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May 13, 2022

Consolidated Financial Results for the Fiscal Year Ended March 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 of annual general meeting of shareholders: June 24, 2022
 Scheduled date to commence dividend payments: June 27, 2022
 Scheduled date to file annual securities report: June 24, 2022
 Preparation of supplementary material on financial results: None
 Holding of 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 fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	29,406	16.7	2,489	12.3	2,815	14.9	1,929	20.1
March 31, 2021	25,194	(6.6)	2,217	14.5	2,451	14.5	1,607	17.3

Note: Comprehensive income For the fiscal year ended March 31, 2022: ¥1,826 million [(29.8)%]
 For the fiscal year ended March 31, 2021: ¥2,602 million [84.5%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	291.13	—	4.5	5.3	8.5
March 31, 2021	242.06	—	3.9	4.8	8.8

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2022: ¥ — million

For the fiscal year ended March 31, 2021: ¥ — million

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	54,680	44,899	79.4	6,550.74
March 31, 2021	51,984	43,750	81.2	6,367.01

Reference: Equity

As of March 31, 2022: ¥43,418 million

As of March 31, 2021: ¥42,204 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2022	2,447	(942)	(746)	9,579
March 31, 2021	3,567	(806)	(1,310)	8,825

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2021	—	40.00	—	40.00	80.00	530	33.0	1.3
Fiscal year ended March 31, 2022	—	50.00	—	40.00	90.00	596	30.9	1.4
Fiscal year ending March 31, 2023 (Forecast)	—	45.00	—	45.00	90.00		27.1	

Note: 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, 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
Six Months Ended	15,000	4.6	1,500	8.2	1,600	3.7	1,200	14.1	181.05
Full year	31,000	5.4	2,700	8.5	3,000	6.5	2,000	14.0	331.92

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) 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

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 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 March 31, 2022	2,370,223 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)

Fiscal year ended March 31, 2022	6,628,288 shares
Fiscal year ended March 31, 2021	6,640,015 shares

[Reference] Overview of non-consolidated financial results

1. Non-consolidated financial results for the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2022	25,090	16.9	2,489	29.1	2,919	29.1	2,016	24.9
March 31, 2021	21,466	(5.0)	1,928	20.0	2,260	18.6	1,614	22.1

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	304.21	—
March 31, 2021	243.21	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2022	50,378	41,958	83.3	6,330.42
March 31, 2021	48,293	40,706	84.3	6,141.00

Reference: Equity

As of March 31, 2022: ¥41,958 million
As of March 31, 2021: ¥40,706 million

* Financial results reports are exempt from audit 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, 2021 and 2022

	Unit : Millions of yen	
	March 31, 2021	March 31, 2022
Assets		
Current assets		
Cash and deposits	6,740	6,994
Notes and accounts receivable-trade	7,571	8,624
Short-term investment securities	4,400	3,700
Merchandise and finished goods	2,098	2,376
Work in process	729	798
Raw materials and supplies	1,177	1,548
Other	222	299
Allowance for doubtful accounts	(3)	(3)
Total current assets	22,938	24,338
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,865	23,052
Accumulated depreciation and impairment loss	(16,607)	(16,924)
Buildings and structures, net	6,257	6,127
Machinery, equipment and vehicles	32,529	33,193
Accumulated depreciation and impairment loss	(29,439)	(29,889)
Machinery, equipment and vehicles, net	3,090	3,304
Land	7,969	7,969
Lease assets	138	765
Accumulated depreciation and impairment loss	(54)	(104)
Lease assets, net	84	660
Construction in progress	513	682
Other	3,130	3,098
Accumulated depreciation and impairment loss	(2,679)	(2,680)
Other, net	451	418
Total property, plant and equipment	18,366	19,164
Intangible assets		
Goodwill	333	185
Other	79	74
Total intangible assets	412	259
Investments and other assets		
Investment securities	9,018	9,718
Deferred tax assets	12	18
Other	1,310	1,273
Allowance for doubtful accounts	(73)	(93)
Total investments and other assets	10,267	10,917
Total non-current assets	29,046	30,341
Total assets	51,984	54,680

		Unit : Millions of yen	
		March 31, 2021	March 31, 2022
Liabilities			
Current liabilities			
Accounts payable-trade	3,720	4,811	
Accounts payable-other	1,341	1,739	
Income taxes payable	472	404	
Provision for bonuses	388	397	
Other	136	147	
Total current liabilities	6,059	7,499	
Non-current liabilities			
Deferred tax liabilities	136	221	
Provision for environmental measures	5	5	
Provision for assets removal	22	22	
Retirement benefit liability	1,508	962	
Lease obligations	62	633	
Other	440	434	
Total non-current liabilities	2,174	2,280	
Total liabilities	8,233	9,780	
Net assets			
Shareholders' equity			
Capital stock	5,000	5,000	
Capital surplus	25,690	25,690	
Retained earnings	15,997	17,331	
Treasury shares	(6,227)	(6,228)	
Total shareholders' equity	40,461	41,793	
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	1,662	1,500	
Foreign currency translation adjustment	68	81	
Remeasurements of defined benefit plans	11	44	
Total accumulated other comprehensive income	1,743	1,625	
Non-controlling interests	1,546	1,480	
Total net assets	43,750	44,899	
Total liabilities and net assets	51,984	54,680	

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

For the fiscal year ended March 31, 2021 and 2022

	Unit : Millions of yen	
	April 2020 - March 2021	April 2021 - March 2022
Net sales	25,194	29,406
Cost of sales	19,169	22,704
Gross profit	6,025	6,701
Selling, general and administrative expenses	3,808	4,211
Operating income	2,217	2,489
Non-operating income		
Interest income	43	30
Dividends income	135	161
Compensation income	—	35
Foreign exchange gains	21	37
Other	37	78
Total non-operating income	237	342
Non-operating expenses		
Interest expenses	0	11
Other	3	4
Total non-operating expenses	4	16
Ordinary income	2,451	2,815
Extraordinary income		
Other	0	3
Total extraordinary income	0	3
Extraordinary loss		
Loss on disposal of non-current assets	12	42
Impairment loss	90	—
Loss on valuation of investment securities	—	39
Provision of allowance for doubtful accounts	—	20
Other	1	—
Total extraordinary losses	104	103
Income before income taxes	2,346	2,716
Income taxes-current	632	640
Income taxes-deferred	(9)	124
Total income taxes	623	764
Profit	1,723	1,951
Profit attributable to non-controlling interests	115	22
Profit attributable to owners of parent	1,607	1,929

Consolidated Statements of comprehensive income

For the fiscal year ended March 31, 2021 and 2022

	Unit : Millions of yen	
	April 2020 - March 2021	April 2021 - March 2022
Profit	1,723	1,951
Other comprehensive income		
Valuation difference on available-for-sale securities	1,104	(163)
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(239)	8
Remeasurements of defined benefit plans, net of tax	13	29
Total other comprehensive income	879	(125)
Comprehensive income	2,602	1,826
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	2,581	1,812
Comprehensive income attributable to non-controlling interests	20	14

Consolidated Statements of Changes in Net Assets

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 of surplus			(553)		(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

For the fiscal year ended March 31, 2022

(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	15,997	(6,227)	40,461
Cumulative effects of changes in accounting policies					—
Restated balance	5,000	25,690	15,997	(6,227)	40,461
Changes of items during the period					
Dividends from surplus			(596)		(596)
Profit attributable to owners of parent			1,929		1,929
Purchase of treasury shares				(1)	(1)
Total changes of items during the period	—	—	1,333	(1)	1,331
Balance at the end of the period	5,000	25,690	17,331	(6,228)	41,793

	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	1,662	—	68	11	1,546
Cumulative effects of changes in accounting policies					
Restated balance	1,662	—	68	11	1,546
Changes of items during the period					
Net changes of items other than shareholders' equity	(162)	—	12	32	(65)
Total changes of items during the period	(162)	—	12	32	(65)
Balance at the end of the period	1,500	—	81	44	1,480

Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2021 and 2022

	Unit : Millions of yen	
	April 2020 - March 2021	April 2021 - March 2022
Net cash provided by (used in) operating activities		
Income before income taxes	2,346	2,716
Depreciation	1,521	1,471
Impairment loss	90	—
Amortization of goodwill	148	148
Increase (decrease) in net defined benefit liability	(31)	(545)
Loss (gain) on valuation of investment securities	—	39
Interest and dividends income	(178)	(192)
Interest expenses	0	11
Decrease (increase) in notes and accounts receivable-trade	(88)	(1,051)
Decrease (increase) in inventories	51	(710)
Increase (decrease) in notes and accounts payable - trade	127	1,090
Other, net	(156)	14
Subtotal	3,830	2,992
Interest and dividends income received	187	182
Interest expenses paid	(0)	(11)
Income taxes paid	(449)	(715)
Net cash provided by (used in) operating activities	3,567	2,447
Net cash provided by (used in) investing activities		
Purchase of securities	(2,100)	(1,601)
Proceeds from redemption of securities	2,100	2,800
Purchase of property, plant and equipment	(1,277)	(1,163)
Purchase of investment securities	(0)	(2,613)
Proceeds from sales and redemption of investment securities	500	1,652
Other, net	(27)	(18)
Net cash provided by (used in) investing activities	(806)	(942)
Net cash provided by (used in) financing activities		
Repayment of long-term loans payable	(450)	—
Net decrease (increase) in treasury shares	(251)	(1)
Cash dividends paid	(532)	(594)
Dividends paid to non-controlling interests	(76)	(79)
Other, net	—	(70)
Net cash provided by (used in) financing activities	(1,310)	(746)
Effect of exchange rate change on cash and cash equivalents	(111)	(5)
Net increase (decrease) in cash and cash equivalents	1,340	753
Cash and cash equivalents at beginning of period	7,485	8,825
Cash and cash equivalents at end of period	8,825	9,579