

# Company overview

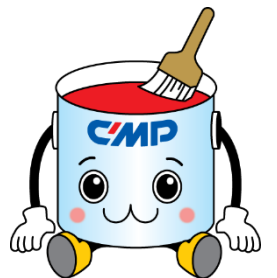
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May, 2026



## Chugoku Marine Paints, Ltd.

TSE Code #4617



Company mascot, "Pentaro"

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# **1. Company outline**

## ✓ Long-established paint manufacturer

→ Founded in Hiroshima in 1917

\*Located in Chugoku area in Japan

## ✓ High niche market share

→ Approx. 60% of the domestic market share for marine coatings. We also have a top-class overseas market share.

## ✓ Global warming solutions

→ Antifouling coatings,  
Coatings for offshore wind power generation facilities

|  |   |
|--|---|
| Name   | Chugoku Marine Paints, Ltd.   |
| Establishment  | May 1917 (in business for 109 years)  |
| Main business  | Production and sales of functional coatings centered on marine coatings   |
| Capital  | ¥11,626 million   |
| Headquarters   | TOKYO : Toranomom Hills Station Tower 16F, 2-6-1 Toranomom, Minato-ku, Tokyo,<br>HIROSHIMA : 1-7, Meiji-Shingai, Otake-Shi, Hiroshima (registered headquarters address)   |
| Representative   | Kenshi Date, President & CEO  |
| Stock exchange   | Prime Market of the Tokyo Stock Exchange (Code: 4617)   |
| Net sales  | ¥139,364 million (consolidated, as of March 31, 2026)   |
| Employees  | 2,198 (consolidated, as of March 31, 2026) *including 1,530 overseas  |
| Major shareholders and ownership ratios (as of Mar 31, 2026) | THE MASTER TRUST BANK OF JAPAN, LTD. (ACCOUNT IN TRUST)/11.3%, CHUGOKU MARINE PAINTS, LTD./9.8%, CUSTODY BANK OF JAPAN, Ltd. (ACCOUNT IN TRUST)/5.1%, THE HIROSHIMA BANK, LTD./4.4%, IMABARI SHIPBUILDING CO.,LTD. /4.2%, |

# CMP History (1)

From our founding to the top domestic market share

**1917** Establishment of Chugoku Chemical Industry  
Limited Partnership, with capital of 50,000 yen

Founded in Hiroshima by Iwao Suzukawa with the goal of transitioning to domestic production of antifouling ship bottom coatings. At the time, Japan relied on imported products because no antifouling coatings with excellent performance were produced in Japan.

**1923** Reorganization as Chugoku Marine Paints, Ltd.,  
with capital of 250,000 yen



Hiroshima HQ  
in 1924

**1945** Dropping of atomic bomb on Hiroshima



Hiroshima HQ after the disasters  
from A-bomb

The Hiroshima factory and divisions throughout Hiroshima city suffered catastrophic damage. At this time, we began producing daily necessities such as soaps and toothpastes at our alternate factory in Itsukaichi.

**1946** Resuming production of coatings at  
Hiroshima factory

**1949** Listing on the Hiroshima Stock Exchange

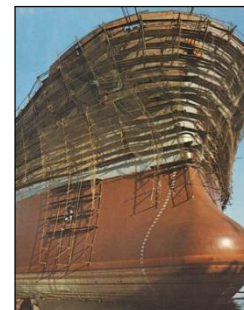


### *The 1950s*

Transitioned from an antifouling ship bottom paint manufacturer into a comprehensive manufacturer of marine coatings; further branched out into the field of woodwork coatings

**1961** Listing on 2<sup>nd</sup> section of the Tokyo Stock  
Exchange (TSE)

**1962** Completion of Shiga Factory



### *The 1960s*

Achieved the top domestic market share for marine coatings in step with the Japanese shipbuilding industry, which had become the largest in the world in terms of new ships constructed

# CMP History (2)

From overseas expansion to participation in new lines of business

## 1968 Establishment of London representative office

We began our active overseas expansion with the establishment of a business office in London. Our overseas network continues to expand today.

Years in which major foreign subsidiaries were established

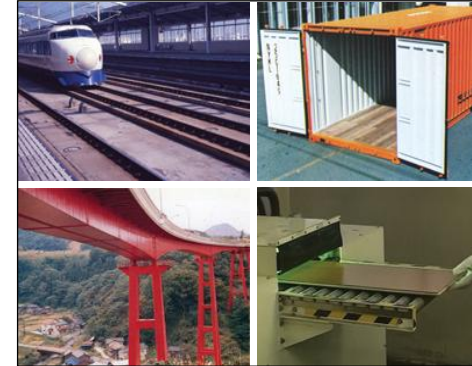
Note: Years in parentheses indicate when factory construction was completed or when production began

- 1973** Hong Kong
- 1980** Singapore(1986)
- 1983** UK, Taiwan
- 1984** Greece
- 1988** Netherland(1988)  
Indonesia(1989), Korea(2002)
- 1989** Thailand(1994)
- 1990** Malaysia(1992), USA(1990)
- 1993** Shanghai(1994)
- 1997** Guangdong (1999), Germany
- 2012** Italy
- 2019** Myanmar (2020)

New factory in Netherland (2017)



## 1975 Completion of Kyushu factory



### After the 1970s

Alongside our active overseas expansion, we aimed to enter a variety of new areas, including resin caulking materials for railway tracks, container coatings, heavy anti-corrosion coatings, and UV-curable coatings for woodwork.

## 1984 Moving to the first section of the TSE (Prime Market from 2022)

## 1994 Completion of Otake research center in Hiroshima



### After 2000s

Received orders associated with large-scale properties overseas and accelerated development of environmentally friendly antifouling coatings; We will respond to the opportunities offered by expanding businesses primarily by developing multifunctional products with the same spirit of superior product production that we have nurtured since our founding.



Our business encompasses approximately 60 locations  
belonging to 25 companies located in 20 countries around the world.

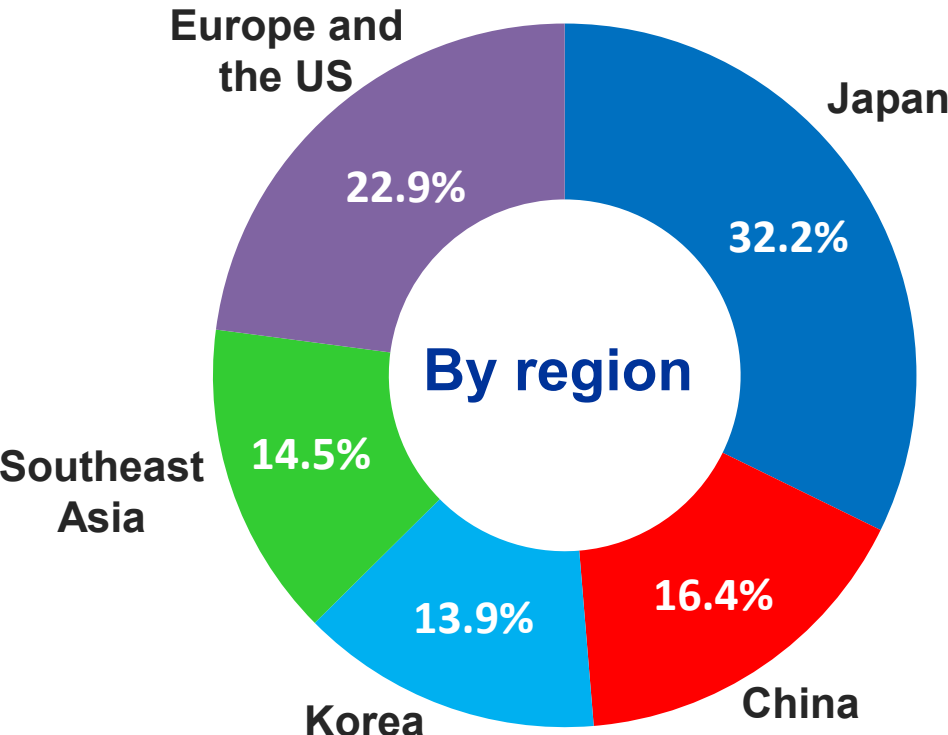
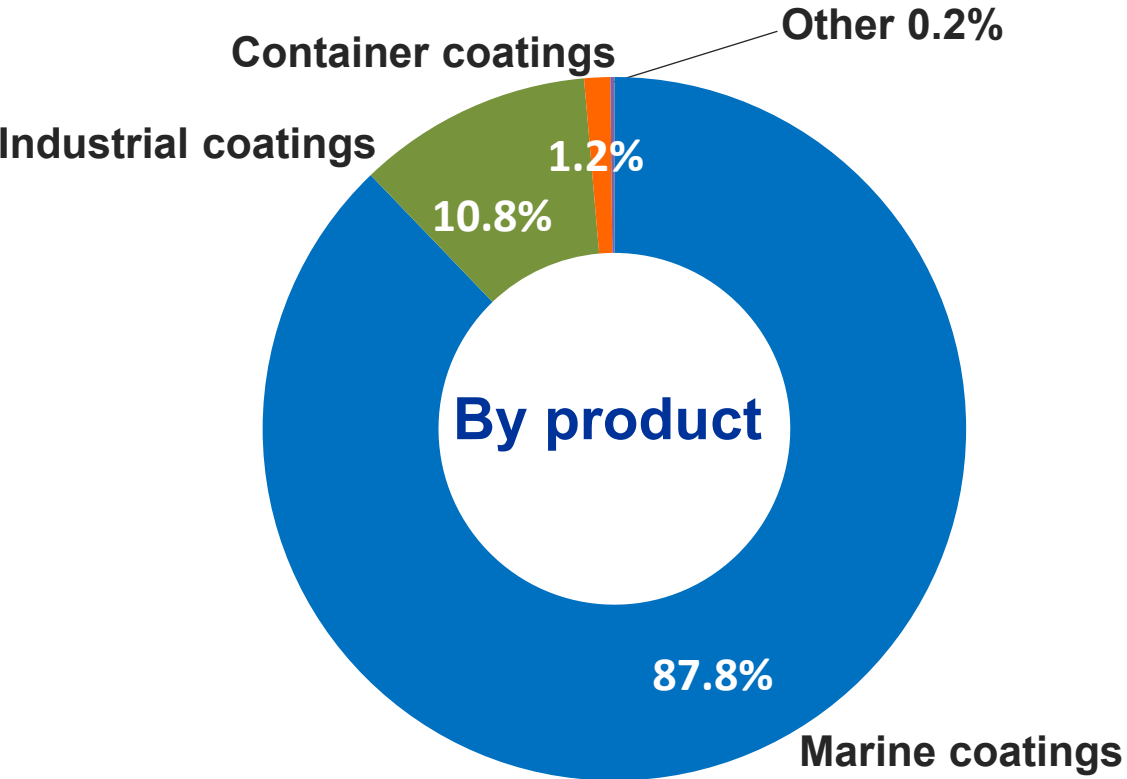


■ Major group companies

|  |                      |  |             |   |         |
|--|----------------------|--|-------------|---|---------|
| OHTAKE MEISHIN CHEMICAL, LTD.              | Japan<br>(Hiroshima) | CHUGOKU SAMHWA PAINTS, Ltd.                    | South Korea | CHUGOKU PAINTS B.V.                     | Holland |
| KOBE PAINTS, LTD.                          | Japan<br>(Hyogo)     | CHUGOKU MARINE PAINTS<br>(Singapore) Pte. Ltd. | Singapore   | CHUGOKU PAINTS (UK) Ltd.                | UK      |
| CHUGOKU MARINE PAINTS<br>(Shanghai), Ltd.  | China<br>(Shanghai)  | CHUGOKU PAINTS (Malaysia) Sdn.<br>Bhd.         | Malaysia    | CHUGOKU PAINTS (Germany)<br>G.M.B.H.    | Germany |
| CHUGOKU MARINE PAINTS<br>(Guangdong), Ltd. | China<br>(Guangdong) | TOA-CHUGOKU PAINTS Co., Ltd.                   | Thailand    | CHUGOKU-BOAT ITALY S.P.A.               | Italy   |
| CHUGOKU MARINE PAINTS (Hong<br>Kong), Ltd. | Hong Kong            | P.T. CHUGOKU PAINTS INDONESIA                  | Indonesia   | CHUGOKU MARINE PAINTS (Hellas),<br>S.A. | Greece  |
| CHUGOKU MARINE PAINTS (Taiwan),<br>Ltd.    | Taiwan               | CHUGOKU PAINTS (India) Pvt. Ltd                | India       | CMP COATINGS, Inc.                      | USA     |

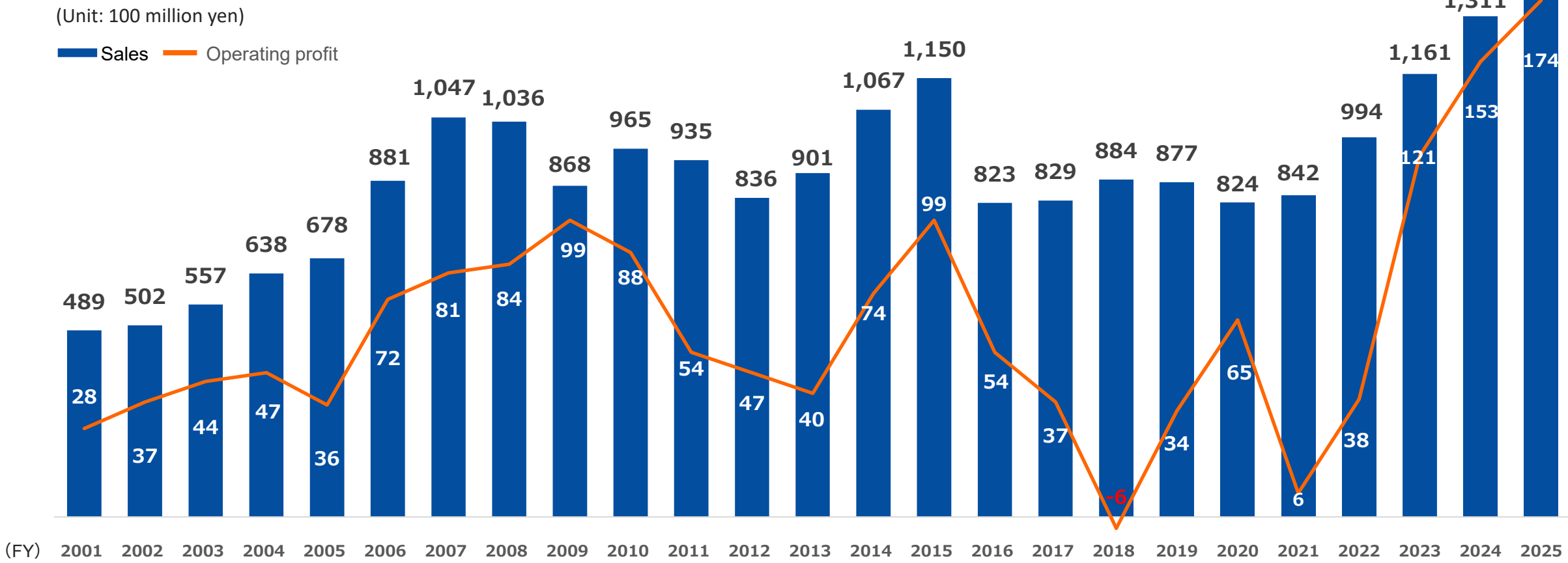


(FY2025)



Although there were periods of stagnation, latest **record highs for the last three consecutive years** by management reform.

Consolidated Performance over the Past 25 Years



## **2. Description of products and businesses**

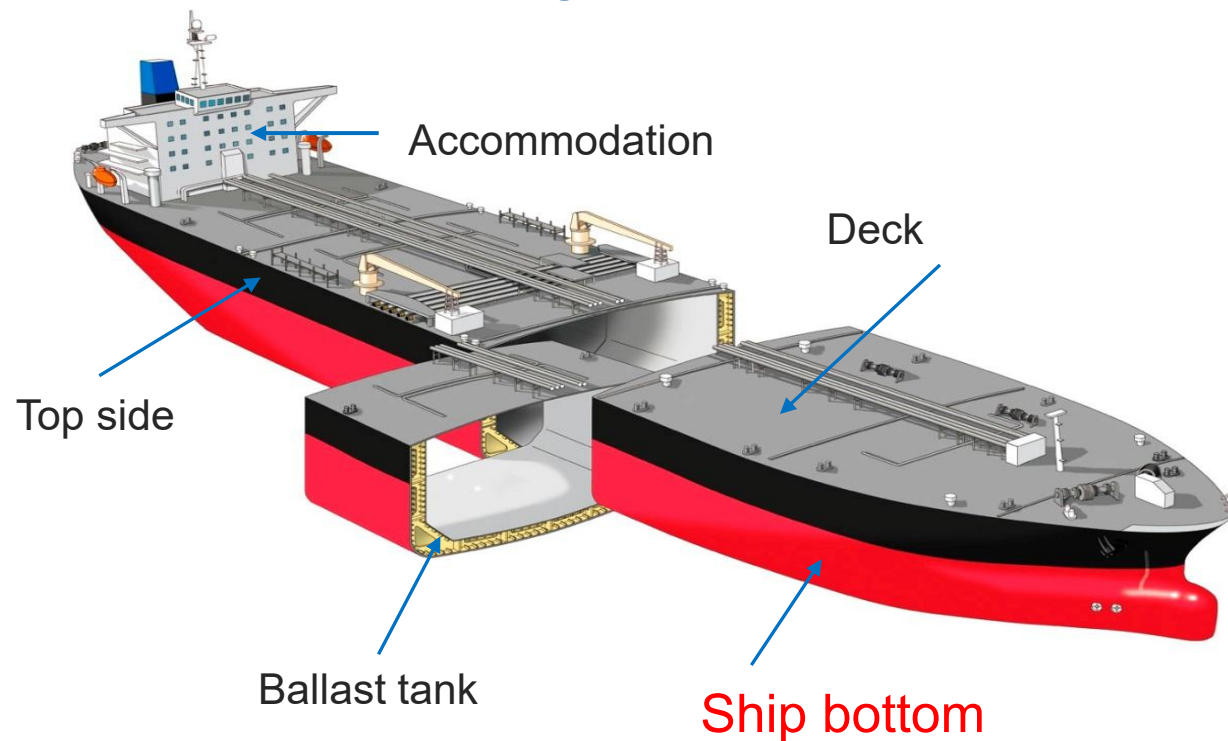
## Anti-corrosion paint

Applied to the entire hull (including tank interiors) to prevent iron corrosion

## Antifouling paint

Applied to ship bottoms to prevent contamination from marine life  
→ High value-added products

### Large vessels (commercial ships)



### Pleasure boats & Fishing boats



### Fishnets

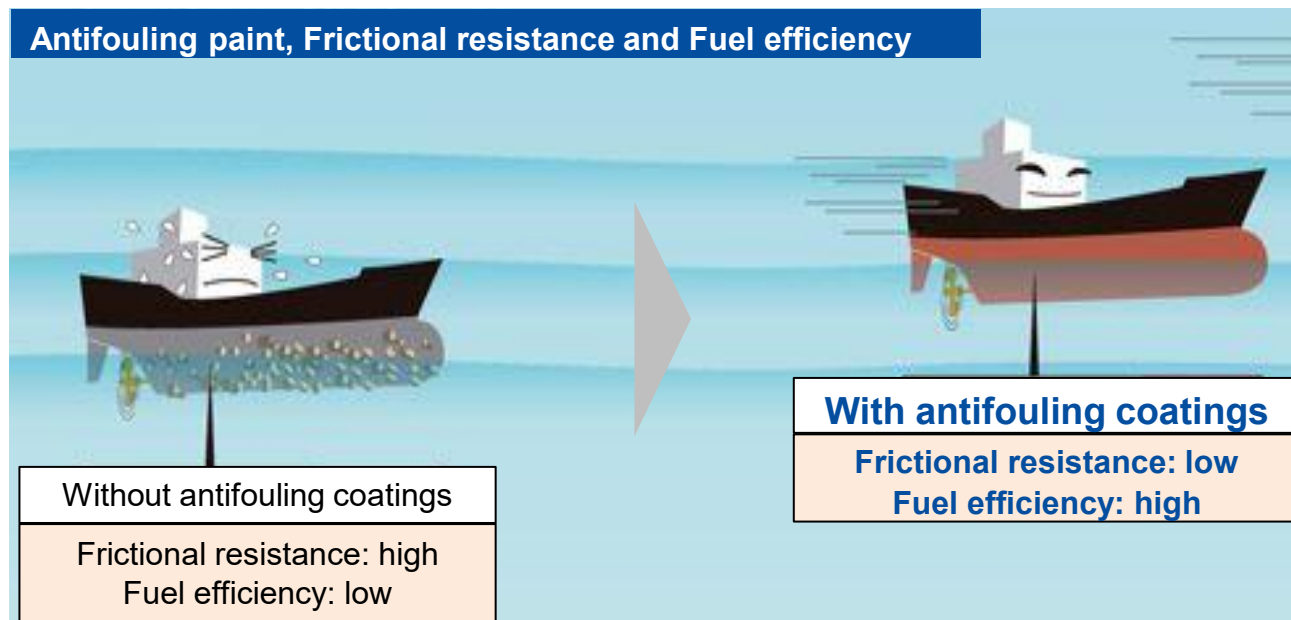


# Marine coatings (2) Antifouling paint

Antifouling paint prevents increases to surface drag caused by barnacles and other marine organisms that attach themselves to ship bottoms.

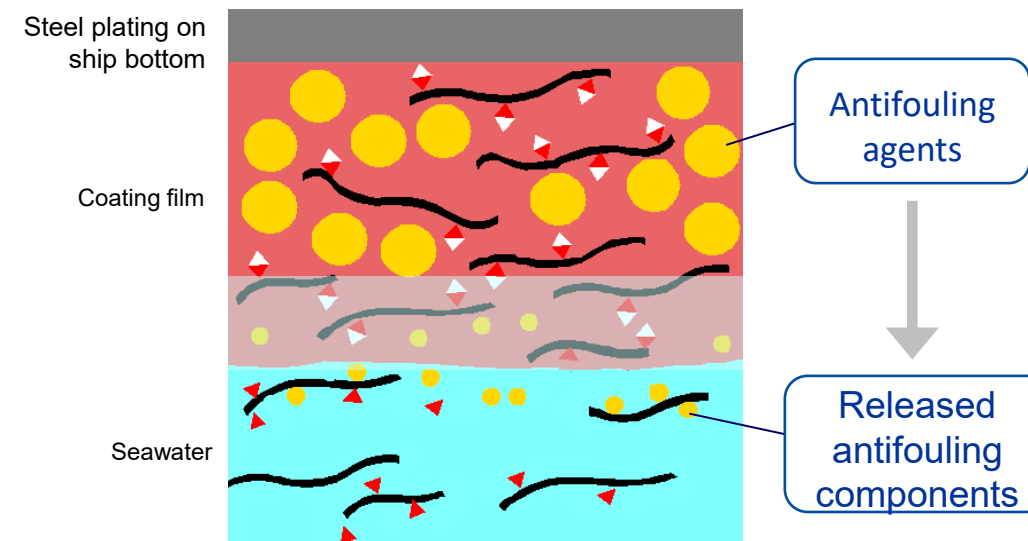
→ These coatings help improve ship fuel efficiency and reduce CO<sub>2</sub> emissions

## Antifouling paint, Frictional resistance and Fuel efficiency



## Mechanism

Hydrolysis type,  
which is the main type of bottom paint used today



The antifouling agents in the paint act by gradually **dissolving into seawater like soap**

Periodic repainting necessary

Business characteristics differ between marine coatings for new ships and marine coatings for ship repair.

## New ships

- Customers are primarily shipyards
- More than 90% built in Japan, China, and South Korea
- Two- to three-year time period between order receipt and completion of delivery
- Coatings prices are easily influenced by ship prices

## Ship repair

- Customers are mainly shipowners and shipping lines
- We supply coatings throughout the world, primarily in Asia and Europe
- High ratio of antifouling ship bottom coatings
- Coatings prices are relatively stable



(2) Order for **new ship** coatings placed

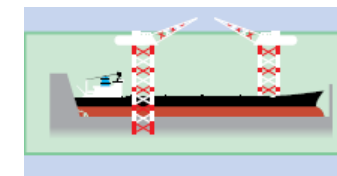


(3) Coatings delivered

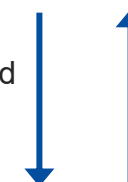


(4) New ship delivered

**Shipyard  
(builds ships)**



(1) Order for new ship placed



**Shipowners and shipping lines  
(own and operate ships)**



(5) Order for **ship repair** coatings placed

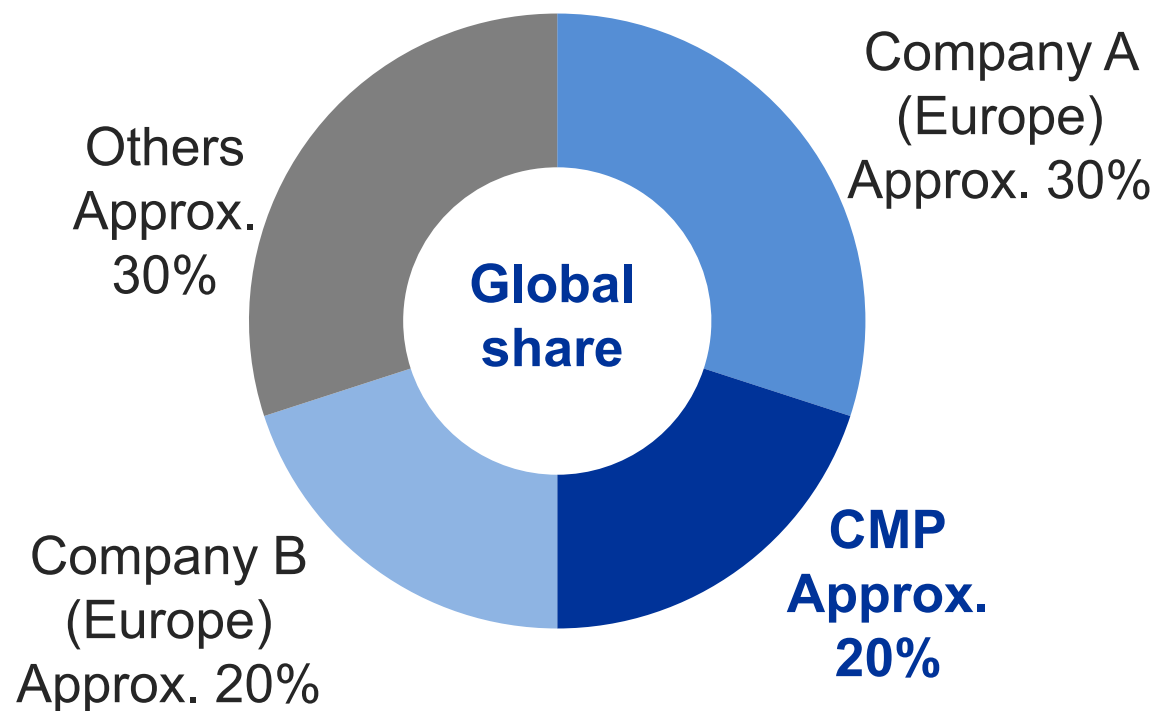
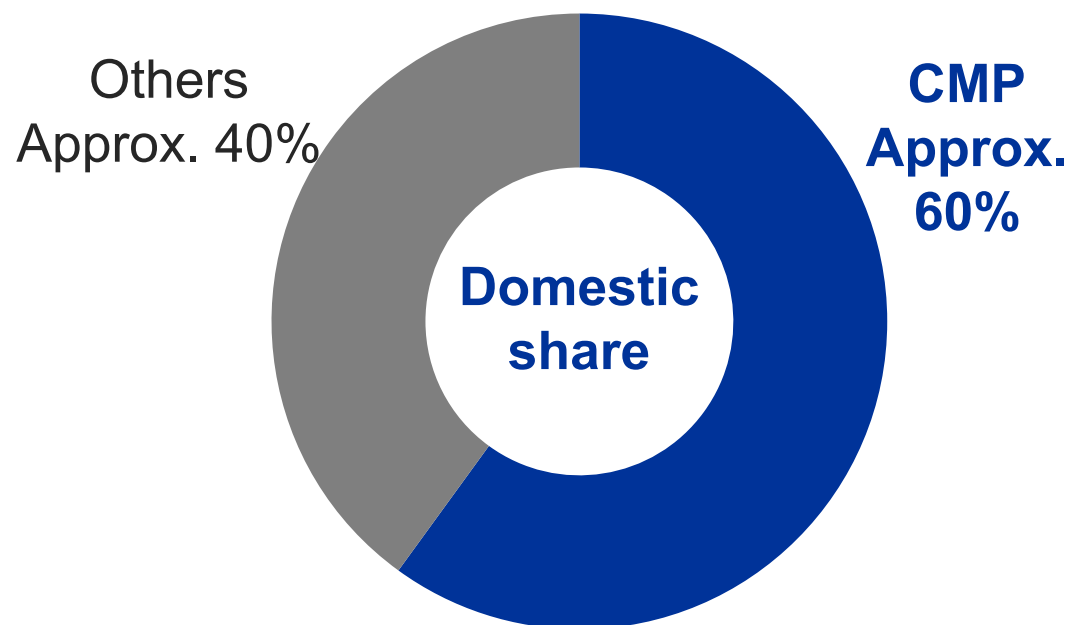


(6) Coatings delivered



The size of the global marine coatings market is around ¥600 billion.  
The market has a limited number of players and is generally considered to be an **oligopolistic market**.

## Estimated Market share



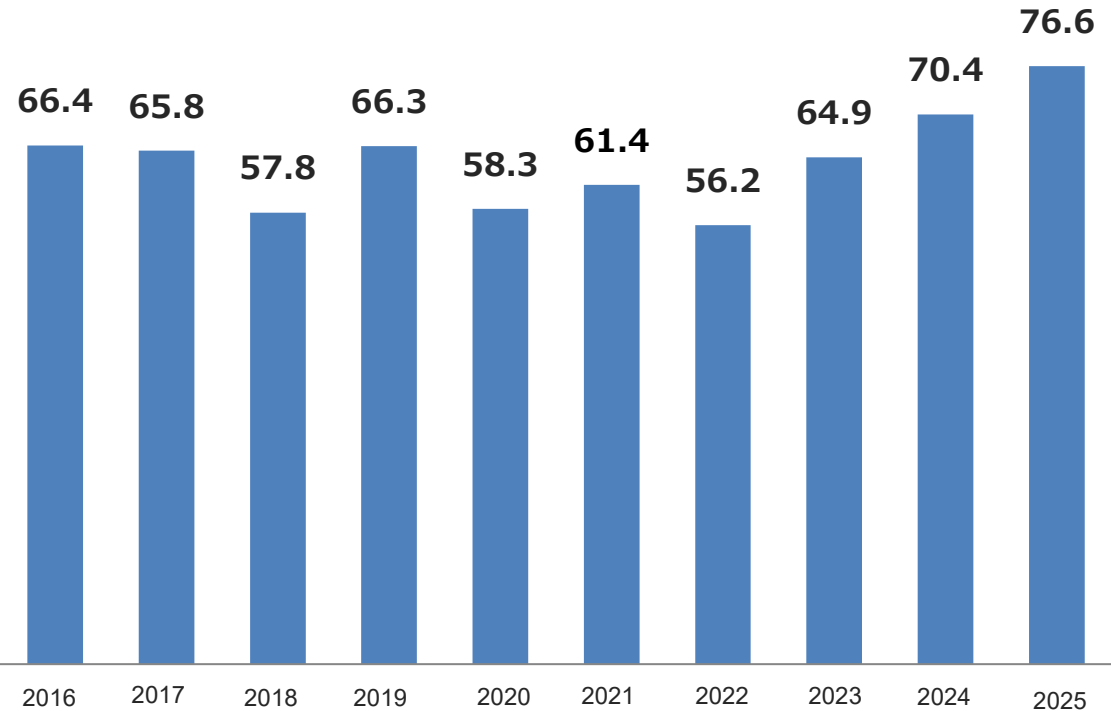


The shipbuilding market tends to fluctuate, but the current situation continues to **be lively due to an increase in demand.**

**Shipping tonnage and seaborne transport volume**, which are the cornerstones of ship repair demand, **are continuously increasing.**

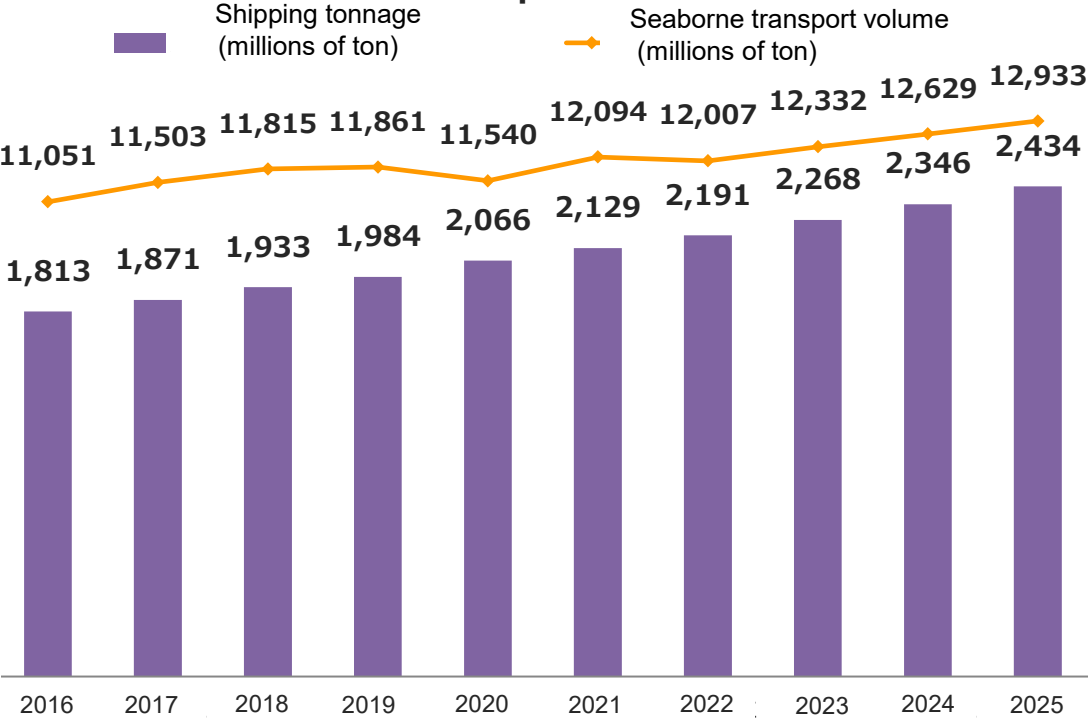
Global New Ship Completion

(Unit: millions of ton)



(Source: IHS Markit )

Global Shipping Tonnage and Seaborne Transport Volume



(Source: Clarksons)

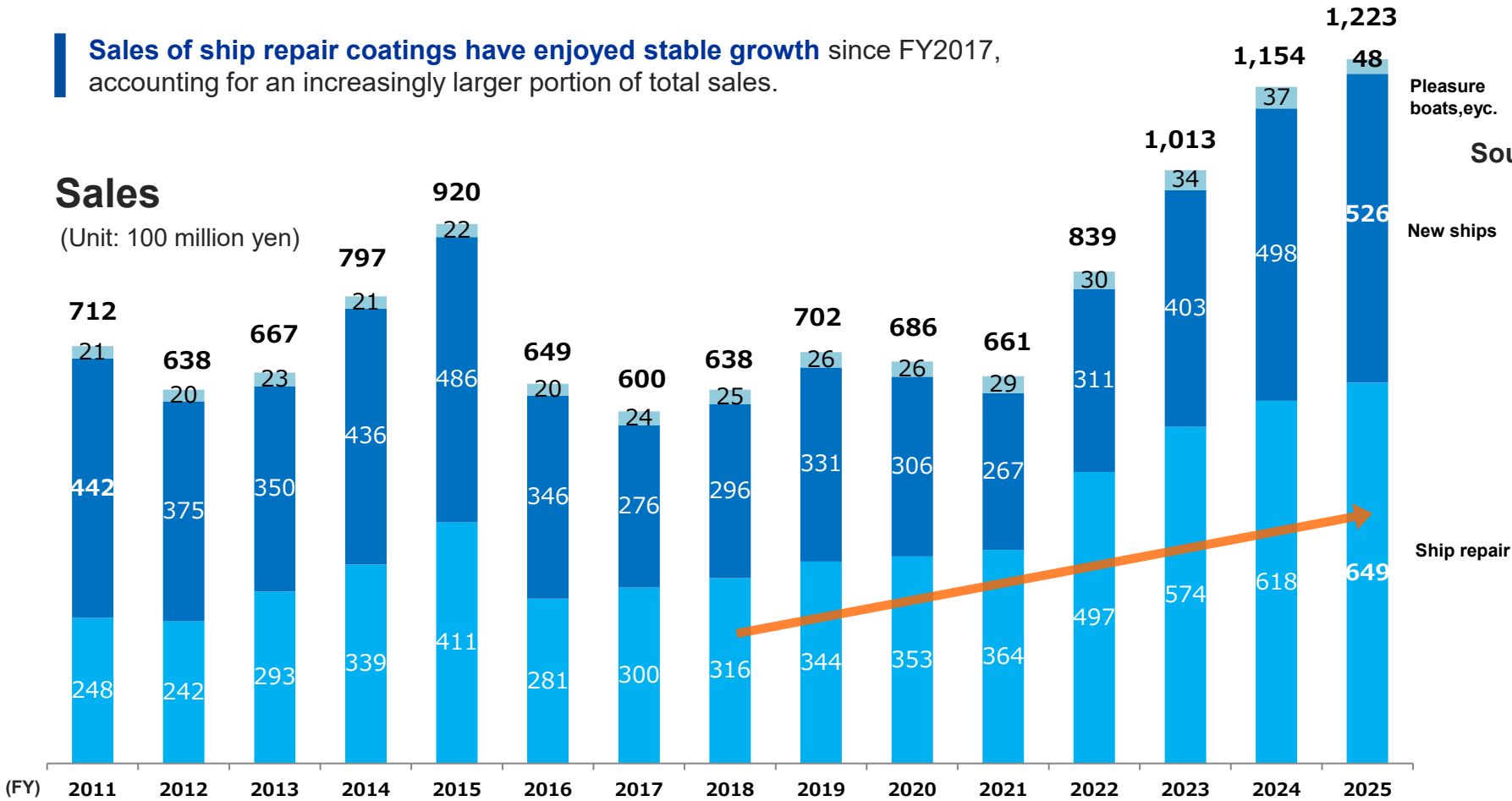
Sales of coatings for new ships account for a high ratio of marine coatings sales in Japan, China, and South Korea. In Southeast Asia and Europe, sales of coatings for ship repair are predominant.

Sales of coatings for new ships fluctuate greatly due to changes in market conditions.

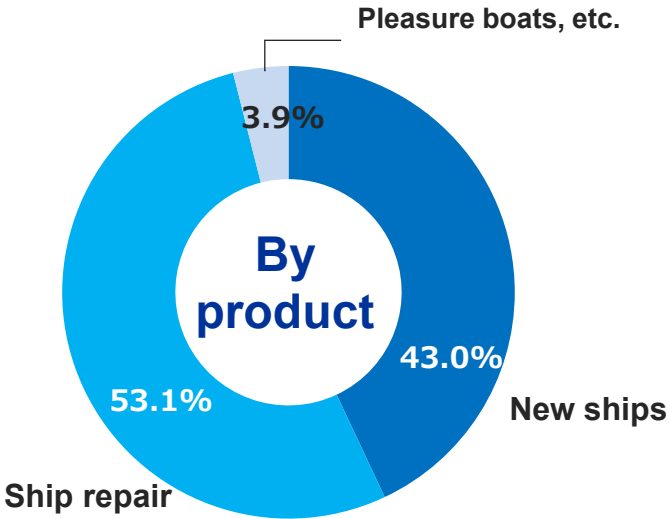
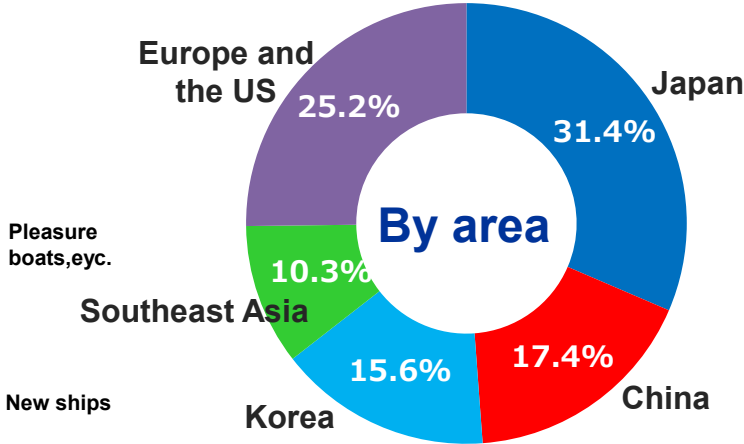
**Sales of ship repair coatings have enjoyed stable growth** since FY2017, accounting for an increasingly larger portion of total sales.

Sales

(Unit: 100 million yen)

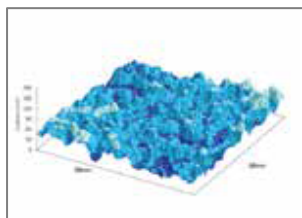


Sales Mix (FY2025)



## Technical and product development capabilities

- > **Over more than 100 years**, we have amassed high technical capabilities in the **extremely specialized** and **niche field** of marine coatings.
- > We **concentrate** our management resources and R&D investment into **marine coatings**.
- > We develop **innovative, high-performance, and environmentally friendly** products ahead of competitors.



These attributes act as  
**the entry barriers to  
would-be competitors**



**Competition is  
unlikely to intensify.**

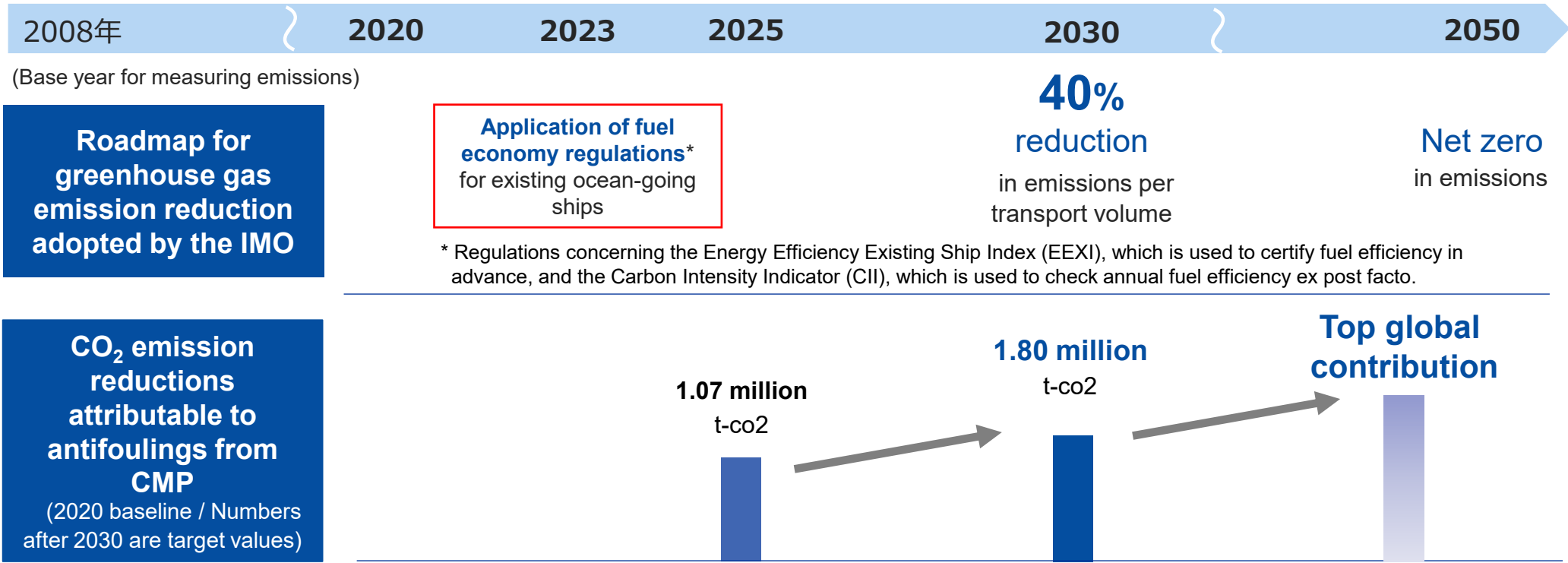
## Global supply chain

**Our own network in 20 countries**, including production bases in 9 countries around the world.

## Relationship with customers

**Long-standing** and **strong relationship** with domestic & international leading ship owners and shipyards

Efforts to make ships environmentally compliant through the reduction of greenhouse gas emissions represent a business opportunity for CMP



Over the long term, we project **expansion in demand for our high-performance antifoulings**, which contribute to fuel efficiency and the reduction of CO<sub>2</sub> emissions.

## Results generated by premium antifouling **SEAFLO NEO CF PREMIUM**

### MR product tanker



Reduction of CO<sub>2</sub> emissions  
(five years)

**9,450** Mt CO<sub>2</sub>e

- Average speed: 12 knots
- Utilization rate: 59%

### Container ships (8,900 TEU)



Reduction of CO<sub>2</sub> emissions  
(five years)

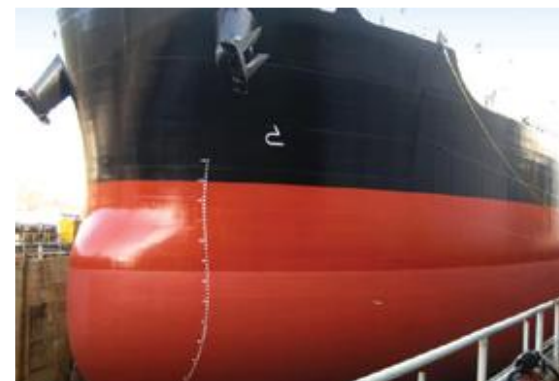
**85,500** Mt CO<sub>2</sub>e

- Average speed: 17 knots
- Utilization rate: 78%

## **SEAFLO NEO SL Z**, a low-friction antifouling for ocean-going ships

### Features

- ✓ Cutting edge silyl technology and optimized pigment formulation provide an ultra-smooth coating surface and excellent hydrolysis performance.
- ✓ Low-VOC antifouling thanks to a high-solid formulation
- ✓ Ultra-smooth coating film achieved through a formulation based on our friction increase ratio (FIR) theory



## Supporting lives and industries while protecting the environment and safety

### Construction materials

- ✓ Primarily UV-curable coatings that set (dry) in short amounts of time through exposure to ultraviolet rays
- ✓ **Top domestic share (approx. 42%)** in UV-curable coatings for flooring materials

#### ■ UV-curable coatings for Flooring materials



#### ■ UV-curable coatings for films



#### ■ Building materials



#### ■ UV-curable coatings for Plastics



### Heavy anti-corrosion

- ✓ Primarily coatings that protect structures such as equipment found in a variety of plants and bridges from rust and corrosion
- ✓ **Top domestic share (approx. 74%)** in coatings for cooling channels found in electrical power plants

#### ■ Coatings for cooling channels in electrical power plants



#### ■ Coatings for bridges



#### ■ Resin caulking materials for railway tracks (CUS)

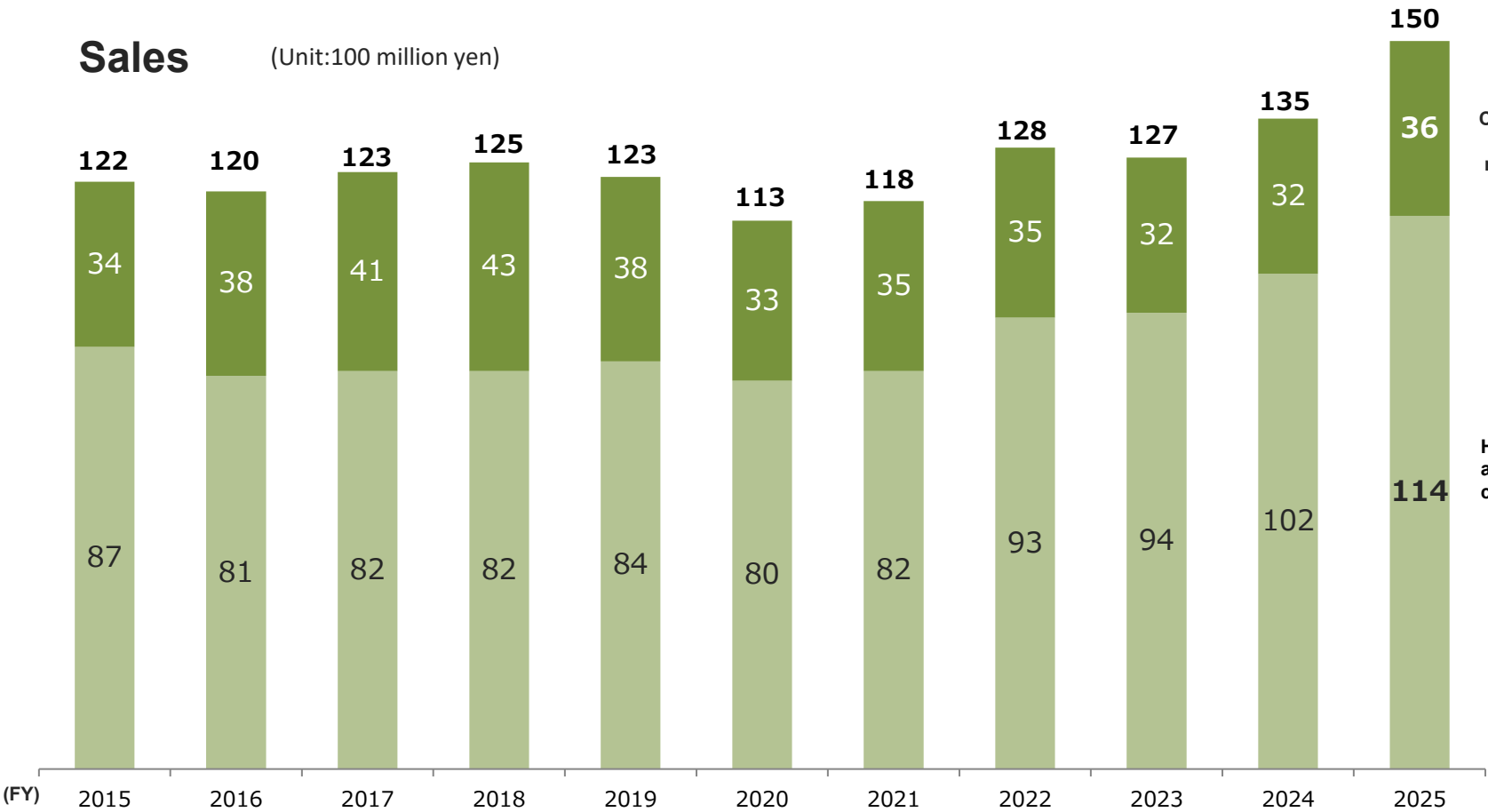




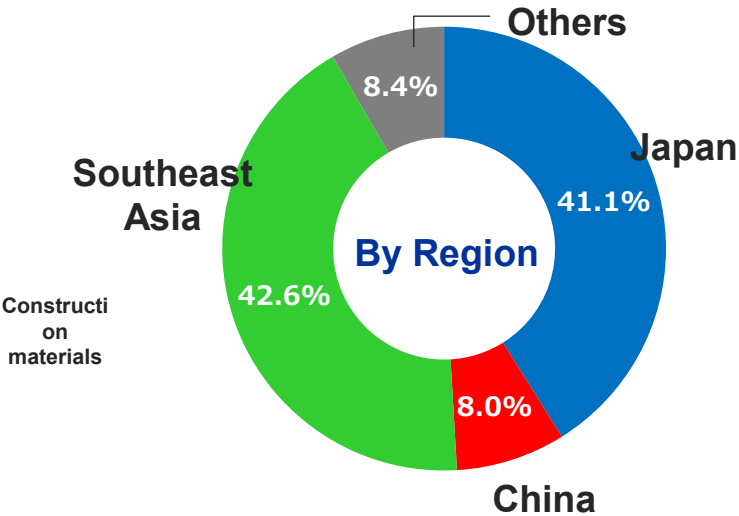
# Industrial coatings (2) Sales breakdown

- Sales are lower than those of marine coatings but are **more stable**.
- Most of our sales from coatings for construction materials are generated in Japan.
- We are **focusing on capturing infrastructure-related demand** in Southeast Asia, where sales of heavy anti-corrosion coatings are pivotal.
- Sales of industrial coatings generally incurred impact from the COVID-19 pandemic in FY2020.

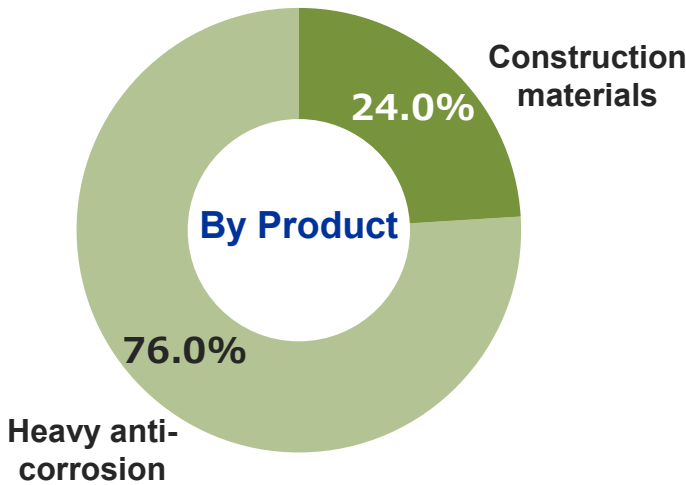
Sales (Unit:100 million yen)



Sales Mix (FY2025)



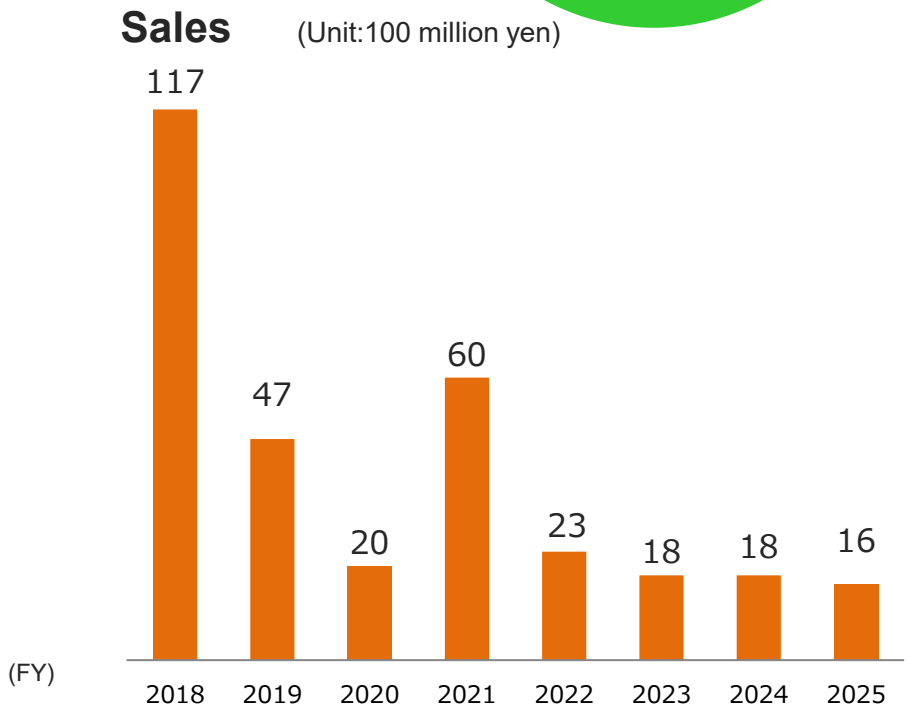
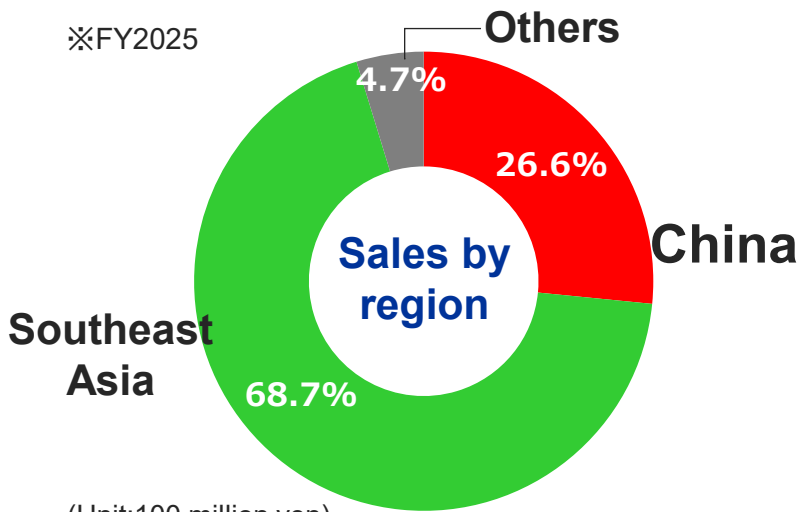
By Product





Along with marine coatings, these coatings provide support for global distribution

- ✓ We primarily provide products in China, a major production area for containers.
- ✓ Seaborne container shipping is on the rise, but container production is **susceptible to large short-term fluctuation**.
- ✓ Due to a tightening of environmental regulations in China during 2017, conventional solvent-based coatings are being replaced by **water-based coatings**.
- ✓ Since FY2019, we have curtailed acceptance of orders in accordance with our focus on profitability amid **intensifying price competition**.



Pioneering new fields through the application of new technologies associated with marine coatings and heavy anti-corrosion coatings

Focus area

Offshore wind power generation

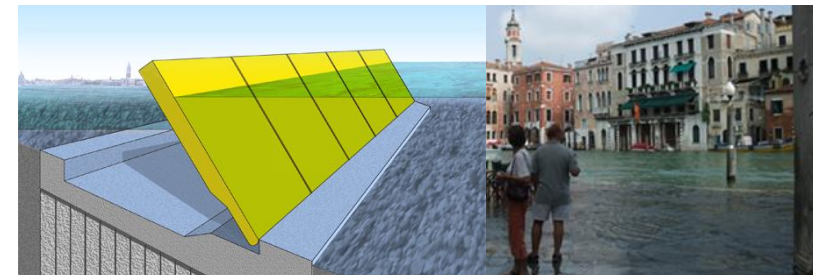
- ✓ Share of over 80% of domestic proof-of-concept projects
- ✓ The new market for commercial offshore wind power generation in Japan, which is to be launched in accordance with government policies, is currently facing many uncertainties. However, we project that the launch of this market will create measurable demand for coatings in the future.
- ✓ We will focus on capturing new demand in Japan primarily by establishing coating products with environmentally friendly (low-VOC) specs.



Results of large-scale projects

**Mose project**

- ✓ Mobile gates intended to protect the city of Venice, Italy from flooding.
- ✓ Our antifouling coatings were applied due to their strongly evaluated high performance.



# **3 . New Medium-Term Management Plan**

## **CMP New Century Plan 3**

(FY2026 – FY2030)

The strategies and targets set forth in this medium-term management plan are based on the assumption that the impact of escalating tensions in the Middle East on raw material procurement will not worsen beyond the current level and will largely normalize during FY2026. Accordingly, if future developments or changes in circumstances result in conditions that differ materially from these assumptions, the Company may revise the plan.

# Review of the previous medium-term management plan

## CMP New Century Plan 2



|              |  |            |   |
|--------------|--|------------|---|
| Achievements | Profit margins and unit selling prices improved significantly due to expanded sales of high-value-added products and optimized selling prices. Our earnings capability improved significantly. | Challenges | <ul style="list-style-type: none"><li>Sluggish growth in market share and sales volume</li><li>Major capex for production facilities were considered but not executed</li></ul> |
|--------------|--|------------|---|

| Theme  | Key indicator  | Quantitative target   | Result   |
|--|--|---|--|
| Expand value provided through environmental and social contributions | GHG (CO <sub>2</sub> ) emissions reductions achieved through increased supply of antifouling coatings (FY2025) | 1.30 million t-CO <sub>2</sub>                                      | 1.87 million t-CO <sub>2</sub>   |
| Improve and stabilize the profit structure                           | Operating profit and operating profit margin (FY2025)  | ¥11.0 billion, 9.2%   | ¥17.4 billion, 12.5%   |
| Actively raise shareholder returns and capital efficiency            | Total return on consolidated shareholders' equity (D&BOE)  | 5% or higher on average over the medium-term management plan period | 6.7% (Total returns amounted to ¥22.7 billion, equivalent to 55% of operating cash flow)   |
|  | ROE (FY2025)   | 10% or higher   | 12.3%  |
| Expand sales of marine coatings                                      | Sales (FY2025)   | ¥100.0 billion  | ¥122.3 billion   |
|  | Market share (FY2025)  | New ship coatings: 25%<br>Ship repair coatings: 22%                 | New ship coatings: 23%<br>Ship repair coatings: 14%<br>(market share by number of vessels) |
| Capital investment   | Major capex on production facilities in Japan and East Asia  | ¥12.0 billion over the medium-term management plan period           | Considered but not executed  |

In light of our current situation and the prevailing business environment, we have revised the timeline for our long-term vision to realize one of its goals—attaining the top share in the global marine coatings market—while maintaining current profitability levels.

Partially revised the long-term vision, including the timeline (by 2030→beyond 2030) and ROE target (10%→12%)

## A leading global niche company distinguished by sustainability and high profitability

### Previously

#### (What CMP aims to become by 2030)

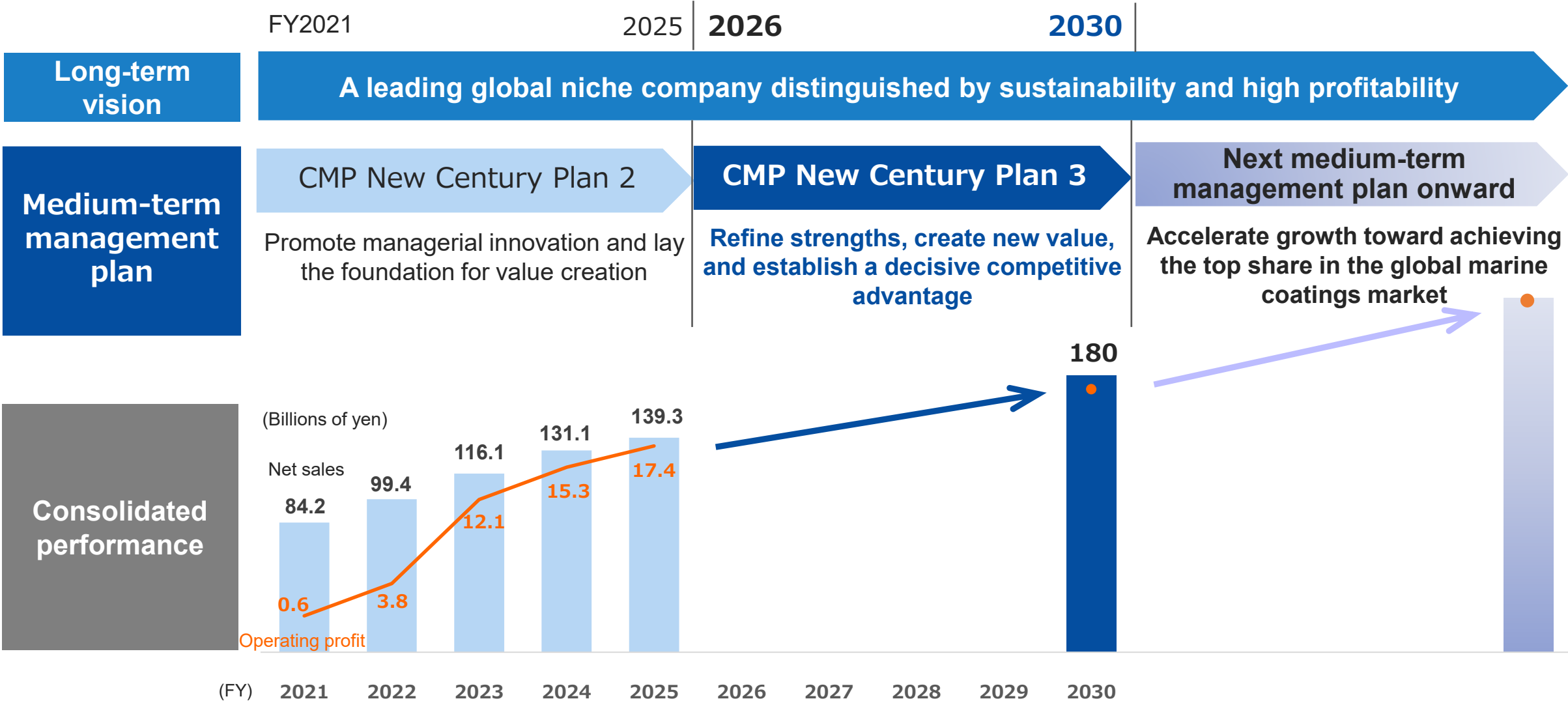
- ✓ Achieve the top share in the global marine coatings market
- ✓ Become the **world's leading coatings manufacturer** through efforts aimed at achieving a sustainable society by providing antifoulings that **help reduce GHG emissions from ships**
- ✓ Improve our presence through a focus on **environmental and social contributions** through our industrial and container coatings and coatings for offshore structures
- ✓ Establish a sustainable and strong **management base**
- ✓ Achieve a stable and **highly profitable business structure** (ROE of 10% or higher)

### After revision

#### (What CMP aims to become beyond 2030)

- ✓ Achieve the top share in the global marine coatings market
- ✓ Become the **world's leading coatings manufacturer** through efforts aimed at achieving a sustainable society by providing antifoulings that **help reduce GHG emissions from the shipping industry**
- ✓ Improve our presence through a focus on **environmental and social contributions** through our industrial coatings and coatings for offshore structures
- ✓ Establish a sustainable and strong **management base**
- ✓ Achieve a **stable and highly profitable business structure** (ROE of 12% or higher)

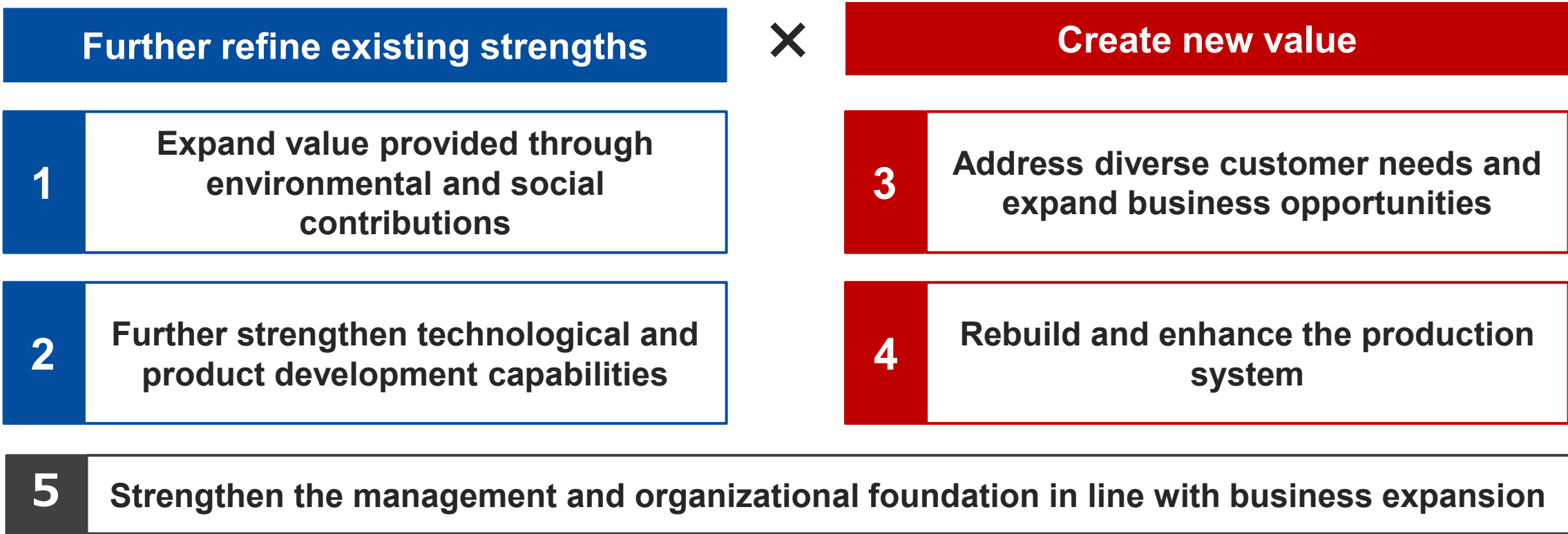
Preparation period for achieving the top share in the global marine coatings market and sustainable profit growth beyond 2030





Refine strengths, create new value, and establish a decisive competitive advantage

Basic strategies (key themes)



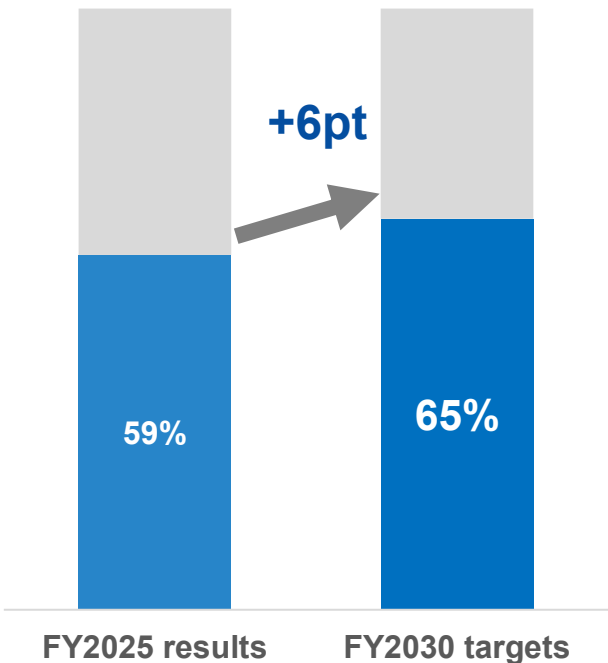
▶ Establish a decisive competitive advantage and prepare for a high-growth phase beyond 2030

Basic strategy 1: Expand value provided through environmental and social contributions (1)

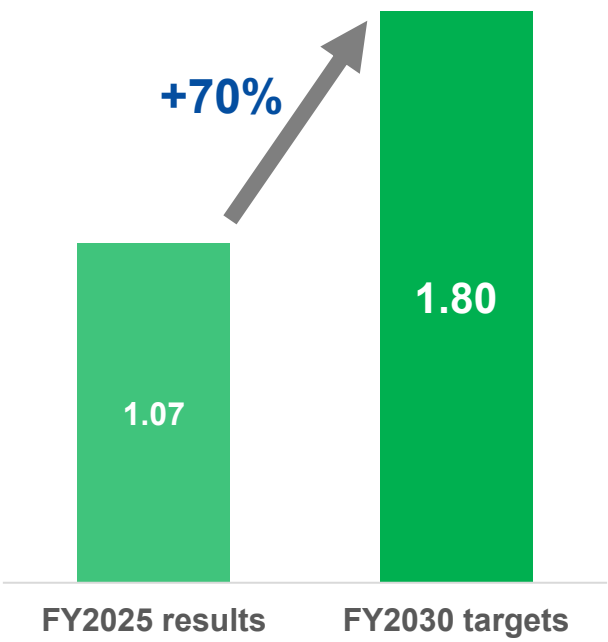
Supply high-value-added products to achieve both environmental and social contributions and profitability improvements

Contribute to reducing GHG emissions from the shipping industry by increasing the supply of high-performance antifouling coatings

Share of high-performance products in antifouling coatings sales (based on number of vessels)



Contribution to GHG (CO<sub>2</sub>) emissions reduction (Millions of t-CO<sub>2</sub>)



Method of calculating contribution to GHG emissions reduction  
The GHG emissions reduction effect from the adoption of high-performance antifouling coatings was estimated using FY2020 results as the baseline. For the previous medium-term management plan, calculations were based on FY2008 results.



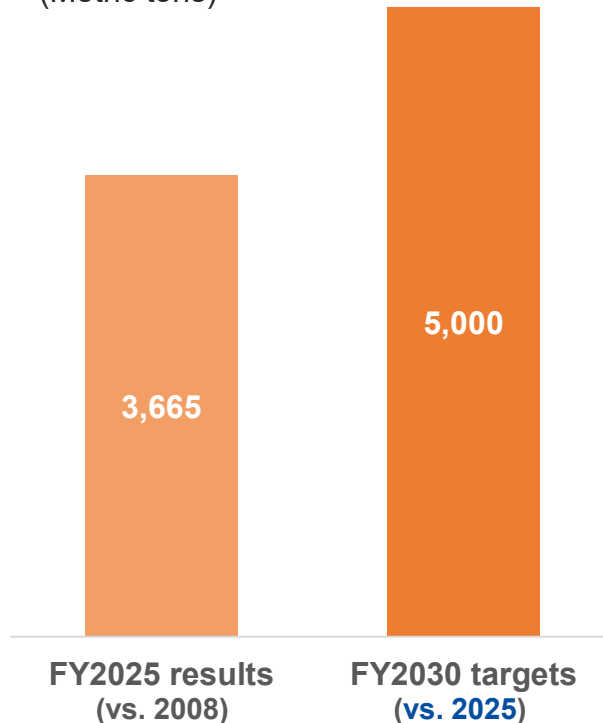
Scope: Ocean-going vessels with a gross tonnage of 3,000 or more

## Supply high-value-added products to achieve both environmental and social contributions and profitability improvements

**Reduce VOC emissions through expanded sales of low-VOC coatings** (VOCs: volatile organic compounds)

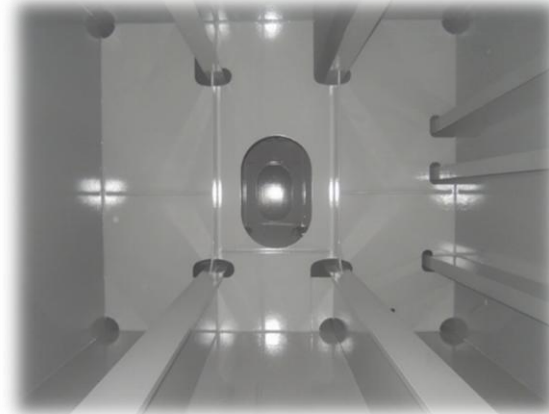
### VOC emissions reduction

(Metric tons)



Calculation method

Reduction in VOC emissions was estimated based on FY2025 results, assuming a shift from the conventional product mix to a product mix centered on low-VOC coatings.



Scope: Anticorrosive coatings for major markets

**Pursue further value creation**

### Material-based approaches

- ✓ Further increase the use of biomass-based raw materials
- ✓ Promote the conversion of existing coating specifications to waterborne coatings



### Performance-based approaches

- ✓ Shorten shipyard construction processes
- ✓ Reduce maintenance requirements



### Further refine capabilities to lead the industry over the long term



#### Advance environmentally friendly product development

- ✓ Enhance the performance of high-performance antifouling coatings while ensuring marine environmental protection
- ✓ Expand products that reduce environmental impact, including low-VOC coatings
- ✓ Fully adopt decarbonized raw materials in products



#### Develop innovative products

- ✓ Anticipate market needs and develop highly functional, high-value-added products through innovative ideas
- ✓ Promote open innovation with other companies and research institutions
- ✓ Enhance our presence and differentiation as an environmentally advanced manufacturer



#### Address diverse customer needs

- ✓ Expand product offerings that truly meet customer needs, including by striking an optimal balance between performance and price
- ✓ Optimize costs through product consolidation or discontinuation and the review of formulations and raw materials



#### Strengthen the R&D framework

- ✓ Accelerate development through proactive use of AI and DX
- ✓ Expand intellectual property strategies
- ✓ Renovate the research center as planned



## Basic strategy 3: Address diverse customer needs and expand business opportunities

### Broaden the scope of the coatings business

#### Optimize the product lineup

Combine high added value with price competitiveness

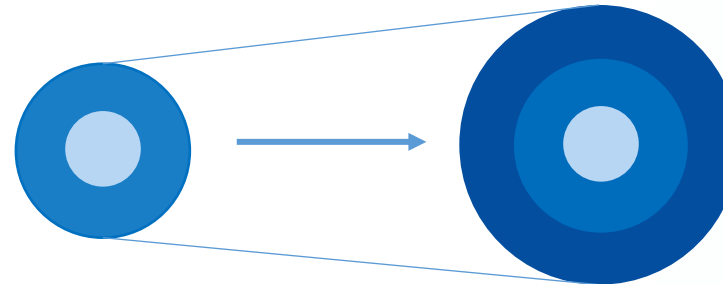
#### Actively cultivate new customers and business domains

Take calculated risks to drive high growth

#### Strengthen branding and marketing

Build a framework to become the preferred choice for more customers

**Expand the customer base and broaden the scope of value provided to maximize earnings opportunities**  
**Drive sustainable profit growth**



Make strategic investments at four major domestic and overseas production sites, representing approx. 70% of global production volume, to establish a sustainable production system for long-term growth

### Objectives of strategic investments



**Expand production capacity** in anticipation of future demand growth



**Reduce the risk of supply disruptions** caused by aging facilities and equipment



**Improve productivity** through automation, labor-saving initiatives, and DX



**Strengthen interregional product supply capabilities** to respond to fluctuations in demand



**Introduce state-of-the-art production facilities** optimized for high-value-added coatings



**Reduce environmental footprint** by lowering GHG emissions and waste

**Ensure stable product supply while reducing quality maintenance costs**

Make strategic investments at four major domestic and overseas production sites, representing approx. 70% of global production volume, to establish a sustainable production system for long-term growth

Overview of strategic investments

Note: Expected investment for the current medium-term management plan period

Ulsan Metropolitan City

New facility

Planned start of investment: FY2026

Scheduled completion: FY2029

Estimated investment: Approx. ¥12 billion

Shiga Factory

Rebuild within the existing site

Planned start of investment: FY2026

Scheduled completion: FY2035\*

Estimated investment: Approx. ¥13 billion

Shanghai area

New facility

Planned start of investment: FY2026

Scheduled completion: FY2030

Estimated investment: Approx. ¥10 billion

Kyushu Factory

Expansion and new construction on land adjacent to the existing site

Planned start of investment: FY2026

Scheduled completion: FY2032

Estimated investment: Approx. ¥17 billion

\*Partial operations scheduled to commence in FY2030



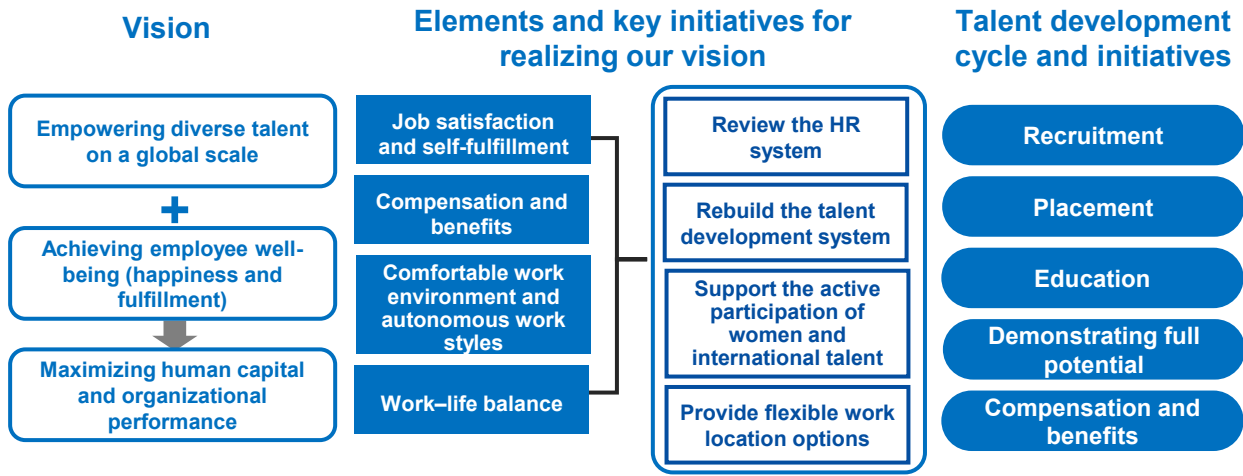
Enhance management quality as a global company to support business growth

Promote human capital management

Maximize human capital and organizational performance through HR strategy

- ✓ Develop self-driven talent through HR system reform
- ✓ Promote diversity
- ✓ Improve employee engagement
- ✓ Optimize talent allocation
- ✓ Strengthen recruitment competitiveness
- ✓ Transform corporate culture

■ Outline of HR strategy



Enhance operational efficiency and sophistication through IT and DX

- ✓ Strengthen systems for more advanced and precise performance management
- ✓ Utilize AI across the organization (business and back-office operations)
- ✓ Streamline and automate routine tasks
- ✓ Modernize the business information platform
- ✓ Strengthen information security

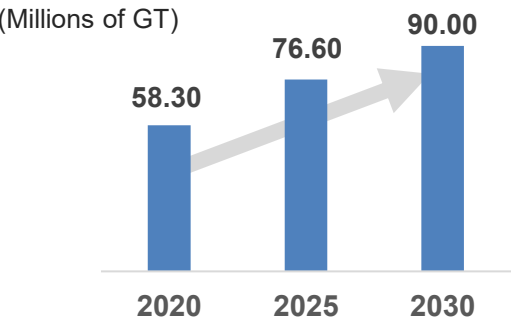
Strengthen governance

- ✓ Enhance and optimize group-wide governance structures
- ✓ Promote organizational restructuring for greater efficiency
- ✓ Strengthen risk management
- ✓ Further reduce strategic shareholdings

Adopt a more aggressive growth strategy to achieve the world's top market share in the future  
Strengthen competitiveness in both sales and products while proactively expanding the business

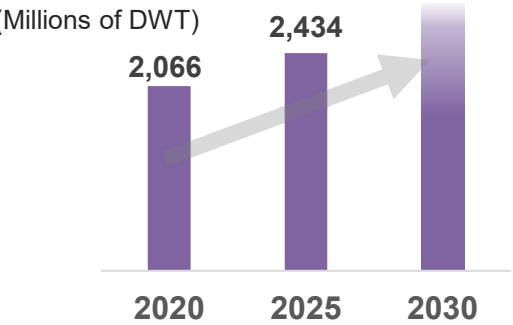
Global demand forecast

Newbuilding deliveries



(Source: Clarksons, National Maritime Research Institute)

Fleet capacity



(Source: Clarksons)

Market share targets

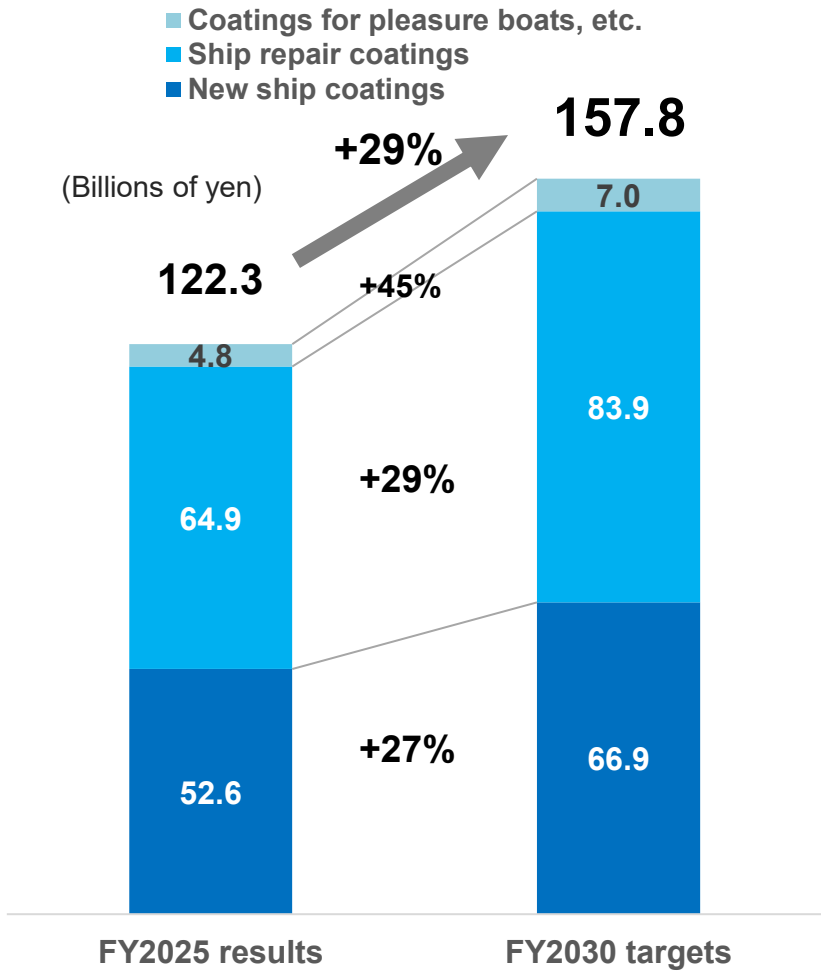
While overall demand is expected to remain solid, we aim to expand our market share, primarily in new ship coatings in China.

|  |                                 | FY2025 results | FY2030 targets |
|--|---------------------------------|----------------|----------------|
|  | Japan                           | 62%            | 69%            |
|  | China                           | 11%            | 18%            |
|  | South Korea                     | 25%            | 24%            |
|  | New ship coatings*1             | 23%            | 25%            |
|  | Ship repair coatings*2 (global) | 14%            | 18%            |

\*1. By weight

\*2. By number of vessels

Sales targets



## Market environment

**Shipbuilding volume is expected to increase, driven by demand for next-generation fuel vessels and replacement demand for existing vessels.**

**Japan:** Shipyards are undertaking capacity expansion plans in line with the government's initiative to double shipbuilding volume, with production projected to increase by approximately 20% over the next five years.

**South Korea:** Plans are underway to increase shipbuilding volume through overseas expansion. The domestic regulatory environment also requires advanced technologies to address environmental regulations.

**China:** China holds the world's largest share of shipbuilding volume. Plans are underway to further expand capacity through measures such as reviving dormant shipyards.

## Our strategy and initiatives

**Adopt a more aggressive approach to order-taking to capture future demand for ship repair coatings and strategically expand market share**

- ✓ Strengthen proposals for products that address shipyard challenges, such as shortening construction processes and improving working environments
- ✓ Strengthen collaboration between shipowner sales teams and shipyard sales teams
- ✓ Proactively acquire and cultivate new customers
- ✓ Optimize selling prices
- ✓ Optimize the product lineup in response to market needs
- ✓ Develop business in emerging shipbuilding countries



## Market environment

**Ship repair volume is also expected to increase, driven by growth in the number of vessels in operation resulting from higher new shipbuilding volume.**

- ◆ Demand for fuel-efficient antifouling coatings remains strong as the shipping industry moves to comply with environmental regulations, including IMO EEXI/CII requirements and regulations aimed at preventing the transfer of invasive aquatic species.
- ◆ Demand for products that address labor shortages and reduce maintenance costs is growing.
- ◆ Demand for environmentally friendly products continues to increase as more customer companies adopt ESG management practices.

## Our strategy and initiatives

**Continue to position high-value-added products at the core of the business while addressing a broader range of customer needs to expand the customer base and achieve sustained high growth**

- ✓ Focus on expanding sales of high-performance antifouling coatings that contribute to reducing GHG emissions
- ✓ Develop business through new approaches, including engagement with cargo owners and other stakeholders
- ✓ Optimize the product lineup in response to market needs
- ✓ Strengthen the onboard maintenance business (coatings for ship repairs during voyages)
- ✓ Expand supply locations in line with customers' vessel operations
- ✓ Enhance the functionality of CMP-MAP, our hull performance analysis service



Against the backdrop of expanding global infrastructure investment, we aim to drive growth primarily through overseas heavy-duty coatings while also exploring inorganic growth opportunities.

## Heavy-duty coatings

- ✓ Expand various resources necessary for business growth
- ✓ Strengthen responsiveness to customers' global procurement needs (product specifications and supply systems)
- ✓ Develop preventive maintenance services and maintenance-related markets in response to aging infrastructure
- ✓ Advance environmentally friendly technologies, including low-VOC and waterborne coatings

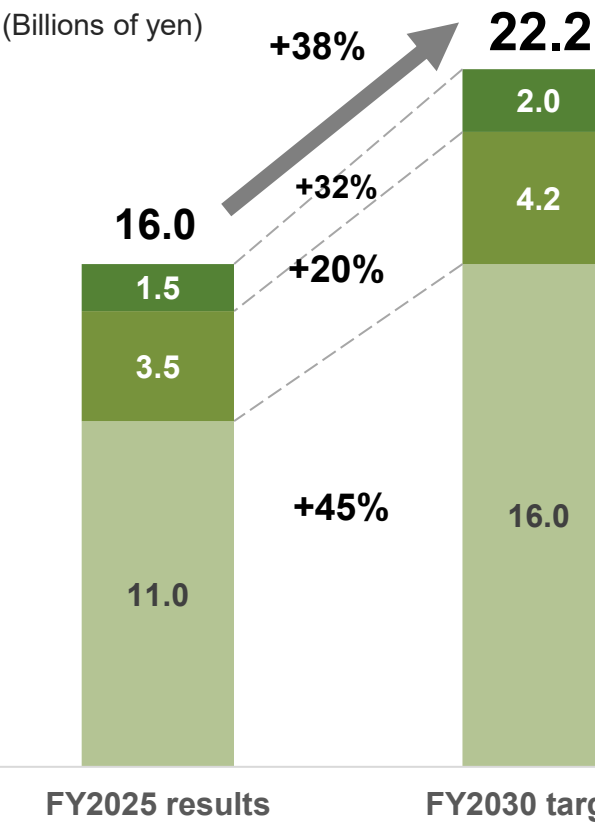
## Coatings for construction materials

- ✓ Create products with higher added value and stimulate demand through the addition of new functionalities
- ✓ Develop renovation and remodeling markets
- ✓ Expand overseas operations in line with customer needs

## Sales targets

- Container coatings\*
- Coatings for construction materials
- Heavy-duty coatings

(Billions of yen)



\*Reclassified to industrial coatings from FY2026

Implement strategic investments to establish a decisive competitive advantage while maintaining the operating profit margin at the FY2025 level and improving the EBITDA margin

|   | FY2025 results |        | FY2030 targets |        | Growth vs. FY2025 |
|---|----------------|--------|----------------|--------|-------------------|
| Net sales                               | ¥139.3 billion | 100.0% | ¥180.0 billion | 100.0% | +29%              |
| Operating profit                        | ¥17.4 billion  | 12.5%  | ¥23.0 billion  | 12.8%  | +32%              |
| Profit attributable to owners of parent | ¥10.9 billion  | 7.9%   | ¥16.0 billion  | 8.9%   | +46%              |
| EBITDA                                  | ¥19.2 billion  | 13.8%  | ¥27.0 billion  | 15.0%  | +40%              |
| ROE                                     | 12.3%          |        | 12% or higher  |        |                   |

Notes: EBITDA = Operating profit + depreciation and amortization

Exchange rates and major raw material prices are assumed to remain at the average levels for January–December 2025.



Expected cash allocation and financial policy during the five-year medium-term plan period

| Cash inflow  | Cash outflow  |
|--|---|
| Operating CF<br>Approx.<br>¥80.0bn                                 | Strategic investment in production facilities and R&D centers<br>Approx.<br>¥64.5bn |
| Debt financing<br>Balance sheet optimization<br>Approx.<br>¥27.0bn | Basic capex<br>Approx.<br>¥14.5bn   |
|  | Shareholder returns (dividends)<br>Approx.<br>¥28.0bn                               |

Implement growth investments and enhance capital efficiency

- ✓ With a view to sustainably enhancing corporate value, allocate the majority of operating cash flow to **strategic capital investments**
- ✓ Proactively utilize debt financing while maintaining financial soundness, with a policy of **increasing leverage**
- ✓ Consider flexible **M&A and share buybacks** depending on circumstances, financed in principle through cash on hand or debt financing
- ✓ **Optimize the balance sheet** by selling strategic shareholdings and improving the cash conversion cycle (CCC), among other measures

Shareholder return policy

|                |  |
|----------------|--|
| Basic policy   | Prioritize growth investments while actively returning excess capital to shareholders and appropriately managing shareholders' equity  |
| Dividends      | <ul style="list-style-type: none"><li>• Implement <b>progressive dividends</b> starting from an annual dividend of <b>¥100</b> per share</li><li>• Target dividend on equity (<b>DOE</b>) of <b>approx. 5.0%</b></li></ul> |
| Share buybacks | Implement flexibly as appropriate, taking into consideration the balance between growth investments and dividends  |



## **4 . ESG information (Environment • Social • Governance)**

## Our businesses and products are leading to solutions for environmental issues

### Global warming countermeasures

#### Reducing GHG (greenhouse gas)

##### ■ Antifouling coatings



- Coatings for offshore wind power generation facilities



- Heat-resistant coatings



### Saving resources

#### Protect materials from rust and corrosion and reduce loss

- Coatings characterized by long-term durability



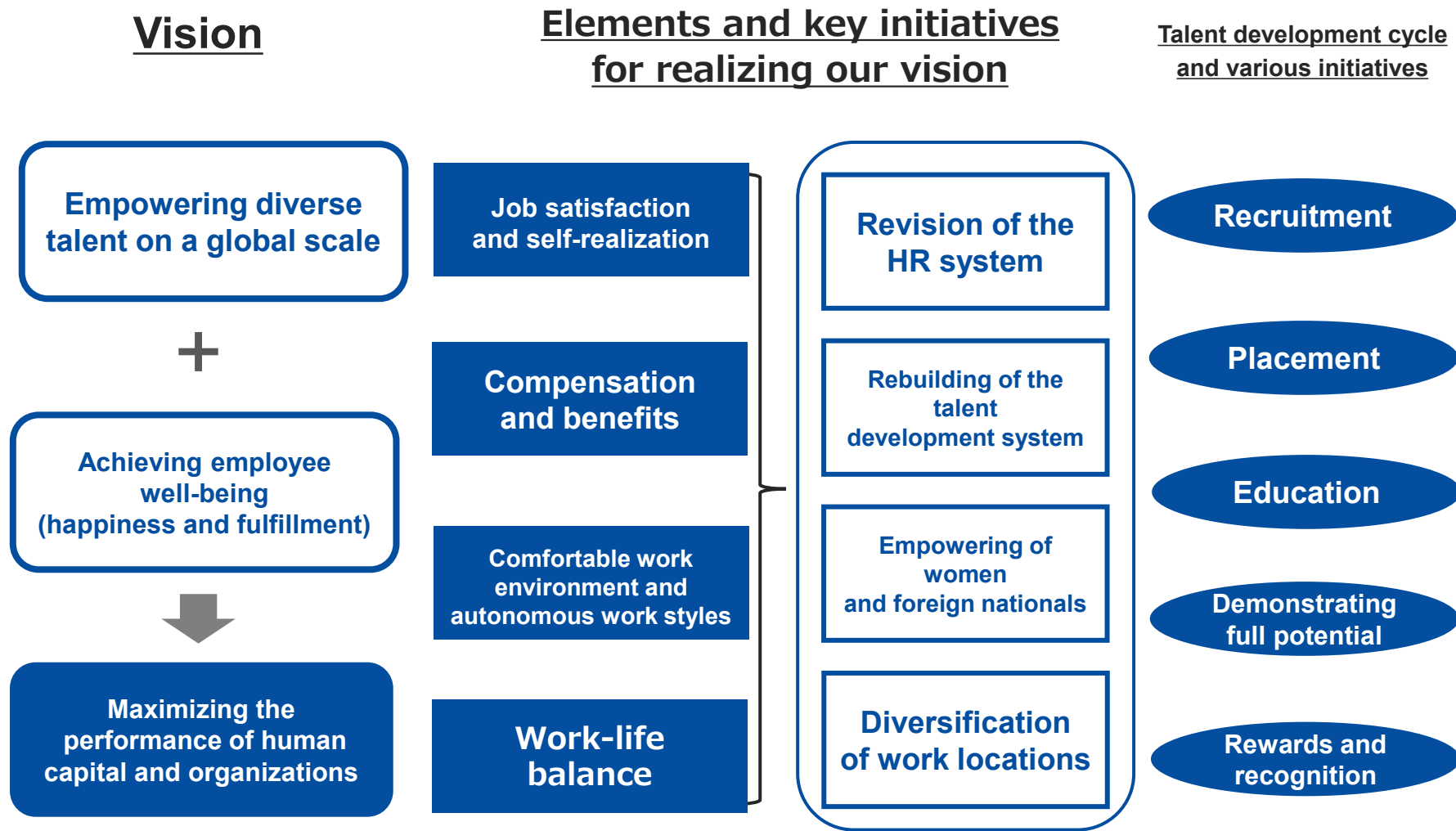
- Construction methods that prevent concrete flaking



#### SUSTAINABLE DEVELOPMENT GOALS 世界を変えるための17の目標



【Outline of the HR strategy】



【Community Contribution】



Donation of Vegetables to Children's Cafeterias (Japan)



Donation of scholarships (South Korea)



Donation of coatings to school (Thailand)

## 1 Lineup

**Board of Directors** Three of seven members are **outside directors**, one of whom is a female.

| Title                    | Name                | Responsibilities (primary and concurrent)  |
|--------------------------|---------------------|--|
| President                | Kenshi Date         |  |
| Senior Managing Director | Hideyuki Tanaka     | In charge of Technology and Production   |
| Managing Director        | Katsunori Kobayashi | In charge of Administration and Compliance   |
| Director                 | Takao Shimizu       | In charge of Corporate Strategy  |
| Outside Director         | Toshifumi Inami     | Independent Director of KYOEI TANKER CO.,LTD.  |
| Outside Director         | Akiko Monden        | Lawyer   |
| Outside Director         | Takumi Kudo         | Executive Advisor, Wholesale Business Planning Department, Sumitomo Mitsui Trust Panasonic Finance Co., Ltd. |

**Board of Corporate Auditors** Two of four members are **outside auditors**,one of whom is a female.

| Title                      | Name              | Concurrent positions            |
|----------------------------|-------------------|---------------------------------|
| Standing Corporate auditor | Junichi Yokozekei |                                 |
| Standing Corporate Auditor | Tatsuro Enomoto   |                                 |
| Outside Auditor            | Kie Yamada        | Certified public accountant     |
| Outside Auditor            | Tetsuji Nakamura  | Certified public tax accountant |

※All of five out side directors/auditors are Independent directors/auditors required by the rules of Tokyo Stock Exchange.

## Voluntary Advisory Committee

| Position | Nominating Committee | Compensation Committee | Position on the Board of Directors (in addition to positions on the left) |
|----------|----------------------|------------------------|---|
| Chairman | Toshifumi Inami      | Akiko Monden           | Outside Director  |
| Member   | Akiko Monden         | Toshifumi Inami        | Outside Director  |
| Member   | Takumi Kudo          | Takumi Kudo            | Outside Director  |
| Member   | Kenshi Date          | Kenshi Date            | Representative Director   |

## 2 Compensation Structure

| Category                        | Classification          | Form of compensation | Percentage of total compensation | Notes   |
|---------------------------------|-------------------------|----------------------|----------------------------------|---|
| Basic compensation              | Fixed                   | Cash                 | About 62%                        |   |
| Annual incentives               | Performance-etc. linked | Cash                 | About 20%                        | Linked to single year profit and ESG (GHG reduction rate) indicators    |
| Medium- to long-term incentives | Performance-linked      | Stocks               | About 18%                        | Restricted stock compensation (enrollment and performance requirements) |

※The component ratio excludes outside directors and represents the total amount ratio when annual incentives are paid at 100%.

## 3 Cross-shareholdings

- Our policy aims to reduce our cross-shareholdings, and we **sold off shares in two companies** during FY2025.



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Forecasts presented in these materials are based on judgments made in accordance with information available to CMP as of May. 18, 2026. Actual results may differ materially from forecasts due to various risks and uncertainties.