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January 31, 2022

Consolidated Financial Results for the Three Months Ended December 31, 2021 (Under Japanese GAAP)

Company name: Gun-Ei Chemical Industry Co., Ltd.
 Listing: Tokyo Stock Exchange
 Securities code: 4229
 URL: <https://www.gunei-chemical.co.jp>
 Representative: Kiichiro Arita, President & CEO & Representative Director
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 Scheduled date to file quarterly securities report: February 14, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on quarterly financial results: None
 Holding of quarterly financial results briefing: None

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

1. Consolidated financial results for the three months ended December 31, 2021 (from April 1, 2021 to December 31, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three/months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2021	21,742	18.7	2,093	44.7	2,298	44.1	1,584	44.2
December 31, 2020	18,315	(10.1)	1,446	(7.0)	1,595	(6.6)	1,098	(8.3)

Note: Comprehensive income For the three months ended December 31, 2021: ¥1,262 million [(25.8)%]
 For the three months ended December 31, 2020: ¥1,700 million [7.1%]

	Basic earnings per share	Diluted earnings per share
Three/months ended	Yen	Yen
December 31, 2021	239.11	—
December 31, 2020	165.40	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2021	52,996	44,335	80.9
March 31, 2021	51,984	43,750	81.2

Reference: Equity
 As of September 30, 2021: ¥42,886 million
 As of March 31, 2021: ¥42,204 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
Fiscal year ended March 31, 2021	—	40.00	—	40.00	80.00
Fiscal year ending March 31, 2022	—	50.00	—		
Fiscal year ending March 31, 2022 (Forecast)				40.00	90.00

Note: Revisions to the forecast of cash dividends most recently announced: None

The second quarter-end dividend for the fiscal year ending March 2022 includes a commemorative dividend of 10 yen.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating Profit		Ordinary profit		Profit attributable To owners of parent		Basic earnings Per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
Full year	29,000	15.1	2,800	26.3	3,000	22.4	2,000	24.4	301.72

Note: Revision to the financial results forecast announced most recently: No

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of 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: Yes
 - (ii) Changes in accounting policies due to other reasons: 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 December 31, 2021	8,998,308 shares
As of March 31, 2021	8,998,308 shares

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

As of December 31, 2021	2,370,212 shares
As of March 31, 2021	2,369,662 shares

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

Three months ended December 31, 2021	6,628,351 shares
Three months ended December 31 2020	6,643,687 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

The forecasts given in this document are based on the current available information in the company and certain reasonable assumptions to the company. And we don't commit to achieve these forecasting numbers. Actual results may differ from these forecasts by a variety of reasons.

Gun Ei Chemical Industry Co., Ltd.

Consolidated Financial Statements

Consolidated balance sheets

As of March 31 and December 31, 2021

	Unit : Millions of yen	
	March 31, 2021	December 31, 2021
Assets		
Current assets		
Cash and deposits	6,740	6,400
Notes and accounts receivable-trade	7,571	8,646
Short-term investment securities	4,400	3,700
Merchandise and finished goods	2,098	2,199
Work in process	729	808
Raw materials and supplies	1,177	1,549
Other	222	206
Allowance for doubtful accounts	(3)	(2)
Total current assets	22,938	23,509
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,865	22,815
Accumulated depreciation and impairment loss	(16,607)	(16,812)
Buildings and structures, net	6,257	6,003
Machinery, equipment and vehicles	32,529	32,272
Accumulated depreciation and impairment loss	(29,439)	(29,567)
Machinery, equipment and vehicles, net	3,090	2,704
Land	7,969	7,969
Lease assets	138	762
Accumulated depreciation and impairment loss	(54)	(89)
Lease assets, net	84	672
Construction in progress	513	1,164
Other	3,130	3,040
Accumulated depreciation and impairment loss	(2,679)	(2,631)
Other, net	451	409
Total property, plant and equipment	18,366	18,924
Intangible assets		
Goodwill	333	222
Other	79	75
Total intangible assets	412	297
Investments and other assets		
Investment securities	9,018	9,064
Other	1,322	1,298
Allowance for doubtful accounts	(73)	(97)
Total investments and other assets	10,267	10,265
Total non-current assets	29,046	29,487
Total assets	51,984	52,996

	Unit : Millions of yen	
	March 31, 2021	December 31, 2021
Liabilities		
Current liabilities		
Accounts payable-trade	3,720	4,396
Accounts payable-other	1,341	1,268
Income taxes payable	472	122
Provision for bonuses	388	224
Other	136	281
Total current liabilities	6,059	6,294
Non-current liabilities		
Provision for environmental measures	5	5
Provision for assets removal	22	22
Retirement benefit liability	1,508	984
Other	638	1,354
Total non-current liabilities	2,174	2,367
Total liabilities	8,233	8,661
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	15,997	16,986
Treasury shares	(6,227)	(6,228)
Total shareholders' equity	40,461	41,448
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,662	1,434
Foreign currency translation adjustment	68	(5)
Remeasurements of defined benefit plans	11	9
Total accumulated other comprehensive income	1,743	1,438
Non-controlling interests	1,546	1,448
Total net assets	43,750	44,335
Total liabilities and net assets	51,984	52,996

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

For the first three quarters ended December 31, 2020 and 2021

	Unit : Millions of yen	
	April - December 2020	April - December 2021
Net sales	18,315	21,742
Cost of sales	14,085	16,549
Gross profit	4,230	5,192
Selling, general and administrative expenses	2,783	3,099
Operating income	1,446	2,093
Non-operating income		
Interest income	35	22
Dividends income	83	92
Compensation income	—	35
Other	33	67
Total non-operating income	152	217
Non-operating expenses		
Interest expenses	0	8
Other	2	4
Total non-operating expenses	3	12
Ordinary income	1,595	2,298
Extraordinary income		
Other	0	1
Total extraordinary income	0	1
Extraordinary loss		
Loss on disposal of non-current assets	8	17
Provision of allowance for doubtful accounts	—	24
Total extraordinary losses	8	41
Income before income taxes	1,586	2,258
Income taxes-current	304	405
Income taxes-deferred	110	226
Total income taxes	415	632
Profit	1,171	1,626
Profit attributable to non-controlling interests	72	41
Profit attributable to owners of parent	1,098	1,584

Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2020 and 2021

	Unit : Millions of yen	
	April - December 2020	April - December 2021
Profit	1,171	1,626
Other comprehensive income		
Valuation difference on available-for-sale securities	869	(230)
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(347)	(131)
Remeasurements of defined benefit plans, net of tax	7	(2)
Total other comprehensive income	529	(364)
Comprehensive income	1,700	1,262
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,766	1,280
Comprehensive income attributable to non-controlling interests	(65)	(17)