

Investor Briefing on Acquisitions of Akzo Nobel's Decorative
Paints Businesses in Southeast Asia Q&A Summary
October 5, 2026

◆ Questions from Atsushi Ikeda, Goldman Sachs Japan Co., Ltd.

Q1	The target businesses are expected to achieve higher revenue and margins in 2026 than in 2025. Is it correct to understand that the projected EBITDA margin of approximately 26% for 2026 can serve as a benchmark going forward, even after factoring in standalone operating costs and other expenses following the carve-out? In addition, could you explain the basis for the expected annual run-rate synergies of at least a high single-digit percentage of sales? Could you also provide details on the businesses' market share in key countries, their growth outlook, and the potential synergies with your existing businesses?
A1	We expect the target businesses to maintain and further increase their revenue and sustain their profitability by leveraging Dulux's brand equity. Based on our due diligence, we believe the businesses can sustain their growth and profitability, although uncertainties remain regarding market conditions and raw material price trends. We are therefore not guaranteeing any specific level of performance. The expected annual run-rate synergies are calculated against the target businesses' projected 2026 revenue of more than approximately USD 330 million. We consider a high single-digit percentage of sales to be the minimum achievable level and believe a double-digit percentage may also be attainable. We will refrain from commenting on market share by country at this time. The target businesses have a significant presence in Indonesia and Vietnam, and we expect them to complement our existing businesses.

Q2	Your market share following the acquisitions is expected to be relatively high in markets such as Indonesia. From an antitrust perspective, are there any issues investors should be aware of, including the potential need to separate or divest part of the businesses?
A2	We are proceeding with the acquisitions based on our assessment that the closing conditions, including the required regulatory approvals, can reasonably be met. While regulatory processes inherently involve some degree of uncertainty, we are confident that we can obtain the necessary approvals.

◆ Questions from Shunta Omura, UBS Securities Japan Co., Ltd.

Q1	We understand that, in addition to these acquisitions valued at more than JPY 200 billion, you have also considered M&A opportunities exceeding JPY 1 trillion. What level of leverage would you be willing to accept? In addition, could you explain your approach to a potential future acquisition of Akzo Nobel's remaining decorative paints businesses?
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A1	Regarding leverage, we continue to view Net Debt/EBITDA of 4.0x as a reference point. However, exceeding this level would not automatically lead us to issue new shares. Our businesses have strong cash-generating capacity. Following these acquisitions, pro forma Net Debt/EBITDA at the end of 2026 is expected to be approximately 2.8x, and we believe we can reduce this ratio by approximately 0.6x within one year. The target businesses also generate strong cash flow, and we expect to retain ample capacity for additional acquisitions after these transactions. Nothing has been decided regarding Akzo Nobel's remaining decorative paints businesses. These acquisitions are standalone transactions. In line with Akzo Nobel's divestment strategy associated with its integration with Axalta, we evaluated the economics of the transactions and submitted an offer at a price we considered affordable.
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Q2	Did you use a sum-of-the-parts approach to value the target businesses across the seven countries, assessing each country separately? In addition, I understand that acquisitions in developed markets, such as AOC, tend to lower your PER, while acquisitions in emerging markets with higher growth expectations, such as these transactions, tend to raise it. Could you share your views on this?
A2	We use a range of valuation methodologies, including a sum-of-the-parts approach. We also developed detailed financial projections and concluded that the acquisitions can generate sufficient value at the agreed price. While we do not disclose the details of our valuation, we are confident in our assessment. I do not agree with the view that the AOC acquisition lowered our PER. AOC has substantial growth potential in the U.S. and was expected to deliver significant EPS accretion from Year 1. From that perspective, the acquisition could reasonably have been expected to support PER expansion. However, the market did not assess it that way. We expect AOC to grow as pent-up demand is released. Growth and PER are related. By bolting the acquired businesses onto our existing Southeast Asia business, which has recently delivered particularly strong growth, we expect to accelerate growth further and support PER expansion. We believe consistent execution of post-acquisition initiatives will be key to improving the market's assessment.

◆ Question from Hidemitsu Umebayashi, Daiwa Securities Co., Ltd.

Q1	Are the target businesses primarily focused on the retail channel, like TUC, or the project channel, like TUB? Could you explain any differences by country and how their distribution channels may complement those of your existing businesses?
A1	While we will refrain from commenting on country-specific details, the distribution channel mix varies by country. In some countries, we see opportunities to strengthen our project business, where our existing presence is limited, and to pursue cross-selling. By expanding our product, service, and brand offerings, we expect to deliver greater value to customers. We intend to build this value steadily through initiatives tailored to the characteristics of each country.

◆ Questions from Hibiki Ogura, The Chemical Daily Co., Ltd.

Q1	In July, you submitted an acquisition proposal for Akzo Nobel's global decorative paints business, whereas these transactions cover only its Southeast Asia businesses. Do you have any plans to expand the scope of the transactions to include other regions?
A1	Our proposal for Akzo Nobel's global decorative paints businesses and these acquisitions of its Southeast Asia businesses are entirely separate matters. We considered these transactions in response to Akzo Nobel's strategy of divesting selected regional businesses in connection with its integration with Axalta. Akzo Nobel's Southeast Asia businesses offer significant potential for synergies with our existing operations. Following a detailed review, we concluded that the acquisitions would contribute to Maximization of Shareholder Value (MSV). Nothing has been decided regarding acquisitions in other regions. While we remain open to future opportunities, any decision would be based on a comprehensive assessment of factors including valuation and synergy potential, as well as Akzo Nobel's willingness to sell.

Q2	Is it correct to understand that the potential synergies for both parties were a key factor in making these transactions possible?
A2	Akzo Nobel's intention was to divest its decorative paints businesses in Southeast Asia, as it seeks to sharpen its focus on coatings following its integration with Axalta. We assessed the synergy potential and incorporated it into our valuation. This alignment of interests between the two parties made these transactions possible.

◆ Question from Yuta Nishiyama, Citigroup Global Markets Japan Inc.

Q1	In your M&A strategy, you have emphasized the importance of local management capabilities and alignment with your commitment to MSV. How do you assess the target businesses' management teams? In addition, how do you plan to align the teams with your strategy and MSV-focused management approach?
A1	As we have repeatedly stated, these are bolt-on acquisitions aimed at generating synergies with our existing businesses. Their premise therefore differs from that of our Asset Assembly acquisitions, including AOC in 2025 and DuluxGroup in 2019, where greater emphasis was placed on management autonomy. We have a high regard for the local management teams, who have delivered growth and high margins in the challenging Southeast Asian region, and we look forward to welcoming them to our Group. We intend to integrate the businesses in a way that contributes to MSV. This approach differs from an Asset Assembly acquisition, in which the acquired business is expected to continue growing independently under autonomous management.

◆ Question from Yusho Yoshitake, Nomura Securities Co., Ltd.

Q1	Could you provide a breakdown of the target businesses' revenue by region? In addition, EBITDA declined slightly from 2024 to 2025 but is projected to increase significantly in 2026. Could you explain the factors behind these changes?
A1	We will refrain from commenting on the regional revenue mix. However, we have a high regard for the initiatives the current management teams are implementing to leverage the brand's strength, and we believe the businesses can continue to deliver growth and profitability. Earnings may fluctuate from year to year due to internal and external factors, but after carefully assessing them, we concluded that the businesses can sustain their growth and profitability. This assessment underpinned our decision to proceed with the acquisitions.

◆ Questions from Yasuhiro Shintani, SMBC Nikko Securities Inc.

Q1	Is it correct to understand that the projected EBITDA margin of approximately 26% for 2026 is sustainable and can serve as a baseline for assessing synergies? In addition, do the expected synergies include both cost savings and revenue growth, and which is the greater priority?
A1	We believe the target businesses' margins are sustainable. Southeast Asia is a region we know well, and after thoroughly assessing market conditions and distribution channels, we concluded that the potential for value creation is high. We have made certain assumptions regarding synergies, but as we will continue to refine our PMI plans through to closing, we will refrain from providing details at this stage. The main source of synergies is cost savings through efficiency improvements.

Q2	Is it correct to understand that the acquisition price factors in a certain level of synergies, and that your assessment also considered the potential for growth and synergy realization to reduce the effective acquisition multiple to the low teens over time?
A2	That is why we have repeatedly emphasized that these are bolt-on acquisitions rather than an Asset Assembly acquisition. While both our 2019 acquisition of DuluxGroup and these transactions carry an acquisition multiple of approximately 16x, the implications of that multiple differ. In addition to growth in the target businesses themselves, we expect to improve profitability primarily through cost synergies. We believe these acquisitions offer substantial potential for further value creation over time, with ROIC expected to exceed WACC by Year 3.

Q3	Could you provide details on the target businesses' EBITDA margin by country? In particular, Indonesia is generally regarded as a structurally high-margin market. Does this also apply to the target businesses' operations there?
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A3	Due to various constraints, we will refrain from commenting on country-specific details. However, the projected EBITDA margin of approximately 26% for 2026 is high compared with both our Group as a whole and NIPSEA Except China. We therefore view these acquisitions as adding highly profitable businesses to our portfolio.
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◆ Questions from Takehiro Yamada, Toyo Keizai Inc.

Q1	You explained that these acquisitions are expected to be EPS-accretive from Year 1, with ROIC exceeding WACC by Year 3. What amounts of goodwill and amortizable intangible assets are you assuming, and how are these reflected in the projected EPS impact? In addition, how does factoring synergies into the acquisition decision align with your previously stated policy of not pursuing acquisitions on the premise of synergies?
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A1	The amortization of intangible assets is typically finalized after closing. At this stage, however, we have already incorporated an assumed level of amortization expense into our calculations. For these decorative paints businesses, the principal intangible asset is the Dulux brand, rather than technology or customer relationships. We assume that the brand will be treated as a non-amortizing intangible asset and that goodwill will not be amortized either. We therefore expect the amortization burden to be relatively limited. Our assessment of the transactions' economics, including EPS accretion, already reflects these costs. Our policy of not pursuing acquisitions on the premise of synergies means that we do not pay an excessive price simply because synergies may be available, nor do we pursue acquisitions solely to generate synergies. The key is to acquire a business at a price that allows us to create value. For an Asset Assembly acquisition, we focus on the target business's ability to generate sufficient returns and cash flow on a standalone basis. For a bolt-on acquisition, we also consider the potential to create value through integration with our existing businesses. These acquisitions would create value even without synergies. However, at an acquisition price of approximately 16x EBITDA (across all transactions), synergies are important to achieving returns commensurate with the capital invested. In particular, we have relatively high confidence in achieving cost synergies through efficiency improvements. Taking these synergies into account, we concluded that the transactions offer sufficient economic benefits to contribute to MSV.
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Q2	Is it correct to understand that you have concluded the transactions can generate sufficient returns even after factoring in the recent increase in interest rates?
A2	Yes. Although interest rates have been rising, we have secured low-cost financing with the support of our banks. We assess financing costs on an after-tax basis and believe they remain competitive.

◆ Questions from Kazuki Yamaguchi, Nikkei Inc.

Q1	As the Group continues to expand through M&A, has your governance approach emphasizing local management autonomy changed? In addition, as consolidation in the paint industry progresses, do you expect the pool of potential acquisition targets to shrink, or do you continue to see a broad range of opportunities, including Asset Assembly acquisitions?
A1	Our approach to management and integration differs between Asset Assembly and bolt-on acquisitions. These transactions are bolt-on acquisitions that will be integrated with our existing Southeast Asia platform, while respecting the track record and strengths of the target businesses' management teams. This differs from an Asset Assembly acquisition, where the acquired business remains independent after closing and greater emphasis is placed on autonomous management. We continue to see opportunities for further M&A, as the top 10 players account for less than 50% of the market in paints and adjacencies. To maximize the value of our platform, we will also consider performance coatings businesses such as AOC and businesses in related fields that offer stable, high margins and strong cash generation. We will continue to assess opportunities individually, including acquisitions in our core paints and adjacencies fields and Asset Assembly acquisitions.

Q2	Could you provide details on the governance structure you envision for these acquisitions, including whether you plan to appoint management personnel from within your Group to the target businesses?
A2	The specific post-acquisition governance structure will require thorough discussions with the target businesses' management teams, so we will refrain from commenting in detail at this stage. As a general rule, we do not dispatch management personnel from headquarters. Instead, we will work closely with the local management teams to determine how best to build on their strengths as we develop our PMI plans. We already operate in all seven countries where the target businesses are present and have a strong foundation in each. The purpose of these acquisitions is to maximize the value of the target businesses' talent and technological capabilities in countries we know well. We therefore intend to pursue integration post-closing by drawing fully on local strengths.

Q3	Your share price rose by several percent following the acquisition announcement, but your PER still appears low relative to your profitability. Beyond realizing synergies, what challenges do you see to maximize shareholder value?
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A3	We need to strengthen our communication with the market and deepen investors' understanding of our strengths. These bolt-on acquisitions build on our Southeast Asia business, which also delivered growth in the second quarter. We believe consistent delivery of results after the acquisitions will help the market better appreciate our M&A strategy and the strength of our existing business platform. The key to M&A is the value created after closing. We intend to demonstrate that this value also translates into meaningful benefits for customers. While listening carefully to market feedback, we will consistently execute the initiatives needed to create value.
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