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October 28, 2021

Consolidated Financial Results for the Three Months Ended September 30, 2021 (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 12, 2021
 Scheduled date to commence dividend payments: December 2, 2021
 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 three months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-----------------|--------|------------------|-------|-----------------|-------|---|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Three/months ended | | | | | | | | |
| September 30, 2021 | 14,340 | 17.0 | 1,386 | 42.8 | 1,542 | 44.3 | 1,052 | 46.7 |
| September 30, 2020 | 12,256 | (10.1) | 970 | (9.2) | 1,068 | (8.1) | 716 | (10.8) |

Note: Comprehensive income For the three months ended September 30, 2021: ¥1,021 million [(5.5)%]
 For the three months ended September 30, 2020: ¥1,080 million [15.5%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three/months ended | | |
| September 30, 2021 | 158.71 | — |
| September 30, 2020 | 107.79 | — |

(2) Consolidated financial position

| | Total assets | Net assets | Equity-to-asset ratio |
|--------------------|-----------------|-----------------|-----------------------|
| | Millions of yen | Millions of yen | % |
| As of | | | |
| September 30, 2021 | 52,675 | 44,425 | 81.5 |
| March 31, 2021 | 51,984 | 43,750 | 81.2 |

Reference: Equity
 As of September 30, 2021: ¥42,939 million
 As of March 31, 2021: ¥42,204 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, 2021 | — | 40.00 | — | 40.00 | 80.00 |
| Fiscal year ending March 31, 2022 | — | 50.00 | | | |
| Fiscal year ending March 31, 2022 (Forecast) | | | — | 40.00 | 90.00 |

Note: Revisions to the forecast of cash dividends most recently announced: None

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, 2022 (April 1, 2021 to March 31, 2022)

(% 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 | 29,000 | 15.1 | 2,800 | 26.3 | 3,000 | 22.4 | 2,000 | 24.4 | 301.72 |

Note: Revision to the financial results forecast announced most recently: No

*** 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: Yes
 - (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, 2021 | 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, 2021 | 2,370,092 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)

| | |
|---------------------------------------|------------------|
| Three months ended September 30, 2021 | 6,628,440 shares |
| Three months ended September 30, 2020 | 6,651,092 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, 2021

| | Unit : Millions of yen | |
|--|------------------------|-----------------------|
| | March 31, 2021 | September 30, 2021 |
| Assets | | |
| Current assets | | |
| Cash and deposits | 6,740 | 7,836 |
| Notes and accounts receivable-trade | 7,571 | 8,013 |
| Short-term investment securities | 4,400 | 3,100 |
| Merchandise and finished goods | 2,098 | 2,092 |
| Work in process | 729 | 825 |
| Raw materials and supplies | 1,177 | 1,396 |
| Other | 222 | 214 |
| Allowance for doubtful accounts | (3) | (2) |
| Total current assets | 22,938 | 23,477 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 22,865 | 22,834 |
| Accumulated depreciation and impairment loss | (16,607) | (16,736) |
| Buildings and structures, net | 6,257 | 6,097 |
| Machinery, equipment and vehicles | 32,529 | 32,696 |
| Accumulated depreciation and impairment loss | (29,439) | (29,828) |
| Machinery, equipment and vehicles, net | 3,090 | 2,868 |
| Land | 7,969 | 7,969 |
| Lease assets | 138 | 789 |
| Accumulated depreciation and impairment loss | (54) | (75) |
| Lease assets, net | 84 | 714 |
| Construction in progress | 513 | 676 |
| Other | 3,130 | 3,111 |
| Accumulated depreciation and impairment loss | (2,679) | (2,684) |
| Other, net | 451 | 427 |
| Total property, plant and equipment | 18,366 | 18,753 |
| Intangible assets | | |
| Goodwill | 333 | 259 |
| Other | 79 | 81 |
| Total intangible assets | 412 | 340 |
| Investments and other assets | | |
| Investment securities | 9,018 | 8,881 |
| Other | 1,322 | 1,325 |
| Allowance for doubtful accounts | (73) | (102) |
| Total investments and other assets | 10,267 | 10,105 |
| Total non-current assets | 29,046 | 29,198 |
| Total assets | 51,984 | 52,675 |

| | Unit : Millions of yen | |
|---|------------------------|-----------------------|
| | March 31, 2021 | September 30, 2021 |
| Liabilities | | |
| Current liabilities | | |
| Accounts payable-trade | 3,720 | 3,988 |
| Accounts payable-other | 1,341 | 959 |
| Income taxes payable | 472 | 303 |
| Provision for bonuses | 388 | 407 |
| Other | 136 | 201 |
| Total current liabilities | <u>6,059</u> | <u>5,861</u> |
| Non-current liabilities | | |
| Provision for environmental measures | 5 | 5 |
| Provision for assets removal | 22 | 22 |
| Retirement benefit liability | 1,508 | 964 |
| Other | 638 | 1,396 |
| Total non-current liabilities | <u>2,174</u> | <u>2,388</u> |
| Total liabilities | <u>8,233</u> | <u>8,249</u> |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 5,000 | 5,000 |
| Capital surplus | 25,690 | 25,690 |
| Retained earnings | 15,997 | 16,784 |
| Treasury shares | (6,227) | (6,228) |
| Total shareholders' equity | <u>40,461</u> | <u>41,247</u> |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,662 | 1,596 |
| Foreign currency translation adjustment | 68 | 85 |
| Remeasurements of defined benefit plans | 11 | 10 |
| Total accumulated other comprehensive income | <u>1,743</u> | <u>1,692</u> |
| Non-controlling interests | <u>1,546</u> | <u>1,486</u> |
| Total net assets | <u>43,750</u> | <u>44,425</u> |
| Total liabilities and net assets | <u>51,984</u> | <u>52,675</u> |

Consolidated Statements of income and statements of comprehensive income

Consolidated Statements of income

For the first half ended September 30, 2020 and 2021

| | Unit : Millions of yen | |
|--|---------------------------|---------------------------|
| | April - September 2020 | April - September 2021 |
| Net sales | 12,256 | 14,340 |
| Cost of sales | 9,424 | 10,889 |
| Gross profit | 2,832 | 3,451 |
| Selling, general and administrative expenses | 1,861 | 2,065 |
| Operating income | 970 | 1,386 |
| Non-operating income | | |
| Interest income | 24 | 15 |
| Dividends income | 57 | 80 |
| Compensation income | — | 35 |
| Other | 18 | 40 |
| Total non-operating income | 100 | 170 |
| Non-operating expenses | | |
| Interest expenses | 0 | 5 |
| Foreign exchange losses | — | 5 |
| Other | 1 | 3 |
| Total non-operating expenses | 2 | 14 |
| Ordinary income | 1,068 | 1,542 |
| Extraordinary income | | |
| Other | 0 | 0 |
| Total extraordinary income | 0 | 0 |
| Extraordinary loss | | |
| Loss on disposal of non-current assets | 4 | 6 |
| Provision of allowance for doubtful accounts | — | 29 |
| Total extraordinary losses | 4 | 35 |
| Income before income taxes | 1,064 | 1,507 |
| Income taxes-current | 260 | 270 |
| Income taxes-deferred | 30 | 165 |
| Total income taxes | 291 | 436 |
| Profit | 773 | 1,070 |
| Profit attributable to non-controlling interests | 56 | 18 |
| Profit attributable to owners of parent | 716 | 1,052 |

Consolidated Statements of comprehensive income

For the first half ended September 30, 2020 and 2021

| | Unit : Millions of yen | |
|--|---------------------------|---------------------------|
| | April - September 2020 | April - September 2021 |
| Profit | 773 | 1,070 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 478 | (69) |
| Deferred gains or losses on hedges | 0 | — |
| Foreign currency translation adjustment | (177) | 21 |
| Remeasurements of defined benefit plans, net of tax | 4 | (1) |
| Total other comprehensive income | 306 | (49) |
| Comprehensive income | 1,080 | 1,021 |
| (Comprehensive income attributable to) | | |
| Comprehensive income attributable to owners of parent | 1,095 | 1,000 |
| Comprehensive income attributable to non-controlling interests | (15) | 20 |