

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

July 29, 2022

Consolidated Financial Results for the Three Months Ended June 30, 2022 (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
 Inquiries: Katsuhiro Maruyama, Director, Executive Officer, Division Manager of Corporate Division
 Telephone: +81-27-353-1810
 Scheduled date to file quarterly securities report: August 10, 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 June 30, 2022 (from April 1, 2022 to June 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	
Three/months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2022	7,862	10.8	443	(42.9)	510	(40.8)	332	(42.3)
June 30, 2021	7,094	12.1	776	67.4	863	67.2	557	81.3

Note: Comprehensive income For the three months ended June 30, 2022: ¥501 million [(17.2)%]
 For the three/months ended June 30, 2021: ¥605 million [63.9%]

	Basic earnings per share	Diluted earnings per share
Three/months ended	Yen	Yen
June 30, 2022	50.22	—
June 30, 2021	87.06	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2022	54,187	45,048	80.4
March 31, 2022	54,680	44,899	79.4

Reference: Equity

As of June 30, 2022: ¥43,543 million
 As of March 31, 2022: ¥43,418 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, 2022	—	50.00	—	40.00	90.00
Fiscal year ending March 31, 2023	—				
Fiscal year ending March 31, 2023 (Forecast)		45.00	—	45.00	90.00

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

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(% 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	%	
Six Months Ended	16,000	11.6	1,000	(27.8)	1,100	(28.7)	750	(28.7)	113.16
Full year	32,000	8.8	2,000	(19.7)	2,200	(21.9)	1,600	(17.1)	241.40

Note: Revision to the financial results forecast announced most recently: yes

*** 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: None
 - (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 June 30, 2022	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 June 30, 2022	2,370,347 shares
As of March 31, 2021	2,370,223 shares

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

Three months ended June 30, 2022	6,628,043 shares
Three months ended June 30, 2021	6,628,555 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 June 30, 2022

	Unit : Millions of yen	
	March 31, 2022	June 30, 2022
Assets		
Current assets		
Cash and deposits	6,994	6,346
Notes and accounts receivable-trade	8,624	8,828
Short-term investment securities	3,700	2,699
Merchandise and finished goods	2,376	2,383
Work in process	798	834
Raw materials and supplies	1,548	1,797
Other	299	345
Allowance for doubtful accounts	(3)	(1)
Total current assets	24,338	23,232
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,052	23,200
Accumulated depreciation and impairment loss	(16,924)	(17,053)
Buildings and structures, net	6,127	6,147
Machinery, equipment and vehicles	33,193	33,534
Accumulated depreciation and impairment loss	(29,889)	(30,266)
Machinery, equipment and vehicles, net	3,304	3,267
Land	7,969	7,969
Lease assets	765	817
Accumulated depreciation and impairment loss	(104)	(119)
Lease assets, net	660	698
Construction in progress	682	612
Other	3,098	3,135
Accumulated depreciation and impairment loss	(2,680)	(2,730)
Other, net	418	405
Total property, plant and equipment	19,164	19,100
Intangible assets		
Goodwill	185	148
Other	74	83
Total intangible assets	259	231
Investments and other assets		
Investment securities	9,718	10,427
Other	1,292	1,288
Allowance for doubtful accounts	(93)	(93)
Total investments and other assets	10,917	11,622
Total non-current assets	30,341	30,954
Total assets	54,680	54,187

Unit : Millions of yen

	March 31, 2022	June 30, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	4,811	5,167
Accounts payable-other	1,739	1,561
Income taxes payable	404	44
Provision for bonuses	397	206
Other	147	365
Total current liabilities	7,499	7,345
Non-current liabilities		
Provision for environmental measures	5	5
Provision for assets removal	22	22
Retirement benefit liability	962	380
Lease obligations	633	648
Other	656	736
Total non-current liabilities	2,280	1,793
Total liabilities	9,780	9,139
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	17,331	17,398
Treasury shares	(6,228)	(6,228)
Total shareholders' equity	41,793	41,860
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,500	1,375
Foreign currency translation adjustment	81	265
Remeasurements of defined benefit plans	44	42
Total accumulated other comprehensive income	1,625	1,683
Non-controlling interests	1,480	1,504
Total net assets	44,899	45,048
Total liabilities and net assets	54,680	54,187

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

For the first quarter ended June 30, 2021 and 2022

	Unit : Millions of yen	
	April - June 2021	April - June 2022
Net sales	7,094	7,862
Cost of sales	5,301	6,389
Gross profit	1,792	1,473
Selling, general and administrative expenses	1,015	1,029
Operating income	776	443
Non-operating income		
Interest income	7	10
Dividends income	22	21
Foreign exchange gains	—	29
Compensation income	35	—
Other	28	9
Total non-operating income	93	71
Non-operating expenses		
Interest expenses	2	3
Foreign exchange losses	2	—
Other	1	0
Total non-operating expenses	6	3
Ordinary income	863	510
Extraordinary income		
Other	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of non-current assets	3	13
Total extraordinary losses	3	13
Income before income taxes	859	497
Income taxes-current	39	17
Income taxes-deferred	210	151
Total income taxes	249	168
Profit	609	328
Profit (loss) attributable to non-controlling interests	32	(4)
Profit attributable to owners of parent	577	332

Consolidated Statements of comprehensive income

For the first quarter ended June 30, 2021 and 2022

	Unit : Millions of yen	
	April - June 2021	April - June 2022
Profit	609	328
Other comprehensive income		
Valuation difference on available-for-sale securities	(125)	(124)
Foreign currency translation adjustment	121	299
Remeasurements of defined benefit plans, net of tax	(0)	(2)
Total other comprehensive income	(4)	172
Comprehensive income	605	501
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	529	390
Comprehensive income attributable to non-controlling interests	76	110