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April 30, 2021

Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (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 22, 2021
 Scheduled date to commence dividend payments: June 23, 2021
 Scheduled date to file annual securities report: June 22, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (May be cancelled due to future developments.)

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

1. Consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(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, 2021	133,736	(1.1)	7,285	2.4	7,428	2.5	4,934	7.6
March 31, 2020	135,180	0.8	7,115	1.2	7,248	0.9	4,585	4.1

Note: Comprehensive income For the fiscal year ended March 31, 2021: ¥7,618 million [118.1%]
 For the fiscal year ended March 31, 2020: ¥3,492 million [(2.5)%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
March 31, 2021	137.58	–	7.9	6.8	5.4
March 31, 2020	126.47	–	7.8	6.8	5.3

Reference: Share of profit (loss) of entities accounted for using equity method
 For the fiscal year ended March 31, 2021: ¥10 million
 For the fiscal year ended March 31, 2020: ¥19 million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	113,944	68,831	56.9	1,820.68
March 31, 2020	106,113	63,360	56.6	1,658.28

Reference: Equity As of March 31, 2021: ¥64,826 million
As of March 31, 2020: ¥60,070 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, 2021	6,765	(2,690)	(3,032)	23,721
March 31, 2020	6,285	(3,924)	(1,833)	22,812

2. Cash dividends

	Annual dividends					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, 2020	–	13.00	–	23.00	36.00	1,304	28.5	2.2
Fiscal year ended March 31, 2021	–	18.00	–	22.00	40.00	1,426	29.1	2.3
Fiscal year ending March 31, 2022 (Forecast)	–	20.00	–	20.00	40.00		–	

Note: Breakdown of fiscal year-end dividends for the fiscal year ended March 31, 2020:
Ordinary dividend ¥13.00, 150th anniversary commemorative dividend ¥10.00

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2021	50,500	1.9	2,650	1.3	2,780	1.2	1,720	0.6	47.95
Fiscal year ending March 31, 2022	109,500	2.3	7,200	1.7	7,500	1.0	4,940	0.2	137.72

Note: Since Konishi Co., Ltd. (the “Company”) will apply the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc. from the beginning of the fiscal year ending March 31, 2022, the above consolidated earnings forecasts are the amounts after the application of the said accounting standard, etc., and the rate of increase/decrease from the previous fiscal year and the same quarter of the previous year are calculated on the assumption that the said accounting standard, etc. was applied in the fiscal year ended March 31, 2021.

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

Included: 1 company (PT. Konishi Lemindo Indonesia)

- (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, 2021	40,707,440 shares
As of March 31, 2020	40,707,440 shares

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

As of March 31, 2021	5,102,082 shares
As of March 31, 2020	4,482,594 shares

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

Fiscal year ended March 31, 2021	35,868,582 shares
Fiscal year ended March 31, 2020	36,259,369 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2021	88,439	(5.5)	4,033	(5.7)	4,685	(4.3)	3,722	4.6
March 31, 2020	93,539	2.5	4,277	12.1	4,897	9.2	3,560	13.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2021	103.77	–
March 31, 2020	98.18	–

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2021	93,447	51,616	55.2	1,449.69
March 31, 2020	91,370	49,455	54.1	1,365.23

Reference: Equity

As of March 31, 2021:

¥51,616 million

As of March 31, 2020:

¥49,455 million

* Financial results reports are exempt from 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 “1. Overview of operating results, etc. (4) Future outlook” on page 4 of the financial results report (Attached Material).
- The Company plans to hold a presentation meeting for institutional investors and analysts on May 18, 2021 (Tuesday), but it may be cancelled due to future developments. In that case, it will be announced on the Company’s website.

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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, 2021 (fiscal year under review), the Japanese economy remained in a severe situation overall, with socioeconomic activities significantly restricted due to the spread of the novel coronavirus disease (COVID-19) infection. Although there were signs of economic recovery with the gradual resumption of economic activities following the lifting of the state of emergency declaration issued in April 2020, due to the emergency declaration again in 11 prefectures in January 2021 following the reemergence of COVID-19 infections since December 2020, and with the lack of prospects for the disease subsiding, the future of the economy continues to be uncertain.

Regarding industries in which the Company and its subsidiaries (the “Group”) are engaged, the housing industry had seen a weakening in the number of new housing starts, but that number is now steadily recovering. In the civil engineering and construction industry, demand for redevelopment of urban areas, repair and improvement works of buildings, and demand for maintenance and mending of infrastructure such as roads and railroads remained strong. In the automotive industry, there was a recovery trend from the second quarter of the fiscal year under review.

As a result, the Group’s operating results for the fiscal year under review is as follows. Net sales decreased 1.1% year on year to 133,736 million yen, operating profit increased 2.4% year on year to 7,285 million yen, ordinary profit increased 2.5% year on year to 7,428 million yen, and profit attributable to owners of parent increased 7.6% year on year to 4,934 million yen.

Results by segment are as follows.

(i) Bond (synthetic adhesive)

In the general household field, sales through convenience stores decreased, but sales through home improvement stores increased. In addition, sales of adhesives for interior work and adhesives for interior building materials in the housing-related field, adhesives such as water-based adhesives for use in paper-related application in the industrial material field, all decreased, but began to recover from the third quarter of the fiscal year under review. Elastic adhesives for use in such applications as automotive and electrical components recovered to the same level as the previous fiscal year.

As a result of the above, net sales decreased 6.9% year on year to 46,508 million yen and operating profit decreased 5.8% year on year to 4,079 million yen.

(ii) Civil Engineering and Construction

In the construction field, sales of materials used in building repair and in methods to prevent detachment from exterior walls, and sales of sealing materials for construction decreased as each work project has been suspended due to the impact of COVID-19, but began to recover from the third quarter of the fiscal year under review.

In the civil engineering field, however, sales increased due to the favorable performance of methods for surface protection and for preventing detachment, and continuous fiber sheet reinforcement methods. In the Civil Engineering and Construction Business, sales increased due to the continued steady performance of repair, improvement, and reinforcement works in the infrastructure, particularly for public works, and used building markets.

As a result of the above, net sales increased 11.7% year on year to 34,444 million yen and operating profit increased 16.2% year on year to 2,375 million yen.

(iii) Chemicals

In the chemical engineering field, sales of ethanol-related products increased, despite sluggish sales of resin materials.

In the automotive field, sales of products used in automotive electrical components decreased, but sales increased with the recovering demand, and the decrease narrowed from the third quarter of

the fiscal year under review. Sales decreased in the electronic and electrical field, and coating materials field, but began to slowly recover.

Sales at MARUYASU & CO., LTD. increased due to the recovery and strong performance of products for use in capacitors.

As a result of the above, net sales decreased 2.9% year on year to 52,531 million yen but operating profit increased 14.6% year on year to 634 million yen.

(iv) Other

The Other segment represents the Real Estate Rental Business. Net sales decreased 7.0% year on year to 252 million yen and operating profit decreased 13.3% year on year to 189 million yen.

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

Total assets as of March 31, 2021 increased by 7,830 million yen from the previous fiscal year-end to 113,944 million yen.

(i) Assets

Current assets increased by 2,629 million yen from the previous fiscal year-end to 76,133 million yen mainly due to an increase of 1,507 million yen in notes and accounts receivable - trade, an increase of 849 million yen in cash and deposits, and an increase of 725 million yen in electronically recorded monetary claims - operating, despite a decrease of 295 million yen in securities.

Non-current assets increased by 5,201 million yen from the previous fiscal year-end to 37,811 million yen mainly due to an increase of 2,076 million yen in investment securities of investments and other assets, and an increase of 1,371 million yen in buildings and structures of property, plant and equipment and an increase of 939 million yen in retirement benefit asset of investments and other assets.

(ii) Liabilities

Current liabilities increased by 1,665 million yen from the previous fiscal year-end to 39,511 million yen mainly due to an increase of 1,329 million yen in notes and accounts payable - trade, and an increase of 365 million yen in income taxes payable despite a decrease of 616 million yen in electronically recorded obligations - operating.

Non-current liabilities increased by 693 million yen from the previous fiscal year-end to 5,601 million yen mainly due to an increase of 893 million yen in deferred tax liabilities, despite a decrease of 389 million yen in retirement benefit liability

(iii) Net assets

Net assets increased by 5,470 million yen from the previous fiscal year-end to 68,831 million yen mainly due to an increase of 3,458 million yen in retained earnings, an increase of 1,250 million yen in valuation difference in available-for-sale securities and an increase of 1,058 million yen in remeasurements of defined benefit plans.

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

Cash and cash equivalents (hereinafter "cash") increased by 909 million yen during the fiscal year under review (359 million yen increase year on year). This comprised cash flows provided by operating activities of 6,765 million yen (up 479 million yen year on year), cash flows used in investing activities of 2,690 million yen (down 1,233 million yen year on year), and cash flows used in financing activities of 3,032 million yen (up 1,198 million yen year on year).

As a result, the balance of cash as of March 31, 2021 amounted to 23,721 million yen, an increase of 909 million yen year on year.

(i) Cash flows from operating activities

Net cash provided by operating activities was 6,765 million yen (up 479 million yen year on year).

This was mainly due to profit before income taxes of 7,825 million yen, depreciation of 1,810 million yen, and an increase in trade payables of 1,137 million yen, despite income taxes paid of 2,341 million yen, and an increase in trades receivables of 2,095 million yen.

(ii) Cash flows from investing activities

Net cash used in investing activities was 2,690 million yen (down 1,233 million yen year on year).

This was mainly due to purchase of property, plant and equipment of 3,152 million yen, and payments into time deposits of 1,324 million yen, despite proceeds from withdrawal of time deposits of 1,705 million yen.

(iii) Cash flows from financing activities

Net cash used in financing activities was 3,032 million yen (up 1,198 million yen year on year).

This was mainly due to dividends paid of 1,477 million yen, and purchase of treasury shares of 971 million yen.

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

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Equity ratio (%)	55.9	53.7	53.2	56.6	56.9
Market value equity ratio (%)	52.9	58.7	53.6	48.9	56.1
Interest-bearing debt to cash flow ratio (yearly)	0.1	0.2	0.2	0.1	0.1
Interest coverage ratio (times)	361.5	415.6	326.3	446.6	513.7

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.

(4) Future outlook

The Japanese economy remains in a severe situation due to the effects of COVID-19, but it is beginning to show signs of recovery. Although capital investment and corporate earnings are still weak in some areas due to the effects COVID-19, there are signs of recovery overall. Going forward, the economy is expected to continue to improve due to the effects of various policies and improvements in overseas economies, as measures are taken to prevent the spread of the disease after the declaration of a state of emergency was lifted. However, the future of the economy remains uncertain due to the continued reemergence of COVID-19 and the lack of prospects for when it will subside.

Under such circumstances, in the Bond Business, the number of housing starts is expected to remain generally level, with rental housing and condominiums remaining sluggish. In addition, demand for renovation is expected to remain steady.

In the Civil Engineering and Construction Business, public and private construction projects are expected to be sluggish in the first half of the year, especially in the Tokyo metropolitan area, but are expected to recover and remain strong in the second half of the year. Furthermore, repair and renovation work in the stock market for buildings and condominiums, as well as in the infrastructure market, is expected to remain strong.

In the Chemicals Business, growth is expected to continue in advanced technology fields due to factors such as the strengthening and expanding of information and communications functions, the growing use of electronics in vehicles, and an increase in demand for robotics against the backdrop of labor shortages.

Based on these circumstances, the Group will aim to create sustainable profits and expand business by strengthening cooperation within the Konishi Group, optimizing the allocation of management and research resources by revising our business portfolio, strengthening our core businesses and exploring and developing markets in areas surrounding these, and expanding into Asian markets.

In our consolidated earnings forecasts for the fiscal year ending March 31, 2022, we forecast that net sales will increase 2.3% year on year to 109,500 million yen, operating profit will increase 1.7% year on year to 7,200 million yen, ordinary profit will increase 1.0% year on year to 7,500 million yen, and profit attributable to owners of parent will increase 0.2% year on year to 4,940 million yen. The figures in these forecasts are after the application of the “Accounting Standard for Revenue Recognition,” etc., and the percentage change from the same period of the previous year is calculated on the assumption that the said accounting standard, etc., is applied in the fiscal year ending March 31, 2021.

(5) Basic policy on profit distribution and dividends for fiscal 2021 and fiscal 2022

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 dividend based on considerations such as each fiscal year’s business performance. We will also strive to improve business performance through the effective use of internal reserves, such as investment in automation and labor saving equipment that can improve productivity, investment in strengthening logistics systems, research and development of environmentally friendly and highly functional products, investment in reducing environmental impact, and the expansion of business areas through M&A.

For the fiscal year under review (ended March 31, 2021), the Company forecasts a year-end dividend of 22 yen per share. In addition to a midterm dividend of 18 yen already paid, this will result in an annual dividend of 40 yen. Regarding the dividends for the following fiscal year (ending March 31, 2022), the Company forecasts midterm and year-end dividends of 20 yen each, amounting to an annual dividend of 40 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, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	23,027	23,876
Notes and accounts receivable - trade	37,140	38,648
Electronically recorded monetary claims - operating	3,862	4,588
Securities	295	-
Merchandise and finished goods	6,502	6,254
Work in process	205	248
Raw materials and supplies	1,054	1,039
Costs on construction contracts in progress	343	256
Other	1,114	1,269
Allowance for doubtful accounts	(43)	(48)
Total current assets	73,504	76,133
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,956	24,987
Accumulated depreciation	(11,865)	(12,524)
Buildings and structures, net	11,091	12,462
Machinery, equipment and vehicles	15,420	16,218
Accumulated depreciation	(13,134)	(13,677)
Machinery, equipment and vehicles, net	2,286	2,540
Tools, furniture and fixtures	4,068	4,320
Accumulated depreciation	(3,438)	(3,731)
Tools, furniture and fixtures, net	630	588
Land	8,418	9,195
Leased assets	299	310
Accumulated depreciation	(119)	(141)
Leased assets, net	180	168
Construction in progress	758	856
Total property, plant and equipment	23,365	25,812
Intangible assets	1,050	991
Investments and other assets		
Investment securities	5,929	8,005
Long-term loans receivable	28	20
Guarantee deposits	377	374
Retirement benefit asset	806	1,745
Deferred tax assets	300	233
Other	768	645
Allowance for doubtful accounts	(18)	(18)
Total investments and other assets	8,193	11,007
Total non-current assets	32,609	37,811
Total assets	106,113	113,944

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,195	29,525
Electronically recorded obligations - operating	3,733	3,116
Short-term borrowings	95	48
Current portion of long-term borrowings	216	81
Lease obligations	22	23
Income taxes payable	1,251	1,617
Provision for bonuses	1,079	1,108
Provision for bonuses for directors (and other officers)	106	113
Other	3,142	3,876
Total current liabilities	37,845	39,511
Non-current liabilities		
Lease obligations	172	159
Long-term guarantee deposits	2,842	2,890
Long-term borrowings	244	440
Deferred tax liabilities	211	1,105
Retirement benefit liability	1,225	836
Other	210	169
Total non-current liabilities	4,907	5,601
Total liabilities	42,753	45,113
Net assets		
Shareholders' equity		
Share capital	4,603	4,603
Capital surplus	4,513	4,526
Retained earnings	54,184	57,642
Treasury shares	(4,599)	(5,541)
Total shareholders' equity	58,701	61,230
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,392	2,643
Deferred gains or losses on hedges	(0)	(0)
Foreign currency translation adjustment	16	(66)
Remeasurements of defined benefit plans	(38)	1,019
Total accumulated other comprehensive income	1,369	3,595
Non-controlling interests	3,289	4,005
Total net assets	63,360	68,831
Total liabilities and net assets	106,113	113,944

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

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	135,180	133,736
Cost of sales	112,196	111,004
Gross profit	22,984	22,732
Selling, general and administrative expenses	15,868	15,446
Operating profit	7,115	7,285
Non-operating income		
Interest income	14	11
Dividend income	204	195
Share of profit of entities accounted for using equity method	19	10
Other	249	234
Total non-operating income	487	452
Non-operating expenses		
Interest expenses	14	13
Sales discounts	206	199
Foreign exchange losses	53	–
Other	80	97
Total non-operating expenses	354	310
Ordinary profit	7,248	7,428
Extraordinary income		
Gain on sale of non-current assets	40	254
Gain on sale of investment securities	114	175
Other	0	–
Total extraordinary income	155	430
Extraordinary losses		
Loss on disposal of non-current assets	132	29
Loss on sale of investment securities	1	4
Other	13	–
Total extraordinary losses	147	33
Profit before income taxes	7,256	7,825
Income taxes - current	2,432	2,715
Income taxes - deferred	(10)	(108)
Total income taxes	2,422	2,607
Profit	4,834	5,217
Profit attributable to non-controlling interests	249	283
Profit attributable to owners of parent	4,585	4,934

Consolidated statement of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	4,834	5,217
Other comprehensive income		
Valuation difference on available-for-sale securities	(966)	1,454
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(38)	(122)
Remeasurements of defined benefit plans, net of tax	(311)	1,058
Share of other comprehensive income of entities accounted for using equity method	(24)	10
Total other comprehensive income	(1,342)	2,400
Comprehensive income	3,492	7,618
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,334	7,160
Comprehensive income attributable to non- controlling interests	158	457

(3) Consolidated statement of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,499	50,541	(4,548)	55,095
Changes during period					
Dividends of surplus			(942)		(942)
Profit attributable to owners of parent			4,585		4,585
Purchase of treasury shares				(76)	(76)
Disposal of treasury shares		13		25	39
Net changes in items other than shareholders' equity					
Total changes during period	—	13	3,642	(50)	3,605
Balance at end of period	4,603	4,513	54,184	(4,599)	58,701

	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	2,271	(0)	77	272	2,621
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	(878)	(0)	(61)	(311)	(1,251)
Total changes during period	(878)	(0)	(61)	(311)	(1,251)
Balance at end of period	1,392	(0)	16	(38)	1,369

	Non-controlling interests	Total net assets
Balance at beginning of period	3,196	60,913
Changes during period		
Dividends of surplus		(942)
Profit attributable to owners of parent		4,585
Purchase of treasury shares		(76)
Disposal of treasury shares		39
Net changes in items other than shareholders' equity	92	(1,158)
Total changes during period	92	2,446
Balance at end of period	3,289	63,360

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	4,603	4,513	54,184	(4,599)	58,701
Changes during period					
Dividends of surplus			(1,476)		(1,476)
Profit attributable to owners of parent			4,934		4,934
Purchase of treasury shares				(971)	(971)
Disposal of treasury shares		13		29	42
Net changes in items other than shareholders' equity					
Total changes during period	-	13	3,458	(941)	2,529
Balance at end of period	4,603	4,526	57,642	(5,541)	61,230

	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	1,392	(0)	16	(38)	1,369
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	1,250	0	(83)	1,058	2,225
Total changes during period	1,250	0	(83)	1,058	2,225
Balance at end of period	2,643	(0)	(66)	1,019	3,595

	Non-controlling interests	Total net assets
Balance at beginning of period	3,289	63,360
Changes during period		
Dividends of surplus		(1,476)
Profit attributable to owners of parent		4,934
Purchase of treasury shares		(971)
Disposal of treasury shares		42
Net changes in items other than shareholders' equity	715	2,941
Total changes during period	715	5,470
Balance at end of period	4,005	68,831

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	7,256	7,825
Depreciation	1,862	1,810
Amortization of goodwill	189	204
Loss (gain) on sale of investment securities	(113)	(170)
Loss (gain) on disposal of property, plant and equipment	21	4
Loss (gain) on sale of property, plant and equipment	(40)	(250)
Increase (decrease) in allowance for doubtful accounts	(6)	4
Increase (decrease) in provision for bonuses	61	28
Increase (decrease) in provision for bonuses for directors (and other officers)	(16)	6
Decrease (increase) in retirement benefit asset	9	61
Increase (decrease) in retirement benefit liability	50	133
Interest and dividend income	(218)	(207)
Interest expenses	14	13
Share of loss (profit) of entities accounted for using equity method	(19)	(10)
Decrease (increase) in trade receivables	2,696	(2,095)
Decrease (increase) in inventories	(514)	718
Increase (decrease) in trade payables	(3,405)	1,137
Increase (decrease) in other current liabilities	341	(482)
Increase (decrease) in other non-current liabilities	(73)	(8)
Other, net	494	189
Subtotal	8,590	8,912
Interest and dividends received	220	207
Interest paid	(14)	(13)
Income taxes paid	(2,511)	(2,341)
Net cash provided by (used in) operating activities	6,285	6,765
Cash flows from investing activities		
Payments into time deposits	(705)	(1,324)
Proceeds from withdrawal of time deposits	712	1,705
Purchase of securities	(141)	-
Proceeds from sale and redemption of securities	-	293
Purchase of property, plant and equipment	(4,266)	(3,152)
Proceeds from sale of property, plant and equipment	446	304
Purchase of intangible assets	(166)	(75)
Purchase of investment securities	(69)	(64)
Proceeds from sale of investment securities	195	337
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(12)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	29	-
Payments for acquisition of businesses	-	(764)
Proceeds from cancellation of insurance funds	34	52
Other, net	5	10
Net cash provided by (used in) investing activities	(3,924)	(2,690)

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(16)	(471)
Repayments of lease obligations	(23)	(25)
Repayments of long-term borrowings	(708)	(405)
Purchase of treasury shares	(76)	(971)
Dividends paid	(942)	(1,477)
Dividends paid to non-controlling interests	(65)	(62)
Proceeds from share issuance to non-controlling shareholders	-	320
Other, net	(0)	60
Net cash provided by (used in) financing activities	(1,833)	(3,032)
Effect of exchange rate change on cash and cash equivalents	21	(132)
Net increase (decrease) in cash and cash equivalents	549	909
Cash and cash equivalents at beginning of period	22,263	22,812
Cash and cash equivalents at end of period	22,812	23,721

(5) Notes on premise of going concern

Not applicable.

(6) Changes in significant accounting policies for preparation of consolidated financial statements

Changes in presentation

Consolidated statement of income

“Compensation expenses” in “Non-operating expenses,” which was presented separately in the previous fiscal year, are included in “Other” of “Non-operating expenses” in the fiscal year under review, as the amount is 10% or less of the total amount of non-operating expenses. In order to reflect this change in presentation, the consolidated statement of income for the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income for the previous fiscal year, the 35 million yen in “Compensation expenses” that had been shown in “Non-operating expenses” and the 44 million yen in the “Other” have been reclassified as 80 million yen in “Other.”

“Loss on sale of investment securities” which were included in “Other” of “Extraordinary losses” in the previous fiscal year are presented separately from the fiscal year under review, as they exceeded 10% of the total amount of extraordinary losses. To reflect the changes to presentation, the consolidated financial statements of the previous fiscal year have been reclassified.

As a result, in the consolidated statement of income of the previous fiscal year, the 14 million yen that had been shown in the “Other” of “Extraordinary losses” has been reclassified as 1 million yen in “Loss on sale of investment securities” and 13 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, Civil Engineering and Construction Business, and Chemicals Business, with each business formulating a comprehensive strategy that includes Japan and overseas, and pursuing business activities.

Accordingly, the Company has the following three reportable segments: Bond, Civil Engineering and Construction, and Chemicals.

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

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.

Please note the Company does not allocate assets and liabilities to business segment.

3. Disclosure of net sales, profit or loss, and other items by reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
Revenues from external customers	49,979	30,844	54,084	134,909	271	135,180	–	135,180
Intersegment sales and transfers	801	365	110	1,278	84	1,363	(1,363)	–
Total	50,781	31,210	54,194	136,187	356	136,544	(1,363)	135,180
Segment profit	4,331	2,044	553	6,929	219	7,148	(32)	7,115
Other items								
Depreciation	1,394	363	34	1,792	52	1,844	18	1,862
Amortization of goodwill	7	182	–	189	–	189	–	189

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) Adjustments of depreciation 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, 2021

(Millions of yen)

	Reportable segments				Other (Note) 1	Total	Adjustments (Note) 2	Amount in consolidated financial statements (Note) 3
	Bond	Civil Engineering and Construction	Chemicals	Total				
Net sales								
Revenues from external customers	46,508	34,444	52,531	133,483	252	133,736	–	133,736
Intersegment sales and transfers	658	103	107	868	84	953	(953)	–
Total	47,166	34,547	52,639	134,352	337	134,689	(953)	133,736
Segment profit	4,079	2,375	634	7,089	189	7,279	6	7,285
Other items								
Depreciation	1,282	421	39	1,742	49	1,792	18	1,810
Amortization of goodwill	7	196	–	204	–	204	–	204

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) Adjustments of depreciation 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, 2020

Not applicable.

Fiscal year ended March 31, 2021

Not applicable.

Amortization and unamortized balance of goodwill by reportable segment

Fiscal year ended March 31, 2020

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Civil Engineering and Construction	Chemicals	Total			
Amortization during period	7	182	–	189	–	–	189
Balance at end of period	7	418	–	426	–	–	426

Fiscal year ended March 31, 2021

(Millions of yen)

	Reportable segment				Other	Corporate and elimination	Total
	Bond	Civil Engineering and Construction	Chemicals	Total			
Amortization during period	7	196	–	204	–	–	204
Balance at end of period	74	325	–	399	–	–	399

Information about gain on bargain purchase by reportable segment

Fiscal year ended March 31, 2020

Not applicable.

Fiscal year ended March 31, 2021

Not applicable.

Per share information

(Yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net assets per share	1,658.28	1,820.68
Basic earnings per share	126.47	137.58

Notes: 1. Diluted earnings per share is not stated because there were no potential shares.
2. Basis for calculation is as follows:

(i) Net assets per share

	As of March 31, 2020	As of March 31, 2021
Total net assets (Millions of yen)	63,360	68,831
Net assets attributable to common shares (Millions of yen)	60,070	64,826
Main details of differences (Millions of yen)		
Non-controlling interests	3,289	4,005
Number of issued common shares (Thousand shares)	40,707	40,707
Number of treasury common shares (Thousand shares)	4,482	5,102
Number of common shares used for calculating net assets per share (Thousand shares)	36,224	35,605

(ii) Basic earnings per share

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit attributable to owners of parent (Millions of yen)	4,585	4,934
Amounts not attributable to common shareholders (Millions of yen)	–	–
Profit attributable to owners of parent related to common shares (Millions of yen)	4,585	4,934
Average number of outstanding common shares during period (Thousand shares)	36,259	35,868

Omission of disclosure

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

Significant events after reporting period

In the fiscal year under review, the Group's business segments were "Bond", "Civil Engineering and Construction," and "Chemicals." However, from the following fiscal year, the business of adhesives, repair materials, and sealants used in the civil engineering and construction field, which were included in "Civil Engineering and Construction," will be transferred to "Bond," and the business segments will be reorganized as "Bond," "Chemicals," and "Construction."

This is due to the change in management structure to further enhance the construction contracting business for repair, renovation and reinforcement of social infrastructure and building stock markets from April 2021 onwards.

We are currently calculating the information on the amount of sales, profit or loss, assets and other items by reportable segment for the fiscal year under review based on the segment classification after the change.

4. Other

Changes in officers (Effective June 22, 2021)

The Company plans to shift to a company with an Audit and Supervisory Committee, subject to approval at the 96th Annual General Meeting of Shareholders to be held on June 22, 2021. For details, please refer to the “Notice of Transition to a Company with Audit and Supervisory Committee” announced on February 19, 2021.

Candidates for Directors and Audit and Supervisory Committee Members in connection with the transition to a company with an Audit and Supervisory Committee are as follows.

1. New candidates for Director (excluding Directors who are Audit and Supervisory Committee Member)

Takashi Yokota (current Representative Director and Chairman)

Keiichi Oyama (current Representative Director and President)

Satoru Kusakabe (current Director)

Shozo Arisawa (current Director)

Hirofumi Matsubata (current Director)

Toshihiko Iwao (current Director)

Keiko Takase (current outside Director)

Makoto Kimura (current outside Director)

Note: Keiko Takase and Makoto Kimura are candidates for outside director.

2. New candidates for Director who is Audit and Supervisory Committee Member

Shinya Enomoto (current full-time Audit & Supervisory Board Member)

Kenji Kawada (current outside Audit & Supervisory Board Member)

Motoyuki Nakata (current outside Audit & Supervisory Board Member)

Yoshiki Yamada (current outside Audit & Supervisory Board Member)

Note: Kenji Kawada, Motoyuki Nakata, and Yoshiki Yamada are candidates for outside director.

3. Retiring Director

Kouichirou Inoue

2. Retiring Audit & Supervisory Board Members

Shinya Enomoto

Kenji Kawada

Motoyuki Nakata

Yoshiki Yamada

Reference: Supplementary Information on Financial Results for the Fiscal Year Ended March 31, 2021

1. Business performance by segment

(Millions of yen)

		Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Changes (%)
		Full year	Full year	
Bond	Net sales	49,979	46,508	(6.9)%
	Operating profit	4,331	4,079	(5.8)%
Civil Engineering and Construction	Net sales	30,844	34,444	11.7%
	Operating profit	2,044	2,375	16.2%
Chemicals	Net sales	54,084	52,531	(2.9)%
	Operating profit	553	634	14.6%
Other	Net sales	271	252	(7.0)%
	Operating profit	219	189	(13.3)%
Adjustments	Net sales	–	–	–
	Operating profit	(32)	6	–
Total	Net sales	135,180	133,736	(1.1)%
	Operating profit	7,115	7,285	2.4%

In the fiscal year under review, the Group's business segments were "Bond", "Civil Engineering and Construction," and "Chemicals. However, from the following fiscal year, the business of adhesives, repair materials, and sealants used in the civil engineering and construction field, which were included in "Civil Engineering and Construction," will be transferred to "Bond," and the business segments will be reorganized as "Bond," "Chemicals," and "Construction."

This is due to the change in management structure to further enhance the construction contracting business for repair, renovation and reinforcement of social infrastructure and building stock markets.

The Company is currently calculating the information for the business performance and earnings forecasts by segment for the newly classified segments, and plans to report that information in the presentation material for the financial results. (The aforementioned material is scheduled to be posted on the Company's website on May 18, 2021.)

2. Indicators

(Millions of yen)

		Fiscal year ended March 31, 2021	Fiscal year ending March 31, 2022 (forecast)		
		Full year	Full year	Changes (amount)	Changes (%)
Capital investment	Consolidated	3,747	8,295	4,547	121.3%
Depreciation	Consolidated	1,810	2,214	403	22.3%
Research and development	Consolidated	1,661	1,760	99	6.0%

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.