

(Revised)



Translation

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Summary of Consolidated Financial Results for the Three Months Ended June 30, 2021 (Based on Japanese GAAP)

July 30, 2021

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Kenshi Date
 Inquiries: Managing Director Junji Tomochika TEL 03-3506-3951
 Scheduled date to file Quarterly Securities Report: August 10, 2021
 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, 2021 (from April 1, 2021 to June 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 June 30, 2021	19,506	0.5	817	(48.8)	1,069	(41.4)	822	(19.6)
Three months ended June 30, 2020	19,405	(7.6)	1,597	480.4	1,825	372.2	1,023	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended June 30, 2021	15.31		–	
Three months ended June 30, 2020	17.57		–	

(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, 2021	106,007	62,018	53.6	1,078.16
As of March 31, 2021	105,170	62,315	54.6	1,050.10

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, 2021	–	17.00	–	17.00	34.00
Year ending March 31, 2022	–	–	–	–	–
Year ending March 31, 2022 (Forecast)	–	17.00	–	18.00	35.00

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)	39.07

4. Notes

- (1) Changes in significant subsidiaries during the three months ended June 30, 2021
(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: Yes
- 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, 2021	69,068,822 shares	As of March 31, 2021	69,068,822 shares
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Number of treasury shares at the end of the period

As of June 30, 2021	16,330,872 shares	As of March 31, 2021	14,428,845 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, 2021	53,746,307 shares	Three months ended June 30, 2020	58,217,077 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, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	24,683	24,393
Notes and accounts receivable - trade	27,937	27,321
Electronically recorded monetary claims - operating	1,822	1,744
Securities	333	108
Merchandise and finished goods	<u>9,695</u>	<u>10,766</u>
Work in process	430	424
Raw materials and supplies	6,704	7,688
Other	1,285	1,335
Allowance for doubtful accounts	(754)	(707)
Total current assets	<u>72,138</u>	<u>73,076</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,046	5,000
Machinery, equipment and vehicles, net	3,566	3,534
Land	13,061	13,080
Other, net	2,775	2,956
Total property, plant and equipment	<u>24,449</u>	<u>24,572</u>
Intangible assets	397	367
Investments and other assets		
Investment securities	7,211	6,962
Retirement benefit asset	109	106
Deferred tax assets	423	456
Other	1,771	1,933
Allowance for doubtful accounts	(1,330)	(1,468)
Total investments and other assets	<u>8,185</u>	<u>7,990</u>
Total non-current assets	<u>33,032</u>	<u>32,930</u>
Total assets	<u>105,170</u>	<u>106,007</u>

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,357	10,289
Electronically recorded obligations - operating	1,248	1,300
Short-term borrowings	16,400	16,780
Current portion of long-term borrowings	2,710	2,710
Accounts payable - other	2,363	2,398
Income taxes payable	945	516
Provision for bonuses	106	174
Provision for product warranties	208	199
Other	<u>2,880</u>	<u>2,671</u>
Total current liabilities	<u>36,219</u>	<u>37,042</u>
Non-current liabilities		
Long-term borrowings	2	—
Long-term accounts payable - other	121	121
Deferred tax liabilities	1,465	1,544
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	<u>1,738</u>	<u>1,922</u>
Other	1,083	1,133
Total non-current liabilities	<u>6,634</u>	<u>6,946</u>
Total liabilities	<u>42,854</u>	<u>43,988</u>
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	7,788
Retained earnings	<u>45,801</u>	<u>45,695</u>
Treasury shares	(12,642)	(14,522)
Total shareholders' equity	<u>52,573</u>	<u>50,587</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,555	2,455
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	<u>(1,625)</u>	<u>15</u>
Remeasurements of defined benefit plans	<u>76</u>	<u>2</u>
Total accumulated other comprehensive income	<u>4,804</u>	<u>6,272</u>
Non-controlling interests	<u>4,938</u>	<u>5,158</u>
Total net assets	<u>62,315</u>	<u>62,018</u>
Total liabilities and net assets	<u>105,170</u>	<u>106,007</u>

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, 2020	Three months ended June 30, 2021
Net sales	19,405	19,506
Cost of sales	<u>13,122</u>	<u>14,156</u>
Gross profit	<u>6,282</u>	<u>5,349</u>
Selling, general and administrative expenses	<u>4,685</u>	<u>4,532</u>
Operating profit	<u>1,597</u>	<u>817</u>
Non-operating income		
Interest income	59	22
Dividend income	85	94
Royalty income	18	25
Technical advisory fee income	14	16
Foreign exchange gains	118	114
Other	56	96
Total non-operating income	<u>355</u>	<u>370</u>
Non-operating expenses		
Interest expenses	98	85
Other	29	32
Total non-operating expenses	<u>127</u>	<u>118</u>
Ordinary profit	<u>1,825</u>	<u>1,069</u>
Extraordinary income		
Gain on sale of non-current assets	3	0
Gain on sale of investment securities	–	277
Total extraordinary income	<u>3</u>	<u>278</u>
Extraordinary losses		
Loss related to COVID-19	<u>112</u>	–
Total extraordinary losses	<u>112</u>	–
Profit before income taxes	<u>1,716</u>	<u>1,348</u>
Income taxes - current	387	290
Income taxes - deferred	104	126
Total income taxes	<u>492</u>	<u>416</u>
Profit	<u>1,223</u>	<u>931</u>
Profit attributable to non-controlling interests	<u>200</u>	<u>108</u>
Profit attributable to owners of parent	<u>1,023</u>	<u>822</u>

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	<u>1,223</u>	<u>931</u>
Other comprehensive income		
Valuation difference on available-for-sale securities	137	(99)
Foreign currency translation adjustment	<u>(1,497)</u>	<u>1,791</u>
Remeasurements of defined benefit plans, net of tax	<u>12</u>	<u>(73)</u>
Total other comprehensive income	<u>(1,348)</u>	<u>1,618</u>
Comprehensive income	<u>(124)</u>	<u>2,549</u>
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	<u>(23)</u>	<u>2,290</u>
Comprehensive income attributable to non-controlling interests	<u>(100)</u>	<u>258</u>

Consolidated statements of cash flows

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Cash flows from operating activities		
Profit before income taxes	1,716	1,348
Depreciation	472	504
Increase (decrease) in allowance for doubtful accounts	52	(16)
Increase (decrease) in other provisions	16	50
Decrease (increase) in retirement benefit asset	(1)	4
Increase (decrease) in retirement benefit liability	40	25
Interest and dividend income	(145)	(117)
Interest expenses	98	85
Foreign exchange losses (gains)	(52)	(45)
Loss (gain) on sale of investment securities	–	(277)
Loss (gain) on sale and retirement of non-current assets	(2)	0
Decrease (increase) in trade receivables	(453)	1,353
Decrease (increase) in inventories	(346)	(1,480)
Decrease/increase in consumption taxes receivable/payable	(344)	(151)
Increase (decrease) in trade payables	(557)	703
Other, net	(177)	(348)
Subtotal	313	1,640
Interest and dividends received	148	117
Interest paid	(95)	(83)
Income taxes paid	(254)	(639)
Net cash provided by (used in) operating activities	112	1,034
Cash flows from investing activities		
Payments into time deposits	(2,037)	(1,986)
Proceeds from withdrawal of time deposits	3,290	1,503
Net decrease (increase) in short-term loans receivable	5	4
Purchase of non-current assets	(391)	(191)
Proceeds from sale of non-current assets	3	0
Purchase of investment securities	(2)	(2)
Proceeds from sale of investment securities	–	383
Other, net	(18)	(8)
Net cash provided by (used in) investing activities	847	(297)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(408)	(15)
Repayments of long-term borrowings	(2)	(2)
Purchase of treasury shares	–	(1,879)
Dividends paid	(960)	(900)
Dividends paid to non-controlling interests	(17)	(41)
Other, net	(45)	(50)
Net cash provided by (used in) financing activities	(1,434)	(2,889)
Effect of exchange rate change on cash and cash equivalents	(473)	1,041
Net increase (decrease) in cash and cash equivalents	(947)	(1,110)
Cash and cash equivalents at beginning of period	21,479	21,920
Cash and cash equivalents at end of period	20,532	20,809