

Translation

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Summary of Consolidated Financial Results for the Six Months Ended September 30, 2023 (Based on Japanese GAAP)

October 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: November 10, 2023
 Scheduled date to commence dividend payments: December 4, 2023
 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, 2023 (from April 1, 2023 to September 30, 2023)

(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, 2023	55,378	24.5	5,129	–	5,841	576.9	4,416	–
Six months ended September 30, 2022	44,468	8.5	234	(78.5)	863	(35.4)	(31)	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2023	89.11		–	
Six months ended September 30, 2022	(0.62)		–	

(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, 2023	123,873	71,454	53.1	1,327.07
As of March 31, 2023	112,747	63,130	51.6	1,174.01

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, 2023	–	17.00	–	18.00	35.00
Year ending March 31, 2024	–	34.00			
Year ending March 31, 2024 (Forecast)			–	34.00	68.00

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	8,400	116.1	9,300	113.7	8,400	118.2	169.49

4. Notes

- (1) Changes in significant subsidiaries during the six months ended September 30, 2023
(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, 2023	55,000,000 shares	As of March 31, 2023	55,000,000 shares
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Number of treasury shares at the end of the period

As of September 30, 2023	5,430,683 shares	As of March 31, 2023	5,446,058 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, 2023	49,560,103 shares	Six months ended September 30, 2022	50,535,293 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, 2023	As of September 30, 2023
Assets		
Current assets		
Cash and deposits	21,177	25,768
Notes and accounts receivable - trade	31,667	37,170
Electronically recorded monetary claims - operating	2,218	2,456
Merchandise and finished goods	12,864	13,148
Work in process	630	640
Raw materials and supplies	10,781	9,829
Other	2,240	1,593
Allowance for doubtful accounts	(490)	(582)
Total current assets	81,089	90,023
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,953	5,925
Machinery, equipment and vehicles, net	3,337	3,883
Land	13,136	13,185
Other, net	3,360	2,568
Total property, plant and equipment	24,788	25,563
Intangible assets	332	321
Investments and other assets		
Investment securities	5,324	6,785
Retirement benefit asset	275	190
Deferred tax assets	476	522
Other	1,864	1,058
Allowance for doubtful accounts	(1,402)	(593)
Total investments and other assets	6,537	7,964
Total non-current assets	31,658	33,849
Total assets	112,747	123,873

(Millions of yen)

	As of March 31, 2023	As of September 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,428	11,208
Electronically recorded obligations - operating	1,730	2,153
Short-term borrowings	20,437	21,659
Current portion of long-term borrowings	1,700	1,700
Accounts payable - other	2,676	2,801
Income taxes payable	719	921
Provision for bonuses	140	386
Provision for product warranties	157	154
Other	3,225	3,422
Total current liabilities	42,216	44,407
Non-current liabilities		
Long-term borrowings	1,000	1,000
Long-term accounts payable - other	16	16
Deferred tax liabilities	1,286	1,815
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,855	1,835
Other	1,019	1,120
Total non-current liabilities	7,401	8,011
Total liabilities	49,617	52,418
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	–	6
Retained earnings	41,536	45,060
Treasury shares	(4,918)	(4,901)
Total shareholders' equity	48,244	51,791
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,868	2,892
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	4,131	7,167
Remeasurements of defined benefit plans	133	132
Total accumulated other comprehensive income	9,932	13,990
Non-controlling interests	4,953	5,672
Total net assets	63,130	71,454
Total liabilities and net assets	112,747	123,873

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, 2022	Six months ended September 30, 2023
Net sales	44,468	55,378
Cost of sales	34,350	39,373
Gross profit	10,118	16,004
Selling, general and administrative expenses	9,883	10,874
Operating profit	234	5,129
Non-operating income		
Interest income	46	124
Dividend income	206	198
Royalty income	71	60
Technical advisory fee income	26	31
Foreign exchange gains	366	428
Other	149	134
Total non-operating income	867	978
Non-operating expenses		
Interest expenses	197	218
Other	41	47
Total non-operating expenses	238	266
Ordinary profit	863	5,841
Extraordinary income		
Gain on sale of non-current assets	0	1
Gain on sale of investment securities	116	56
Gain on sale of membership	0	–
Total extraordinary income	117	57
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss related to COVID-19	219	–
Total extraordinary losses	219	0
Profit before income taxes	761	5,898
Income taxes - current	627	1,043
Income taxes - deferred	124	47
Total income taxes	752	1,090
Profit	8	4,807
Profit attributable to non-controlling interests	40	391
Profit (loss) attributable to owners of parent	(31)	4,416

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Profit	8	4,807
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,226)	1,023
Foreign currency translation adjustment	4,846	3,397
Remeasurements of defined benefit plans, net of tax	(9)	(1)
Total other comprehensive income	3,611	4,418
Comprehensive income	3,620	9,226
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,029	8,474
Comprehensive income attributable to non-controlling interests	590	751

Consolidated statements of cash flows

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2023
Cash flows from operating activities		
Profit before income taxes	761	5,898
Depreciation	795	794
Increase (decrease) in allowance for doubtful accounts	29	(808)
Increase (decrease) in other provisions	123	221
Decrease (increase) in retirement benefit asset	34	87
Increase (decrease) in retirement benefit liability	35	(113)
Interest and dividend income	(252)	(323)
Interest expenses	197	218
Foreign exchange losses (gains)	(41)	(68)
Loss (gain) on sale of investment securities	(116)	(56)
Loss (gain) on sale and retirement of non-current assets	0	1
Decrease (increase) in trade receivables	(1,919)	(3,155)
Decrease (increase) in inventories	(2,240)	1,927
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	33	772
Increase (decrease) in trade payables	2,298	(320)
Other, net	58	(52)
Subtotal	(202)	5,024
Interest and dividends received	252	316
Interest paid	(195)	(215)
Income taxes paid	(195)	(838)
Net cash provided by (used in) operating activities	(340)	4,286
Cash flows from investing activities		
Payments into time deposits	(3,481)	(3,334)
Proceeds from withdrawal of time deposits	2,939	2,981
Net decrease (increase) in short-term loans receivable	8	6
Purchase of non-current assets	(704)	(618)
Proceeds from sale of non-current assets	1	4
Purchase of investment securities	(13)	(38)
Proceeds from sale of investment securities	176	98
Other, net	(6)	(9)
Net cash provided by (used in) investing activities	(1,080)	(911)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,957	819
Repayments of long-term borrowings	(2)	–
Proceeds from sale of treasury shares	22	22
Purchase of treasury shares	(261)	–
Dividends paid	(913)	(891)
Dividends paid to non-controlling interests	(24)	(49)
Other, net	(105)	(126)
Net cash provided by (used in) financing activities	672	(225)
Effect of exchange rate change on cash and cash equivalents	2,049	848
Net increase (decrease) in cash and cash equivalents	1,301	3,998
Cash and cash equivalents at beginning of period	17,148	18,214
Cash and cash equivalents at end of period	18,450	22,212