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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: <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 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	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	1,200	(2,465)	(687)	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			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2022	—	50.00	—	40.00	90.00	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	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
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	Yen	Yen
March 31, 2023	218.95	—
March 31, 2022	304.21	—

**(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, 2023	50,175	43,107	85.9	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
Assets		
Current assets		
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)
Total current assets	24,338	23,977
Non-current assets		
Property, plant and equipment		
Buildings and structures	23,052	23,201
Accumulated depreciation and impairment loss	(16,924)	(17,292)
Buildings and structures, net	6,127	5,908
Machinery, equipment and vehicles	33,193	34,063
Accumulated depreciation and impairment loss	(29,889)	(31,079)
Machinery, equipment and vehicles, net	3,304	2,984
Land	7,969	7,971
Lease assets	765	841
Accumulated depreciation and impairment loss	(104)	(161)
Lease assets, net	660	679
Construction in progress	682	1,095
Other	3,098	3,184
Accumulated depreciation and impairment loss	(2,680)	(2,820)
Other, net	418	364
Total property, plant and equipment	19,164	19,004
Intangible assets		
Goodwill	185	37
Other	74	81
Total intangible assets	259	118
Investments and other assets		
Investment securities	9,718	10,340
Deferred tax assets	18	71
Other	1,273	1,175
Allowance for doubtful accounts	(93)	(87)
Total investments and other assets	10,917	11,500
Total non-current assets	30,341	30,623
Total assets	54,680	54,600

Unit : Millions of yen

	March 31, 2022	March 31, 2023
Liabilities		
Current liabilities		
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
Total current liabilities	7,499	6,554
Non-current liabilities		
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
Total non-current liabilities	2,280	1,938
Total liabilities	9,780	8,493
Net assets		
Shareholders' equity		
Capital stock	5,000	5,000
Capital surplus	25,690	25,647
Retained earnings	17,331	17,969
Treasury shares	(6,228)	(6,229)
Total shareholders' equity	41,793	42,386
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,500	1,759
Foreign currency translation adjustment	81	319
Remeasurements of defined benefit plans	44	94
Total accumulated other comprehensive income	1,625	2,173
Non-controlling interests	1,480	1,547
Total net assets	44,899	46,107
Total liabilities and net assets	54,680	54,600

**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	(125)	691
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				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
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			Non-controlling interests
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
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				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
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			Non-controlling interests
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	
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	2,992	1,661
Interest and dividends income received	182	210
Interest expenses paid	(11)	(12)
Income taxes paid	(715)	(658)
Net cash provided by (used in) operating activities	2,447	1,200
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	(18)	(29)
Net cash provided by (used in) investing activities	(942)	(2,465)
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	(70)	(58)
Net cash provided by (used in) financing activities	(746)	(687)
Effect of exchange rate change on cash and cash equivalents	(5)	124
Net increase (decrease) in cash and cash equivalents	753	(1,826)
Cash and cash equivalents at beginning of period	8,825	9,579
Cash and cash equivalents at end of period	9,579	7,752