to improve working efficiency

3. Established of “Sustainability Promotion Committee”

- Promote sustainability management
- Prepare for TCFD disclosure



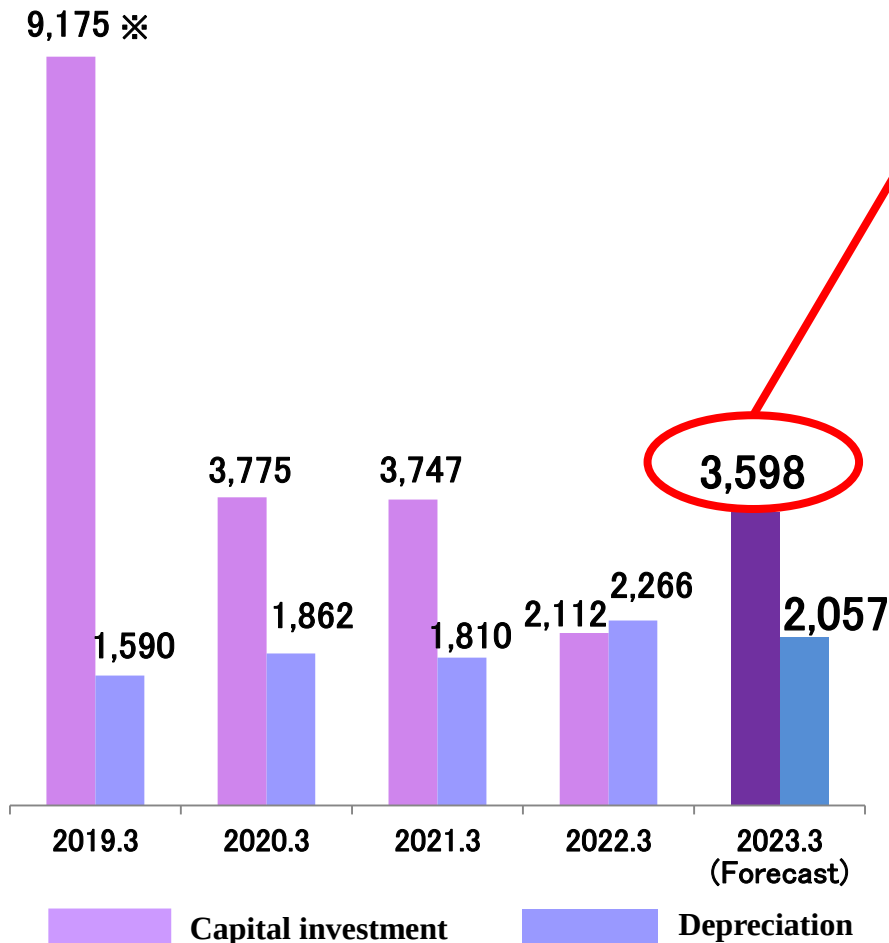
Contribute to building sustainable society and enhancing corporate value continuously by promoting ESG activities

4. Postponed announcement of “three-year medium-term management plan”

- Announcement has been postponed due to the fact that the prices of raw materials used for adhesives and sealants have shot up more than expected, and the outlook for the plan is very uncertain due to concerns of further increases in resource prices and disruptions in the supply network caused by the worsening situation in Ukraine and others.

Capital investment and Depreciation

(unit : million yen)



※Increased mainly due to acquisition of Konishi's head office building "Kitahama Konishi Bldg"

Major capital investment

- ✓ Build a new production building for "water-based adhesives" at Tochigi factory of Konishi
- ✓ Introduce new core systems
- ✓ Build new Tokyo branch building of Bond Engineering



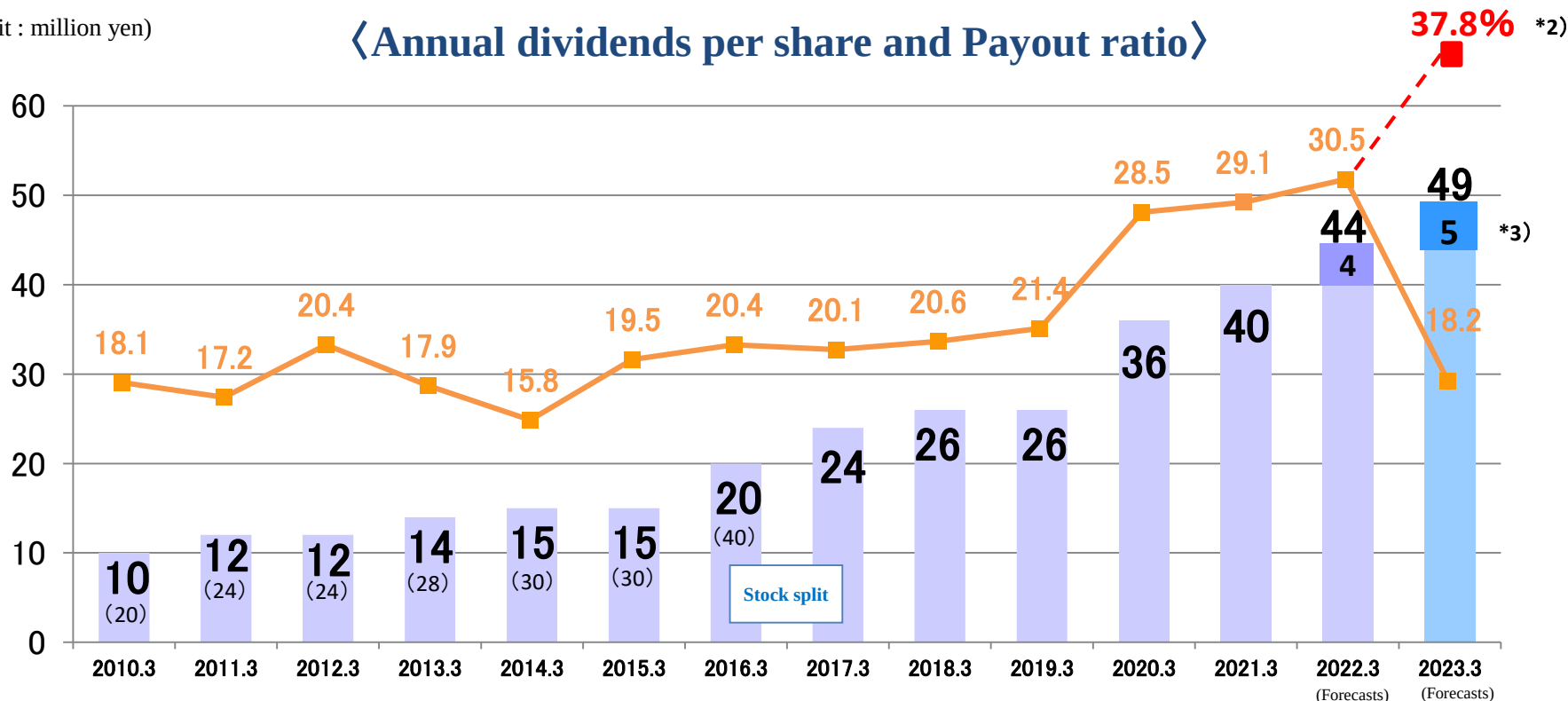
Rendering image of new Tokyo branch building of Bond Engineering (scheduled to be completed in September 2022)

【Basic Policy on profit distribution to shareholders】

We will return the profits generated through our business activities to our shareholders, as well as to investments for profitability growth such as M&A to expand business, capital investments to production and logistics for automation and labor-saving, and introduction of new core systems. Regarding the dividend payout ratio, we will return profits at around 30% ratio while taking into consideration the business performance of each fiscal year, and will continue to pay stable dividends.

(unit : million yen)

〈Annual dividends per share and Payout ratio〉



*1) We implemented a 2-for-1 stock split as of 1st April, 2016.

Annual dividends per share before FY March 2016 are stated after adjustments of the stock split.
The amounts inside () are stated before the adjustments.

*2) The amount of dividends is determined by excluding 4,986 million yen (after tax) as a gain on sales of real estate that is not directly related to our business activities.
Payout ratio after excluding the impact above is 37.8%.

*3) We will increase ¥5 dividend as 70th anniversary of the launch of bond(synthetic adhesive).

Konishi Co., Ltd.