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January 31, 2023

Consolidated Financial Results for the Nine Months Ended December 31, 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: February 14, 2023
 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 nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2022	23,988	10.3	1,437	(31.3)	1,615	(29.7)	1,119	(29.4)
December 31, 2021	21,742	18.7	2,093	44.7	2,298	44.1	1,584	44.2

Note: Comprehensive income For the nine months ended December 31, 2022: ¥1,426 million [13.0%]
 For the nine months ended December 31, 2021: ¥1,262 million [(25.8)%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	168.87	—
December 31, 2021	239.11	—

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	54,834	45,695	80.5
March 31, 2022	54,680	44,899	79.4

Reference: Equity
 As of December 31, 2022: ¥44,123 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 December 31, 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 December 31, 2022	2,370,540 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)

Nine months ended December 31, 2022	6,627,927 shares
Nine months ended December 31, 2021	6,628,351 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, 2022

	Unit : Millions of yen	
	March 31, 2022	December 31, 2022
Assets		
Current assets		
Cash and deposits	6,994	6,045
Notes and accounts receivable-trade	8,624	9,951
Short-term investment securities	3,700	2,000
Merchandise and finished goods	2,376	2,620
Work in process	798	938
Raw materials and supplies	1,548	2,197
Other	299	335
Allowance for doubtful accounts	(3)	(1)
Total current assets	24,338	24,087
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,052	23,244
Accumulated depreciation and impairment loss	(16,924)	(17,250)
Buildings and structures, net	6,127	5,993
Machinery, equipment and vehicles	33,193	33,891
Accumulated depreciation and impairment loss	(29,889)	(30,718)
Machinery, equipment and vehicles, net	3,304	3,172
Land	7,969	7,969
Lease assets	765	841
Accumulated depreciation and impairment loss	(104)	(151)
Lease assets, net	660	690
Construction in progress	682	837
Other	3,098	3,162
Accumulated depreciation and impairment loss	(2,680)	(2,776)
Other, net	418	385
Total property, plant and equipment	19,164	19,050
Intangible assets		
Goodwill	185	74
Other	74	74
Total intangible assets	259	148
Investments and other assets		
Investment securities	9,718	10,364
Other	1,292	1,274
Allowance for doubtful accounts	(93)	(90)
Total investments and other assets	10,917	11,548
Total non-current assets	30,341	30,747
Total assets	54,680	54,834

Unit : Millions of yen

	March 31, 2022	December 31, 2022
Liabilities		
Current liabilities		
Accounts payable-trade	4,811	5,345
Accounts payable-other	1,739	1,337
Income taxes payable	404	0
Provision for bonuses	397	238
Other	147	307
Total current liabilities	7,499	7,230
Non-current liabilities		
Provision for environmental measures	5	5
Provision for assets removal	22	22
Retirement benefit liability	962	428
Lease obligations	633	664
Other	656	787
Total non-current liabilities	2,280	1,908
Total liabilities	9,780	9,138
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,647
Retained earnings	17,331	17,887
Treasury shares	(6,228)	(6,229)
Total shareholders' equity	41,793	42,304
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,500	1,439
Foreign currency translation adjustment	81	341
Remeasurements of defined benefit plans	44	37
Total accumulated other comprehensive income	1,625	1,818
Non-controlling interests	1,480	1,572
Total net assets	44,899	45,695
Total liabilities and net assets	54,680	54,834

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

For the first three quarters ended December 31, 2021 and 2022

	Unit : Millions of yen	
	April - December 2021	April - December 2022
Net sales	21,742	23,988
Cost of sales	16,549	19,402
Gross profit	5,192	4,585
Selling, general and administrative expenses	3,099	3,148
Operating income	2,093	1,437
Non-operating income		
Interest income	22	31
Dividends income	92	100
Compensation income	35	-
Other	67	58
Total non-operating income	217	190
Non-operating expenses		
Interest expenses	8	9
Other	4	2
Total non-operating expenses	12	11
Ordinary income	2,298	1,615
Extraordinary income		
Other	1	0
Total extraordinary income	1	0
Extraordinary loss		
Loss on disposal of non-current assets	17	84
Provision of allowance for doubtful accounts	24	-
Total extraordinary losses	41	84
Income before income taxes	2,258	1,531
Income taxes-current	405	221
Income taxes-deferred	226	227
Total income taxes	632	449
Profit	1,626	1,081
Profit (loss) attributable to non-controlling interests	41	(37)
Profit attributable to owners of parent	1,584	1,119

Consolidated Statements of comprehensive income

For the first three quarters ended December 31, 2021 and 2022

	Unit : Millions of yen	
	April - December 2021	April - December 2022
Profit	1,626	1,081
Other comprehensive income		
Valuation difference on available-for-sale securities	(230)	(61)
Foreign currency translation adjustment	(131)	412
Remeasurements of defined benefit plans, net of tax	(2)	(6)
Total other comprehensive income	(364)	344
Comprehensive income	1,262	1,426
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	1,280	1,311
Comprehensive income attributable to non-controlling interests	(17)	114