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October 31, 2022

## **Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2023 (Under Japanese GAAP)**

Company name: Konishi Co., Ltd.  
Listing: Tokyo Stock Exchange  
Securities code: 4956  
URL: <http://www.bond.co.jp/>  
Representative: Keiichi Oyama, Representative Director and President  
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Telephone: +81-6-6228-2877  
Scheduled date to file quarterly securities report: November 10, 2022  
Scheduled date to commence dividend payments: December 9, 2022  
Preparation of supplementary material on quarterly financial results: Yes  
Holding of quarterly 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 first six months of the fiscal year ending March 31, 2023 (from April 1, 2022 to September 30, 2022)**

#### **(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 six months ended September 30, 2022	58,148	7.8	2,886	(15.8)	3,232	(11.9)	7,030	195.2
First six months ended September 30, 2021	53,943	8.3	3,426	30.9	3,668	33.5	2,381	39.3

Note: Comprehensive income First six months ended September 30, 2022 ¥7,481 million (159.7%)  
First six months ended September 30, 2021 ¥2,880 million (20.3%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
First six months ended September 30, 2022	197.17	-
First six months ended September 30, 2021	66.87	-

#### **(2) Consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
First six months ended September 30, 2022	128,284	79,577	58.7
As of March 31, 2022	119,148	72,897	57.6

Reference: Equity  
First six months ended September 30, 2022 ¥75,246 million  
As of March 31, 2022 ¥68,664 million

## 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, 2022	-	22.00	-	22.00	44.00
Fiscal year ending March 31, 2023	-	27.00			
Fiscal year ending March 31, 2023 (Forecast)			-	22.00	49.00

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 ending 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	122,000	7.3	6,950	(4.8)	7,250	(7.3)	9,600	86.9	269.44

Note: Revisions to the consolidated earnings forecasts most recently announced: None  
 The main reason for the large fluctuation in profit attributable to owners of parent is that extraordinary income of 7,184 million yen was generated during the second quarter of the fiscal year 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 six months ended September 30, 2022 (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 September 30, 2022	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 September 30, 2022	5,028,753 shares
As of March 31, 2022	5,067,401 shares

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

As of September 30, 2022	35,656,632 shares
As of September 30, 2021	35,620,226 shares

\* 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

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

Means of access to contents of supplementary material on quarterly financial results and quarterly financial results briefing

The Company is scheduled to hold a quarterly financial results briefing for analysts and institutional investors on Tuesday, November 29, 2022. The Company plans to upload the supplementary materials used for the quarterly financial results briefing on this date on the Company website promptly after the briefing has concluded.

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## 1. Qualitative information regarding financial results for the first six months

### (1) Explanation of operating results

During the quarter under review, the global economy was still in a difficult situation due to global inflation, the impact of monetary tightening policies in various countries, and the steep rise in raw material prices due to geopolitical risks. This took place amid the ongoing normalization of life in order to achieve a balance between measures against COVID-19 and socioeconomic activities. From April to June this year, the real GDP grew at an annualized rate of 2.2% compared with the previous quarter. However, the real GDP growth rate showed a slowing trend in August, 0.3% compared with the previous month. Therefore, we need to pay close attention to developments in China and Europe, where business confidence is low.

In this business environment, the Group saw a recovery in demand in the construction and civil engineering fields as restrictions on activities were gradually lifted, and sales for repair, improvement, and reinforcement in both bond and construction segments performed well. On the other hand, due to the rapid depreciation of the yen and the impact of the situation in Ukraine, the cost of raw materials rose sharply, putting pressure on earnings.

As a result, the Group's operating results for the first six months under review were as follows. Net sales increased 7.8% year on year to 58,148 million yen, operating profit fell 15.8% year on year to 2,886 million yen, ordinary profit was down 11.9% year on year to 3,232 million yen, and profit attributable to owners of parent increased 195.2% year on year to 7,030 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 were steady and on a par with those in the same period of the previous fiscal year. In the housing-related field, construction costs were on an upward trend. The sales volumes of adhesives for interior work and interior building materials decreased as the recovery of new housing starts was slow. In the industrial material field, the sales volumes of water-based adhesives used in paper-related applications and 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.

Net sales increased partly due to the correction of product selling prices. However, the prices of raw materials used in adhesives and sealants rose to unprecedented levels. Despite efforts for cost-saving and cost improvement, and reflecting these in selling prices, operating profits declined.

As a result of the above, net sales increased 8.5% year on year to 33,196 million yen and operating profit fell 21.0% year on year to 1,778 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 and heat-releasing materials were strong. Demand for automobile products has recovered despite the demand impact brought by a shortage of semiconductors and a prolonged lockdown in Shanghai, China, caused by the spread of COVID-19, etc. Sales to the electrical machinery industry were firm as demand recovered due to the resolution of parts supply shortages. Sales at Maruyasu & Co., Ltd. continued to show the strong performance of products for use in semiconductor manufacturing and products for use in capacitors.

As a result of the above, net sales grew 8.3% year on year to 16,962 million yen and operating profit increased 38.9% year on year to 679 million yen.

## (iii) Construction

In the Construction Business, the orders for repair, improvement, and reinforcement works in the infrastructure and (housing) stock markets, particularly for public works, were continuously steady. BOND ENGINEERING made progress as planned. At other related construction companies, profits were sluggish due to soaring material prices and the absence of large-scale construction projects, etc.

As a result of the above, net sales increased 4.3% year on year to 7,897 million yen and operating profit fell 28.6% year on year to 453 million yen.

## (iv) Other

The Other segment represents the Real Estate Rental Business, etc. Net sales decreased 5.0% year on year to 92 million yen and operating loss was 30 million yen (operating profit of 40 million yen in the same period of the previous year).

**(2) Explanation of financial position**

## Assets, liabilities and net assets

Total assets as of September 30, 2022 increased by 9,135 million yen from the previous fiscal year-end to 128,284 million yen.

## (i) Assets

Current assets increased by 9,694 million yen from the previous fiscal year-end to 91,960 million yen. This was mainly due to an increase of 8,126 million yen in cash and deposits, and an increase of 2,397 million yen in electronically recorded monetary claims - operating, despite a decrease of 1,915 million yen in notes and accounts receivable - trade, and contract assets. Non-current assets fell 558 million yen from the previous fiscal year-end to 36,323 million yen mainly due to a decrease of 343 million yen in property, plant and equipment and a drop of 113 million yen in investment securities.

## (ii) Liabilities

Current liabilities increased by 2,445 million yen from the previous fiscal year-end to 43,640 million yen mainly due to an increase of 1,866 million yen in income taxes payable, and an increase of 1,721 million yen in notes and accounts payable - trade, despite a decrease of 287 million yen in electronically recorded obligations - operating. Non-current liabilities grew 10 million yen from the previous fiscal year-end to 5,066 million yen, mainly due to an increase of 63 million yen in retirement benefit liability, and an increase of 63 million yen in other liabilities, despite a decrease of 116 million yen in long-term borrowings.

## (iii) Net assets

Net assets grew 6,680 million yen from the previous fiscal year-end to 79,577 million yen mainly due to an increase of 6,246 million yen in retained earnings.

## (iv) Cash flows

Cash and cash equivalents (hereinafter "cash") rose by 8,126 million yen during the first six months under review (6,440 million yen increase year on year). This comprised net cash provided by operating activities of 3,272 million yen (1,097 million yen decrease year on year), net cash provided by investing activities of 5,745 million yen (a decrease of 1,781 million yen in the same period of the previous year), and net cash used in financing activities of 1,019 million yen (40 million yen increase year on year).

As a result, the balance of cash as of September 30, 2022 amounted to 33,641 million yen.

## (a) Cash flows from operating activities

Net cash provided by operating activities was 3,272 million yen (down 1,097 million yen year on year). This was mainly due to profit before income taxes of 10,411 million yen, an increase in trade payables of 1,250 million yen, and depreciation of 1,030 million yen, despite gain on sale of property, plant and

equipment of 7,184 million yen, income taxes paid of 1,318 million yen, and an increase in inventories of 1,214 million yen.

(b) Cash flows from investing activities

Net cash provided by investing activities was 5,745 million yen (used 1,781 million yen in the same period of the previous year). This was mainly due to proceeds from sale of property, plant and equipment of 6,470 million yen, despite purchases of property, plant and equipment of 656 million yen.

(c) Cash flows from financing activities

Net cash used in financing activities was 1,019 million yen (up 40 million yen year on year). This was mainly due to dividends paid of 784 million yen, and repayments of long-term borrowings of 145 million yen.

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

There are currently no changes to the earnings forecast announced on April 28, 2022.

## 2. Quarterly consolidated financial statements and significant notes thereto

## (1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	26,169	34,296
Notes and accounts receivable - trade, and contract assets	35,087	33,171
Electronically recorded monetary claims-operating	10,637	13,034
Merchandise and finished goods	7,280	8,171
Work in process	253	290
Raw materials and supplies	1,305	1,662
Other	1,579	1,384
Allowance for doubtful accounts	(47)	(51)
Total current assets	82,266	91,960
Non-current assets		
Property, plant and equipment	25,618	25,275
Intangible assets	811	744
Investments and other assets		
Investment securities	7,628	7,515
Other	2,842	2,806
Allowance for doubtful accounts	(17)	(18)
Total investments and other assets	10,453	10,303
Total non-current assets	36,882	36,323
<b>Total assets</b>	<b>119,148</b>	<b>128,284</b>



(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	31,737	33,458
Electronically recorded obligations - operating	3,413	3,125
Short-term borrowings	46	51
Current portion of long-term borrowings	104	75
Income taxes payable	1,238	3,104
Provision for bonuses	1,125	1,187
Provision for bonuses for directors (and other officers)	116	56
Other	3,413	2,580
<b>Total current liabilities</b>	<b>41,195</b>	<b>43,640</b>
Non-current liabilities		
Long-term borrowings	256	140
Retirement benefit liability	612	676
Other	4,186	4,249
<b>Total non-current liabilities</b>	<b>5,055</b>	<b>5,066</b>
<b>Total liabilities</b>	<b>46,251</b>	<b>48,706</b>
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,544	4,557
Retained earnings	61,164	67,411
Treasury shares	(5,504)	(5,462)
<b>Total shareholders' equity</b>	<b>64,808</b>	<b>71,110</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,383	2,287
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	270	684
Remeasurements of defined benefit plans	1,201	1,163
<b>Total accumulated other comprehensive income</b>	<b>3,856</b>	<b>4,136</b>
Non-controlling interests	4,232	4,330
<b>Total net assets</b>	<b>72,897</b>	<b>79,577</b>
<b>Total liabilities and net assets</b>	<b>119,148</b>	<b>128,284</b>

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

## Consolidated statement of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Net sales	53,943	58,148
Cost of sales	42,731	47,204
Gross profit	11,212	10,943
Selling, general and administrative expenses	7,786	8,057
Operating profit	3,426	2,886
Non-operating income		
Interest income	3	8
Dividend income	112	135
Foreign exchange gains	10	131
Share of profit of entities accounted for using equity method	7	12
Other	132	94
Total non-operating income	267	382
Non-operating expenses		
Interest expenses	5	4
Depreciation	12	12
Compensation expenses	1	9
Other	5	11
Total non-operating expenses	25	37
Ordinary profit	3,668	3,232
Extraordinary income		
Gain on sale of non-current assets	5	7,184
Other	17	0
Total extraordinary income	22	7,184
Extraordinary losses		
Loss on disposal of non-current assets	1	5
Loss on valuation of investment securities	11	-
Other	0	0
Total extraordinary losses	12	5
Profit before income taxes	3,677	10,411
Income taxes-current	1,141	3,105
Income taxes-deferred	26	125
Total income taxes	1,168	3,230
Profit	2,509	7,180
Profit attributable to non-controlling interests	127	149
Profit attributable to owners of parent	2,381	7,030

## Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	2,509	7,180
Other comprehensive income		
Valuation difference on available-for-sale securities	170	(137)
Deferred gains or losses on hedges	0	(0)
Foreign currency translation adjustment	210	444
Remeasurements of defined benefit plans, net of tax	(8)	(37)
Share of other comprehensive income of entities accounted for using equity method	(1)	31
Total other comprehensive income	371	300
Comprehensive income	2,880	7,481
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,693	7,310
Comprehensive income attributable to non-controlling interests	187	170

**(3) Consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,677	10,411
Depreciation	1,057	1,030
Amortization of goodwill	111	64
Loss (gain) on sale of investment securities	(17)	0
Loss (gain) on disposal of property, plant and equipment	0	2
Loss (gain) on sale of property, plant and equipment	(5)	(7,184)
Increase (decrease) in allowance for doubtful accounts	1	1
Increase (decrease) in provision for bonuses	64	60
Increase (decrease) in provision for bonuses for directors (and other officers)	(68)	(60)
Decrease (increase) in retirement benefit asset	13	(23)
Increase (decrease) in retirement benefit liability	25	47
Interest and dividend income	(116)	(144)
Interest expenses	5	4
Share of loss (profit) of entities accounted for using equity method	(7)	(12)
Decrease (increase) in trade receivables and contract assets	2,597	(266)
Decrease (increase) in inventories	(268)	(1,214)
Increase (decrease) in trade payables	(1,004)	1,250
Increase (decrease) in other current liabilities	(364)	70
Increase (decrease) in other non-current liabilities	(59)	8
Other	298	404
Subtotal	5,943	4,450
Interest and dividends received	114	144
Interest paid	(5)	(4)
Income taxes paid	(1,683)	(1,318)
Cash flows from operating activities	4,369	3,272
<b>Cash flows from investing activities</b>		
Payments into time deposits	(510)	(510)
Proceeds from withdrawal of time deposits	10	510
Purchase of property, plant and equipment	(1,912)	(656)
Proceeds from sale of property, plant and equipment	724	6,470
Purchase of intangible assets	(99)	(37)
Purchase of investment securities	(35)	(38)
Proceeds from sale of investment securities	44	0
Proceeds from cancellation of insurance funds	8	-
Other	(11)	6
Cash flows from investing activities	(1,781)	5,745
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(4)	(6)
Proceeds from long-term borrowings	20	-
Repayments of long-term borrowings	(134)	(145)
Repayments of lease obligations	(12)	(11)
Purchase of treasury shares	(0)	(0)
Dividends paid	(780)	(784)
Dividends paid to non-controlling interests	(66)	(72)
Other	-	0
Cash flows from financing activities	(978)	(1,019)
Effect of exchange rate change on cash and cash equivalents	75	128
Net increase (decrease) in cash and cash equivalents	1,685	8,126
Cash and cash equivalents at beginning of period	23,721	25,514
Cash and cash equivalents at end of period	25,407	33,641

**(4) Notes to quarterly consolidated financial statements**Notes on premise of going concern

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

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

Six months ended September 30, 2021

(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	30,608	15,665	7,572	53,846	97	53,943	-	53,943
(2) Intersegment sales and transfers	149	77	0	226	41	268	(268)	-
Total	30,757	15,742	7,572	54,073	138	54,212	(268)	53,943
Segment profit	2,251	489	635	3,376	40	3,416	9	3,426

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.

Six months ended September 30, 2022

(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	33,196	16,962	7,897	58,055	92	58,148	-	58,148
(2) Intersegment sales and transfers	173	183	-	356	41	397	(397)	-
Total	33,369	17,145	7,897	58,412	133	58,545	(397)	58,148
Segment profit or loss	1,778	679	453	2,912	(30)	2,882	3	2,886

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.

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

Not applicable.