

# Nippon Paint Medium-Term Strategy Update Briefing

**-Our Roadmap as Asset Assembler-**

April 3, 2025

# Today's Agenda

1. Executive Summary ... P3

2. Asset Assembler Model ... P4

3. Inorganic Growth ... P5

4. Organic Growth ... P7

5. FY2025 Guidance Revision ... P11

6. Finance Strategy ... P12

7. PER Maximization ... P13

8. In Summary ... P15

Appendix

## Glossary

•CCM : Computerized Color Matching  
•CC : Construction Chemicals  
•ETICS : External Thermal Insulation Composite System  
•SAF : Sealants, Adhesives & Fillers  
•Selleys : Brand for adjacencies products such as adhesives and sealants  
•c. : circa (approximately)  
•PC : Partner Company: The term that refers to consolidated subsidiaries of NPHD

•NPHD : Nippon Paint Holdings  
•NPAC : Nippon Paint Automotive Coatings  
•NPTU : Nippon Paint  
•NPIU : Nippon Paint Industrial Coatings  
•NPSU : Nippon Paint Surf Chemicals  
•NPCS : Nippon Paint Corporate Solutions  
•NPMC : Nippon Paint Marine Coatings

## 1. Executive Summary

### Advantage of our Asset Assembler model remains unchanged

- We remain committed to low-risk, sustainable EPS compounding through both organic and inorganic growth
- Our Group empowers individual assets with autonomy and accountability to unlock their potential, driving Maximization of Shareholder Value (MSV)

### AOC acquisition showcases our limitless aspiration through inorganic initiative

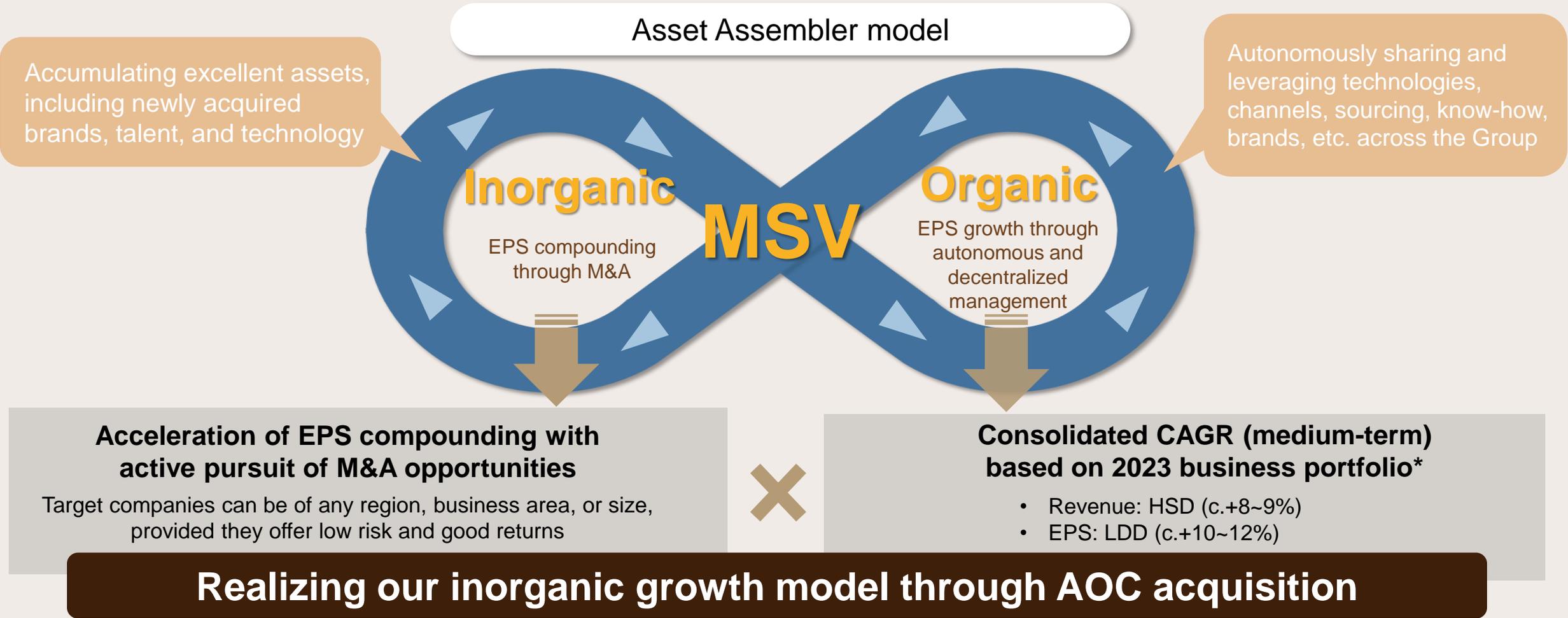
- AOC secured steady earnings, supported by resilient business model and highly customized products, contributing significantly to our EPS accretion from year 1
- As a new growth pillar following NIPSEA, DuluxGroup, etc., AOC contributes to improving consolidated margins and cash generation, and establishing a more balanced regional revenue composition

### Our robust organic growth continues

- Achieved solid growth despite challenging market in 2024, leveraging our brand and technologies, resulting in maintenance/growth in market share across regions and business segments
- Demonstration of steady growth supported by resilient business models ensures medium-term growth forecasts for each partner company attainable
- China operations continue to deliver profitable growth despite challenging market conditions, maintaining their appeal as a key growth pillar

## 2. How We Leverage Asset Assembler Model to Achieve MSV

Sustainable EPS compounding shall enhance PER, achieving MSV over the long term



\* Including the two India businesses (NPI and BNPA) and Alina (Kazakhstan)

## 3. Inorganic Growth (Summary)

AOC acquisition showcases our Asset Assembler strategy

### 1 Our strategy announced in April 2024

- Acquisition targets are low-risk, good-return, cash-generative assets with no limits on regions, business segments, or scale, with a focus on balancing risk and valuations
- Sustainable EPS contribution from year 1

### 2 Acquisition of AOC

- Acquisition satisfies all the above criteria
- Delivery of expected results crucial moving forward

### 3 Our strengths

- Discerning eye to identify good acquisition targets
- Maintaining and enhancing the motivation of talent joining our Group
- Autonomy with accountability
- Leverage low funding cost benefits

### 4 Our future strategies

- Continue to acquire “good” assets
- Assemble “Nice to Have” assets as opposed to “Must Have” ones ensuring reasonable valuation
- Debt financing remains a priority, but with equity financing as an option if sufficient EPS accretion is ensured, enabling pursuit of unlimited upside potential

### 3. Inorganic Growth: AOC's Acquisition

Addition of new growth pillar to NIPSEA, DuluxGroup, etc. significantly transforms margin, cash flow and business profiles

#### AOC\*1

##### Tanshin

		FY2024 Results*1 (Reference value) (Annualized/in LCY)	FY2025 Forecast (Reference value) (Annualized/in LCY)
AOC	Revenue	1,355	0~-5%
	Operating profit	416	-
	OP margin*2	30.7%	→
	EBITDA	504	-
	EBITDA margin*2	37.2%	-

#### Assumptions for 2025 guidance

Maintain margins from 2024 to 2025

US and EU recovery delayed due to higher-for-longer interest rates, tariffs, and overall economic uncertainty

\* ↑ : ≥+2%, ↗ : +1%~2%, → : -1%~+1%, ↘ : -1%~-2%, ↓ : ≤-2%

### Our Group's margin profile following consolidation of AOC\*1 (2024)

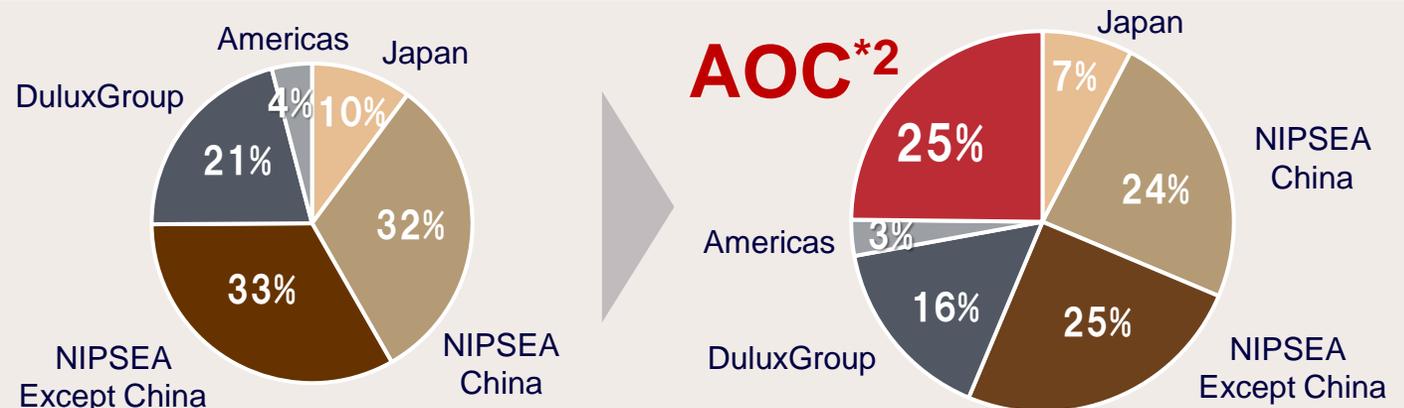
#### OP margin

11.5% → **13.7%**

#### Operating cash flow

JPY 167.4bn → **JPY 221.3bn**

#### Operating profit breakdown\*3



\*1 FY2024 results are proforma, representative as if AOC operated as subsidiary for entire 2024 \*2 PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded \*3 Percentages to the total sum of segment profit

## 4. Organic Growth (Summary)

Despite challenging market conditions, Group has shown operational resilience and delivered steady growth

### 1 Market environment

- 2024 global economy (GDP) showed some weakness, with declines in regions such as Europe, Japan and Türkiye compared to last year estimates. Paint market estimated to correlate with GDP trends

### 2 Our performance

- Achieved solid growth with successful execution of marketing and pricing strategies amid challenging market conditions. As a result, maintained or expanded our market shares largely across regions and business segments

### 3 Medium-Term targets

- Achieved steady growth driven by resilient performance across regions and business segments, thereby our target remains unchanged, being consistent with our historical track record in each region

### 4 Our perspective on China

- China operations continue to deliver growth despite challenging market conditions and remain an attractive key growth pillar, supported by high market potential in the future

## 4. Organic Growth: Our Growth Profile (1)

		2024 Results		Medium-Term Forecast (in LCY)		Market Growth Forecast <sup>*2</sup>		Primary strategies to deliver market +α growth →For details, please refer to the Appendix.
		Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue (CAGR)	OP margin (vs 2023) <sup>*1</sup>	Volume basis	Value basis	
Japan		+0.1%	9.6%	+0~5%	↗	-1% (Decorative)	+1% (Decorative)	Expansion of high-performance and sustainable products, agile pricing policies responsive to price fluctuations, and strengthening supply chains through digitalization
NIPSEA China	Segment total	+6.3%	11.1%	c. +10%	→			
	Decorative (TUC)	+6%		+10~15%		+3%	+1%	Defend and grow market share, extending share especially in the Tier 3 to 6 cities
	Decorative (TUB)	-15%		c. +5%		+1%	+2%	Diversification and moving beyond the traditional new built residential segment into repainting, other non-residential segments and infrastructure
NIPSEA Except China	Segment total	+13.1% <sup>*3</sup>	17.2%	+5~10%	→			
	Malaysia Grp. Singapore Grp. Thailand Grp.			+5~10%	→	Singapore +1% Malaysia +3% Thailand +2%	Singapore +1% Malaysia +5% Thailand +2%	<ul style="list-style-type: none"> <li>• Singapore: Invest in advertising and secure stronghold on dealer channel</li> <li>• Malaysia: Dominate Decorative brand Top of Mind, pushing exterior category to achieve category leadership with focus on Ultra Premium and Premium range of products</li> <li>• Thailand: Sales transformation toward technical &amp; value selling (The Coatings Expert), investing in advertising and transforming from a Push (colors, products) to Pull (quality, brand, innovation) approach</li> </ul>
	PT Nipsea (Indonesia)	+3.4%	34.9%	c. +10%	→	+3%	+6%	Driving Nippon Paint brand in the Ultra Premium and Premium products and adding new waterproofing products to complete offering of professional water proofing solutions
	Betek Boya (Türkiye)	+34.9%	13.2%	c. +10%	(→) <sup>*4</sup>	+1%	+7%	Defending and growing market share by leveraging strong brand assets and a robust distribution network in paints while expanding contribution from ETICS in new market tiers
	NPI/BNPA (India)	(For reference) +0.8% <sup>*5</sup>	(For reference) 4.2% <sup>*5</sup>	c. +10%	→	+5% (Decorative)	-2% (Decorative)	Focusing on brand building and advertising activities to expand channel networks
	Alina (Kazakhstan)	(For reference) +8.1% <sup>*6</sup>	13.2% <sup>*7</sup>	c. +10%	→	+3%	+4%	Creating and realizing immediate synergies from leveraging the Nippon Paint playbook benefiting from scale and efficiencies on procurement, SAP integration, upgrade of Decorative production capabilities

\*1 ↑ : ≥+2%, ↗ : +1%~2%, → : -1%~+1%, ↘ : -1%~-2%, ↓ : ≤-2% \*2 Internal estimates and value basis include the impact of volume changes \*3 Excluding India businesses (NPI/BNPA) and Alina

\*4 Subject to change due to the impact of hyperinflationary accounting \*5 Pro-forma figures (unaudited). The 2024 results are annualized figures \*6 The 2023 results are Pro-forma figures (unaudited)

\*7 Including inventory step-up costs (one-off expenses) associated with PPA

## 4. Organic Growth: Our Growth Profile (2)

		2024 Results		Medium-Term Growth Forecast (in LCY)		Market Growth Forecast <sup>*2</sup>		Primary strategies to achieve "Market +α" growth →For details, please refer to the Appendix
		Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue (CAGR)	OP margin (vs 2023) <sup>*1</sup>	Volume-basis	Value-basis	
DuluxGroup	DGL (Pacific)	+4.5%	13.3%	c. +5%	→	~+1%	+2~2.5%	Defend and grow our leading market share in paints & coatings and sealants & adhesives, with further growth in other adjacent categories
	DGL (Europe)	-2.3% <sup>*3</sup>	4.9%	+5~10%	↑	~+1% (France)	+1~3% (France)	Targeting share growth in paints & coatings and leveraging our sealants & adhesives position
Dunn-Edwards		+4.8%		c. +5%	↑	+2% (overall U.S.)	+5% (overall U.S.)	Growth driven by both volume and price increases while continuing to focus on existing product sales, bringing new products to market and gaining share in Northern California
AOC <sup>*4</sup>		(For reference) -8.9%	(For reference) 30.7%	c. +5%	→	+3% (U.S.) +3% (Europe)	+5% (U.S.) +5% (Europe)	Strong innovation engine; AOC's pipeline remains strong, especially in areas where solutions can substitute other materials; we expect increased demand as the market recovers. Continued implementation of business systems to drive value for AOC and its customers

\*1 ↑ : ≥+2%, ↗ : +1%~2%, → : -1%~+1%, ↘ : -1%~-2%, ↓ : ≤-2% \*2 Internal estimates and value basis includes the impact of volume changes \*3 Excluding six-month earnings of NPT

\*4 FY2024 results are proforma, representative as if AOC operated as subsidiary for entire 2024. PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

## 4. Organic Growth: Our Outlook on the China Market and Operations

China's growth potential remains unchanged; we continue to focus on China operations as a key growth pillar

### <Market's growth potential>

- ◆ Decorative market: Arrival of the era of stock housing, per-capita paint consumption is around approximately 50-60% developed countries
- ◆ Automotive market: Per-capita car ownership is around 30% of developed countries

NIPSEA China		2023 (in LCY)	2024 (in LCY)	Medium-term growth forecast (in LCY)		Outlook on margin trends
Revenue (YoY)	TUC	+13%	+6%	+10~15%	Tier 0 and Tier 1-2: ↗ Tier 3-6: ↗ ↗	<ul style="list-style-type: none"> <li>◆ Positive factors                             <ul style="list-style-type: none"> <li>• Operating leverage effects from revenue growth</li> <li>• Higher revenue share of the decorative business in the consolidated China operations</li> <li>• Higher revenue share of the TUC segment within the decorative business</li> </ul> </li> <li>◆ Negative factors                             <ul style="list-style-type: none"> <li>• Product mix deterioration due to growth in Tier 3-6 cities</li> </ul> </li> </ul>
	TUB	-7%	-15%	c. +5%		
	Consolidated basis	+5.1%	+6.3%	c. +10%		
Percentage of TUC to total decorative revenue in NIPSEA China		c. 70%	c. 70%	↗		
OP margin (Tanshin)		12.5%	+11.1%	→		

## 5. FY2025 Guidance Revision: Revenue and OP Expected to Substantially Exceed Records

### FY2025 Guidance

(Tanshin basis)

(Billion yen)	Feb. guidance	Apr. guidance	Change	YoY
Revenue	1,740.0	1,820.0	+4.6%	+11.1%
Operating profit	198.0	244.0	+23.2%	+30.1%
OP margin	11.4%	13.4%	+200 bps	+190 bps
Profit before tax	188.0	226.0	+20.2%	+24.5%
Profit*1	134.0	162.0	+20.9%	+27.2%
EPS	¥57.1	¥69.0	+20.9%	+27.2%
Annual dividend	¥16	¥16	±¥0	+¥1

- Revenue: Forecast to grow +11.1% YoY and revised upward by +4.6% from the February guidance, driven primarily by AOC's 10-month consolidation and an updated FX forecast reflecting yen appreciation. No changes to fundamental factors in existing businesses, except for FX
- Operating profit: Forecast to increase +30.1% YoY and revised upward by +23.2% from the February guidance

- Major factors for the guidance revision (figures are estimates):

#### 【Revenue】

AOC consolidation to boost revenue by c. 160.0 billion yen, offset by c. 80.0 billion yen reduction due to yen appreciation vs. February FX assumptions

#### 【Operating profit】

- AOC consolidation to boost operating profit by c. +48.0 billion yen\*2, offset by c. 9.0 billion yen reduction due to yen appreciation
- Recording c. 7.0 bn yen gain from the sale of property, plant and equipment at Shinagawa Office

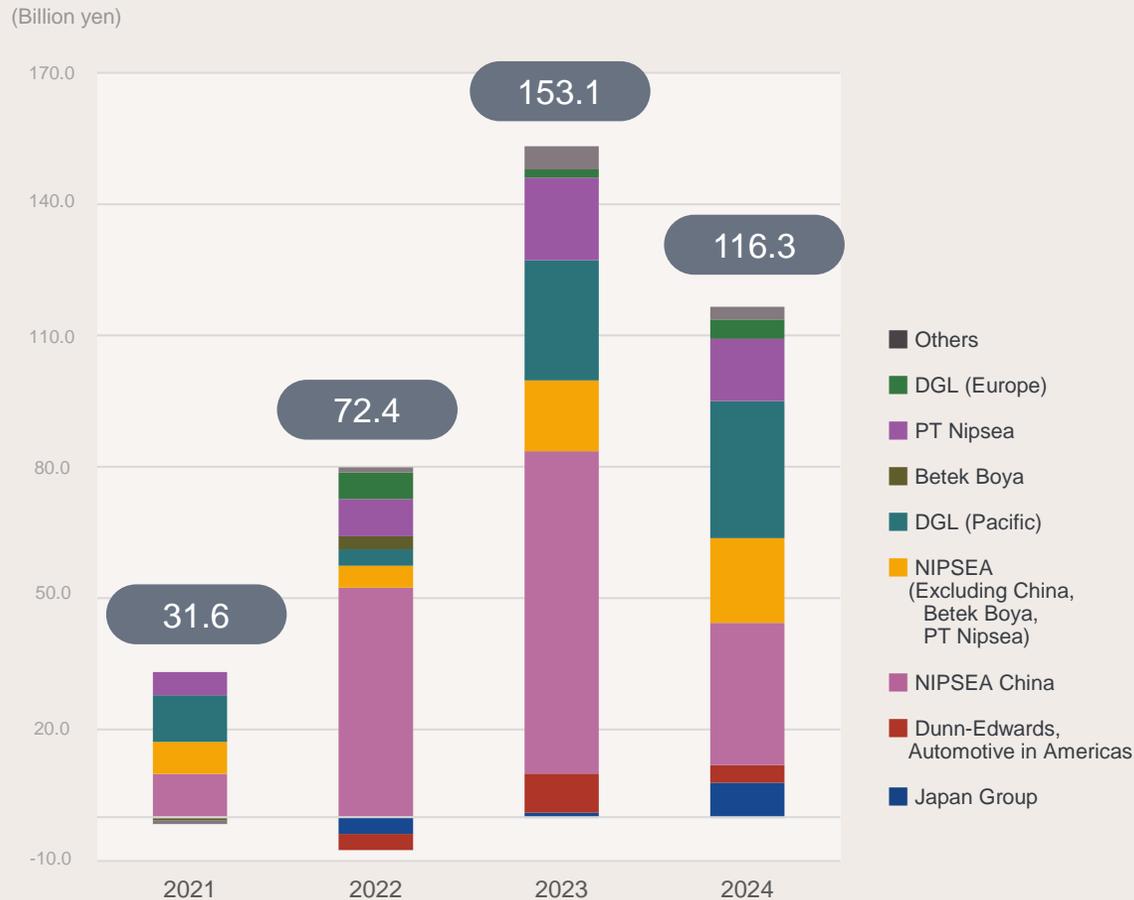
- EPS forecast revised upward and annual dividend forecast maintained

- EPS forecast at 69.0 yen (+27.2% YoY/ +20.9% vs. Feb. forecast)
- Annual dividend remains unchanged at 16 yen (+¥1 YoY)

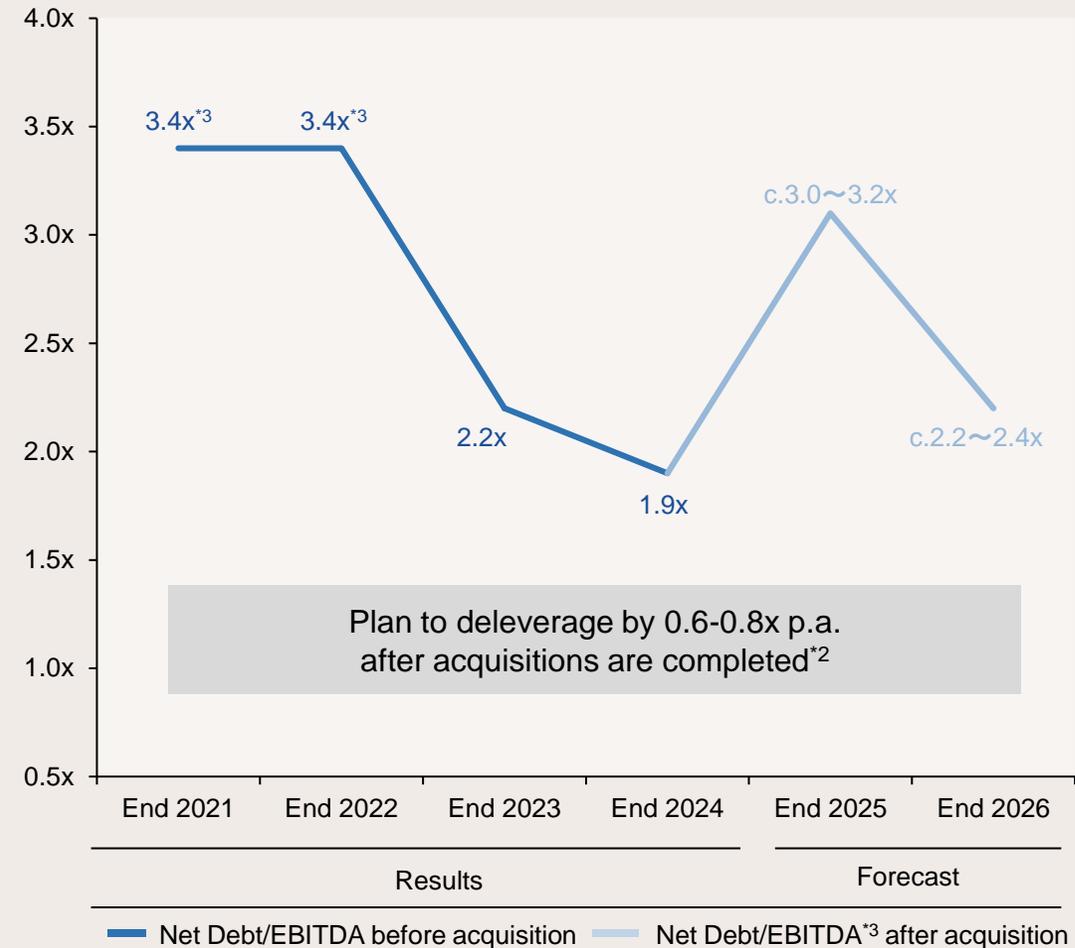
	FY2024 Actual	FY2025 Guidance (as of Feb.)	FY2025 Guidance (as of April)
JPY/USD	152.2	152.2	148.0
JPY/RMB	21.1	21.1	20.5
JPY/AUD	100.1	100.1	92.0
JPY/EUR	164.4	164.4	153.9
JPY/TRY*3	4.5	4.5	4.1
JPY/IDR	0.0096	0.0096	0.0090

## 6. Our Finance Strategy Updates

Cash flow\*1 generation performance



Pro-forma leverage



\*1 Calculated as the simple sum of operating cash flow (excl. dividend income from Group companies) and capex (excl. M&A and lease costs) \*2 Assuming no additional acquisitions \*3 Excluding one-off items

## 7. Our Approach to PER Maximization (1)

Share our growth vision with capital markets based on our track of sustainable EPS compounding and conviction in management vision

### 1 Nippon Paint as EPS Compounding Machine

- Achieved EPS growth for five consecutive years despite challenges such as COVID-19 and elevated crude oil prices
- Sustaining an outstanding track record in M&A

### 2 Enhance market conviction towards our management vision

- Notion of Nippon Paint, with MSV as sole mission, being fully committed to delivering both organic and inorganic growth

### 3 Alignment of growth vision with market (limited risk + infinite growth)

- Our base businesses are resilient, making sustainable growth fully attainable
- Continued accumulation of safe M&A with clear contribution to EPS compounding
- In addition to bolt-on M&A, we continue to pursue acquisition of good assets like AOC, driving infinite growth

CAGR  
(2016-2025E)

+14%

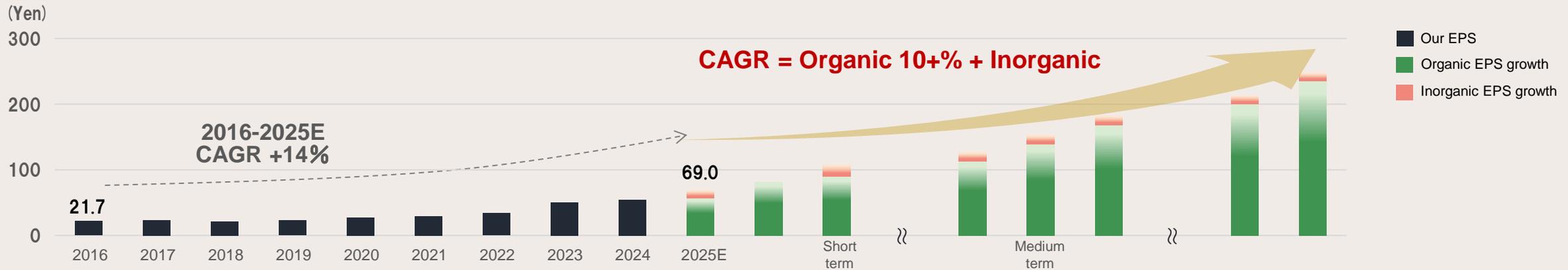


**AOC**  
Trusted Solutions

## 7. Our Approach to PER Maximization (2)

Build EPS track record through organic and inorganic initiatives, fostering capital market conviction to drive PER recovery

### EPS track record



### PER track record



## 8. In Summary

MSV is THE one and only mission for Nippon Paint  
We strive for infinite growth by leveraging our Asset Assembler platform

Organic growth driven by resilient business models and unlocking the full potential  
M&A focus on risk and valuation balance, granting autonomy with accountability to enable sustainable growth post-acquisition

Low risk and high sustainability are prerequisites for EPS maximization  
We shall endeavor to foster market conviction in our capabilities, track record, and vision, resulting in PER maximization

Nippon Paint's pursuit of Maximization of Shareholder Value continues...

# Appendix

# Nippon Paint at a Glance

Our Group has evolved dramatically over the past 10 years through partnership with Wuthelam and assembly of assets

Established



144

Years old  
(ext. in 1881)

Market presence  
(2025)



48

Operating  
countries/regions  
(vs. 18 in 2013)

Partnership with  
Wuthelam



63

Years  
(est. Asian JVs (NIPSEA  
business) in Singapore in 1962)

Revenue  
(2025 Company guidance)



1.82

tr JPY  
(vs. 0.23 tr JPY in 2013)

Ownership by  
Wuthelam



58.7

%  
(vs. 14.5% in 2013)

Market cap  
(as of Apr. 2, 2025)

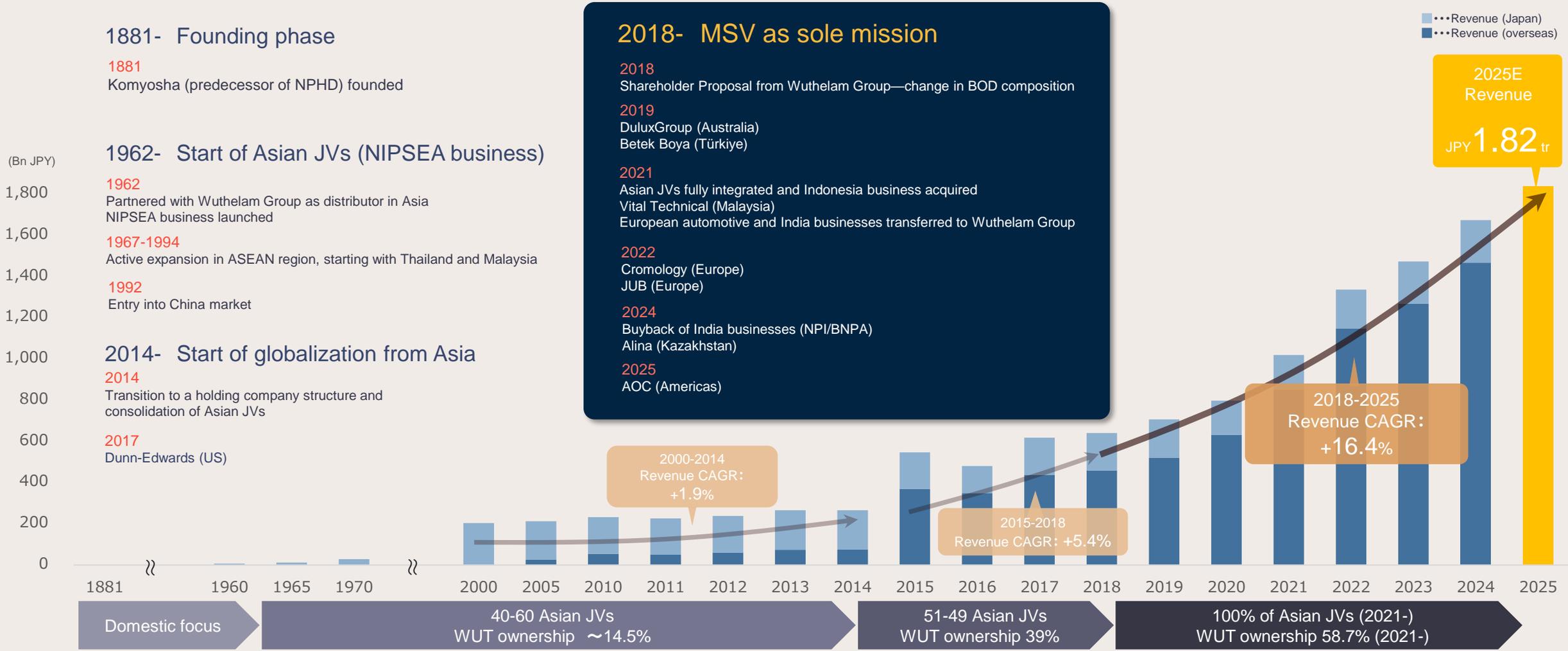


2.73

tr JPY  
(vs. 0.46 tr JPY in 2013)

# Our History

## Accelerating revenue and profit growth since 2018 in pursuit of MSV as our sole mission



# Advantage of Asset Assembler Model

Accelerating EPS compounding through the synergistic benefits of advantages offered by a lean headquarters and autonomous and decentralized management

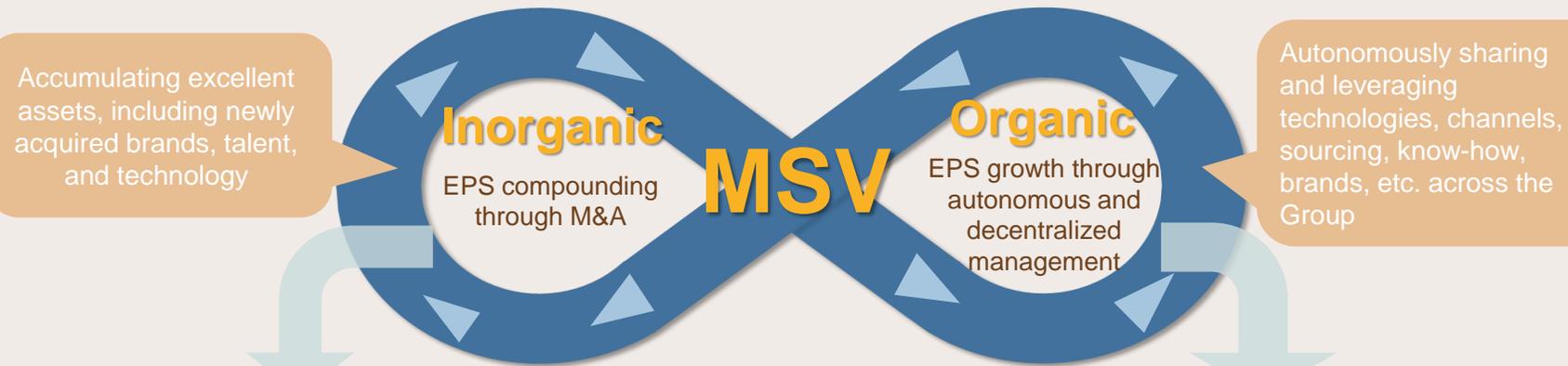
## Assumptions (Medium- to long-term outlook)

- Ever-present macroeconomic uncertainty
- Low-risk, good-return targets globally
- Japan-based advantage (Japan-US interest rate gap, consumer trust in Japanese brands, etc.) is likely to persist

## Features

- A model focused on low-risk and steady EPS compounding via organic and inorganic initiatives
- Capital markets' conviction in Asset Assembler model will boost PER, enabling MSV
- Unlocks unlimited growth potential for us

## Asset Assembler model



### Advantage of a lean headquarters

1. Our ability to harness the low-funding cost
2. Our ability to maintain and boost the EPS contribution from assets companies without intervention
3. Our unique appeal to management-class talents who empathize with our business model

### Advantage of autonomous and decentralized management

1. Driving autonomous growth of top-tier assets through low cost, strong cash generation, and operating leverage
2. Accelerating growth by leveraging our platform, including financing capabilities and brand strength
3. Realizing synergies and breakthroughs through collaboration projects among excellent assets

# Inorganic Growth: AOC's Acquisition (1)

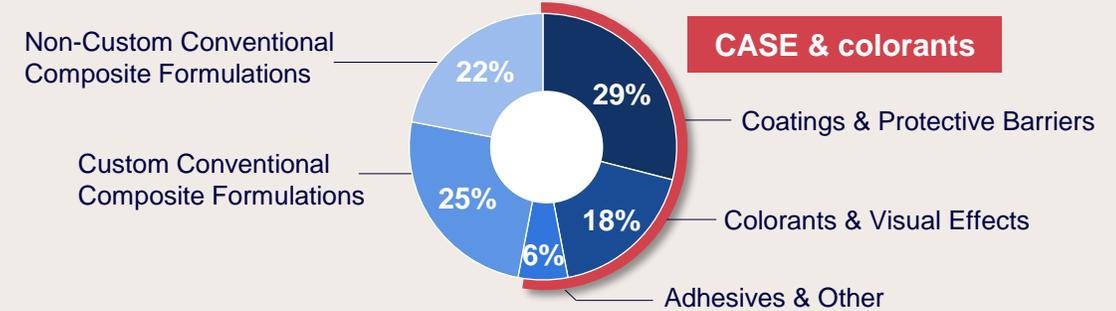
## AOC at a Glance

### Key operational and financial profile at a glance

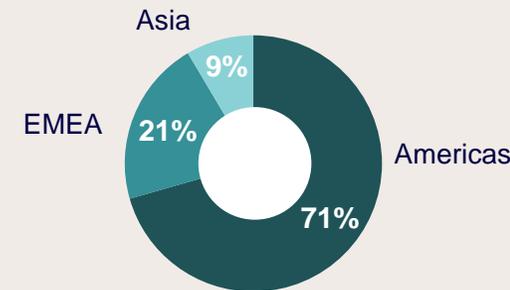
- 1 AOC is a leading formulator of CASE & colorants solutions
- 2 Excellent margin profile consistent with highly-customized products, fragmented customer base, and attractive market structure
- 3 Scalable business systems poised for further value creation
- 4 Controllable and multi-faceted growth opportunities in excess of the market
- 5 Best-in-class cash flow generation and financial profile
- 6 Exceptional management team with a strong track record of value creation

### Key figures at a glance (2024A) \*1

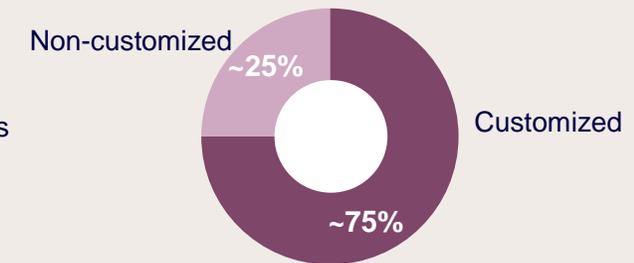
Volume by product line



Net sales by segment\*2



% of customized solutions\*3



### Strong market presence in the industry

AOC is the leader in North America and has a leading presence in the more fragmented European market

Source: AOC company materials

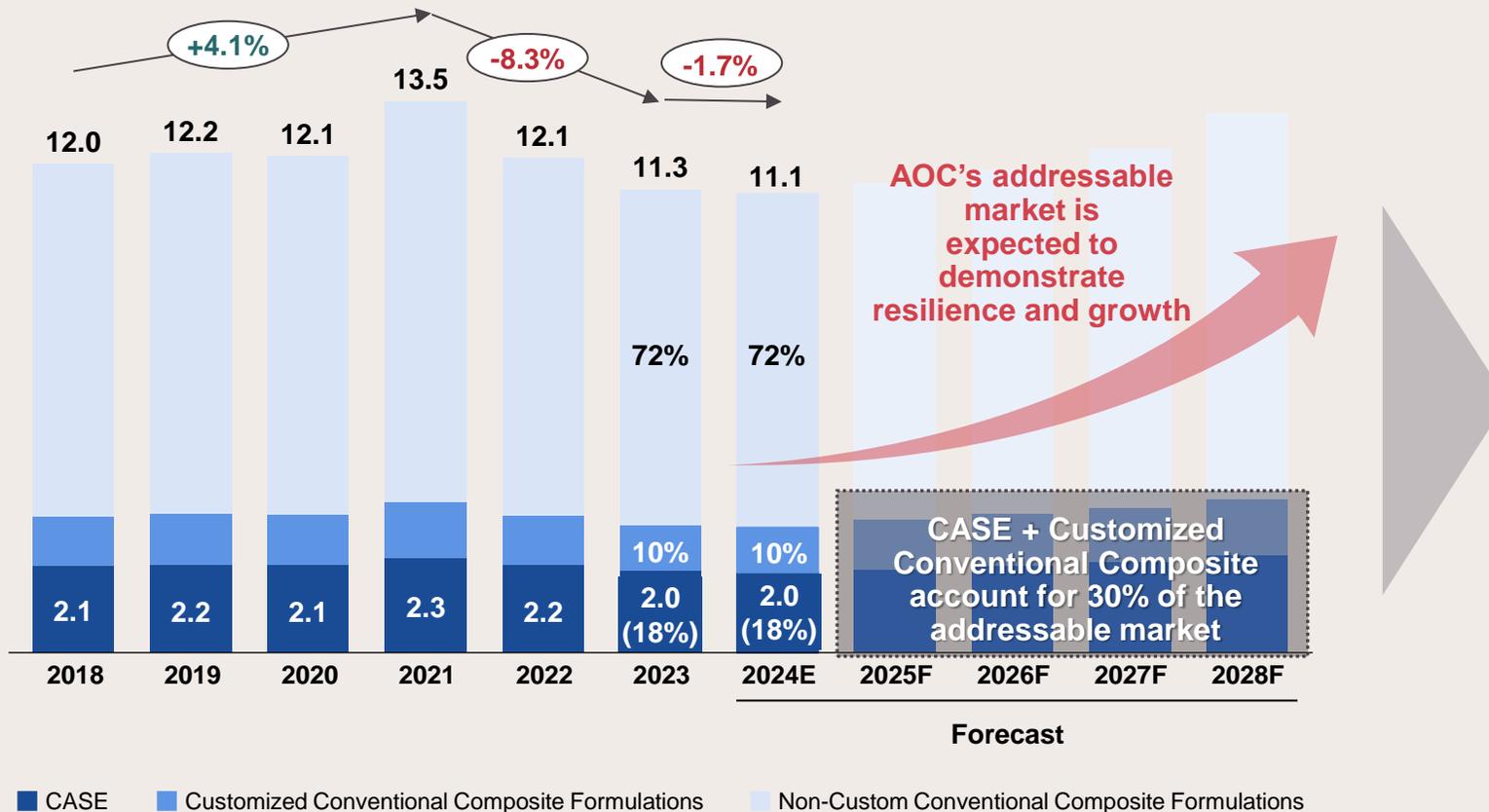
\*1 Percentages may not sum to 100% due to rounding \*2 Segments exclude AOC Materials, Corporate & Other \*3 Unique formulations for a single customer by SKU

## Inorganic Growth: AOC's Acquisition (2)

Attractive markets with stable market growth trajectory for both CASE & composite formulations

### AOC's addressable market evolution\*

(bn LBS.)



**After experiencing fluctuations in demand due to the pandemic, inflation, and high interest rates, AOC's addressable market is expected to see resilient growth in the medium to long term, primarily driven by infrastructure investments**

Source: Advancy latest report, AOC company materials

\*Addressable market, incl Unsaturated Polyester (UP) and Vinyl Ester (VE) formulations, gelcoat, color dispersion volumes

# Inorganic Growth: AOC's Acquisition (3)

Innovative & sustainable products serve demand driven by secular trends in AOC's core end markets

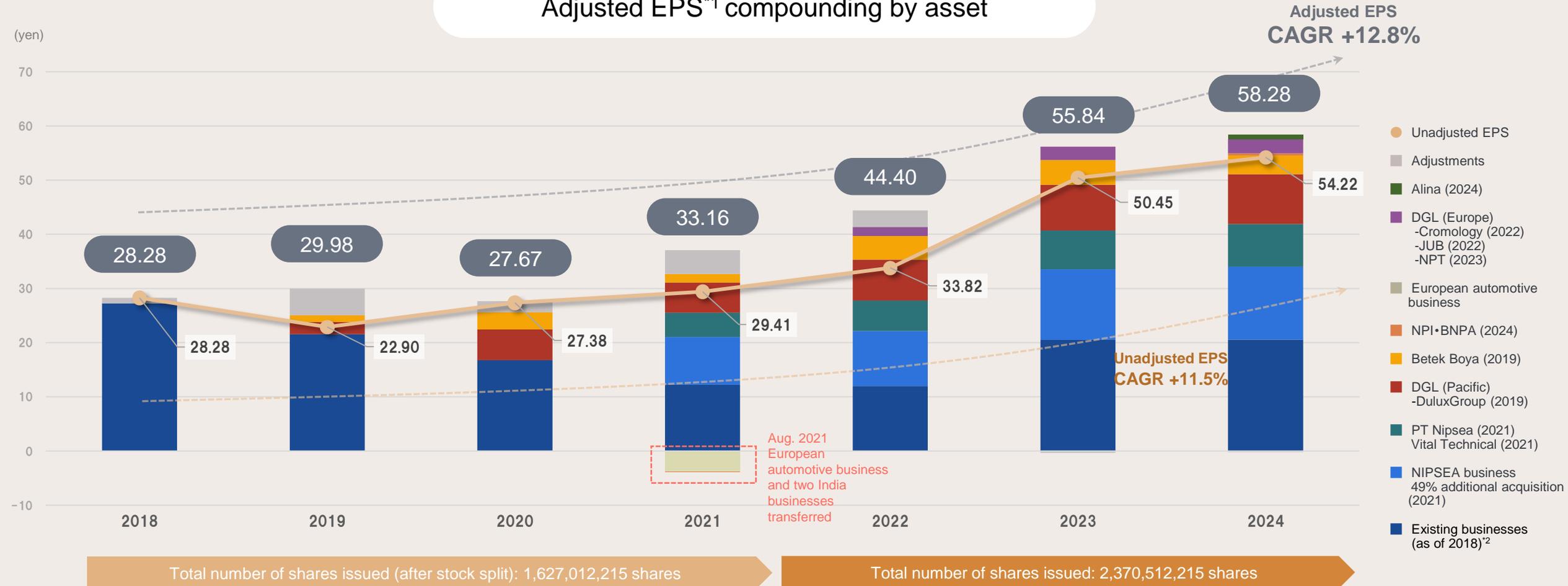
End markets (Revenue composition*)	Lightweighting / EVs	Global infrastructure growth incl. energy transition	Housing shortage & recycled input materials
			
	Transportation (15%)	Infrastructure (34%)	Construction (33%)
AOC product & application examples	<ul style="list-style-type: none"> <li>■ Formulations for structural and body parts</li> <li>■ Ultra-low-density Class A glass fiber &amp; carbon fiber solutions</li> </ul>	<ul style="list-style-type: none"> <li>■ Novel formulations for use in relining</li> <li>■ Multiple applications, e.g. potable water, laterals, culverts</li> <li>■ Formulations for wind energy</li> </ul>	<ul style="list-style-type: none"> <li>■ Multitude of applications in construction</li> <li>■ Formulations with recycled content</li> </ul>
Substitution & differentiation	<ul style="list-style-type: none"> <li>■ Displacement of traditional materials, e.g. steel</li> <li>■ Significant weight reduction and lower emissions</li> <li>■ Cost effective &amp; increased design flexibility</li> </ul>	<ul style="list-style-type: none"> <li>■ Patent-protected solutions and partnerships with leading CIPP players</li> <li>■ Avoidance of traffic congestion, e.g. urban areas</li> <li>■ Opportunities to increase efficiency of wind turbines and displace epoxy</li> </ul>	<ul style="list-style-type: none"> <li>■ Tailored solutions with ability to adapt recycled content %</li> <li>■ Variety of recycled materials</li> <li>■ Same properties as materials with virgin inputs</li> </ul>

Source: AOC company materials  
\* End market percentages are based on sale volume

# Our Track Record as Asset Assembler

Successfully and substantially compounded EPS since 2018 by driving organic and inorganic growth

Adjusted EPS\*1 compounding by asset



\*1 Calculated using simple sum of earnings after excluding one-off factors with major impacts (impairment, M&A expenses, provisions, hyperinflationary accounting, etc.) and dividends received from the Group subsidiaries; for 2018-2020, calculated using the number of shares adjusted for the stock split conducted in 2021

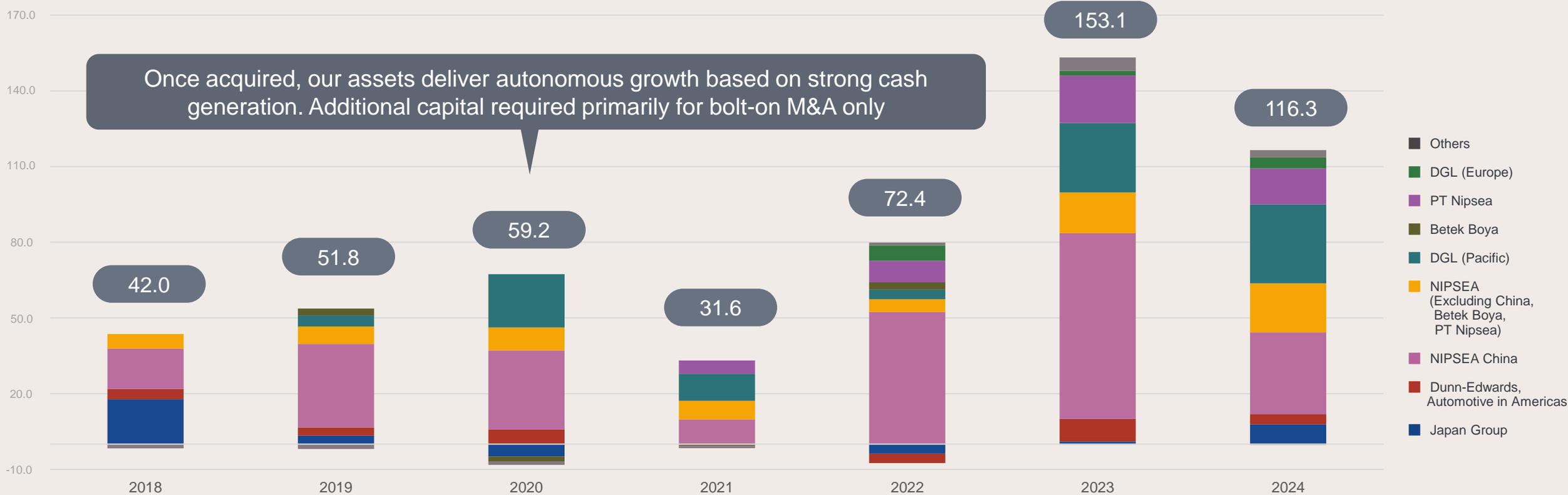
\*2 Japan Group, automotive in Americas, automotive in Asia, overseas marine, Dunn-Edwards, European automotive business, NIPSEA business (51% ownership)

# Strong Cash Generation from Assembled Assets

Our assets demonstrate robust cash generation, characterized by high margins and low CAPEX requirements

Cash flow\* generation by asset

(Billion yen)



\* Calculated as simple sum of Operating CF (excl. dividend income from Group subsidiaries) – CAPEX (excl. M&A and lease costs)

# Our Capability as Asset Assembler to Deliver the Promise

Track record of delivery, despite market turbulence, predicated on the earnings power of each asset

Achievement rate of original guidance (2020-2024)

Revenue (billion yen)	2020*	① 2021	② 2022	2023	2024
Original guidance	720.0	890.0	1,200.0	1,400.0	1,600.0
Year-end results	781.1	998.3	1,309.0	1,442.6	1,638.7
Overachievement rate	+8%	+12%	+9%	+3%	+2%

Operating profit (billion yen)	2020*	2021	2022	2023	2024
Original guidance	63.0	87.0	115.0	140.0	184.0
Year-end results	86.9	87.6	111.9	168.7	187.6
Overachievement rate	+38%	+1%	-3%	+21%	+2%

EPS (yen)	2020*	2021	2022	2023	2024
Original guidance	15.59	29.17	34.49	41.73	52.80
Year-end results	27.83	29.41	33.82	50.45	54.22
Overachievement rate	+79%	+1%	-2%	+21%	+3%

Agile response to rapidly changing environments, maintaining earnings growth and largely meeting original guidance over the past five years

- ① 2021: Guidance revised downward at mid-term  
(Factors) COVID, raw material inflation, chip shortage, etc.
- ② 2022: Guidance revised downward at mid-term  
(Factors) Increase in provision in China, hyperinflationary accounting in Türkiye, etc.

\* Original guidance announced in May 2020; EPS was calculated using the number of shares after stock split

## Our Asset Assembler Model Thrives on Our Management Structure



**EPS Maximization × PER Maximization**

Close communication between Co-Presidents allows for substantial EPS compounding, with MSV as the common mission and with split of primary responsibilities



**Majority shareholder: Wuthelam Group**

Embracing MSV as shared values and judgment basis with us, totally aligned with minority shareholders



**Board of Directors**

MSV versed independent directors holding majority (67%), pursuing MSV with the Executives

# Sustainability Initiatives That Drive EPS and PER

Aim to achieve MSV by increasing the earnings and markets' expectations through sustainability activities

## MSV (EPS Maximization × PER Maximization)

Improve market share and profitability  
Raise the markets' expectations

Our pursuit

Relentless pursuit of technologies, talents  
Intensive use of IT

Vigorous pursuit of higher quality,  
lower cost, CAPEX efficiency

Advantage of autonomous and decentralized management

Full access to our platform of Asset Assembler  
(Financing capacity, brands, technologies, know-how, collaborative projects across regions and businesses)

Sustainability linked to Materiality  
(Sustainability Teams)

Environment & Safety

Our pursuit  
Develop low-carbon/  
eco-friendly products  
+  
Ensure safe people and operations

People & Community

Our pursuit  
Recruit/train diverse employee  
+  
Earn the trust of stakeholders

Innovation & Product Stewardship

Our pursuit  
Develop sustainable products  
(NPSI ↗ /monitor LCA)  
+  
Chemicals of concern

Corporate Governance

Our pursuit  
Oversee management  
+  
Encourage risk-taking

Sustainable Procurement

Our pursuit  
Low-cost and sustainable procurement  
+  
Reduce environmental and  
human rights risks

Growth drivers

Technology

Talent

IT/DX

<Contact>

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Actual operating results, financial positions, and any other results of Nippon Paint Holdings and the Nippon Paint Group are subject to change due to risks and factors including economic conditions in Japan and other countries, business trends, competition with other companies, changes in laws and regulations, technological innovations and foreign exchange fluctuations. As a result, the actual results and performance, etc. of Nippon Paint Holdings and the Nippon Paint Group may differ significantly from the content presented herein the content inferred from the statements made herein.

# Medium-Term Strategy Update Briefing Appendix

April 3, 2025  
Nippon Paint Holdings Co., Ltd.

## –Contents–

1. Medium-Term Growth Strategy by Asset	2
2. Market Share Transition by Asset	5
3. Sustainability Teams Approaches and Actions	6
4. Roadmaps of Sustainability Teams	7

# 1. Medium-Term Growth Strategy by Asset

		2024 Results		Medium Term Forecast (in LCY)		Market features and outlook <sup>*2</sup>	Key strategies to deliver market +α growth
		Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue CAGR	OP margin <sup>*1</sup> (vs 2023)		
NIPSEA China	TUC	+6%	–	+10~15%	–	<p>◆Market Growth Forecast Volume basis: +3%/Value basis: +1%</p> <p>•The Chinese central government has set its 2025 GDP growth target between 5% to 6%, with a clear commitment to the principle of “steady progress”</p> <p>•A slew of measures has been introduced by the Chinese government to stabilize growth and to lift confidence in the property sector and the larger economy</p> <p>•Moderate market growth - continue to see stronger growth in the lower-tier and rural cities and demand in the renovation market from the refreshing of older apartment</p>	<p><b>Enriching with new product line-up</b></p> <ul style="list-style-type: none"> <li>•Striving and innovating products, providing solutions and services as a leading brand, bringing greater value to our customers</li> <li>•Launching new products in the paint and non paint segment to meet different markets needs and demand</li> </ul> <p><b>Continuous brand building</b></p> <ul style="list-style-type: none"> <li>•Investing in branding, building the brand to champion the leading position on decoration effects through Magic Paint</li> <li>•Continue color promotion and education by launching annual color trend and popular colors, investment in CCMs</li> </ul> <p><b>Optimising &amp; expanding customers and channels</b></p> <ul style="list-style-type: none"> <li>•Channel innovation: Developing customers based on different segment categories. Increasing number of exclusive distributors to better serve multi-brand stores and expand our competitive advantage in the distribution market</li> <li>•Strengthening NP store operations, increasing the utilisation rate of CCMs and boosting sales</li> </ul>
	TUB	-15%	–	c. +5%	–	<p>◆Market Growth Forecast Volume basis: +1%/Value basis: +2%</p> <p>•Property easing measures which include lowering of the down-payment ratios and the extension of deadlines for mortgage repayments are part of government efforts to lend support, stabilize and boost demand in a stagnant housing market</p> <p>•The People’s Bank of China (PBOC) provided 150 billion yuan worth of low-cost funds for lending to housing and infrastructure projects, further stepping up support for the economy</p> <p>•To aid completion of stalled projects, city governments are recommending to banks residential projects suitable for financial support, and are coordinating with financial institutions to meet projects’ needs under the Project Whitelist mechanism</p> <p>•Both the Ministry of Housing and Urban - Rural Development (MOHURD) and the People’s Bank of China (PBOC) have proposed support for the government or enterprises to purchase existing commercial housing for use as affordable housing. 15 cities have received the first batch of financial support to implement urban renewal initiatives and will get a fixed subsidy of 800 million to 1.2 billion yuan from the Central Government</p>	<p><b>Diversification of customer base</b></p> <ul style="list-style-type: none"> <li>•Diversification and moving beyond the traditional new built residential segment into repainting, other non-residential segments and infrastructure sectors</li> <li>•Strengthening of business relationship with strategic construction, project service vendors, government enterprises, high quality, financially stable real estate enterprises and development and cooperation with the Top 200 industrial enterprises</li> </ul> <p><b>Exclusive partners</b></p> <ul style="list-style-type: none"> <li>•Support will be provided to NP exclusive partners in aspects such as credit and rebates, which will help increase the market share of TUB and jointly meet market challenges</li> </ul> <p><b>Leveraging brand and extensive product and solution offering for building and energy saving solutions</b></p> <ul style="list-style-type: none"> <li>•Expanding and promoting scenario based solutions, end to end coating systems, customizing design and solutions</li> <li>•Capture opportunities for building &amp; energy saving, dual-carbon reduction, green buildings and ultra-low-energy building policies with our wide range of paint offerings</li> </ul> <p><b>Design institute promotion</b></p> <ul style="list-style-type: none"> <li>•Leveraging design institute promotion as a strategic entry point. Business will focus on integrating products into design drawings and achieving sales conversion</li> </ul>

\*1 ↑ ≥+2%、↗ : +1%~2%、→ : -1%~+1%、↘ : -1%~-2%、↓ : ≤-2%

\*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

# 1. Medium-Term Growth Strategy by Asset

	2024 Results		Medium Term Forecast (in LCY)		Market features and outlook <sup>*2</sup>	Key strategies to deliver market +α growth
	Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue CAGR	OP margin <sup>*1</sup> (vs 2023)		
<b>PT Nipsea (Indonesia)</b>	+3.4%	34.9%	c. +10%	→	<p>◆Market Growth Forecast Decorative: Volume basis: +3%/Value basis: +6%</p> <p>•Indonesia's economy expanded by 5%, falling short of President Prabowo Subianto's 8% target. The slowdown can be attributed to a decline in the trade surplus amid weaker global demand</p> <p>•The new capital city in Nusantara, East Kalimantan is progressing well as efforts to attract foreign investment investment continues and have seen significant development</p>	<ul style="list-style-type: none"> <li>•Continue to drive the Nippon Paint brand in the Ultra Premium and Premium products by leveraging on product improvement and color leadership communication</li> <li>•Increase brand awareness and adding new waterproofing products to complete offering of professional water proofing solutions</li> <li>•Increased penetration of new shops, driving CCM distribution and expanding product offering</li> <li>•Expanding and focusing on SAFL (Sealants, Adhesives, Fillers and Lubricants) and dry-mix mortar range to complete our offering to customers, tapping on existing and new retail network, to increase sales contribution</li> <li>•Developing targeted strategies for different city tiers based on product mix, marketing strategies for stakeholders and distribution strategy</li> <li>•Identifying business partners to further improve our distribution channel</li> <li>•Driving productivity of CCM dealers, supported by with sales promoters and increasing depth of our full range of products offered by these dealers</li> <li>•Intensifying efforts on B2B (Decorative Projects, Marine, Protective Coatings, Flooring) segments</li> </ul>
<b>Betek Boya (Türkiye)</b>	+34.9%	13.2%	c. +10%	(→) <sup>*3</sup>	<p>◆Market Growth Forecast Decorative: Volume basis: +1%/Value basis: +7%</p> <p>•Market value growth continue to be driven by inflation albeit at a decreasing rate. Volume growth continues to be challenging amidst the higher inflationary environment</p> <p>•The Turkish economy grew 3% in 2024, with impact from a year-long monetary tightening campaign aimed at controlling inflation and stabilizing the economy</p> <p>•The Turkish government revised its economic strategy through the Mid-Term Program for 2025-2027. This program reflects a more cautious approach that underscores the government's fine balancing act between stimulating the economy and managing inflation. The Turkish Central Bank's inflation forecast for 2025 is 24%, considerably lower than the 44.3% inflation as at end 2024</p>	<ul style="list-style-type: none"> <li>•Promoting solution based offering and driving sales of end to end paint and coating systems</li> <li>- Building up decorative paint strength, leveraging on brand prestige &amp; mass market appeal and marketing to entrench our position as clear top of mind leader</li> <li>- Enhancing specialised segment dealers and expanding contribution from the non-core regions and beyond paint categories (ETICS)</li> <li>- Expanding focus on public sector driving business growth opportunities</li> </ul>
<b>NPI/BNPA (India)</b>	(For reference) +0.8% <sup>*4</sup>	(For reference) 4.2% <sup>*4</sup>	c. +10%	→	<p>◆Market Growth Forecast Decorative: Volume basis +5% / Value growth negative 2%</p> <p>•In 2024, while India GDP was in the range of 6.5% that was primarily driven by Government investments</p> <p>•The decorative paint market continues to remain subdued due to high food inflation, change in customer spend behaviours and the extended monsoon</p> <p>•New entrants – Birla Opus launched in mid 2024 with 4 manufacturing units (2 in South / 1 in West &amp; 1 in North). JSW &amp; Pidilite's paint division (Haisha) was also launched last year. While the demand was generally flat, paint and coatings supply have increased by 40% which led to increased benefits to dealers, painters &amp; other stakeholders</p>	<ul style="list-style-type: none"> <li>•Continued razor sharp focus on strategic markets in Tamil Nadu and Karnataka, holding on to ground in towns/dealers; NP operate and retaining share of market</li> <li>•Expanding efforts in exterior textures products, repainting service, home repair &amp; rehabilitation service, thermal comfort solutions, e-commerce.com &amp; modern trade and retrofitting large projects</li> <li>•Focusing on core paint products &amp; profitable products in total construction chemicals – water proofing, SAF, flooring &amp; drymix that would drive sustained profitable sales</li> <li>•Staying focused on revenue maximisation, cost structure improvement, improve operational efficiency to drive sales &amp; profits</li> <li>•Investing on people talent, empowerment, fostering growth, instilling Lean for Growth VITAL values</li> </ul>

\*1 ↑ ≥+2%, ↗ : +1%~2%, → : -1%~+1%, ↘ : -1%~-2%, ↓ : ≤-2%

\*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

\*3 Subject to change due to the impact of hyperinflationary accounting

\*4 Pro-forma figures (unaudited). The 2024 results are annualized figures

# 1. Medium-Term Growth Strategy by Asset

		2024 Results		Medium Term Forecast (in LCY)		Market features and outlook <sup>*2</sup>	Key strategies to deliver market +α growth
		Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue CAGR	OP margin <sup>*1</sup> (vs 2023)		
<b>Alina (Kazakhstan)</b>		(For reference) +8.1% <sup>*3</sup>	13.2% <sup>*4</sup>	c. +10%	→	<p>◆Market Growth Forecast Decorative: Volume basis: +3%/Value basis: +4%</p> <p>•Kazakhstan's economy grew by 4.0% in 2024, but growth in 2025 may face challenges despite forecasts of 5.1%-5.5%. Inflation, projected at 6.9%, could rise further due to increasing utility and fuel costs. Additionally, uncertainties in oil production and external economic pressures pose significant risks to sustained growth.</p>	<ul style="list-style-type: none"> <li>•Strengthening market dominance in the Decorative segment by enhancing production capabilities and introducing Nippon Paint products, which will enable Alina to expand our product offerings and solidify leadership in the market</li> <li>• Creating added value with "Beyond Categories" approach by diversifying product portfolio and exploring untapped market potential</li> <li>• Digital platform integrations to enable better CRM activities, driving productivity and cost synergies across operations, leveraging procurement synergies with Nippon Paint to improve efficiency and competitiveness</li> <li>• Strategic expansion into Central Asia will unlock new growth opportunities in the region</li> <li>• Strengthening innovative and quality equity in Dry Mix; bringing new products to the market and further driving dry mix market leadership further through system and solutions</li> </ul>
<b>DuluxGroup</b>	<b>DGL (Pacific)</b>	+4.5%	13.3%	c. +5%	→	<p>◆Market Growth Forecast(3-5 years) Decorative in Pacific: Volume basis: ~+1%/Value basis: +2~2.5% Decorative in France: Volume basis: ~+1%/Value basis: +1~3%</p> <p>• In Australia, the renovation and repair segment of the Decorative paint market is highly resilient whilst normalizing from its "COVID enhanced" abnormal 2020 peak</p> <p>• In general, decorative paint market volumes are primarily correlated with GDP, interest rates and to a lesser extent new housing starts. Consumer confidence indicators remain subdued with the persistence of cost of living pressures ie. low GDP growth rate, high inflation and increased interest rates following record lows. Interest rate cuts in the short to medium term will support gains in household spending, with the Australian economy expected to slowly improve in 2025</p> <p>• In France, the decorative paint market has continued to contract post the "COVID enhanced" demand due to tighter credit conditions and subdued housing sector. It is expected the market will remain flat in 2025, however will gradually improve from 2026 with the easing of these conditions and gains in consumer confidence</p>	<ul style="list-style-type: none"> <li>•Continue strong track record of organic growth in DGL Pacific Paints and Coatings by maintaining a focus on the granulation of growth and core fundamentals, being consumer engagement, premium brands, innovation and customer service</li> <li>•Accelerate DGL Europe P&amp;C growth including step changing Cromology France (leveraging Dulux Pacific capabilities) and enabling JUB's continued focus on fundamentals</li> <li>•Drive growth in SAF Global markets leveraging our NPT joint venture in Europe, whilst accelerating Selleys ANZ (retail, trade and household cleaning) and enabling growth in Selleys Asia</li> <li>• Deliver structural step-change growth in B&amp;D and Yates Group and a strategic reset for Lincoln Sentry to drive growth</li> <li>•Target acquisitions in the Pacific and Europe that enable key strategic growth opportunities</li> </ul>
	<b>DGL (Europe)</b>	-2.3% <sup>*5</sup>	4.9%	+5~10%	↑		
<b>Dunn-Edwards</b>		+4.8%	—	c. +5%	↑	<p>◆Market Growth Forecast Decorative (overall U.S.): Volume basis: +2%/Value basis: +5%</p> <p>•American Coatings Association (ACA) estimates steady volume growth for both the DIY and Professional customer segments</p> <p>•Elevated interest rates in the U.S. continue to constrain existing home sales and growth in the housing sector and related industries</p>	<ul style="list-style-type: none"> <li>•Expand store geographical coverage in underserved areas -Primary focus on Northern California</li> <li>•Continue to grow alternate channel segments -Domestic and international dealer network</li> <li>•Increase capabilities to win and better serve the commercial customer</li> </ul>
<b>AOC</b>		(For reference) -8.9% <sup>*6</sup>	(For reference) 30.7% <sup>*6</sup>	c. +5%	→	<p>◆Market Growth Forecast U.S.: Volume basis: 3%/Value basis: +5% Europe: Volume basis: +3%/Value basis: +5%</p> <p>• US Housing starts expected to continue to decline in 2025 and return to growth in 2026</p> <p>• The medium term outlook remains strong as pent-up demand drives growth in AOC's end markets</p>	<ul style="list-style-type: none"> <li>• Strong innovation engine; AOC's pipeline remains strong, especially in areas where solutions can substitute other materials; we expect increased demand as the market recovers</li> <li>• Continued implementation of business systems to drive value for AOC and its customers</li> </ul>

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\*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

\*3 The 2023 results are Pro-forma figures (unaudited)

\*4 Including inventory step-up costs (one-off expenses) associated with PPA

\*5 Excluding six-month earnings of NPT

\*6 Pro-forma and unaudited figures, representative as if AOC operated as subsidiary for entire 2024. PPA reflects our current assumptions but excludes one-off costs such as inventory step-up.

M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

## 2. Market Share Transition by Asset

\*NPHD's estimates

		2021	2022	2023	2024
NIPSEA China	TUC <sup>*1</sup>	23%	24%	25%	25%
	TUB <sup>*1</sup>	9%	8%	9%	9%
NIPSEA Except China	Singapore (TU-Consumer)	75%	75%	75%	75%
	Malaysia (Decorative)	44%	45%	48%	49%
	Betek Boya (Türkiye) (Decorative)	34%	34%	35%	35%
	PT Nipsea (Indonesia) (Decorative)	17%	18%	19%	19%
	NPI (India) (Decorative)	-	-	No.2 in southern two states (Tamil Nadu and Karnataka)	
	Alina (Kazakhstan)	Dry-mix mortar	-	-	56%
Decorative (waterbased)		-	-	23%	23%
DuluxGroup	DGL (Pacific) (Decorative in Australia) <sup>*2</sup>	50%	50%	50%	50%
	DGL (Europe) (Decorative)	Cromology: No.1 in Italy and No.2 in France and Portugal JUB: No.1 in Interior paints in Slovenia, Croatia, Bosnia and Herzegovina, and Kosovo			
Dunn-Edwards (Decorative) <sup>*3</sup>		2.5%	2.5%	2.5%	2.5%
AOC		-	-	AOC is the leader in North America and has a leading presence in the more fragmented European market	

\*1 Our China decorative business has been re-organized into TUC and TUB based on customer segmentation since 2023.

The TUC and TUB market shares have been redefined to be consistent with the re-organization

\*2 Volume basis

\*3 Value basis

### 3. Sustainability Teams Approaches and Actions

	Approaches for boosting EPS	Actions and Examples Leading to higher EPS												
<b>Environment &amp; Safety</b>	<ul style="list-style-type: none"> <li>• Reduced carbon emissions and increased renewable energy consumption</li> <li>• Reduced waste generation, increased resource recovery (reuse, recycling), and increased sustainable water consumption</li> <li>• Management of high-consequence safety risks to protect people, assets, and supply</li> </ul>	<ul style="list-style-type: none"> <li>• Solar system installations in DGL Pacific &amp; Europe and in NIPSEA China</li> <li>• Renewable power purchase in DGL Europe and in Nippon Japan</li> <li>• Various recovery and reuse projects for waste and water across all PCGs</li> <li>• Implementation of high potential safety incident reporting across all PCGs</li> </ul>												
<b>People &amp; Community</b>	<ul style="list-style-type: none"> <li>• Dynamic and open corporate culture, as well as a pleasant and rewarding work environment that encourages every employee to take on challenges and fully showcase their unique qualities and abilities in generating new value and business</li> </ul>	<ul style="list-style-type: none"> <li>• Senior Management in Japan Group playing multiple roles and taking initiatives for enhancing Group synergies and expanding market share</li> <li>• NIPSEA Technology Leadership Council and Japan Segment Technology Leadership Team sharing and integrating Expertise and R&amp;D Strategy for more sustainable business</li> </ul>												
<b>Innovation &amp; Product Stewardship</b>	<ul style="list-style-type: none"> <li>• Drive Sales of Sustainable Products</li> <li>• Improve Productivity by introducing innovative process</li> </ul>	<ul style="list-style-type: none"> <li>◆ Low temp. Fast curing platform Since launching the first project (Automotive) in 2016, over 30 projects have been launched and are still ongoing. Expect to see its significant business expansion till 2030. It will continue to foster sustainable business growth and deliver enhanced value to our customers;</li> <li>◆ LSI (Leveraging, Sharing, and Integration) To improve Nippon Paint Group efficiency by identify best practice products, projects, process from different NPXs, then encourage sharing, leverage and integration. For an instance, one Joint conference was held and many topics covers from sustainable feedstocks to applications and services, which enhance our future sustainable business</li> </ul>												
<b>Governance</b>	<ul style="list-style-type: none"> <li>• Board considers the discussion of the Group's growth strategy as a key issue and encourages timely and appropriate risk-taking by the management without slowing down the speed of decision making on management proposals</li> <li>• Simple and efficient internal Control framework in the Asset Assembler Model (framework being enforced through Nippon Paint Group Global Code of Conduct, Basic Policies of Global Risk Management (GRM) and Global Basic Policies of Whistleblowing Hotline)</li> </ul>	<ul style="list-style-type: none"> <li>• Flexible use of off-site meetings, and others*, to enhance growth strategy discussions</li> <li>*Almost doubled between 2023 and 2024</li> </ul> <table border="1"> <caption>&lt;Ratio of meeting (including meeting of BOD, Independent Directors, offsite and others)&gt;</caption> <thead> <tr> <th>Year</th> <th>BOD Meeting</th> <th>Meeting of the Independent Directors</th> <th>Offsite meetings, study session and others</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>53%</td> <td>23%</td> <td>24%</td> </tr> <tr> <td>2024</td> <td>43%</td> <td>16%</td> <td>41%</td> </tr> </tbody> </table> <ul style="list-style-type: none"> <li>• Operation being sophisticated based on Control-Self-Assessment (CSA) in accordance with the GRM of each PCG</li> </ul>	Year	BOD Meeting	Meeting of the Independent Directors	Offsite meetings, study session and others	2023	53%	23%	24%	2024	43%	16%	41%
Year	BOD Meeting	Meeting of the Independent Directors	Offsite meetings, study session and others											
2023	53%	23%	24%											
2024	43%	16%	41%											
<b>Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>• Realize sustainable and optimized procurement cost and mitigate the risk of supply chain disruption</li> <li>• It reduces the disruption and production cost, leading to stable MSV expectation</li> </ul>	<ul style="list-style-type: none"> <li>• Adopt a risk-based approach to supply chain management, aiming to improve processes by <ul style="list-style-type: none"> <li>- promoting multi-sourcing and reducing reliance on single suppliers which mitigate the impact of natural disasters</li> <li>- tracking high-risk and high-impact raw materials across the group using a standardized matrix</li> </ul> </li> <li>• Conduct Supplier Sustainability Survey based on our Supplier Code of Conduct to identify suppliers that are compliant with our Code and those with weakness in certain areas</li> </ul>												

\*PCG: Partner Company Group, referring to the group of companies by region and business

#### 4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3	Step4
Environment & Safety	Climate Change	<ul style="list-style-type: none"> <li>◆2024</li> <li>Established collaboration group for understanding and improving carbon mitigation, such as:                             <ul style="list-style-type: none"> <li>- Scope 3 footprint calculation and insights</li> <li>- Reduction opportunities and improvement initiatives</li> <li>- Engagement with PCG innovation and sourcing teams</li> </ul> </li> <li>Reviewed and action carbon disclosures (TCFD, IFRS/CDSB) as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>◆2025</li> <li>Enable Carbon collaboration group for understanding and improving carbon mitigation, such as:                             <ul style="list-style-type: none"> <li>- Scope 1 &amp; 2 improvement</li> <li>- Scope 3 data approach &amp; evolution</li> <li>- Scope 3 Improvement program in collaboration with procurement</li> <li>- Share of experience for data collection &amp; reporting tools</li> </ul> </li> <li>NIPSEA Group: 15% Scope 1 &amp; 2 reduction (2021 baseline)</li> <li>DuluxGroup (Europe): GHG reduction targets to be established</li> </ul>	<ul style="list-style-type: none"> <li>◆-2030</li> <li>DuluxGroup (Pacific): 50% renewable electricity consumption and 50% Scope 1 &amp; 2 reduction 2030 (2020 baseline)</li> <li>Japan Group: 37% Scope 1 &amp; 2 reduction 2030 (2019 baseline)</li> </ul>	<ul style="list-style-type: none"> <li>◆2050-2060</li> <li>Net zero carbon (Scope 1 &amp; 2)</li> </ul>
	Resources & Environment	<ul style="list-style-type: none"> <li>◆2024</li> <li>Reviewed circularity best practice (waste, water) and identify improvement opportunities</li> <li>Reviewed emerging nature-related disclosure standards (TNFD) and action as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>◆2025</li> <li>Embed adopted reporting metrics and leverage from PCG initiatives and insights to promote learning and identify opportunities</li> <li>Review emerging nature-related disclosure standards (TNFD) and action as appropriate</li> </ul>	<ul style="list-style-type: none"> <li>◆-2060</li> <li>Significantly improve the circularity of our supply chains (e.g. renewable resources, waste, water)</li> </ul>	
	Safe People & Operations	<ul style="list-style-type: none"> <li>◆2024</li> <li>Established process safety collaboration group</li> <li>Supported implementation of high potential incident reporting and improvement action across PCGs</li> </ul>	<ul style="list-style-type: none"> <li>◆2025</li> <li>Enable collaboration group to share, review, and align technical and operating standards across PCGs for management of high-consequence process safety risks (i.e. flammable solvents, combustible dusts)</li> </ul>	<ul style="list-style-type: none"> <li>◆-2060</li> <li>Enable effective control of high-consequence safety risks to reduce high-potential incidents and prevent all disasters and fatalities</li> </ul>	
People & Community	DE&I	<ul style="list-style-type: none"> <li>◆2024</li> <li>NIPSEA Group:                             <ul style="list-style-type: none"> <li>- Continued to build a Strong Leadership Pipeline Across Regions</li> <li>- Developed future-ready leaders through our Group-level Leadership Development programs</li> </ul> </li> <li>DuluxGroup: Under a leader-led approach, efforts drove toward gender balance, emphasized areas where women were under-represented, and focused on broader inclusion initiatives, such as disability and inclusive leadership practices</li> <li>Dunn-Edwards: Diversity training for all levels, follow-up survey</li> <li>Japan Group:                             <ul style="list-style-type: none"> <li>- Initiated a development program targeting female employees</li> <li>- Introduced employee engagement survey</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025</li> <li>NIPSEA Group: Achieve 35% female representation in management and emerging leaders                             <ul style="list-style-type: none"> <li>- Launching the career portal</li> <li>- Strengthen leadership diversity by enhancing career pathways, leadership programs, and the Women Mentorship Program</li> </ul> </li> <li>DuluxGroup: Drive gender balance                             <ul style="list-style-type: none"> <li>- Embedding inclusion initiatives tailored to each country</li> <li>- By hiring, developing, and advancing talented women</li> </ul> </li> <li>Dunn-Edwards: Shape initiatives based on survey feedback (career growth) and shift committee from DEI to Engagement focus</li> <li>Japan Group:                             <ul style="list-style-type: none"> <li>- Continue improving the ratio of women in managing positions and resetting the mid-term target for the future</li> <li>- Continue employee engagement survey</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2026-</li> <li>NIPSEA Group: Sustain long-term progress in talent development                             <ul style="list-style-type: none"> <li>- Further development of career pathways</li> <li>- Integrate inclusive leadership practices</li> <li>- Expand mentorship initiatives</li> <li>- Leverage data insights from employee engagement survey</li> </ul> </li> <li>DuluxGroup: Leaders in all countries, regardless of statutory requirements, track and address gender pay gaps. Ongoing focus on inclusion and belonging initiatives</li> <li>Japan Group: Recruitment and training of women and, creation of an environment that draws out individual potential</li> </ul>	
	Growth with Community	<ul style="list-style-type: none"> <li>◆2024</li> <li>Developed Nippon Paint Group CSR Website</li> <li>DuluxGroup:                             <ul style="list-style-type: none"> <li>- Launched the 'Dulux Community Donations' portal</li> <li>- Significantly increased social media coverage of CSR projects and scaled-up the 'Colour your Club' program</li> </ul> </li> <li>Dunn-Edwards: Creation of Dunn-Edwards Foundation</li> </ul>	<ul style="list-style-type: none"> <li>◆-2025</li> <li>NIPSEA Group: Invest at least US\$5 million to support CSR initiatives each year</li> <li>DuluxGroup:                             <ul style="list-style-type: none"> <li>- Invest at least \$1.5M in CSR projects each year</li> <li>- Continue to increase the number of employee volunteer hours by at least 10% (Yoy)</li> </ul> </li> </ul>		<ul style="list-style-type: none"> <li>◆2026-</li> <li>NIPSEA Group: Invest at least US\$5 million to support CSR initiatives each year</li> </ul>

## 4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Innovation & Product Stewardship	Sustainable Products	<ul style="list-style-type: none"> <li>◆2024</li> <li>• Developed methodologies &amp; modeling of LCA (PCF<sup>*</sup>, software, database)</li> <li>• IT Tool implementation for product sustainability scoring in system</li> <li>• Sustainable products portfolio optimization</li> <li>• DuluxGroup: <ul style="list-style-type: none"> <li>- Developed recommendation for Scope 3 reduction target and roadmap</li> <li>- Continued implementation of sustainable products sales and packaging roadmaps</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025-</li> <li>• Implement the LCA tool into daily operations in Japan and China, with plans to extend its use to other regions, including Southeast Asia and the DuluxGroup business</li> <li>• Optimize our sustainable product portfolio and drive sustainable business growth by engaging the entire value chain</li> </ul>	<ul style="list-style-type: none"> <li>◆-2030</li> <li>• Manage the performance of Sustainability Scoreboard of each PCG every quarter</li> <li>• Promote creation of more innovative sustainable products</li> <li>• Implement sustainable products and Scope 3 roadmaps</li> <li>• DuluxGroup: Deliver 2030 Best in Class sustainable product sales target</li> </ul>
	Chemicals of Concern	<ul style="list-style-type: none"> <li>◆2024</li> <li>• Proceeded the CoC phasing out plan by regions and business units based on local status</li> <li>• Continuously evaluated other CoC restriction requirements and implementing action plans</li> <li>• DuluxGroup: Continued development of positions statement for 95% of CoC</li> </ul>	<ul style="list-style-type: none"> <li>◆2025-</li> <li>• Continue to proceed the CoC phasing out plan by regions and business units based on local status</li> <li>• Continuously evaluate other CoC restriction requirements and implementing action plans</li> <li>• DuluxGroup: Continue development of Group CoC position statements</li> </ul>	<ul style="list-style-type: none"> <li>◆-2030</li> <li>• Create sustainable products based on phase out plan</li> <li>• Phase-out 4 heavy metals before the end of 2030 globally</li> </ul>
	R&D	<ul style="list-style-type: none"> <li>◆2024</li> <li>• Initiated and drove flagship projects in Sustainability</li> <li>• Created sustainable project portfolio and drove sustainable business growth</li> </ul>	<ul style="list-style-type: none"> <li>◆2025-</li> <li>• Throughout the entire value chain, we are committed to reducing carbon emissions and delivering additional value to our customers <ul style="list-style-type: none"> <li>- Developing bioplatforms on the upstream side</li> <li>- Developing low-temperature fast-curing solutions and long-life platforms on the customer side</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆-2030</li> <li>• Drive innovation towards UN SDGs and carbon neutrality</li> </ul>
	Product Stewardship	<ul style="list-style-type: none"> <li>◆2024</li> <li>• Monitored, recorded and communicated the change of global regulations</li> <li>• Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely</li> <li>• Responded to customers requests, i.e., RoHS, IMDS etc.</li> </ul>	<ul style="list-style-type: none"> <li>◆2025-</li> <li>• Continue to monitor, record and communicate the change of global regulations</li> <li>• Continue to assess raw materials introduction, register new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely</li> <li>• Continue to respond to customers requests, i.e., RoHS, IMDS etc.</li> </ul>	<ul style="list-style-type: none"> <li>◆-2030</li> <li>• Implement inquiry management database Inquiry response training</li> <li>• Training for customers and business partners</li> <li>• DuluxGroup: Implement packaging roadmaps</li> </ul>

\* Product Carbon Footprint

## 4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Governance	<b>Board of Directors Governance</b>	<ul style="list-style-type: none"> <li>◆2024                             <ul style="list-style-type: none"> <li>•Enrichment of discussion on growth strategy</li> <li>•Improvement of the operational efficiency of Board meetings</li> <li>•Thorough engagement in succession planning</li> <li>•Further fine tuning of the "Audit on Audit" framework</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025                             <ul style="list-style-type: none"> <li>•Enrichment of discussion on growth strategy</li> <li>•Thorough engagement in succession planning</li> <li>•Further upgrading of the "Audit on Audit" framework</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆-2026                             <ul style="list-style-type: none"> <li>•Further sophistication of growth strategy discussions</li> <li>•Enhance and implement succession plans</li> </ul> </li> </ul>
	<b>Execution Governance</b>	<ul style="list-style-type: none"> <li>◆2024                             <ul style="list-style-type: none"> <li>•Proactive improvement tailored to the situation of each PCG through voluntary self-inspections by CSA (Control Self-Assessment) List</li> <li>•Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG</li> <li>•Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025                             <ul style="list-style-type: none"> <li>•Effectively utilise the CSA list as a tool for voluntary inspections and promote the penetration of an autonomous, exhaustive risk identification to countermeasure implementation system in each PCG</li> <li>•On the Whistleblowing Hotline, share best practice from each PCG to ensure more effective and efficient operation</li> <li>•Extend and brush up various measures and initiatives to new AOCs joining the Group in order to maintain and improve governance and internal controls across the Group</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆-2026                             <ul style="list-style-type: none"> <li>•Verify effectiveness and refine                                     <ul style="list-style-type: none"> <li>-risk management system</li> <li>-whistleblowing hotline</li> </ul> </li> <li>•Upgrading the governance framework (Including compliance and risk management) to respond to changes in social demand</li> </ul> </li> </ul>
Sustainable Procurement	<b>Strengthen Internal Mindset and Enhance Understanding of Sustainable Procurement</b>	<ul style="list-style-type: none"> <li>◆2024                             <ul style="list-style-type: none"> <li>•Supported Group Environment, Health, and Safety (EHS) to compile Scope 3 for the NIPSEA group progressively</li> <li>•Improved understanding of Scope 3/ESG among the group's procurement through training</li> <li>•Developed supplier ESG audit program with NIPSEA China</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025                             <ul style="list-style-type: none"> <li>•Conduct supplier ESG assessment</li> <li>•Develop supplier ESG engagement framework                                     <ul style="list-style-type: none"> <li>- Supplier awareness/training workshop</li> <li>- Supplier ESG audit program</li> </ul> </li> <li>•Compile RM Life-cycle Assessment (LCA) data</li> <li>•Support compilation of Scope 3 carbon emission</li> <li>•Update country &amp; region of origin of RM in the SAP system (for climate risk assessment)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2026-                             <ul style="list-style-type: none"> <li>Continue to strengthen internal mindset for sustainable procurement</li> </ul> </li> </ul>
	<b>Sustainable Procurement Actions with Suppliers</b>	<ul style="list-style-type: none"> <li>◆2024                             <ul style="list-style-type: none"> <li>•Conducted supplier questionnaire (94% by value)</li> <li>•Engaged suppliers to provide primary data to improve Scope 3 data quality</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>◆2025-                             <ul style="list-style-type: none"> <li>• Strengthen internal capabilities, reduce GHG emissions, and conduct due diligence to ensure supply chain sustainability</li> <li>• Collaborate with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy                                     <ul style="list-style-type: none"> <li>- define our supplier assessment methodology</li> <li>- engage suppliers on defining lower carbon feedstocks and raw material</li> <li>- set expectations for supplier GHG emissions reductions</li> </ul> </li> </ul> </li> </ul>	