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(Stock Exchange Code 4617)

June 5, 2024

(Commencement Date of Electronic Provision Measures: June 3, 2024)

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 127TH 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 127th 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 127th 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 25, 2024, Japan time.

- 1. Date and Time:** Wednesday, June 26, 2024 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 127th Fiscal Year (April 1, 2023 - March 31, 2024) 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 127th Fiscal Year (April 1, 2023 - March 31, 2024)
- Proposals to be resolved:**
- Proposal 1:** Appropriation of Surplus
- Proposal 2:** Election of 6 Directors
- Proposal 3:** Election of 2 Corporate Auditors
- Proposal 4:** Election of 1 Substitute Corporate Auditor

- ◎ 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.

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 ¥80 per share and after deduction of the ¥34 per share implemented as an interim dividend on December 4, 2023, the value is proposed to be ¥46 per share.

1	Type of dividend assets	Cash
2	Items relating to the allocation of dividend assets to shareholders and its total amount	¥46 per share of common stock Total: ¥2,280,138,074 (As a result, ¥80 per annum adding paid interim dividend)
3	Effective date of payment of dividend from surplus	June 27, 2024

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

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 6 Directors is proposed.

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 <input type="text" value="Reappointment"/>	Representative Director and President	11/11
2	Hideyuki Tanaka <input type="text" value="Reappointment"/>	Managing Director; Chief, Technical Headquarter	11/11
3	Katsunori Kobayashi <input type="text" value="Reappointment"/>	Director; Chief, Administration Headquarter	11/11
4	Takao Shimizu <input type="text" value="Reappointment"/>	Director, Deputy Chief of Administration Headquarter, in charge of Corporate Strategy	9/9
5	Toshifumi Inami <input type="text" value="Reappointment"/> <input type="text" value="Outside"/> <input type="text" value="Independent"/>	Outside Director	11/11
6	Akiko Monden <input type="text" value="Reappointment"/> <input type="text" value="Outside"/> <input type="text" value="Independent"/>	Outside Director	9/9

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Mr. Toshifumi Inami and Ms. Akiko Monden are candidates for Outside Director prescribed in Article 2, Paragraph 3, Item 7 of the Ordinance for Enforcement of the Companies Act.
 3. Mr. Toshifumi Inami and Ms. Akiko Monden are candidates for Independent Director 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 be two years at the conclusion of this Annual General Meeting of Shareholders, and the term of office of Ms. Akiko Monden as Outside Director of the Company will be one year at the conclusion of this Annual General Meeting of Shareholders.
 6. Pursuant to the Articles of Incorporation, the Company has concluded a liability limitation agreement with Mr. Toshifumi Inami, and an overview of the contents of said agreement are provided in “3-(2) Overview of content of liability limitation agreements” on page 25 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the election of Mr. Toshifumi Inami and Ms. Akiko Monden is approved, the Company plans to conclude said liability limitation agreements with them.
 7. The Company has entered into a directors and officers liability insurance contract with an insurance company, and an overview of the contents of said insurance contract is provided in “3-(3) Overview of content of directors and officers liability insurance contract” on page 25 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 the similar contents at the time of next renewal.

No. 1	Kenshi Date	Reappointment
Date of birth: November 21, 1970 / Male		Number of shares of the Company held: 52,500
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 (present)
April 2018	Chief, Sales Headquarter	
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
Date of birth: August 7, 1965 / Male		Number of shares of the Company held: 41,600
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 2011	Leader, R&D Group-2, R&D Dept., Technical Headquarter	April 2018 Director; Chief, Technical Headquarter
July 2015	Executive Officer; Deputy Chief, Technical & Production Headquarter; and General Manager, R&D No. 2 Dept.	June 2021 Managing Director; Chief, Technical Headquarter
		April 2022 Managing Director; Chief, Technical Headquarter; and Chief, Production Headquarter
		April 2023 Managing Director; Chief, Technical Headquarter (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	<u>Reappointment</u>
Date of birth: November 16, 1965 / Male Number of shares of the Company held: 26,600		
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	April 2022 Executive Officer; Chief, Administration Headquarter; General Manager, Financial Dept.; General Manager, Overseas Management Dept.; and General Manager, Information Systems Dept.
December 2014	General Manager, Financial Dept., Administration Headquarter	
July 2020	Executive Officer; Deputy Chief, Administration Headquarter; and General Manager, Financial Dept.	June 2022 Director; Chief, Administration Headquarter (present)
March 2022	Executive Officer; Deputy Chief, Administration Headquarter; General Manager, Financial Dept.; and General Manager, Overseas Management Dept.	

[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	<u>Reappointment</u>
Date of birth: August 28, 1962 / Male Number of shares of the Company held: 8,400		
Significant concurrent positions: Not applicable. Attendance at Board of Directors meetings: 9/9		
Past experience, positions and responsibilities at the Company		
April 1985	Joined the Industrial Bank of Japan, Ltd. (currently Mizuho Bank, Ltd.)	July 2018 Executive Officer; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.
May 2011	General Manager, Credit Review Division Americas Department, the above bank	July 2020 Senior Executive Officer; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div. (present)
September 2014	Counselor, Administration Headquarter, the Company	June 2023 Director; Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.
January 2015	Chief, Management & Planning Div., Administration Headquarter	
April 2018	Deputy Chief, Administration Headquarter; and Chief, Management & Planning Div.	April 2024 Director; Deputy Chief, Administration Headquarter; 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
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Date of birth: November 3, 1951 / Male

Number of shares of the Company held: 1,700

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 Wilhelmsen Logistics A/S
July 1999	Vice President; General Manager, Machinery Dept.; and Chief Representative of Vienna, Mitsubishi International GmbH	January 2019	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: 2,100			
Significant concurrent positions: Partner, Endeavour Law Office		Attendance at Board of Directors meetings: 9/9			
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)		

[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.

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		○				○

Proposal 3: Election of 2 Corporate Auditors

The terms of office of Corporate Auditors, Mr. Eiichi Kunimoto and Ms. Kie Yamada will expire at the conclusion of this Annual General Meeting of Shareholders. Accordingly, the election of 2 Corporate Auditors 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	Junichi Yokozekei	<u>New appointment</u>
Date of birth: July 23, 1963 / Male		Number of shares of the Company held: 3,665
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 1963	Joined The Bank of Tokyo, Ltd. (currently MUFG Bank, Ltd.)	July 2015 Senior Manager, Internal Audit & Credit Examination Division, the above bank.
September 2014	Credit Administration Director, Krungsri Project Management Office, the above bank.	July 2017 General Manager, Legal Department, the Company (present)

[Reasons for selection as a candidate for Corporate Auditor]

He has practical experience at financial institutions, including in audit and review operations, and knowledge of corporate management, particularly legal affairs and compliance. Therefore, the Company believes that he is capable of appropriately executing the duties of a Corporate Auditor, and thus nominates him as a candidate for Corporate Auditor.

No. 2	Kie Yamada	<u>Reappointment</u>	<u>Outside</u>	<u>Independent</u>
Date of birth: May 6, 1977 / Female		Number of shares of the Company held: 2,000		
Significant concurrent positions: Partner, I'll Audit Corp. (Certified Public Accountant)		Attendance at Board of Directors meetings: 11/11		
		Attendance at Board of Corporate Auditors meetings: 10/10		
Past experience and positions at the Company				
October 2002	Joined Chuo Aoyama Audit Corp.	June 2012	Director, SK Partners Co., Ltd.	
December 2006	Registered as Certified Public Accountant	December 2012	Registered as Certified Licensed Tax Accountant	
July 2007	Joined ShinNihon Audit Corp. (currently Ernst & Young ShinNihon LLC)	September 2017	Employee, Tax Corporation SkyShip (present)	
July 2009	Joined Ernst & Young Shinnihon Tax (currently Ernst & Young Tax Co.)	May 2019	Partner, I'll Audit Corp. (present)	
		June 2020	Outside Corporate Auditor, the Company (present)	

[Reasons for selection as a candidate for Outside Corporate Auditor]

She possesses a wide range of knowledge and business experience in finance and accounting as a Certified Public Accountant. Therefore, the Company believes that she is capable of auditing the execution of Directors' duties from an objective and fair standpoint, and thus nominates her as a candidate for Outside Corporate Auditor.

[About independence of candidate for Outside Corporate Auditor]

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.

- (Notes)
1. There are no special interests between the candidate and the Company.
 2. Ms. Kie Yamada is a candidate for Outside Corporate Auditor prescribed in Article 2, Paragraph 3, Item 8 of the Ordinance for Enforcement of the Companies Act.
 3. Ms. Kie Yamada is a candidate for Independent Auditor stipulated by the Tokyo Stock Exchange.
 4. The term of office of Ms. Kie Yamada as Outside Corporate Auditor of the Company will be four years at the conclusion of this Annual General Meeting of Shareholders.
 5. Pursuant to the Articles of Incorporation, the Company has concluded a liability limitation agreement with Ms. Kie Yamada, and an overview of the contents of said agreement are provided in "3-(2) Overview of content of liability limitation agreements" on page 25 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the election of Ms. Kie Yamada is approved, the Company plans to conclude said liability limitation agreements with her.
 6. The Company has entered into a directors and officers liability insurance contract with an insurance company, and an overview of the contents of said insurance contract is provided in "3-(3) Overview of content of directors and officers liability insurance contract" on page 25 of this Notice of Convocation of the Annual General Meeting of Shareholders (Japanese version only). If the candidates for Corporate Auditors 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 the similar contents 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.

Takanori Araikawa		<u>Reappointment</u>	
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.

Business Report (from April 1, 2023 to March 31, 2024)

1. Matters regarding the Current Status of the Corporate Group

1-(1) Business Progress and Outcomes

During the fiscal year under review, the outlook for the global economy remained uncertain despite the end of the COVID-19 pandemic and an upturn in economic activity, as concerns of an economic recession persisted owing to the impact of global monetary tightening triggered by inflation and rising resource prices stemming from heightened geopolitical risks, particularly in the US and Europe.

Against this backdrop, in the category of marine coatings, the Group's main product line, sales of new ship coatings increased substantially overall thanks to higher sales volumes, mainly in China and South Korea, as well as efforts to optimize selling prices to reflect higher manufacturing costs. Sales of ship repair coatings also remained strong as a result of optimizing selling prices and promoting sales of high-value-added products, mainly in Europe and Japan, amid growing global demand for high-performance antifoulings in response to the accelerating movement toward reducing CO2 emissions from ships, including compliance with the fuel regulations implemented by the International Maritime Organization (IMO).

Sales of industrial coatings were flat as the steady sales of heavy duty coatings in Japan and Southeast Asia were not enough to offset the drop in sales of construction material coatings in Japan. Sales of container coatings fell sharply as we cut back on acquiring low-margin orders amid the ongoing contraction of the container market in China.

Profitability improved due to successful efforts to optimize selling prices in response to higher manufacturing costs and to expand sales of high-value-added products and environmentally friendly products, while the softening raw material prices in overseas markets provided an additional tailwind.

As a result of the above, the Group posted net sales of ¥116,174 million (up 16.8% year on year), operating profit of ¥12,185 million (up 213.5%), ordinary profit of ¥13,025 million (up 199.4%), and profit attributable to owners of parent of ¥9,892 million (up 157.0%) 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 127th Term (millions of yen)
Marine coatings	Coating for large vessels, coating for pleasure boats, coating for fishing boats	101,323 (+20.7% year on year)
Industrial coatings	Coating for construction materials (e.g., flooring), heavy duty coating (e.g., for bridges and plants)	12,704 (-1.0% year on year)
Container coatings	Coating for containers	1,827 (-22.5% year on year)

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

		124th Term (FY2020)	125th Term (FY2021)	126th Term (FY2022)	127th Term (FY2023)
Net sales	(Millions of yen)	82,442	84,295	99,481	116,174
Operating profit	(Millions of yen)	6,506	687	3,887	12,185
Profit attributable to owners of parent	(Millions of yen)	3,279	257	3,848	9,892
Earnings per share	(Yen)	57.69	4.92	76.69	199.60
Total assets	(Millions of yen)	105,170	104,618	112,747	132,404
Net assets	(Millions of yen)	62,315	60,039	63,130	76,175
Net assets per share	(Yen)	1,050.10	1,089.33	1,174.01	1,422.60

- (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 Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. has been applied from the beginning of the 125th Term, and the figures for assets and profit or loss from the 125th Term onward reflect the application of this accounting standard.
3. Errors were discovered in the accounting treatment of financial results for previous fiscal years, and corrections have been made. The figures for the 124th Term reflect these corrections.

End