

Translation

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## Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2023 (Based on Japanese GAAP)

January 31, 2024

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 9, 2024  
 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, 2023 (from April 1, 2023 to December 31, 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	%
Nine months ended December 31, 2023	86,140	21.4	9,051	439.4	10,059	260.4	7,675	269.6
Nine months ended December 31, 2022	70,981	14.2	1,678	94.5	2,790	104.4	2,076	350.8

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	154.87		–	
Nine months ended December 31, 2022	41.23		–	

#### (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, 2023	132,801	74,323	51.6	1,381.65
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	110,000	10.6	10,500	170.1	11,500	164.3	8,400	118.2	169.48

#### 4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 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 December 31, 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 December 31, 2023	5,430,845 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)

Nine months ended December 31, 2023	49,562,834 shares	Nine months ended December 31, 2022	50,376,527 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 December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	21,177	31,565
Notes and accounts receivable - trade	31,667	37,864
Electronically recorded monetary claims - operating	2,218	2,905
Securities	-	769
Merchandise and finished goods	12,864	13,640
Work in process	630	633
Raw materials and supplies	10,781	9,865
Other	2,240	1,873
Allowance for doubtful accounts	(490)	(637)
Total current assets	81,089	98,480
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	4,953	5,875
Machinery, equipment and vehicles, net	3,337	3,788
Land	13,136	13,190
Other, net	3,360	2,678
Total property, plant and equipment	24,788	25,534
Intangible assets	332	334
Investments and other assets		
Investment securities	5,324	7,104
Retirement benefit asset	275	184
Deferred tax assets	476	697
Other	1,864	1,067
Allowance for doubtful accounts	(1,402)	(601)
Total investments and other assets	6,537	8,452
Total non-current assets	31,658	34,321
Total assets	112,747	132,801

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	11,428	11,847
Electronically recorded obligations - operating	1,730	2,267
Short-term borrowings	20,437	26,305
Current portion of long-term borrowings	1,700	700
Accounts payable - other	2,676	2,687
Income taxes payable	719	1,105
Provision for bonuses	140	545
Provision for product warranties	157	146
Other	3,225	3,564
<b>Total current liabilities</b>	<b>42,216</b>	<b>49,170</b>
<b>Non-current liabilities</b>		
Long-term borrowings	1,000	2,000
Long-term accounts payable - other	16	16
Deferred tax liabilities	1,286	2,079
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,855	1,849
Other	1,019	1,138
<b>Total non-current liabilities</b>	<b>7,401</b>	<b>9,307</b>
<b>Total liabilities</b>	<b>49,617</b>	<b>58,477</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,626	11,626
Capital surplus	–	6
Retained earnings	41,536	46,635
Treasury shares	(4,918)	(4,901)
<b>Total shareholders' equity</b>	<b>48,244</b>	<b>53,365</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	1,868	3,144
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	4,131	8,046
Remeasurements of defined benefit plans	133	131
<b>Total accumulated other comprehensive income</b>	<b>9,932</b>	<b>15,121</b>
<b>Non-controlling interests</b>	<b>4,953</b>	<b>5,836</b>
<b>Total net assets</b>	<b>63,130</b>	<b>74,323</b>
<b>Total liabilities and net assets</b>	<b>112,747</b>	<b>132,801</b>

## 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, 2022	Nine months ended December 31, 2023
Net sales	70,981	86,140
Cost of sales	54,080	60,283
Gross profit	16,901	25,857
Selling, general and administrative expenses	15,222	16,805
Operating profit	1,678	9,051
Non-operating income		
Interest income	75	223
Dividend income	344	294
Royalty income	103	90
Technical advisory fee income	43	48
Foreign exchange gains	685	576
Other	257	262
Total non-operating income	1,509	1,495
Non-operating expenses		
Interest expenses	306	355
Other	89	132
Total non-operating expenses	396	488
Ordinary profit	2,790	10,059
Extraordinary income		
Gain on sale of non-current assets	3	75
Gain on sale of investment securities	887	144
Gain on sale of membership	0	–
Total extraordinary income	891	220
Extraordinary losses		
Loss on sale of non-current assets	2	0
Loss on sale of investment securities	–	0
Loss related to COVID-19	223	–
Total extraordinary losses	226	1
Profit before income taxes	3,456	10,277
Income taxes - current	1,010	1,771
Income taxes - deferred	136	33
Total income taxes	1,146	1,804
Profit	2,309	8,473
Profit attributable to non-controlling interests	232	797
Profit attributable to owners of parent	2,076	7,675

**Consolidated statements of comprehensive income (cumulative)**

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Profit	2,309	8,473
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,150)	1,275
Foreign currency translation adjustment	5,184	4,346
Remeasurements of defined benefit plans, net of tax	(10)	(2)
Total other comprehensive income	4,022	5,619
Comprehensive income	6,332	14,092
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,629	12,864
Comprehensive income attributable to non-controlling interests	702	1,227

## Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2022	Nine months ended December 31, 2023
Cash flows from operating activities		
Profit before income taxes	3,456	10,277
Depreciation	1,208	1,212
Increase (decrease) in allowance for doubtful accounts	1	(773)
Increase (decrease) in other provisions	179	364
Decrease (increase) in retirement benefit asset	41	96
Increase (decrease) in retirement benefit liability	20	(128)
Interest and dividend income	(420)	(517)
Interest expenses	306	355
Foreign exchange losses (gains)	(68)	(187)
Loss (gain) on sale of investment securities	(887)	(143)
Loss (gain) on sale and retirement of non-current assets	6	(41)
Decrease (increase) in trade receivables	(3,865)	(4,005)
Decrease (increase) in inventories	(4,817)	1,711
Increase/decrease in consumption taxes payable/consumption taxes refund receivable	(217)	480
Increase (decrease) in trade payables	2,052	285
Other, net	(124)	(49)
Subtotal	(3,127)	8,938
Interest and dividends received	418	501
Interest paid	(303)	(351)
Income taxes paid	(521)	(1,389)
Net cash provided by (used in) operating activities	(3,533)	7,698
Cash flows from investing activities		
Payments into time deposits	(3,213)	(3,616)
Proceeds from withdrawal of time deposits	3,712	3,041
Net decrease (increase) in short-term loans receivable	13	10
Purchase of non-current assets	(1,126)	(903)
Proceeds from sale of non-current assets	4	95
Purchase of investment securities	(27)	(53)
Proceeds from sale of investment securities	1,288	243
Other, net	(11)	(14)
Net cash provided by (used in) investing activities	640	(1,195)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	4,537	5,164
Proceeds from long-term borrowings	–	1,000
Repayments of long-term borrowings	(2)	(1,000)
Proceeds from sale of treasury shares	22	22
Purchase of treasury shares	(1,226)	–
Dividends paid	(1,768)	(2,566)
Dividends paid to non-controlling interests	(402)	(362)
Other, net	(158)	(185)
Net cash provided by (used in) financing activities	1,000	2,072
Effect of exchange rate change on cash and cash equivalents	2,272	1,705
Net increase (decrease) in cash and cash equivalents	380	10,280
Cash and cash equivalents at beginning of period	17,148	18,214
Cash and cash equivalents at end of period	17,529	28,494