

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31, 2020 and 2021

	Unit : Millions of yen	
	March 31, 2020	March 31, 2021
Assets		
Current assets		
Cash and deposits	6,400	6,740
Notes and accounts receivable-trade	7,532	7,571
Short-term investment securities	3,199	4,400
Merchandise and finished goods	2,266	2,098
Work in process	679	729
Raw materials and supplies	1,133	1,177
Other	231	222
Allowance for doubtful accounts	(3)	(3)
Total current assets	21,440	22,938
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,864	22,865
Accumulated depreciation and impairment loss	(16,258)	(16,607)
Buildings and structures, net	6,606	6,257
Machinery, equipment and vehicles	32,701	32,529
Accumulated depreciation and impairment loss	(28,918)	(29,439)
Machinery, equipment and vehicles, net	3,782	3,090
Land	7,969	7,969
Lease assets	185	138
Accumulated depreciation and impairment loss	(95)	(54)
Lease assets, net	90	84
Construction in progress	34	513
Other	3,113	3,130
Accumulated depreciation and impairment loss	(2,640)	(2,679)
Other, net	473	451
Total property, plant and equipment	18,956	18,366
Intangible assets		
Goodwill	481	333
Other	71	79
Total intangible assets	552	412
Investments and other assets		
Investment securities	8,185	9,018
Deferred tax assets	404	12
Other	1,162	1,310
Allowance for doubtful accounts	(75)	(73)
Total investments and other assets	9,677	10,267
Total non-current assets	29,185	29,046
Total assets	50,626	51,984

Unit : Millions of yen

	March 31, 2020	March 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	3,603	3,720
Current portion of long-term loans payable	450	—
Accounts payable-other	1,610	1,341
Income taxes payable	295	472
Provision for bonuses	339	388
Other	114	136
Total current liabilities	<u>6,413</u>	<u>6,059</u>
Non-current liabilities		
Deferred tax liabilities	100	136
Provision for environmental measures	7	5
Provision for assets removal	22	22
Retirement benefit liability	1,543	1,508
Other	518	502
Total non-current liabilities	<u>2,192</u>	<u>2,174</u>
Total liabilities	<u>8,605</u>	<u>8,233</u>
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	14,934	15,997
Treasury shares	(5,975)	(6,227)
Total shareholders' equity	<u>39,649</u>	<u>40,461</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	554	1,662
Deferred gains or losses on hedges	(0)	—
Foreign currency translation adjustment	217	68
Remeasurements of defined benefit plans	(2)	11
Total accumulated other comprehensive income	<u>769</u>	<u>1,743</u>
Non-controlling interests	<u>1,601</u>	<u>1,546</u>
Total net assets	<u>42,020</u>	<u>43,750</u>
Total liabilities and net assets	<u>50,626</u>	<u>51,984</u>

Consolidated Statements of income and statements of comprehensive income**Consolidated Statements of income**

For the fiscal year ended March 31, 2020 and 2021

	Unit : Millions of yen	
	April 2019 - March 2020	April 2020 - March 2021
Net sales	26,983	25,194
Cost of sales	21,155	19,169
Gross profit	5,828	6,025
Selling, general and administrative expenses	3,891	3,808
Operating income	1,936	2,217
Non-operating income		
Interest income	56	43
Dividends income	137	135
Other	56	59
Total non-operating income	250	237
Non-operating expenses		
Interest expenses	2	0
Litigation expenses	20	—
Foreign exchange losses	14	—
Other	8	3
Total non-operating expenses	45	4
Ordinary income	2,141	2,451
Extraordinary income		
Reversal of provision for retirement benefits	131	—
Other	37	0
Total extraordinary income	168	0
Extraordinary loss		
Impairment loss	125	90
Loss on disposal of non-current assets	232	12
Other	1	1
Total extraordinary losses	359	104
Income before income taxes	1,950	2,346
Income taxes-current	440	632
Income taxes-deferred	24	(9)
Total income taxes	465	623
Profit	1,485	1,723
Profit attributable to non-controlling interests	115	115
Profit attributable to owners of parent	1,370	1,607

Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2020 and 2021

	Unit : Millions of yen	
	April 2019	April 2020
	- March 2020	- March 2021
Profit	1,485	1,723
Other comprehensive income		
Valuation difference on available-for-sale securities	(347)	1,104
Deferred gains or losses on hedges	0	0
Foreign currency translation adjustment	221	(239)
Remeasurements of defined benefit plans, net of tax	50	13
Total other comprehensive income	(74)	879
Comprehensive income	1,410	2,602
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,191	2,581
Comprehensive income attributable to non-controlling interests	219	20

Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2020

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,690	14,118	(5,474)	39,334
Changes of items during the period					
Dividends of surplus			(554)		(554)
Profit attributable to owners of parent			1,370		1,370
Purchase of treasury shares				(501)	(501)
Total changes of items during the period	—	—	815	(501)	314
Balance at the end of the period	5,000	25,690	14,934	(5,975)	39,649

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	915	(0)	86	(53)	1,463
Changes of items during the period					
Net changes of items other than shareholders' equity	(360)	0	131	50	138
Total changes of items during the period	(360)	0	131	50	138
Balance at the end of the period	554	(0)	217	(2)	1,601

For the fiscal year ended March 31, 2021

(Unit : Millions of yen)

	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at the beginning of the period	5,000	25,690	14,934	(5,975)	39,649
Cumulative effects of changes in accounting policies			(9)		(9)
Restated balance	5,000	25,690	14,924	(5,975)	39,639
Changes of items during the period					
Dividends from surplus			(533)		(533)
Profit attributable to owners of parent			1,607		1,607
Purchase of treasury shares				(251)	(251)
Total changes of items during the period	—	—	1,073	(251)	821
Balance at the end of the period	5,000	25,690	15,997	(6,227)	40,461

	Accumulated other comprehensive income				Non-controlling interests
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
Balance at the beginning of the period	554	(0)	217	(2)	1,601
Cumulative effects of changes in accounting policies					
Restated balance	554	(0)	217	(2)	1,601
Changes of items during the period					
Net changes of items other than shareholders' equity	1,108	0	(148)	13	(55)
Total changes of items during the period	1,108	0	(148)	13	(55)
Balance at the end of the period	1,662	—	68	11	1,546

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2020 and 2021

	Unit : Millions of yen	
	April 2019	April 2020
	- March 2020	- March 2021
Net cash provided by (used in) operating activities		
Income before income taxes	1,950	2,346
Depreciation	1,616	1,521
Impairment loss	125	90
Amortization of goodwill	148	148
Increase (decrease) in net defined benefit liability	(201)	(31)
Interest and dividends income	(194)	(178)
Interest expenses	2	0
Decrease (increase) in notes and accounts receivable-trade	949	(88)
Decrease (increase) in inventories	(116)	51
Increase (decrease) in notes and accounts payable - trade	(324)	127
Other, net	449	(156)
Subtotal	<u>4,405</u>	<u>3,830</u>
Interest and dividends income received	196	187
Interest expenses paid	(2)	(0)
Income taxes paid	<u>(263)</u>	<u>(449)</u>
Net cash provided by (used in) operating activities	<u>4,336</u>	<u>3,567</u>
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	200	—
Purchase of securities	(1,299)	(2,100)
Proceeds from redemption of securities	2,400	2,100
Purchase of property, plant and equipment	(1,490)	(1,277)
Purchase of investment securities	(1,103)	(0)
Proceeds from sales and redemption of investment securities	582	500
Other, net	<u>(36)</u>	<u>(27)</u>
Net cash provided by (used in) investing activities	<u>(748)</u>	<u>(806)</u>
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(600)	(450)
Net decrease (increase) in treasury shares	(501)	(251)
Cash dividends paid	<u>(553)</u>	<u>(532)</u>
Dividends paid to non-controlling interests	<u>(80)</u>	<u>(76)</u>
Net cash provided by (used in) financing activities	<u>(1,735)</u>	<u>(1,310)</u>
Effect of exchange rate change on cash and cash equivalents	71	(111)
Net increase (decrease) in cash and cash equivalents	<u>1,924</u>	<u>1,340</u>
Cash and cash equivalents at beginning of period	<u>5,560</u>	<u>7,485</u>
Cash and cash equivalents at end of period	<u>7,485</u>	<u>8,825</u>