



Translation

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

October 29, 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: November 11, 2021
 Scheduled date to commence dividend payments: December 2, 2021
 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, 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	%
Six months ended September 30, 2021	40,969	2.8	1,124	(65.8)	1,368	(60.4)	975	(54.2)
Six months ended September 30, 2020	39,857	(10.3)	3,283	117.5	3,451	96.0	2,131	126.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2021	18.37	–
Six months ended September 30, 2020	36.71	–

(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, 2021	105,390	62,516	54.4	1,101.33
As of March 31, 2021	105,164	63,106	55.3	1,063.42

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	17.00	–	17.00	34.00
Year ending March 31, 2022	–	17.00	–	–	–
Year ending March 31, 2022 (Forecast)	–	–	–	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	83,000	0.7	1,500	(77.1)	1,700	(73.6)	1,100	(67.0)	20.70

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 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 September 30, 2021	62,000,000 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 September 30, 2021	9,904,350 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)

Six months ended September 30, 2021	53,134,868 shares	Six months ended September 30, 2020	58,072,791 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 September 30, 2021
Assets		
Current assets		
Cash and deposits	24,683	23,109
Notes and accounts receivable - trade	27,937	26,859
Electronically recorded monetary claims - operating	1,822	1,715
Securities	333	107
Merchandise and finished goods	9,690	10,887
Work in process	430	525
Raw materials and supplies	6,704	8,133
Other	1,285	1,659
Allowance for doubtful accounts	(754)	(495)
Total current assets	72,132	72,503
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,046	4,871
Machinery, equipment and vehicles, net	3,566	3,412
Land	13,061	13,069
Other, net	2,775	3,039
Total property, plant and equipment	24,449	24,393
Intangible assets	397	353
Investments and other assets		
Investment securities	7,211	7,086
Retirement benefit asset	109	97
Deferred tax assets	423	444
Other	1,771	2,032
Allowance for doubtful accounts	(1,330)	(1,521)
Total investments and other assets	8,185	8,139
Total non-current assets	33,032	32,886
Total assets	105,164	105,390

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,357	10,406
Electronically recorded obligations - operating	1,248	1,509
Short-term borrowings	16,400	16,529
Current portion of long-term borrowings	2,710	2,007
Accounts payable - other	2,363	2,136
Income taxes payable	945	503
Provision for bonuses	106	227
Provision for product warranties	208	185
Other	2,848	2,599
Total current liabilities	36,187	36,105
Non-current liabilities		
Long-term borrowings	2	700
Long-term accounts payable - other	121	89
Deferred tax liabilities	1,465	1,492
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	973	1,132
Other	1,083	1,129
Total non-current liabilities	5,870	6,767
Total liabilities	42,057	42,873
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	1,504
Retained earnings	46,552	46,599
Treasury shares	(12,642)	(8,809)
Total shareholders' equity	53,324	50,920
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,555	2,534
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,720)	48
Remeasurements of defined benefit plans	147	72
Total accumulated other comprehensive income	4,781	6,453
Non-controlling interests	5,001	5,142
Total net assets	63,106	62,516
Total liabilities and net assets	105,164	105,390

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, 2020	Six months ended September 30, 2021
Net sales	39,857	40,969
Cost of sales	27,153	30,657
Gross profit	12,703	10,312
Selling, general and administrative expenses	9,420	9,188
Operating profit	3,283	1,124
Non-operating income		
Interest income	98	42
Dividend income	90	105
Royalty income	33	40
Technical advisory fee income	37	26
Foreign exchange gains	26	84
Other	180	178
Total non-operating income	467	477
Non-operating expenses		
Interest expenses	190	173
Other	108	59
Total non-operating expenses	299	232
Ordinary profit	3,451	1,368
Extraordinary income		
Gain on sale of non-current assets	3	1
Gain on sale of investment securities	–	277
Total extraordinary income	3	279
Extraordinary losses		
Loss on valuation of investment securities	25	–
Loss related to COVID-19	123	–
Total extraordinary losses	149	–
Profit before income taxes	3,305	1,647
Income taxes - current	794	450
Income taxes - deferred	(44)	50
Total income taxes	749	501
Profit	2,555	1,145
Profit attributable to non-controlling interests	424	170
Profit attributable to owners of parent	2,131	975

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	2,555	1,145
Other comprehensive income		
Valuation difference on available-for-sale securities	345	(20)
Foreign currency translation adjustment	(1,183)	1,787
Remeasurements of defined benefit plans, net of tax	7	(75)
Total other comprehensive income	(829)	1,691
Comprehensive income	1,725	2,837
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,455	2,648
Comprehensive income attributable to non-controlling interests	270	188

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	3,305	1,647
Depreciation	940	1,024
Increase (decrease) in allowance for doubtful accounts	53	(198)
Increase (decrease) in other provisions	89	89
Decrease (increase) in retirement benefit asset	4	12
Increase (decrease) in retirement benefit liability	76	40
Interest and dividend income	(189)	(147)
Interest expenses	190	173
Foreign exchange losses (gains)	(13)	(52)
Loss (gain) on sale of investment securities	–	(277)
Loss (gain) on valuation of investment securities	25	–
Loss (gain) on sale and retirement of non-current assets	(2)	4
Decrease (increase) in trade receivables	(386)	1,951
Decrease (increase) in inventories	(353)	(2,087)
Decrease/increase in consumption taxes receivable/payable	(230)	(400)
Increase (decrease) in trade payables	(588)	1,011
Other, net	(431)	(617)
Subtotal	2,490	2,171
Interest and dividends received	196	146
Interest paid	(190)	(174)
Income taxes paid	(313)	(915)
Net cash provided by (used in) operating activities	2,183	1,228
Cash flows from investing activities		
Payments into time deposits	(5,845)	(3,886)
Proceeds from withdrawal of time deposits	5,636	2,809
Net decrease (increase) in short-term loans receivable	10	8
Purchase of non-current assets	(664)	(548)
Proceeds from sale of non-current assets	4	3
Purchase of investment securities	(8)	(11)
Proceeds from sale of investment securities	–	383
Other, net	(25)	(25)
Net cash provided by (used in) investing activities	(893)	(1,266)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(865)	(349)
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(5)	(705)
Proceeds from sale of treasury shares	16	–
Purchase of treasury shares	(703)	(2,485)
Dividends paid	(988)	(928)
Dividends paid to non-controlling interests	(31)	(52)
Other, net	(90)	(103)
Net cash provided by (used in) financing activities	(2,667)	(3,924)
Effect of exchange rate change on cash and cash equivalents	(474)	1,033
Net increase (decrease) in cash and cash equivalents	(1,851)	(2,929)
Cash and cash equivalents at beginning of period	21,479	21,920
Cash and cash equivalents at end of period	19,628	18,990