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October 31, 2022

Consolidated Financial Results for the Six Months Ended September 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
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 Telephone: +81-27-353-1810
 Scheduled date to file quarterly securities report: November 14, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 Preparation of supplementary material on quarterly financial results: None
 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 Six months ended September 30, 2022 (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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2022	15,810	10.2	895	(35.4)	1,053	(31.7)	742	(29.4)
September 30, 2021	14,340	17.0	1,386	42.8	1,542	44.3	1,052	46.7

Note: Comprehensive income For the Six months ended September 30, 2022: ¥952 million [(6.7)%]
 For the Six months ended September 30, 2021: ¥1,021 million [(5.5)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2022	112.06	—
September 30, 2021	158.71	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2022	54,707	45,499	80.3
March 31, 2022	54,680	44,899	79.4

Reference: Equity
 As of September 30, 2022: ¥43,935 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	—	45.00			
Fiscal year ending March 31, 2023 (Forecast)			—	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	%	Yen
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: None

*** 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 September 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 September 30, 2022	2,370,472 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)

Six months ended September 30, 2022	6,627,986 shares
Six months ended September 30, 2021	6,628,440 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 September 30, 2022

	Unit : Millions of yen	
	March 31, 2022	September 30, 2022
Assets		
Current assets		
Cash and deposits	6,994	7,284
Notes and accounts receivable-trade	8,624	8,874
Short-term investment securities	3,700	2,001
Merchandise and finished goods	2,376	2,464
Work in process	798	1,004
Raw materials and supplies	1,548	1,895
Other	299	250
Allowance for doubtful accounts	(3)	(1)
Total current assets	24,338	23,773
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,052	23,242
Accumulated depreciation and impairment loss	(16,924)	(17,166)
Buildings and structures, net	6,127	6,075
Machinery, equipment and vehicles	33,193	33,992
Accumulated depreciation and impairment loss	(29,889)	(30,622)
Machinery, equipment and vehicles, net	3,304	3,370
Land	7,969	7,969
Lease assets	765	849
Accumulated depreciation and impairment loss	(104)	(136)
Lease assets, net	660	712
Construction in progress	682	799
Other	3,098	3,172
Accumulated depreciation and impairment loss	(2,680)	(2,773)
Other, net	418	398
Total property, plant and equipment	19,164	19,326
Intangible assets		
Goodwill	185	111
Other	74	78
Total intangible assets	259	189
Investments and other assets		
Investment securities	9,718	10,227
Other	1,292	1,281
Allowance for doubtful accounts	(93)	(90)
Total investments and other assets	10,917	11,418
Total non-current assets	30,341	30,934
Total assets	54,680	54,707

Unit : Millions of yen

	March 31, 2022	September 30, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	4,811	4,968
Accounts payable-other	1,739	1,687
Income taxes payable	404	154
Provision for bonuses	397	414
Other	147	164
Total current liabilities	7,499	7,388
Non-current liabilities		
Provision for environmental measures	5	5
Provision for assets removal	22	22
Retirement benefit liability	962	406
Lease obligations	633	674
Other	656	710
Total non-current liabilities	2,280	1,818
Total liabilities	9,780	9,207
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,690
Retained earnings	17,331	17,808
Treasury shares	(6,228)	(6,229)
Total shareholders' equity	41,793	42,270
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,500	1,237
Foreign currency translation adjustment	81	388
Remeasurements of defined benefit plans	44	39
Total accumulated other comprehensive income	1,625	1,665
Non-controlling interests	1,480	1,563
Total net assets	44,899	45,499
Total liabilities and net assets	54,680	54,707

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

For the first half ended September 30, 2021 and 2022

	Unit : Millions of yen	
	April - September 2021	April - September 2022
Net sales	14,340	15,810
Cost of sales	10,889	12,811
Gross profit	3,451	2,998
Selling, general and administrative expenses	2,065	2,103
Operating income	1,386	895
Non-operating income		
Interest income	15	19
Dividends income	80	83
Foreign exchange gains	—	43
Compensation income	35	—
Other	40	19
Total non-operating income	170	166
Non-operating expenses		
Interest expenses	5	6
Foreign exchange losses	5	—
Other	3	1
Total non-operating expenses	14	7
Ordinary income	1,542	1,053
Extraordinary income		
Other	0	0
Total extraordinary income	0	0
Extraordinary loss		
Loss on disposal of non-current assets	6	14
Provision of allowance for doubtful accounts	29	—
Total extraordinary losses	35	14
Income before income taxes	1,507	1,039
Income taxes-current	270	123
Income taxes-deferred	165	188
Total income taxes	436	311
Profit	1,070	727
Profit (loss) attributable to non-controlling interests	18	(15)
Profit attributable to owners of parent	1,052	742

Consolidated Statements of comprehensive income

For the first half ended September 30, 2021 and 2022

	Unit : Millions of yen	
	April - September 2021	April - September 2022
Profit	1,070	727
Other comprehensive income		
Valuation difference on available-for-sale securities	(69)	(263)
Foreign currency translation adjustment	21	492
Remeasurements of defined benefit plans, net of tax	(1)	(4)
Total other comprehensive income	(49)	225
Comprehensive income	1,021	952
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,000	782
Comprehensive income attributable to non-controlling interests	20	169