



Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 11, 2022

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Kenshi Date
 Executive Officer, Chief of Administration
 Inquiries: Katsunori Kobayashi TEL 03-3506-3951
 Headquarter
 Scheduled date of ordinary general meeting of shareholders: June 23, 2022
 Scheduled date to file Securities Report: June 23, 2022
 Scheduled date to commence dividend payments: June 24, 2022
 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, 2022 (from April 1, 2021 to March 31, 2022)

(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, 2022	84,295	2.2	687	(89.4)	1,012	(84.1)	257	(92.2)
Year ended March 31, 2021	82,442	(6.0)	6,506	89.1	6,376	59.1	3,279	–

	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, 2022	4.92	–	0.5	1.0	0.8
Year ended March 31, 2021	57.69	–	5.7	6.0	7.9

(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, 2022	104,618	60,039	52.9	1,089.33
As of March 31, 2021	105,170	62,315	54.6	1,050.10

(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, 2022	(238)	155	(6,318)	17,148
Year ended March 31, 2021	7,129	867	(7,009)	21,920

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, 2021	–	17.00	–	17.00	34.00	1,907	58.9	3.3
Year ended March 31, 2022	–	17.00	–	18.00	35.00	1,799	711.4	3.3
Year ending March 31, 2023 (Forecast)	–	17.00	–	18.00	35.00		592.2	

3. Forecast of consolidated financial results for the year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

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	(1.5)	500	(27.3)	800	(21.0)	300	16.6	5.91

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2022

(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: Yes

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, 2022	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 March 31, 2022	11,242,693 shares	As of March 31, 2021	14,428,845 shares
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Average number of shares during the period

Year ended March 31, 2022	52,290,182 shares	Year ended March 31, 2021	56,837,315 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.

Consolidated financial statements
Consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Assets		
Current assets		
Cash and deposits	24,683	20,096
Notes and accounts receivable - trade	27,937	27,104
Electronically recorded monetary claims - operating	1,822	1,771
Securities	333	–
Merchandise and finished goods	9,695	11,075
Work in process	430	599
Raw materials and supplies	6,704	8,930
Other	1,285	2,408
Allowance for doubtful accounts	(754)	(492)
Total current assets	72,138	71,495
Non-current assets		
Property, plant and equipment		
Buildings and structures	18,033	19,115
Accumulated depreciation	(12,987)	(14,048)
Buildings and structures, net	5,046	5,066
Machinery, equipment and vehicles	17,108	17,997
Accumulated depreciation	(13,541)	(14,685)
Machinery, equipment and vehicles, net	3,566	3,312
Tools, furniture and fixtures	4,803	5,016
Accumulated depreciation	(4,295)	(4,409)
Tools, furniture and fixtures, net	508	607
Land	13,061	13,068
Leased assets	2,268	2,411
Accumulated depreciation	(643)	(700)
Leased assets, net	1,624	1,711
Construction in progress	642	287
Total property, plant and equipment	24,449	24,054
Intangible assets	397	359
Investments and other assets		
Investment securities	7,211	7,731
Retirement benefit asset	109	178
Deferred tax assets	423	334
Other	1,771	1,803
Allowance for doubtful accounts	(1,330)	(1,339)
Total investments and other assets	8,185	8,708
Total non-current assets	33,032	33,123
Total assets	105,170	104,618

(Millions of yen)

	As of March 31, 2021	As of March 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,357	10,333
Electronically recorded obligations - operating	1,248	1,393
Short-term borrowings	16,400	16,995
Current portion of long-term borrowings	2,710	2
Lease liabilities	150	184
Accounts payable - other	2,363	2,242
Accrued expenses	2,265	2,290
Income taxes payable	945	415
Provision for bonuses	106	102
Provision for product warranties	208	165
Other	464	568
Total current liabilities	36,219	34,694
Non-current liabilities		
Long-term borrowings	2	2,734
Lease liabilities	550	581
Long-term accounts payable - other	121	89
Deferred tax liabilities	1,465	2,007
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,738	1,850
Other	533	397
Total non-current liabilities	6,634	9,884
Total liabilities	42,854	44,578
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	1,504
Retained earnings	45,801	44,244
Treasury shares	(12,642)	(10,006)
Total shareholders' equity	52,573	47,367
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,555	3,123
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,625)	932
Remeasurements of defined benefit plans	76	68
Total accumulated other comprehensive income	4,804	7,923
Non-controlling interests	4,938	4,748
Total net assets	62,315	60,039
Total liabilities and net assets	105,170	104,618

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

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Net sales	82,442	84,295
Cost of sales	57,111	64,631
Gross profit	25,331	19,664
Selling, general and administrative expenses	18,824	18,976
Operating profit	6,506	687
Non-operating income		
Interest income	147	84
Dividend income	139	186
Royalty income	75	84
Technical advisory fee income	68	49
Foreign exchange gains	–	68
Rental income from real estate	93	98
Subsidy income	103	–
Other	196	251
Total non-operating income	824	823
Non-operating expenses		
Interest expenses	364	361
Foreign exchange losses	386	–
Commission expenses	38	13
Other	164	124
Total non-operating expenses	954	498
Ordinary profit	6,376	1,012
Extraordinary income		
Gain on sale of non-current assets	32	2
Gain on sale of investment securities	–	601
Total extraordinary income	32	603
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on sale of investment securities	14	–
Loss on valuation of investment securities	25	–
Loss on valuation of membership	1	–
Provision of allowance for doubtful accounts	5	–
Loss related to COVID-19	124	–
Total extraordinary losses	172	0
Profit before income taxes	6,235	1,615
Income taxes - current	1,525	788
Income taxes - deferred	855	407
Total income taxes	2,380	1,195
Profit	3,854	419
Profit attributable to non-controlling interests	575	162
Profit attributable to owners of parent	3,279	257

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Profit	3,854	419
Other comprehensive income		
Valuation difference on available-for-sale securities	2,380	568
Foreign currency translation adjustment	(595)	2,582
Remeasurements of defined benefit plans, net of tax	332	(1)
Total other comprehensive income	2,118	3,148
Comprehensive income	5,973	3,568
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,503	3,376
Comprehensive income attributable to non-controlling interests	469	191

Consolidated statements of changes in equity

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 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 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

Fiscal year ended March 31, 2022

(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	45,801	(12,642)	52,573
Changes during period					
Dividends of surplus			(1,814)		(1,814)
Profit attributable to owners of parent			257		257
Purchase of treasury shares				(3,683)	(3,683)
Disposal of treasury shares		(1)		36	35
Cancellation of treasury shares		(6,282)		6,282	–
Net changes in items other than shareholders' equity					
Total changes during period	–	(6,283)	(1,557)	2,635	(5,205)
Balance at end of period	11,626	1,504	44,244	(10,006)	47,367

	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	2,555	3,798	(1,625)	76	4,804	4,938	62,315
Changes during period							
Dividends of surplus							(1,814)
Profit attributable to owners of parent							257
Purchase of treasury shares							(3,683)
Disposal of treasury shares							35
Cancellation of treasury shares							–
Net changes in items other than shareholders' equity	567	–	2,558	(7)	3,118	(189)	2,929
Total changes during period	567	–	2,558	(7)	3,118	(189)	(2,275)
Balance at end of period	3,123	3,798	932	68	7,923	4,748	60,039

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022
Cash flows from operating activities		
Profit before income taxes	6,235	1,615
Depreciation	1,989	2,055
Increase (decrease) in allowance for doubtful accounts	(135)	(456)
Increase (decrease) in other provisions	(89)	(56)
Decrease (increase) in retirement benefit asset	(13)	(67)
Increase (decrease) in retirement benefit liability	(120)	(23)
Interest and dividend income	(287)	(271)
Interest expenses	364	361
Foreign exchange losses (gains)	14	(85)
Loss (gain) on sale and retirement of non-current assets	(29)	16
Loss (gain) on sale of investment securities	14	(601)
Loss (gain) on valuation of investment securities	25	–
Decrease (increase) in trade receivables	1,121	2,332
Decrease (increase) in inventories	243	(2,768)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(332)	(503)
Increase (decrease) in trade payables	(650)	663
Other, net	(153)	(739)
Subtotal	8,199	1,470
Interest and dividends received	299	272
Interest paid	(364)	(361)
Income taxes paid	(1,005)	(1,619)
Net cash provided by (used in) operating activities	7,129	(238)
Cash flows from investing activities		
Payments into time deposits	(8,476)	(4,085)
Proceeds from withdrawal of time deposits	10,664	4,321
Net decrease (increase) in short-term loans receivable	25	20
Purchase of non-current assets	(1,348)	(1,025)
Proceeds from sale of non-current assets	43	9
Purchase of investment securities	(17)	(22)
Proceeds from sale of investment securities	33	918
Other, net	(56)	19
Net cash provided by (used in) investing activities	867	155
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(932)	(218)
Proceeds from long-term borrowings	–	700
Repayments of long-term borrowings	(10)	(710)
Proceeds from sale of treasury shares	16	–
Purchase of treasury shares	(3,639)	(3,683)
Dividends paid	(1,965)	(1,815)
Dividends paid to non-controlling interests	(292)	(384)
Other, net	(186)	(206)
Net cash provided by (used in) financing activities	(7,009)	(6,318)
Effect of exchange rate change on cash and cash equivalents	(545)	1,630
Net increase (decrease) in cash and cash equivalents	440	(4,771)
Cash and cash equivalents at beginning of period	21,479	21,920
Cash and cash equivalents at end of period	21,920	17,148