



Translation

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Summary of Consolidated Financial Results for the Nine Months Ended December 31, 2020 (Based on Japanese GAAP)

January 29, 2021

Company name: CHUGOKU MARINE PAINTS, LTD.
 Stock exchange listing: Tokyo
 Stock code: 4617 URL <https://www.cmp.co.jp/>
 Representative: President Masataka Uetake
 Inquiries: Managing Director Junji Tomochika TEL 03-3506-3951
 Scheduled date to file Quarterly Securities Report: February 10, 2021
 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, 2020 (from April 1, 2020 to December 31, 2020)

(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, 2020	61,260	(6.4)	5,310	118.3	5,346	74.2	3,446	98.8
Nine months ended December 31, 2019	65,470	(1.8)	2,432	–	3,069	–	1,733	–

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2020	59.94		–	
Nine months ended December 31, 2019	28.99		–	

(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, 2020	106,506	62,749	54.3	1,047.09
As of March 31, 2020	106,069	62,986	54.8	999.17

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, 2020	–	17.00	–	17.00	34.00
Year ending March 31, 2021	–	17.00	–	–	–
Year ending March 31, 2021 (Forecast)	–	–	–	17.00	34.00

3. Forecast of consolidated financial results for the year ending March 31, 2021 (from April 1, 2020 to March 31, 2021)

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	80,000	(8.8)	6,000	71.5	6,200	52.5	3,500	–	60.87

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended December 31, 2020
(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, 2020	69,068,822 shares	As of March 31, 2020	69,068,822 shares
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Number of treasury shares at the end of the period

As of December 31, 2020	13,801,845 shares	As of March 31, 2020	10,851,745 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, 2020	57,496,517 shares	Nine months ended December 31, 2019	59,781,232 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, 2020	As of December 31, 2020
Assets		
Current assets		
Cash and deposits	26,669	24,864
Notes and accounts receivable - trade	30,817	31,165
Securities	236	118
Merchandise and finished goods	9,678	10,201
Work in process	533	481
Raw materials and supplies	6,886	6,628
Other	1,305	1,273
Allowance for doubtful accounts	(850)	(888)
Total current assets	75,276	73,845
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,525	5,096
Machinery, equipment and vehicles, net	3,479	3,433
Land	13,093	13,053
Other, net	2,704	2,858
Total property, plant and equipment	24,803	24,441
Intangible assets	513	443
Investments and other assets		
Investment securities	3,920	6,786
Retirement benefit asset	95	91
Deferred tax assets	1,034	472
Other	1,779	1,790
Allowance for doubtful accounts	(1,355)	(1,364)
Total investments and other assets	5,474	7,776
Total non-current assets	30,792	32,661
Total assets	106,069	106,506

(Millions of yen)

	As of March 31, 2020	As of December 31, 2020
Liabilities		
Current liabilities		
Notes and accounts payable - trade	11,264	10,807
Short-term borrowings	17,322	18,480
Current portion of long-term borrowings	10	1,710
Accounts payable - other	2,319	2,318
Income taxes payable	590	860
Provision for bonuses	137	279
Provision for product warranties	267	199
Other	3,335	2,665
Total current liabilities	35,248	37,321
Non-current liabilities		
Long-term borrowings	2,712	1,005
Long-term accounts payable - other	121	121
Deferred tax liabilities	114	482
Deferred tax liabilities for land revaluation	2,223	2,223
Retirement benefit liability	1,587	1,655
Other	1,075	948
Total non-current liabilities	7,835	6,436
Total liabilities	43,083	43,757
Net assets		
Shareholders' equity		
Share capital	11,626	11,626
Capital surplus	7,788	7,788
Retained earnings	45,190	46,668
Treasury shares	(9,019)	(11,970)
Total shareholders' equity	55,585	54,112
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	174	2,191
Revaluation reserve for land	3,798	3,798
Foreign currency translation adjustment	(1,241)	(2,094)
Remeasurements of defined benefit plans	(149)	(138)
Total accumulated other comprehensive income	2,583	3,757
Non-controlling interests	4,817	4,879
Total net assets	62,986	62,749
Total liabilities and net assets	106,069	106,506

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, 2019	Nine months ended December 31, 2020
Net sales	65,470	61,260
Cost of sales	47,828	41,798
Gross profit	17,641	19,462
Selling, general and administrative expenses	15,209	14,152
Operating profit	2,432	5,310
Non-operating income		
Interest income	248	124
Dividend income	149	138
Royalty income	49	47
Technical advisory fee income	80	53
Foreign exchange gains	240	–
Other	258	302
Total non-operating income	1,028	667
Non-operating expenses		
Interest expenses	306	279
Foreign exchange losses	–	209
Other	84	141
Total non-operating expenses	391	630
Ordinary profit	3,069	5,346
Extraordinary income		
Gain on sales of non-current assets	6	5
Gain on sales of investment securities	82	–
Total extraordinary income	88	5
Extraordinary losses		
Loss on sales of investment securities	24	–
Loss on valuation of investment securities	94	25
Loss related to COVID-19	–	123
Total extraordinary losses	119	149
Profit before income taxes	3,038	5,203
Income taxes - current	838	1,133
Income taxes - deferred	86	48
Total income taxes	925	1,181
Profit	2,113	4,022
Profit attributable to non-controlling interests	380	576
Profit attributable to owners of parent	1,733	3,446

Consolidated statements of comprehensive income (cumulative)

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Profit	2,113	4,022
Other comprehensive income		
Valuation difference on available-for-sale securities	(47)	2,016
Foreign currency translation adjustment	(2,032)	(1,077)
Remeasurements of defined benefit plans, net of tax	11	11
Total other comprehensive income	(2,069)	950
Comprehensive income	44	4,972
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(224)	4,620
Comprehensive income attributable to non-controlling interests	268	352

Consolidated statements of cash flows

(Millions of yen)

	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Cash flows from operating activities		
Profit before income taxes	3,038	5,203
Depreciation	1,645	1,432
Increase (decrease) in allowance for doubtful accounts	(80)	75
Increase (decrease) in other provisions	104	87
Decrease (increase) in retirement benefit asset	(4)	3
Increase (decrease) in retirement benefit liability	115	104
Interest and dividend income	(398)	(263)
Interest expenses	306	279
Foreign exchange losses (gains)	(3)	(24)
Loss (gain) on sales and retirement of non-current assets	(3)	(4)
Loss (gain) on sales of investment securities	(57)	–
Loss (gain) on valuation of investment securities	94	25
Decrease (increase) in trade receivables	(1,201)	(673)
Decrease (increase) in inventories	(1,416)	(498)
Decrease/increase in consumption taxes receivable/payable	56	(274)
Increase (decrease) in trade payables	(728)	(299)
Other, net	(357)	(572)
Subtotal	1,111	4,602
Interest and dividends received	409	271
Interest paid	(304)	(278)
Income taxes paid	(708)	(653)
Net cash provided by (used in) operating activities	508	3,941
Cash flows from investing activities		
Payments into time deposits	(11,052)	(7,861)
Proceeds from withdrawal of time deposits	12,850	7,956
Net decrease (increase) in short-term loans receivable	11	16
Purchase of non-current assets	(1,088)	(1,046)
Proceeds from sales of non-current assets	8	19
Purchase of investment securities	(19)	(14)
Proceeds from sales of investment securities	365	–
Other, net	90	(26)
Net cash provided by (used in) investing activities	1,165	(957)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	691	1,249
Proceeds from long-term borrowings	500	–
Repayments of long-term borrowings	(510)	(7)
Proceeds from sales of treasury shares	16	16
Purchase of treasury shares	(1,829)	(2,968)
Purchase of treasury shares of subsidiaries	(520)	–
Dividends paid	(2,011)	(1,937)
Dividends paid to non-controlling interests	(189)	(291)
Other, net	(139)	(135)
Net cash provided by (used in) financing activities	(3,992)	(4,075)
Effect of exchange rate change on cash and cash equivalents	(554)	(475)
Net increase (decrease) in cash and cash equivalents	(2,872)	(1,566)
Cash and cash equivalents at beginning of period	20,799	21,479
Cash and cash equivalents at end of period	17,927	19,913