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(Stock Exchange Code 4617)

June 4, 2025

(Commencement Date of Electronic Provision Measures: June 2, 2025

**To Shareholders with Voting Rights:**

Kenshi Date  
Representative Director and President  
Chugoku Marine Paints, Ltd.  
1-7, Meiji-Shinkai, Otake-Shi,  
Hiroshima

**NOTICE OF  
THE 128TH ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially notified of the 128th Annual General Meeting of Shareholders of Chugoku Marine Paints, Ltd. (the "Company"). The meeting will be held for the purposes as described below.

In convening this meeting, the Company has taken electronic measures to provide information contained in the Reference Documents for the General Meeting of Shareholders (the "Matters to be Provided Electronically").

The Matters to be Provided Electronically are posted on the following website on the Internet under the "Notice of the 128th Annual General Meeting of Shareholders."

The Company's website  
<http://www.cmp-chugoku.com/global/ir.html>



In addition to the above, the Matters to be Provided Electronically are also available on the following website on the Internet.

Tokyo Stock Exchange website  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Please access the Tokyo Stock Exchange website above, enter and search for the Company's name or stock exchange code, and select "Basic information" followed by "Documents for public inspection/PR information" to review.

Instead of attending the meeting, you can exercise your voting rights in writing or via the Internet. Please review the Reference Documents for the General Meeting of Shareholders described in the Matters to be Provided Electronically and exercise your voting rights, following the instructions on page 3 by 5:00 p.m. on Tuesday, June 24, 2025, Japan time.

## NOTICE

**1. Date and Time:** Wednesday, June 25, 2025 at 10:00 a.m. Japan time

**2. Place:** 3F main conference room of the Company's Hiroshima Office located at 1-7, Meiji-Shinkai, Otake-Shi, Hiroshima, Japan

**3. Meeting Agenda:**

**Matters to be reported:**

1. The Business Report, Consolidated Financial Statements for the Company's 128th Fiscal Year (April 1, 2024 - March 31, 2025) and results of audits by the Accounting Auditor and the Board of Corporate Auditors of the Consolidated Financial Statements
2. Non-consolidated Financial Statements for the Company's 128th Fiscal Year (April 1, 2024 - March 31, 2025)

**Proposals to be resolved:**

**Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of 7 Directors  
**Proposal 3:** Election of 1 Corporate Auditor  
**Proposal 4:** Election of 1 Substitute Corporate Auditor  
**Proposal 5:** Revision of Remuneration for Directors to Grant Restricted Stock

- ◎ Should the Matters to be Provided Electronically require revisions, the revised versions will be posted on each website above.
- ◎ The contents of the resolutions in this General Meeting of Shareholders will be posted on the Company's website listed above, after the conclusion of this General Meeting of Shareholders, in substitution of being dispatched in writing.
- ◎ The documents the Company has been sending you also serve as documents stating the Matters to be Provided Electronically based on your request to deliver written documents. However, these documents do not include the following items pursuant to the provision of laws and regulations and Article 15 of the Company's Articles of Incorporation. Accordingly, such documents are a part of the documents audited by the Corporate Auditors and the Accounting Auditor in preparing their audit report.
  - "Systems to Ensure Appropriateness of Operations" and "Overview of Implementation Status of Systems to Ensure Appropriateness of Operations" in the Business Report
  - "Consolidated Statement of Changes in Equity" and "Notes to Consolidated Financial Statements" in the Consolidated Financial Statements
  - "Non-Consolidated Statement of Changes in Equity" and "Notes to Non-Consolidated Financial Statements" in the Non-Consolidated Financial Statements
- ◎ Please note that the page numbers, section numbers, and reference pages of the documents sent to you are the same as those of the Matters to be Provided Electronically.

# Reference Documents for the General Meeting of Shareholders

## Proposals and References

### Proposal 1: Appropriation of Surplus

It is proposed that surplus to be appropriated as follows.

#### Matters related to year-end dividends

While making growth investment its top priority, the Company's basic policy is to actively return surplus funds to its shareholders and properly manage shareholders' equity. In the Medium-term Management Plan that began in April 2021, the Company has set the total return on consolidated shareholders' equity\* (D&BOE) to be an average of at least 5% over the course of the medium-term management plan, further setting the consolidated dividend payout ratio to be at least 40% and the minimum annual dividend to be ¥35 per share.

In addition, having disclosed on October 31 2024, to eliminate one-time profit factors as much as possible in the calculation of the dividend amount and to expand shareholder returns in a stable and sustainable manner, the Company will establish the following special provisions:

Special provision	From the fiscal year ending March 31, 2025 to the fiscal year ending March 31, 2026 (final year of the medium-term management plan)
Conditions for applying special conditions	The total net amount of extraordinary income and losses in the relevant fiscal year is + ¥1 billion or more.
Special provision details(1)	The amount obtained by deducting the total extraordinary income and losses from profit attributable to owners of parent is considered the source of dividends, with at least 40% of this amount paid as dividends.
Special provision Details(2)	An amount equivalent to 40% of the total extraordinary income and losses deducted from profit attributable to owners of parent will be allocated for share buybacks in the following fiscal year.

With regard to the year-end dividend for the fiscal year under review, based on the above policy and to place emphasis on stable dividend payouts, the Company proposes an annual dividend of ¥97 per share and after deduction of the ¥40 per share implemented as an interim dividend on December 3, 2024, the value is proposed to be ¥57 per share.

1	Type of dividend assets	Cash
2	Items relating to the allocation of dividend assets to shareholders and its total amount	¥57 per share of common stock Total: ¥2,825,965,608 (As a result, ¥97 per annum adding paid interim dividend)
3	Effective date of payment of dividend from surplus	June 26, 2025

\*Total return on consolidated shareholders' equity = 
$$\frac{\text{Annual dividend amount} + \text{Annual share buyback amount}}{\text{Consolidated shareholders' equity (average between the totals at the beginning and end of the fiscal year)}}$$

**Proposal 2:** Election of 6 Directors

The terms of office of all 6 Directors will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 7 Directors is proposed, increasing one new position.

The candidates for Directors are as follows. Furthermore, to increase the independence and objectivity of the selection process, the selection of candidates for Director is determined by the Board of Directors based on reports by the “Nomination Advisory Committee,” a body chaired by an Independent Outside Director comprised of committee members of which the majority are Independent Outside Directors.

No.	Name		Position	Attendance at Board of Directors meetings
1	Kenshi Date <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Representative Director; President & CEO	11/11
2	Hideyuki Tanaka <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Managing Director; in charge of Technology and Production	11/11
3	Katsunori Kobayashi <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Managing Director; in charge of Administration and Compliance	11/11
4	Takao Shimizu <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Director; in charge of Corporate Strategy	11/11
5	Toshifumi Inami <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Outside Independent	Outside Director 11/11
6	Akiko Monden <span style="border: 1px solid black; padding: 2px;">Reappointment</span>		Outside Independent	Outside Director 11/11
7	Takumi Kudo <span style="border: 1px solid black; padding: 2px;">New appointment</span>		Outside Independent	- -

(Notes) 1. There are no special interests between each candidate and the Company.

2. Mr. Toshifumi Inami, Ms. Akiko Monden, and Mr. Takumi Kudo are candidates for Outside Directors as prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
3. Mr. Toshifumi Inami, Ms. Akiko Monden, and Mr. Takumi Kudo are candidates for Independent Directors required under the rules of the Tokyo Stock Exchange.
4. Ms. Akiko Monden's official registered name is Akiko Asai.
5. The term of office of Mr. Toshifumi Inami as Outside Director of the Company will reach three years upon the conclusion of this Annual General Meeting of Shareholders, while that of Ms. Akiko Monden will reach two years.
6. Pursuant to the Articles of Incorporation, the Company has concluded a liability limitation agreement with each candidate for Outside Director, and an overview of the content of these agreements is provided in “3-(2) Overview of the content of liability limitation agreements” on page 29 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the election or re-election of each candidate for Outside Director is approved, the Company plans to enter into or continue the respective liability limitation agreement with each of them.
7. The Company has entered into a directors and officers liability insurance contract with an insurance company, and an overview of the content of the insurance contract is provided in “3-(3) Overview of the content of directors and officers liability insurance contract” on page 29 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the candidates for Directors assume office, they will become insured persons under the insurance policy, and no premiums will be borne by them. The Company plans to renew the insurance policy with similar terms and conditions at the time of next renewal.

No. 1	Kenshi Date	Reappointment
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Date of birth: November 21, 1970 / Male Number of shares of the Company held: 54,600

Significant concurrent positions: Not applicable. Attendance at Board of Directors meetings: 11/11

Past experience, positions and responsibilities at the Company

April 1995	Joined the Company	July 2020	Senior Executive Officer; Chief, Sales Headquarter
March 2012	Managing Director, Chugoku Paints B.V.	June 2021	Representative Director and President; Chief, Sales Headquarter
June 2017	Deputy Chief, Sales Headquarter	April 2023	Representative Director and President
April 2018	Chief, Sales Headquarter		&CEO (present)
July 2018	Executive Officer; Chief, Sales Headquarter		

[Reasons for selection as a candidate for Director]

After serving as the leader of a major overseas sales location of the Company, he has been overseeing the entire Sales Section since 2018 as Executive Officer and Chief of Sales Headquarter. With this wealth of knowledge and experience regarding the Company's business and organizational management, the Company has judged he will continue to be an integral part of the Company's management, and he has been designated as a candidate for Director.

No. 2	Hideyuki Tanaka	Reappointment
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Date of birth: August 7, 1965 / Male Number of shares of the Company held: 43,600

Significant concurrent positions: Not applicable. Attendance at Board of Directors meetings: 11/11

Past experience, positions and responsibilities at the Company

April 1988	Joined the Company	April 2017	Executive Officer; Chief, Technical & Production Headquarter; and General Manager, R&D No. 2 Dept.
April 2008	Leader, Marine Specialty Coating Products Group, Anti Fouling Tech. Dept., Technical Center, Marine Coatings Headquarter; and Leader, Group-3, R&D Center, R&D Headquarter	June 2017	Director; Chief, Technical & Production Headquarter
		April 2018	Director; Chief, Technical Headquarter
		June 2021	Managing Director; Chief, Technical Headquarter
April 2011	Leader, R&D Group-2, R&D Dept., Technical Headquarter	April 2022	Managing Director; Chief, Technical Headquarter
July 2015	Executive Officer; Deputy Chief, Technical & Production Headquarter; and General Manager, R&D No. 2 Dept.	April 2023	Managing Director; Chief, Technical Headquarter
		April 2025	Managing Director, in charge of Technology and Production (present)

[Reasons for selection as a candidate for Director]

With his many years of involvement in R&D operations in technical divisions, the Company has judged that these achievements, abilities, and wealth of experience will continue to be an integral part of the Company's management, and he has been designated a candidate for Director.

No. 3	Katsunori Kobayashi	Reappointment
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Date of birth: November 16, 1965 / Male	Number of shares of the Company held: 30,800
Significant concurrent positions: Not applicable.	Attendance at Board of Directors meetings: 11/11
Past experience, positions and responsibilities at the Company	
April 1990	Joined the Company
December 2014	General Manager, Financial Dept., Administration Headquarter
July 2020	Executive Officer; Deputy Chief, Administration Headquarter; and General Manager, Financial Dept.
March 2022	Executive Officer; Deputy Chief, Administration Headquarter; General Manager, Financial Dept.; and General Manager, Overseas Management Dept.
	April 2022
	June 2022
	June 2024
	April 2025
	Executive Officer; Chief, Administration Headquarter; General Manager, Financial Dept.; General Manager, Overseas Management Dept.; and General Manager, Information Systems Dept.
	Director; Chief, Administration Headquarter
	Managing Director; Chief, Administration Headquarter
	Managing Director; in charge of Administration and Compliance (present)

[Reasons for selection as a candidate for Director]

With his many years of involvement in various operations in administration divisions at the Company, including experience working overseas, the Company has judged that these achievements, abilities, and wealth of experience will be an integral part of the Company's management, and he has been designated a candidate for Director.

No. 4	Takao Shimizu	Reappointment
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Date of birth: August 28, 1962 / Male	Number of shares of the Company held: 11,500
Significant concurrent positions: Not applicable.	Attendance at Board of Directors meetings: 11/11
Past experience, positions and responsibilities at the Company	
April 1985	Joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)
May 2011	General Manager, Credit Review Division Americas Department, the above bank
September 2014	Counselor, Administration Headquarter, the Company
January 2015	Chief, Management & Planning Div., Administration Headquarter
April 2018	Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.
	July 2018
	July 2020
	June 2023
	April 2024
	April 2025
	Executive Officer; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.
	Senior Executive Officer; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div. (present)
	Director; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.
	Director; Deputy Chief, Administration Headquarter; in charge of Corporate Strategy
	Director; in charge of Corporate Strategy (present)

[Reasons for selection as a candidate for Director]

He possesses extensive experience and knowledge in finance and accounting associated with many years of practical experience in financial institutions. After joining the Company, he has played a leading role in the planning and implementing mid-term management plans and capital policies in the Administration Headquarter. The Company has judged that these achievements, abilities, and wealth of experience will be an integral part of the Company's management, and he has been designated a candidate for Director.

No. 5	Toshifumi Inami	Reappointment	Outside	Independent
Date of birth: November 3, 1951 / Male		Number of shares of the Company held:	2,200	
Significant concurrent positions:		Attendance at Board of Directors meetings:	11/11	
Outside Director (Audit and Supervisory Committee Member), KYOEI TANKER CO., LTD.				
Past experience, positions and responsibilities at the Company				
April 1974	Joined Mitsubishi Corporation	January 2014	General Manager, Japan Office, Wallenius	
July 1999	Vice President; General Manager, Machinery Dept.; and Chief Representative of Vienna, Mitsubishi International GmbH	January 2019	Wilhelmsen Logistics A/S Advisor, CITY COMPUTER Co., Ltd. (present)	
April 2004	General Manager, Ship Dept., Head Office, Mitsubishi Corporation	June 2021	Outside Director (Audit and Supervisory Committee Member), KYOEI TANKER CO., LTD. (present)	
May 2006	General Manager, Mitsubishi Corporation Manila Branch, the above company	June 2022	Outside Director, the Company (present)	
April 2007	Corporate Advisor, the above company			
June 2011	President, Mitsubishi Ore Transport Co., Ltd.			

[Reasons for selection as a candidate for Outside Director and expected roles]

He possesses a wealth of experience and advanced insights as a corporate manager and Outside Director, and as the Company expects him to provide supervision from a global and managerial perspective based on the experience and insights, as well as effective advice from an independent standpoint, he has been designated a candidate for Outside Director. In addition, the Company plans his involvement in selecting candidates for officers and determination of officers' remuneration, etc. from an objective standpoint as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.

[About independence of candidate for Outside Director]

KYOEI TANKER CO., LTD. is a trade partner of the Company but is not considered as an entity with a specified relationship to the Company. In addition, as there are no transactional relationships between the Group and him, the Company has judged that there are no conflicts of interest with ordinary shareholders.

No. 6	Akiko Monden	Reappointment	Outside	Independent
Date of birth: March 22, 1977 / Female		Number of shares of the Company held: 4,300		
Significant concurrent positions:		Attendance at Board of Directors meetings: 11/11		
Partner, Endeavour Law Office				
Past experience, positions and responsibilities at the Company				
October 2001	Registered as an attorney (Daini Tokyo Bar Association); Joined TMI Associates	January 2011	Contract Review Committee Member, Ministry of Foreign Affairs of Japan (present)	
October 2004	WTO Dispute Settlement Body, International Trade Div., Economic Affairs Bureau, Ministry of Foreign Affairs of Japan (Fixed-term employee)	April 2014	Partner, Nijubashi Partners (currently Iwaida Partners)	
April 2007	Rejoined TMI Associates	June 2015	Outside Director, UT Group Co., Ltd.	
January 2010	Partner, the above office	October 2016	Partner, Endeavour Law Office (present)	
November 2010	Partner, Atsumi & Sakai	June 2023	Outside Director, the Company (present)	
		March 2025	Partner, Tsubame Law Office (present)	

[Reasons for selection as a candidate for Outside Director and expected roles]

Although she has only been involved in corporate management other than by serving as an outside auditor, she possesses a wealth of experience and advanced insights as an attorney. As the Company expects her to provide supervision from a legal perspective and practical advice from an independent standpoint, she has been designated a candidate for Outside Director. In addition, the Company plans her involvement in selecting candidates for officers and determining officers' remuneration, etc. from an objective standpoint as a member of the Nomination Advisory Committee and the Compensation Advisory Committee.

[About independence of candidate for Outside Director]

There are no transactional relationships between the Group and her or her place of employment, and the Company has judged that there are no conflicts of interest with ordinary shareholders.

No. 7	Takumi Kudo	Reappointment	Outside	Independent
Date of birth: December 10, 1960 / Male		Number of shares of the Company held: 3,000		
Significant concurrent positions:		Attendance at Board of Directors meetings: —		
Executive Advisor, Wholesale Business Planning Department, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd.				
Past experience, positions and responsibilities at the Company				
April 1983	Joined Mitsui & Co., Ltd.	July 2018	Counselor of Mobility Business Unit II, Mitsui & Co., Ltd.	
October 2002	Manager of Athens Office, Mitsui & Co., Ltd.	July 2019	Executive Officer and Chief of Corporate Headquarter, Orient Marine Co., Ltd.	
October 2009	Outside Corporate Auditor, Orient Marine Co., Ltd. Outside Corporate Auditor, Mitsui Bussan Aerospace Co., Ltd.	April 2020	Executive Officer and Chief of Operation Headquarter, Orient Marine Co., Ltd.	
October 2013	Senior Vice President; Chief Operating Officer of Machinery & Transportation Systems Product Business Unit, Mitsui & Co. Europe Ltd.	August 2022	Executive Advisor, Wholesale Business Planning Department, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. (present)	
October 2015	President, OMC Shipping Pte. Ltd.			

[Reasons for selection as a candidate for Outside Director and expected roles]

Mr. Takumi Kudo has held managerial positions both in Japan and overseas at a major general trading company and its group companies, and has also been involved in audit operations. With his extensive business experience and deep insight, the Company expects him to provide effective oversight from global and managerial perspectives, as well as valuable advice from an independent standpoint. For these reasons, the Company has nominated him as a candidate for Outside Director.

[About independence of candidate for Outside Director]

There are no transactional relationships between the Group and Mr. Kudo or his place of employment, and the Company has judged that there are no conflicts of interest with ordinary shareholders.

Reference Skills Matrix of Candidates for Directors

No.	Name		Corporate Management and Organizational Management	Global	R&D	Sales and Marketing	Finance and Accounting	Legal Affairs and Risk Management
1	Kenshi Date	Not outside	○	○		○		
2	Hideyuki Tanaka	Not outside	○		○			
3	Katsunori Kobayashi	Not outside	○	○			○	○
4	Takao Shimizu	Not outside		○			○	○
5	Toshifumi Inami	Outside	○	○		○		
6	Akiko Monden	Outside		○				○
7	Kudo Takumi	Outside	○	○		○		○

**Proposal 3:** Election of 1 Corporate Auditors

As Corporate Auditor, Mr. Atsushi Ushida will resign his position at the conclusion of this Annual General Meeting of Shareholders, the election of 1 Corporate Auditor is proposed.

The candidates for Corporate Auditors are as follows.

The Board of Corporate Auditors has previously given its approval to this proposal.

No. 1	Tatsuro Enomoto	New appointment
	Date of birth: February 17, 1963 / Male	Number of shares of the Company held: 3,345
	Significant concurrent positions: Not applicable.	Attendance at Board of Directors meetings: – Attendance at Board of Corporate Auditors meetings: –
Past experience and positions at the Company		
April 1985	Joined Chugoku Marine Paints,Ltd.	October 2019 Chairman and President of Chugoku Marine
April 2009	General Manager of Shikoku Branch and General Manager of Marugame Sales Office, Domestic Sales & Marketing Div., Sales Headquarter	Paints(Shanghai), Ltd. Chairman and President of Chugoku Marine Paints(Guangdong), Ltd.
July 2011	General Manager of Tokyo Branch, Domestic Sales & Marketing Div., Sales Headquarter	November 2021 Deputy General Manager of Global Marketing & Planning Division, Sales Headquarter
		April 2023 Deputy General Manager of Global Marketing & Planning Division, Sales Headquarter / Audit Department (present)

[Reasons for selection as a candidate for Corporate Auditor]

Mr. Tatsuro Enomoto has served as the head of the Company's key domestic and overseas business locations, and since 2021, he has been overseeing groupwide sales operations while also engaging in internal audit functions. Given his extensive experience and insight into the Company's business and organizational management, the Company believes that he will contribute to strengthening its audit functions, and has therefore nominated him as a candidate for Corporate Auditor.

(Notes) 1. There are no special interests between the candidate and the Company.

2. The Company has entered into a directors and officers liability insurance contract with an insurance company, and an overview of the content of the insurance contract is provided in "3-(3) Overview of the content of directors and officers liability insurance contract" on page 29 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the candidate for Corporate Auditor assumes office, he will become an insured person under the insurance policy, and no premiums will be borne by him. The Company plans to renew the insurance policy with similar terms and conditions at the time of next renewal.

**Proposal 4:** Election of 1 Substitute Corporate Auditor

The effectiveness of the current Substitute Corporate Auditor's appointment will expire at the opening of this Annual General Meeting of Shareholders. In preparation for the contingency of the number of Corporate Auditors falling below the current number, the election of 1 Substitute Corporate Auditor is proposed.

The candidate for Substitute Corporate Auditor is as follows.

The Board of Corporate Auditors has previously given its approval to this proposal.

<b>Takanori Araikawa</b>		<b>New appointment</b>	
Date of birth: August 8, 1959 / Male		Number of shares of the Company held:	0
Significant concurrent positions: Licensed tax accountant			
Past experience and positions at the Company			
April 1979	Joined Osaka Regional Taxation Bureau	July 2018	Deputy Assistant Regional Commissioner (Management and Co-ordination), the above bureau
July 2014	District Director, Izumo Tax Office		
July 2015	Director, Planning Division, Management and Co-ordination Department, Hiroshima Regional Taxation Bureau	July 2019	Deputy Commissioner (Collection), the above bureau
		July 2020	Retired from the above bureau
July 2016	Director, Management and Co-ordination Division, Management and Co-ordination Department, the above bureau	August 2020	Registered as Licensed Tax Accountant
		June 2023	Started practice (present)
			Substitute Corporate Auditor, the Company (present)

(Notes)

1. There are no special interests between the candidate and the Company.
2. Mr. Takanori Araikawa is a candidate for Substitute Corporate Auditor who would be an Outside Corporate Auditor prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act. He meets the requirements for Independent Auditor stipulated by the Tokyo Stock Exchange. If he assumes the office of an Outside Corporate Auditor, the Company is scheduled to register him as Independent Auditor with the said exchange. He has no previous experience participating in corporate management, but he possesses a wide range of knowledge and business experience in finance and accounting. Therefore, the Company believes that he is capable of auditing the execution of Directors' duties from an objective and fair standpoint and thus has nominated him as a candidate.
3. If Mr. Takanori Araikawa assumes the office of Corporate Auditor, the Company is scheduled to enter into an agreement with him that limits the liability for damages stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the same act.
4. The Company has entered into a directors and officers liability insurance contract with an insurance company. The insurance covers any damages that may result from the insured persons being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. If Mr. Takanori Araikawa assumes the office of Corporate Auditor, he will become an insured person under the insurance policy.

## Proposal 5 Revision of Remuneration for Directors to Grant Restricted Stock

At the 110th Annual General Meeting of Shareholders held on June 28, 2007, it was approved that the total amount of remuneration for the Company's Directors shall not exceed ¥450 million per year (however, this does not include salaries for Directors who also serve as employees). Furthermore, at the 121st Annual General Meeting of Shareholders held on June 21, 2018, it was approved that, within the above remuneration limit, the total amount of monetary claims to be paid to the Company's Directors (excluding Outside Directors; hereinafter, the "Eligible Directors") for the purpose of granting restricted stock shall not exceed ¥100 million per year (however, this does not include salaries for Directors who also serve as employees), and the total number of the Company's common shares to be issued or disposed of for such purpose shall not exceed 100,000 shares per year.

With the aim of further enhancing the motivation of Eligible Directors to contribute to the sustainable growth of the Company's corporate value and realizing long-term value sharing with shareholders to the extent possible, we propose to revise the restricted stock compensation plan (the "Plan") as outlined below.

Specifically, we propose to revise the structure of the Plan, which currently consists of two types of restricted stock compensation: (i) time-based vesting (restricted stock with service conditions), under which the lifting of transfer restrictions is conditional upon continuous service at the Company for a specified period; and (ii) performance-based vesting (restricted stock with performance conditions), under which the lifting of transfer restrictions is conditional not only upon continuous service but also upon the achievement of performance targets, such as ROE, specified in advance by the Company's Board of Directors. Under the revised structure, only continuous service at the Company for a specified period will be required for the lifting of transfer restrictions.

The transfer restriction period—currently approved as a period of three to five years from the date of allotment, as specified in the restricted stock allotment agreement (the "Allotment Agreement"), for time-based vesting, and a period of one to five years from the date of allotment, as specified in the Allotment Agreement, for performance-based vesting, both as specified in advance by the Company's Board of Directors—will be revised to a period of 30 years from the date of allotment as specified in the Allotment Agreement. As a result of this change, corresponding revisions will be made to the conditions for lifting transfer restrictions under the Plan and to the treatment of restricted stock upon resignation.

With regard to the method of granting restricted stock under the Plan, in addition to the current method—whereby Eligible Directors contribute the full amount of monetary claims granted to them as remuneration as contributions in kind in exchange for the issuance or disposal of the Company's common shares—we propose to introduce a new method that does not require any monetary payments or provision of contributions in kind as remuneration for Eligible Directors in exchange for the Company's common shares. Under the proposed revision, Eligible Directors will be able to receive the Company's common shares, either through issuance or disposal, using either method. Note that these revisions will apply only to restricted stock granted in the future and will not affect the transfer restriction periods or any other terms of restricted stock already granted.

The Company currently has six (6) Directors, including two (2) Outside Directors. If Proposal 2, "Election of 7 Directors," is approved as originally proposed, the number of Directors will increase to seven (7), including three (3) Outside Directors.

Under this proposal, the remuneration to be granted will take the form of either (i) common shares of the Company or (ii) monetary claims as contributions in kind for the acquisition of common shares of the Company. Eligible Directors will receive the Company's common shares, either through issuance or disposal, based on a resolution of the Board of Directors.

The total amount of the Company's common shares or monetary claims to be granted as remuneration under this proposal shall not exceed ¥100 million per year, within the total annual remuneration limit of ¥450 million for the Company's Directors (however, this does not include salaries for Directors who also serve as employees), as approved at the 110th Annual General Meeting of Shareholders held on June 28, 2007.

In cases where, under this proposal, the Company grants its common shares to Eligible Directors without providing monetary claims, such shares will be issued or disposed of as remuneration for Directors without requiring payment of monetary claims as contributions in kind in exchange for the Company's common shares. The per-share value of the Company's common stock granted to Eligible Directors shall be calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of relevant Board

resolution concerning the issuance or disposal of such shares (or, if no trading was effected on that date, the closing price on the immediately preceding trading day).

Meanwhile, if, under this proposal, monetary claims as contributions in kind for the acquisition of restricted stock are granted to Eligible Directors as remuneration, the Eligible Directors shall, based on a resolution of the Board of Directors, contribute the full amount of such monetary claims as contributions in kind in exchange for the issuance or disposal of the Company's common shares. In this case, the per-share payment amount shall be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the date of the relevant Board resolution (or, if no trading was effected on that date, the closing price on the immediately preceding trading day), at a level that is not particularly favorable to the Eligible Directors.

The total number of the Company's common shares to be issued or disposed of to Eligible Directors will remain unchanged at a maximum of 100,000 shares per year. However, if, on or after the date of the approval of this proposal, a stock split (including a gratis allotment of shares), reverse stock split, or any other event occurs that necessitates an adjustment to the total number of shares to be issued or disposed of as restricted stock, the number shall be adjusted within a reasonable range.

The specific timing and allocation of remuneration to each Eligible Director shall be determined by the Board of Directors based on the deliberations and recommendations from the Compensation Advisory Committee.

The issuance or disposal of the Company's common shares to Eligible Directors, as well as the granting of monetary claims as contributions in kind for such shares under this proposal, shall be conditional upon the execution of an Allotment Agreement between the Company and each Eligible Director, which will include the terms outlined below. The upper limit on remuneration, the total number of the Company's common shares to be issued or disposed of, and other conditions related to the granting of restricted stock to Eligible Directors under this proposal have been determined based on the objectives described above, the Company's business performance, its policy on determining individual remuneration of Directors (which will be partially revised to reflect the content of this proposal, if approved), and other relevant factors. The Company considers these terms to be reasonable.

## **Overview of the Allotment Agreement**

### **(1) Transfer restriction period**

Eligible Directors shall not transfer, pledge as collateral, or otherwise dispose of the common shares of the Company allotted to them under the Allotment Agreement (the "Allotted Shares") for a period of 30 years from the date of allotment pursuant to the Allotment Agreement (the "Transfer Restriction Period").

### **(2) Treatment of restricted stock upon resignation**

If an Eligible Director resigns from an officer or employee position specified in advance by the Company's Board of Directors at the Company or its subsidiaries before the end of the service period specified in advance by the Board (the "Service Period"), the Company shall, unless the resignation is due to expiration of term, death, or other justifiable reasons, automatically acquire the Allotted Shares without compensation.

### **(3) Lifting of transfer restrictions**

Notwithstanding the provisions of (1) above, the Company shall lift the transfer restrictions on all of the Allotted Shares at the end of the Transfer Restriction Period, provided that the Eligible Director has continuously held an officer or employee position specified in advance by the Company's Board of Directors at the Company or its subsidiaries throughout the Service Period. However, if (i) the Eligible Director resigns from such a position before the end of the Service Period due to a justifiable reason; or (ii) the Eligible Director, after completing the Service Period, resigns from such a position before the end of the Transfer Restriction Period for a reason other than a justifiable one, the number of Allotted Shares subject to the lifting of transfer restrictions and the timing of such lifting shall be adjusted reasonably as necessary. In such cases, immediately following the lifting of transfer restrictions, the Company shall automatically acquire, without compensation, any Allotted Shares for which transfer restrictions remain in place.

### **(4) Treatment in the event of organizational restructuring and other similar events**

Notwithstanding the provisions of (1) above, if, during the Transfer Restriction Period, matters relating to organizational restructuring—such as a merger agreement under which the Company will cease to exist, a share exchange agreement or share transfer plan under which the Company will become a wholly owned subsidiary, or other

similar events—are approved at a General Meeting of Shareholders of the Company (or, if such shareholder approval is not required, at a meeting of the Board of Directors), the Company shall, by resolution of the Board of Directors and based on the period from the start of the Transfer Restriction Period to the date of such approval, reasonably determine the number of Allotted Shares for which transfer restrictions will be lifted prior to the effective date of the restructuring. In such cases, immediately following the lifting of transfer restrictions, the Company shall automatically acquire, without compensation, any Allotted Shares for which transfer restrictions remain in place.

(5) Other matters

Any other matters related to the Allotment Agreement shall be determined by the Company's Board of Directors.

## Business Report (from April 1, 2024 to March 31, 2025)

### 1. Matters regarding the Current Status of the Corporate Group

#### 1-1) Business Progress and Outcomes

During the fiscal year under review, the global economy entered a gradual growth phase as inflation began to ease after peaking in major countries, prompting the introduction of monetary easing policies such as interest rate cuts. However, the outlook remained clouded, as issues such as geopolitical risks in the Middle East and Eastern Europe, as well as uncertain economic conditions in the US and China, remained unresolved.

Against this backdrop, in the marine coatings category, the Group's main product line, sales of new ship coatings increased, driven by significant growth in shipment volume for large container vessels and tankers, primarily in South Korea, and by efforts to optimize selling prices to better reflect manufacturing costs. Sales of ship repair coatings also held firm, particularly in Europe and Southeast Asia, as the Group promoted sales of high-value-added products in response to growing global demand for high-performance antifoulings, spurred by moves to reduce CO2 emissions from ships, including compliance with the fuel regulations imposed by the International Maritime Organization (IMO). Sales of industrial coatings also grew, supported by strong demand for heavy duty coatings in Southeast Asia. Meanwhile, sales of container coatings increased only slightly, despite securing a certain level of market share in Southeast Asia, due to lower sales in the US. Overseas, sales of all product categories benefited from the weak yen.

Profitability improved as the Group worked to optimize selling prices to reflect higher manufacturing costs and continued to expand sales of high-value-added and environmentally friendly products. These efforts outweighed the impact of rising raw material procurement costs and increased transportation and other selling expenses both in Japan and overseas, as well as higher investments in human resources. In addition, the Group recorded an extraordinary gain of ¥2,500 million from the sale of non-current assets associated with the Shanghai No. 2 Factory, while booking an extraordinary loss of ¥928 million due to an impairment of real estate and other assets held in Japan. As a result, the Group reported net sales of ¥131,152 million (up 12.9% year on year), operating profit of ¥15,381 million (up 26.2%), ordinary profit of ¥16,481 million (up 26.5%), and profit attributable to owners of parent of ¥13,721 million (up 38.7%) for the fiscal year under review.

#### 1-2) Main Business Activities

The Group manufactures and sells coatings as its core business.

Product categories	Main products	Sales in the 128th Term (millions of yen)
Marine coatings	Coating for large vessels, coating for pleasure boats, coating for fishing boats	115,447 (+13.9% year on year)
Industrial coatings	Coating for construction materials (e.g., flooring), heavy duty coating (e.g., for bridges and plants)	13,518 (+6.4% year on year)
Container coatings	Coating for containers	1,866 (+2.1% year on year)

### 1-(3) Changes in Assets and Profit or Loss

		125th Term (FY2021)	126th Term (FY2022)	127th Term (FY2023)	128th Term (FY2024)
Net sales	(Millions of yen)	84,295	99,481	116,174	131,152
Operating profit	(Millions of yen)	687	3,887	12,185	15,381
Profit attributable to owners of parent	(Millions of yen)	257	3,848	9,892	13,721
Earnings per share	(Yen)	4.92	76.69	199.60	276.78
Total assets	(Millions of yen)	104,618	112,747	132,404	144,777
Net assets	(Millions of yen)	60,039	63,130	76,175	89,435
Net assets per share	(Yen)	1,089.33	1,174.01	1,422.60	1,684.84

(Notes) 1. “Earnings per share” is calculated based on the number of shares obtained by deducting the average number of treasury shares during the fiscal year from the average number of shares during the fiscal year.

2. The “Accounting Standard for Accounting Standard for Income Taxes (ASBJ Statement No. 27, October28, 2022) etc. has been applied from the beginning of the 128th Term.

End