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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2020 (Based on Japanese GAAP)

July 31, 2020

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Masataka Uetake
 Inquiries: Managing Director Junji Tomochika TEL 03-3506-3951
 Scheduled date to file Quarterly Securities Report: August 11, 2020
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

(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 June 30, 2020	19,405	(7.6)	1,608	457.8	1,835	359.5	1,033	–
Three months ended June 30, 2019	20,996	2.1	288	–	399	–	55	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2020	17.76		–	
Three months ended June 30, 2019	0.92		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2020	103,030	61,841	55.5	981.61
As of March 31, 2020	106,069	62,986	54.8	999.17

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended March 31, 2020	–	17.00	–	17.00	34.00
Year ending March 31, 2021	–	–	–	–	–
Year ending March 31, 2021 (Forecast)	–	17.00	–	17.00	34.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	80,000	(8.8)	5,000	42.9	5,200	27.9	3,100	–	53.25

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2020
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: No
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

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

As of June 30, 2020	69,068,822 shares	As of March 31, 2020	69,068,822 shares
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Number of treasury shares at the end of the period

As of June 30, 2020	10,851,745 shares	As of March 31, 2020	10,851,745 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2020	58,217,077 shares	Three months ended June 30, 2019	60,541,486 shares
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These financial results are not subject to review by certified public accountants or auditing firms.

Explanation regarding the appropriate use of forecasts of business results and other special instructions

These forecasts are based on various assumptions made at the date of release of these materials, including the information available at the date of release of these materials and uncertain factors that may affect future results, and the Company makes no representations as to their achievability. Actual results may differ materially from these forecasts as a consequence of various factors.

Quarterly consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Assets		
Current assets		
Cash and deposits	26,669	23,967
Notes and accounts receivable - trade	30,817	30,602
Securities	236	563
Merchandise and finished goods	9,678	9,958
Work in process	533	457
Raw materials and supplies	6,886	6,532
Other	1,305	1,232
Allowance for doubtful accounts	(850)	(819)
Total current assets	75,276	72,495
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,525	5,307
Machinery, equipment and vehicles, net	3,479	3,360
Land	13,093	13,049
Other, net	2,704	2,821
Total property, plant and equipment	24,803	24,538
Intangible assets	513	503
Investments and other assets		
Investment securities	3,920	4,110
Retirement benefit asset	95	97
Deferred tax assets	1,034	865
Other	1,779	1,792
Allowance for doubtful accounts	(1,355)	(1,370)
Total investments and other assets	5,474	5,493
Total non-current assets	30,792	30,535
Total assets	106,069	103,030

(Millions of yen)

	As of March 31, 2020	As of June 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,264	10,443
Short-term borrowings	17,322	16,760
Current portion of long-term borrowings	10	10
Accounts payable - other	2,319	2,471
Income taxes payable	590	593
Provision for bonuses	137	173
Provision for product warranties	267	231
Other	3,335	2,744
Total current liabilities	35,248	33,429
Non-current liabilities		
Long-term borrowings	2,712	2,710
Long-term accounts payable - other	121	121
Deferred tax liabilities	114	117
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,587	1,574
Other	1,075	1,011
Total non-current liabilities	7,835	7,759
Total liabilities	43,083	41,188
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	7,788
Retained earnings	45,190	45,234
Treasury shares	(9,019)	(9,019)
Total shareholders' equity	55,585	55,629
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	312
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,241)	(2,449)
Remeasurements of defined benefit plans	(149)	(144)
Total accumulated other comprehensive income	2,583	1,516
Non-controlling interests	4,817	4,695
Total net assets	62,986	61,841
Total liabilities and net assets	106,069	103,030

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Net sales	20,996	19,405
Cost of sales	15,813	13,117
Gross profit	5,183	6,287
Selling, general and administrative expenses	4,894	4,679
Operating profit	288	1,608
Non-operating income		
Interest income	87	59
Dividend income	86	85
Royalty income	19	18
Technical advisory fee income	21	14
Foreign exchange gains	–	118
Other	68	56
Total non-operating income	284	355
Non-operating expenses		
Interest expenses	100	98
Foreign exchange losses	48	–
Other	24	29
Total non-operating expenses	172	127
Ordinary profit	399	1,835
Extraordinary income		
Gain on sales of non-current assets	4	3
Total extraordinary income	4	3
Extraordinary losses		
Loss related to COVID-19	–	111
Total extraordinary losses	–	111
Profit before income taxes	403	1,728
Income taxes - current	198	387
Income taxes - deferred	71	104
Total income taxes	270	492
Profit	133	1,235
Profit attributable to non-controlling interests	77	201
Profit attributable to owners of parent	55	1,033

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Profit	133	1,235
Other comprehensive income		
Valuation difference on available-for-sale securities	(269)	137
Foreign currency translation adjustment	261	(1,512)
Remeasurements of defined benefit plans, net of tax	3	5
Total other comprehensive income	(3)	(1,369)
Comprehensive income	129	(134)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4	(32)
Comprehensive income attributable to non-controlling interests	125	(101)

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2019	Three months ended June 30, 2020
Cash flows from operating activities		
Profit before income taxes	403	1,728
Depreciation	492	472
Increase (decrease) in allowance for doubtful accounts	(49)	52
Increase (decrease) in other provisions	(12)	16
Decrease (increase) in retirement benefit asset	5	(1)
Increase (decrease) in retirement benefit liability	44	26
Interest and dividend income	(174)	(145)
Interest expenses	100	98
Foreign exchange losses (gains)	(19)	(52)
Loss (gain) on sales and retirement of non-current assets	(2)	(2)
Decrease (increase) in trade receivables	(362)	(453)
Decrease (increase) in inventories	(877)	(344)
Decrease/increase in consumption taxes receivable/payable	20	(344)
Increase (decrease) in trade payables	149	(557)
Other, net	(245)	(177)
Subtotal	(526)	313
Interest and dividends received	181	148
Interest paid	(97)	(95)
Income taxes paid	(179)	(254)
Net cash provided by (used in) operating activities	(622)	112
Cash flows from investing activities		
Payments into time deposits	(3,524)	(2,037)
Proceeds from withdrawal of time deposits	4,278	3,290
Net decrease (increase) in short-term loans receivable	1	5
Purchase of non-current assets	(358)	(391)
Proceeds from sales of non-current assets	4	3
Purchase of investment securities	(2)	(2)
Other, net	(13)	(18)
Net cash provided by (used in) investing activities	384	847
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,176)	(408)
Repayments of long-term borrowings	(3)	(2)
Purchase of treasury shares	(423)	–
Purchase of treasury shares of subsidiaries	(520)	–
Dividends paid	(1,002)	(960)
Dividends paid to non-controlling interests	(0)	(17)
Other, net	(8)	(45)
Net cash provided by (used in) financing activities	(3,136)	(1,434)
Effect of exchange rate change on cash and cash equivalents	246	(473)
Net increase (decrease) in cash and cash equivalents	(3,126)	(947)
Cash and cash equivalents at beginning of period	20,799	21,479
Cash and cash equivalents at end of period	17,672	20,532