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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2021 (Based on Japanese GAAP)

January 31, 2022

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: February 9, 2022
 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 nine months ended December 31, 2021 (from April 1, 2021 to December 31, 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	%
Nine months ended December 31, 2021	62,143	1.4	862	(83.6)	1,365	(74.3)	460	(86.5)
Nine months ended December 31, 2020	61,260	(6.4)	5,270	120.4	5,306	75.3	3,408	101.2

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2021	8.74	–
Nine months ended December 31, 2020	59.28	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of December 31, 2021	105,225	59,066	51.8	1,059.49
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	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	500	(92.3)	1,000	(84.3)	300	(90.9)	5.69

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2021	10,600,928 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)

Nine months ended December 31, 2021	52,683,505 shares	Nine months ended December 31, 2020	57,496,517 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 December 31, 2021
Assets		
Current assets		
Cash and deposits	24,683	21,784
Notes and accounts receivable - trade	27,937	26,910
Electronically recorded monetary claims - operating	1,822	1,826
Securities	333	47
Merchandise and finished goods	9,695	11,033
Work in process	430	495
Raw materials and supplies	6,704	8,834
Other	1,285	2,320
Allowance for doubtful accounts	(754)	(486)
Total current assets	72,138	72,766
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,046	5,099
Machinery, equipment and vehicles, net	3,566	3,326
Land	13,061	13,048
Other, net	2,775	2,480
Total property, plant and equipment	24,449	23,955
Intangible assets	397	327
Investments and other assets		
Investment securities	7,211	7,144
Retirement benefit asset	109	99
Deferred tax assets	423	445
Other	1,771	1,823
Allowance for doubtful accounts	(1,330)	(1,336)
Total investments and other assets	8,185	8,176
Total non-current assets	33,032	32,459
Total assets	105,170	105,225

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,357	10,635
Electronically recorded obligations - operating	1,248	1,633
Short-term borrowings	16,400	18,230
Current portion of long-term borrowings	2,710	1,005
Accounts payable - other	2,363	2,289
Income taxes payable	945	313
Provision for bonuses	106	259
Provision for product warranties	208	164
Other	2,880	2,776
Total current liabilities	36,219	37,307
Non-current liabilities		
Long-term borrowings	2	1,733
Long-term accounts payable - other	121	89
Deferred tax liabilities	1,465	1,831
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,738	1,994
Other	1,083	978
Total non-current liabilities	6,634	8,851
Total liabilities	42,854	46,159
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	1,504
Retained earnings	45,801	44,447
Treasury shares	(12,642)	(9,419)
Total shareholders' equity	52,573	48,158
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,555	2,569
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,625)	(69)
Remeasurements of defined benefit plans	76	(0)
Total accumulated other comprehensive income	4,804	6,298
Non-controlling interests	4,938	4,609
Total net assets	62,315	59,066
Total liabilities and net assets	105,170	105,225

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

Consolidated statements of income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Net sales	61,260	62,143
Cost of sales	41,820	47,046
Gross profit	19,439	15,097
Selling, general and administrative expenses	14,169	14,234
Operating profit	5,270	862
Non-operating income		
Interest income	124	62
Dividend income	138	185
Royalty income	47	60
Technical advisory fee income	53	36
Foreign exchange gains	–	198
Other	302	311
Total non-operating income	667	855
Non-operating expenses		
Interest expenses	279	264
Foreign exchange losses	209	–
Other	141	87
Total non-operating expenses	630	352
Ordinary profit	5,306	1,365
Extraordinary income		
Gain on sale of non-current assets	5	1
Gain on sale of investment securities	–	277
Total extraordinary income	5	279
Extraordinary losses		
Loss on valuation of investment securities	25	–
Loss related to COVID-19	124	–
Total extraordinary losses	150	–
Profit before income taxes	5,162	1,645
Income taxes - current	1,133	600
Income taxes - deferred	48	370
Total income taxes	1,181	970
Profit	3,981	674
Profit attributable to non-controlling interests	572	213
Profit attributable to owners of parent	3,408	460

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Profit	3,981	674
Other comprehensive income		
Valuation difference on available-for-sale securities	2,016	14
Foreign currency translation adjustment	(1,072)	1,395
Remeasurements of defined benefit plans, net of tax	23	(76)
Total other comprehensive income	967	1,333
Comprehensive income	4,948	2,007
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,598	1,954
Comprehensive income attributable to non-controlling interests	350	53

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2020	Nine months ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	5,162	1,645
Depreciation	1,432	1,550
Increase (decrease) in allowance for doubtful accounts	75	(394)
Increase (decrease) in other provisions	87	108
Decrease (increase) in retirement benefit asset	3	11
Increase (decrease) in retirement benefit liability	147	76
Interest and dividend income	(263)	(247)
Interest expenses	279	264
Foreign exchange losses (gains)	(24)	(80)
Loss (gain) on sale and retirement of non-current assets	(4)	5
Loss (gain) on sale of investment securities	–	(277)
Loss (gain) on valuation of investment securities	25	–
Decrease (increase) in trade receivables	(673)	1,941
Decrease (increase) in inventories	(499)	(2,968)
Decrease/increase in consumption taxes receivable/payable	(274)	(470)
Increase (decrease) in trade payables	(299)	1,411
Other, net	(573)	(858)
Subtotal	4,602	1,717
Interest and dividends received	271	248
Interest paid	(278)	(263)
Income taxes paid	(653)	(1,472)
Net cash provided by (used in) operating activities	3,941	230
Cash flows from investing activities		
Payments into time deposits	(7,861)	(3,905)
Proceeds from withdrawal of time deposits	7,956	3,597
Net decrease (increase) in short-term loans receivable	16	15
Purchase of non-current assets	(1,046)	(723)
Proceeds from sale of non-current assets	19	7
Purchase of investment securities	(14)	(19)
Proceeds from sale of investment securities	–	383
Other, net	(26)	12
Net cash provided by (used in) investing activities	(957)	(632)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,249	1,302
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(7)	(707)
Proceeds from sale of treasury shares	16	–
Purchase of treasury shares	(2,968)	(3,096)
Dividends paid	(1,937)	(1,811)
Dividends paid to non-controlling interests	(291)	(384)
Other, net	(135)	(155)
Net cash provided by (used in) financing activities	(4,075)	(4,153)
Effect of exchange rate change on cash and cash equivalents	(475)	1,092
Net increase (decrease) in cash and cash equivalents	(1,566)	(3,463)
Cash and cash equivalents at beginning of period	21,479	21,920
Cash and cash equivalents at end of period	19,913	18,456