

# Consolidated Financial Results for the Nine Months Ended September 30, 2024 [IFRS]



November 14, 2024

Company name: Nippon Paint Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4612

URL: <https://www.nipponpaint-holdings.com/en/>

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Scheduled date of commencing dividend payments: -

Availability of supplementary briefing material on quarterly financial results: Yes

Schedule of consolidated financial results briefing session: Yes

(Amounts of less than one million yen are rounded down.)

## 1. Consolidated Financial Results for the Nine Months Ended September 30, 2024 (January 1, 2024 to September 30, 2024)

### (1) Consolidated Operating Results

(% indicates changes from the previous corresponding period.)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended September 30, 2024	1,222,747	12.6	141,758	7.7	135,659	6.8	99,521	5.9
September 30, 2023	1,085,878	10.8	131,625	60.8	127,042	59.5	93,993	71.5

	Profit attributable to owners of parent		Comprehensive income		Basic earnings per share	Diluted earnings per share
	Million yen	%	Million yen	%	Yen	Yen
Nine months ended September 30, 2024	98,203	5.1	149,350	(44.5)	41.81	41.81
September 30, 2023	93,444	70.8	268,953	(14.4)	39.79	39.79

### (2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets
	Million yen	Million yen	Million yen	%
As of September 30, 2024	2,901,465	1,470,764	1,457,604	50.2
As of December 31, 2023	2,713,341	1,368,104	1,358,310	50.1

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2023	—	6.00	—	8.00	14.00
Fiscal year ending December 31, 2024	—	7.00	—		
Fiscal year ending December 31, 2024 (Forecast)				8.00	15.00

Note: Revision to the dividends forecast announced most recently: No

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024 (January 1, 2024 to December 31, 2024)**

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	1,600,000	10.9	184,000	9.0	174,000	7.7	124,000	4.7	52.80

Note: Revision to the financial results forecast announced recently: None

**\*Notes:**

- (1) Significant changes in the scope of consolidation during the period: No

Newly consolidated	-	Excluded	-
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- (2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: No
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

September 30, 2024: 2,370,512,215 shares

December 31, 2023: 2,370,512,215 shares

- 2) Total number of treasury shares at the end of the period:

September 30, 2024: 21,800,987 shares

December 31, 2023: 21,905,017 shares

- 3) Average number of shares during the period:

Nine months ended September 30, 2024: 2,348,668,704 shares

Nine months ended September 30, 2023: 2,348,512,845 shares

\*Review of the Japanese-language originals of the attached condensed consolidated quarterly financial statements by certified public accountants or an audit corporation: Yes (voluntary).

\*Explanation of the proper use of financial forecasts and other notes

(Caution concerning forward-looking statements)

The earnings forecasts and other forward-looking statements in this report are based on information currently available and certain assumptions that are deemed reasonable. These statements are not guarantees of future performance. Actual results may differ significantly from the forecast due to various factors.

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## 1. Overview of Operating Results and Other Information

### (1) Overview of Operating Results

For the nine months ended September 30, 2024, Nippon Paint Group reported a consolidated revenue increase of 12.6% year-on-year, to ¥1,222,747 million. This growth was primarily propelled by increased sales volumes within NIPSEA Group, particularly in China and other key markets. The favorable depreciation of the yen also contributed positively to the financial results.

Consolidated operating profit rose by 7.7%, to ¥141,758 million, supported by revenue growth and an enhanced gross profit margin resulting from the flow-through of price increases. Profit before tax also increased by 6.8%, reaching ¥135,659 million. Additionally, profit attributable to owners of parent increased by 5.1%, to ¥98,203 million.

Results by business segment are as follows.

#### **Japan**

In Japan, revenue from automotive coatings declined due to reduced automobile production. Revenue from industrial coatings remained stable year-on-year, as the benefits from price increases offset weaker market conditions. Decorative paints revenue also held roughly steady, with gains from the flow-through of price increases and effective sales promotions balanced by consumer spending restraint and a shift toward lower-priced products due to inflation.

As a result, consolidated revenue rose by 1.8% year-on-year, to ¥149,638 million. Consolidated operating profit also increased by 11.3% to ¥13,905 million, supported by an improved gross profit margin driven by the effective implementation of price increases.

#### **NIPSEA**

NIPSEA Group reported an increase in automotive coatings revenue, supported by higher automobile production levels in China, which offset the decline in manufacturing in Thailand. Additionally, revenue from decorative paints rose, driven by increased sales volumes in China and other major markets, including Malaysia, and Singapore.

Consequently, consolidated revenue grew by 15.1% from the previous year to ¥681,058 million, and consolidated operating profit rose by 7.6% to ¥93,757 million.

#### **DuluxGroup**

Revenue from decorative paints rose, primarily supported by yen depreciation, despite lower sales volumes caused by softened market conditions in the Pacific and Europe. Revenue in the adjacencies business also grew, bolstered by contributions from recent acquisitions in the Pacific and the European adjacencies manufacturer N.P.T.s.r.l., which was acquired in July 2023, despite the challenging market environment.

As a result, consolidated revenue grew by 12.3% year-on-year to ¥298,864 million. Consolidated operating profit rose by 4.7% to ¥29,642 million, primarily driven by an improved gross profit margin, even as SG&A expenses increased due to inflationary pressure.

#### **Americas**

In the Americas, revenue from automotive coatings increased, supported by a recovery in automobile production among Japanese automakers—our primary customers—in the United States, a core market for this segment. Additionally, the successful implementation of price increases contributed to this growth. Despite a slowdown in the U.S. economy and housing market, revenue from decorative paints rose, supported by the continued impact of the flow-through of price increases, a reduced effect from adverse weather in California compared to the same period a year earlier, and new store openings.

Consequently, consolidated revenue increased by 15.3% year-on-year, to ¥93,185 million, while consolidated operating profit grew by 26.3% to ¥6,984 million.

(2) Overview of Financial Position

At the end of the third quarter of the current fiscal year, total assets increased by ¥188,123 million compared to the end of the previous fiscal year, reaching ¥2,901,465 million.

This increase was driven by a ¥76,959 million rise in current assets, primarily due to higher trade and other receivables, and a ¥111,163 million increase in non-current assets, largely attributed to a growth in goodwill.

Liabilities increased by ¥85,463 million, to ¥1,430,701 million, mainly due to an increase in bonds and borrowings.

Equity increased by ¥102,660 million, reaching ¥1,470,764 million, primarily driven by a rise in retained earnings.

Consequently, the ratio of equity attributable to owners of parent to total assets improved from 50.1% at the end of the previous fiscal year to 50.2%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information

There are no changes to the consolidated earnings forecast for the fiscal year ending December 31, 2024, as reported in the consolidated financial statements for the fiscal year ended December 31, 2023 released on February 14, 2024.

## 2. Condensed Consolidated Quarterly Financial Statements and Primary Notes

### (1) Condensed Consolidated Quarterly Statements of Profit or Loss and Comprehensive Income

#### Condensed Consolidated Quarterly Statement of Profit or Loss

Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
Revenue	1,085,878	1,222,747
Cost of sales	(654,665)	(730,505)
<b>Gross profit</b>	431,213	492,242
Selling, general and administrative expenses	(309,685)	(356,992)
Other income	12,164	9,075
Other expenses	(2,066)	(2,567)
<b>Operating profit</b>	131,625	141,758
Finance income	5,950	6,678
Finance costs	(12,242)	(14,818)
Share of profit (loss) of investments accounted for using equity method	1,707	2,041
<b>Profit before tax</b>	127,042	135,659
Income taxes	(33,048)	(36,138)
<b>Profit</b>	93,993	99,521
<b>Profit attributable to</b>		
Owners of parent	93,444	98,203
Non-controlling interests	549	1,317
<b>Profit</b>	93,993	99,521
<b>Earnings per share</b>		
Basic earnings (loss) per share (yen)	39.79	41.81
Diluted earnings (loss) per share (yen)	39.79	41.81

Condensed Consolidated Quarterly Statement of Comprehensive Income

Nine Months Ended September 30

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
<b>Profit</b>	93,993	99,521
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	2,502	516
Remeasurements of defined benefit plans	(1)	(265)
Share of other comprehensive income of equity method affiliates	0	0
Total of items that will not be reclassified to profit or loss	2,501	250
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	172,913	49,935
Cash flow hedges	30	7
Share of other comprehensive income of investments accounted for using equity method	(485)	(364)
Total of items that may be reclassified to profit or loss	172,457	49,577
<b>Total other comprehensive income</b>	174,959	49,828
<b>Comprehensive income</b>	268,953	149,350
<b>Comprehensive income attributable to</b>		
Owners of parent	267,831	147,471
Non-controlling interests	1,122	1,878
<b>Comprehensive income</b>	268,953	149,350

## (2) Condensed Consolidated Quarterly Statement of Financial Position

(Million yen)

	As of December 31, 2023	As of September 30, 2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	289,647	260,974
Inventories	175,617	192,890
Trade and other receivables	317,940	412,021
Other financial assets	84,146	82,526
Other current assets	22,005	18,063
<b>Subtotal</b>	<b>889,357</b>	<b>966,476</b>
Assets held for sale	199	40
<b>Total current assets</b>	<b>889,557</b>	<b>966,516</b>
<b>Non-current assets</b>		
Property, plant and equipment	409,984	445,941
Goodwill	897,751	940,854
Other intangible assets	430,763	436,200
Investments accounted for using equity method	28,198	28,783
Other financial assets	35,161	59,276
Other non-current assets	14,381	15,423
Deferred tax assets	7,543	8,468
<b>Total non-current assets</b>	<b>1,823,784</b>	<b>1,934,948</b>
<b>Total assets</b>	<b>2,713,341</b>	<b>2,901,465</b>



(Million yen)

	As of December 31, 2023	As of September 30, 2024
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	262,152	270,892
Bonds and borrowings	55,955	121,678
Other financial liabilities	21,908	24,996
Income taxes payable	14,770	14,217
Provisions	4,310	3,973
Other current liabilities	78,564	91,852
<b>Total current liabilities</b>	<b>437,701</b>	<b>527,610</b>
<b>Non-current liabilities</b>		
Bonds and borrowings	683,771	649,170
Other financial liabilities	96,480	121,733
Retirement benefit liability	17,130	17,455
Provisions	1,366	2,040
Other non-current liabilities	6,073	5,766
Deferred tax liabilities	102,714	106,924
<b>Total non-current liabilities</b>	<b>907,536</b>	<b>903,090</b>
<b>Total liabilities</b>	<b>1,345,237</b>	<b>1,430,701</b>
<b>Equity</b>		
Share capital	671,432	671,432
Treasury shares	(6,049)	(6,021)
Retained earnings	351,205	401,067
Other components of equity	341,721	391,125
<b>Total equity attributable to owners of parent</b>	<b>1,358,310</b>	<b>1,457,604</b>
<b>Non-controlling interests</b>	<b>9,793</b>	<b>13,159</b>
<b>Total equity</b>	<b>1,368,104</b>	<b>1,470,764</b>
<b>Total liabilities and equity</b>	<b>2,713,341</b>	<b>2,901,465</b>

## (3) Condensed Consolidated Quarterly Statement of Changes in Equity

For the Nine Months Ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(Million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of January 1, 2023	671,432	—	(6,096)	272,527	210,961	1,148,824	6,533	1,155,358
Profit	—	—	—	93,444	—	93,444	549	93,993
Other comprehensive income	—	—	—	—	174,386	174,386	573	174,959
Comprehensive income	—	—	—	93,444	174,386	267,831	1,122	268,953
Purchase of treasury shares	—	—	(0)	—	—	(0)	—	(0)
Disposal of treasury shares	—	99	39	—	(33)	105	—	105
Dividends	—	—	—	(28,182)	—	(28,182)	(296)	(28,479)
Change in ownership interest in subsidiaries	—	27	—	—	—	27	(63)	(36)
Transfer from retained earnings to capital surplus	—	10,828	—	(10,828)	—	—	—	—
Change in the scope of consolidation	—	—	—	—	—	—	1,572	1,572
Transfer from other components of equity to retained earnings	—	—	—	18	(18)	—	—	—
Increase or decrease in equity due to capital increase of subsidiary	—	—	—	—	—	—	48	48
Change in non-controlling interest put option liabilities	—	(10,955)	—	—	—	(10,955)	—	(10,955)
Other	—	—	—	—	—	—	(0)	(0)
Total transactions with owners	—	—	39	(38,992)	(51)	(39,005)	1,260	(37,744)
Balance as of September 30, 2023	671,432	—	(6,057)	326,979	385,296	1,377,651	8,916	1,386,567

For the Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

(Million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total equity
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of January 1, 2024	671,432	—	(6,049)	351,205	341,721	1,358,310	9,793	1,368,104
Profit	—	—	—	98,203	—	98,203	1,317	99,521
Other comprehensive income	—	—	—	—	49,268	49,268	560	49,828
Comprehensive income	—	—	—	98,203	49,268	147,471	1,878	149,350
Purchase of treasury shares	—	—	(1)	—	—	(1)	—	(1)
Disposal of treasury shares	—	72	28	—	(26)	75	—	75
Dividends	—	—	—	(35,230)	—	(35,230)	(310)	(35,540)
Change in ownership interest in subsidiaries	—	(203)	—	—	—	(203)	(71)	(274)
Transfer from retained earnings to capital surplus	—	12,949	—	(12,949)	—	—	—	—
Change in the scope of consolidation	—	—	—	—	—	—	1,569	1,569
Transfer from other components of equity to retained earnings	—	—	—	(161)	161	—	—	—
Increase or decrease in equity due to capital increase of subsidiary	—	—	—	—	—	—	15	15
Change in non-controlling interest put option liabilities	—	(12,818)	—	—	—	(12,818)	—	(12,818)
Other	—	—	—	—	—	—	285	285
Total transactions with owners	—	—	27	(48,341)	135	(48,177)	1,487	(46,690)
Balance as of September 30, 2024	671,432	—	(6,021)	401,067	391,125	1,457,604	13,159	1,470,764

## (4) Condensed Consolidated Quarterly Statement of Cash Flows

(Million yen)

	For the nine months ended September 30, 2023	For the nine months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before tax	127,042	135,659
Depreciation and amortization	38,437	46,454
Interest and dividend income	(4,327)	(6,228)
Interest expenses	6,660	9,742
Share of loss (profit) of investments accounted for using equity method	(1,707)	(2,041)
Decrease (increase) in inventories	12,653	(7,682)
Decrease (increase) in trade and other receivables	(51,121)	(87,878)
Increase (decrease) in trade and other payables	(4,317)	2,729
Increase (decrease) in allowance for doubtful accounts	4,393	420
Increase (decrease) in other current liabilities	12,129	11,345
Other	(528)	4,309
<b>Subtotal</b>	<b>139,314</b>	<b>106,831</b>
Interest received	3,836	5,675
Dividends received	1,087	1,723
Interest paid	(6,559)	(9,666)
Income taxes paid	(28,864)	(38,337)
<b>Net cash provided by (used in) operating activities</b>	<b>108,815</b>	<b>66,226</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(3,226)	(17,241)
Net decrease (increase) in short-term investment securities	(25,193)	(2,533)
Purchase of property, plant and equipment	(21,010)	(35,785)
Purchase of investments in subsidiaries	(6,980)	(25,125)
Payments for transfer of business	(3,472)	(404)
Other	(1,855)	(157)
<b>Net cash provided by (used in) investing activities</b>	<b>(61,739)</b>	<b>(81,247)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(3,633)	(643)
Proceeds from long-term borrowings	60,002	73,003
Repayments of long-term borrowings	(60,939)	(45,858)
Repayments of lease obligations	(10,408)	(12,304)
Dividends paid	(28,113)	(35,156)
Dividends paid to former shareholders of consolidated subsidiaries	(12,106)	—
Other	(36)	(338)
<b>Net cash provided by (used in) financing activities</b>	<b>(55,235)</b>	<b>(21,299)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>16,503</b>	<b>6,696</b>
<b>Adjustment from hyperinflationary accounting</b>	<b>716</b>	<b>951</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>9,060</b>	<b>(28,672)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>242,598</b>	<b>289,647</b>
<b>Cash and cash equivalents at end of period</b>	<b>251,659</b>	<b>260,974</b>

(5) Notes to Condensed Consolidated Quarterly Financial Statements

(Segment information)

(1) Summary of reportable segments

The Nippon Paint Group's operations are divided into business segments for which separate financial information is available. Segments are subject to periodic evaluations by the Board of Directors, which is the highest decision-making body, in order to make decisions regarding business resource allocations and performance assessments. The Nippon Paint Group's primary businesses are the paint and coating business, which manufactures and sells automotive coatings, decorative paints, industrial coatings, fine chemicals, and other paints, and the adjacencies business which manufactures and sells adjacencies products such as adhesives. An independent company and companies overseen by this company are responsible for business activities in Japan. Independent companies, led by NIPSEA and DuluxGroup, are responsible for business activities in Asia, Oceania, and other regions. Other independent local companies are responsible for the Americas. Each company constitutes an individual management unit which makes decisions about items to sell and determines comprehensive regional strategies for growth.

As a result, the Nippon Paint Group consists of four reportable segments divided by management units or regions based on manufacturing and sales infrastructures: Japan, NIPSEA, DuluxGroup, and the Americas. The Japan segment includes the overseas marine coatings business.

(2) Performance by reportable segment

For the Nine Months Ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

(Million yen)

	Reportable segment					Adjustments (Note)	Condensed quarterly consolidated financial statements amount
	Japan	NIPSEA	DuluxGroup	Americas	Total		
Revenue							
Revenue from external customers	146,999	591,846	266,227	80,805	1,085,878	—	1,085,878
Intersegment revenue	11,894	4,242	356	21	16,514	(16,514)	—
Total	158,893	596,088	266,584	80,827	1,102,393	(16,514)	1,085,878
Segment profit (loss)	12,494	87,104	28,314	5,529	133,443	(1,817)	131,625
Finance income							5,950
Finance costs							(12,242)
Share of profit of investments accounted for using equity method							1,707
Profit before tax							127,042

Note: Adjustments for segment profit are the headquarters expenses not allocated to any reportable segment and intersegment eliminations.

For the Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

(Million yen)

	Reportable segment					Adjustments (Note)	Condensed quarterly consolidated financial statements amount
	Japan	NIPSEA	DuluxGroup	Americas	Total		
Revenue							
Revenue from external customers	149,638	681,058	298,864	93,185	1,222,747	—	1,222,747
Intersegment revenue	13,972	6,161	279	35	20,448	(20,448)	—
Total	163,610	687,220	299,144	93,220	1,243,196	(20,448)	1,222,747
Segment profit (loss)	13,905	93,757	29,642	6,984	144,291	(2,532)	141,758
Finance income							6,678
Finance costs							(14,818)
Share of profit of investments accounted for using equity method							2,041
Profit before tax							135,659

Note: Adjustments for segment profit are the headquarters expenses not allocated to any reportable segment and intersegment eliminations.

(3) Information on products and services

For the Nine Months Ended September 30, 2023 (From January 1, 2023 to September 30, 2023)

	(Million yen)				
	Japan	NIPSEA	DuluxGroup	Americas	Total
Paint and coating business					
Automotive coatings	30,904	71,344	—	29,551	131,799
Decorative paints	35,874	441,166	168,354	49,981	695,376
Industrial coatings	29,221	30,972	6,963	—	67,157
Fine chemicals	6,610	7,022	—	1,272	14,906
Other paints	44,388	13,699	—	—	58,088
	146,999	564,204	175,318	80,805	967,327
Adjacencies business	—	27,641	90,909	—	118,551
Total	146,999	591,846	266,227	80,805	1,085,878

For the Nine Months Ended September 30, 2024 (From January 1, 2024 to September 30, 2024)

	(Million yen)				
	Japan	NIPSEA	DuluxGroup	Americas	Total
Paint and coating business					
Automotive coatings	28,738	75,711	—	34,406	138,855
Decorative paints	35,503	516,401	189,010	57,085	798,000
Industrial coatings	29,190	34,652	8,161	—	72,004
Fine chemicals	6,707	7,687	—	1,694	16,089
Other paints	49,498	19,399	—	—	68,898
	149,638	653,853	197,171	93,185	1,093,849
Adjacencies business	—	27,205	101,693	—	128,898
Total	149,638	681,058	298,864	93,185	1,222,747

(Notes on going concern assumption)

There are no applicable items.

(Notes on significant subsequent events)

On October 28, 2024, NPHD entered into a purchase agreement to acquire all equity interests of LSF11 A5 TopCo LLC and its subsidiaries (hereinafter referred to as “AOC”), a specialty formulator\* operating primarily in the United States and Europe, thereby making AOC a subsidiary of NPHD.

\*As a specialty formulator, the company is engaged in the formulation development, manufacturing, and distribution of unsaturated polyester (UP), vinyl ester (VE), and other solutions for CASE (Coatings, Adhesives, Sealants, and Elastomers), colorants, and composites. These products are used in construction, infrastructure, transportation, marine and other applications.

(1) Overview of the company to become NPHD's subsidiary

Name	LSF11 A5 TopCo LLC
Description of business	A company engaged in formulation development, manufacturing and distribution of unsaturated polyester, vinyl ester, etc. for composites and related products
Total assets	USD 2,979 million (Fiscal Year ended December 31, 2023)
Revenue	USD 1,495 million (Fiscal Year ended December 31, 2023)
Profit attributable to owners of parent	USD 130 million (Fiscal Year Ended December 31, 2023)

(2) Reasons for the acquisition

Nippon Paint Group (hereinafter the "Group") pursues Maximization of Shareholder Value (MSV) as our sole mission by leveraging our Asset Assembler model. We aim to achieve this by compounding EPS (earnings per share) through a combination of organic growth, driven by the expansion of existing businesses, as well as inorganic growth, accomplished through good and low-risk mergers and acquisitions across diverse regions, business areas, and scales, without limitations. Additionally, we strive to maximize PER (price-to-earnings ratio) by improving capital market understanding and evaluations.

Backed by its broad customer base, including areas with significant growth potential, advanced technological capabilities that allow for high-level product customization tailored to customer needs, and flexible logistics network, AOC has secured a leading position in the US and European markets as a specialty formulator for CASE, colorants, and composite solutions. Additionally, the company features excellent cash generation capabilities, driven by excellent profitability and low capital expenditure requirements.

By joining the Group, AOC is expected to contribute to the sustainable compounding of EPS and support the expansion of existing businesses through collaboration with other Group companies.

(3) Closing date of the membership interest transfer

FY2025 1H (scheduled)

(4) Acquisition price, membership interest to be acquired, and membership interest holding ratio after the transaction

Acquisition price	JPY 334,089 million (USD 2,304 million)(projected)
Membership interest to be acquired	100%
Membership interest holding ratio after the transaction	100%

(5) Method of funding and payment

Method of funding	Debt financing from financial institutions (projected)
Method of payment	Cash