



Translation

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Summary of Consolidated Financial Results for the Year Ended March 31, 2023 (Based on Japanese GAAP)

May 10, 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
 Inquiries: Katsunori Kobayashi TEL 03-3506-3951
 Headquarter
 Scheduled date of ordinary general meeting of shareholders: June 22, 2023
 Scheduled date to file Securities Report: June 22, 2023
 Scheduled date to commence dividend payments: June 23, 2023
 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, 2023 (from April 1, 2022 to March 31, 2023)

(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, 2023	99,481	18.0	3,887	465.1	4,351	329.8	3,848	–
Year ended March 31, 2022	84,295	2.2	687	(89.4)	1,012	(84.1)	257	(92.2)

	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, 2023	76.69	–	6.8	4.0	3.9
Year ended March 31, 2022	4.92	–	0.5	1.0	0.8

(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, 2023	112,747	63,130	51.6	1,174.01
As of March 31, 2022	104,618	60,039	52.9	1,089.33

(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, 2023	29	514	(654)	18,214
Year ended March 31, 2022	(238)	155	(6,318)	17,148

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, 2022	–	17.00	–	18.00	35.00	1,799	711.4	3.3
Year ended March 31, 2023	–	17.00	–	18.00	35.00	1,750	45.6	3.1
Year ending March 31, 2024 (Forecast)	–	18.00	–	19.00	37.00		40.7	

3. Forecast of consolidated financial results for the year ending March 31, 2024 (from April 1, 2023 to March 31, 2024)

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	105,000	5.5	6,900	77.5	7,300	67.8	4,500	16.9	90.81

4. Notes

(1) Changes in significant subsidiaries during the year ended March 31, 2023

(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: No

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, 2023	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 March 31, 2023	5,446,058 shares	As of March 31, 2022	11,242,693 shares
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Average number of shares during the period

Year ended March 31, 2023	50,186,751 shares	Year ended March 31, 2022	52,290,182 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, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	20,096	21,177
Notes and accounts receivable - trade	27,104	31,667
Electronically recorded monetary claims - operating	1,771	2,218
Merchandise and finished goods	11,075	12,864
Work in process	599	630
Raw materials and supplies	8,930	10,781
Other	2,408	2,240
Allowance for doubtful accounts	(492)	(490)
Total current assets	71,495	81,089
Non-current assets		
Property, plant and equipment		
Buildings and structures	19,115	19,605
Accumulated depreciation	(14,048)	(14,652)
Buildings and structures, net	5,066	4,953
Machinery, equipment and vehicles	17,997	18,632
Accumulated depreciation	(14,685)	(15,294)
Machinery, equipment and vehicles, net	3,312	3,337
Tools, furniture and fixtures	5,016	5,240
Accumulated depreciation	(4,409)	(4,648)
Tools, furniture and fixtures, net	607	592
Land	13,068	13,136
Leased assets	2,411	2,702
Accumulated depreciation	(700)	(974)
Leased assets, net	1,711	1,728
Construction in progress	287	1,039
Total property, plant and equipment	24,054	24,788
Intangible assets	359	332
Investments and other assets		
Investment securities	7,731	5,324
Retirement benefit asset	178	275
Deferred tax assets	334	476
Other	1,803	1,864
Allowance for doubtful accounts	(1,339)	(1,402)
Total investments and other assets	8,708	6,537
Total non-current assets	33,123	31,658
Total assets	104,618	112,747

(Millions of yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,333	11,428
Electronically recorded obligations - operating	1,393	1,730
Short-term borrowings	16,995	20,437
Current portion of long-term borrowings	2	1,700
Lease liabilities	184	177
Accounts payable - other	2,242	2,676
Accrued expenses	2,290	2,674
Income taxes payable	415	719
Provision for bonuses	102	140
Provision for product warranties	165	157
Other	568	373
Total current liabilities	34,694	42,216
Non-current liabilities		
Long-term borrowings	2,734	1,000
Lease liabilities	581	591
Long-term accounts payable - other	89	16
Deferred tax liabilities	2,007	1,286
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,850	1,855
Other	397	427
Total non-current liabilities	9,884	7,401
Total liabilities	44,578	49,617
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	1,504	–
Retained earnings	44,244	41,536
Treasury shares	(10,006)	(4,918)
Total shareholders' equity	47,367	48,244
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,123	1,868
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	932	4,131
Remeasurements of defined benefit plans	68	133
Total accumulated other comprehensive income	7,923	9,932
Non-controlling interests	4,748	4,953
Total net assets	60,039	63,130
Total liabilities and net assets	104,618	112,747

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

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Net sales	84,295	99,481
Cost of sales	64,631	74,750
Gross profit	19,664	24,730
Selling, general and administrative expenses	18,976	20,843
Operating profit	687	3,887
Non-operating income		
Interest income	84	123
Dividend income	186	346
Royalty income	84	141
Technical advisory fee income	49	53
Foreign exchange gains	68	34
Rental income from real estate	98	99
Other	251	230
Total non-operating income	823	1,030
Non-operating expenses		
Interest expenses	361	425
Commission expenses	13	14
Other	124	126
Total non-operating expenses	498	565
Ordinary profit	1,012	4,351
Extraordinary income		
Gain on sale of non-current assets	2	6
Gain on sale of investment securities	601	1,145
Total extraordinary income	603	1,151
Extraordinary losses		
Loss on sale of non-current assets	0	2
Impairment losses	–	46
Loss related to COVID-19	–	225
Total extraordinary losses	0	274
Profit before income taxes	1,615	5,228
Income taxes - current	788	1,430
Income taxes - deferred	407	(284)
Total income taxes	1,195	1,146
Profit	419	4,082
Profit attributable to non-controlling interests	162	233
Profit attributable to owners of parent	257	3,848

Consolidated statements of comprehensive income

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Profit	419	4,082
Other comprehensive income		
Valuation difference on available-for-sale securities	568	(1,254)
Foreign currency translation adjustment	2,582	3,556
Remeasurements of defined benefit plans, net of tax	(1)	71
Total other comprehensive income	3,148	2,372
Comprehensive income	3,568	6,455
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,376	5,858
Comprehensive income attributable to non-controlling interests	191	596

Consolidated statements of changes in equity

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

Fiscal year ended March 31, 2023

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,626	1,504	44,244	(10,006)	47,367
Changes during period					
Dividends of surplus			(1,772)		(1,772)
Profit attributable to owners of parent			3,848		3,848
Purchase of treasury shares				(1,261)	(1,261)
Disposal of treasury shares		(0)		61	61
Cancellation of treasury shares		(6,288)		6,288	–
Transfer from retained earnings to capital surplus		4,784	(4,784)		–
Net changes in items other than shareholders' equity					
Total changes during period	–	(1,504)	(2,707)	5,088	876
Balance at end of period	11,626	–	41,536	(4,918)	48,244

	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	3,123	3,798	932	68	7,923	4,748	60,039
Changes during period							
Dividends of surplus							(1,772)
Profit attributable to owners of parent							3,848
Purchase of treasury shares							(1,261)
Disposal of treasury shares							61
Cancellation of treasury shares							–
Transfer from retained earnings to capital surplus							–
Net changes in items other than shareholders' equity	(1,254)	–	3,198	65	2,009	204	2,214
Total changes during period	(1,254)	–	3,198	65	2,009	204	3,090
Balance at end of period	1,868	3,798	4,131	133	9,932	4,953	63,130

Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	1,615	5,228
Depreciation	2,055	1,603
Impairment losses	–	46
Increase (decrease) in allowance for doubtful accounts	(456)	(53)
Increase (decrease) in other provisions	(56)	14
Decrease (increase) in retirement benefit asset	(67)	(87)
Increase (decrease) in retirement benefit liability	(23)	19
Interest and dividend income	(271)	(470)
Interest expenses	361	425
Foreign exchange losses (gains)	(85)	82
Loss (gain) on sale of investment securities	(601)	(1,145)
Loss (gain) on sale and retirement of non-current assets	16	3
Decrease (increase) in trade receivables	2,332	(3,469)
Decrease (increase) in inventories	(2,768)	(2,373)
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(503)	(268)
Increase (decrease) in trade payables	663	866
Other, net	(739)	472
Subtotal	1,470	893
Interest and dividends received	272	457
Interest paid	(361)	(423)
Income taxes paid	(1,619)	(897)
Net cash provided by (used in) operating activities	(238)	29
Cash flows from investing activities		
Payments into time deposits	(4,085)	(3,094)
Proceeds from withdrawal of time deposits	4,321	3,386
Net decrease (increase) in short-term loans receivable	20	20
Purchase of non-current assets	(1,025)	(1,518)
Proceeds from sale of non-current assets	9	34
Purchase of investment securities	(22)	(28)
Proceeds from sale of investment securities	918	1,734
Other, net	19	(20)
Net cash provided by (used in) investing activities	155	514
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(218)	2,941
Proceeds from long-term borrowings	700	–
Repayments of long-term borrowings	(710)	(2)
Proceeds from sale of treasury shares	–	61
Purchase of treasury shares	(3,683)	(1,261)
Dividends paid	(1,815)	(1,771)
Dividends paid to non-controlling interests	(384)	(402)
Other, net	(206)	(217)
Net cash provided by (used in) financing activities	(6,318)	(654)
Effect of exchange rate change on cash and cash equivalents	1,630	1,175
Net increase (decrease) in cash and cash equivalents	(4,771)	1,065
Cash and cash equivalents at beginning of period	21,920	17,148
Cash and cash equivalents at end of period	17,148	18,214