



Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2022 (Based on Japanese GAAP)

October 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
 Director, Chief of Administration Katsunori Kobayashi TEL 03-3506-3951
 Inquiries: Headquarter
 Scheduled date to file Quarterly Securities Report: November 10, 2022
 Scheduled date to commence dividend payments: December 2, 2022
 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, 2022 (from April 1, 2022 to September 30, 2022)

(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, 2022	44,468	8.5	234	(78.5)	863	(35.4)	(31)	–
Six months ended September 30, 2021	40,969	2.8	1,092	(66.5)	1,336	(61.0)	946	(55.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2022	(0.62)		–	
Six months ended September 30, 2021	17.81		–	

(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, 2022	113,638	62,494	50.3	1,132.09
As of March 31, 2022	104,618	60,039	52.9	1,089.33

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, 2022	–	17.00	–	18.00	35.00
Year ending March 31, 2023	–	17.00	–	–	–
Year ending March 31, 2023 (Forecast)	–	–	–	18.00	35.00

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	90,000	6.8	2,500	263.5	3,100	206.2	2,000	677.4	39.58

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2022
(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: No
- 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, 2022	62,000,000 shares	As of March 31, 2022	62,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2022	11,502,593 shares	As of March 31, 2022	11,242,693 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, 2022	50,535,293 shares	Six months ended September 30, 2021	53,134,868 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, 2022	As of September 30, 2022
Assets		
Current assets		
Cash and deposits	20,096	22,315
Notes and accounts receivable - trade	27,104	30,601
Electronically recorded monetary claims - operating	1,771	2,183
Merchandise and finished goods	11,075	13,580
Work in process	599	614
Raw materials and supplies	8,930	10,580
Other	2,408	2,002
Allowance for doubtful accounts	(492)	(568)
Total current assets	71,495	81,309
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,066	5,280
Machinery, equipment and vehicles, net	3,312	3,549
Land	13,068	13,141
Other, net	2,606	3,123
Total property, plant and equipment	24,054	25,095
Intangible assets	359	324
Investments and other assets		
Investment securities	7,731	5,923
Retirement benefit asset	178	148
Deferred tax assets	334	362
Other	1,803	1,987
Allowance for doubtful accounts	(1,339)	(1,512)
Total investments and other assets	8,708	6,908
Total non-current assets	33,123	32,328
Total assets	104,618	113,638

(Millions of yen)

	As of March 31, 2022	As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,333	12,955
Electronically recorded obligations - operating	1,393	1,984
Short-term borrowings	16,995	19,898
Current portion of long-term borrowings	2	700
Accounts payable - other	2,242	2,407
Income taxes payable	415	567
Provision for bonuses	102	256
Provision for product warranties	165	164
Other	3,043	3,212
Total current liabilities	34,694	42,146
Non-current liabilities		
Long-term borrowings	2,734	2,000
Long-term accounts payable - other	89	78
Deferred tax liabilities	2,007	1,617
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,850	2,053
Other	978	1,024
Total non-current liabilities	9,884	8,997
Total liabilities	44,578	51,144
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	1,504	1,504
Retained earnings	44,244	43,299
Treasury shares	(10,006)	(10,246)
Total shareholders' equity	47,367	46,183
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,123	1,896
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	932	5,228
Remeasurements of defined benefit plans	68	59
Total accumulated other comprehensive income	7,923	10,984
Non-controlling interests	4,748	5,326
Total net assets	60,039	62,494
Total liabilities and net assets	104,618	113,638

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, 2021	Six months ended September 30, 2022
Net sales	40,969	44,468
Cost of sales	30,673	34,350
Gross profit	10,296	10,118
Selling, general and administrative expenses	9,204	9,883
Operating profit	1,092	234
Non-operating income		
Interest income	42	46
Dividend income	105	206
Royalty income	40	71
Technical advisory fee income	26	26
Foreign exchange gains	84	366
Other	178	149
Total non-operating income	477	867
Non-operating expenses		
Interest expenses	173	197
Other	59	41
Total non-operating expenses	232	238
Ordinary profit	1,336	863
Extraordinary income		
Gain on sale of non-current assets	1	0
Gain on sale of investment securities	277	116
Gain on sale of membership	–	0
Total extraordinary income	279	117
Extraordinary losses		
Loss on sale of non-current assets	–	0
Loss related to COVID-19	–	219
Total extraordinary losses	–	219
Profit before income taxes	1,615	761
Income taxes - current	450	627
Income taxes - deferred	50	124
Total income taxes	501	752
Profit	1,113	8
Profit attributable to non-controlling interests	167	40
Profit (loss) attributable to owners of parent	946	(31)

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Profit	1,113	8
Other comprehensive income		
Valuation difference on available-for-sale securities	(20)	(1,226)
Foreign currency translation adjustment	1,731	4,846
Remeasurements of defined benefit plans, net of tax	(75)	(9)
Total other comprehensive income	1,636	3,611
Comprehensive income	2,749	3,620
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,568	3,029
Comprehensive income attributable to non-controlling interests	181	590

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2021	Six months ended September 30, 2022
Cash flows from operating activities		
Profit before income taxes	1,615	761
Depreciation	1,024	795
Increase (decrease) in allowance for doubtful accounts	(198)	29
Increase (decrease) in other provisions	89	123
Decrease (increase) in retirement benefit asset	12	34
Increase (decrease) in retirement benefit liability	74	35
Interest and dividend income	(147)	(252)
Interest expenses	173	197
Foreign exchange losses (gains)	(52)	(41)
Loss (gain) on sale of investment securities	(277)	(116)
Loss (gain) on sale and retirement of non-current assets	4	0
Decrease (increase) in trade receivables	1,951	(1,919)
Decrease (increase) in inventories	(2,089)	(2,240)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(400)	33
Increase (decrease) in trade payables	1,011	2,298
Other, net	(617)	58
Subtotal	2,171	(202)
Interest and dividends received	146	252
Interest paid	(174)	(195)
Income taxes paid	(915)	(195)
Net cash provided by (used in) operating activities	1,228	(340)
Cash flows from investing activities		
Payments into time deposits	(3,886)	(3,481)
Proceeds from withdrawal of time deposits	2,809	2,939
Net decrease (increase) in short-term loans receivable	8	8
Purchase of non-current assets	(548)	(704)
Proceeds from sale of non-current assets	3	1
Purchase of investment securities	(11)	(13)
Proceeds from sale of investment securities	383	176
Other, net	(25)	(6)
Net cash provided by (used in) investing activities	(1,266)	(1,080)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(349)	1,957
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(705)	(2)
Proceeds from sale of treasury shares	–	22
Purchase of treasury shares	(2,485)	(261)
Dividends paid	(928)	(913)
Dividends paid to non-controlling interests	(52)	(24)
Other, net	(103)	(105)
Net cash provided by (used in) financing activities	(3,924)	672
Effect of exchange rate change on cash and cash equivalents	1,033	2,049
Net increase (decrease) in cash and cash equivalents	(2,929)	1,301
Cash and cash equivalents at beginning of period	21,920	17,148
Cash and cash equivalents at end of period	18,990	18,450