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May 15, 2023

**Consolidated Financial Results  
for the Fiscal Year Ended March 31, 2023  
(Under Japanese GAAP)**

Company name:	Gun-Ei Chemical Industry Co., Ltd.	
Listing:	Tokyo Stock Exchange	
Securities code:	4229	
URL:	<a href="https://www.gunei-chemical.co.jp">https://www.gunei-chemical.co.jp</a>	
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 23, 2023	
Scheduled date to commence dividend payments:	June 26, 2023	
Scheduled date to file annual securities report:	June 23, 2023	
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, 2023 (from April 1, 2022 to March 31, 2023)**

**(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, 2023	31,390	6.7	1,659	(33.3)	1,939	(31.1)	1,201	(37.7)
March 31, 2022	29,406	16.7	2,489	12.3	2,815	14.9	1,929	20.1

Note: Comprehensive income For the fiscal year ended March 31, 2023: ¥1,838 million [0.6%]  
For the fiscal year ended March 31, 2022: ¥1,826 million [(29.8)%]

	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, 2023	181.26	—	2.7	3.6	5.3
March 31, 2022	291.13	—	4.5	5.3	8.5

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

For the fiscal year ended March 31, 2023: ¥ — million

For the fiscal year ended March 31, 2022: ¥ — 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, 2023	54,600	46,107	81.6	6,723.36
March 31, 2022	54,680	44,899	79.4	6,550.74

Reference: Equity

As of March 31, 2023: ¥44,560 million

As of March 31, 2022: ¥43,418 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 March 31, 2023	Millions of yen 1,200	Millions of yen (2,465)	Millions of yen (687)	Millions of yen 7,752
March 31, 2022	2,447	(942)	(746)	9,579

**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			
Fiscal year ended March 31, 2022	Yen —	Yen 50.00	Yen —	Yen 40.00	Yen 90.00	Millions of yen 596	% 30.9	% 1.4
Fiscal year ended March 31, 2023	—	45.00	—	45.00	90.00	596	49.7	1.4
Fiscal year ending March 31, 2024 (Forecast)	—	45.00	—	45.00	90.00		37.3	

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)**

(% 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	16,000	1.2	1,000	11.7	1,100	4.4	700	(5.8)	105.62
Full year	32,000	1.9	1,900	14.5	2,100	8.3	1,400	16.5	211.24

\* **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: None
  - (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, 2023	8,998,308 shares
As of March 31, 2022	8,998,308 shares
  - (ii) Number of treasury shares at the end of the period
 

As of March 31, 2023	2,370,650 shares
As of March 31, 2022	2,370,223 shares
  - (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)
 

Fiscal year ended March 31, 2023	6,627,884 shares
Fiscal year ended March 31, 2022	6,628,288 shares

**[Reference] Overview of non-consolidated financial results**

**1. Non-consolidated financial results for the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)**

**(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2023	26,413	5.3	1,879	(24.5)	2,284	(21.7)	1,451	(28.0)
March 31, 2022	25,090	16.9	2,489	29.1	2,919	29.1	2,016	24.9

	Basic earnings per share	Diluted earnings per share
Fiscal year ended March 31, 2023	Yen 218.95	Yen —
March 31, 2022	304.21	—

**(2) Non-consolidated financial position**

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of March 31, 2023	Millions of yen 50,175	Millions of yen 43,107	% 85.9	Yen 6,504.16
March 31, 2022	50,378	41,958	83.3	6,330.42

Reference: Equity

As of March 31, 2023: ¥43,107 million  
As of March 31, 2022: ¥41,958 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, 2022 and 2023

	Unit : Millions of yen	
	March 31, 2022	March 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	6,994	7,760
Notes and accounts receivable-trade	7,746	7,580
Electronically recorded monetary claims - operating	877	1,128
Short-term investment securities	3,700	1,500
Merchandise and finished goods	2,376	2,735
Work in process	798	901
Raw materials and supplies	1,548	2,151
Other	299	219
Allowance for doubtful accounts	(3)	(0)
<b>Total current assets</b>	<u>24,338</u>	<u>23,977</u>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	23,052	23,201
Accumulated depreciation and impairment loss	(16,924)	(17,292)
Buildings and structures, net	<u>6,127</u>	<u>5,908</u>
Machinery, equipment and vehicles	33,193	34,063
Accumulated depreciation and impairment loss	(29,889)	(31,079)
Machinery, equipment and vehicles, net	<u>3,304</u>	<u>2,984</u>
Land	7,969	7,971
Lease assets	765	841
Accumulated depreciation and impairment loss	(104)	(161)
Lease assets, net	<u>660</u>	<u>679</u>
Construction in progress	682	1,095
Other	3,098	3,184
Accumulated depreciation and impairment loss	(2,680)	(2,820)
Other, net	<u>418</u>	<u>364</u>
<b>Total property, plant and equipment</b>	<u>19,164</u>	<u>19,004</u>
<b>Intangible assets</b>		
Goodwill	185	37
Other	<u>74</u>	<u>81</u>
<b>Total intangible assets</b>	<u>259</u>	<u>118</u>
<b>Investments and other assets</b>		
Investment securities	9,718	10,340
Deferred tax assets	18	71
Other	1,273	1,175
Allowance for doubtful accounts	(93)	(87)
<b>Total investments and other assets</b>	<u>10,917</u>	<u>11,500</u>
<b>Total non-current assets</b>	<u>30,341</u>	<u>30,623</u>
<b>Total assets</b>	<u>54,680</u>	<u>54,600</u>

	Unit : Millions of yen	
	March 31, 2022	March 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	4,811	4,470
Accounts payable-other	1,739	1,386
Income taxes payable	404	134
Provision for bonuses	397	398
Other	147	165
<b>Total current liabilities</b>	<b>7,499</b>	<b>6,554</b>
<b>Non-current liabilities</b>		
Deferred tax liabilities	221	449
Provision for environmental measures	5	5
Provision for assets removal	22	22
Retirement benefit liability	962	361
Lease obligations	633	662
Other	434	436
<b>Total non-current liabilities</b>	<b>2,280</b>	<b>1,938</b>
<b>Total liabilities</b>	<b>9,780</b>	<b>8,493</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	5,000	5,000
Capital surplus	25,690	25,647
Retained earnings	17,331	17,969
Treasury shares	(6,228)	(6,229)
<b>Total shareholders' equity</b>	<b>41,793</b>	<b>42,386</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,500	1,759
Foreign currency translation adjustment	81	319
Remeasurements of defined benefit plans	44	94
<b>Total accumulated other comprehensive income</b>	<b>1,625</b>	<b>2,173</b>
<b>Non-controlling interests</b>	<b>1,480</b>	<b>1,547</b>
<b>Total net assets</b>	<b>44,899</b>	<b>46,107</b>
<b>Total liabilities and net assets</b>	<b>54,680</b>	<b>54,600</b>

## Consolidated Statements of income and statements of comprehensive income

### **Consolidated Statements of income**

For the fiscal year ended March 31, 2022 and 2023

	Unit : Millions of yen		
	April 2021 - March 2022	April 2022 - March 2023	
Net sales	29,406	31,390	
Cost of sales	22,704	25,483	
Gross profit	6,701	5,907	
Selling, general and administrative expenses	4,211	4,247	
Operating income	2,489	1,659	
Non-operating income			
Interest income	30	48	
Dividends income	161	165	
Compensation income	35	—	
Other	115	81	
Total non-operating income	342	295	
Non-operating expenses			
Interest expenses	11	12	
Other	4	2	
Total non-operating expenses	16	15	
Ordinary income	2,815	1,939	
Extraordinary income			
Other	3	0	
Total extraordinary income	3	0	
Extraordinary loss			
Loss on disposal of non-current assets	42	93	
Impairment loss	—	202	
Loss on valuation of investment securities	39	—	
Provision of allowance for doubtful accounts	20	—	
Total extraordinary losses	103	295	
Income before income taxes	2,716	1,644	
Income taxes-current	640	399	
Income taxes-deferred	124	98	
Total income taxes	764	497	
Profit	1,951	1,146	
Profit (loss) attributable to non-controlling interests	22	(54)	
Profit attributable to owners of parent	1,929	1,201	

**Consolidated Statements of comprehensive income**

For the fiscal year ended March 31, 2022 and 2023

	Unit : Millions of yen		
	April 2021 - March 2022	April 2022 - March 2023	
Profit	1,951	1,146	
Other comprehensive income			
Valuation difference on available-for-sale securities	(163)	256	
Foreign currency translation adjustment	8	384	
Remeasurements of defined benefit plans, net of tax	29	50	
Total other comprehensive income	<u>(125)</u>	<u>691</u>	
Comprehensive income	1,826	1,838	
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	1,812	1,748	
Comprehensive income attributable to non-controlling interests	14	89	

For the fiscal year ended March 31, 2022

(Unit : Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	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)
Net changes in items other than shareholders' equity					
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					
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests	
Balance at the beginning of the period	1,662	68	11	1,546	
Changes of items during the period					
Dividends from surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Net changes in 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	

For the fiscal year ended March 31, 2023

(Unit : Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at the beginning of the period	5,000	25,690	17,331	(6,228)	41,793
Changes of items during the period					
Dividends from surplus			(563)		(563)
Profit attributable to owners of parent			1,201		1,201
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Capital increase of consolidated subsidiaries		(43)			(43)
Net changes in items other than shareholders' equity					
Total changes of items during the period	—	(43)	637	(1)	593
Balance at the end of the period	5,000	25,647	17,969	(6,229)	42,386

	Accumulated other comprehensive income				
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Non-controlling interests	
Balance at the beginning of the period	1,500	81	44	1,480	
Changes of items during the period					
Dividends from surplus					
Profit attributable to owners of parent					
Purchase of treasury shares					
Disposal of treasury shares					
Capital increase of consolidated subsidiaries					
Net changes in items other than shareholders' equity	258	238	50	66	
Total changes of items during the period	258	238	50	66	
Balance at the end of the period	1,759	319	94	1,547	

## Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2022 and 2023

	Unit : Millions of yen		
	April 2021 - March 2022	April 2022 - March 2023	
Net cash provided by (used in) operating activities			
Income before income taxes	2,716	1,644	
Depreciation	1,471	1,605	
Impairment loss	—	202	
Amortization of goodwill	148	148	
Increase (decrease) in net defined benefit liability	(545)	(608)	
Loss (gain) on valuation of investment securities	39	—	
Interest and dividends income	(192)	(213)	
Interest expenses	11	12	
Decrease (increase) in notes and accounts receivable-trade	(1,051)	23	
Decrease (increase) in inventories	(710)	(992)	
Increase (decrease) in notes and accounts payable - trade	1,090	(381)	
Other, net	14	222	
Subtotal	<u>2,992</u>	<u>1,661</u>	
Interest and dividends income received	182	210	
Interest expenses paid	(11)	(12)	
Income taxes paid	<u>(715)</u>	<u>(658)</u>	
Net cash provided by (used in) operating activities	<u>2,447</u>	<u>1,200</u>	
Net cash provided by (used in) investing activities			
Decrease (increase) in time deposits	—	(99)	
Purchase of securities	(1,601)	(1,200)	
Proceeds from redemption of securities	2,800	1,700	
Purchase of property, plant and equipment	(1,163)	(1,733)	
Purchase of investment securities	(2,613)	(2,002)	
Proceeds from sales and redemption of investment securities	1,652	900	
Other, net	<u>(18)</u>	<u>(29)</u>	
Net cash provided by (used in) investing activities	<u>(942)</u>	<u>(2,465)</u>	
Net cash provided by (used in) financing activities			
Repayment of long-term loans payable	—	21	
Net decrease (increase) in treasury shares	(1)	(1)	
Cash dividends paid	(594)	(561)	
Dividends paid to non-controlling interests	(79)	(87)	
Other, net	<u>(70)</u>	<u>(58)</u>	
Net cash provided by (used in) financing activities	<u>(746)</u>	<u>(687)</u>	
Effect of exchange rate change on cash and cash equivalents	<u>(5)</u>	<u>124</u>	
Net increase (decrease) in cash and cash equivalents	<u>753</u>	<u>(1,826)</u>	
Cash and cash equivalents at beginning of period	<u>8,825</u>	<u>9,579</u>	
Cash and cash equivalents at end of period	<u>9,579</u>	<u>7,752</u>	