



Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Based on Japanese GAAP)

January 31, 2023

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: February 10, 2023
 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, 2022 (from April 1, 2022 to December 31, 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	%
Nine months ended December 31, 2022	70,981	14.2	1,678	94.5	2,790	104.4	2,076	350.8
Nine months ended December 31, 2021	62,143	1.4	862	(83.6)	1,365	(74.3)	460	(86.5)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2022	41.23		–	
Nine months ended December 31, 2021	8.74		–	

(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, 2022	116,581	63,005	49.7	1,169.45
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	98,000	16.3	3,800	452.5	4,300	324.7	3,000	–	59.55

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 2022	55,000,000 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 December 31, 2022	5,451,693 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)

Nine months ended December 31, 2022	50,376,527 shares	Nine months ended December 31, 2021	52,683,505 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 December 31, 2022
Assets		
Current assets		
Cash and deposits	20,096	20,314
Notes and accounts receivable - trade	27,104	32,243
Electronically recorded monetary claims - operating	1,771	2,721
Merchandise and finished goods	11,075	14,867
Work in process	599	624
Raw materials and supplies	8,930	11,970
Other	2,408	2,209
Allowance for doubtful accounts	(492)	(552)
Total current assets	71,495	84,398
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,066	5,144
Machinery, equipment and vehicles, net	3,312	3,476
Land	13,068	13,132
Other, net	2,606	3,458
Total property, plant and equipment	24,054	25,211
Intangible assets	359	322
Investments and other assets		
Investment securities	7,731	5,660
Retirement benefit asset	178	140
Deferred tax assets	334	384
Other	1,803	1,960
Allowance for doubtful accounts	(1,339)	(1,496)
Total investments and other assets	8,708	6,649
Total non-current assets	33,123	32,183
Total assets	104,618	116,581

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,333	12,340
Electronically recorded obligations - operating	1,393	2,243
Short-term borrowings	16,995	22,594
Current portion of long-term borrowings	2	1,700
Accounts payable - other	2,242	2,554
Income taxes payable	415	626
Provision for bonuses	102	319
Provision for product warranties	165	152
Other	3,043	3,018
Total current liabilities	34,694	45,547
Non-current liabilities		
Long-term borrowings	2,734	1,000
Long-term accounts payable - other	89	78
Deferred tax liabilities	2,007	1,638
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,850	2,046
Other	978	1,042
Total non-current liabilities	9,884	8,028
Total liabilities	44,578	53,576
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	1,504	–
Retained earnings	44,244	39,764
Treasury shares	(10,006)	(4,921)
Total shareholders' equity	47,367	46,468
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,123	1,972
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	932	5,646
Remeasurements of defined benefit plans	68	58
Total accumulated other comprehensive income	7,923	11,475
Non-controlling interests	4,748	5,060
Total net assets	60,039	63,005
Total liabilities and net assets	104,618	116,581

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, 2021	Nine months ended December 31, 2022
Net sales	62,143	70,981
Cost of sales	47,046	54,080
Gross profit	15,097	16,901
Selling, general and administrative expenses	14,234	15,222
Operating profit	862	1,678
Non-operating income		
Interest income	62	75
Dividend income	185	344
Royalty income	60	103
Technical advisory fee income	36	43
Foreign exchange gains	198	685
Other	311	257
Total non-operating income	855	1,509
Non-operating expenses		
Interest expenses	264	306
Other	87	89
Total non-operating expenses	352	396
Ordinary profit	1,365	2,790
Extraordinary income		
Gain on sale of non-current assets	1	3
Gain on sale of investment securities	277	887
Gain on sale of membership	–	0
Total extraordinary income	279	891
Extraordinary losses		
Loss on sale of non-current assets	–	2
Loss related to COVID-19	–	223
Total extraordinary losses	–	226
Profit before income taxes	1,645	3,456
Income taxes - current	600	1,010
Income taxes - deferred	370	136
Total income taxes	970	1,146
Profit	674	2,309
Profit attributable to non-controlling interests	213	232
Profit attributable to owners of parent	460	2,076

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	674	2,309
Other comprehensive income		
Valuation difference on available-for-sale securities	14	(1,150)
Foreign currency translation adjustment	1,395	5,184
Remeasurements of defined benefit plans, net of tax	(76)	(10)
Total other comprehensive income	1,333	4,022
Comprehensive income	2,007	6,332
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,954	5,629
Comprehensive income attributable to non-controlling interests	53	702

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Cash flows from operating activities		
Profit before income taxes	1,645	3,456
Depreciation	1,550	1,208
Increase (decrease) in allowance for doubtful accounts	(394)	1
Increase (decrease) in other provisions	108	179
Decrease (increase) in retirement benefit asset	11	41
Increase (decrease) in retirement benefit liability	76	20
Interest and dividend income	(247)	(420)
Interest expenses	264	306
Foreign exchange losses (gains)	(80)	(68)
Loss (gain) on sale of investment securities	(277)	(887)
Loss (gain) on sale and retirement of non-current assets	5	6
Decrease (increase) in trade receivables	1,941	(3,865)
Decrease (increase) in inventories	(2,968)	(4,817)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(470)	(217)
Increase (decrease) in trade payables	1,411	2,052
Other, net	(858)	(124)
Subtotal	1,717	(3,127)
Interest and dividends received	248	418
Interest paid	(263)	(303)
Income taxes paid	(1,472)	(521)
Net cash provided by (used in) operating activities	230	(3,533)
Cash flows from investing activities		
Payments into time deposits	(3,905)	(3,213)
Proceeds from withdrawal of time deposits	3,597	3,712
Net decrease (increase) in short-term loans receivable	15	13
Purchase of non-current assets	(723)	(1,126)
Proceeds from sale of non-current assets	7	4
Purchase of investment securities	(19)	(27)
Proceeds from sale of investment securities	383	1,288
Other, net	12	(11)
Net cash provided by (used in) investing activities	(632)	640
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,302	4,537
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(707)	(2)
Proceeds from sale of treasury shares	–	22
Purchase of treasury shares	(3,096)	(1,226)
Dividends paid	(1,811)	(1,768)
Dividends paid to non-controlling interests	(384)	(402)
Other, net	(155)	(158)
Net cash provided by (used in) financing activities	(4,153)	1,000
Effect of exchange rate change on cash and cash equivalents	1,092	2,272
Net increase (decrease) in cash and cash equivalents	(3,463)	380
Cash and cash equivalents at beginning of period	21,920	17,148
Cash and cash equivalents at end of period	18,456	17,529