



Basic & New

NIPPON PAINT HOLDINGS

Integrated Report 2026 Online Briefing

—Reassessing the Appeal of the MSV Journey Through Dialogue with Investors—

July 16, 2026

Nippon Paint Holdings Co., Ltd.

Investor Relations

The forward-looking statements in this document are based on information available at the time of preparation and involve inherent risks and uncertainties. Accordingly, the actual results and performance of Nippon Paint Holdings Co., Ltd. and Nippon Paint Group may differ significantly from the forward-looking statements. Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information contained herein.

Objectives of Today's Briefing

1. Highlight the sections of the Integrated Report 2026 that merit particular attention, enabling investors to review the Report more efficiently and gain a clearer understanding of its key messages
2. Engage investors in dialogue on our distinctive business model, management structure, competitive advantages, business strategy, and sustainability initiatives, and apply the insights gained to strengthen future management and IR activities

Editorial Policy/Overall Structure

→ Integrated Report P01/P04

Inspired by representative questions raised by investors, the Report was planned, structured, and produced in close collaboration with management and the Board

1. **Reassessing the appeal of the MSV Journey through dialogue with investors**
It reflects investor feedback and questions raised through ongoing dialogue, including themes such as earnings quality, asset efficiency, share liquidity, and acquisition discipline
2. **The Report carefully curates the key information needed to convey our identity as an Asset Assembler**
The Report focuses on the information most essential to clearly conveying our intrinsic strengths as an Asset Assembler, including adjusted profit/EPS and RNOA (Return on Net Operating Assets), to support more substantive dialogue
3. **Close collaboration with management and the Board**
All Board members, including Co-Presidents Wakatsuki and Wee and Board Chair Nakamura, were actively involved through multiple meetings during both the planning and production stages



Key Improvements and Changes

Analyze the gap between our performance and share valuation, and enhance disclosure on autonomous and decentralized management as well as concrete M&A case studies and track record

Key areas of focus	Key improvements and changes
1. Sharper investor focus and disclosure that squarely addresses the valuation gap	• In the Leadership Roundtable, discuss the factors behind our subdued share price and valuation from multiple angles • Analyze correlations between our share price as a “defensive growth” stock and multiple indicators • Present adjusted operating profit, adjusted EPS, and RNOA (Return on Net Operating Assets) to highlight our underlying earnings power • Strengthen IR disclosure and initiatives reflecting investor feedback to improve valuation
2. Asset Assembler model (autonomous and decentralized management + M&A): features and advantages	• Introduce the features of the “Compounder” model, which is similar to our model • Explore, in a dialogue format, NIPSEA China’s ability to drive self-transformation and its 10-Year management philosophy • Explain Betek Boya’s growth and evolution, as well as AOC’s competitive advantage and future growth potential • Explain examples of the Board’s initiatives in the “Governance Highlights” and “Major Board Discussions on Key Strategies” sections • Introduce collaboration within the Group, including examples related to LCA and emissions reduction contribution volumes
3. Volume reduction and stronger linkage with our website	• Condense the Report by rigorously selecting information that truly enhances investor understanding, while keeping the length manageable for investors, reducing it from 100 pages to 92 pages • Expand web content that highlights on-the-ground problem-solving and the passions and aspirations of employees on the front lines

Evolution and Enhancement of the Integrated Report

While strengthening links with our website and other channels, we are progressively streamlining the Report and deepening content that enhances investor understanding each year

	2023 edition	2024 edition	2025 edition	2026 edition
Format	Vertical 	Horizontal (interactive) 	Horizontal (interactive) 	Horizontal (interactive) 
Theme	Pursuit of uniqueness	Selective focus on information	Sharpened investor focus	Confrontation/Elevating investor dialogue
Total pages	136	100	100	92
Publication timing	End of September	End of July	End of June	End of June
Key enhancements	(Structure) • Revamp information disclosure structure (Content) • Add a new section “Stock-Price Conscious Management” • Analyze “The Impact of China’s Macroeconomic Data on the Earnings of Nippon Paint Group” • Introduce M&A success case (DuluxGroup), and more	(Structure) • Revamp the Report into a 100-page horizontal format • Promote the allocation of information across disclosure channels by moving suitable standard content to our website and issuing the Asset Management Report as a separate booklet • Release the Medium-Term Strategy (Content) • Our Platform That Underpins Autonomous and Decentralized Management • Examples of collaboration across the Group • Our strategy for maximizing PER, and more	(Structure) • Add an Executive Summary to key management content • Expand website content highlighting the on-the-ground efforts of front-line employees (Content) • Why Invest in Nippon Paint? • Autonomous and Decentralized Management • Three Key Investor Questions About Our Asset Assembler Model • Governance Discussions (Dialogue with a global institutional investor) • Joining Nippon Paint Group Unlocks Growth and Opportunity • Driving Employee Engagement Across the Japan Group, and more	(Structure) • Condense the Report to 92 pages • Strengthen linkage with our website (Content) • Add the “Leadership Dialogue” section • Expand content on “Stock-Price Conscious Management” • Add the “Leadership at the Forefront of the MSV Journey” • “What are Acquisition-Driven Compounders?” • Enhance the track record in the “M&A Strategy” section • Leadership Dialogue: NIPSEA China • Major Board Discussions on Key Strategies, and more

1. Sharpened Investor Focus and Disclosure That Squarely Addresses the Valuation Gap



NIPPON PAINT HOLDINGS CO., LTD.

Why Invest in Nippon Paint?

→ Integrated Report P05

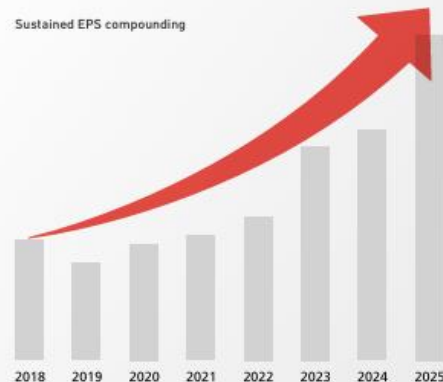
Why Invest in Nippon Paint?

1. Compounding

— A replicable growth model that delivers compounded EPS growth —

Through our Asset Assembler model ①, which delivers growth through both organic and inorganic avenues, Nippon Paint Group has consistently compounded EPS even in challenging market environments. By reinvesting cash generated by existing businesses into the next growth opportunities, we sustain high-quality EPS growth.

Sustained EPS compounding

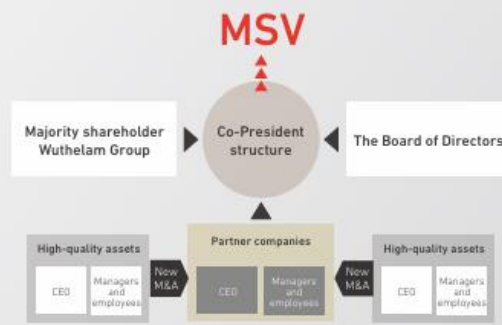


2. Proven Leadership

— An experienced management and execution team accelerating growth —

Our single-minded pursuit of MSV through "ego-free management" is made possible by a leadership team ② defined by Integrity. In inorganic growth ③, executives with extensive M&A experience apply their judgment and discernment to identifying strengths of potential acquisition targets and assessing the caliber of their CEOs. Combined with disciplined acquisition criteria and rigorous capital allocation, this has enabled us to repeatedly replicate successful M&A.

Management dedicated to the pursuit of MSV



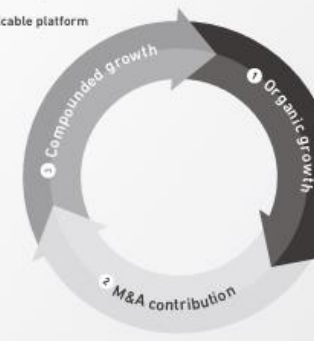
Why Invest in Nippon Paint?

3. Platform

— Strong execution and replicable growth enabled by autonomous and decentralized management —

We delegate authority to the management teams of our partner companies, as they are closest to local markets and customers, while headquarters supports growth across regions and businesses, maintaining discipline across the Group. This autonomous and decentralized management model ③ functions as a highly replicable platform for growth, accelerating the expansion of not only existing businesses but also acquired companies through voluntary collaboration and the sharing of management resources among partner companies.

A highly replicable platform



Investment appeal driven by operational excellence

Each partner company within our Group operates under an autonomous and decentralized management structure ③, leveraging competitive advantages such as strong market share, powerful brands, and extensive distribution channels to drive sustained EPS compounding.

1. Market share

14 countries

No.1 market share in decorative paints (global)

Our Group holds leading market shares, including 75% in the decorative paints market in Singapore, 50% in Australia, and 43% in Malaysia. This strong market presence serves as a barrier to new entrants and supports our sustained growth and profitability improvement.

Performance Highlights ⑤ P51

2. Brand

49%

Top-of-Mind rating (Beleek Boya: Filleri Boya)

Our Group has built strong brands, particularly in decorative paints, earning high recognition and trust among consumers, especially in the Asia Pacific market. This brand strength sets us apart from competitors and underpins our ability to maintain and enhance price competitiveness.

Case Study 1: Türkiye Group Business Strategy ⑤ P47

3. Distribution channel

c. 270,000

Number of retail outlets (NIPSEA China)

Our Group has developed extensive and diverse distribution channels for the decorative paints market in each country and region, with a primary focus on B2C segments, such as retail stores, distributors, and e-commerce. By leveraging these robust distribution networks, we drive market penetration through strategies tailored to the unique characteristics of each local market.

Leadership Dialogue: NIPSEA China ⑤ P43

Redefined our investment appeal as an Asset Assembler, highlighting our replicable growth model, highly experienced management and execution team, and strong execution capabilities driven by autonomous and decentralized management

Leadership Roundtable

→ Integrated Report P07

Advancing the MSV Journey and the Path Forward

Leadership Roundtable

Advancing the MSV Journey: Management Priorities and the Path Forward

In 2025, strong earnings growth from our existing businesses, combined with contribution from the AOC acquisition, reaffirmed both the quality of our earnings - particularly their replicability and sustainability - and our ability to deliver long-term growth. At the same time, our share price has not fully reflected this performance. This mismatch has highlighted several areas that require greater market understanding and stronger communication, including building confidence in the sustainability of our existing businesses, a clearer appreciation of the Asset Assembler model, perspectives on ROIC and growth potential, share liquidity, and effectiveness of our disclosures.

This roundtable stems from our engagement with capital markets in 2025 and uses those perspectives to clarify key management priorities facing the Company and actions required to address them. We examine the changes and enhancements necessary to advance the MSV Journey to its next stage and further strengthen the Company's long-term value creation strategy.

Executive Summary

1. **[Share price in 2025]** Despite record earnings in 2025, our share price did not fully reflect our growth and earnings quality, highlighting the need to address the disconnect between our business performance and market valuation.

2. **[Growth capability of existing businesses]** Our existing businesses continued to gain market share and improve profitability even in a challenging environment. This demonstrates the replicability and sustainability of our earnings. At the same time, we believe we need to communicate this strength more effectively to the capital markets.

3. **[Business model (Asset Assembler model vs. pure play)]** While some investors favor a pure-play paint model, we will continue expanding selectively into adjacent chemical fields to broaden growth opportunities while preserving business quality and discipline.

4. **[EPS Compounder]** Our model - combining organic growth, disciplined M&A, strong cash generation, and decentralized management - supports sustained compounded EPS growth.

5. **[Business model (growth rate vs. ROIC)]** We will continue improving ROIC while prioritizing compounded EPS growth as the key driver of MSV, requiring clearer communication on the role and interrelation of each metric.

6. **[Share liquidity]** Limited liquidity has affected share price formation, index inclusion, and investor base expansion, making further improvement an important priority.

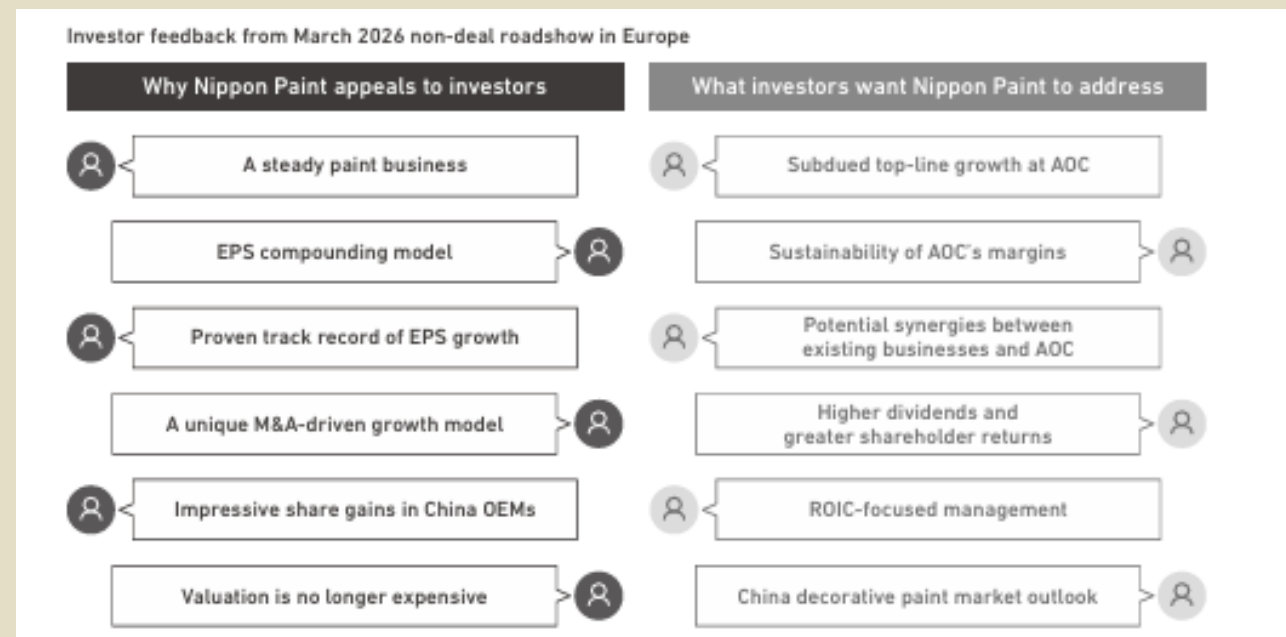
7. **[IR disclosure/dialogue]** While our disclosures have been robust in quantity, our key strengths have not always been communicated with sufficient clarity. We therefore aim to strengthen investor dialogue by communicating more clearly our earnings quality, cash generation and proven M&A track record.

Yuichiro Wakatsuki
Director, Representative
Executive Officer & Co-President

Wee Siew Kim
Director, Representative
Executive Officer & Co-President

Masayoshi Nakamura
Lead Independent Director and
Board Chair





Based on our engagement with capital markets in 2025, this roundtable clarifies key management priorities facing the Company and actions required to address them

Message from Co-President Wakatsuki

→ Integrated Report P20



Yuichiro Wakatsuki
 Director, Representative
 Executive Officer & Co-President

Delivering Sustainable EPS Growth and PER Expansion Through Disciplined Capital Allocation and Integrity

Executive Summary

1. A corporate culture grounded in Integrity is what enables MSV to serve as our sole basis for judgment. Management's responsibility is to ensure that the MSV Journey advances step by step in a deliberate and consistent manner.
2. The most reliable way to strengthen investor conviction is through the consistent delivery of results and clear accountability. This, in turn, elevates expectations for the MSV Journey and supports sustained improvement in PER.
3. The essence of the Asset Assembler model lies in enabling strong partner companies to create value with greater autonomy and systematically redeploying the cash they generate into the next opportunity for growth.
4. By engaging our partner companies in the spirit of "What can we do for you?", we reinforce their inherent strengths and translate those strengths into the realization of MSV.
5. We have shifted more decisively toward acquisitions that place greater emphasis on capital efficiency, become more selective in the opportunities we pursue, and will make no compromise where risk and return are not appropriately aligned. This disciplined approach will further strengthen the certainty of the MSV Journey
6. We will demonstrate through our track record, rather than words, that the MSV journey is equally compelling to investors

Articulates our corporate culture and management approach centered on MSV as the sole decision-making criterion, enhanced acquisition discipline, and our commitment to presenting our track record to improve PER

Message from Co-President Wee

→ Integrated Report P23



Wee Siew Kim
Director, Representative
Executive Officer & Co-President

Driving Sustainable EPS Growth by Enhancing Earnings Quality Through People and Systems

Executive Summary

1. Our enduring strength lies in the combination of trust in people and systems that inspire trust. By empowering high-quality management teams with autonomy and resources under the shared purpose of MSV, we reinforce a resilient platform for safe and sustainable EPS growth.
2. The true significance of the AOC acquisition lay in bringing into the Group an exceptional management team and well established business systems with a proven record of consistent performance.
3. Growth potential is shaped not only by market conditions, but by the ambition and judgment of our people on the ground — their ability to identify opportunities and act decisively.
4. NIPSEA China is well positioned to grow alongside its customers, supported by established relationships in China, technology capabilities spanning Japan, Europe, and China, and access to the Group's global operating footprint.
5. Knowledge is shared across the Group not only in times of challenge, but also in the normal course of business, across areas such as raw material procurement, pricing strategy, cost management, digitalization, and the expansion of SAF.
6. Looking ahead, we will continue to build safe and sustainable EPS growth through both organic and inorganic initiatives, underpinned by strong people, robust systems, and a management system that balances decentralization with collaboration.

Achieve safe and sustainable EPS growth through high-quality earnings supported by people and systems, a balance between decentralization and collaboration, and the twin engines of organic and inorganic growth

Message from Chairman

→ Integrated Report P26



To Our Shareholders and Investors

1. MSV is our sole mission that anchors the core values and decision-making principles of both the Board of Directors and the executive team, and every agenda item brought before the Board is thoroughly examined and resolved based on MSV.
2. The Co-President setup is remarkably effective, allowing speedy and effective decision making and execution across the organization.
3. The interests of the majority shareholder and minority shareholders are completely aligned in the pursuit of the maximization of long-term value, and the funding capability of a public listed company combined with the strength of a private shareholder has created a more potent growth engine.
4. If an acquisition opportunity calls for equity financing, I have no qualms about the dilution of Wuthelam's stake, as long as the transaction is significantly EPS accretive. As the Company's majority shareholder, Wuthelam will strongly support it.
5. I will persevere on the path of pursuit of further Low Risk, High Accretion acquisitions that match the calibre of the AOC transaction.

Chairman Goh, who is also our majority shareholder, shares his current thinking and reaffirms how he intends to contribute to our Group

Stock-Price Conscious Management

→ Integrated Report P12

Stock-Price Conscious Management

Nippon Paint as a defensive growth stock

We are pursuing MSV^① as our sole mission, through the maximization of EPS and PER^②. We practice management with a stock-price consciousness, which is the outcome of our MSV pursuit. Over the past three years, our share price remained broadly flat despite an 87.3% increase in our EPS. While this price performance has outpaced the average of our peers, it has trailed the average of the TOPIX chemical sector. The reason we have continued to deliver record-high earnings, even in the recent uncertain macroeconomic environment, lies in our highly competitive business model in the paint and coatings market, where resilient demand broadly tracks GDP growth across countries.

While our shares exhibit a defensive growth profile, making them relatively resilient to changes in the external market, these attributes are not yet fully reflected in our share price.

We therefore analyzed the underlying factors from both a sector and a company-specific perspective.



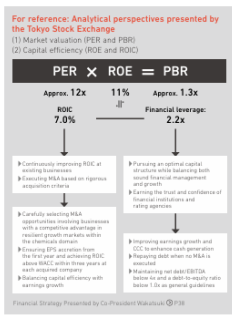
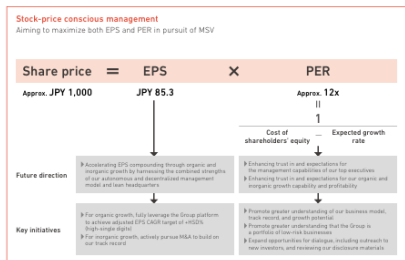
Rate of change in share price, EPS, and PER	3-year performance (2021-2023)			5-year performance (2017-2023)		
	Change in share price	Change in EPS	Change in PER	Change in share price	Change in EPS	Change in PER
NIPON	+4.8%	+21.7%	-12.2%	+10.2%	+21.7%	-12.2%
Competitor average	+10.2%	+1.5%	-5.4%	+4.2%	+20.8%	-4.0%
TOPIX chemical sector average	+4.8%	-2.5%	+12.7%	-	-	-

Analysis of the paint sector (competitive advantage)
The average share price of the paint sector declined by 5.4% over the past three years. While sector performance was specifically earnings growth of major U.S. players has been constrained by a combination of housing market weakness, higher raw material costs resulting from tariffs, and China's property sector problems. More recently, capital has become increasingly concentrated in AI-related stocks. In this environment, investors have increasingly allocated both time and capital to thematic sectors where returns appear more readily attainable, rather than to the paint sector, which has relatively limited exposure to AI and semiconductors. We have analyzed that this shift in capital allocation is also one of the factors behind the paint sector's weak share-price performance.

Analysis of our share price
Our share price, PER, and EPS have all declined over the past three years. The decline in PER reflects a combination of factors. To close this gap with the capital markets and dispel these perceptions, we are taking steps such as (1) conducting interviews with analysts and investors in Japan and overseas; (2) analyzing the differences between our Company and both peers and companies with similar business models; and (3) cultivating new investors based on investor targeting. Above all, we believe it is essential to accelerate the sustained compounding of EPS through both organic and inorganic growth and to extend our track record of high growth in pursuit of MSV.

Analysis of current situation and future direction

As discussed on the previous page, while our EPS has increased significantly over time, both the absolute level of our PER and its rate of change have trended downward relative to the TOPIX chemical sector average and the peer average. The decline in PER reflects a combination of factors. To close this gap with the capital markets and dispel these perceptions, we are taking steps such as (1) conducting interviews with analysts and investors in Japan and overseas; (2) analyzing the differences between our Company and both peers and companies with similar business models; and (3) cultivating new investors based on investor targeting. Above all, we believe it is essential to accelerate the sustained compounding of EPS through both organic and inorganic growth and to extend our track record of high growth in pursuit of MSV.



Stock Price Conscious Management

Correlation analysis

In light of the decline in our PER, we have analyzed its correlation with various indicators. Our analysis indicates that revenue growth and ROIC show a relatively high correlation with PER. Specifically, on a revenue growth versus PER basis, our Company appears to be valued at a discount relative to peers, whereas on a ROIC versus PER basis, we appear to be valued at a premium relative to peers. We believe the premium valuation implied by ROIC versus PER reflects the fact that, while our more proactive approach to M&A than that of our peers affects ROIC, there is also market expectation that companies acquired in line with our Asset Acquisitor model will continue to operate with high capital efficiency.



ROIC x PER

Firms with higher revenue growth, including our Company, tend to be positioned above the regression line, suggesting that we are valued at a premium relative to peers. Investors differ in whether they place greater emphasis on capital efficiency or on growth in revenue or profits. In our case, however, there is a view that the increase in goodwill resulting from proactive M&A offsets improvements in ROIC generated organically, making our ROIC appear lower in peer comparisons. As a result, we believe our valuation is being assigned a premium. It can also be argued that one factor supporting this premium valuation is market expectations for our future capital efficiency, underpinned by the track record of companies acquired in line with our Asset Acquisitor model maintaining highly capital efficient operations.

FCF margin x PER

A high FCF margin indicates strong future cash-generation capability and is generally regarded as one factor that supports theoretical share value. In general, investors tend to place greater emphasis on cash flow indicators during periods of macroeconomic weakness. At present, however, equity markets remain firm, and the observed correlation is therefore low. We believe the low correlation reflects the influence of other factors, such as revenue growth, investment efficiency, and capital efficiency.

FCF/EBITDA x PER

A high FCF/EBITDA ratio indicates a strong ability to convert earnings into cash and is generally regarded as one factor that supports a higher PER. In general, investors tend to place greater emphasis on cash flow indicators during periods of macroeconomic weakness. At present, however, equity markets remain firm, and the observed correlation is therefore low. We believe the low correlation reflects the influence of other factors, such as revenue growth and capital efficiency.



While our shares have a defensive growth profile and are relatively resilient to market conditions, that valuation is not yet fully reflected in the share price; we therefore analyze the drivers from historical and correlation perspectives

What Are Acquisition-Driven Compounders?

→ Integrated Report P31

Due to copyright restrictions, the image cannot be shown

As a model similar to our “Asset Assembler” model,
explain the globally recognized “compounder” model

Our Finance Strategy Presented by Co-President Wakatsuki

→ Integrated Report P38

Capital Allocation Centered on M&A to Maximize EPS

Executive Summary

1. ROIC is one of our key financial metrics, and the capital efficiency of both acquired and existing businesses has been improving year by year
2. With M&A as a cornerstone of our growth strategy and ROIC being affected by goodwill recognized in acquisition, an approach overly focused on ROIC does not align with MSV
3. High RNOA, reflecting superior asset efficiency, and a low capital expenditure-to-sales, demonstrating strong cash generation, are clear indicators of high business quality
4. Our capital allocation policy prioritizes growth oriented investments (M&A), and we have adopted a progressive dividend policy
5. Share buybacks are undertaken as a capital allocation decision when our share price is undervalued and earnings are robust, with a clear focus on EPS growth. They are fully compatible with M&A and maintain our Asset Assembler model

ROIC of major acquired assets

Including goodwill and intangible assets							Excluding goodwill and intangible assets						
	2020	2021	2022	2023	2024	2025		2020	2021	2022	2023	2024	2025
DGL (Pacific)	3.7% (3.4%)	4.4% (3.6%)	5.6% (4.5%)	5.8% (4.6%)	7.0% (5.1%)	7.2% (5.5%)	DGL (Pacific)	52.4% (32.5%)	40.1% (23.1%)	32.9% (28.6%)	34.2% (29.3%)	41.6% (32.7%)	42.3% (34.7%)
Betek Boya	7.4% (9.1%)	9.9% (14.9%)	7.9% (20.7%)	11.8% (45.7%)	16.4% (68.1%)	18.4% (94.3%)	Betek Boya	21.9% (20.8%)	27.3% (33.8%)	19.0% (47.5%)	29.3% (104.1%)	38.3% (155.1%)	45.8% (214.6%)
PT Nipsea	- -	3.7% (3.6%)	5.3% (4.4%)	6.6% (5.2%)	7.1% (5.4%)	7.2% (5.8%)	PT Nipsea	- -	34.7% (34.0%)	50.2% (41.7%)	62.2% (48.9%)	68.4% (51.2%)	68.1% (55.1%)
Cromology	- -	- -	2.2% (2.1%)	2.6% (2.2%)	2.5% (2.0%)	2.1% (1.6%)	Cromology	- -	- -	50.3% (44.0%)	35.3% (28.0%)	31.0% (25.7%)	23.9% (22.3%)
JUB	- -	- -	- -	5.7% (5.2%)	6.7% (5.6%)	7.8% (6.3%)	JUB	- -	- -	- -	12.8% (11.2%)	15.1% (12.9%)	17.4% (14.4%)
AOC	- -	- -	- -	- -	- -	7.2% (7.2%)	AOC	- -	- -	- -	- -	- -	74.3% (74.9%)

* In Japanese yen; percentages in parentheses are based on local currency

* Assumptions for preparation:

▶ The ROIC for DGL (Pacific), Betek Boya, and JUB excludes Year 1 as these companies were acquired during the fiscal year and starts from Year 2. PT Nipsea and Cromology, acquired at the beginning of the fiscal year, are included from Year 1. None of these companies incurred any acquisition-related costs in Year 1

▶ DGL (Pacific): For 2019-2023, the DuluxGroup figures reflect the consolidated total excluding Cromology and JUB. From 2024 onward, the figures reflect DGL (Pacific) only. For 2022, the figures exclude acquisition-related costs for Cromology and JUB (including small-scale acquisitions)

▶ Betek Boya: Goodwill deducted from the denominator does not reflect adjustments under hyperinflationary accounting. After-tax operating profit, the numerator, is shown after applying hyperinflationary accounting

▶ For AOC, a 12-month pro forma value is used. Inventory step-up is excluded

▶ For corporate tax rates, Betek Boya uses the statutory effective tax rate of 25% due to abnormal corporate tax rates due to hyperinflationary accounting.

▶ For other companies (PT Nipsea, DGL (Pacific), Cromology, and JUB), the average effective tax rate over the past three years is applied uniformly across all years

Present our approach to ROIC, the quality of our business as reflected in high RNOA (high asset efficiency) and a low sales-to-capital-expenditure ratio (cash generation), and our capital allocation policy

Major Board Discussions on Key Strategies/Discussions by the Board of Directors

→ Integrated Report P57/P58

Major Board Discussions on Key Strategies

Major discussions in 2025		Relevant execution-related pages
M&A strategy	At the Board of Directors meetings, under the Asset Assembler model, we engage in active discussions on the creation of growth opportunities through M&A in global markets from multiple perspectives, including the quality of the management teams of acquisition targets, business synergies, and risk tolerance. In particular, in executing large-scale transactions, including ADC, we place emphasis on deliberations on their contribution to MSV, namely the expected contribution to EPS from Year 1, optimization of the Group portfolio, and the strengthening of the risk management framework. In addition, by drawing on the diverse perspectives of the Independent Directors, we exchange objective and constructive views on proposals from the management team and support decision-making that contributes to the Group's sustainable growth and shareholder value enhancement.	Medium-Term Strategy Updates (Released in February 2026) P36 M&A Strategy P41
Stock price and valuation	At the Board of Directors meetings, we are monitoring whether our stock price and valuation appropriately reflect our growth strategy and financial performance, and discuss how we should address capital market assessments and investor expectations based on indicators such as EPS, PER, and ROIC. We closely review how M&A and growth investments contribute to shareholder value enhancement over the medium to long term and whether returns in excess of the cost of capital are being achieved, and encourage the management team to improve capital efficiency and execute appropriate capital policies. In addition, to better understand market feedback, we have also held a training session by inviting an overseas investor, thereby deepening our understanding of the global capital markets. Through dialogue with investors and enhanced disclosure, the Board aims to achieve sustainable enhancement of shareholder value.	Management Discussion P07 Stock-Price Conscious Management P12
Sustainability	The Board of Directors monitors whether the management team is appropriately addressing sustainability, taking into account investor expectations and the latest developments in international disclosure standards. Specifically, we invited experts from DuluxGroup with deep expertise in sustainability, and they provided us with their insights from their on-the-ground knowledge and practical case examples. We discussed upgrading the Group's overall sustainability capabilities as well as future issues and responses. In addition, in light of requests from investors and rating agencies, the Board has received reports from the management team on the overall picture of sustainability-related statutory disclosures and the actions that will be required across the Group to comply with the SSBJ standards going forward. We will continue to examine future sustainability strategies and necessary framework.	Sustainability as the Prerequisite for MSV P75 Discussions by the Board of Directors P58
Risk Management	In February each year, the Board of Directors receives a report from management, delivered by the Co-Presidents as the executives with ultimate responsibility for risk management across the Group, on the operation status of the internal control system. The report focuses on risk recognition and responses at both the Group-wide and each PCG level, including global risk management items, such as CSA and high-risk categories P, as well as the results of the operation of the whistleblowing hotlines. At the same time, the Group Audit Committee (GAC) P shares the status of risks across PCGs, thereby raising the level of risk recognition and enhancing the effectiveness of risk management. Through these processes, the Board of Directors works to enhance risk tolerance by ensuring the effectiveness of internal control and strengthening the risk management framework.	Risk Management P71

Discussions by the Board of Directors

Theme Sustainability Initiatives

The Company is preparing for non-financial disclosure on a consolidated basis. This section introduces selected discussions from the Board of Directors meeting in February 2026 on sustainability disclosure in the Asset Assembler model.

Q1 In the Asset Assembler model, how is the Group addressing mandatory requirements for non-financial disclosure in each region? What is our position for the inefficiencies of entity-by-entity responses?

A While the mandatory disclosure requirements vary across regions and therefore require individual responses in the local regions, the underlying principles are broadly aligned with the ISSB Standards. The Sustainability Team spanning partner companies is working to identify common issues, share know-how, and strengthen information coordination. This enables the Group to balance region-specific compliance with overall efficiency. For example, the Team shares relevant knowledge and practices across the Group, including the level of GHG data required for third-party assurance in Australia, which is ahead of other markets in implementing mandatory disclosure requirements in the environmental and climate change field. NIPSEA's process for developing a sustainability product portfolio, and the path Japan Group went through to formulate its Scope 3 emissions reduction targets.

Q2 How is the Company assessing the human resources and talents required to prepare for non-financial disclosure under Japanese regulations and the related third-party assurance? Does it have sufficient expertise, and are preparations for the required disclosures progressing appropriately?

A We have currently allocated minimum manpower, and will need to assess the necessary resources by examining the practical workload involved, for example, for data collection and verification. In terms of expertise, the Company is drawing on knowledge within the Group through collaboration with Australia and other Asian regions, where prompt actions have been required, while also incorporating the know-how of external professionals to ensure readiness for the required disclosures. We also expect to take advantage of the networks of such external advisors, and will determine its own resource allocation in light of these factors.

Q3 What are the principal challenges for NPMD in addressing disclosure and assurance?

A We recognize the lack of full standardization in data definitions and calculation processes across Group companies as a principle challenge. While each company has adopted definitions suited to its regional and business environment, and operations have progressed to a certain extent, disclosure and assurance will require these data to be organized and standardized so that the information be objective and verifiable. In addition, we will need to identify and develop system infrastructure appropriate for the Group as a whole to enable efficient and continuous information collection.

SSBJ disclosure schedule

	2026	2027	2028	2029
Market cap of JPY 3 tn or more	Voluntary application of SSBJ standards	From FYE12/2027 Mandatory disclosure commences	From FYE12/2028 Mandatory assurance commences	
Market cap of JPY 1 tn or more			From FYE12/2028 Mandatory disclosure commences	From FYE12/2029 Mandatory assurance commences

In addition to Board discussions on key strategies, including sustainability, share selected discussions actually held at Board meetings

2. Asset Assembler Model (Autonomous and Decentralized Management + M&A): Features and Advantages



Leadership Dialogue: NIPSEA China

→ Integrated Report P43

Growing Against the Headwinds: Disciplined “Share X Margin” Execution to Deliver Profitable Growth

Leadership Dialogue: NIPSEA China

Growing Against the Headwinds: Disciplined “Share × Margin” Execution to Deliver Profitable Growth

NIPSEA China’s competitive advantage lies in the discipline that holds firm not only in times of growth, but also through downturns. As China’s market structure undergoes significant change, NIPSEA China has stayed anchored to its disciplined “Share × Margin” execution, pursuing profitable growth across both the TUC (B2C business: business to consumers, DIY business, sales via dealers/distributors and e-commerce to end consumers, etc.) and TUB (B2B business: transactions direct to Project customers and main contractors, etc.) segments despite weak consumer sentiment and a sluggish property market. The objective is simple and consistent: grow share where it strengthens our competitive position, protect margins through value creation and cost discipline, and maintain financial resilience so that we can invest through the cycle.

In this dialogue, we explore NIPSEA China’s ability to execute self-transformation and its long-term management philosophy grounded in a 10-year vision – autonomy, accountability, and MSV – covering topics ranging from sustaining top-of-mind awareness and creating demand, to expanding into Tier 3-6 cities, organizational transformation, and improving productivity through Digitalization and AI.

NIPSEA China’s competitive advantages built over time

At the Nippon Paint Group, our unwavering mission is Maximization of Shareholder Value (MSV) ^① and that mission applies consistently across all markets. In China, achieving MSV requires a very clear balance between growth and profitability. Over many years, NIPSEA China has demonstrated that sustainable performance comes from improving market share and margins together, rather than

prioritizing one at the expense of the other. Even in a tough environment, the model remains replicable because it is anchored in discipline. It protects brand equity, preserves cash discipline, and keeps the organization ready to invest when opportunities appear, which is ultimately how we pursue MSV across cycles in China and beyond.

China is an extremely competitive market, and growth without margin discipline is fragile. Volume gained at the expense of profitability is difficult to sustain and often

Executive Summary

1. Protecting brand equity, preserving cash discipline, and keeping the organization ready to invest when opportunities appear is ultimately how we pursue MSV across cycles.
2. By combining innovation and service strategies, we are able to differentiate ourselves in a highly competitive market, and deliver sustainable results.
3. By tailoring our strategies to the specific needs and dynamics of each segment, we are able to respond more effectively to market changes and position NIPSEA China for continued success.
4. As competition intensifies, NIPSEA China’s color strategy plays a critical role in differentiating our brand and sustaining top-of-mind awareness.
5. Self-transformation is a core requirement for resilience, enhancing our ability to respond to changes in the business environment while protecting our capacity to invest through the cycle.
6. Looking forward with a ten-year perspective, NIPSEA’s unwavering commitment to the Chinese market and its disciplined “Share × Margin” execution will remain unchanged.

China is an extremely competitive market, and growth without margin discipline is fragile. Volume gained at the expense of profitability is difficult to sustain and often

Leadership Dialogue: NIPSEA China

damages brand value. NIPSEA China rejects a single price competition model and is driving the construction of a share-angle model of “Innovation × Service.” This approach allows us to build a competitive moat that is not easily replicated, and push us ahead of the competition.

Not in a great point, Eric. Could you walk us through how the “Innovation × Service” model is helping us stand out and deliver sustainable results in China’s competitive landscape?

We are particularly proud of Mega-Paint, which exemplifies our commitment to innovation. More than just a paint product – it delivers a distinctive style and aesthetic experience through finishes such as leather, fabric, micro-cement, and stone. By collaborating with architects, ambassadors and leveraging our own well-known IP, such as our Dream Home Masterpiece TV program, individual creative content, music, we are positioning Nippon Paint as the brand

Sales, construction, and completion areas of commercial housing by real estate developers, and their growth rates (2021–2025)

① Based on commercial housing floor space and TUB. ② Excludes growth in floor space completed by NIPSEA China. ③ Excludes floor space under construction. ④ Excludes floor space completed.



Source: National Bureau of Statistics of China

NIPSEA China’s TUC strategy is centered on capturing growth in Tier 3-6 cities and expanding its service portfolio. The company has adopted an asset-light approach to enable rapid expansion into the smaller cities. A key component of this approach is the Application Service Partner model, which builds direct service relationships with partners and ensures cost efficiency in these markets. County distributors support service providers, allowing them to focus on customer education and delivery which ensures efficient distribution and quality service.

More than 10 million people have returned or intend to return to urban areas, driving demand for housing there. In 2025, government subsidies for home renovation reached RMB

of choice for taste and expertise, enhancing our brand equity across all product categories.

On the service side, we focus on delivering a seamless end-to-end experience from product selection through to delivery. As early as 2021, NIPSEA China launched its House-Free Renovation Service, or “No-Need-to-Lift-a-Finger” renovation service system, which was further enhanced under our 2025 strategic blueprint. By leveraging a growing network of community stores, we bring decision-making closer to consumers, communicate and encourage repeat purchases. As of end 2023, 300 NIPSEA China community stores had been rolled out nationwide. In 2024, Nippon Paint will roll out a 400-strong network through urban and operating benchmarks that will allow us to scale our service system.

industry average. This performance underscores the effectiveness of its in-depth relations and ability to adapt to a challenging environment.

A key factor behind this resilience is our differentiated approach for the TUC and TUB segments. By tailoring strategies to the specific needs and dynamics of each segment, we are able to respond more effectively to market changes and position NIPSEA China for continued success.

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Nippon Paint Holdings Co., Ltd.

quality craftsmanship. Together, these innovation and service strategies help us stand out and deliver sustainable results, even in a highly competitive market.

Navigating through a changing market

China’s economy achieved a steady and resilient expansion and is navigating a significant transformation within the housing and property markets. NIPSEA China monitors these trends and adjusts its strategic priorities to maintain resilience and capitalize on emerging opportunities.

Tier 1-3 cities. Rural housing construction has shifted from basic shelter to decorative and functional needs, with residents seeking to live well. NIPSEA China’s urban paint strategy addresses these upgraded demands and needs for offering competitive and broad-range products tailored for rural markets. Enhanced production efficiency and pricing competitiveness make feature coatings accessible and attractive in these regions. NIPSEA China’s TUC strategy

enables the company to penetrate even rural Tier 3-6 cities.

Some trends in the property market, however, are posing challenges. The slowdown in real estate investment and delivery, which are resulting in an oversupply of new properties, is a key challenge for the industry. We are focusing on cost efficiency and reducing inventory through strategic partnerships and sales channels.

We have introduced AI tools to generate high-quality case studies and offer interactive color selection through our WeChat mini program. We create immersive color-themed spaces at major design exhibitions and partner with top art museums to enhance our brand’s appeal, especially among younger audiences. All these efforts contribute to make our color strategy a real driver of demand and a key part of our brand strength.

Self-transformation and productivity improvement

Beyond front-end growth, productivity improvement and cost management are also critical, particularly in a volatile environment. From a group standpoint, self-transformation is not optional. It is a core requirement for resilience, and it protects our capacity to invest through the cycle.

Over the past few years, we have driven significant organizational transformation, including the implementation of HPG Group’s Product Development and T&E Product Development Teams. We have established a platform-based organizational model that seamlessly connects the front, middle, and back offices to enable us to lead and collaborate.

Our front office is chiefly focused on key industries, key markets, and key offices to enable us to lead and collaborate. Our front office is chiefly focused on key industries, key markets, and key offices to enable us to lead and collaborate.

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product and technology innovation, enabling us to develop differentiated solutions that truly stand out in the market. Meanwhile, our back office has built integrated service Delivery Assist that reducing manual order processing rate and exceptional handling times, and a new “Thousand Cities, Thousand Stores” initiative to empower stores to upgrade their selling products to selling services.

Investors increasingly ask about risk resilience in China. How does NIPSEA China ensure that we have the right controls, and that problems are surfaced and solved early?

We have strengthened processes in credit evaluation and management, especially for businesses with risk outside. Our system now proactively identifies credit and liquidity risks for specific companies, enabling us to act before issues escalate. By establishing a coordinated approach across Legal, Finance, and Business, we ensure credit and default risks are addressed promptly and comprehensively. This helps us surface potential problems early and maintain a robust risk control environment.

Globally, digitalization and AI are transforming the coatings industry by enabling smarter manufacturing, predictive maintenance, advanced quality control, and personalized customer experiences. Companies that embrace these technologies are better equipped to drive innovation, achieve operational excellence, and meet the rising expectations of customers and regulators.

NIPSEA China’s digitalization and AI strategy is centered on driving a “Data-Flow Integration × AI-driven” transformation. To ensure effective implementation, the Transformation Committee oversees strategic planning and decision-making, while cross-departmental working groups and consensus meetings facilitate project execution. The company has established an innovation system for all employees, focusing on AI talent development, and conducts regular surveys and reviews for continuous optimization.

Some examples of AI projects include TUC’s AI Design application, which allows rapid generation of wall colorings and 3D videos within ten minutes. TUB’s AI Intelligent Delivery Assist that reducing manual order processing rate and exceptional handling times, and a new “Thousand Cities, Thousand Stores” initiative to empower stores to upgrade their selling products to selling services.

Looking forward with a ten-year perspective, NIPSEA’s unwavering commitment to the Chinese market and the approach of disciplined “Share × Margin” execution will remain unchanged.

NIPSEA China will maintain its focus on the business principle of “Share × Margin.” In response to a high-quality economic transformation and global structural reshaping, the company will advance core strategies including innovation, driver growth, service enhancement, intelligent manufacturing, flexible delivery, organizational transformation, efficiency improvement, technology leadership, AI empowerment, and sustainable development. By leveraging technology, NIPSEA China aims to build a value-driven ecosystem platform and strengthen its leadership in comprehensive coating solutions.

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Wee Siew Kim
Director, Representative Executive Officer & Co-President



Eric Chung
CEO of Nippon Paint China



Türkiye Group Business Strategy

Analyze the business strategy driving Betek Boya's accelerated growth in Türkiye and overseas since joining our Group in 2019

AOC's Business Strategy (Case Study)

→ Integrated Report P49

Case Study 2

AOC's Business Strategy

How AOC Leverages Its Competitive Advantages to Drive Sustainable Growth

AOC has built a distinctive market position by concentrating its management resources on high-value-added segments, such as CASE (Coatings, Adhesives, Sealants and Elastomers), colorants, and other solutions. Supporting AOC's competitive advantages are two core strengths: business systems refined to accommodate a portfolio that is both rich in complexity and customization. AOC also has the ability to create customer value through the integrated delivery of best performing products, with best delivery and best technical service.

This case study explores how AOC turns the complexity of customer-specific requirements into a source of strength and achieves sustainable growth through product development aligned with long-term demand trends.

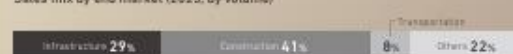


Joe Salley
Chief Executive Officer
of AOC

Business and financial profile

- A leading formulator of CASE and colorants solutions.
- High profitability driven by highly customized products, a competitive product lineup, and differentiated services.
- Business systems with significant potential for further value creation.
- Controllable, multi-faceted growth opportunities above market growth.
- Best-in-class cash flow generation and financial profile.
- A high-caliber management team with a proven track record of value creation.

Sales mix by end market (2025, by volume)



1 A unique market position built on a focus on high-value-added segments

AOC is a leading formulator engaged in the formulation development, manufacturing, and distribution of unsaturated polyester, vinyl ester, and other solutions. It focuses in particular on high-value-added segments such as CASE, colorants, visual effect solutions, and customized composite materials, which together account for approximately 80% of its sales volume. North America represents approximately 70% of AOC's revenue, while about 70% of its SKUs (Stock Keeping Unit) consist of custom products optimized for specific customers. Although CASE, colorants, and customized applications make up only a relatively small share of the broader market, AOC has established a distinctive position that sets it apart from competitors by concentrating its management resources on these attractive segments.



Source: Third-party market research, company data, management estimates

2 Delivering customer value through differentiation in product performance, delivery, and technical service

AOC's competitive advantage is rooted in its ability to deliver the combination of value that matters most to customers. When selecting products, customers place the greatest importance on performance, followed by delivery and technical service. AOC addresses these priorities by leveraging local R&D, sales, and technical service capabilities to develop an intimate understanding of customer needs and provide customized solutions tailored to specific applications and production processes. In addition, given the demanding performance requirements of its products and their limited shelf life, AOC has built a structure capable of providing stable supply with short lead times through local production at manufacturing sites in each region. Through these efforts, AOC delivers differentiated value and its customers have recognized it in each of these areas: product performance, delivery, and technical service.

Hyper-regional market structure

High-performance products with limited shelf life	Dynamic demand requirements	Customer value local service
▶ Products designed to the customer plant level ▶ Delivery range typically within 1 day ▶ Products do not ship long distances easily	▶ Custom formulations typically made-to-order with limited storage capacity at customer locations ▶ Local and flexible logistics required to accommodate changes and shortlead times	▶ Wide array of highly technical applications ▶ Formulation process requires intimate understanding of direct customers' processes, acid and customer requirements

Case Study 3

3 A robust set of business systems underpinning competitive advantage and value creation

AOC has built a robust set of business systems to support a highly-complex portfolio of products that is rich with customization. At the core of these systems are four core elements: New product development, Commercial excellence, Lean, and Procurement. These elements are supported by clearly defined process management, people management, and performance management mechanisms, with each process equipped with optimized tools, templates, and systems. This enables fast, consistent decision-making and disciplined operations.

With more than 3,000 SKUs and over 1,000 customers, each with distinct requirements, AOC's business depends on the ability to embrace complexity while managing it efficiently and at low cost. AOC's ability to maintain profitability even in a challenging demand environment is clear evidence of the effectiveness of its business systems.

By leveraging these business systems, AOC has transformed the complexity inherent in its business into a distinctive advantage that is difficult for competitors to replicate. Backed by an organizational structure with clearly defined roles and responsibilities, the company also pursues continuous operational improvement through management review meetings and

ongoing monitoring of key indicators. These operational foundations were first established and refined in the U.S., and AOC intends to extend them to Europe and Asia to elevate value creation globally. Beyond supporting organic growth, AOC's business systems will serve as an important platform for future bolt-on MSA, business improvements, and value creation.

AOC's performance improvement has been bolstered by business systems that enable strong, repeatable outcomes in the four areas



4 Innovative products aligned with long-term demand trends

AOC is committed to developing innovative products that address long-term demand trends. The company is deploying differentiated technologies in growth areas with strong future potential, including ultra-low-density class A formulations that support lightweighting and vehicle electrification, carbon fiber spar cap applications, water-related infrastructure such as potable water, tanks, and culverts, relining applications, construction-related use, and formulation technologies incorporating recycled

raw materials. Infrastructure is a particularly important area, as demand is expected to remain relatively solid, making it a key driver of future growth.

By focusing on these areas, AOC is creating new value for customers while steadily capturing growth opportunities. The company is also advancing sustainability-conscious product development through the replacement of conventional materials and the use of recycled inputs.

Infrastructure needs and CIPP opportunities

The global infrastructure market is entering a period of sustained expansion, as public spending on aging water and transportation systems is increasingly complemented by private investment in AI-driven power, water, and utilities infrastructure. In the U.S., the Infrastructure Investment and Jobs Act (IIJA) allocates over USD 1.2 trillion to modernize power grids and upgrade water systems, including replacing aging sewage and stormwater networks. At the same time, the technology sector is accelerating capital deployment in the infrastructure segment, with the five largest hyperscale companies expected to invest a combined USD 736 billion between 2025 and 2026 to support the rapid growth of generative AI workloads¹⁾. Similar commitments by policymakers in Europe and elsewhere are complementing this buildup globally. While greenfield data-center projects must address both new and legacy water needs, municipal investment is now largely focused on replacing existing infrastructure that has outlived its useful life as cities uncover larger-than-expected inventories of difficult-to-access lead pipes.

Replacing or upgrading potable water and wastewater systems is inherently complex. These networks run beneath streets, between homes, and across long distances, making traditional replacement methods costly and disruptive. Cured-in-place piping (CIPP) technology offers a more efficient alternative. By inserting a flexible liner into an existing pipe, then inflating and curing it with heat or ultraviolet light, CIPP creates a seamless structural liner with a service life of 50 to 100 years. The result is a restored pipe with improved integrity and flow performance, delivered through trenchless installation that minimizes excavation, shortens project timelines, and reduces community disruption. Newly repaired and leaking traditional joints, CIPP stops water from leaking out and prevents groundwater from entering, reducing washed potable water and unnecessary wastewater treatment. As a result, CIPP has become the leading solution for trenchless pipe rehabilitation²⁾.

As a global leader in CIPP formulations, AOC continues to advance technology to meet demanding conditions, including high pressure, elevated temperatures, and corrosive environments. Expert CIPP installers rely on AOC for high-performance materials, responsive service, and technical expertise. AOC's solutions feature higher flexural modulus, enabling thinner wall designs, increased flow capacity, and lower overall project costs. Low-emission formulations further support safer installation while extending the lifespan of critical underground infrastructure worldwide. AOC is proud to continue to drive advancement in this key infrastructure application.



Sources:
1) V&T Research, part of S&P 500 Global Market Intelligence; Goldman Sachs Research.
2) Underground Infrastructure & 20th Annual Municipal Sewer Leader: Infrastructure Forecast & Market Analysis

Analyze how AOC, which joined our Group in 2025, leverages its competitive advantages and charts a path to sustainable growth

M&A Strategy

→ Integrated Report P41

M&A Strategy

Harnessing the competitive advantage of our Asset Assembler model ① to accelerate EPS compounding through active pursuit of M&A opportunities

MSV logic tree

For more information, please refer to the "How Shareholder Value is Maximized" ② section.



Role of M&A in our growth strategy

We position low-risk, disciplined M&A as one of the core pillars of our growth strategy. Cash generated by our existing businesses is redeployed into assets that contribute to MSV, thereby driving inorganic growth. Our M&A activity comprises two approaches: bolt-on acquisitions and asset-assembly transactions. Bolt-on acquisitions are executed by our partner companies, with the primary objectives of expanding existing businesses and generating synergies. We have also established a framework under which transactions below a certain size threshold can be approved at the partner-company level, enabling swift decision-making and agile execution.

Two pillars of M&A

Partner companies	Nippon Paint Holdings
Bolt-on type - Placing the highest priority on synergy creation - Expansion of existing businesses - Only quantifiable and achievable synergies are reflected in the valuations	Asset-assembly type - Potential to expand into new business areas - Adjacent regions - Operational improvement opportunities

Maximization of Shareholder Value (MSV)

By contrast, asset assembly acquisitions are led by NPHD, the holding company, and generally involve relatively large-scale transactions. In these cases, we focus on opportunities that offer sufficiently attractive return potential. In keeping with our principle of "ego-free management," valuations are assessed without factoring in synergies. Following an acquisition, however, we will pursue synergies rigorously and without compromise.

Acquisition criteria

In the past, we have described our M&A scope as having "no limitations." However, we have sharpened our focus and will prioritize opportunities within the chemicals domain, targeting businesses operating in resilient growth markets with clear competitive advantages and strong potential to accelerate growth under our Group. We pursue opportunities that are EPS-accretive from the first year after acquisition, achieve capital efficiency with ROIC exceeding WACC within approximately three years, and contribute sustainably to our Group. We will execute M&A with rigorous pricing standards without making it an end in itself.

Our strengths

Our strengths in M&A lie in four areas: 1) the ability to identify good targets, 2) maintaining autonomy and accountability, 3) sustaining and enhancing the motivation of management talents that join our Group, and 4) proactively leveraging low

funding costs. Our Co-Presidents and Directors with extensive experience in M&A apply their sharp judgment to discern the true potential of acquisition targets and the qualifications of their CEOs.

Additionally, by empowering partner companies to fully utilize our Group's platform, we unlock their growth potential. This approach drives synergies that fuel the growth of both our existing businesses and newly acquired companies.

New M&A opportunities

Unlike the cost-cutting approach typically seen in Western companies, our approach has been generating new opportunities thanks to our proven track record and solid reputation. We have observed a growing interest, in particular, from growth-focused local CEOs in joining our Group, as this allows them to fully demonstrate their management skills.

Additionally, our commitment to respecting the legacy, brands, and leadership of target companies—more so for private ones—appeals to asset owners who have a strong attachment to their companies and are seeking a seamless transition to the next generation. We remain committed to pursuing M&A transactions, provided they present low risk and offer good returns aligning with MSV.

Rigorous acquisition criteria

Our strengths	Acquisition criteria and targets
- The ability to identify good targets - Sustaining and enhancing the motivation of management talents that join our Group - Autonomy and accountability - Access to low funding costs	- Markets with outlook for resilient growth - Companies possessing competitive advantages (management, margins, cash flow, etc.) - Valuations that are EPS-accretive from year one and capable of achieving ROIC above WACC within three years - Bolt-on acquisitions emphasize synergy generation, while in asset-assembly transactions, synergies are pursued but are not factored into the justification for higher valuations

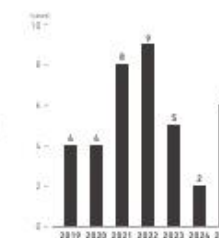
M&A Strategy

Our M&A track record

Since 2019, we have consistently pursued acquisitions, and each partner company that has joined our Group has steadily expanded its revenue, operating profit, and market share. Betele Boya is a prime example. Since joining the Group through acquisition in 2019, it has continued to deliver steady gains in revenue, operating profit, and market share. In Türkiye's highly volatile market, Betele Boya has achieved growth that significantly outpaces its competitors, while further strengthening its growth platform through knowledge sharing across the NIPSEA Group. As a result, it has evolved into the core company of the Türkiye Group, established in 2024, and now serves as a strategic hub for regional expansion into North Africa and Central Asia.

Case Study 1: Türkiye Group Business Strategy ② P47

M&A¹⁾ transactions



¹⁾ Including small-scale business acquisitions (undisclosed) across different regions and business segments.

Adjusted operating profit by year

(Billion yen)	Total	Contribution from M&A ²⁾	Growth rate (YoY)	Contribution from M&A	Companies acquired during the year
2018	86.3	—	—	—	—
2019	95.9	8.6	11.1%	10.0%	DuluxGroup, Betele Boya
2020	92.5	53.6	-3.6%	16.1%	—
2021	101.3	54.0	9.6%	15.2%	PT Nippon, Vital Technical
2022	162.8	8.2	39.0%	8.1%	Cromology, JIBI
2023	181.5	1.3	28.9%	0.9%	NPT
2024	199.6	8.6	9.9%	3.5%	Aixia NPI
2025 ³⁾	274.2	55.3	37.4%	27.7%	ADC

²⁾ Profit/loss for the 12 months following acquisition.
³⁾ Following the finalization of ADC's IPO, the 2025 figures have been revised retroactively. The figures presented are pro forma.

For more information, please refer to the "Asset Management Report" ② on our website.

Case 1

Acceleration of bolt-on acquisitions by Dulux Group

DuluxGroup has accelerated its bolt-on M&A activity since joining our Group, completing 24 acquisitions in the six years since then, including Cromology and JIBI, compared with nine acquisitions during its nine years as an ASU-listed company. A defining feature of this approach is that we do not drive acquisitions from the top down; rather, we support initiatives grounded in DuluxGroup's own convictions and strategic intent. This disciplined approach, underpinned by rigorous and rational discussion, continues to support the company's growth.



Case 2

Acceleration of growth in the SAF business at the NIPSEA Group

Message from Co-President Wee ② P23

Following the integration of the Asia businesses of the Serfaix brand in DuluxGroup's SAF (Sealants, Adhesives & Filler) business to the NIPSEA Group with its extensive distribution network, the brand's growth in Asia has accelerated. This development also led to the acquisition of Vital Technical in Malaysia in 2021. In this way, dialogue among partner companies, combined with rational decision-making, is helping to drive growth.



Case 3

Deepening our relationship with ADC

Case Study 2: ADC's Business Strategy ② P18

In September 2025, ADC's management team visited Japan and met with the Co-Presidents and the leadership teams of our partner companies. During this meeting, ADC provided an overview of its business and explained, with concrete examples, its business systems that underpin its strong profitability. The session prompted in-depth questions and a strong interest in learning further from ADC's approach among the management teams of partner companies, marking an important first step toward deeper collaboration and cooperation across the Group.



Case 4

Acceleration of collaboration within the NIPSEA Group

In April 2024, NIPSEA launched the LFG Excellence Award with a CEO broadcast across 19 geographies, reinforcing shared direction and collaboration while recognizing local contributions. Nippon Paint Malaysia held an event visiting both local and Vital Technical employees. The Award recognizes performance, innovation, and impact in advancing strategic priorities through Lean for Growth, promoting best practices. Mr. Wee emphasized discipline, strategic clarity, and sustainable results to strengthen collaboration and accelerate growth.



Introduce the strategic position of our M&A strategy, along with our acquisition criteria and strengths, and our M&A track record using key figures and case studies

Human Resource Strategy/Natural Capital Strategy/R&D Strategy

→ Integrated Report P81/P85/P87

How does it contribute to maximizing EPS and PER?

Our Group positions human capital as an important management foundation that supports medium- to long-term enhancement of corporate value, and is advancing digitalization and the use of AI in HR across each region and company. The use of AI goes beyond improving the efficiency of HR operations; it also enables higher-quality operations, faster decision-making, and an enhanced employee experience across areas such as recruitment, talent development, HR services, and people data utilization. Through these efforts, we will improve the productivity of HR functions and support employees in maximizing their capabilities, thereby contributing to the realization of MSV through strengthening the competitiveness of the organization as a whole.

Examples of initiatives

NIPSEA Group	NIPSEA Group is progressively embedding AI to enhance decision-making, efficiency, and employee experience. Key initiatives include the development of AI literacy learning pathways to future-proof workforce capabilities, the deployment of AI resume screening tools to improve candidate matching and shortlisting quality, and the rollout of AI-driven HR bots to provide seamless access to company policies, benefits, and employee services. In addition, the Group is strengthening its digital HR infrastructure and designing future AI-enabled capabilities to support advanced analytics and more data-driven workforce insights and decision-making.
DuluxGroup	We are engaging with HR systems that have AI enabled functions to increase productivity through the work we do. This includes the shortlisting of candidates through our recruitment process, utilising workflows in AI tools to compile information and data and provide insights and create agents to support our leaders.
Dunn-Edwards	Various AI platforms are used to create training content and programs. This allows our training department to be more nimble in providing relevant material and programs, and also aids in producing content that is easily digestible based on current learning and development best practices.

Introduce examples of AI adoption in the human capital area across each PCG

PCG	Reduction Targets (Scope 1, 2)		Progress	Improvement Priorities
	Net Zero (Scope 1, 2)	Medium-term*1		
NIPSEA Group	2060	2025: 15%	7.2% 2021 (Baseline) = 40.60 kg CO ₂ -e/tonne 2025 = 37.67 kg CO ₂ -e/tonne	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations
Dulux Group*2	2050	2030: 50%	40% (including all acquisitions since 2020) 25% (excluding all acquisitions since 2020) 2020 (Baseline) = 149 kg CO ₂ -e/tonne 2025 (including acquisitions since 2020) = 90 kg CO ₂ -e/tonne 2025 (excluding acquisitions) = 112 kg CO ₂ -e/tonne	Delivery of an additional 1,400 kW of solar generation capacity, ongoing energy efficiency initiatives across operational sites, continued roll-out of the fleet transition plan in the Pacific and Cromology business, review of climate targets for all DGL including Scope 3 target setting.
Japan Group	2050	2030: 37% 2030: 13% (Scope 3)	22% 10% (Scope 3)	Reduced GHG emissions through increased renewable electricity purchases and Power Purchase Agreement (PPA). Conducted a carbon footprint survey of suppliers and strengthened collaboration to reduce Scope 3 Category 1 emissions.

*1 Baseline years for targets are 2019 for Japan Group (Scope 1, 2), 2020 for DuluxGroup, and 2021 for NIPSEA Group and Japan Group (Scope 3)

*2 DGL (Pacific) only

New content highlighting our progress toward medium-term GHG emission reduction targets, including each PCG's 2025 reduction rate versus the base year

LCA and Avoided Emissions

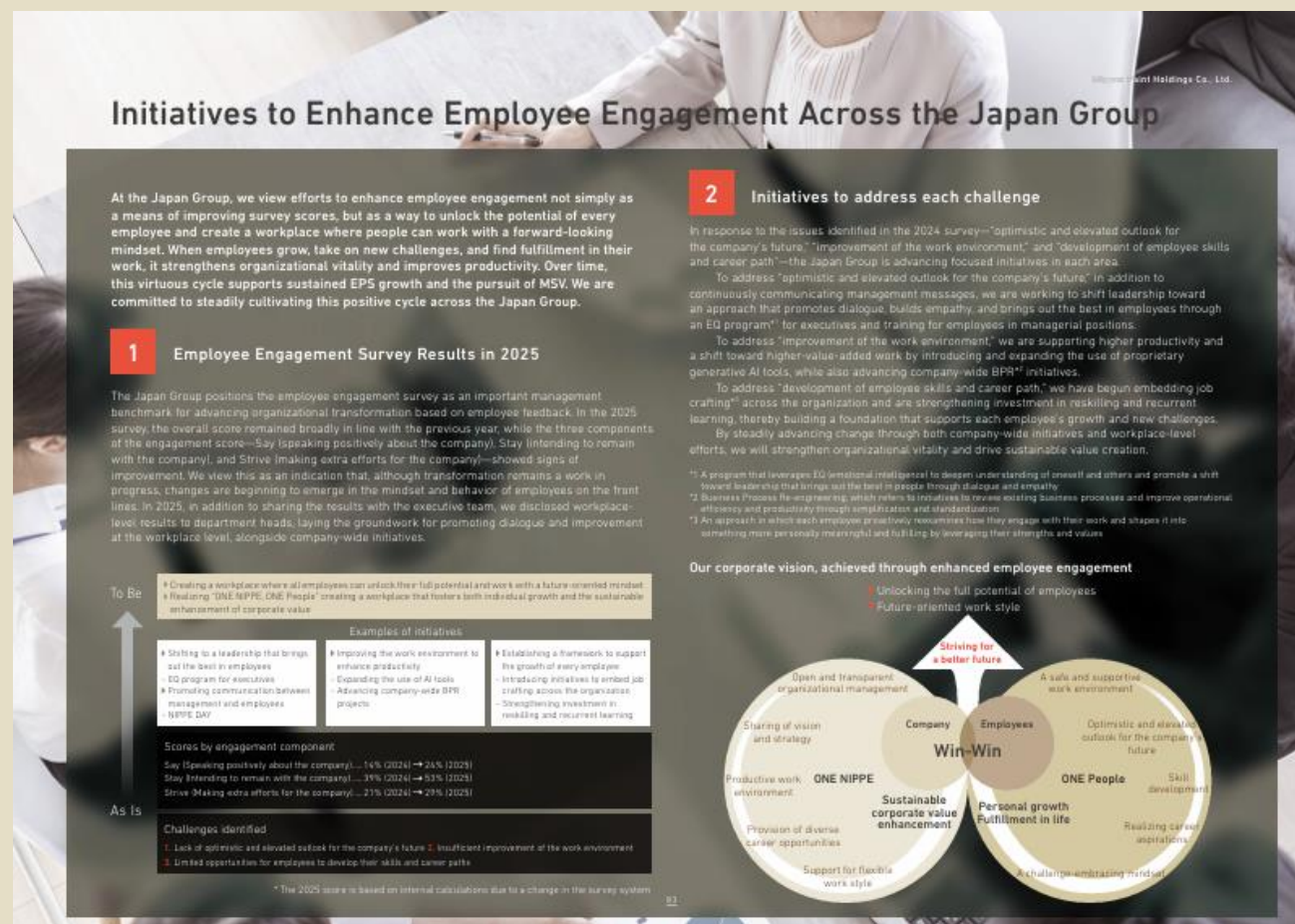
To share LCA expertise, which forms the foundation of sustainable product development, across our major PCGs, we hold joint monthly meetings on product safety and LCA, with AOC newly joining these initiatives. More recently, with support from the Japan Group, the NIPSEA Group obtained third-party LCA certification, contributing to subsequent business expansion, while the China Group has established its own LCA platform to calculate product carbon emissions.

NIPSEA Group	- Completed 4 EPDs (Environmental Product Declarations) in Singapore, covering 60 products, including decorative paints. - Completed 2 EPDs in Vietnam, covering 11 products.
DGL (Pacific)	Developed EPDs for 22 powder coating products.
Japan Group	Launched the "SUSTAINA SYSTEM" a service for companies working to reduce their environmental impact, which calculates and provides information on CO₂ emissions at each stage of paint production, during painting, and after painting in the construction sectors.
Dunn-Edwards	Currently has EPDs for 19 products, with coverage expected to expand to an additional 18 products in 2026.
AOC	In collaboration with the European industry organization CEFIC and the U.S. industry organization ACMA, completed third-party validated LCAs, including PCFs (Product Carbon Footprints), for unsaturated polyester and vinyl ester formulations.

New content highlighting collaboration among PCGs, including examples related to LCA and emissions reduction contribution volumes

Initiatives to Enhance Employee Engagement

→ Integrated Report P83



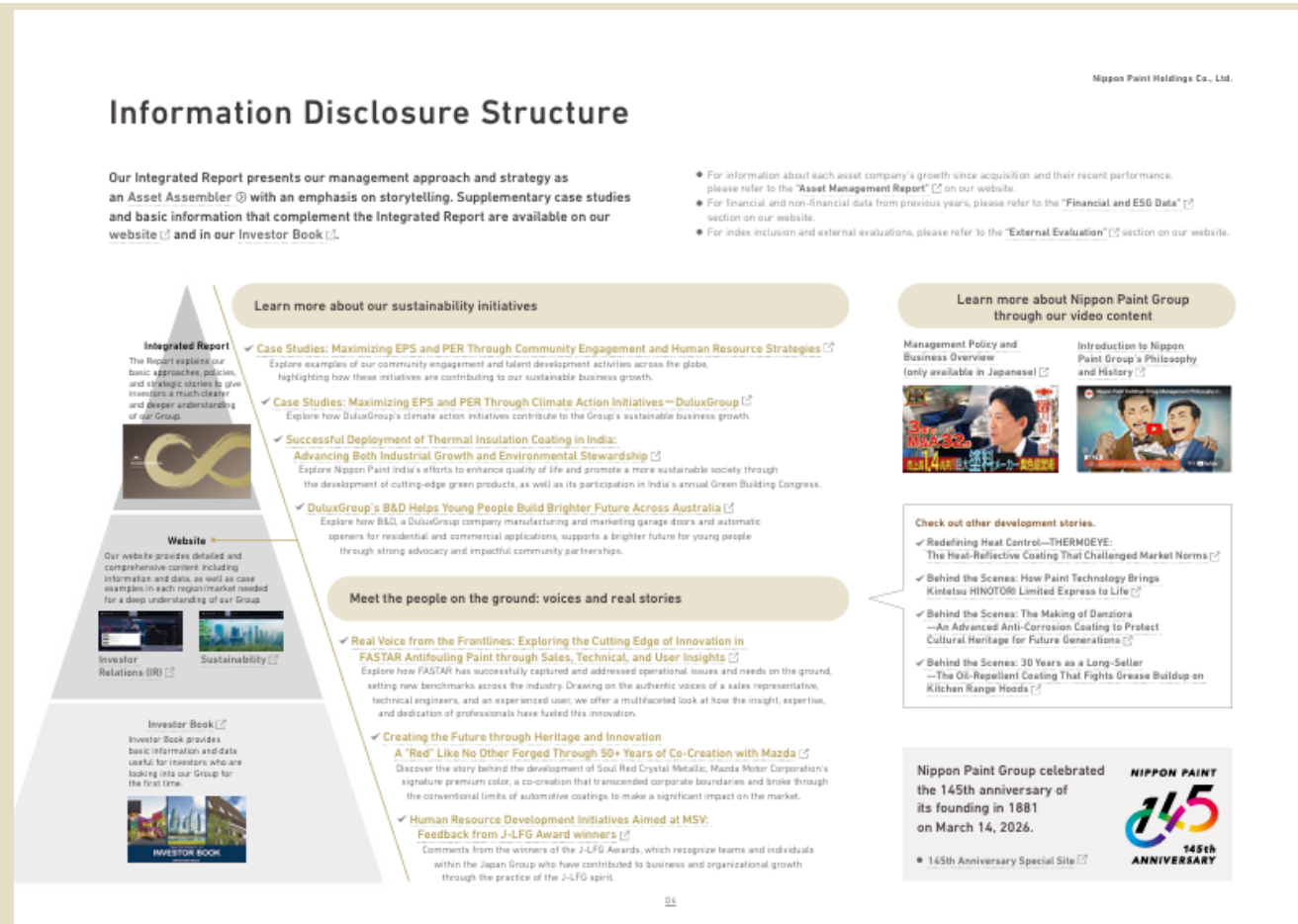
Highlight analysis of the Japan Group employee engagement survey results and progress since last year in addressing identified challenges

3. Volume Reduction and Stronger Linkage with Our Website



Information Disclosure Structure

→ Integrated Report P04



Expand Website Content That Brings Out the Firsthand Perspectives of Employees on the Ground ①

Concrete sustainability initiatives

Examples of maximizing EPS and PER through community revitalization and human capital strategies



How heat-shield coatings help balance industrial growth and environmental responsibility in India



Media coverage featuring on-the-ground initiatives (only available in Japanese)



読売新聞の連載「サービス・モノがたり」に、日本ペイントマリン株式会社船底防汚塗料に関する記事が掲載されました



東京新聞の連載「まちびず最前線」に、自動運転用特殊塗料の開発経緯や特徴を紹介する記事が掲載されました



ABEMAの情報バラエティ番組「カンニング竹山のイチバン調査せよ!」で遮熱塗料が紹介されました



日刊工業新聞の秀でたスキルを持つ人材を特集する企画「極める」で、当社グループの技術者が紹介されました



中国新聞の連載「こんにちは支店長です」に、自動車用塗料の製造・販売を手掛ける事業会社の社長が掲載されました



毎日新聞の連載「私の推シゴト」に、自動運転用特殊塗料の開発に携わる“お仕事”ぶりを紹介する記事が掲載されました

<https://www.nipponpaint-holdings.com/company/media/index.html>

Continuously publish development stories and concrete sustainability initiatives throughout the year, highlighting on-the-ground problem-solving and the commitment of people involved

Expand Website Content That Brings Out the Firsthand Perspectives of Employees on the Ground ②

Frontline employees, their voices and first-hand perspectives (development stories)

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



Development Story: How a Fresh Perspective Led to a Breakthrough—Behind the Development of “Mizeron,” the Insulating Coating Safeguarding Power Infrastructure from Bird Damage



Development Story: The Culmination of Technological Excellence Since Our Founding – “FASTAR,” A Next-Generation Antifouling Paint That Suppresses Marine Biofouling



Development Story: Redefining Heat Control – THERMOEYE: The Heat-Reflective Coating That Challenged Market Norms



Behind the Scenes: The Making of Danziora – An Advanced Anti-Corrosion Coating to Protect Cultural Heritage for Future Generations



Development Story: A “Red” Like No Other Forged Through 50+ Years of Co-Creation with Mazda



Behind the Scenes: Target Line Paint - An Innovative Solution for Autonomous Driving, Born from Our Aspiration to Address Societal Challenges



Behind the Scenes: How Paint Technology Brings Kintetsu HINOTORI Limited Express to Life



Behind the Scenes: Developing Innovative and Eco-Friendly In-Mold Coating Technology for the Automotive Industry

Continuously publish development stories and concrete sustainability initiatives throughout the year, highlighting on-the-ground problem-solving and the commitment of people involved

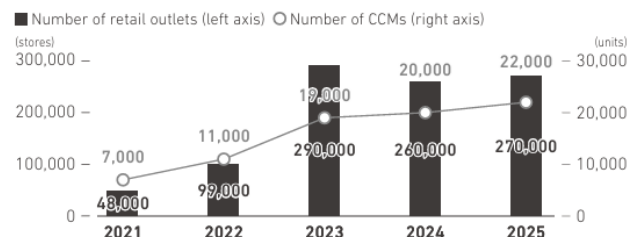
Enhancement of Data Disclosure ①

→ Integrated report P38/P42/P47/P52/P55



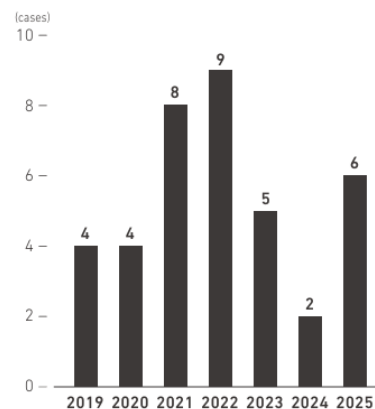
Dominant position enabled by extensive distribution channels

Number of retail outlets/Number of CCMs (NIPSEA China)



Our Group has built a broad and diverse distribution network, primarily serving the B2C market including retail, distributors, and e-commerce across the decorative paint markets in each country and region in which we operate. In 2025, we continued to increase the number of retail outlets and CCM installations, supporting the continued expansion of our distribution channels and further strengthening our ability to deliver value-added solutions to customers.

M&A¹ transactions



¹ Including small-scale business acquisitions (undisclosed) across different regions and business segments

Metrics and targets

● For other ESG data, please refer to the "ESG Data" section on our website.

	GHG emissions (Scope 1, 2; Market based) (kg/t)	GHG emissions (Scope 1, 2; Location based) (kg/t)	GHG emissions (Scope 3) (Mt)*	Total Energy Consumption (GJ/t)	Renewable Energy Consumption (% of total)	Renewable Electricity Consumption (% of total)
Total	60.9 (+34.3%)	62.9 (+39.7%)	10.5 (+2.4%)	0.62 (+14.3%)	8.2% (-1.4 pp)	6.4% (-12.7 pp)

* Excluding Dunn-Edwards and AOC data. NIPSEA includes the China, the Malaysia Group and BETEK only (representing approximately 90% of NIPSEA production). DuluxGroup includes Pacific business only (representing 45% of the DuluxGroup total production)

PCG	Reduction Targets (Scope 1, 2)		Progress	Improvement Priorities
	Net Zero (Scope1, 2)	Medium-term ¹		
NIPSEA Group	2060	2025: 15%	7.2% 2021 (Baseline) = 40.60 kg CO ₂ -e/tonne 2025 = 37.67 kg CO ₂ -e/tonne	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations
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¹ Baseline years for targets are 2019 for Japan Group (Scope 1, 2), 2020 for DuluxGroup, and 2021 for NIPSEA Group and Japan Group (Scope3)

² DGL (Pacific) only

	2021	2022	2023	2024	2025
ROIC (Return on Invested Capital)	5.2%	5.2%	6.8%	6.8%	7.6%
RNOA (Net Operating Assets)	19.4%	20.4%	27.0%	26.5%	30.7%
Capital expenditure-to-sales ratio	5.0%	3.8%	3.5%	4.6%	3.5%

Growing faster as part of the Nippon Paint Group

Türkiye Group (2025)^{1,2}

Net sales: USD 0.82 bn (+205% vs. 2019)
Operating profit: USD 0.12 bn (+303% vs. 2019)
OP margin: 15% (+400 bps vs. 2019)

Türkiye business snapshot

Net sales: USD 0.66 bn (+145% vs. 2019)
Operating profit: USD 0.09 bn (+187% vs. 2019)

Our share in the Turkish decorative paint market 36% (+900 bps vs. 2019)
Turkish ETICS³ market share 50% (+2,600 bps vs. 2019)



Notes:
¹ Figures after applying hyperinflation accounting from 2022 onward.
² Elimination of intersegment transactions and similar adjustments are not applied.
³ External thermal insulation composite system.
⁴ 2019 figures on full year basis assuming acquisition completed at beginning of the year

Enhance data disclosure in response to investor needs, including the number of paint stores, CCM installations, and historical data

Enhancement of Data Disclosure ②



*Not yet disclosed
at the time of investor briefing

- The online edition of the Integrated Report will be published at the end of July 2026
- This edition will complement the PDF version and supports AIO (AI search optimization), which is becoming increasingly important

Enhancement of Data Disclosure ③

Investor Book



- Reference material for investors seeking a basic understanding of our Group
- Includes an overview of each asset company, such as market share and revenue, our inorganic growth track record, and various market data

Asset Management Report



- Reference material for investors seeking a deeper understanding of our assets
- Brings together each asset company's financial and non-financial performance, medium-term growth strategy, and competitive advantages in one place