

(Revised)



Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2021 (Based on Japanese GAAP)

May 11, 2021

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 of ordinary general meeting of shareholders: June 24, 2021
 Scheduled date to file Securities Report: June 24, 2021
 Scheduled date to commence dividend payments: June 25, 2021
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended March 31, 2021 (from April 1, 2020 to March 31, 2021)

(1) Consolidated operating results

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	%
Year ended March 31, 2021	82,442	(6.0)	6,506	89.1	6,376	59.1	3,279	-
Year ended March 31, 2020	87,729	(0.8)	3,441	-	4,007	-	(124)	-

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended March 31, 2021	57.69	-	5.7	6.0	7.9
Year ended March 31, 2020	(2.09)	-	(0.2)	3.6	3.9

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2021	105,170	62,315	54.6	1,050.10
As of March 31, 2020	106,074	62,221	54.2	987.09

(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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2021	7,129	867	(7,009)	21,920
Year ended March 31, 2020	4,612	2,237	(5,950)	21,479

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended March 31, 2020	-	17.00	-	17.00	34.00	1,998	-	3.4
Year ended March 31, 2021	-	17.00	-	17.00	34.00	1,907	58.9	3.3
Year ending March 31, 2022 (Forecast)	-	17.00	-	18.00	35.00		91.1	

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

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	(3.0)	3,000	(53.9)	3,300	(48.2)	2,100	(36.0)	38.43

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2021

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) 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

(3) Number of issued shares (common shares)

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

As of March 31, 2021	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 March 31, 2021	14,428,845 shares	As of March 31, 2020	10,851,745 shares
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Average number of shares during the period

Year ended March 31, 2021	56,837,315 shares	Year ended March 31, 2020	59,460,219 shares
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These financial results are not subject to audit 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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Assets		
Current assets		
Cash and deposits	26,669	24,683
Notes and accounts receivable - trade	30,591	27,937
Electronically recorded monetary claims - operating	225	1,822
Securities	236	333
Merchandise and finished goods	<u>9,683</u>	<u>9,695</u>
Work in process	533	430
Raw materials and supplies	6,886	6,704
Other	1,305	1,285
Allowance for doubtful accounts	(850)	(754)
Total current assets	<u>75,281</u>	<u>72,138</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,096	18,033
Accumulated depreciation	(12,570)	(12,987)
Buildings and structures, net	<u>5,525</u>	<u>5,046</u>
Machinery, equipment and vehicles	16,901	17,108
Accumulated depreciation	(13,422)	(13,541)
Machinery, equipment and vehicles, net	<u>3,479</u>	<u>3,566</u>
Tools, furniture and fixtures	4,724	4,803
Accumulated depreciation	(4,213)	(4,295)
Tools, furniture and fixtures, net	<u>511</u>	<u>508</u>
Land	13,093	13,061
Leased assets	2,181	2,268
Accumulated depreciation	(460)	(643)
Leased assets, net	<u>1,720</u>	<u>1,624</u>
Construction in progress	473	642
Total property, plant and equipment	<u>24,803</u>	<u>24,449</u>
Intangible assets	513	397
Investments and other assets		
Investment securities	3,920	7,211
Retirement benefit asset	95	109
Deferred tax assets	1,034	423
Other	1,779	1,771
Allowance for doubtful accounts	(1,355)	(1,330)
Total investments and other assets	<u>5,474</u>	<u>8,185</u>
Total non-current assets	<u>30,792</u>	<u>33,032</u>
Total assets	<u>106,074</u>	<u>105,170</u>

(Millions of yen)

	As of March 31, 2020	As of March 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,264	9,357
Electronically recorded obligations - operating	–	1,248
Short-term borrowings	17,322	16,400
Current portion of long-term borrowings	10	2,710
Lease obligations	167	150
Accounts payable - other	2,319	2,363
Accrued expenses	<u>2,550</u>	<u>2,265</u>
Income taxes payable	590	945
Provision for bonuses	137	106
Provision for product warranties	267	208
Other	650	464
Total current liabilities	<u>35,280</u>	<u>36,219</u>
Non-current liabilities		
Long-term borrowings	2,712	2
Lease obligations	606	550
Long-term accounts payable - other	121	121
Deferred tax liabilities	114	1,465
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	<u>2,324</u>	<u>1,738</u>
Other	469	533
Total non-current liabilities	<u>8,571</u>	<u>6,634</u>
Total liabilities	<u>43,852</u>	<u>42,854</u>
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	7,788
Retained earnings	<u>44,490</u>	<u>45,801</u>
Treasury shares	(9,019)	(12,642)
Total shareholders' equity	<u>54,885</u>	<u>52,573</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	2,555
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,136)	(1,625)
Remeasurements of defined benefit plans	(256)	76
Total accumulated other comprehensive income	<u>2,579</u>	<u>4,804</u>
Non-controlling interests	<u>4,756</u>	<u>4,938</u>
Total net assets	<u>62,221</u>	<u>62,315</u>
Total liabilities and net assets	<u>106,074</u>	<u>105,170</u>

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Net sales	87,729	82,442
Cost of sales	<u>63,743</u>	<u>57,111</u>
Gross profit	<u>23,986</u>	<u>25,331</u>
Selling, general and administrative expenses	<u>20,544</u>	<u>18,824</u>
Operating profit	<u>3,441</u>	<u>6,506</u>
Non-operating income		
Interest income	318	147
Dividend income	151	139
Royalty income	79	75
Technical advisory fee income	103	68
Foreign exchange gains	129	–
Rental income from real estate	110	93
Subsidy income	–	103
Other	229	196
Total non-operating income	<u>1,122</u>	<u>824</u>
Non-operating expenses		
Interest expenses	406	364
Foreign exchange losses	–	386
Commission expenses	33	38
Other	116	164
Total non-operating expenses	<u>556</u>	<u>954</u>
Ordinary profit	<u>4,007</u>	<u>6,376</u>
Extraordinary income		
Gain on sale of non-current assets	14	32
Gain on sale of investment securities	82	–
Total extraordinary income	<u>96</u>	<u>32</u>
Extraordinary losses		
Loss on sale of non-current assets	–	0
Impairment losses	1,626	–
Loss on sale of investment securities	24	14
Loss on valuation of investment securities	1,167	25
Loss on valuation of membership	–	1
Provision of allowance for doubtful accounts	–	5
Loss related to COVID-19	–	124
Total extraordinary losses	<u>2,818</u>	<u>172</u>
Profit before income taxes	<u>1,285</u>	<u>6,235</u>
Income taxes - current	935	1,525
Income taxes - deferred	162	855
Total income taxes	<u>1,097</u>	<u>2,380</u>
Profit	<u>188</u>	<u>3,854</u>
Profit attributable to non-controlling interests	<u>312</u>	<u>575</u>
Profit (loss) attributable to owners of parent	<u>(124)</u>	<u>3,279</u>

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Profit	<u>188</u>	<u>3,854</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	(50)	2,380
Foreign currency translation adjustment	(639)	(595)
Remeasurements of defined benefit plans, net of tax	<u>3</u>	<u>332</u>
Total other comprehensive income	<u>(686)</u>	<u>2,118</u>
Comprehensive income	<u>(498)</u>	<u>5,973</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(875)	<u>5,503</u>
Comprehensive income attributable to non-controlling interests	<u>376</u>	<u>469</u>

Consolidated statements of changes in equity

Fiscal year ended March 31, 2020

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,626	7,793	46,639	(6,688)	59,369
Changes during period					
Dividends of surplus			(2,040)		(2,040)
Profit (loss) attributable to owners of parent			(124)		(124)
Purchase of treasury shares				(2,344)	(2,344)
Disposal of treasury shares		2		13	16
Changes in subsidiaries' interests by purchase of its treasury stock		(6)			(6)
Reversal of revaluation reserve for land			15		15
Net changes in items other than shareholders' equity					
Total changes during period	-	(4)	(2,148)	(2,330)	(4,484)
Balance at end of period	11,626	7,788	44,490	(9,019)	54,885

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	225	3,814	(432)	(261)	3,346	5,087	67,804
Changes during period							
Dividends of surplus							(2,040)
Profit (loss) attributable to owners of parent							(124)
Purchase of treasury shares							(2,344)
Disposal of treasury shares							16
Changes in subsidiaries' interests by purchase of its treasury stock							(6)
Reversal of revaluation reserve for land							15
Net changes in items other than shareholders' equity	(50)	(15)	(704)	4	(766)	(331)	(1,098)
Total changes during period	(50)	(15)	(704)	4	(766)	(331)	(5,582)
Balance at end of period	174	3,798	(1,136)	(256)	2,579	4,756	62,221

Fiscal year ended March 31, 2021

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,626	7,788	44,490	(9,019)	54,885
Changes during period					
Dividends of surplus			(1,967)		(1,967)
Profit (loss) attributable to owners of parent			3,279		3,279
Purchase of treasury shares				(3,639)	(3,639)
Disposal of treasury shares		(0)		17	16
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	1,311	(3,622)	(2,312)
Balance at end of period	11,626	7,788	45,801	(12,642)	52,573

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	174	3,798	(1,136)	(256)	2,579	4,756	62,221
Changes during period							
Dividends of surplus							(1,967)
Profit (loss) attributable to owners of parent							3,279
Purchase of treasury shares							(3,639)
Disposal of treasury shares							16
Net changes in items other than shareholders' equity	2,380	-	(488)	332	2,224	181	2,406
Total changes during period	2,380	-	(488)	332	2,224	181	93
Balance at end of period	2,555	3,798	(1,625)	76	4,804	4,938	62,315

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021
Cash flows from operating activities		
Profit before income taxes	<u>1,285</u>	<u>6,235</u>
Depreciation	2,159	1,989
Impairment losses	1,626	–
Increase (decrease) in allowance for doubtful accounts	(16)	(135)
Increase (decrease) in other provisions	(44)	(89)
Decrease (increase) in retirement benefit asset	(10)	(13)
Increase (decrease) in retirement benefit liability	<u>90</u>	<u>(120)</u>
Interest and dividend income	(469)	(287)
Interest expenses	406	364
Foreign exchange losses (gains)	(1)	14
Loss (gain) on sale and retirement of non-current assets	(5)	(29)
Loss (gain) on sale of investment securities	(57)	14
Loss (gain) on valuation of investment securities	1,167	25
Decrease (increase) in trade receivables	1,026	1,121
Decrease (increase) in inventories	<u>43</u>	<u>243</u>
Decrease/increase in consumption taxes receivable/payable	187	(332)
Increase (decrease) in trade payables	(1,808)	(650)
Other, net	<u>(214)</u>	<u>(153)</u>
Subtotal	<u>5,364</u>	<u>8,199</u>
Interest and dividends received	486	299
Interest paid	(406)	(364)
Income taxes paid	(831)	(1,005)
Net cash provided by (used in) operating activities	<u>4,612</u>	<u>7,129</u>
Cash flows from investing activities		
Payments into time deposits	(9,924)	(8,476)
Proceeds from withdrawal of time deposits	12,991	10,664
Net decrease (increase) in short-term loans receivable	17	25
Purchase of non-current assets	(1,345)	(1,348)
Proceeds from sale of non-current assets	68	43
Purchase of investment securities	(22)	(17)
Proceeds from sale of investment securities	365	33
Other, net	86	(56)
Net cash provided by (used in) investing activities	<u>2,237</u>	<u>867</u>
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(697)	(932)
Proceeds from long-term borrowings	500	–
Repayments of long-term borrowings	(512)	(10)
Proceeds from sale of treasury shares	16	16
Purchase of treasury shares	(2,344)	(3,639)
Purchase of treasury shares of subsidiaries	(520)	–
Dividends paid	(2,040)	(1,965)
Dividends paid to non-controlling interests	(189)	(292)
Other, net	<u>(161)</u>	<u>(186)</u>
Net cash provided by (used in) financing activities	<u>(5,950)</u>	<u>(7,009)</u>
Effect of exchange rate change on cash and cash equivalents	<u>(219)</u>	<u>(545)</u>
Net increase (decrease) in cash and cash equivalents	<u>679</u>	<u>440</u>
Cash and cash equivalents at beginning of period	20,799	21,479
Cash and cash equivalents at end of period	<u>21,479</u>	<u>21,920</u>