



Translation

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

October 30, 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: November 12, 2020
 Scheduled date to commence dividend payments: December 2, 2020
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended September 30, 2020 (from April 1, 2020 to September 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	%
Six months ended September 30, 2020	39,857	(10.3)	3,283	117.5	3,451	96.0	2,131	126.0
Six months ended September 30, 2019	44,455	3.0	1,509	–	1,760	–	943	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2020	36.71		–	
Six months ended September 30, 2019	15.68		–	

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2020	103,914	63,002	55.8	1,007.15
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	–	17.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	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)	6,000	71.5	6,200	52.5	3,500	–	60.27

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 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 September 30, 2020	11,532,145 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)

Six months ended September 30, 2020	58,072,791 shares	Six months ended September 30, 2019	60,148,535 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 September 30, 2020
Assets		
Current assets		
Cash and deposits	26,669	24,967
Notes and accounts receivable - trade	30,817	30,706
Securities	236	128
Merchandise and finished goods	9,678	9,829
Work in process	533	565
Raw materials and supplies	6,886	6,673
Other	1,305	1,138
Allowance for doubtful accounts	(850)	(835)
Total current assets	75,276	73,173
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,525	5,209
Machinery, equipment and vehicles, net	3,479	3,345
Land	13,093	13,068
Other, net	2,704	2,839
Total property, plant and equipment	24,803	24,463
Intangible assets	513	458
Investments and other assets		
Investment securities	3,920	4,392
Retirement benefit asset	95	90
Deferred tax assets	1,034	914
Other	1,779	1,782
Allowance for doubtful accounts	(1,355)	(1,359)
Total investments and other assets	5,474	5,820
Total non-current assets	30,792	30,741
Total assets	106,069	103,914

(Millions of yen)

	As of March 31, 2020	As of September 30, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,264	10,477
Short-term borrowings	17,322	16,267
Current portion of long-term borrowings	10	710
Accounts payable - other	2,319	2,206
Income taxes payable	590	892
Provision for bonuses	137	255
Provision for product warranties	267	226
Other	3,335	2,794
Total current liabilities	35,248	33,829
Non-current liabilities		
Long-term borrowings	2,712	2,007
Long-term accounts payable - other	121	121
Deferred tax liabilities	114	107
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,587	1,642
Other	1,075	979
Total non-current liabilities	7,835	7,082
Total liabilities	43,083	40,912
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	7,788
Retained earnings	45,190	46,332
Treasury shares	(9,019)	(9,705)
Total shareholders' equity	55,585	56,040
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	520
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,241)	(2,270)
Remeasurements of defined benefit plans	(149)	(142)
Total accumulated other comprehensive income	2,583	1,906
Non-controlling interests	4,817	5,054
Total net assets	62,986	63,002
Total liabilities and net assets	106,069	103,914

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Net sales	44,455	39,857
Cost of sales	32,741	27,153
Gross profit	11,714	12,703
Selling, general and administrative expenses	10,204	9,420
Operating profit	1,509	3,283
Non-operating income		
Interest income	173	98
Dividend income	98	90
Royalty income	34	33
Technical advisory fee income	59	37
Foreign exchange gains	–	26
Other	182	180
Total non-operating income	549	467
Non-operating expenses		
Interest expenses	206	190
Foreign exchange losses	34	–
Other	57	108
Total non-operating expenses	298	299
Ordinary profit	1,760	3,451
Extraordinary income		
Gain on sales of non-current assets	4	3
Total extraordinary income	4	3
Extraordinary losses		
Loss on valuation of investment securities	–	25
Loss related to COVID-19	–	123
Total extraordinary losses	–	149
Profit before income taxes	1,765	3,305
Income taxes - current	640	794
Income taxes - deferred	(36)	(44)
Total income taxes	603	749
Profit	1,162	2,555
Profit attributable to non-controlling interests	218	424
Profit attributable to owners of parent	943	2,131

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Profit	1,162	2,555
Other comprehensive income		
Valuation difference on available-for-sale securities	(321)	345
Foreign currency translation adjustment	(1,087)	(1,183)
Remeasurements of defined benefit plans, net of tax	7	7
Total other comprehensive income	(1,401)	(829)
Comprehensive income	(239)	1,725
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(411)	1,455
Comprehensive income attributable to non-controlling interests	171	270

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2019	Six months ended September 30, 2020
Cash flows from operating activities		
Profit before income taxes	1,765	3,305
Depreciation	1,067	940
Increase (decrease) in allowance for doubtful accounts	(41)	53
Increase (decrease) in other provisions	16	89
Decrease (increase) in retirement benefit asset	(2)	4
Increase (decrease) in retirement benefit liability	97	76
Interest and dividend income	(271)	(189)
Interest expenses	206	190
Foreign exchange losses (gains)	(2)	(13)
Loss (gain) on valuation of investment securities	–	25
Loss (gain) on sales and retirement of non-current assets	(3)	(2)
Decrease (increase) in trade receivables	(1,575)	(386)
Decrease (increase) in inventories	(750)	(353)
Decrease/increase in consumption taxes receivable/payable	(1)	(230)
Increase (decrease) in trade payables	131	(588)
Other, net	(235)	(431)
Subtotal	400	2,490
Interest and dividends received	283	196
Interest paid	(201)	(190)
Income taxes paid	(413)	(313)
Net cash provided by (used in) operating activities	69	2,183
Cash flows from investing activities		
Payments into time deposits	(8,093)	(5,845)
Proceeds from withdrawal of time deposits	8,451	5,636
Net decrease (increase) in short-term loans receivable	7	10
Purchase of non-current assets	(626)	(664)
Proceeds from sales of non-current assets	5	4
Purchase of investment securities	(9)	(8)
Other, net	93	(25)
Net cash provided by (used in) investing activities	(170)	(893)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(597)	(865)
Repayments of long-term borrowings	(6)	(5)
Proceeds from sales of treasury shares	16	16
Purchase of treasury shares	(1,247)	(703)
Purchase of treasury shares of subsidiaries	(520)	–
Dividends paid	(1,031)	(988)
Dividends paid to non-controlling interests	(18)	(31)
Other, net	(102)	(90)
Net cash provided by (used in) financing activities	(3,507)	(2,667)
Effect of exchange rate change on cash and cash equivalents	(256)	(474)
Net increase (decrease) in cash and cash equivalents	(3,865)	(1,851)
Cash and cash equivalents at beginning of period	20,799	21,479
Cash and cash equivalents at end of period	16,933	19,628