Integrated Report 2025

Year Ended December 31, 2024

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Why Invest in Nippon Paint?

Why is Nippon Paint an attractive investment opportunity?

At Nippon Paint Group, we remain firmly committed to our sole mission, Maximization of Shareholder Value (MSV), by continually striving to unlock the unlimited upside of shareholder value. In 2024, the inaugural year of our Medium-Term Strategy, we achieved a major milestone with the acquisition of AOC, now positioned as a new pillar of growth alongside NIPSEA Group and DuluxGroup. This acquisition marks a pivotal chapter in our inorganic growth journey and exemplifies our Asset Assembler strategy. It also reflects our disciplined approach to M&A, meeting all of our core criteria, most notably, delivering significant EPS accretion from the very first year.

Why is Nippon Paint an attractive investment opportunity?

This Integrated Report was developed by asking ourselves this very question and focusing squarely on the perspective of investors. Our objective is to clearly convey the unique appeal of Nippon Paint as an investment. Drawing on the feedback and questions we receive through ongoing dialogue with shareholders, we have carefully curated and presented the most essential information that reflects our identity as an Asset Assembler. Prepared with sincerity and transparency, the report is the result of close collaboration across our global teams, including departments in Japan and overseas, and thoughtful discussions with senior leadership, including the Co-Presidents and Board Chair. We thank you for taking the time to engage with this report and invite your feedback and suggestions for further improvement.

We remain firmly committed to delivering a consistent track record of sustainable EPS compounding by fully harnessing the strengths of our unique Group platform. We concurrently place great importance on maintaining active, ongoing communication with investors.
It is our sincere hope that this Integrated Report will deepen engagement with our shareholders and serve as a catalyst for enhanced valuation, contributing to a higher PER and advancing the realization of MSV.

June 30, 2025

Director,
Representative Executive Officer & Co-President

Director,
Representative Executive Officer & Co-President

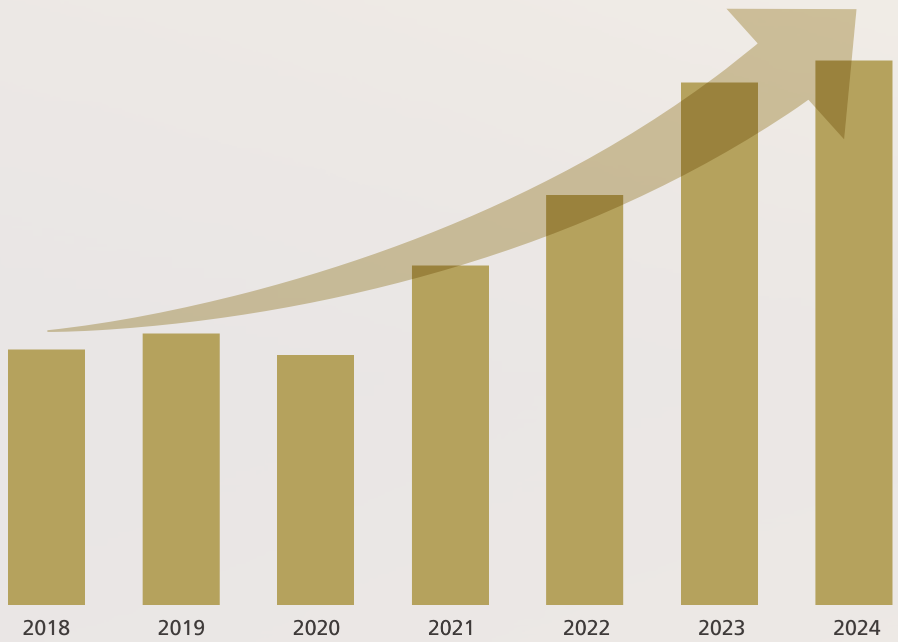
Why Invest in Nippon Paint?

1 Nippon Paint as EPS Compounding Machine

With MSV as our sole mission, we remain fully committed to sustainable EPS compounding, driving growth through both organic and inorganic initiatives. Despite headwinds such as the COVID-19 pandemic, logistic disruptions, and inflation, Nippon Paint Group has delivered EPS growth for five consecutive years and built a solid track record of successful M&A activity.

EPS CAGR +12.8%

Sustainable EPS compounding



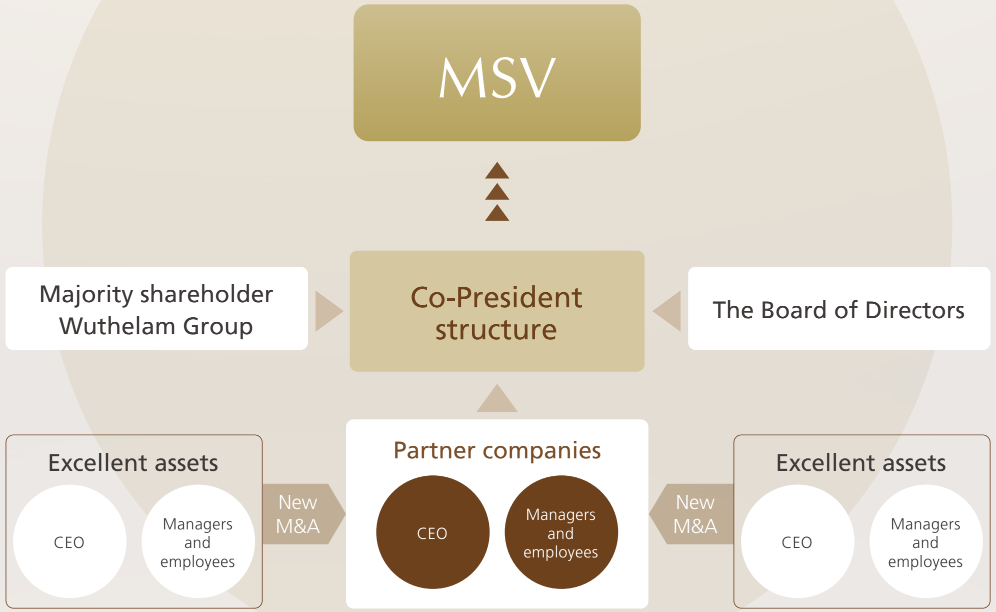
Performance Highlights P36

2 "Ego-free management" approach dedicated to the pure pursuit of MSV

Our Group is committed to an "ego-free management" approach, focused solely on the achievement of MSV. With strong alignment between management and the Board of Directors, we uphold a disciplined stance that does not tolerate any actions misaligned with the MSV mission. By pursuing sustainable EPS compounding through both organic and inorganic growth, we strive to meet the expectations of the capital markets.

Ego-free management

Management dedicated to the pursuit of MSV



Message from Co-President Wakatsuki P07
Message from Co-President Wee P11

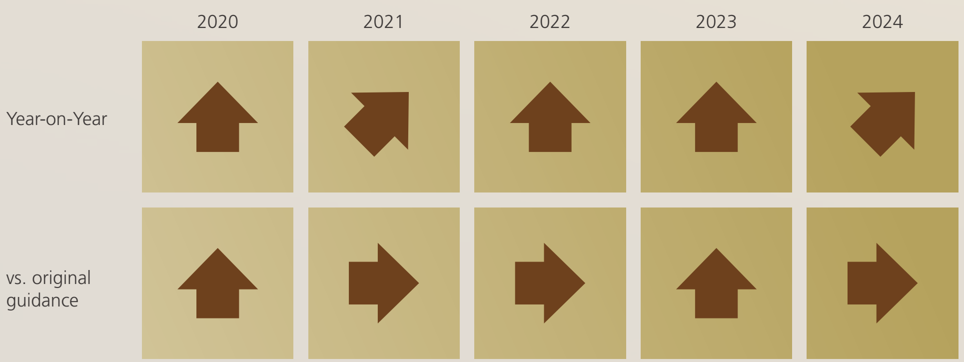
Why Invest in Nippon Paint?

3 Relentlessly pursuing unlimited growth while minimizing risk

Balancing growth and soundness at the core of our management approach, our Group has delivered solid growth even through the challenges of the COVID-19 pandemic and inflationary periods. On the inorganic side, we have consistently executed safe M&A, placing emphasis on sound valuation and autonomous post-acquisition growth. Looking ahead, we remain committed to pursuing unlimited growth potential while minimizing risk.

Balancing "growth" and "safety"

EPS track record



Performance Highlights P36

Investment appeal driven by operational excellence

Each partner company within our Group operates under an autonomous and decentralized management structure, leveraging competitive advantages such as strong market share, powerful brands, and extensive distribution channels to achieve sustainable 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 49% in Malaysia. This strong market presence serves as a barrier to new entrants and supports our sustained growth and profitability improvement.

Performance Highlights P38

2 Brands

51%

Top of Mind rating (NIPSEA China)

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 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy) P43

3 Distribution channel

c. 260,000

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.

Performance Highlights P38

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Integrated Report 2025 production process

Do
Publication of the Integrated Report 2024 (July 31, 2024)

Check
Conducted interviews of 31 institutional investors from 18 firms to obtain their feedback and evaluations (September–October 2024)

Plan
Reported the feedback and evaluations of institutional investors internally and to the management, and developed a draft plan for the Integrated Report 2025 (November 2024–January 2025)

Act
Conducted interviews of 19 institutional investors from 12 firms based on the draft plan for the Integrated Report 2025 (March–April 2025)

Create
Created the Integrated Report 2025 mainly by the staff of Investor Relations Department, Sustainability Department, and Corporate Governance Department based on interviews and information gathering with the management and Group partner companies around the world (February–June 2025)

Do
Publication of the Integrated Report 2025 (June 30, 2025)

Participation and involvement of the management

The management is actively involved in the Plan and Create phases of the production processes. In particular, Directors, Representative Executive Officers & Co-Presidents Yuichiro Wakatsuki and Wee Siew Kim and Lead Independent Director Masayoshi Nakamura engaged in the Create phase by participating in the planning meeting several times to discuss the concept, contents, and design of the Report.

Period and scope

Period covered : January 1 to December 31, 2024 (Information on some activities after January 2025 is also included as necessary)
Scope of the Report : Nippon Paint Holdings (NPHD) and its consolidated subsidiaries around the world
Accounting standard: Unless stated otherwise, figures to FY2017 are based on JGAAP and figures from FY2018 onwards are based on IFRS.

Referenced reporting guidelines

· Integrated Reporting Framework developed by IFRS Foundation (former Value Reporting Foundation)
· Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
· Intellectual Property and Intangible Assets Governance Guidelines by the Cabinet Office
· Sustainability Accounting Standards Board (SASB) standards, etc.

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Publication date

June 2025 (published annually)

Notice concerning forward-looking statements

The forward-looking statements in this Report are based on information available at the time of preparation and involve inherent risks and uncertainties. The actual results and performance of Nippon Paint Holdings Co., Ltd. and Nippon Paint Group may differ significantly from these 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 or statements contained herein.

Inquiries about this Report

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Investor Relations
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Information Disclosure Structure

Our Integrated Report presents our management approach and strategy as Asset Assembler with an emphasis on storytelling.
Supplementary case studies and basic information that complement the Integrated Report are available on our website and Investor Book.

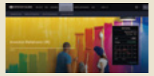
- For information about each asset company's growth since acquisition and their recent performance, please refer to the **"Asset Management Report"** on our website.
- For external evaluations, please refer to the **"External Evaluation"** section on our website.
- For financial and non-financial data from previous years, please refer to the **"Financial and ESG Data"** section on our website.

Integrated Report

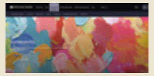
The Report explains our basic approaches, policies, and strategic stories to give investors a much clearer and deeper understanding of our Group.

Website

Our website provides detailed and comprehensive content including information and data, as well as case examples in each region/market needed for a deep understanding of our Group.



Investor Relations (IR)



Sustainability

Investor Book

Investor Book provides basic information and data useful for investors who are looking into our Group for the first time.

Learn more about our sustainability initiatives

Nippon Paint Automotive Coatings Achieves Up to 71% CO_2 Emissions Reduction at Takahama Plant Through Modal Shift

Discover our journey toward modal shift—one of our major initiatives for net zero—and see how it's benefiting the environment.

Voices of Women Thriving at DuluxGroup

Meet the women thriving at DuluxGroup who are playing a key role in creating a gender-balanced workplace.

Meet the people on the ground: voices and real stories

Human Resource Initiatives Aimed at MSV Feedback from J-LFG award winners

We introduce the voices of the winners of the J-LFG Awards, which recognize teams and individuals within the Japan Group who have contributed to business and organizational growth through the practice of the J-LFG spirit.

Behind the Scenes: Target Line Paint - An Innovative Solution for Autonomous Driving

Discover the story behind the development of Target Line Paint—a groundbreaking road paint that enables autonomous driving.

Behind the Scenes: In-Mold Coating Technology for Automotive Applications

Explore how our collaboration with an automotive parts manufacturer led to the development of in-mold coating technology that delivers both aesthetic excellence and environmental benefits.

Learn more about Nippon Paint's unique governance frameworks

Viewpoints of Independent Directors

This page explains how our directors, each bringing strengths and skills backed by a broad range of experience, use their expertise to analyze Nippon Paint's strengths from their own perspectives and their thoughts about protecting the interests of minority shareholders and their commitment to MSV.

Q&A with Independent Director

The Lead Independent Director Masayoshi Nakamura comments on and answers feedback and questions on governance topics received through engagement with investors.

Learn more about Nippon Paint Group through our video content

Management Policy and Business Overview (only available in Japanese)

Introduction to Nippon Paint Group Factories

Product Introduction: Target Line Paint for Autonomous Driving (only available in Japanese)

Pick Up!

Nippon Paint Group Awards Ceremony (held in January 2024, only available in Japanese)

Our Value Creation Model

We aim to maximize both EPS and PER from a long-term perspective, while harnessing the advantage of our platform based on our Asset Assembler model, towards the achievement of MSV.

INPUT

Leveraging management resources

Talents/organizations
- Creating a workplace environment that allows diverse people to play an active role
- Accepting reforms and changing workstyle
- Instilling the Global Code of Conduct

Technologies
- Cultivating engineering talents
- Stepping up R&D activities
- Maintaining and reinforcing production facilities

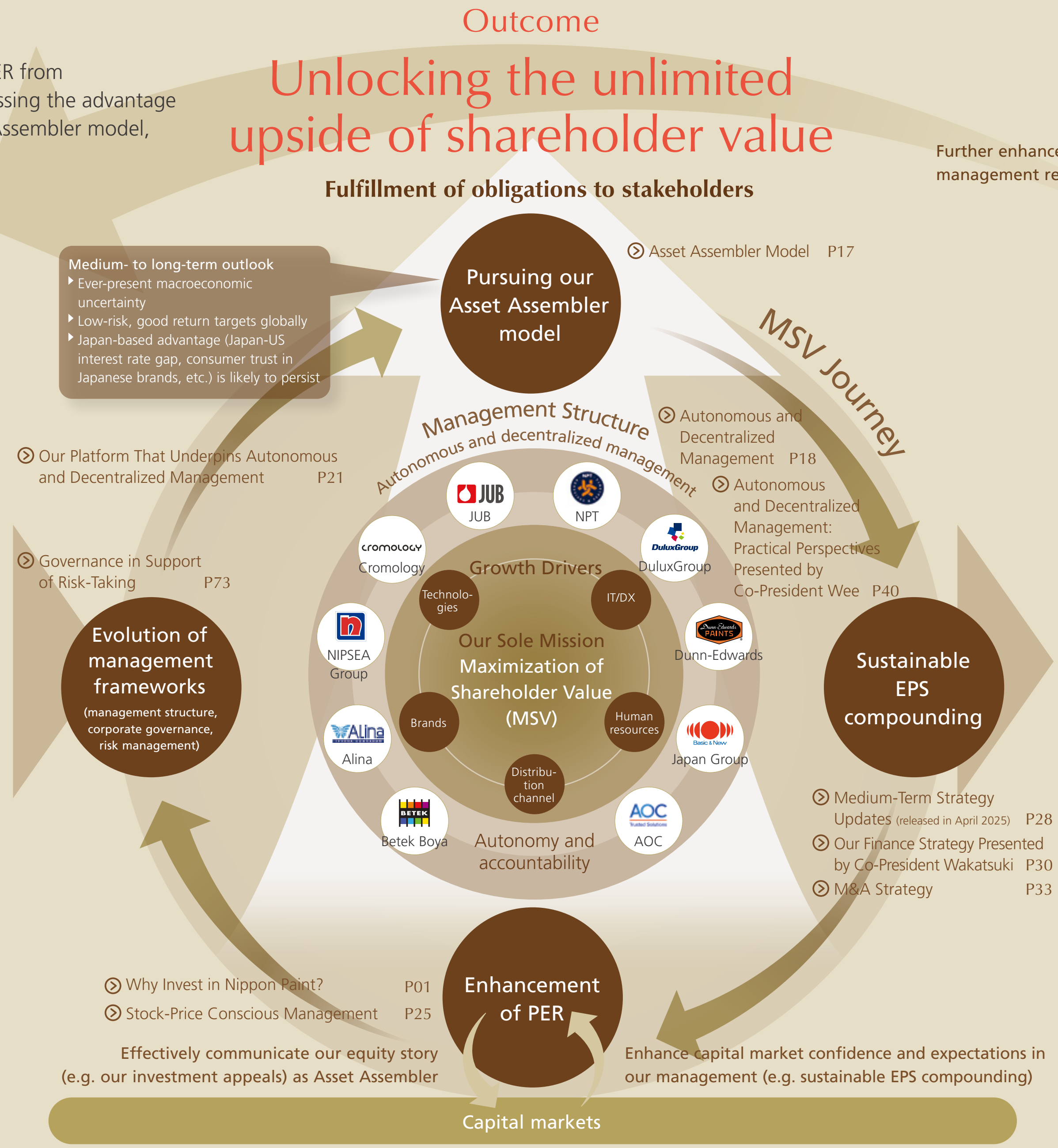
External partners
- Active open innovation activities with universities, research institutions, automobile manufacturers, and other external partners
- Facilitating engagement with investors and other stakeholders
- Advancing and deepening the partnership with Wuthelam Group

Customer base
- Developing distribution channels that enable us to supply products to consumers worldwide
- Increasing strategic partnerships with property developers
- Developing strong trust relationships with automobile manufacturers and other customers

Brands/know-how
- Promoting advertising, marketing, and social contribution activities
- Sharing and accumulating expertise and know-how through our platform
- Holding AYDA Awards international architectural and interior design competition

Financial base
- Strict adherence to financial discipline
- Prioritizing debt finance and maintaining leverage capacity
- Promoting engagement with financial institutions and credit rating agencies
- Developing a global base of investors

Nature/environment
- Declaration of support for the TCFD and expansion of climate change-related measures and information disclosure
- Sustainable use of resources and protection of environment/biodiversity
- Mitigating environmental impact through the development of sustainable products



OUTPUT

Building up/strengthening management resources (2024)

Talents/organizations
- Ratio of overseas employees (global) 91.0%
- Ratio of women in managerial positions (global) 24.9%
- Ratio of female employees (global) 26.6%

Technologies
- Number of engineering talents (global) c.4,200
- Number of factories (global) 174
- Number of registered patents (global) 1,600

External partners
- Number of IR meetings (global) 806
- (Meetings hosted by Co-President; global) 322
- Shareholding of the majority shareholder Wuthelam Group (private company) 58.7%

Customer base
- Number of retail outlets (NIPSEA China) c.260,000
- Number of CCMs (NIPSEA China) c.20,000
- No.1 market share in decorative paints (global) 14 countries

Brands/know-how
- Number of key brands (global) 53
- Top of Mind rating (NIPSEA China) 51%
- Brand award recognitions in Australia (DuluxGroup brands) 1st place

Financial base
- Operating cash flows (consolidated) ¥167.4 bn
- Net D/E ratio (consolidated) 0.30x
- Total equity (consolidated) ¥1,610.2 bn

Nature/environment
- GHG emissions (Scope 1 & 2; global) 45.0kg/ton of production
- Ratio of hazardous waste (global) 40%
- Water consumption (global) 0.48kL/ton of production

Message from Co-President Wakatsuki

Evolving with Conviction: Asset Assembler Model in Action

— Unlocking the Unlimited Potential of Shareholder Value —

Executive Summary

1. Maximizing PER is synonymous with "stock-price conscious management," and we aim to build investor conviction by highlighting our three main investment appeals.
2. Medium-term growth forecasts for each partner company remain within historical performance, supporting strong confidence in achieving our Medium-Term Strategy targets.
3. The acquisition of AOC is aligned with our disciplined acquisition criteria and offers significant potential for long-term value creation.
4. By maintaining a well-balanced mix of equity and debt financing, we will continue to steadily acquire high-quality assets comparable to AOC.
5. Management philosophy grounded in a balance of autonomy and accountability drives sustainable growth across the entire Group.
6. We aim to integrate our sustainability initiatives to ultimately achieve MSV.

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

Highlighting our intrinsic investment appeal

At the heart of our management philosophy is the unwavering pursuit of Maximization of Shareholder Value (MSV), our sole mission. To fulfill this, my primary responsibility is to drive maximization of our price-to-earnings ratio (PER) by enhancing conviction of our investors. This is not derived from any extraordinary measures but through initiatives aligned with so-called "stock-price conscious management." After all, stock price is a function of earnings per share (EPS) multiplied by PER. By focusing on PER, we simply aim to ensure that capital markets accurately recognize and evaluate our growth potential.

What are the latent investment appeals we want investors to recognize?

First is our identity as an "EPS Compounding Machine." Despite facing external headwinds in recent years such as the COVID-19 pandemic, supply chain disruptions, and rising raw material prices, our Group has delivered EPS growth for five consecutive years. At the same time, we have steadily built a solid track record in M&A. This performance reflects the strength of our Asset Assembler model, demonstrating success in both organic and inorganic growth initiatives. Our unwavering commitment to sustainable EPS compounding underscores the reliability of our business model and the credibility of our long-term, stable growth potential.

The second is our "ego-free management style." Our Board of Directors is well versed in our sole mission of MSV and is not swayed by the personal interests of any individual member of the management team, including Wee Siew Kim and myself. We take pride in being one of the few public companies that pursue MSV with such singular focus and integrity. The Board in the meantime has concluded that the Co-President structure, with Wee Siew Kim and myself, remains the most appropriate framework at this stage of our journey. By avoiding dependence on any single individual, we have built a sustainable management foundation, one that will continue to function effectively and resiliently into the future. This represents a clear and enduring strength of our Company.

The third is our ability to unlock unlimited growth potential while ensuring soundness through controlled risk. Even amid a challenging environment, our operations across regions and business segments have continued to deliver steady growth and remain well-positioned for continued growth. We are also achieving sustainable EPS compounding through a disciplined and risk-aware M&A strategy rooted in rational decision-making. A defining example is the acquisition of AOC, announced in October 2024, which exemplifies the strength and reliability of our Asset Assembler strategy.

It is indeed essential to mitigate capital market concerns, e.g. related to China risk, while steadily building a strong M&A track record. By consistently delivering results, we aim to strengthen confidence in our management and provide investors with greater clarity around our long-term growth vision.

2024: a defining year for our Asset Assembler model

The year 2024 marked a turning point for our Group, as we formulated a new Medium-Term Strategy designed to pursue MSV over the long term, unconstrained by a traditional three-year horizon. This Strategy places a strong emphasis on sustainable EPS compounding through both organic growth and disciplined M&A, while also recognizing the importance of delivering solid business performance year by year. As the first year of implementation, 2024 represented meaningful progress toward our MSV journey.

From an organic growth standpoint, we achieved solid performance despite the challenging global economic environment. By leveraging our strong brand equity and technological capabilities, we were able to maintain, or in many cases, expand market share across regions and business segments. As a result, both revenue and operating profit reached record highs, and EPS increased for the fifth consecutive year, supported by top-line growth and improved profitability. These outcomes serve as clear validation of the effectiveness of our Group's business model. For instance, while the operating environment in NIPSEA China remains tough with limited visibility of a near-term economic recovery, our business continues to deliver steady profit growth, reinforcing its status as an attractive and resilient asset within the Group. Even if global economic headwinds persist, the medium-term growth forecasts for each of our partner companies remain well within the bounds of their historical performance. This gives us strong confidence in our ability to meet the targets set forth in our Medium-Term Strategy.

From an inorganic growth perspective, the announcement of AOC acquisition stands out as our most significant achievement in 2024. Fully aligned with our disciplined acquisition criteria, AOC is expected to contribute meaningfully to EPS compounding from Year 1. This acquisition marks a major milestone for our Group, not only in terms of strategic expansion, but also in substantiating the inorganic growth component of our Asset Assembler strategy. It has enabled us to tangibly demonstrate to investors the value-creating potential of our model.

AOC acquisition: bringing our inorganic growth story to life

Guided by our Asset Assembler model, further evolved under the Medium-Term Strategy, we pursue MSV with a long-term view through acquisitions across all regions, business domains, and scales. Our approach is not confined to the paint and coatings sector or adjacencies areas such as Paint++ (including sealants, adhesives, and fillers [SAF], and construction chemicals [CC]), provided they present low risk and good returns. In our Board of Directors' discussions, we have also recognized the strategic risks of narrowing our M&A focus to the paint sector. As valuations in this space continue to rise, such limitations could lead to acquisition decisions driven by M&A turning to an objective, not a means to an end, resulting in overpaying for lower return targets.

Whilst we continue to deepen our experience in inorganic growth, the strengths of our platform have also become clearer. These strengths center on four key elements: 1) sharp risk awareness and assessment of good acquisition targets, 2) maintaining autonomy and accountability, 3) sustaining and enhancing the motivation of talents who joined our Group, and 4) proactively leveraging low funding costs. Guided by these four elements, our management approach focused on "preserving the strengths, brand, and culture of acquired companies" through "ego-free M&A" forms the foundation of our entire inorganic growth strategy.

The acquisition of AOC is well aligned with our inorganic growth strategy and our disciplined acquisition criteria. These criteria emphasize the selection of companies that 1) are expected to deliver a meaningful positive contribution to EPS from Year 1, with low business risk and strong profitability, 2) possess clear potential for independent, sustainable stand-alone growth, 3) are led by outstanding management teams committed to long-term value creation within our Group, and 4) generate sufficient cash flows that support continued financial discipline.

AOC holds a leading position in both the U.S. and European markets, supported by a highly efficient business model characterized by strong profitability, robust cash flow generation with low capital expenditure requirements. The company has delivered disciplined profit growth under successive private equity ownership, and now, as part of our Group, it is well positioned to pursue long-term value creation, free from the recurring pressure of short-term exit timelines.

Throughout the acquisition process, Wee Siew Kim, Goh Hup Jin, and I engaged in close dialogue with AOC's management team, including CEO Joe Salley. Our central focus was a single, guiding question: How can we become a "good shareholder" for AOC? To convey our philosophy of MSV and the principles of our Asset Assembler model, we conducted multiple face-to-face in-depth discussions, building mutual understanding and trust. Through this process, both our leadership and AOC's management came to recognize each other as exceptional long-term partners.

The acquisition was successfully completed with the mutual understanding that Joe Salley and his team would

continue to lead AOC and drive its future growth.

For our Group, the AOC acquisition represents the addition of a new strategic pillar, our most significant since the acquisition of DuluxGroup in 2019, and stands as a clear demonstration of our Asset Assembler strategy in action.

Consistently building a portfolio of good assets like AOC

The AOC acquisition stands as a clear demonstration of our competitive edge in M&A. However, it is not our end goal. We remain firmly committed to pursuing future transactions that align with our MSV mission, focusing only on opportunities that offer strong returns with limited risk.

We recognize that some investors may raise a valid concern: "Isn't M&A inherently high risk?" While it's true that no acquisition is entirely without risk, we take pride in our disciplined approach, free from management ego, and in executing M&A through a rigorous, thoroughly evaluated process driven solely by the pursuit of MSV. This ensures that our M&A activities are guided by disciplined decision-making and a strong emphasis on risk management.

First, our Board of Directors, comprising a majority of Independent Directors, engages in rigorous, investor-focused discussions. This governance structure promotes balanced decision-making, effectively curbing excessive risk-taking by the executive team while maintaining an optimal equilibrium between prudent risk adoption and long-term value creation. As a unified Corporate Group grounded in integrity and guided by MSV as the central principle of decision-making, we are able to avoid unnecessary risks while executing high-level decisions with both speed and sound judgment. This thorough evaluation process is the foundation of the strength and safety that define our M&A activities.

Another core strength of our M&A strategy is our solid financial base. We maintain strong cash generation capabilities, and each partner company in our portfolio is fundamentally positioned for autonomous growth and stable cash flow. Even after the AOC acquisition, our leverage is projected to return to Net Debt to EBITDA ratio of 2.2–2.4 times by end of 2026, comparable to year-end 2023 levels. We remain confident that our financial soundness is strong, even in comparison to the track records of our competitors.

While we prioritize safe and sound risk-taking, we remain firmly committed to pursuing significant upside as an "EPS Compounding Machine"—particularly in opportunities where substantial EPS accretion is expected. In such cases, equity financing is a considered option. By maintaining a balanced approach to both equity and debt financing, we aim to steadily build a portfolio of high-quality assets on par with AOC. We believe this will further highlight our commitment to safeguarding the interests of minority shareholders.

Harnessing a lean headquarters to foster autonomous growth and Group synergies

Under our autonomous and decentralized management approach, we entrust the exceptional management teams of our partner companies with both autonomy and accountability, enabling them to drive their autonomous growth. Instead of imposing uniform Nippon Paint practices, we respect their distinct strengths and focus on providing the support platform they need to thrive. This includes access to key management resources such as funding, technology, brand equity, distribution networks, and procurement capabilities. By creating this environment, we empower our partner companies to unlock greater value within the Group.

Given the highly localized nature of the paint and adjacencies industries, where local production serves local demand, entrusting operations to local management teams who possess deep insight into their respective markets drives greater value creation. For this reason, we have adopted a flexible, decentralized management structure instead of a centralized approach, supporting our partner companies through a lean and agile headquarters. This framework allows them to retain their independence while fully leveraging our platform to drive autonomous growth.

As a natural extension of our respect for the autonomy of management teams, partner companies within our Group collaborate freely and proactively through our shared platform. For instance, AOC's procurement team has already begun engaging with relevant departments across the Group to explore synergies. We also share a common vision with CEO Joe Salley to pursue mutual growth opportunities at the Group level. Moreover, AOC's outstanding business systems have inspired other partner companies, fostering a culture of shared learning and the integration of best practices across the Group.

A key strength of our Group is that collaboration is not directed by our headquarters, but instead arises proactively and autonomously from our partner companies. The role of the headquarters is to support these initiatives when needed, not to lead them. This management philosophy, grounded in balance of autonomy and accountability, enhances the motivation of partner companies, attracts top talents, and ultimately drives the sustainable growth of the entire Group.

Pursuing MSV to ensure long-term sustainability

Our approach to sustainability is both consistent and purposeful: we do not view it as an end, but as a means to contribute to MSV. MSV is grounded in fulfilling our obligations to key stakeholders, including customers, business partners, employees, financial institutions, and governments, with sustainability representing one of these core commitments. This perspective is actively discussed at the Board level and deeply embedded as a shared understanding across the entire Group.

As societal standards for corporate sustainability continue to rise, any misstep may adversely affect both earnings performance and market valuation. To stay ahead of these external shifts, we proactively gather insights and implement targeted responses across the Group. In 2024, we advanced our efforts by sharing best practices for carbon measurement, reduction, and performance improvement among partner companies. We also established a framework to reduce greenhouse gas (GHG) emissions. In 2025, we plan to operationalize this framework, focusing on reducing Scope 1 and 2 emissions, while enhancing data collection and analysis for Scope 3. The NIPSEA Group has already set a target to reduce Scope 1 and 2 emissions by 15% from 2021 levels. Through our autonomous and decentralized management model, we are driving meaningful climate action across the Group.

Our sustainability efforts are strategically linked to EPS and PER growth, reinforcing our commitment to achieving MSV.

MSV: our journey continues

The acquisition of AOC marks a pivotal first step in demonstrating the potential of our Asset Assembler strategy. Our commitment to MSV remains steadfast. On the organic growth front, we are focused on unlocking the untapped potential within our existing portfolio. In M&A, we remain disciplined in balancing risk and valuation to ensure both contribute meaningfully to EPS growth. Through these efforts, we are committed to delivering solid results, reinforcing confidence in our management, and shaping proper expectations for future performance, with the ultimate goal of maximizing PER.

Throughout our journey, strengthening communication with investors remains essential to achieving MSV. To this end, we are committed to providing greater clarity around our growth vision. While our obligations to stakeholders have their own limits, the potential upside in shareholder value is boundless. As a company firmly committed to this mission, we look forward to earning your continued trust and support on the road ahead.

Director, Representative Executive Officer & Co-President

Message from Co-President Wee

Creating Enduring Shareholder Value Through Asset Assembler Excellence

Executive Summary

1. Speed is our decisive advantage — we stay agile to deliver results.
2. We will accelerate growth by integrating high-quality assets like AOC into our Group.
3. Our autonomous and decentralized management is tailored to our unique business structure and market environment, and reflects our deep commitment to valuing human capital.
4. Our Group promotes collaboration and synergy by leveraging our global platform while honoring the independence of each partner company.
5. We motivate and work with our people to inspire swift action and achieve ambitious goals.

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

The success of our Asset Assembler model is built on a unique combination of attributes

At the Nippon Paint Group, our unwavering mission is Maximization of Shareholder Value (MSV). To achieve this, we are driving forward the Asset Assembler strategy with determination and focus. The success of this approach depends on speed, swift decision-making, strong execution, seamless collaboration and financial discipline. I am fortunate to work alongside Co-President Wakatsuki in close partnership with our Board of Directors, ensuring alignment and agility at every level. Above all, our team believes that earning the trust and confidence of our stakeholders for this strategy is key to unlocking long-term value for our shareholders.

I am deeply committed to this challenging journey and find immense purpose in leading my management teams toward success, which we define as the sustainable and safe compounding of EPS. To me, the Nippon Paint Group is dynamic, evolving and courageous, ready to embrace challenges and drive forward innovative, high-impact initiatives. I firmly believe that delivering results with speed is essential to our success. In today’s intensely competitive and uncertain environment, speed is a decisive advantage. While thoughtful decision-making remains important, we must stay agile, because standing still means falling behind. Our notion of speed can be viewed simply as uncluttering complexity. This principle pervades our organizational design, management empowerment and focus on core talents.

Breathing life into the Asset Assembler strategy

To bring a decentralized organizational structure to life - where value-creating strengths and capabilities reside within our independent and autonomous partner companies - our management approach is grounded in trust and collaboration. While we take full accountability for outcomes, Co-President Wakatsuki and I approach our responsibilities with deep mutual respect for each other’s capabilities and experience, thereby facilitating focus based on our respective areas of expertise. This strong foundation of trust and mutual understanding permeates through the levels of our organization, fostering seamless and responsive collaboration among management teams across regions and business segments.

Our Medium-Term Strategy, unveiled in April 2024, marks a decisive step in activating the Asset Assembler strategy. The acquisition of AOC in this first year stands as a milestone, demonstrating the full-scale implementation and strategic intent behind our Asset Assembler approach.

Over the past decade, our Group has enhanced its capabilities by acquiring key partner companies, Dunn-Edwards in the U.S., DuluxGroup in Australia, Betek Boya in Türkiye and PT Nipsea in Indonesia, primarily focused on integrating core paint and coatings businesses. In stark contrast, the acquisition of AOC represents a deliberate step beyond our traditional boundaries, stretching into business domains that could be further afield. While underscoring the inherent versatility of the Asset Assembler strategy and vividly bringing its adaptive potential to life through the smart use of our balance sheet strength, it is also an indication of what we mean by safe EPS compounding.

The acquisition of AOC was made possible by leveraging the Group's solid financial foundation. Among many acquisition opportunities, AOC stood out for its exceptional management team, robust financial health, strong cash generation, and impressive performance metrics. The company's ability to operate independently while preserving its autonomy is particularly noteworthy. With its continued business growth, AOC will contribute positively to our EPS. It embodies the key qualities we value in our partner companies, and I am genuinely pleased to welcome AOC to our Group.

While the acquisition of AOC represents a pivotal milestone in our Group's evolution and exemplifies the true value of the Asset Assembler strategy, it signals our commitment to accelerating growth by integrating high-quality assets like AOC into our Group.

In 2024, we showcased another dimension of the strategy's adaptability and scalability. Betek Boya, which joined us in 2019 and was previously part of the Malaysia Group under the NIPSEA umbrella, has now assumed a new enhanced role. Following the acquisition of Alina in Kazakhstan in 2024, Betek Boya has transitioned to operate independently as the Türkiye Group, reflecting the strategic agility and scalability of the bolt-on feature of the Asset Assembler approach. Alina has become a key gateway for our expansion into Central Asia, while the newly established Türkiye Group is sharpening its focus on growth opportunities in both North Africa and Central Asia. As a strategic hub for regional development, the Türkiye Group is laying the groundwork to expand its role within our Group and drive sustainable, long-term growth.

Empowering decentralized talented management through mutual trust

To effectively execute the Asset Assembler strategy in pursuit of MSV, our Group has embraced an autonomous and decentralized management approach. Tailored to our unique business structure and market environment, this model reflects our deep commitment to valuing human capital and serves as a cornerstone of our sustainable growth.

Unlike centralized management, where key decisions are concentrated at the head office, often at the expense of speed and agility at the regional level, our decentralized model empowers local management teams to make prompt, flexible decisions aligned with the specific needs of their markets. This approach not only enhances responsiveness but also enables us to fully leverage the capabilities of talented individuals across the Group, rather than concentrating expertise solely at the corporate center. In contrast, our autonomous and decentralized management model enables the strategic deployment of skilled personnel across regions and business segments, empowering them to lead with autonomy grounded in mutual trust. This approach unlocks the full potential of local leadership and strengthens our competitive edge in each market. The success of our decentralized model lies in a carefully built framework of trust and delegated authority, allowing our teams to act decisively and responsibly. This foundation has thus far enabled our Group to deliver sustainable results consistently.

Active balancing between trust and authority is essential to the effectiveness of our autonomous and decentralized management model. Disrupting this balance, by reverting to centralized decision-making, would undermine the independence of our partner companies and hinder agile execution. As such, we are often reminding ourselves that excessive impositions from the head office risk eroding the trust that underpins our partnerships. Recognizing these risks, our Group is deeply committed to continually demonstrating trust through our actions.

Trust is, without question, the most critical element of our management philosophy. It is a two-way relationship, delivering value only when we place confidence in the leadership of our partner companies, which, in turn, reciprocates the trust. In new acquisition transactions where trust has yet to be established, we prioritize understanding the character and values of the target company's leadership through a thorough due-diligence process. This involves personal engagement and ongoing dialogue, forming the initial foundation of trust. We spare no effort to ensure the new leaders fully understand our intentions and approach. True trust is not instantaneous, it is cultivated over time through mutual understanding, genuine respect, and deliberate effort.

The success of our approach lies not in granting unchecked autonomy, but in maintaining a disciplined framework of controlled autonomy. While we entrust our partner company management teams with significant authority rooted in mutual trust, we have also established robust governance mechanisms to ensure appropriate oversight and accountability. For example, our Group employs the Audit-on-Audit framework for internal audits across the organization, complemented by Control Self-Assessment (CSA) practices that promote proactive self-evaluation. These mechanisms support effective risk management while deliberately avoiding the pitfalls of overregulation. We are sometimes asked by investors, "Isn't autonomous management difficult to control?" or "How do you prevent partner companies from operating independently of the Group's objectives?" In practice, our autonomous and decentralized management functions as a form of "controlled chaos," driven by a constant self-inquiry: "How can we prevent over-control or misalignment?" This constant inquiry lies at the heart of our approach and defines the true essence of dynamic autonomy and decentralization.

Continuous demonstrations of the success in maintaining a fine balance of autonomy while benefitting from being part of a larger group attracts outstanding talents. This constant inflow of talents unleashing their full potential creates the fountain of sustainability of our success. Continued effort to buttress this solid foundation for securing and retaining top talents is central to driving our sustainable and stable EPS growth.

Validating the Asset Assembler model through deliberate execution by partner companies

Through the disciplined execution of the preceding Paint ++ approach, which later morphed into the Asset Assembler model, our Group has achieved sustainable organic growth. The partner companies, NIPSEA Group, DuluxGroup, Japan Group, Dunn-Edwards, and most recently, AOC, clearly recognize their responsibilities for delivering sustainable EPS compounding, which is a core performance metric of the Asset Assembler approach. These companies fully utilize the strengths of our Group's shared platform while maintaining their autonomy and independent operations. Even amid a challenging business environment, marked by the COVID-19 pandemic, post-pandemic supply-chain disruptions, and rising inflation, our Group has steadily delivered sustainable EPS growth. This consistent performance underpins our confidence that the basic tenets of the Asset Assembler model are effective in execution and deliver resilience in outcome.

For example, DuluxGroup has continued to drive EPS growth through the strong performance of its Pacific businesses, helping to offset slower recovery in its Europe operations. In France, Cromology is progressing with the integration of its flagship brands, Tollens and Zolpan, while enhancing distribution efficiency and streamlining supply chains. DuluxGroup is sharing its insights in trade-use and DIY paint markets, supporting Cromology in developing new strategies to excite the market place and gain market shares, while at the same time leveraging group purchasing power to optimize costs and enhance competitiveness. These initiatives are poised to drive EPS growth when the market rebounds.

Through agile strategy adjustments and targeted market initiatives, NIPSEA China continues to deliver sustainable EPS growth even as it grapples with a sluggish real-estate market and cautious consumer sentiment. As the developer-driven residential segment had dwindled, the company pivoted to strengthen its retail presence beyond the established Tier 0 and Tier 1–2 cities, with expansion into the Tier 3–6 regional markets. We are confident in our growth prospects as our brand strength and market insights allow us to offer products tailored to meet the distinct needs of local regional consumers. At the same time, we are leading the charge to promote "Colors" to spark consumer imagination and generate growth in repainting demand.

In addition, NIPSEA China has broadened our market coverage by building up a B2G pillar that serves the government and public sectors, such as schools, hospitals, factories and rejuvenation projects for aging districts. Backed by an established brand promise, providing comprehensive "total solutions" that include waterproofing agents, adhesives, putties, topcoats, primers, and other complementary products differentiate us as an attractive partner to many of our new larger customers.

Thus, each partner company remains committed to achieving sustainable EPS growth, taking in adverse market conditions in its stride. Only by consistently demonstrating that we deliver on our commitments with real, measurable outcomes, can we continue to reinforce the credibility and effectiveness of the Asset Assembler model, thereby increasing the probability of attracting future partner companies.

Diversity advances group synergy

Our Group promotes collaboration and synergy by leveraging our global platform while honoring the independence of each partner company. It requires constant active management, and the balance is easier struck when the chiefs of our partner companies not only fully realize the power of the Group but also accept that we depend on them to preserve and safeguard the inherent strengths unique to their individual partner companies. Although mentioned in previous years, Selleys continues to stand out as a prime example. The 2019 acquisition of DuluxGroup introduced the Selleys brand, revealing to us the tremendous expansion potential of the Sealants, Adhesives & Fillers (SAF) business segment for the Group. Leaders from DuluxGroup and NIPSEA Group joined forces to expand Selleys across Asia through NIPSEA's robust distribution network, creating significant new value. This led to the 2021 acquisition of Vital Technical, a leading Malaysian SAF manufacturer, further strengthening our position in the region. NIPSEA Group also expanded the Selleys brand into Singapore's home detergents and cleaning market, launching it in supermarkets and large hardware stores, building on the brand strength beyond the strict SAF ambit. We will continue to build on this momentum, enhancing brand value, boosting consumer awareness, and driving the growth of our SAF business. The journey goes on as we continue to adjust our approaches, while building the talent base.

Group-wide collaboration is not restricted to the realms of powerful brands, innovative products, emerging technologies or dominating scale. Active exchange of market insights and ideas continue to excite the imagination of our leaders. Japan's decorative paints market offers up a clear example where this is gaining momentum. In this sector in Japan, traditional practices largely prevail. Infusing fresh global talents and exposing our younger Japanese leaders to other market dynamics, we seek to transform both the practices, as well as the habits of market participants, stakeholders and consumers. For one of the transformational initiatives, in order to inject new energy into the conventional distributor-led structure in Japan, we draw upon the collective expertise and knowledge from across our Group led by Betek Boya's head of marketing. She is challenging the traditional mindsets and assumptions.

This notion of challenging the traditional mindsets and assumptions stem from the collective determination of our Japanese leadership that to win in Japan, we need to move away from the set of behavior typical of large Japanese corporations and embrace new ideas and mindsets, while anchoring on core Japanese attributes that we value. This is a work in progress, flying into the headwinds of convention, but if anyone in Japan could succeed, Nippon Paint can, as we have such varied and diverse experience from across the world to draw upon. Over the years, as we have evolved with a more international executive base in the country, we hope that the pace of change will accelerate and allow us to be attractive to other prospective partner companies in Japan as well.

Enabling sustainability through localized initiatives aligned with broad global pillars

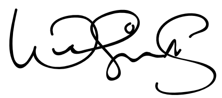
Under the Asset Assembler model, our Group advances sustainability through a balanced approach, combining unified Group-wide guidelines with the autonomy of each partner company. This decentralized structure empowers local teams to design and implement initiatives that reflect the specific needs of their countries and regions. By aligning with local regulations and customer expectations, we drive both agility and relevance, while creating business value that supports our broader sustainability goals.

For instance, our People & Community team leads localized initiatives to tackle social challenges unique to each region. In India, they empower women by offering them training to become professional painters. In Indonesia, they support fishing communities through boat painting programs. In China, they partner with local schools to run student support initiatives. These efforts not only address regional needs but also contribute to creating business value. Meanwhile, our Sustainable Procurement team promotes both social responsibility and operational efficiency by utilizing audited, high-quality suppliers and sharing supplier information across the Group.

The team will deliver sustainable shareholder returns

What drives me personally is the opportunity to motivate and work with our people to inspire swift action and achieve ambitious goals. Achieving a broad-based shared sense of purpose in our people is not only going to be deeply fulfilling, over the longer term, it is going to be extremely rewarding and enriching. Resonating success across all levels will inevitably enhance job satisfaction and organizational pride, ensuring better lives for our employees and their families and satisfaction to our customers, thereby maximizing value for our shareholders.

Under the Asset Assembler model, outstanding management teams with proven success are driving sustainable progress through distinct, value-creating strategies to realize the tremendous potential of the Group. With the continued trust and support from our investors, I am confident we can take on new challenges and deliver our mission.



Director, Representative Executive Officer & Co-President

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Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

- Maximization of Shareholder Value (MSV)
- Asset Assembler Model
- Autonomous and Decentralized Management
- How Shareholder Value Is Maximized
- Three Key Investor Questions About Our Asset Assembler Model
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Medium to Long-Term Strategy

Execution of Autonomous and Decentralized Management

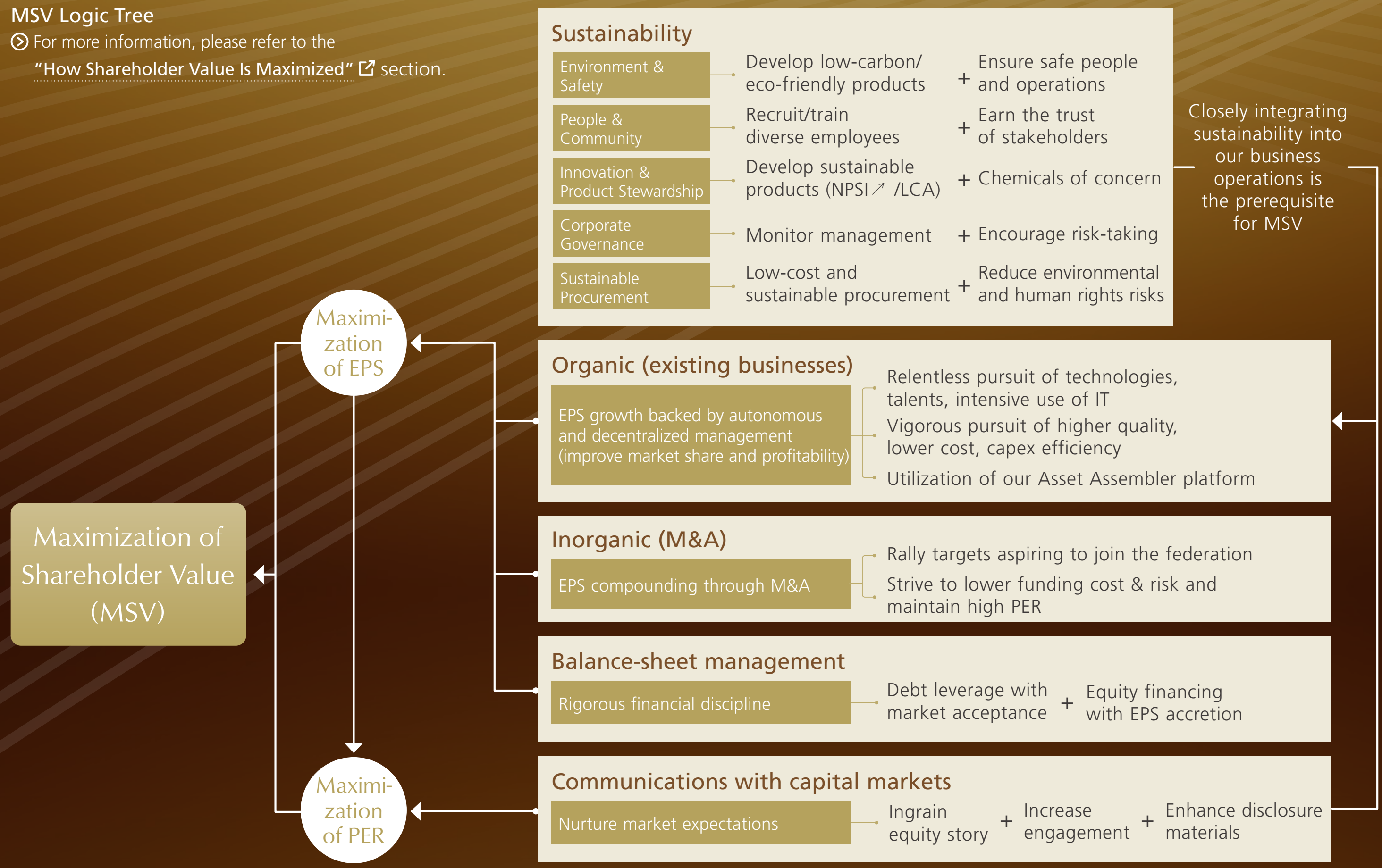
Governance in Support of Risk-Taking

Corporate Information

Our Initiatives for Maximization of Shareholder Value (MSV)

MSV Logic Tree

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



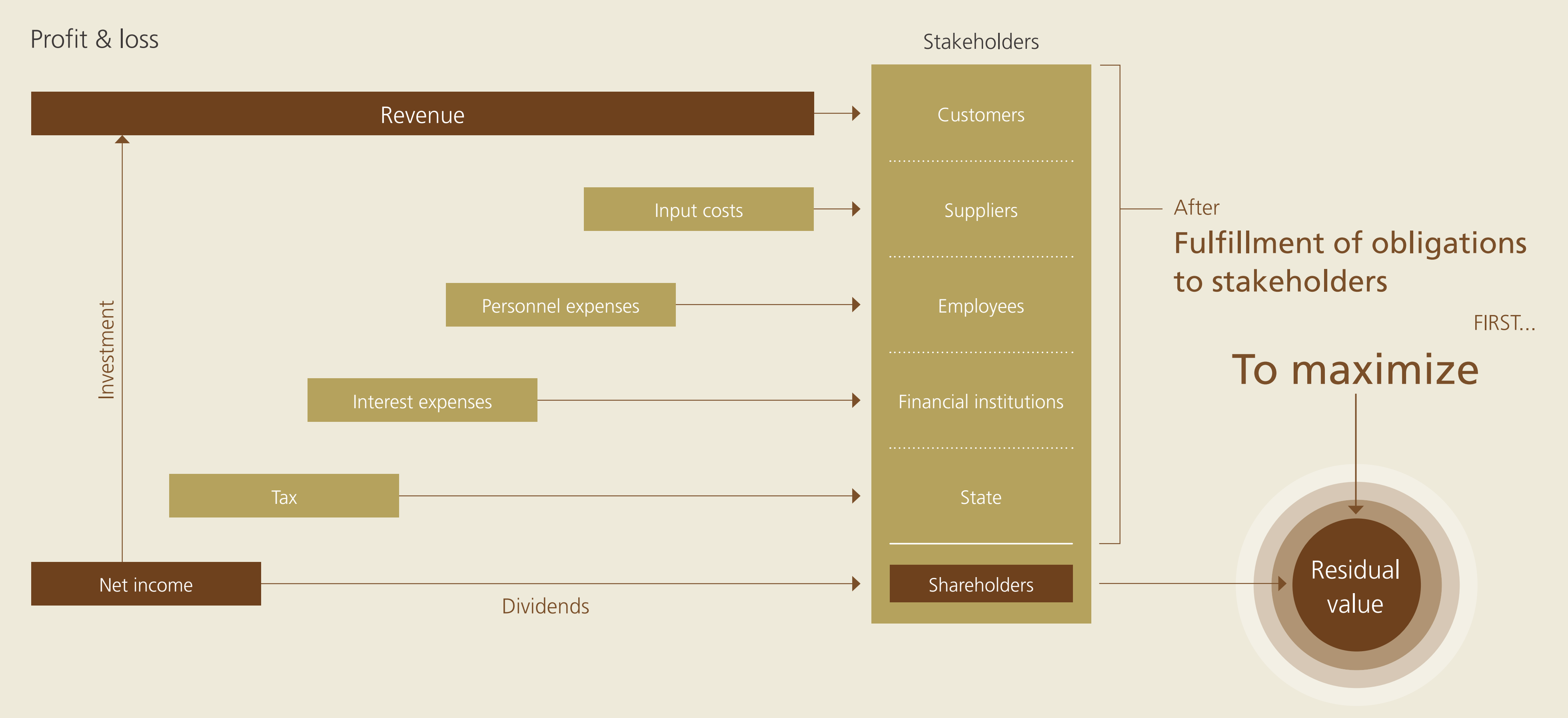
Maximization of Shareholder Value (MSV)

Unlocking the unlimited upside of shareholder value

We pursue Maximization of Shareholder Value (MSV) as our sole mission.

The diagram below shows stakeholder relationships using a profit and loss statement. Fulfilling our obligations to all stakeholders first and foremost is the primary premise. These obligations include not only legal ones but also social, ethical and sustainability obligations.

MSV is about maximizing residual value after fulfilling our obligations to all stakeholders. While obligations to stakeholders have upper limits, residual shareholder value has none.



For detailed examples of how we fulfill our obligations to stakeholders, please refer to the "Our Sole Mission: Maximization of Shareholder Value (MSV)" section on our website.

Asset Assembler Model

Compounding EPS via organic and inorganic initiatives towards MSV

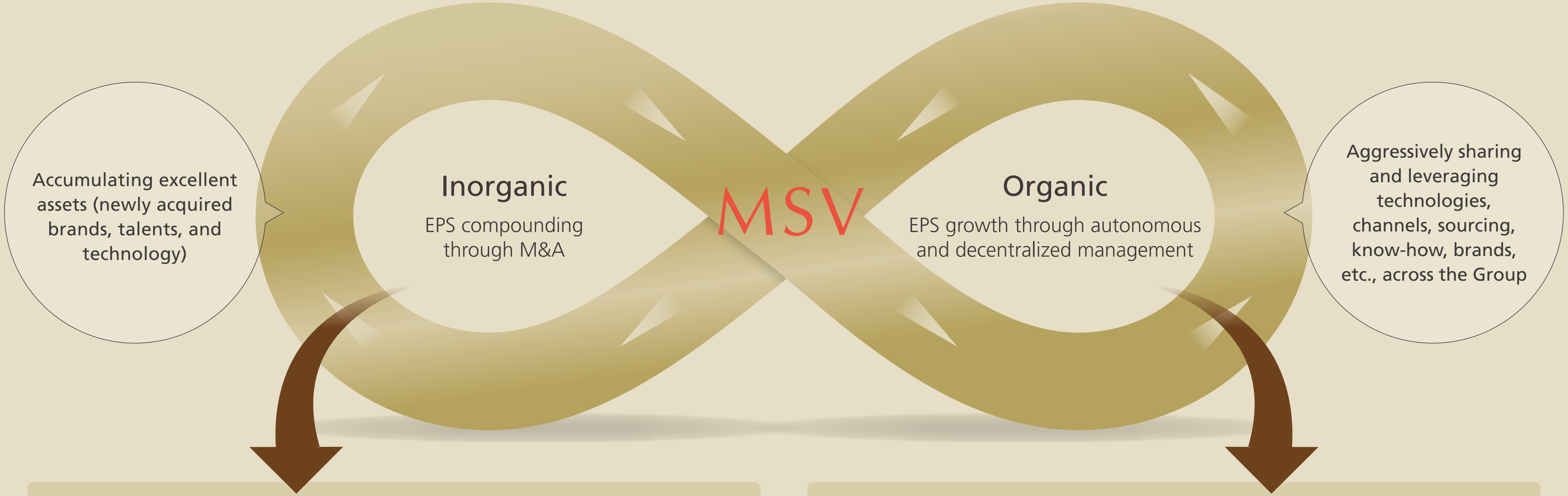
Assumptions (medium- to long-term outlook)

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

Features

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

Point 3 P20



Advantage of lean headquarters

1. Our capability to fully leverage the benefits of low funding costs
2. The capability of asset companies to maintain and expand the EPS contribution without the intervention of the holding company
3. Our ability to attract world-class management talents who empathize with our business model

Point 1 P20

Advantage of autonomous and decentralized management

1. Autonomous growth of excellent assets by harnessing low-cost operations, high cash generation capability, and operating leverage
2. Accelerating growth through the use of our Group's platform (financial strength, brand, etc.)
3. Achieving synergy and breakthroughs via collaboration between excellent assets

Point 2 P20

HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Maximization of Shareholder Value (MSV)

Asset Assembler Model

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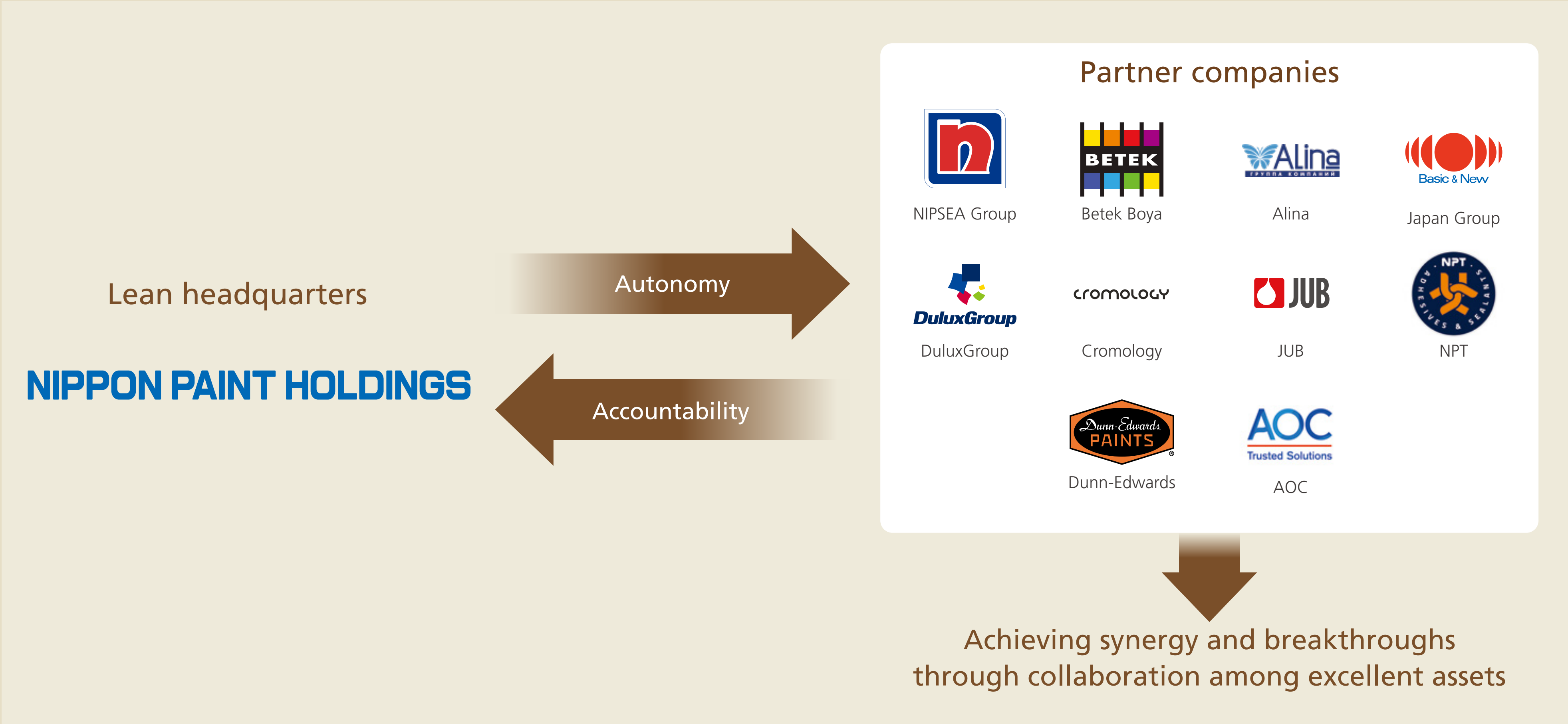
Autonomous and Decentralized Management

Sustainable EPS compounding anchored in autonomy and accountability

Our Group employs a unique autonomous and decentralized management framework to achieve MSV. This framework empowers management teams in each region and business segment to make swift and flexible decisions. Its greatest strength is the ability to allow us to exercise agility and competitiveness in a rapidly changing business environment.

At the core of autonomous and decentralized management are the values of autonomy and accountability. By granting a high degree of discretion to the management teams of each partner company while holding them accountable for outcomes, we promote prompt, agile, and autonomous decision-making, while maintaining a flexible level of control as a Group.

The balance between autonomy and accountability is the key to recruiting and retaining exceptional talents and strengthening competitiveness, and serves as the driving force behind sustainable EPS compounding.

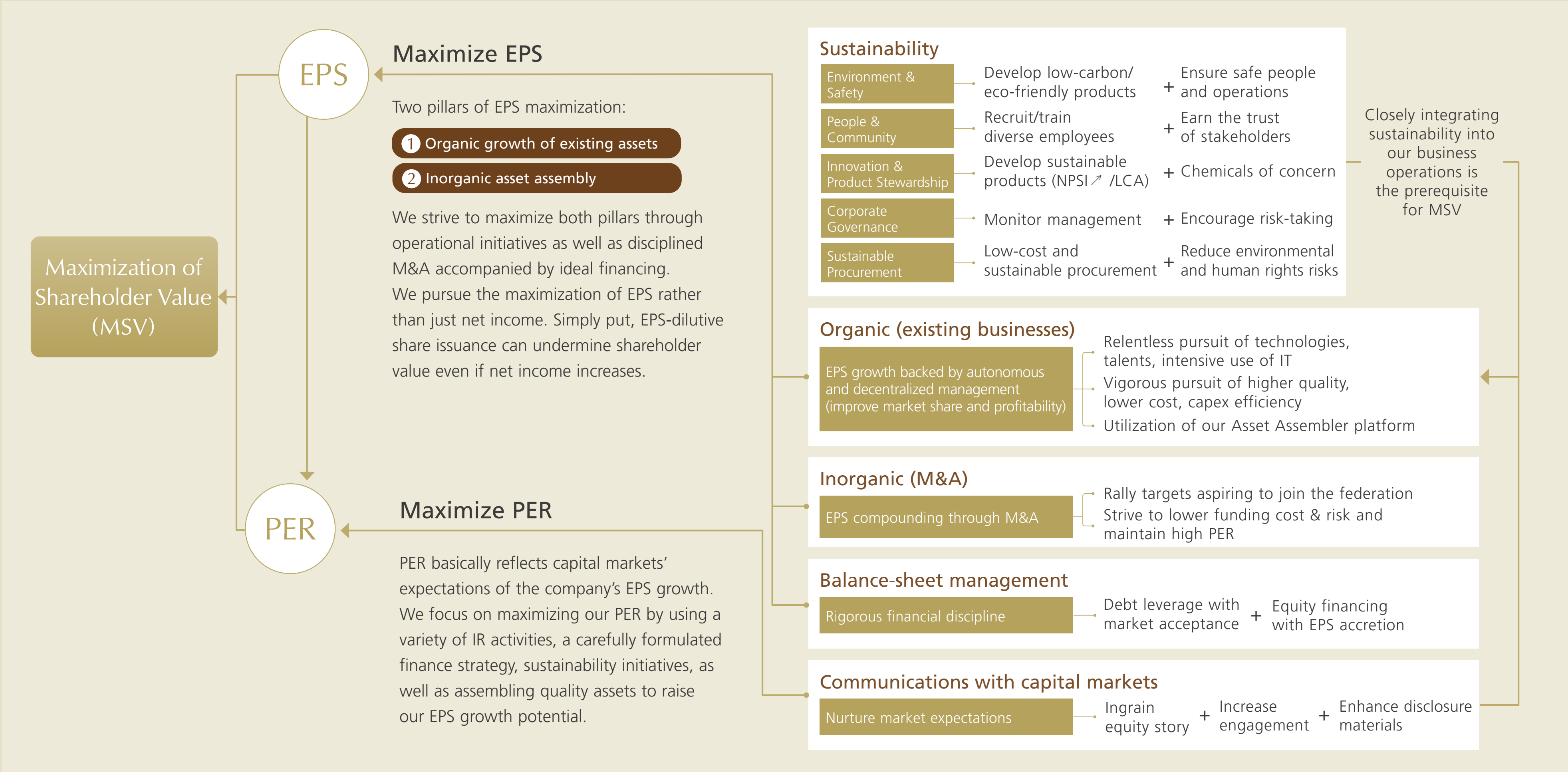


How Shareholder Value Is Maximized

Pursuing the maximization of both EPS and PER for MSV

Stock price equates to EPS (earnings per share) multiplied by PER (price-to-earnings ratio). We aim to maximize both EPS and PER through the execution of strategic initiatives in pursuit of MSV.

MSV Logic Tree



Three Key Investor Questions About Our Asset Assembler Model

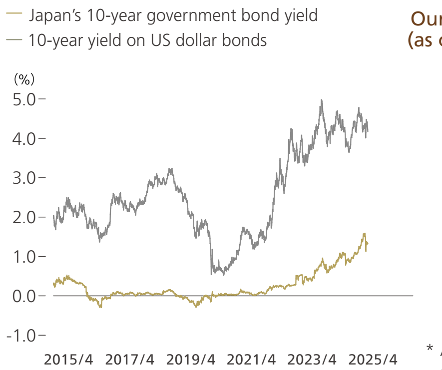
Frequently asked investor questions and our perspectives

Point 1

Can the Asset Assembler model, particularly for inorganic growth initiatives, maintain its competitive advantage even if interest rates in Japan rise further?

We have both the capability and a strong will to leverage the benefits of low funding costs in Japanese yen. Even if interest rates in Japan rise, we believe our relative advantage will remain secure as long as the rise is within expectation. In addition, the trust we have built as a Japanese corporation, combined with our emphasis on respecting the brands and autonomy of management teams at acquired companies, represents a significant strength supporting our M&A strategy.

10-year yield on Japanese yen/US dollar bonds



Our debt composition (as of the end of 2024)

Average maturity: 2.8 years

Average interest rate: 0.48%*

* Average interest rate of our long-term debt

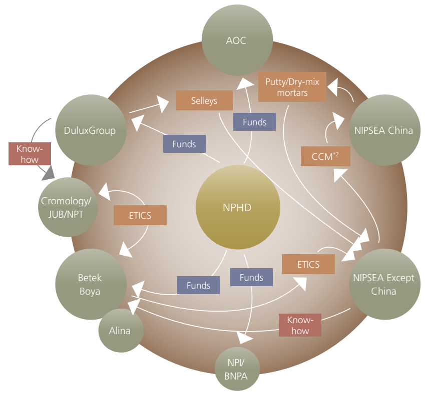
M&A Strategy P33

Point 2

Under autonomous and decentralized management, how do you foster collaboration and synergy among partner companies?

We have established a system that enables our partner companies to learn from one another autonomously and voluntarily by leveraging the Group platform to share best practices and success cases, all while respecting the autonomy of our exceptional partner companies. Through these interactions, partner companies exchange technologies, brand expertise, operational know-how, and management practices, creating an open and uninhibited environment for collaboration and synergy across the Group.

EPS growth by leveraging our platform



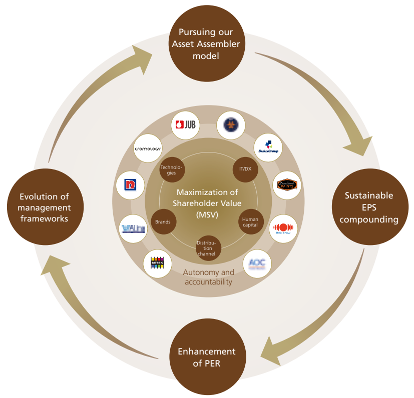
Our Platform That Underpins Autonomous and Decentralized Management P21

Point 3

Is the Asset Assembler model versatile enough to function effectively after a transition to the next generation of management?

Our Asset Assembler model is not a management scheme reliant on specific individuals but a systematic and replicable model that enables sustainable EPS compounding through both organic and inorganic initiatives. On the organic side, growth is achieved through autonomous and decentralized management, where the authority to operate local businesses is delegated to the management teams of partner companies. On the inorganic side, growth is driven by the accumulation of good assets that contribute to MSV, adhering to rigorous acquisition criteria designed to minimize risk.

MSV Journey

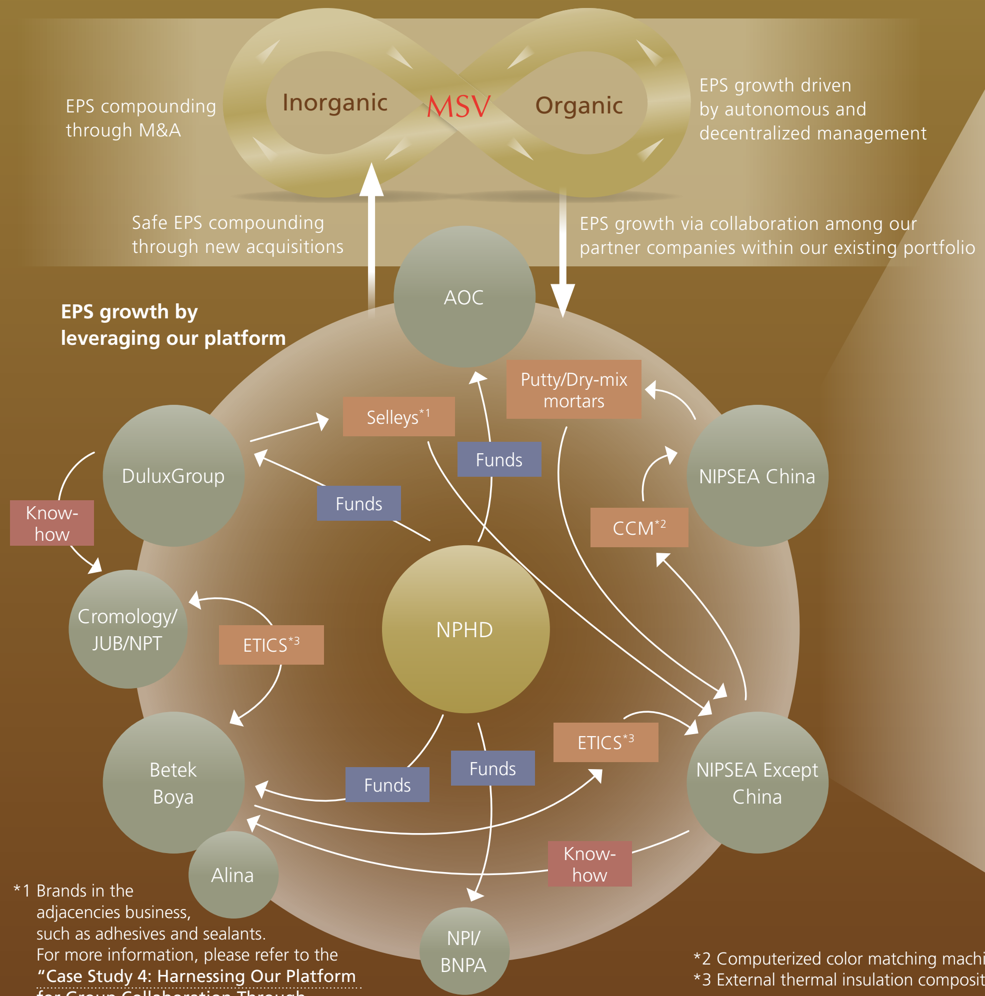


Message from Co-President Wakatsuki P07
Message from Co-President Wee P11

Our Platform That Underpins Autonomous and Decentralized Management

Under our autonomous and decentralized management approach, each partner company proactively harnesses the management resources within our Group platform, such as financial strength, technological capabilities, and brand equity, and strives for growth and occasionally learns from one another voluntarily.

Asset Assembler model P17



*1 Brands in the adjacencies business, such as adhesives and sealants. For more information, please refer to the "Case Study 4: Harnessing Our Platform for Group Collaboration Through the Selleys Brand" section.

*2 Computerized color matching machine
*3 External thermal insulation composite system

Management resources leveraged and shared through the Group platform

	Human capital	Manufactured capital
Importance of management resources	**Talents/organizations** In the paint market, characterized by local production for local consumption and versatile applications, it's essential to have excellent management teams, diverse talents, and robust organizational capabilities that enable us to accurately grasp societal challenges and customer needs, and swiftly provide effective solutions.	**Technologies** Advanced technologies are essential for enhancing our competitive advantage by fostering innovations that address societal challenges and customer needs and facilitating stable product supply, among other benefits.
Example of management resources and updates	Ratio of overseas employees (global): 87.0% (2019) → 91.0% (2024) Ratio of women in managerial positions (global): 23.8% (2020) → 24.9% (2024) Ratio of female employees (global): 24.0% (2020) → 26.6% (2024)	Number of engineering talents (global): 3,545 (2019) → c.4,200 (2024) Number of factories (global): 119 (2019) → 174 (2024) Number of registered patents (global): 1,000 (2021) → 1,600 (2024)
Particularly relevant Materiality	Diversity & Inclusion Safe people and operations	Climate change Resources and environment Innovation for a sustainable future
Management resource enhancements and utilization in the Medium-Term Strategy	Creating a workplace environment that allows diverse people to play an active role Accepting reforms and changing workstyle Embedding the Global Code of Conduct Human Resource Strategy P57 Case Study 5:Driving Employee Engagement Across the Japan Group P61	Cultivating engineering talents Stepping up R&D activities Maintaining and reinforcing production facilities R&D Strategy P63

Management resources leveraged and shared through the Group platform

	Social and relationship capital		Intellectual capital	Financial capital	Natural capital
	External partners	**Customer base**	**Brands/know-how**	**Financial base**	**Nature/environment**
Importance of management resources	Collaborations and partnerships with external partners are essential for providing high-quality products and services to customers worldwide, driving innovative solutions to societal challenge	The solid customer base, deeply rooted in long-term relationships of trust with customers in each region and business segment, plays an important role in stabilizing revenue and product supply. Furthermore, it contributes to the enhancement of products and services	Customers and consumers highly value the trustworthiness of products and services. As a testament to this trust, corporate and product branding is an indispensable resource for operating a diverse range of businesses globally	To achieve sustainable growth, we need to strengthen the ability to generate cash flows and financial foundation that provide us with ample funds to be allocated continuously to investment in M&A, new technologies, and cutting-edge production facilities	As a corporate group operating in the paint and adjacencies businesses, resources such as raw materials, electricity, and water are indispensable and are also critically important from a sustainability perspective
Example of management resources and updates	▶ Number of IR meetings (global) 281 (2019) ▶ 806 (2024) ▶ (Meetings hosted by Co-President; global) 253 (2021) ▶ 322 (2024) ▶ Shareholding of the majority shareholder Wuthelam Group (private company) 14.5% (2013) ▶ 58.7% (2024)	▶ Number of retail outlets (NIPSEA China) c.50,000 (2019) ▶ c.260,000 (2024) ▶ Number of CCMs (NIPSEA China) c.3,000 (2019) ▶ c.20,000 (2024) ▶ No.1 market share in decorative paints (global) 8 countries (2019) ▶ 14 countries (2024)	▶ Number of key brands (global) 31 (2019) ▶ 53 (2024) ▶ Top of Mind rating (NIPSEA China) 51% (2019) ▶ 51% (2024) ▶ Brand award recognitions in Australia (DuluxGroup brands) 1st place (2021) ▶ 1st place (2024)	▶ Operating cash flows (consolidated) ¥92.1 bn (2019) ▶ ¥167.4 bn (2024) ▶ Net D/E ratio (consolidated) 0.56x (2019) ▶ 0.30x (2024) ▶ Total equity (consolidated) ¥688.0 bn (2019) ▶ ¥1,610.2 bn (2024)	▶ GHG emissions (Scope 1 and 2; global) 54.0kg/ton of production (2019) ▶ 45.0kg/ton of production (2024) ▶ Ratio of hazardous waste (global) 45% (2019) ▶ 40% (2024) ▶ Water consumption (global) 0.44kL/ton of production (2019) ▶ 0.48kL/ton of production (2024)
Particularly relevant Materiality	▶ Climate change ▶ Resources and environment ▶ Safe people and operations ▶ Growth with communities ▶ Innovation for a sustainable future	▶ Climate change ▶ Growth with communities ▶ Innovation for a sustainable future	▶ Resources and environment ▶ Safe people and operations ▶ Growth with communities ▶ Innovation for a sustainable future	▶ Climate change ▶ Resources and environment ▶ Growth with communities ▶ Innovation for a sustainable future	▶ Climate change ▶ Resources and environment ▶ Innovation for a sustainable future
Management resource enhancements and utilization in the Medium-Term Strategy	▶ Active open innovation activities with universities, research institutions, automobile manufacturers, and other external partners ▶ Facilitating engagement with investors and other stakeholders ▶ Advancing and deepening the partnership with Wuthelam Group Stock-Price Conscious Management P25	▶ Developing distribution channels that enable us to supply products to consumers worldwide ▶ Increasing strategic partnerships with property developers ▶ Developing strong trust relationships with automobile manufacturers and other customers Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee P40 Case Study 4: Harnessing Our Platform for Group Collaboration Through the Selleys Brand P51	▶ Promoting advertising, marketing, and social contribution activities ▶ Sharing and accumulating expertise and know-how through our platform ▶ Holding AYDA Awards international architectural and interior design competition Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy) P43 Case Study 3: Growth Strategies in Mature Markets (DuluxGroup Business Strategy) P48	▶ Strict adherence to financial discipline ▶ Prioritizing debt finance and maintaining leverage capacity ▶ Promoting engagement with financial institutions and credit rating agencies ▶ Developing a global base of investors Our Finance Strategy Presented by Co-President Wakatsuki P30	▶ Declaration of support for the TCFD and expansion of climate change-related measures and information disclosure ▶ Sustainable use of resources and protection of environment/biodiversity ▶ Mitigating environmental impact through the development of sustainable products Environmental Strategy P53

Sustainability as the Prerequisite for MSV

We believe that fulfilling our obligations to customers, suppliers, employees, society and other stakeholders is the premise for all initiatives for the maximization of EPS and PER. We use a medium- to long-term perspective for monitoring a broad range of risks and opportunities involving Materiality. At the same time, we are working to turn these risks and opportunities to creating innovations that support growth strategies based on our Asset Assembler model while watching for changes in Materiality. By taking these actions, we aim to achieve MSV by expanding earnings (maximizing EPS) and raising market expectations (maximizing PER) for Nippon Paint Group.

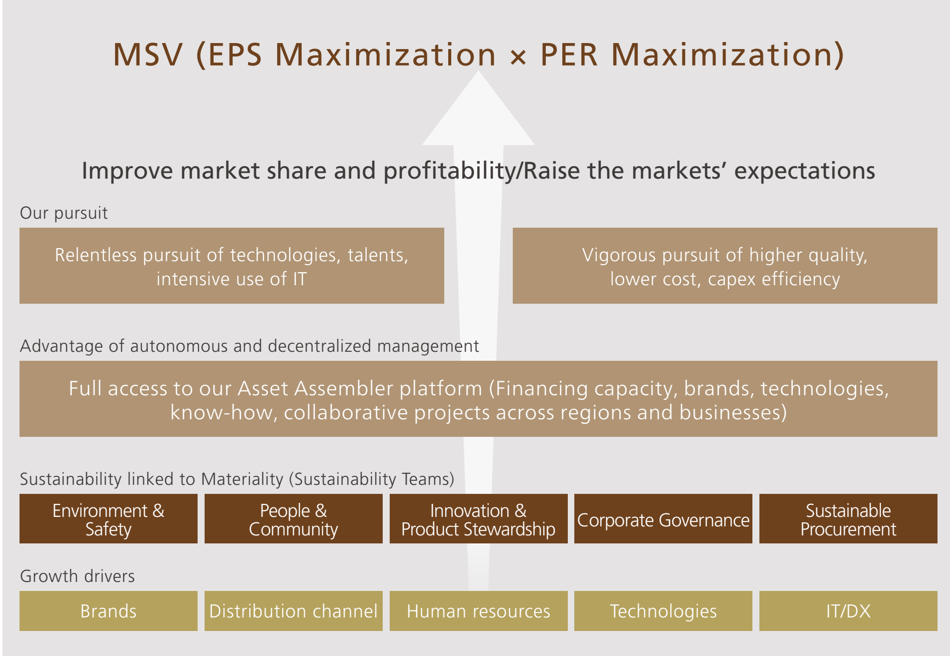
Autonomous sustainability structure

Under the leadership of the Co-Presidents, five sustainability teams were established. Based on autonomous and decentralized management that emphasizes the autonomy of all partner companies, the five teams are conducting global activities primarily led by business leaders with considerable expertise involving the areas of responsibility of each team.

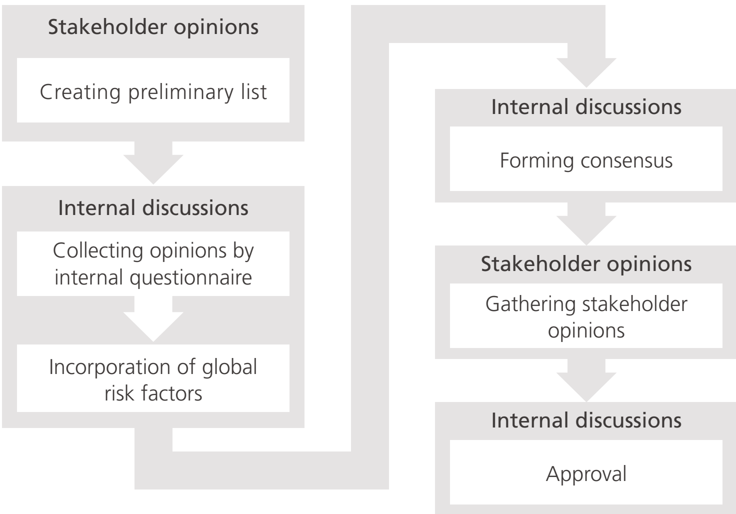
Basic Policy on Sustainability

Nippon Paint Group recognizes an opportunity for sustainable growth from taking actions such as protecting natural capital including the environment, enhancing human resources by embracing diversity, and creating innovation with social benefits. Our group partner companies autonomously develop sustainability strategies and conduct business activities. Furthermore, we identify risks and opportunities related to Materiality based on sound group governance with the sole mission of Maximization of Shareholder Value (MSV) after adequately fulfilling our legal, social and ethical obligations to customers, suppliers, employees, society and other stakeholders.

For more information, please refer to the "Sustainability Management" section on our website.

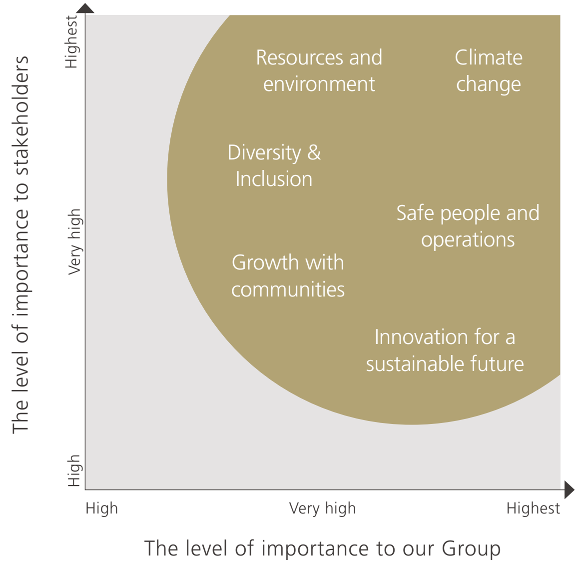


Materiality identification process



Materiality map

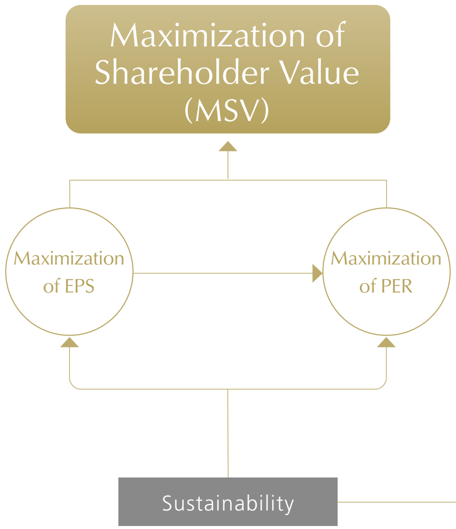
* Last reviewed in January 2023



For more information, please refer to the "Sustainability linked to materiality" section on our website.

MSV Logic Tree

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



Team	Our pursuit	Materiality	Relevant SDGs
Environment & Safety	Develop low-carbon/eco-friendly products + Ensure safe people and operations	**Climate change** Climate change is impacting our business, people, and communities. We will work to reduce our greenhouse gas emissions, manage climate-related risks, and capture climate-related opportunities.	7, 9, 13
		Resources and environment Our business and communities depend on the sustainable consumption of natural resources and protection of the environment and biodiversity. We will work to improve the life cycle and circularity impacts of our products and supply chain.	3, 6, 11, 12, 14
		Safe people and operations There are significant safety and health risks in our business that could impact our people, supply chain, and communities. We will work to manage these risks effectively and prevent harm, with a priority focus on high-consequence risks.	3, 4, 8
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	**Diversity & Inclusion** Respect for the people around us, respect for human rights and active acceptance of diverse values are important for our sustainable growth. We value diversity of ideas and thinking to foster innovation and growth.	4, 5, 8, 10
		Growth with communities We will invest in communities through our value chain and to achieve sustainable business growth based on market growth, brand strengthening and good relationships with local communities.	1, 4, 5, 8, 9
Innovation & Product Stewardship	Develop sustainable products (NPSI↗/monitor LCA) + Chemicals of concern	**Innovation for a sustainable future** In today's society, problems that are difficult to solve with past methods are becoming more and more apparent. We will strengthen our innovation output with active utilization of partnerships.	3, 9, 11, 17
Corporate Governance	Monitor management + Encourage risk-taking	All Materiality categories*	16, 17
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	All Materiality categories*	12, 13, 17

* Focused on activities not only tied to specific Materiality categories but also spanning all Materiality categories

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Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Maximization of Shareholder Value (MSV)

Asset Assembler Model

Autonomous and Decentralized Management

How Shareholder Value Is Maximized

Three Key Investor Questions About Our Asset Assembler Model

Our Platform That Underpins Autonomous and Decentralized Management

Sustainability as the Prerequisite for MSV

Stock-Price Conscious Management

Medium to Long-Term Strategy

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

Corporate Information

Stock-Price Conscious Management

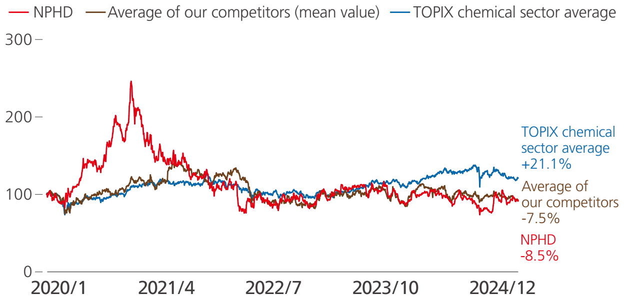
Our stock price as a defensive/growth stock

We are pursuing our sole mission of MSV through the maximization of EPS and PER. We practice management with a stock price-consciousness, which is the outcome of our MSV pursuit.

Over the past five years, we have steadily compounded EPS through both organic and inorganic initiatives, and our EPS has significantly outperformed both the TOPIX chemical sector average and the average of our competitors. However, our stock price declined from 2021 to 2022 despite the growth in EPS, and we carried out an analysis in last year's Integrated Report 2024, taking into account macroeconomic factors, sector trends, and our own analysis of stock price trends.

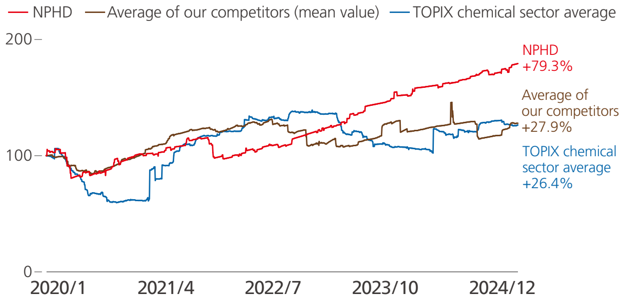
This year, in light of the uncertain macroeconomic environment prevailing in recent years, we analyzed our stock from the perspective of its characteristics as both a defensive and growth stock.

Figure 1
Stock price trends



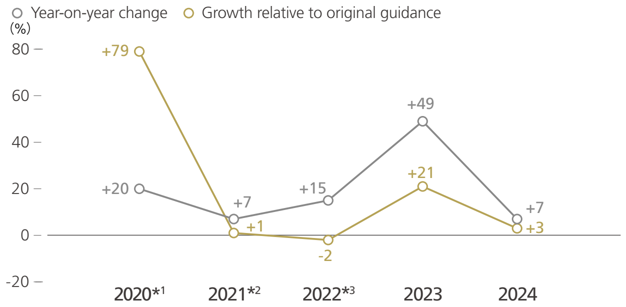
*1 Source: FactSet, Bloomberg
*2 The stock prices were indexed with the closing price on January 1, 2020 as 100
*3 The average of competitors is the average of indexed stock prices of Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon Technology

Figure 2
EPS trends



*1 Source: FactSet, Bloomberg
*2 The stock prices were indexed with the closing price on January 1, 2020 as 100
*3 The competitor average is based on the average of stock prices of the following companies, each indexed to 100 at the start of 2020: Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon Technology

Figure 3
EPS growth rate



*1 Original guidance announced in May 2020; EPS was calculated using the number of shares after stock split
*2 Guidance revised downward at mid-term (Factors) COVID, raw material inflation, chip shortage, etc.
*3 Guidance revised downward at mid-term (Factors) Increase in provision in China, hyperinflationary accounting in Türkiye, etc.

Analysis results

Figure 1 2 : Over the past five years, our EPS has outperformed both the TOPIX chemical sector average and the average of our competitors, increasing by 79.3%. While our PER is not low in absolute terms, its rate of change has been declining compared to benchmarks, and our stock price has been underperforming both the TOPIX chemical sector average and the average of our competitors.

We believe that the main factors contributing to this decline in PER are: (1) market anxieties over China-related risks, (2) an underestimation of our growth potential, and (3) our aggressive M&A strategy being evaluated as high risk. We are working to alleviate these concerns and evaluations.

Figure 3 : One clear indication of the soundness of our assets is that, although various events occur within our broad business portfolio, we have consistently delivered solid results overall. Even amid a highly volatile business environment — including a sharp rise in raw material prices in 2021, as well as the recording of provisions in China and the application of hyperinflationary accounting in Türkiye in 2022 — we have continued to achieve year-on-year EPS growth. This consistent performance highlights our strength as a growth stock. Furthermore, we have largely achieved the original guidance over the past five years. This demonstrates that our Asset Assembler model, which enables low-risk and sustainable EPS compounding, also provides the characteristics of a defensive stock — one that is less susceptible to shifts in the macroeconomic environment.

Our approach to PER maximization

"We appreciate your strategy, but at the end of the day, what really matters is whether the share price rises." We sometimes receive such feedback from investors, which is indeed reasonable. In order to reward shareholders who have invested in us because they empathize with our strategy, we are actively taking initiatives to close the valuation gap. Initiatives to maximize PER are synonymous with stock-price conscious management. Accordingly, we will continue to build a solid track record of sustainable EPS compounding through organic and inorganic initiatives. At the same time, we are committed to restoring market confidence, which is reflected in PER, by sharing our future growth vision with the capital markets and earning the conviction of our investors in our management.

As outlined in the Integrated Report 2024, we have implemented three concrete measures: (1) analyzing perception gap in capital markets, (2) fostering a deeper understanding of our business model and track record, and (3) enhancing opportunities for investor engagement while enriching our disclosure materials. We believe that deepening investor understanding of the three areas outlined to the right is especially important.

Following the adoption of the Co-President structure in 2021, we have developed a 10-year roadmap that covers net profit, M&A-related numbers, financial KPI, and other key benchmarks, while updating it from time to time. This roadmap is based on simulations using a variety of variables to project how we can safely and sustainably execute M&A and maximize shareholder value. Our management is confident that this roadmap is fully achievable.

Key points often overlooked by the stock market

1. Nippon Paint as an EPS Compounding Machine
2. "Ego-free management" approach dedicated to the pure pursuit of MSV
3. Relentlessly pursuing unlimited growth while minimizing risk

Why Invest in Nippon Paint? P01

The diagram below illustrates some of these concepts. Figure 4 presents our vision for sustainable EPS compounding through both organic initiatives and M&A, while Figure 5 outlines the key factors we believe are necessary to enhance PER. With respect to PER maximization, our goal is not to reach unprecedented levels, but rather to restore PER as quickly as possible to the levels attained in the recent past.

Figure 4
EPS track record

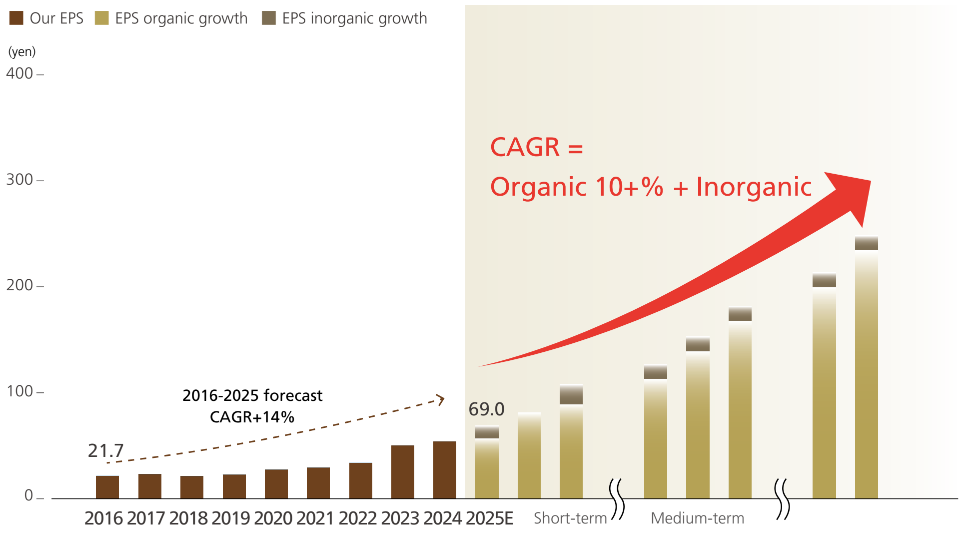
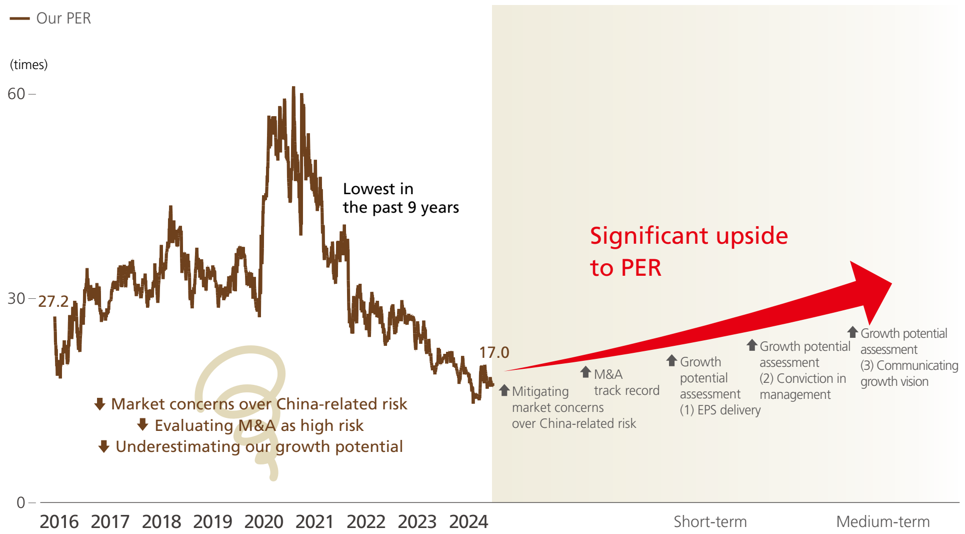


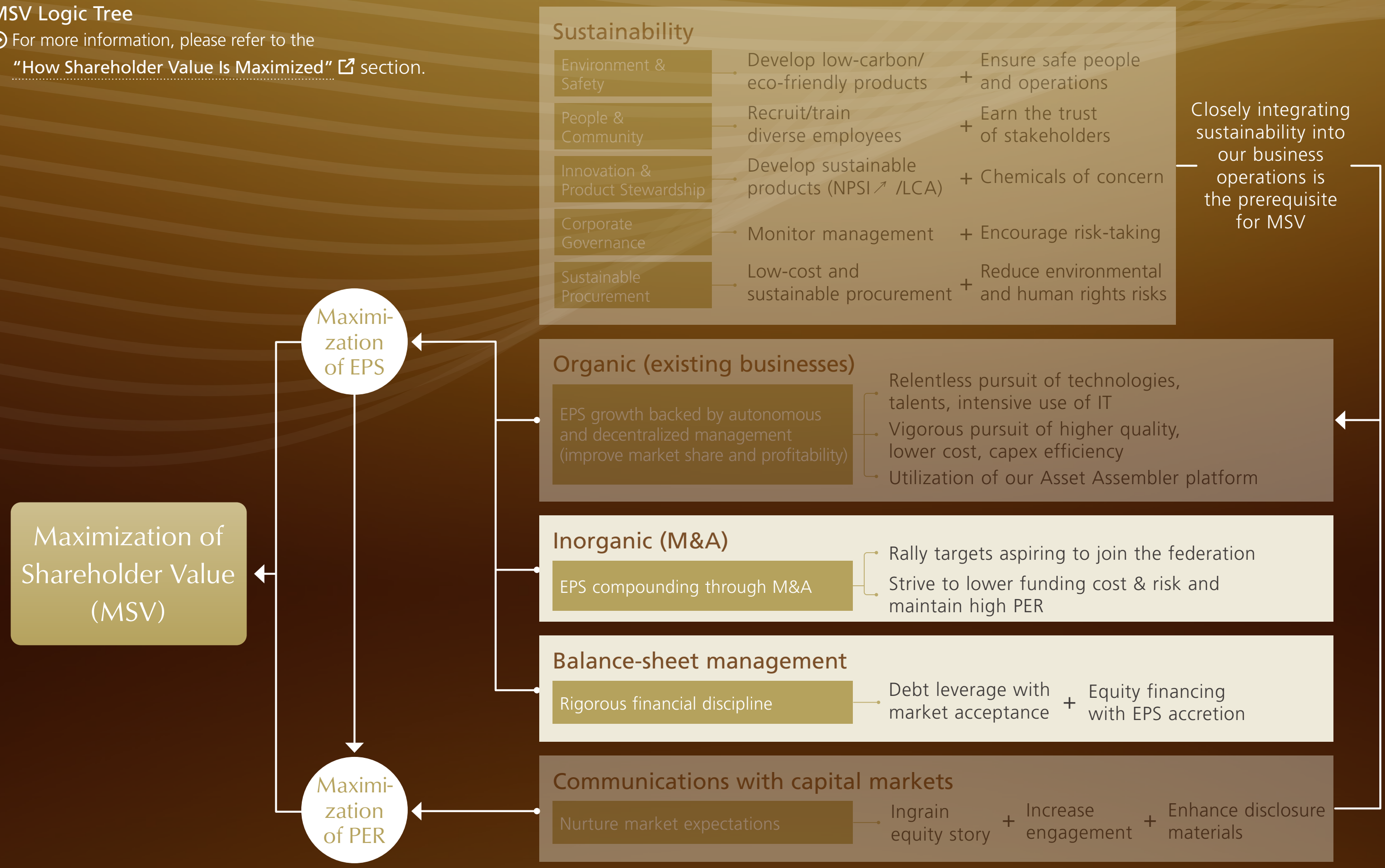
Figure 5
PER track record



Medium to Long-Term Strategy

MSV Logic Tree

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



Medium-Term Strategy Updates (released in April 2025)

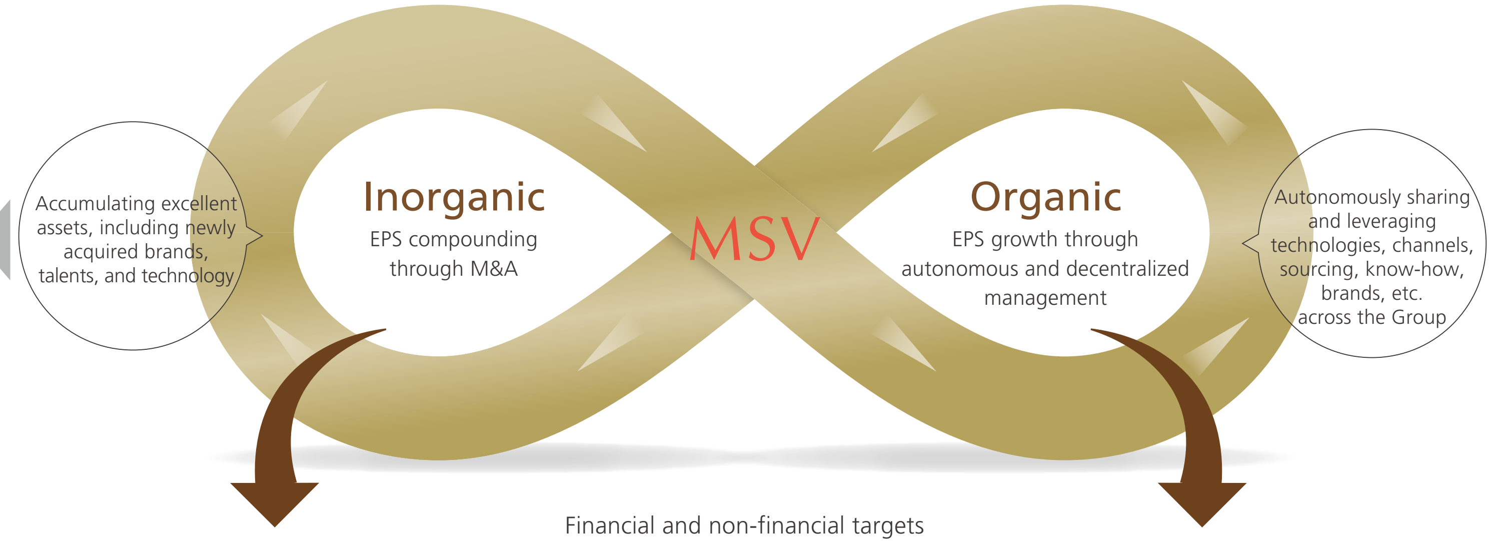
The enduring strength of our Asset Assembler model enables MSV in the long term

The acquisition of AOC—announced in October 2024 and completed in March 2025—in line with the Medium-Term Strategy unveiled in April 2024, demonstrated our unlimited EPS compounding capability under the Asset Assembler model. Even amid a business environment that proved more challenging than anticipated, our organic businesses have demonstrated solid performance, driving steady growth through operational excellence. We are confident that, across all regions and business segments, our Group is well positioned to achieve the medium-term growth forecasts.

We remain committed to low-risk and stable EPS compounding, driven by both organic and inorganic initiatives. By consistently demonstrating our ability to deliver and sustain EPS compounding, we aim to earn strong conviction from the capital markets to enhance PER and achieve MSV over the long term.

Achievements in 2024

AOC acquisition showcased our unlimited EPS compounding capability (first step)



Achievements in 2024

Delivered solid growth by demonstrating operational excellence amid a challenging market environment

Financial and non-financial targets

Acceleration of EPS compounding with active pursuit of M&A opportunities

Target companies can be of any region, business area, or size, provided they offer low risk and good returns

Balancing risk and valuation to ensure both contribute to EPS growth

Consolidated medium-term CAGR assuming our 2023 business portfolio*

Revenue HSD (c.+8-9%) EPS LDD (c.+10-12%)

Striving to unlock the full potential of our assets

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

By maintaining sustainable EPS compounding, we aim to gain conviction from the capital markets in our capacity and track record of compounding EPS, thereby serving to enhance PER

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Why Invest in Nippon Paint?

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Our Initiatives for Maximization of Shareholder Value (MSV)

Medium to Long-Term Strategy

Medium-Term Strategy Updates (released in April 2025)

Our Finance Strategy Presented by Co-President Wakatsuki

M&A Strategy

Case Study 1: How Joining Nippon Paint Group Unlocks Growth and Opportunity

Performance Highlights

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

Corporate Information

EPS compounding through inorganic growth initiatives

AOC's acquisition embodies our Asset Assembler strategy

The consolidation of AOC, following the completion of its acquisition in March 2025, is expected to contribute significantly to EPS growth from the first year. This exemplifies our approach to M&A, where we capitalize on the advantage of a lean headquarters to pursue opportunities in any region, business domain, or scale, provided they present low risk and offer good returns, thereby enabling unlimited EPS compounding. Moving forward, we will continue to carefully balance risk and returns as we strive for safe and sustainable EPS compounding.

Asset Assembler Model P17 M&A Strategy P33

Finance strategy aimed at accelerating EPS compounding

Our Finance Strategy Presented by Co-President Wakatsuki P30

As an Asset Assembler, pursue a finance strategy to drive EPS compounding

Sustainability initiatives that drive EPS and PER

Sustainability as the Prerequisite for MSV P23

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

Our approach to maximizing PER

Stock-Price Conscious Management P25

Elevate capital markets' expectations by effectively communicating our equity story as Asset Assembler

EPS compounding through organic initiatives

Delivering robust growth through operational excellence amid a challenging market environment

Although the market environment in 2024 was more challenging than anticipated, our Group achieved solid growth by leveraging the strong brand power and technological capabilities of each asset through effective marketing and pricing strategies. Our Group has continued to achieve resilient growth by capitalizing on the advantage of autonomous and decentralized management. Looking ahead, we remain committed to compounding EPS by delivering market+α growth.

Growth forecast by asset

For further details including the medium-term strategy by asset, please refer to the "Medium-Term strategy Update Briefing" materials on our website.

			2024 results		Medium-term forecast (in LCY)		Market growth forecast*2	
			Revenue (YoY) (in LCY)	OP margin (Tanshin)	Revenue CAGR	OP margin (vs 2023)*1	Volume basis	Value basis
Japan			+0.1%	9.6%	+0–5%	↗	-1% (Decorative)	+1% (Decorative)
NIPSEA China	Segment total		+6.3%	11.1%	c.+10%	→		
		Decorative (TUC)	+6%		+10–15%		+3%	+1%
		Decorative (TUB)	-15%		c.+5%		+1%	+2%
NIPSEA Except China	Segment total		+13.1%*3	17.2%	+5–10%	→		
		Malaysia Grp. Singapore Grp. Thailand Grp.			+5–10%	→	Singapore +1% Malaysia +3% Thailand +2%	Singapore +1% Malaysia +5% Thailand +2%
		PT Nipsea (Indonesia)	+3.4%	34.9%	c.+10%	→	+3%	+6%
		Betek Boya (Türkiye)	+34.9%	13.2%	c.+10%	(→)*4	+1%	+7%
		NPI/BNPA (India)	(For reference) +0.8%*5	(For reference) 4.2%*5	c.+10%	→	+5% (Decorative)	-2% (Decorative)
		Alina (Kazakhstan)	(For reference) +8.1%*6	13.2%*7	c.+10%	→	+3%	+4%
DuluxGroup	DGL (Pacific)		+4.5%	13.3%	c.+5%	→	~+1%	+2–2.5%
	DGL (Europe)		-2.3%*8	4.9%	+5–10%	↑	~+1% (France)	+1–3% (France)
Dunn-Edwards			+4.8%		c.+5%	↑	+2% (overall U.S.)	+5% (overall U.S.)
AOC*9			(For reference) -8.9%	(For reference) 30.7%	c.+5%	→	+3% (U.S.) / +3% (Europe)	+5% (U.S.) / +5% (Europe)

*1 ↑: ≧+2%, ↗: +1%–+2%, →: -1%–+1%, ↘: -1%–-2%, ↓: ≦-2% *2 Internal estimates and value basis include the impact of volume changes *3 Excluding India businesses (NPI/BNPA) and Alina *4 Subject to change due to the impact of hyperinflationary accounting *5 Pro-forma figures (unaudited). The 2024 results are annualized figures *6 The 2023 results are Pro-forma figures (unaudited) *7 Including inventory step-up costs (one-off expenses) associated with PPA *8 Excluding six-month earnings of NPT
*9 FY2024 results are pro-forma figures (unaudited). PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

Our Finance Strategy Presented by Co-President Wakatsuki

Driving EPS Compounding Through Our Finance Strategy

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

MSV Logic Tree

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

Our pursuit

Rigorous financial discipline | Debt leverage with market acceptance + Equity financing with EPS accretion

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 acquisitions, an approach overly focused on ROIC does not align with MSV

3 Our capital allocation policy prioritizes growth-oriented investments (M&A), and we have adopted a progressive dividend policy

4 While share buybacks remain an option, we have determined that allocating capital to M&A contributes more to MSV, given the abundance of attractive investment opportunities

Our consolidated ROIC performance

In 2024, our consolidated Return on Invested Capital (ROIC) was 7.3%, representing a slight improvement over the previous year (see Figure A). This improvement was primarily attributed to (1) an improvement in ROIC due to limited increment in goodwill absent large-scale M&A activities in 2024, and (2) higher after-tax operating profit driven by business growth. Our Weighted Average Cost of Capital (WACC) is estimated to be around 5-6%.

Over the past five years, while EPS has steadily increased, ROIC has remained static in the range of 5-7%. This stability is largely due to the recognition of goodwill associated with our active M&A activities. We consider this to be inevitable for a company that places M&A as a pillar of its growth strategy. Furthermore, invested capital has increased annually, and after-tax operating profit has risen steadily over the five years through 2024.

Figure A ROIC/Invested capital/After-tax operating profit

	2020	2021	2022	2023	2024
ROIC (disclosed basis)	6.6%	5.5%	5.4%	7.2%	7.3%
Invested capital (billion yen)	1,008.2	1,398.0	1,729.7	1,852.5	2,081.2
After-tax operating profit (billion yen)	68.0	68.1	85.1	124.3	133.0

* ROIC: After-tax operating profit/(Net Debt + Total equity)
* A uniform effective tax rate of 24% is applied to each year, based on the average consolidated effective tax rate for prior years
* Invested capital = Net debt + Equity (including ownership of non-controlling shareholders)
* Net debt = "Bonds and borrowings" + "Total other financial liabilities (current and non-current)" – "Cash and cash equivalents" – "Other financial assets (current)"

Our approach to ROIC

We have noticed increased interest from our investors concerning our approach to ROIC. To address this, I would like to clarify our basis by answering the following questions.

— Are we acquiring companies with high capital efficiency?

Our strength as Asset Assembler lies in our ability to consistently make safe acquisitions. While our goal is to maximize long-term and sustainable EPS through these acquisitions, we believe that a strategy overly focused on improving ROIC does not optimally utilize our platform nor align with our overall strategy. I would like to emphasize that the companies we acquire (1) operate their businesses with high capital efficiency relative to the invested capital, such as working capital and capital expenditure, and (2) generally present low business risks and high safety due to their stable business models, strong brand power, and quality management teams.

Please refer to Figure B "ROIC of major acquired assets." Since we are allocating capital entrusted to us by investors for acquisitions, our standard procedure is to examine the respective ROIC of each acquisition. Our goal is to achieve an ROIC that surpasses the assumed WACC within a few years post-acquisition. Indeed, the major five companies we acquired since 2019 have either already seen their ROIC exceed the WACC or are on a steady path towards this goal, with all demonstrating year-on-year improvements in their ROIC.

There is a common perception that companies actively engaged in M&A carry significant risk. However, a unique characteristic of our business is its high efficiency: we generate cash and profits locally, and our capex requirements are relatively low. As we consistently acquire such safe companies, our Group, even with the inclusion of goodwill in our consolidated accounts, can be confidently described as a collection of very low-risk assets.

Figure B ROIC of major acquired assets*

	2020	2021	2022	2023	2024
DGL (Pacific)	3.7%	4.4%	5.6%	5.8%	7.0%
Betek Boya	7.4%	9.9%	7.9%	11.8%	16.4%
PT Nipsea	-	3.8%	5.3%	6.6%	7.1%
Cromology	-	-	2.5%	2.9%	2.8%
JUB	-	-	-	5.7%	6.6%

* ROIC after-tax opreating profit (after PPA amortization of intangible assets) / acquisition cost (excluding goodwill but including transfer consideration and subsequent capital increase, etc.), converted into Japanese yen using actual exchange rates
* The ROIC calculation for DGL (Pacific), Betek Boya, and JUB excludes Year 1 as these companies were acquired during the fiscal year
* None of these companies incurred any acquisition-related costs in Year 1
* Until 2023, the DuluxGroup figures represented the consolidated total excluding Cromology and JUB. For 2024, the figure represents DGL (Pacific) only, with DGL (Europe) excluded from the consolidated total
* For Betek Boya, the statutory tax rate for 2024 is applied to each fiscal year, due to abnormal tax rates resulting from the application of hyperinflationary accounting. For other companies, the average statutory effective tax rate for prior years is applied to each year

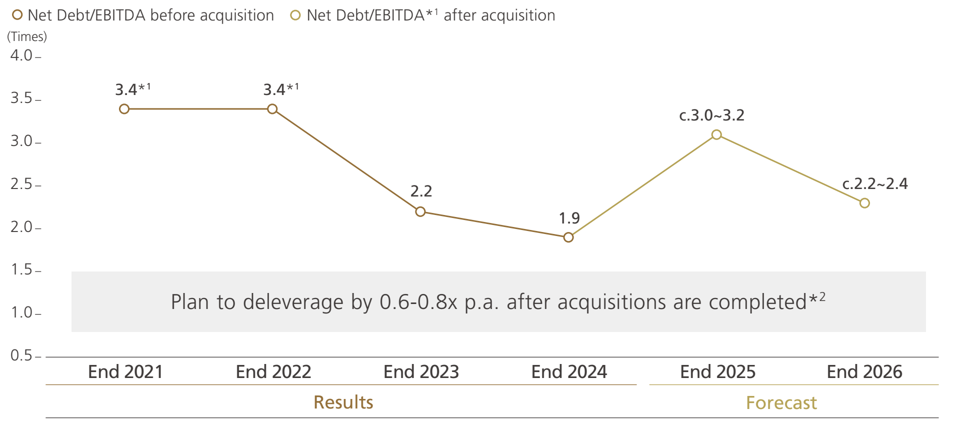
— How should we interpret your strategy for returning value to shareholders? Are there any plans to enhance shareholder payouts?

During our dialogues with investors, some have expressed a desire for double-digit expected growth rates. We note that our business domain generates substantial cash flow that can be deployed towards share buybacks, rather than undertaking M&A, which will consistently improve ROIC. Indeed high-ROIC paint manufacturers can demonstrate a scenario of achieving double-digit growth through a combination of single-digit organic EPS growth and share buybacks.

On the other hand, as outlined in our Medium-Term Strategy, we already have the potential for double-digit growth, with a medium-term consolidated CAGR target of 10-12% organic growth in EPS without any share buybacks. The substantial cash flow generated is primarily allocated towards M&A that contribute to the maximization of long-term EPS. We aim for exceptional growth with 10-12% organic EPS growth, plus additional upside through M&A contributing to EPS from Year1 post-acquisition.

Based on this strategy, our approach to returns is twofold: (1) to expand the basis of EPS growth through M&A rather than focusing on short-term shareholder returns, and (2) to reserve cash flows as dry powder (standby funds) for future M&A, even if this reduces leverage in the short term.

Figure C Pro-forma leverage



*1 Excluding one-off items
*2 Assuming no additional acquisitions

Within our Asset Assembler model, we do not set limitations on the business areas, regions, or scale of our M&A targets as long as they are low-risk and offer good returns. Given the abundance of safe targets that contribute to EPS, we believe our policy and strategy are justifiable. As we naturally consider ROIC as one of the key indicators, we are dedicated to achieving organic profit growth and shortening Cash Conversion Cycle (CCC). However, we believe it is not appropriate to rely solely on consolidated ROIC to evaluate the potential of our Company.

Our financial discipline

Our financial discipline focuses on prioritizing debt financing while preserving leverage capacity to maintain access to low-cost funding. Recognizing the crucial importance of fostering a clear understanding of our risk profile among financial institutions and rating agencies, we are facilitating active dialogue with these entities and enhancing our disclosure materials.

Balance sheet management

In terms of balance sheet management, we have established CCC as one of the key performance indicators. Each partner company is working to shorten CCC by reviewing transaction terms within each region and business segment. While our CCC in 2024 reflects a rebound following significant improvement in NIPSEA China's CCC in 2023, we have continued to see a steady historical improvement, particularly in Japan and Asia.

Our fixed assets (tangible and intangible assets, goodwill) have been increasing primarily due to M&A activities, and we proactively monitor these assets with an emphasis on efficiency and profitability. Regarding goodwill, we strive to minimize impairment risks by selecting cash-generating target businesses, ensuring smooth post-merger integration (PMI) through our autonomous and decentralized management approach, and consistently pursuing high-quality M&A at reasonable valuations.

We have maintained strong cash generation capabilities, and our asset portfolio consists entirely of partner companies that are fundamentally capable of autonomous growth and stable cash generation. In terms of financial leverage, strong cash generation driven by revenue growth in 2024 brought our net debt/EBITDA ratio down to 1.9 times at year-end (see Figure C). Although this ratio is expected to rise to 3.0-3.2 times at the end of 2025 due to the acquisition of AOC, we anticipate it will return to 2.2-2.4 times by end of 2026, roughly in line with the level at the end of 2023, prior to the AOC acquisition. Our finance soundness remains robust, even compared to the track record of our competitors. Moving forward, while retaining ample debt capacity to seize new opportunities, we will strive for an optimal capital structure and work towards fostering trust and creditworthiness with financial institutions and rating agencies.

Capital allocation

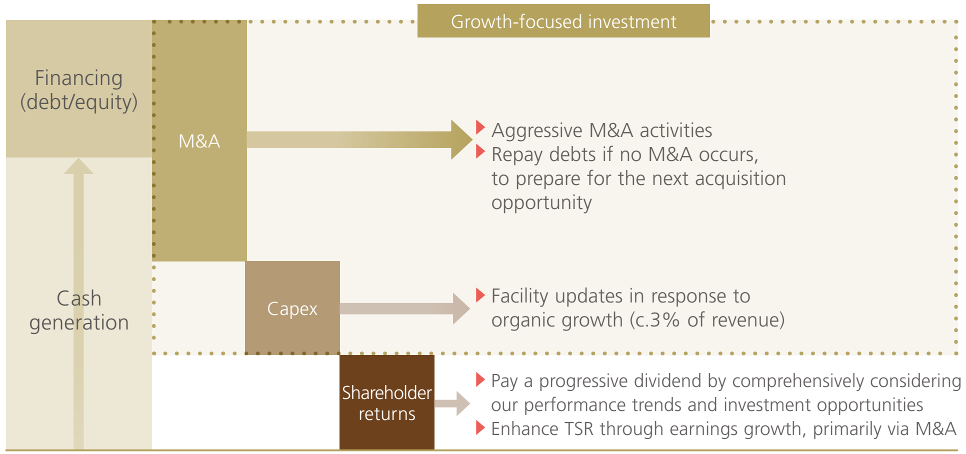
Our capital policy prioritizes growth-oriented investments while maintaining financial discipline, with the primary objective of sustainable and long-term maximization of EPS, ultimately leading to the maximization of PER (see Figure D).

We deploy capital expenditures aimed at securing future sustainable growth noting the burden of capital investment is relatively small, accounting for only around 3% of revenue, mostly in maintenance capex. We maintain a disciplined approach to new investment initiatives aimed at enhancing production capacity, reinforcing digital transformation (DX), and advancing research and development across all regions and business segments. Consequently, M&A remains our most capital-intensive investment. In line with our Asset Assembler model, we will continue to focus on accumulating high-quality, low-risk M&A at reasonable valuations.

Regarding dividends, we currently follow a progressive dividend policy, whereby dividends will be maintained or increased with no reductions as a general principle, taking into comprehensive consideration our performance trends and investment opportunities. With significant EPS growth anticipated from the AOC acquisition, we are prioritizing debt repayment to prepare for future acquisition opportunities that can contribute to EPS, rather than adhering to our previous target payout ratio of 30%.

Share buybacks remain an option; however, we objectively assess the relative contribution to MSV by comparing investment in our own shares with investments in potential M&A candidates. Given the abundance of attractive investment opportunities currently available, the appeal of share buybacks is lower, hence no buyback was implemented last year.

Figure D Our capital allocation strategy



M&A Strategy

Harnessing the competitive advantage of our Asset Assembler model 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" section.

No limitations on M&A target areas, regions, or scale

We believe, by leveraging the competitive advantage of our Asset Assembler model, we should be able to compound EPS with limited risk, without setting limitations on the business areas, regions, or scale of our M&A targets. Our strategic considerations are not confined to the paints and adjacencies areas. We remain open to every opportunity that promises to contribute to MSV. In that context, the acquisition of AOC, announced in October 2024, represents a significant milestone in fully realizing the Asset Assembler strategy and demonstrating its potential.

Rigorous acquisition criteria that minimize risk

When selecting M&A targets, our sole criterion is whether they contribute to MSV. We specifically focus on companies that: 1) present low-risk and good returns, 2) have an excellent management team, and 3) generate good cash flows. Essentially, our acquisitions are centered around what we term "good companies." We place considerable emphasis on financial discipline, particularly ensuring that a newly acquired company contributes to EPS accretion from Year 1. This reflects our meticulous approach to pursuing low-risk M&A.

Our strengths driving inorganic growth

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. By capitalizing on these strengths, we have successfully avoided any impairment losses on acquisitions made since 2019. 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 brought about by Asset Assembler model

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 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, brand, 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

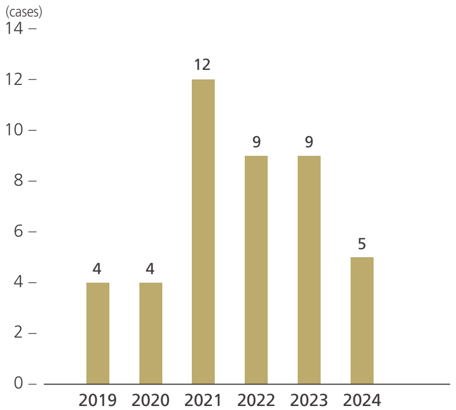
Acquisition targets

- Companies that present low-risk and good returns
- Companies led by excellent teams
- EPS accretion from Year 1

Our strengths

- The ability to identify good acquisition targets
- Autonomy and accountability
- Sustaining and enhancing the motivation of management talents who join our Group
- Access to low funding costs

M&A* transactions



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

Growth since joining our Group

	2019-2024		
	CAGR of revenue	CAGR of operating profit	Market share
DGL (Pacific)	+13.0%	+15.7%	48% → 50%
Betek Boya	+27.0%	+30.7%	27% → 35%
PT Nipsea*	+21.0%	+22.1%	17% → 19%

* Comparison covers 2020-2024

1

Case Study

How Joining Nippon Paint Group Unlocks Growth and Opportunity

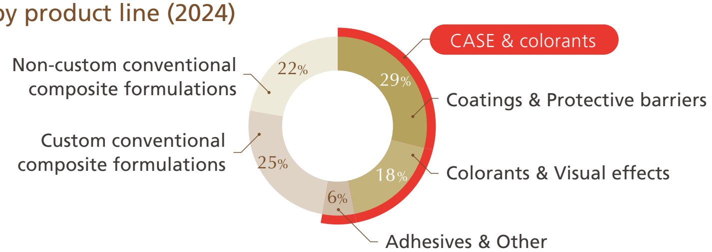
What were the context and decisive factors behind joining Nippon Paint Group? How do partner companies aspire to thrive under the Group's MSV mission?
–In Case Study 1, CEOs of recently acquired partner companies reflect on the journey leading up to the acquisition and share their vision for future growth.

AOC at a glance

Key operational and financial profile

1. AOC is a leading formulator of CASE (Coatings, Adhesives, Sealants, and Elastomers) & colorants solutions
2. Excellent margin profile consistent with highly-customized products, an advantaged offering, and differentiated service
3. Scalable business systems poised for further value creation
4. Controllable and multi-faceted growth opportunities in excess of the market
5. Best-in-class cash-flow generation and financial profile
6. Exceptional management team with a strong track record of value creation

Volume by product line (2024)



AOC

Joe Salley
Chief Executive Officer

In the first meetings with Chairman Goh Hup Jin and Co-Presidents Yuichiro Wakatsuki and Wee Siew Kim, I immediately recognized there would be a good cultural fit between NPHD and AOC. For example, we share a strong belief that, after first taking care of the needs of our customers, colleagues, and other stakeholders, our singular focus is maximizing shareholder value. We encourage initiative, entrepreneurship, and collaboration.

I was particularly impressed with Nippon Paint Group's strong appetite and ability to grow. Leadership recognizes the merits of high-quality companies with strong management teams and allows them to operate with relative autonomy in pursuit of organic and inorganic growth. I asked Chairman Goh, "What would you like us to accomplish?" He replied, "The better questions are what would you like to accomplish and why? And how can we help?"

I anticipate that AOC will thrive within the Nippon Paint Group umbrella. Immediately upon joining Nippon Paint Group, our discussions with leadership have focused on maximizing shareholder value and accelerating EPS growth. In parallel, we received inbound calls from leaders within the partner companies around the globe offering to help, inviting us to pursue joint opportunities, and seeking shared learning.

AOC has demonstrated that our Business Systems can drive organic and inorganic growth while delivering superior value for our customers, growth opportunities for our associates, and strong returns for our shareholders. But we have much further to go on this journey. Harnessing Nippon Paint Group's resources, access to capital, and Asset Assembler model will help ensure our continued success in this journey.

DuluxGroup

Patrick Houlihan
Chairman and
Chief Executive Officer

With origins going back to 1918, DuluxGroup has grown through a range of ownerships including as part of global giant ICI world paints up until 1997. DuluxGroup had been a successful company listed on the Australian Securities Exchange (ASX) for almost ten years, consistently growing profit and dividends every half-year and outperforming the market in terms of total shareholder returns, when Nippon Paint Holdings approached us in 2019. Given our success and growth plans, we weren't looking to sell the company. But when we sat down with Mr. Goh Hup Jin, Mr. Wee Siew Kim and other executives from Nippon Paint Holdings we were presented a compelling offer which our shareholders ultimately accepted. At the same time, it was made clear we would have the opportunity to in fact accelerate our growth ambitions aligned to Nippon Paint Group's sole mission: Maximization of Shareholder Value (MSV). That has proven to be true.

I remember meeting with Mr. Goh and he asked me what we (as the DuluxGroup management team) wanted to do and why, with Nippon Paint Holdings as the shareholder. As long as it was consistent with the MSV mission, we knew we would have the support and resources needed to pursue our strategic growth ambitions. Based on the Asset Assembler model, which is about decentralized management, partner companies have strategic autonomy alongside accountability. Accountability is important, it is how we are accustomed to operating – with discipline, rigor and strong governance to ensure that we deliver what we say and that we do it in a way consistent with our values and our obligations to our stakeholders, including our shareholders, customers, employees and the communities in which we operate.

Nippon Paint Group's global scale and resources, combined with its autonomous partner company model, has provided us opportunities to leverage DuluxGroup's capability to grow in a way that would have been very challenging previously. This has been embraced by our top 200 leaders, almost all of whom remain with us today. Just five years later, DuluxGroup has doubled in size, added more than 25 new businesses, established a material paints & coatings position in Europe and grown from approximately 4,000 to more than 8,000 employees. In the five years leading up to joining Nippon Paint Group in 2019, DuluxGroup's operating profit CAGR was approximately 4%; in the five years following 2019, it increased to approximately 12%. The majority of that growth has come from year-on-year organic growth, which has been complemented by bolt-on acquisitions and transformational acquisitions such as JUB Group in central Europe and Cromology in western Europe.

We have retained that long-established ability to generate above-market growth in our existing businesses, year in, year out. For the 15 years leading up to being acquired by Nippon Paint Holdings, our Dulux business in Australia consistently delivered compound annual revenue growth of just under 5% in a mature market that grows at about 1% a year in volume terms, and it has consistently maintained its solid operating profit margin throughout, while growing its market share. Delivering that "granularity of growth" remains critical and we have continued that as part of Nippon Paint Group.

The fundamentals of what drives our success have not changed. Investment in premium brands, innovation, strong relationships with our retail and trade customers all supported by highly skilled and engaged employees are at the heart of DuluxGroup's track record of profitable growth.

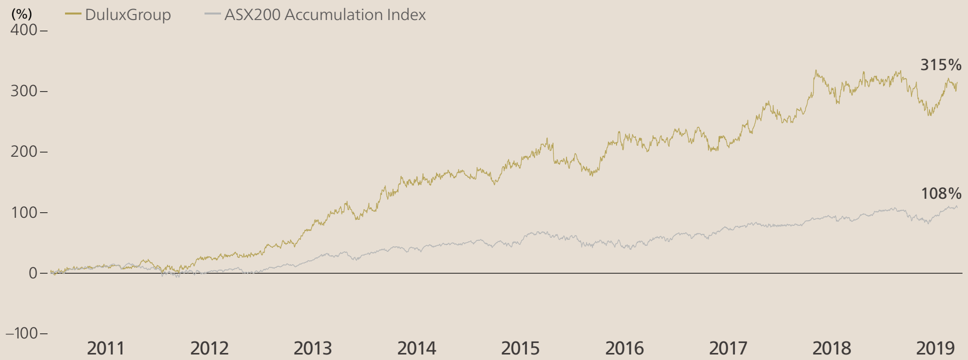
That existing capability is now complemented by the ability to collaborate with other Nippon Paint Group partner companies – accessing the combined strength of the entire group - to drive success in our existing and more recently acquired businesses. For example, our ANZ leading Selleys business has combined its technological knowhow and extensive product portfolio with NIPSEA Group's superior local market knowledge, reach and expertise to accelerate Nippon Paint Group's growth into Asia's sealants, adhesives and fillers (SAF) markets.

With our minds firmly set on *profitable* growth, we are energized about the opportunities ahead. We have ambitious targets and our medium-to-long-term growth strategy, aligned to the MSV mission, is focused on three clear pillars:

1. Continue our consistent track record of delivery in **Dulux Pacific Paints & Coatings**, focusing on the fundamentals and granularity of growth.
2. Accelerate **DGL Europe Paints & Coatings** growth platform, including step-changing Cromology France (leveraging Dulux Pacific capabilities) while continuing to grow both Cromology in Southern Europe and JUB in Central Europe.
3. Support **Nippon Paint Group's global SAF growth**, including by leveraging Selleys ANZ capability and NPT Italy's technology platform and enabling NIPSEA Group's growth of Selleys Asia.

In doing so, we will continue to collaborate across Nippon Paint Group in terms of best practice and capability sharing.

TSR since demerger and prior to Nippon Paint takeover premium



Performance Highlights

Consistent results driven by resilient business model and earnings power across assets

Achievement rate of original guidance (2020-2024)

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

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

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

❶ 2021: Guidance revised downward at mid-term
(Factors) COVID-19, raw material inflation, chip shortage, etc.
❷ 2022: Guidance revised downward at mid-term
(Factors) Increase in provision in China, hyperinflationary accounting in Türkiye, etc.

* Original guidance announced in May 2021; EPS was calculated using the number of shares after stock split; year-end results are before retroactive adjustments

Agile execution of corporate actions

- Asian JVs fully integrated and Indonesia business acquired (January 2021)
- Adopted a Co-President structure led by Yuichiro Wakatsuki and Wee Siew Kim (April 2021)
- European automotive and India businesses transferred to Wuthelam Group (August 2021)
- International secondary offering (January 2022)

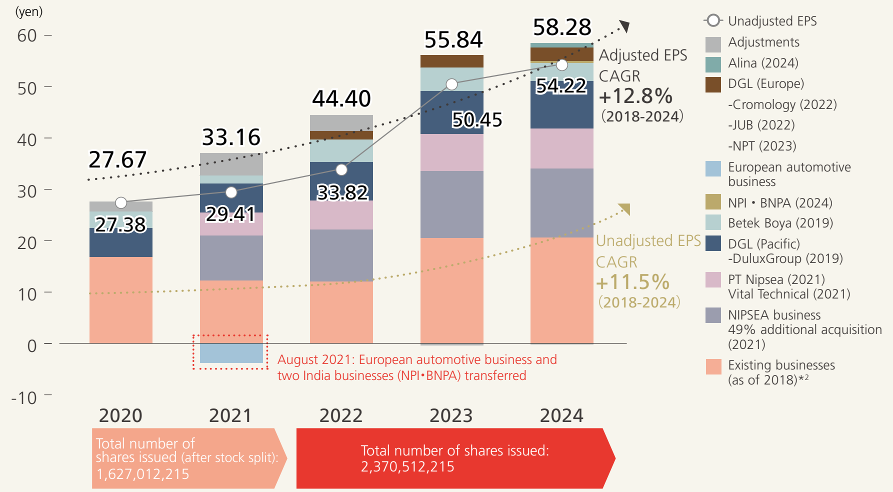
Japan Group profitability improvement
- Nippon Paint Corporate Solutions (NPCS) established (January 2022)

Asset accumulation through M&A
- Vital Technical (March 2021)
- Cromology (October 2021)
- JUB (October 2021)
- Chinese automotive JVs (November 2021)
- NPT (February 2023)
- Buyback of India businesses from Wuthelam Group (August 2023)
- Alina (November 2023)
- AOC (October 2024)

Sustainability
- Endorsement of the TCFD recommendations (September 2021)
- Deepened autonomous sustainability structure (January 2022)

Substantial EPS compounding driven by organic and inorganic initiatives

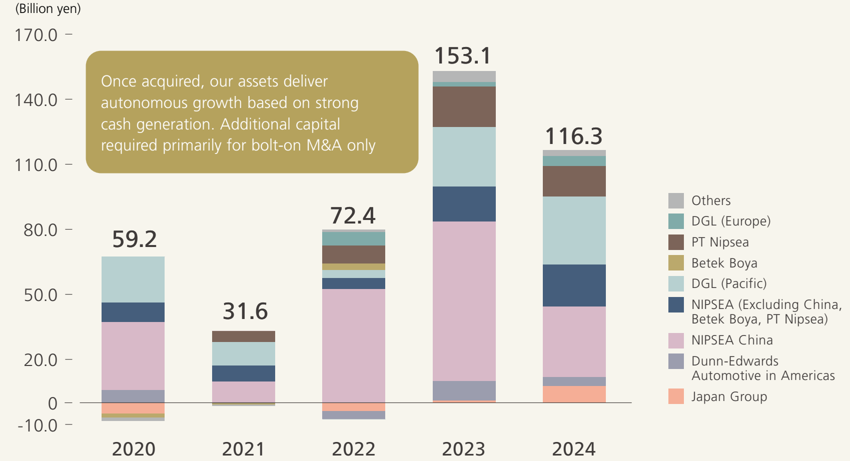
Adjusted EPS[*1] compounding by asset



*1 Calculated using a simple sum of earnings after excluding major one-off factors (impairment, M&A expenses, provisions, hyperinflationary accounting, etc.) and dividends received from the Group subsidiaries; for 2018-2020, calculated using the number of shares adjusted for the stock split in 2021
*2 Japan Group, automotive in Americas, automotive in Asia, overseas marine, Dunn-Edwards, European automotive business, NIPSEA business (51% ownership)

Robust cash generation enabled by high margins and low capex requirements

Cash flow* generation by asset



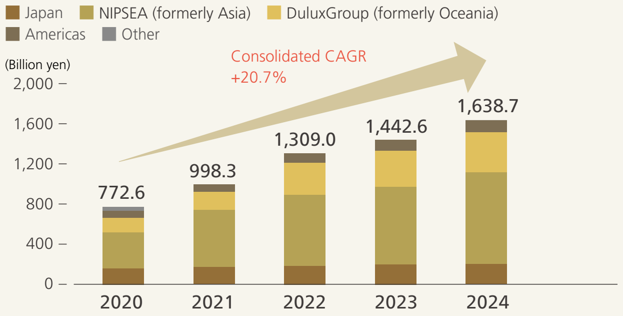
* Calculated as a simple sum of Operating CF (excluding dividend income from Group subsidiaries) – Capex (excluding M&A and lease costs)

Record-high performance driven by organic growth and M&A

Financial base

Revenue growth accelerated through active M&A and organic growth. In 2024, revenue rose for the eighth consecutive year to a record high, driven by new consolidations, higher sales volumes mainly in the decorative segment, growth in adjacencies, and yen depreciation.

Revenue



* Key changes from the 2021 segment reclassification:

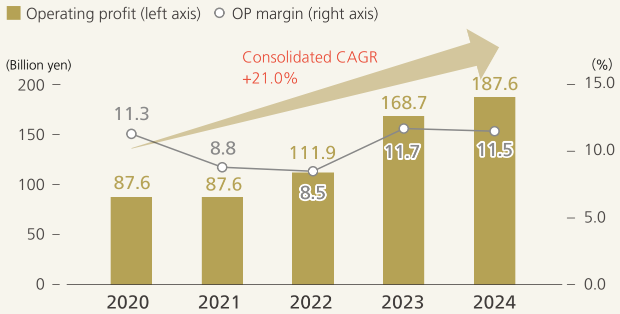
- Japan Group now includes the overseas marine business, previously included in the Asia segment
- NIPSEA Group now includes Betek Boya and Nippon Paint Turkey, previously included in Other

Record high achieved through revenue growth and profitability improvement

Financial base

Despite a challenging market, operating profit has grown for five consecutive years, reaching a record high in 2024 on higher revenue and an improved gross profit margin. Our operating profit margin stayed in the 11% range for a second year.

Operating profit/OP margin



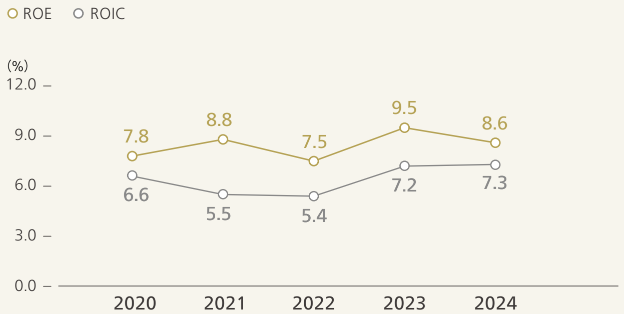
Balancing capital efficiency and EPS growth to expand economic value

Financial base

Since 2023, ROE has stayed at around 9%, reflecting higher net profit and margin improvements. ROIC has been significantly affected by goodwill from active M&A. In 2024, ROIC improved slightly year-on-year, reflecting both a higher invested capital turnover ratio and an increase in after-tax operating profit driven by business growth.

Our Finance Strategy Presented by Co-President Wakatsuki P30

Return on equity (ROE)/Return on invested capital (ROIC)*



* ROIC: Operating profit after tax / (net debt + total equity)

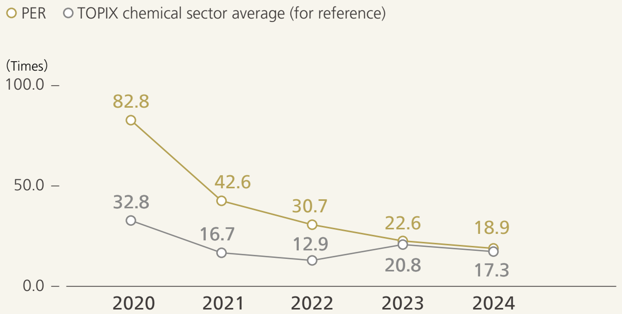
PER has consistently outperformed TOPIX chemical sector average

Financial base

PER rose sharply in 2020 reflecting investors' preference for growth stocks, our active M&A activities, among other factors, but has trended downward since 2021 due to factors including China-related market concerns.

Stock-Price Conscious Management P25

Price-to-earnings ratio (PER)

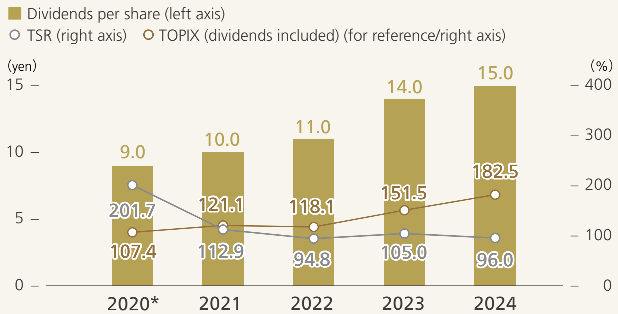


Four consecutive years of dividend increases; progressive dividend policy from 2025

Financial base

Our policy is to provide stable and consistent dividends, which we have increased for four consecutive years through 2024. Since 2021, TSR has lagged TOPIX (dividends included) due to China-related market concerns and other factors.

Dividends per share/Total shareholder return (TSR)



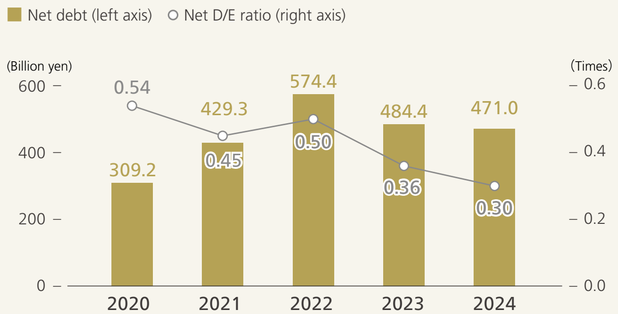
* Calculated assuming that the five-for-one stock split on April 1, 2021 was conducted in January 2020

Debt financing associated with active M&A drove upward trend in net debt

Financial base

Our net debt is typically negative due to strong cash generation and low capex requirements, but has turned positive in recent years due to borrowings for M&A activity. The net D/E ratio declined through 2024, as no large-scale M&A occurred.

Net debt*/Net D/E ratio



* Net debt: Interest-bearing debt (bonds and borrowings (current/non-current) + other financial liabilities (current/non-current)) – liquidity on hand (cash and cash equivalents + other financial assets (current))

 For financial and non-financial data for 2019 and earlier, as well as other financial and non-financial data, please refer to the "Financial and ESG Data" section on our website.

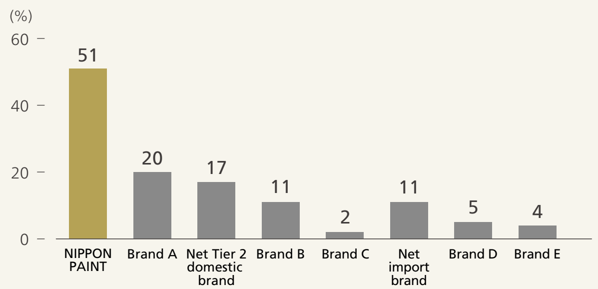
Strong recognition and trust in Asia-Pacific market

Brands/ know-how

Our Group has built strong brands, especially in decorative paints; for example, LiBang is the leading brand in China with the highest Top of Mind score.

Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy) P43

Top of Mind rating (NIPSEA China)



Dominant position enabled by extensive distribution channels

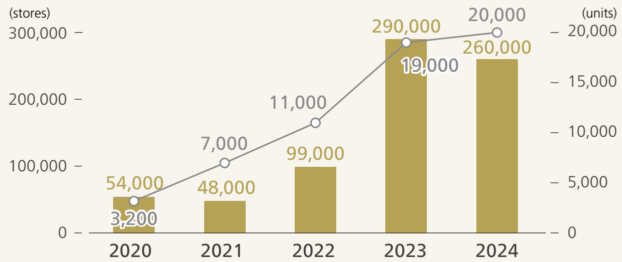
Customer base

Our Group has established a broad and diverse range of distribution channels, primarily targeting the B2C market (including retail, distributors, and e-commerce) in the decorative markets of each country and region. The number of retail outlets for NIPSEA China in 2024 declined from 2023 due to a detailed review of reporting criteria, such as the exclusion of dormant or non-active shops; under the previous criteria, the total number of distribution shops would have increased by approximately 5%.

Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy) P43

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

■ Number of retail outlets (left axis) ○ Number of CCMs (right axis)



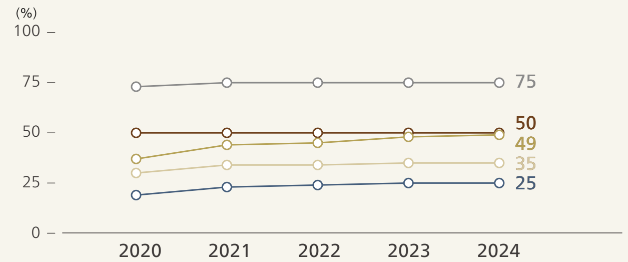
No.1 market share in 14 major countries

Customer base

Our Group works to maintain and expand market share across regions and business segments while ensuring profitability. In 2024, we prioritized balancing profitability and market share, resulting in stable share despite a challenging environment. We continue to hold strong positions in each country and market.

Trends in market share for decorative paints in key regions*1

○ China's TUC ○ Singapore ○ Malaysia ○ Betek Boya ○ DGL (Pacific)*2



*1 Internal estimates *2 Volume basis

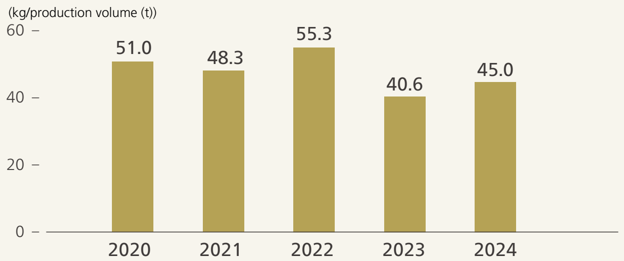
Increase mitigated by various reduction initiatives

Nature/ environment

In 2024, GHG emissions increased by 10.9% year-on-year; however, the rise was mitigated by operational and energy efficiency improvement initiatives (e.g. switching to LED lighting), solar power investments at factories, fleet transition plans, and purchasing renewable energy.

Environmental Strategy P53

GHG emissions (Scope 1 and 2) (Global)*



* The scope of coverage: Japan Group, NIPSEA Group, DuluxGroup (including Cromology and JUB beginning in 2022)

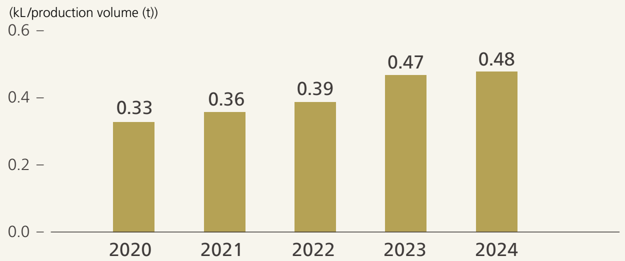
Ongoing initiatives to improve water use efficiency

Nature/ environment

Our Group continues to promote efficient use of water resources by optimizing use of water for raw materials, reducing water consumption in manufacturing processes, and recycling water. Since 2021, overall water consumption has increased due to broader data coverage, new consolidations, and changes in the production mix across multiple business segments.

Environmental Strategy P53

Water consumption (Global)*



* The scope of coverage: Japan Group, NIPSEA Group, DuluxGroup (including Cromology and JUB beginning in 2022), Dunn-Edwards (beginning in 2020)

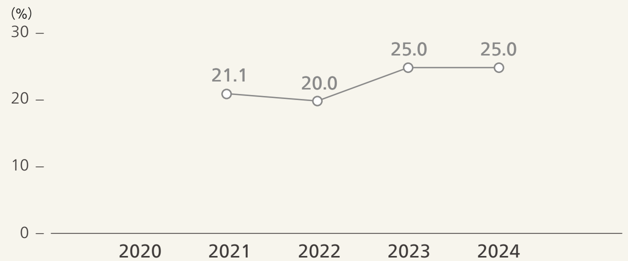
Expanding sales of products with innovative technology

Technologies

The New Product Sales Index (NPSI) is defined as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenue. The NIPSEA Group and the Japan Group achieved a combined NPSI of 25% and launched approximately 9,000 new products in 2024.

R&D Strategy P63

New Product Sales Index (NPSI)



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Why Invest in Nippon Paint?
Message from the Management
Our Initiatives for Maximization of Shareholder Value (MSV)
Medium to Long-Term Strategy
Execution of Autonomous and Decentralized Management
Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee
Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy)
Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators
Case Study 3: Growth Strategies in Mature Markets (DuluxGroup Business Strategy)
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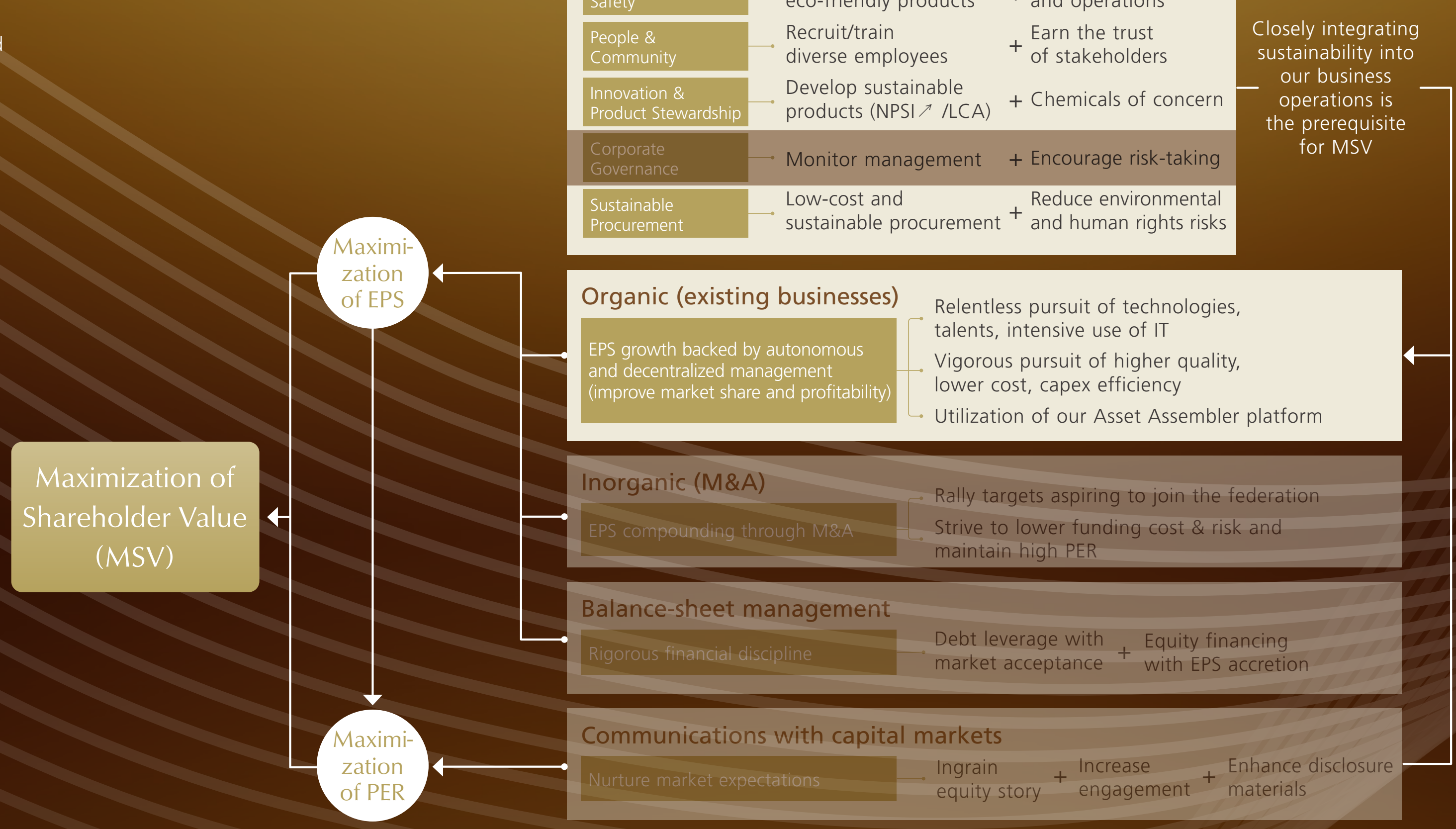
Governance in Support of Risk-Taking
Corporate Information

Execution of Autonomous and Decentralized Management

MSV Logic Tree

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



Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee

Forging the Path to Sustainable EPS Compounding for a Resilient Future

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

MSV Logic Tree

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

Our pursuit

EPS growth backed by autonomous and decentralized management (improve market share and profitability)	Relentless pursuit of technologies, talents, intensive use of IT
	Vigorous pursuit of higher quality, lower cost, capex efficiency
	Utilization of our Asset Assembler platform

Executive Summary

1. The transformation of the Japan Group aims to shift the mindset to collective, country-level optimization in Japan, thereby maximizing organizational synergies.
2. With our strong leadership and a workplace that enriches employee motivation, the "magic of transformation" is well within reach for the Japan Group.
3. We are driving transformation with a clear focus on enhancing global competitiveness to capture emerging opportunities in different parts of the world.
4. Our reentry into the India market demonstrates our commitment and confidence in capturing the substantial growth opportunities that India offers for the future.

Transforming the Japan Group in a mature market to seize future opportunities

The Japan Group has been driving structural reforms through unique and, at times, uncomfortable initiatives, setting it apart from peers in recent years. The Group is now poised for a bold transformation of its operational model. The partner company-centric model has served us well, with a strong focus on customers and industry segments. With the introduction of the CXO structure in January 2025, it is time to build upon this customer-centricity with a new focus on nurturing collaboration across organizational boundaries in Japan. The appointment of four CXOs — Chief Commercial Officer (CCO), Chief Supply Chain Officer (CSCO), Chief Technology Officer (CTO) and Chief Administrative Officer (CAO) — marked a symbolic and strategic shift. Under the "ONE NIPPE" banner, the five partner companies within the Japan Group now strive to operate as a unified entity, while preserving the strength of their customer-focused instincts. This transformation aims to shift the mindset from individual partner company primacy to collective, country-level optimization in Japan, thereby maximizing organizational synergies and contributing to sustainable EPS compounding.

The Japan Group is fortunate to be guided by an outstanding leadership team with deep experience. Mr. Kida and Mr. Shiotani, both former heads of partner companies, have assumed CXO roles to lead enterprise-wide optimization efforts. Ms. Inoue is already well situated to be CAO as she had been taking a Japan-level lens from her vantage point at Nippon Paint Corporate Solutions (NPCS). Dr. Hong as CTO continues determined execution of technology plans laid out three years ago. Meanwhile, Mr. Enomoto and Mr. Kagami, recognized for their impressive achievements in transforming the marine business, have been newly appointed as heads of partner companies, paving the way for cultivating the next generation of leadership. The Japan Group is committed to revitalizing its talent base and energizing the organization by creating an environment that accelerates the development of high-potential young employees and empowers them to quickly step into new roles. This approach is designed to foster group-wide synergy and strengthen organizational vitality.

At the Japan Group Management Meeting (J-GMM) held in Tokyo in September 2024, the Japan Group unveiled an ambitious theme: embracing management and people practices that go beyond — and often diverge from — the conventional behaviors of Japanese corporations. Adoption of this bold theme was made possible by the remarkable transformation of the marine business in recent years. Long considered unprofitable, the newbuild segment of Nippon Paint Marine Coatings (NPMC) achieved a profit breakthrough, overturning a 20-year belief that success was unattainable. This turnaround has proven to our Japanese workforce that shifts in employee mindset and behavior are necessary drivers of organizational growth. In the face of global competition, the marine business strengthened its responsiveness to international customer needs while streamlining its cost structure. As a result, it achieved the ambitious targets of its three-year medium-term plan in just the first year, prompting a welcome upward revision of its medium-term goals. This outstanding achievement underscores that, with strong leadership and a workplace that enriches employee motivation, the "magic of transformation" is well within reach for the Japan Group.

Forging a competitive edge in the global automotive market of tomorrow

Nippon Paint Group's automotive coatings business is intensifying its efforts to meet global challenges and lead future-focused initiatives in an evolving market. Deviating from a singular emphasis on just the domestic front, we are driving transformation with a clear focus on enhancing global competitiveness to capture emerging opportunities in different parts of the world.

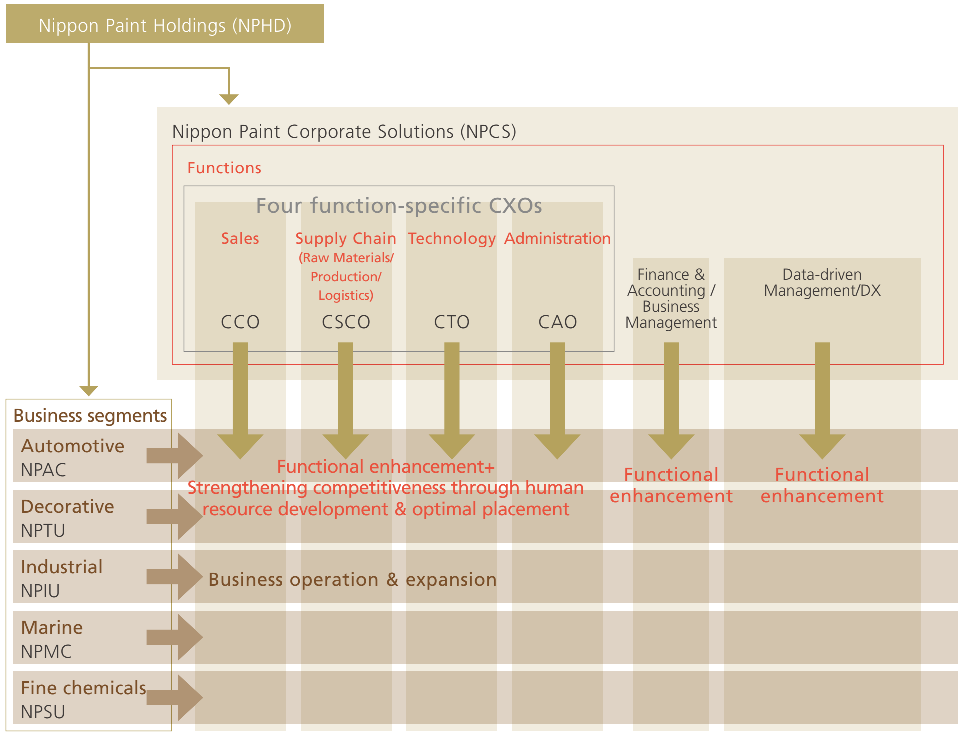
The automotive industry is undergoing a profound shift, as automakers accelerate the transition toward carbon-neutral and cost-effective solutions and move from traditional internal combustion-engine vehicles to electric and hydrogen-powered alternatives; and exploring the judicious mix of paint versus film. In response, our Group is advancing new solutions centered on the theme of weight reduction, a critical factor in next-generation vehicle design, as well as advanced film and coatings options.

Amid this evolving landscape, our Group is committed to cultivating talents capable of thriving in this emerging paradigm. We are transitioning from a regionally independent approach to a globally integrated framework, aligning regional operations to function as a unified organization that responds to customer needs worldwide. Historically, we have supported Japanese automakers in their global expansion across Asia, the Americas, and Europe. Of late, Chinese automakers have been rapidly expanding overseas on the back of their success in the electric vehicle (EV) segment. In response, NIPSEA China is leveraging its locally cultivated expertise and technical strengths to enhance Nippon Paint Group Auto's global competitiveness by implementing a business model that couples Nippon Paint China's strengths with the Chinese auto OEMs in-country with the local support and delivery prowess of the local NPXs (Nippon Paint Group's in-country business entities). Deepening collaboration between NIPSEA China and NPXs have successfully delivered agile, locally optimized solutions backed by a cost-effective operational structure that has started to gain market share with the globalizing Chinese auto OEMs.

Global key account managers are now supporting customers who have operations spanning the globe with dedicated and customized services and solutions; while the business and functional heads of the automotive entities in different parts of the world are reinforcing the processes that forge sharper competitiveness as an entire automotive business segment.

Through these customer-centric efforts, backed up by newly developed environmentally friendly solutions, as well as furnishing options in the new area of film, our Group continues to stay ahead of evolving automotive industry trends and proactively meet the diverse needs of global markets. We are committed to building long-term, sustainable competitiveness to seize future opportunities.

Four function-specific CXO/PC President structure



Establishing a future-focused growth platform in India post-reentry

Our businesses in India faced considerable growth and profitability challenges in 2021. Over three years, structural reforms and bold marketing initiatives eventually charted a path toward sustainable profit growth. As a result, we reintegrated the India-based businesses into the Nippon Paint Group in 2024. Taking the increasing competition in the Indian market in our stride, our market reentry reflected our commitment and confidence in capturing the substantial growth opportunities that India offers for the future.

In India's rapidly evolving market landscape, the decorative paints segment is experiencing the most dynamic transformation. Historically dominated by five key players, the market in recent years has become increasingly competitive with the entry of new players from diverse industries. In this environment, it is essential that we remain vigilant, closely tracking competitor movements, monitoring the innovations of new market entrants, and formulating well-considered strategies to stay ahead.

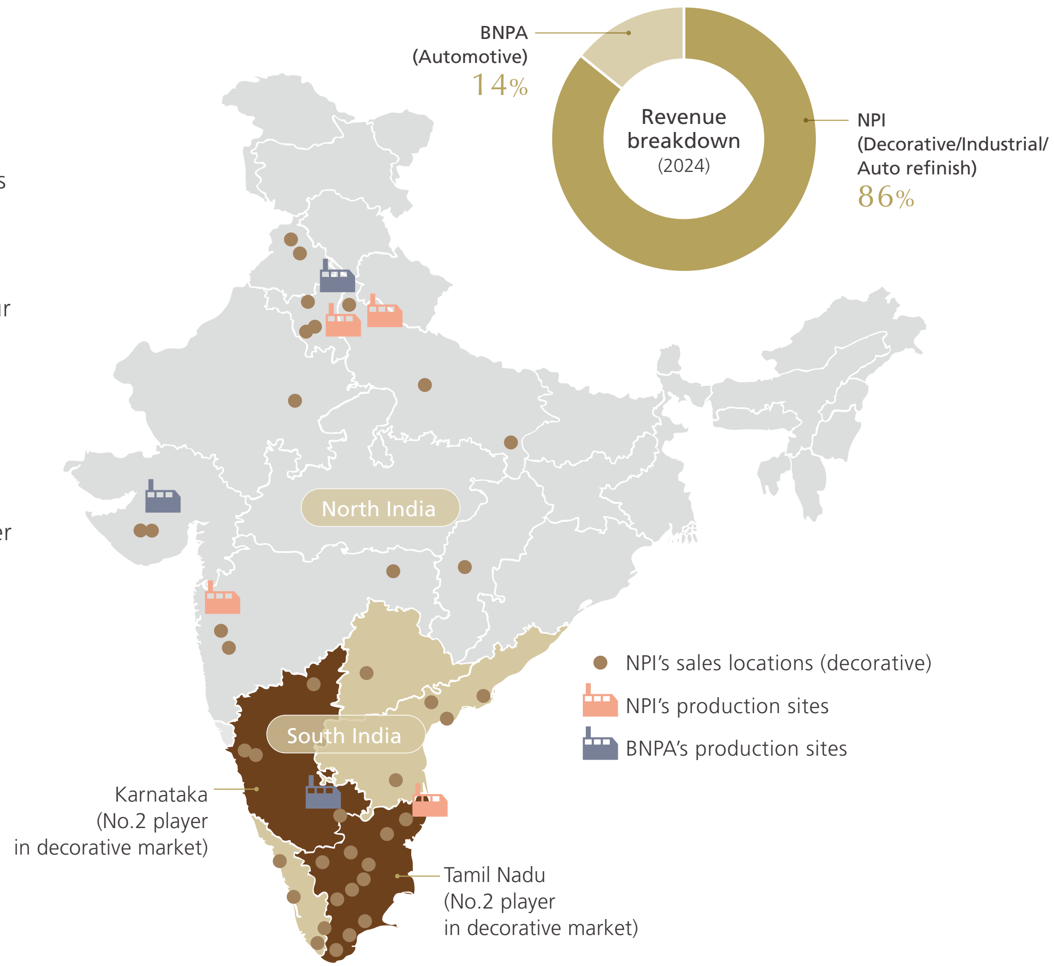
By concentrating on the southern states of Tamil Nadu and Karnataka, we have successfully built strong brand recognition, established resilient distribution networks, and secured a stable share of the market. Looking ahead, we intend to couple the indigenous competence of our Indian team with the diverse offerings from our overseas coatings entities to differentiate ourselves in a crowded market place.

India's automotive market is rapidly growing and is poised to become the world's third-largest automotive market. We aim to ride this momentum by strengthening partnerships with key customers to drive sustainable business growth. Together with our JV partner, we believe the ability to meet the expectations of both Indian and foreign car OEMs and auto parts manufacturers position us to benefit from the growth of market demand.

At the same time, the automotive refinish segment continues to show steady growth, and we are focused on bringing to market a wide portfolio of products and services backed by robust support systems that foster mutual success with our customers. This ability is further strengthened by the entities that we have acquired over the past three years.

In the industrial segment, our coil coatings business generates half of its revenue from exports, leveraging India as a high-quality, cost-efficient export base to serve overseas markets such as Central Asia and East Africa. This balanced reliance on domestic and export market demands provided resilience even as the in-country competition heats up.

Overview of the India businesses (NPI and BNPA)



2 *Case Study*

NIPSEA China Business Strategy

Leveraging Brand Power for Market Leadership

How are we strengthening our leadership in China's highly uncertain market?
–Case Study 2 showcases our brand-driven competitive strategy.

MSV Logic Tree

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

Maximization of EPS

Improve market share and profitability

NIPSEA China business strategy

Business environment

Growth drivers
1. Brands 2. Distribution channel 3. Human resources 4. Technologies 5. IT/DX

Market growth forecast
TUC: Volume basis: +3% / Value basis: +1%
TUB: Volume basis: +1% / Value basis: +2%

Our medium-term forecast (in LCY)
Revenue CAGR...TUC: +10-15%
TUB: c.+5%
OP margin (NIPSEA China)...c.12.5% (in line with 2023)

Overwhelming brand power in the Chinese construction market

Over the past 30 years, the paint market has experienced rapid development and growing consumer demand, accompanied by intense competition. At the same time, the media environment has become increasingly complex, with consumers receiving brand information from a variety of touchpoints. Therefore, strengthening brand awareness has become more important than ever.

Since entering the Chinese market, Nippon Paint China has consistently invested approximately 3% of its annual revenue into brand building and channel development. For the past decade, Nippon Paint China has maintained a brand top-of-mind awareness rate of over 50%, securing the leading position in the paint industry with an absolute advantage twice that of its competitors. It continues to see growth in top-of-mind awareness among high-end and younger (ages 20–29) market segments. Meanwhile, its network of 260,000 retail outlets gives it a leading edge in channel expansion.

In terms of communication, Nippon Paint China has collaborated with the TV program *Dream Home Makeover* for 11 consecutive years, embedding its brand image of "revitalizing beautiful living spaces" in the minds of consumers. After years of promoting color expertise and establishing itself as a leader in wall color trends, Nippon Paint China launched the "Magic Paint" series in 2022 and, for the first time, introduced a brand ambassador to lead the new trend of textured paints.

Looking ahead, the company will continue to shape a brand image of "premium, professional, and youthful" through ongoing innovation and enhanced services.

Brand leadership – Clear Top of Mind leader

2024 overall Top of Mind
N: 3,121
51%
#2: 20%
#3: 11%

By market tier

Tier 1	Tier 2	Tier 3	Tier 4
54%	47%	55%	54%
#2: 18%	#2: 20%	#2: 22%	#2: 21%

By product positioning

High-end	Middle	Low-end
43%	56%	55%
#2: 16%	#2: 22%	#2: 22%

By age group

20-29	30-34	35-39	40-54
53%	50%	51%	51%
#2: 19%	#2: 22%	#2: 20%	#2: 18%

Chnbrand 2024 China Brand Power Index

LiBang ranked No.1 for 8 and 12 consecutive years for wall and wood paint, respectively, in China

Leadership in texture and color

Good texture effect 2024	72%
Gap vs #2	15%
NP improvement vs 2021	+6%
Good color effect 2024	68%
Gap vs #2	7%
NP improvement vs 2021	+4%

Source: Paint Usage & Attitude Study, IPSO (June 2024) and Chnbrand 2024 China Brand Power Index

Strengthening brand presence in Tier 0 and Tier 1-2 cities

Market environment and our strategy in Tier 0 and Tier 1-2 cities

As of 2024, the global paint and coatings market has reached a total value of USD 196 billion. China remains the largest single market, accounting for 25% of the global market (approximately USD 49 billion), followed by Europe at 22% (approximately USD 43.1 billion) and North America at 19% (approximately USD 37.2 billion)*. With per-capita paint consumption in China approximately 50-60% of developed countries, the decorative paints market in China offers significant opportunities for growth over the medium to long term.

In 2024, China's real-estate policy direction has shifted toward "stopping the decline and stabilizing the market." These policies are mainly implemented in Tier 0 and Tier 1–2 cities. Measures such as easing purchase restrictions, lowering down-payment requirements, and reducing mortgage interest rates have been introduced to stimulate home buying, along with efforts to advance old town and urban redevelopment projects. In 2025, even stronger measures are expected to promote the healthy development of the property market and to fully unleash the potential demand for both first-time home purchases and housing upgrades.

Nippon Paint China's TUC Division covers over 2,000 cities across China, with product lines that cater to various usage scenarios and consumer segments. In 2024, the TUC Division recorded growth across all city tiers: Tier 0 cities grew by 5%, Tier 1–2 cities by 3%, and Tier 3–6 cities by 13%.

Tier 1–2 markets are primarily located in provincial capitals and economically developed regions of China. The dominant demand in these markets is for old home renovation, which makes up about 70% of the total. Competition mainly comes from a major paint company as well as local paint manufacturers.

Distribution by city tier (2024)

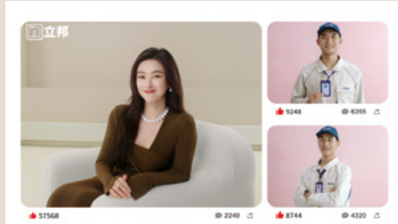
	Population	GDP
Tier 0 and Tier 1–2 cities	42%	47%
Tier 3-6 cities	45%	29%

Nippon Paint China's core strategies in Tier 0 and Tier 1–2 cities include:

- Channel Reform 2.0 – Develop new category-focused distributors and attract more capable, well-resourced, and newly funded partners to grow the Nippon Paint China business together.
- Ensure Distributor Staffing – Consolidate and leverage Nippon Paint China's strength in distribution by ensuring sufficient manpower among dealers.
- Strengthen Home Decoration Business – Align and collaborate with leading national renovation firms, retain and attract designers, and rapidly expand partnerships with regional small-to-medium renovation companies.
- Promote Commercial Projects (Phoenix Plan) – Drive public decoration (commercial space) business through focused initiatives.
- Distributor Store Upkeep and Expansion – Retain existing stores while developing new ones, expand product offerings, and improve store productivity (e.g., sales per square meter).

* Source: Orr & Boss, "2024 Global Paint & Coatings Market Estimates"

Building deep brand engagement with consumers



In a market environment marked by weak consumer demand, the brand will continue to maintain strong visibility and enhance favorability among younger consumers through both online and offline promotion of key categories such as Magic Paint and color offerings. At the same time, it aims to meet and stimulate increasingly refined consumer needs, while strengthening its e-commerce channels to better convert online traffic into sales.

In terms of media strategy, the brand will maintain exposure through a mix of outdoor advertising and high-quality digital media, while continuously optimizing cost-efficiency. As consumers have become more cautious when choosing paint products and rely more on social media content for decision-making, a greater portion of the traditional media budget will be shifted toward platforms like Douyin and Xiaohongshu, with increased investment in influencer-driven and recommendation-based content.

High-quality and diverse product solutions developed for consumers

Nippon Paint China is enhancing content marketing across mainstream media platforms, and promoting Magic Paint through a full spectrum of channels including exhibitions, home expos, designer collaborations, and various competitions. The goal is to showcase "Innovation + Service" through compelling content, enabling consumers to perceive NIPPON PAINT's brand image as premium, youthful, and professional.

In 2024, NIPPON PAINT's total advertising exposure is expected to exceed 3.5 billion impressions, marking a 20% increase compared to 2023. By achieving full-channel and full-scenario coverage of Magic Paint products, the brand aims to meet diverse customer needs and further enhance product competitiveness through initiatives both from service and product aspects.

- Service Initiatives: Strengthen supply and application support service capabilities, establish Nippon Paint "Magic Paint" delivery standards, and cultivate a larger pool of professional coating talents. Build a certified "Magician" team to enhance category confidence, improve consumer satisfaction, and strengthen brand reputation.
- Product Initiatives: Continuously enhance the competitiveness of "Magic Paint" products across different channels, ensuring comprehensive product offerings that meet the needs of all channels and application scenarios.

Expanding market share in Tier 3-6 cities by leveraging brand power

Market environment and our strategy in Tier 3-6 cities

Tier 3–6 cities in China mainly refer to towns and county-level regions, where the economic level is lower. The new housing market still dominates, making up about 70% of demand, but as time goes on, demand for old home renovation and second-hand housing is expected to gradually increase. Competition mainly comes from two national paint companies as well as local paint manufacturers.

Nippon Paint China's core strategies for Tier 3–6 cities include:

- Aggressively expand into stone-like paints, tile adhesive, and waterproofing segments, while promoting bathroom and kitchen renovation with bundled installation services.
- In Tier 5-6 cities, expand presence in previously untapped areas.
- Collaborate with distributor sales teams to jointly develop and maintain distribution stores, aiming to capture greater market share.

Driving market-share gains with brand power

According to the 2024 UA survey gathering insights and data from the home renovation market, Nippon Paint China continues to lead significantly in top-of-mind brand awareness, with notable growth among high-end and younger consumers. This has been achieved through a wide range of media channels such as Douyin, Xiaohongshu, elevator posters, and large-format outdoor ads, and promotional platforms like *Dream Home Makeover*, celebrity endorsements, influencer content, livestreams, Design Week, and various competitions.

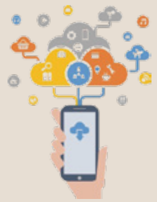
Additionally, by engaging over 3.6 million worker members from painting and application professionals and project contractors, Nippon Paint China is organizing more member activities and competitions to encourage participation in the "One Test, Dual Certifications" program, which allows participants to obtain both a nationally recognized industry certificate and a Nippon Paint certificate through a single evaluation. This supports capability building in Magic Paint, textured exterior walls, and kitchen/bath waterproofing dual-package services. Social platforms like Xiaohongshu and Douyin are also being leveraged to amplify the rollout of these services and establish a core competitiveness defined by "professionalism and effectiveness."

In Tier 3–6 cities, Nippon Paint China is strengthening its brand image of "premiumization, youthfulness, and professionalism" as the leading brand through innovation and service. Aligned with this strategy, the brand will continue expanding the stone-like paint business while optimizing logistics and delivery to swiftly capture market share.

A holistic approach: transforming sales channels with IT innovation

By the end of 2024, Nippon Paint China established approximately 260,000 retail outlets and deployed over 20,000 Computerized Color Matching (CCM) machines across the country. By promoting trending/viral colors, the company significantly improved the utilization rate of CCM machines, which in turn boosted sales of mid-to-high-end tintable products.

Nippon Paint continues to build a digitally intelligent platform for its full ecosystem of partners, integrating AI technology to lead industry transformation. Aligned with TUC's overall strategy, the platform enables on-the-ground implementation across the dealer, retail, and distribution networks. Through this system, Nippon Paint China enhances private domain traffic management — covering customer visits, product assortment enhancement, localized advertising, lead capture, order tracking, and full mobile-based data integration. These efforts standardize workflows, making it easier for frontline teams to understand and execute, ultimately contributing to market share growth.



Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

Our stock price tends to be significantly influenced by news flow from China, more so than by our actual performance results. Our analysis suggests that the capital market participants might be overly focused on Chinese macroeconomic indicators. While we do acknowledge a certain correlation between our performance and Chinese macroeconomic indicators, we believe that these factors are not the sole determinants of our performance due to the following four reasons.

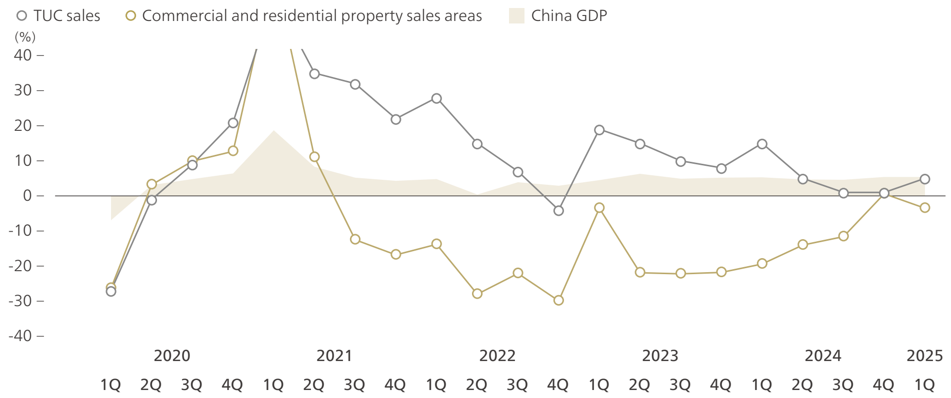
Reason 1 TUC revenue growth has been outpacing the growth in commercial and residential property sales areas

Tier 0 and 1-2 cities, where our TUC business has a dominant No.1 position, have a higher proportion of commercial and residential property sales areas compared to Tier 3-6 cities. These cities are also characterized by faster market recovery.

Consequently, the growth rate of TUC tends to be higher than that of property sales areas nationwide. In 2024, property sales areas expanded, driven by nationwide government stimulus measures. In particular, the policy announced in September 2024 significantly increased property sales areas in the fourth quarter. The effects of these policies are expected to positively impact the growth of our TUC business with a time lag.

The high revenue growth in the TUC business can also be attributed to factors such as NIPSEA China's extensive distribution networks, the large number of Computerized Color Matching (CCM) machines installed, high brand awareness and quality. Factors such as the arrival of the era of stock housing and our market share gains in Tier 3-6 cities also contribute to a growth rate that exceeds the general macroeconomic indicators.

TUC sales trends (QoQ)

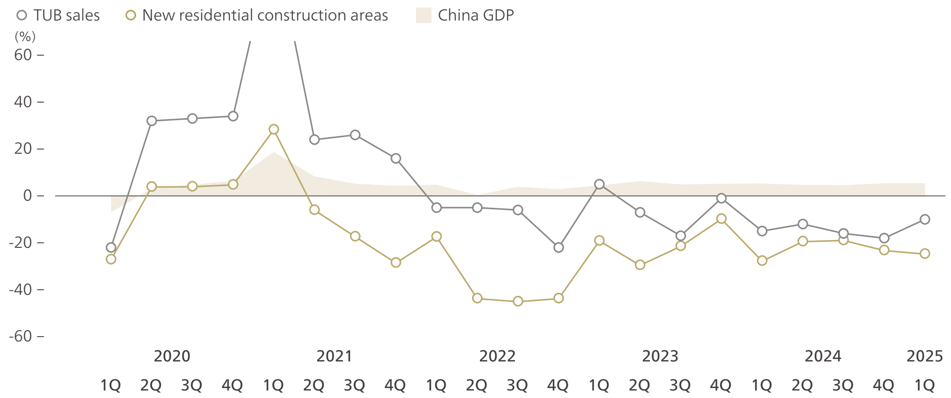


Reason 2 TUB revenue growth has been outpacing the growth in new residential construction areas

Since March 2020, our TUB revenue growth has constantly been outpacing growth of new residential construction areas. This strong performance is attributable to: (1) working with financially stronger real estate developers, (2) growth contribution from non-real estate developers, e.g. healthcare, industrial, infrastructure, as well as interior decoration companies and contractors, and (3) pushing the adjacencies area, such as substrates and construction chemicals (CC). As a result of these diversification strategies, the sales mix within the TUB business between residential and non-residential applications has become roughly evenly split in 2024, resulting in a more balanced sales composition.

We expect that the TUB business will remain on a steady growth track due to the arrival of the era of stock housing and by focusing on the development of key channel businesses.

TUB sales trends (QoQ)



Reason 3

TUC's competitive advantage and its significant contribution to NIPSEA China's sustainable growth and profitability

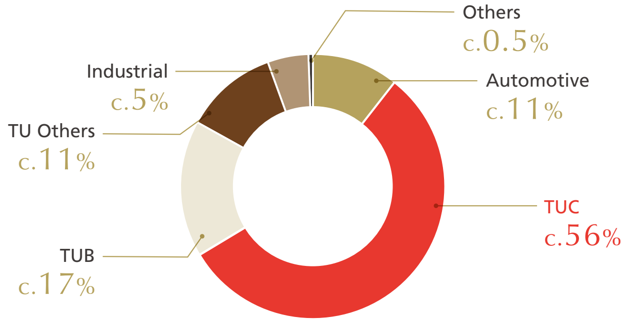
The TUC segment, which demonstrates strong growth potential and high profitability, accounts for approximately 56% of NIPSEA China's total revenue. Even in a challenging business environment, NIPSEA China has maintained strong margins across China, driven by the solid performance of the TUC segment. Furthermore, even if certain business segments are temporarily impacted by economic or market fluctuations, NIPSEA China's diversified business portfolio enables it to maintain resilient growth across its operations in China.

The ability of TUC to maintain high profitability is not solely due to its B2C business model. Other contributing factors include: (1) the ability to control pricing, based on the strong brand power we have built over the years in this B2C brand business, (2) the creation of demand and improvement in margin through the expansion of CCM deployment, (3) our "Asset Light Strategy," and (4) the sheer size of the enlarged Group that allows us to leverage our economies of scale and tap into resources spanning from purchasing to marketing. We are optimistic that TUC's medium-term growth forecast will continue to surpass the market growth. Looking ahead, NIPSEA China will steadfastly pursue sustainable growth while preserving the operating profit margin.

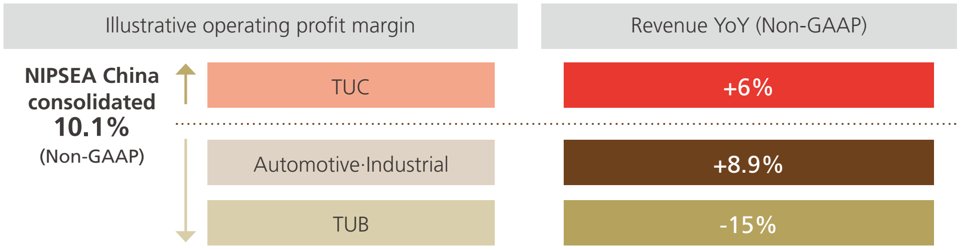
Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy) P43

For trends in the number of retail outlets and CCMs in China, please refer to the "Performance Highlights" section.

Revenue composition in NIPSEA China (2024)



Illustrative operating profit margin and revenue growth rate by business segment for NIPSEA China (2024)



Reason 4

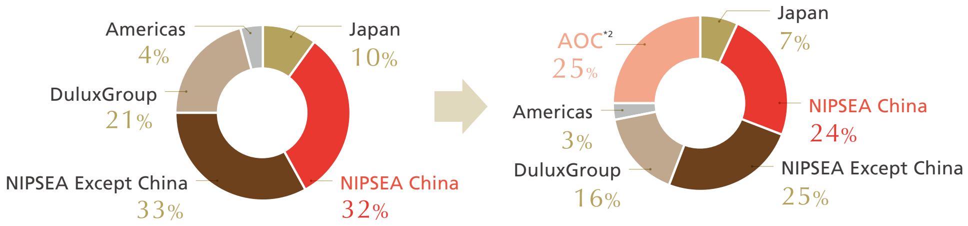
AOC's integration has further diversified our asset portfolio

As Asset Assembler, the Group maintains a diversified asset portfolio across a wide range of regions and business segments. While China remains one of our key assets, its contribution to consolidated operating profit is only 32%. This proportion has further declined to 24% following the integration of AOC, indicating that our dependence on the China market is significantly lower than that of local competitors focused exclusively on China. In addition, our operations in NIPSEA Except China have achieved revenue and profit growth, as well as profitability, that surpass those in NIPSEA China.

NIPSEA China vs. NIPSEA Except China (2024: Non-GAAP basis)

	NIPSEA China	NIPSEA Except China
Revenue (YoY)	+6.3%	+13.1%
Operating profit (YoY)	-0.4%	+10.6%
OP margin	10.1%	17.0%

Consolidated operating profit composition (2024)*1



*1 FY2024 results are proforma, representative as if AOC operated as subsidiary for the whole of 2024. Percentages to the total sum of segment profit

*2 PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

3

Case Study

DuluxGroup Business Strategy

Growth Strategies in Mature Markets

How has DuluxGroup consistently achieved growth in the mature Australian market? –Case Study 3 explores DuluxGroup's growth strategy, highlighting exceptional brand strength and the use of targeted bolt-on acquisitions.

MSV Logic Tree

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

Maximization of EPS

Improve market share and profitability

DuluxGroup business strategy

Business environment

Growth drivers

1. Brands 2. Distribution channel 3. Human resources 4. Technologies 5. IT/DX

Market growth forecast
Decorative in Pacific:
Volume basis: ~+1%/Value basis: +2~2.5%
Decorative in France:
Volume basis: ~+1%/Value basis: +1~3%

Our medium-term forecast (in LCY)
Revenue CAGR...DGL (Pacific) : c.+5%
DGL (Europe) : +5~10%
OP margin...
DGL (Pacific) : c.12.8% (in line with 2023)
DGL (Europe) : c.4.4% (in line with 2023) or higher

Long-term investment in the fundamentals

DuluxGroup has a strong track record of reliable, year-on-year, profit growth throughout various changes in the economic and competitive landscape. This has been achieved through a long-term focus on the fundamentals that drive profitable growth:

- consistent investment in our premium brands through consumer-led marketing, technology and innovation;
- a deliberate bias towards more profitable market segments; and
- a strong focus on retail and trade customers supported by an unrelenting customer service culture and supply-chain excellence.

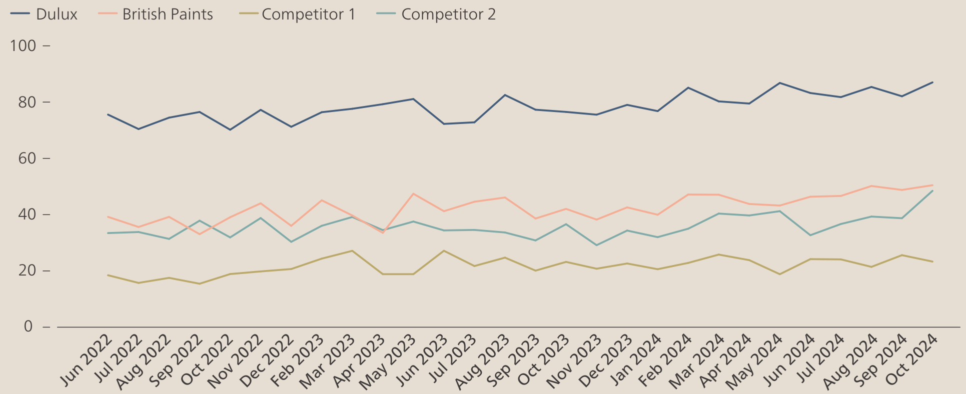
All of those long-term fundamentals are about keeping consumers and customers at the heart of everything we do and maintaining a laser-like focus on our "consumer, customer and competitive (CCC)" environment.

Market-leading brand strength achieved through proactive investment

Over the past four decades, many of DuluxGroup's businesses have been transformed into profitable market leaders in highly competitive, relatively low growth, mature markets – where typically market volume grows at approximately 1%, less than half the rate of GDP.

Our largest business in Australia, Dulux paints & coatings, has grown to be the clear market leader. Dulux decorative paints' volume market share has grown from 34% to 50% since 2004 and has maintained strong operating margins, reflecting the success of its brand strategy over decades. Dulux is consistently voted Australia's most trusted paint brand and has double the consumer brand awareness of its nearest competitor. We also own the British Paints brand, amongst others, which has brand awareness at or above our main competitors.

Spontaneous brand awareness



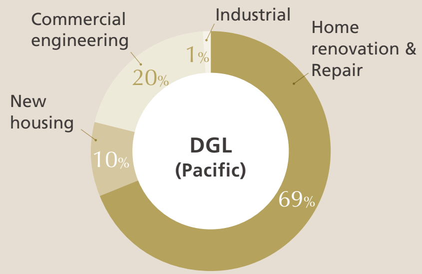
Each of our businesses has their own brand strategy, developed according to their respective CCC environment. This has seen other businesses, such as Selleys sealants, adhesives & fillers and Yates garden care, become profitable market leaders that are regularly voted the most trusted brands by consumers in their respective product categories.

DuluxGroup is a marketing and brand-led company first and foremost. We maintain our marketing spend as a percentage of sales, so while our Dulux paints & coatings business has consistently delivered year-on-year sales growth over decades, our marketing investment, in absolute dollar terms, has grown with that. This model of reinvestment in the brand and innovation has then, in turn, contributed to ongoing sales growth and market-share growth.

Focus on the existing home segment

Approximately 70% of DuluxGroup's Pacific business is focused on the higher-margin repair and renovation of existing homes, and this is complemented by a smaller presence in the new housing and the commercial & engineering markets. For context, there are approximately 11 million existing residential homes in Australia, approximately two thirds of which are more than 20 years old, and it is mostly comprised of detached housing.

Sales by end market



While we have businesses that span a range of product categories, the end consumers of those products are generally completing a relatively infrequent task on their most important asset – their home. The look of their home is an extension of how they present themselves to the world. When painting, gardening, or investing in other home renovation, repair and maintenance tasks, consumers want to "do-it-once, do-it-right." When it comes to their homes, consumers recognize the value in a premium brand that they can trust to deliver on its quality brand promise.

Worth doing, worth Dulux

Consumer bias toward premium brands in a mature market

In the case of decorative paints and coatings, history has shown that as each country's economy grows, the volume of paint consumed per capita as well as the bias towards more premium paint increase. The Australian decorative paints market is a mature market which grows volume at approximately 1% per year and Dulux has consistently grown revenue ahead of that at a compound annual growth rate of approximately 5%. Underpinning that track record has been a deliberate bias towards premium paints driven by consumers who place a high value on quality. While DuluxGroup offers non-Dulux branded products at other price points, more than 75% of revenue is drawn from the premium end. One such illustration is shown below.

Do-It-Yourself consumer offer (by price point)

Consumer-driven marketing and innovation

Across DGL (Pacific) we employ approximately 250 marketers and approximately 150 scientists who ensure we anticipate and stay ahead of market trends and look for product and service innovation opportunities to exceed the expectations of our consumers and customers. Constantly investing to drive consumer loyalty to our brands then supports the ongoing success of our retail and trade customers, helping to reinforce those already strong relationships.

In our Dulux paints & coatings business we have heavily invested to position Dulux as color leaders. This is brought to life by initiatives such as the annual "Dulux Color Awards," the much anticipated annual "Dulux Color Forecast" and strong relationships with the architectural and professional design community, which have been developed over decades.

Investment in digital capability has increased direct engagement with consumers across our businesses and brands, with consumers able to instantly access help and advice, visualize how our

HOME
Why Invest in Nippon Paint?
Message from the Management
Our Initiatives for Maximization of Shareholder Value (MSV)
Medium to Long-Term Strategy
Execution of Autonomous and Decentralized Management
Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee
Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy)
Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators
Case Study 3: Growth Strategies in Mature Markets (DuluxGroup Business Strategy)
Case Study 4: Harnessing Our Platform for Group Collaboration Through the Selleys Brand
Environmental Strategy
Human Resource Strategy
Case Study 5: Driving Employee Engagement Across the Japan Group
R&D Strategy
Safe People and Operations
Growth with Communities
Sustainable Procurement
Governance in Support of Risk-Taking
Corporate Information

products will look in their home, find their nearest stockist, order product samples, book an in-home color consultation or join live-stream sessions with experts in home color and design. Likewise, our 30,000 trade painter customers can buy any product, anytime, anywhere simply through an app on their phone, and they accrue loyalty benefits with each purchase.

R&D investment to drive growth

DuluxGroup has a strong R&D pedigree stemming from our heritage as part of ICI plc worldwide, when the Dulux R&D laboratories at our Melbourne headquarters were one of the three main global R&D centers for ICI world paints. DGL (Pacific) employs approximately 150 scientists across technology centers specializing in key products categories including: paints & coatings; sealants, adhesives & fillers; garden care; and home & building access automation. This has generated a solid pipeline of new technology and innovation focused on product improvements, sustainability, process improvement and product breakthroughs. By doing so, our businesses have grown the market by creating new categories such as "super-premium" paints; the Dulux Renovation Range; easy-to-use consumer wood-coatings applicators for quick results; Australia's most secure home garage door locking system; and developing increasingly more sustainable products across all product categories while maintaining high product quality and performance.

Dulux W&W (the "best just got better"); Cabot's Easy Deck; Selleys Storm; B&D Autolock

Investing in businesses with strong fundamentals and growing them into profitable market leaders

DuluxGroup has a strong track record of acquiring businesses that have strong fundamentals: premium brands, technical capability, exposure to higher-margin market segments and an ability to leverage existing DuluxGroup capability to grow. We look for businesses that play to DuluxGroup's strengths, particularly in marketing, sales and supply-chain excellence.

For example, in 1993 DuluxGroup acquired the Cabot's woodcare business. We have taken it from relatively low market share and margin to be a clear market leader with double-digit operating margins. Selleys sealants, adhesives & fillers (SAF) was acquired in 1988 and today it is the market leader with double-digit operating margins and expansion into new customer and product market segments. Similarly, Yates garden care was acquired in 2003, when it was a loss-making business. Yates had the essential fundamentals — an iconic premium brand with a heritage dating back more than a century, strong R&D technical capability, opportunities in higher-margin segments — and presented an opportunity to grow leveraging DuluxGroup's existing capability. It has been taken from loss making, to be the clear market leader with double-digit operating margins and ongoing growth opportunities.

"Granularity of growth": supporting organic growth with bolt-on acquisitions

DuluxGroup's year-in, year-out consistent profit growth has been mostly derived from organic growth, which has been supported by value-generating acquisitions that align with our growth strategy. In terms of bolt-on acquisitions, we look at opportunities for category expansion (Porter's super-premium paints), growth into adjacent product categories (Cabot's woodcare; Pental household cleaning products), acquiring new technology (NPT sealants & adhesives, Seasol garden care); or an expansion of customer reach (Paint Spot & Inspirations trade paint distribution). This is how we support the consistent "granularity of growth" in our existing businesses. For example, Dulux started with a decorative paints business, and over recent decades it has expanded into woodcare, protective coatings, texture coatings and powder coatings and has created a "super-premium" decorative paint category. Our Yates home garden care business has expanded into organic garden care and is looking at opportunities in the commercial garden care segment with the recently acquired Seasol fertilizer and Munns lawn care businesses. Selleys sealants & adhesives is growing into construction chemicals and expanding its reach into household cleaning.

Leveraging capability to help grow our marketing leading European businesses

Beyond the Pacific, DuluxGroup has taken the same approach with its growth into European paint markets, with the acquisition of Cromology in western Europe and JUB Group in central Europe. They both have a portfolio of premium-branded products, market-leadership positions in attractive markets, technical capability and highly experienced, talented teams of people. We see strong growth opportunities ahead and we are using the experience and capability developed through decades of consistent business growth in our Pacific business to support each of their strategic growth ambitions.

4 Case Study

Harnessing Our Platform for Group Collaboration Through the Selleys Brand

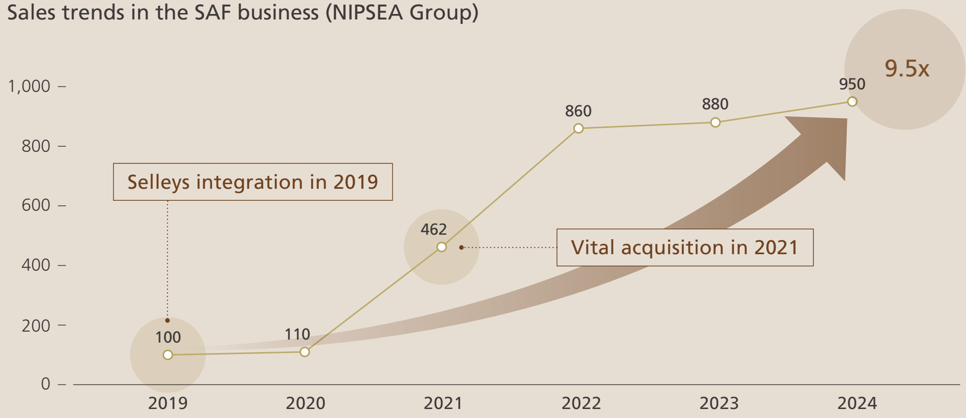
How do our partner companies collaborate and pursue synergies across the Group by leveraging the strengths of our Group platform?
–Case Study 4 showcases NIPSEA Group's initiatives to scaling the Selleys brand, developed in Australia by DuluxGroup, as a thriving success in the Asian market.

Case 1: Harnessing the strength of the Selleys brand to unlock opportunities and drive growth across the NIPSEA Group

Following the acquisition of DuluxGroup by NPHD in 2019, NIPSEA saw a clear opportunity to unlock value by scaling the Selleys brand across Asia. Despite Selleys' strong brand heritage and visibility in the Australia and New Zealand markets, sales momentum had been limited and presence in Asia outside its mainstay markets remained small. With NIPSEA's deep market coverage, high top of mind and share of market, particularly in the "To consumer" or "DIY" space, and dominant distribution channels across 28 countries, it was a natural strategic fit. As such, NIPSEA immediately activated a structured expansion plan to include the Selleys business overlapping its region into its fold. Since then, Selleys' footprint in the NIPSEA region has grown from a few countries to 13 countries in 2025, significantly broadening its reach, relevance and our capability across the region.

This growth has been driven by the strategic alignment between Selleys' Sealants, Adhesives & Fillers (SAF) product portfolio and NIPSEA's core decorative paint and DIY businesses. Together, they create strong cross-sell potential in both retail and project segments. Execution is led by the NIPSEA local team, adapting communications, product mix, and pricing to local consumer preferences. Supported by the Selleys business, this tailored approach ensures market fit, drives consumer engagement, and positions Selleys for sustainable long-term growth in Asia.

Sales trends in the SAF business (NIPSEA Group)



* Indexed to 2019 as the base year (100)

Case 2: Strategic expansion through Selleys integration and Vital Technical acquisition in Malaysia

As part of NIPSEA Group's strategic thrust to grow adjacencies beyond the core decorative paint business, the SAF segment emerged as a key area of focus. The integration of the Selleys brand into NIPSEA's operations in 2019 marked a pivotal step in strengthening our footprint in the non-paint category across Asia.

In Malaysia, Selleys has established a strong reputation in the DIY retail space, offering a range of premium-quality, easy-to-use sealants, adhesives, and household repair products. With an estimated 15% market share in the consumer SAF segment, Selleys' entry enabled NIPSEA to accelerate its presence in a segment with high consumer visibility and growing demand.

This strategic integration laid the foundation for the acquisition of Vital Technical Sdn Bhd (V-tech) in 2021, a key player in Malaysia's B2B SAF market with a strong track record among contractors, applicators, and industrial users. V-tech commands approximately 40% market share in Malaysia's professional SAF segment and brings robust manufacturing capabilities, R&D expertise, and well-established trade distribution networks.

Together, Selleys and Vital Technical provides NIPSEA with a dual-channel strategy that enhances both consumer and professional outreach. This complementary pairing not only aligns with NIPSEA's long-term ambition to diversify its offerings in the home improvement and construction solutions space, but also strengthens our competitive advantage in the region as the Total Coatings & Construction Solutions (TCCS) provider.

This collaboration exemplifies the Group's ability to execute synergistic partnerships, combining global brand strength with local market expertise. It reinforces NIPSEA's commitment to building a strong, sustainable SAF business and aligns with our broader strategy to grow non-paint adjacencies as a significant pillar of future growth in the region.

Case 3: Cross-border collaboration unlocks new opportunities for home-improvement market growth in Singapore

The partnership between Nippon Paint Singapore and Selleys Australia exemplifies effective cross-border collaboration within the Group. Recognizing Selleys' reputation for quality and its "can-do spirit" in Australia, Nippon Paint Singapore identified an opportunity to leverage Selleys' expertise to expand its own presence in Singapore across multiple product categories and distribution channels.

Traditional paint distribution in Singapore had a limited presence in household channels and supermarkets. Selleys, with its market leadership in SAF, and cleaning solutions, provided the perfect bridge to these untapped channels. With strategic support from Selleys Australia, Nippon Paint Singapore rapidly expanded into over 300 household and small hardware shops, establishing valuable relationships with a new customer base and identifying opportunities to introduce our paint products, which we previously could not.

Our market analysis revealed that cleaning products were ubiquitous in these channels, purchased by both homeowners and contractors for convenience. This insight led to deeper collaboration with Selleys Australia to introduce three hero cleaning products from their Australian portfolio: Sugar Soap, Rapid Mould Killer, and White for Life - Tile & Grout Cleaner. Together, we developed additional cleaning solutions, including floor cleaners, multipurpose disinfectants, and glass cleaners to create a comprehensive range for the Singapore market.

Following the successful launch across household and hardware channels, we identified further potential in modern trade supermarkets, where most consumers purchase daily essentials. Drawing on Selleys Australia's expertise, we established a dedicated team to develop this channel, forming strategic partnerships with key retailers including NTUC FairPrice, Sheng Siong, and the DFI Retail Group.

Through this three-pronged channel approach, Nippon Paint Singapore has achieved island-wide presence, positioning both NIPPON PAINT and Selleys as trusted brands for comprehensive home improvement solutions in Singapore. This collaboration demonstrates how leveraging complementary strengths across our group companies creates significant market expansion opportunities.

Column: Selleys: a trusted brand nurtured by DuluxGroup

Founded in Australia in 1939, Selleys is a long-established brand specializing in SAF and DIY products. For decades, Selleys has earned trust through its iconic tagline, "If it's Selleys, it works," becoming a household name with leading brand recognition and market share in the Australian and New Zealand markets. Known for its high-performance products and extensive lineup, Selleys offers solutions that are widely supported by both DIY and professional users.

Brand history

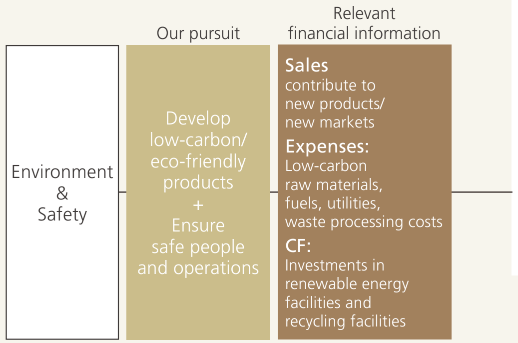
- **1939** Selleys was founded in Sydney, Australia
- **1977** The birth of the iconic tagline: "If it's Selleys, it works."
- **1988** Acquisition of Selleys SAF business by DuluxGroup
- **2000s** Selleys expands into other world markets including New Zealand and parts of Asia
- **2019** Acquisition of DuluxGroup by Nippon Paint Holdings
  → **Began collaboration with NIPSEA Group**

Environmental Strategy

Addressing Nippon Paint Group's most material sustainability impacts is a key imperative and priority for the organization to ensure Maximization of Shareholder Value (MSV). Within the sustainability aspect of the environment, the identified priority material impacts for the business are climate change and resources and environment, especially waste and water.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- Continued to review and action carbon disclosures (TCFD, IFRS/CDSB) as appropriate.
- Increased PCG collaboration for understanding and improving carbon mitigation, such as Scope 3 footprint calculation and insights.
- Reviewed circularity best practice (waste, water) and identify improvement opportunities
- Reviewed emerging nature-related disclosure standards (TNFD) and action as appropriate

CASE

How does it contribute to maximizing EPS and PER?

In 2024, DuluxGroup installed an additional 1,400 kW of rooftop solar capacity, bringing the total on-site solar generation to 3,700 kW across production and warehouse sites. This project supports its carbon target commitments, while optimizing costs by installing solar where it is more cost-effective than purchasing renewable power from the grid. This initiative has reduced electricity purchases from external suppliers, lowering operational energy costs.

The reduction in energy expenses, and improved operating margins, directly contribute to stronger Earnings Per Share (EPS). The solar investment also reduces exposure to future electricity price increases, supporting cost stability over the medium term. Reporting of increased renewable energy usage enhances environmental metrics, meeting customer and regulatory expectations regarding carbon footprint reductions.

Lower operating costs and improved environmental compliance reduce business risks and supported overall financial resilience. These outcomes contribute to maintaining and potentially improving the Price-to-Earnings Ratio (PER), by delivering more stable earnings and demonstrating prudent resource management to investors.

The rooftop solar expansion shows how targeted capital projects, focused on operational efficiency and energy transition, can deliver measurable financial benefits while strengthening long-term competitiveness.

Our approach to achieving MSV

During 2024, each Partner Company Group (PCG: PC group by region/business) continued to make further progress on their individual ambitions, targets, and priorities within each of these material impact areas. This has continued to be supported by the global Environment and Safety Team comprising senior environment and safety leaders from each PCG, with a primary focus on benchmarking, sharing best practice, and establishing common performance metrics. Implementation of these metrics across all PCGs continued during the year, including additional businesses calculating their Scope 3 carbon footprints, and once these metrics are fully established these metrics they will provide improved understanding and oversight of climate and circularity impacts and performance. This includes carbon footprint, renewable energy and resources, waste recovery, and high stress water consumption. Supporting and enabling improved management and understanding of the impacts, risks, and opportunities for both climate change and resources and the environment, will continue to be the primary focus of the Sustainability Team in the coming year, including supporting the transition to mandatory climate & ESG disclosures.

Climate Change

Climate change is impacting our business, people, and communities. We will work to reduce our greenhouse gas emissions, manage climate-related risks, and capture climate-related opportunities.

Reports based on TCFD recommendations

In September 2021, Nippon Paint Group expressed its support for the final report of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. For MSV, we are working to enhance climate change-related measures and information disclosure.

Governance

The Environment & Safety Team reviews and discusses each partner company's climate change initiatives and reports the findings to the Co-Presidents. The Co-Presidents then submit a report to the Board of Directors as necessary. This arrangement ensures that the Board of Directors can monitor the Materiality-related activities of the Environment & Safety Team.

Strategy

Each PCG is pursuing priority initiatives identified through its distinct sustainability strategies and action plans. The table below outlines the risks and opportunities identified from climate change scenario analysis.

Risk

- Regulatory changes and impacts, such as carbon pricing and greenhouse gas emission reduction targets
- Increased extreme weather events (e.g. flooding) and climate impacts (e.g. water stress) impacting operations and supply chain
- Increased supplier costs from climate adaptation and decarbonization actions
- Changes in customer and consumer expectations and behavior during the transition to a low-carbon future
- Product claims and brand damage due to performance deterioration (e.g. temperature extremes)

Opportunity

- Market growth for sustainable products (e.g. low-carbon, improved performance in temperature extremes)
- Development of new products and services to capture climate-related business opportunities

Risk management

The Sustainability Team that works directly under the Co-Presidents identifies and assesses risks, including their significance, based on the criteria of factors directly related to our operations (e.g., raw materials, energy, and water consumption, greenhouse gas emissions) and our products and customers (e.g., product impacts, product application, and future needs).

Climate-related scenario analysis

Risks			Opportunities
Variables	1.5°C	4°C	
Changes in regulations and their impacts, such as carbon pricing and greenhouse gas emission reduction targets	Introduction of strict regulations	Regulations strengthened in limited areas	**Market growth for sustainable products** - 1.5°C scenario Growth of low-carbon products and enhanced performance - 4°C scenario Growth of low-carbon products against extreme weather and enhanced performance
Increase in supplier costs arising from climate adaptation and decarbonization actions	Large increase in supplier costs due to climate adaptation and decarbonization actions	Certain increase in supplier costs due mainly to climate adaptation rather than to the limited decarbonization actions	
Changes in customer and consumer expectations and behavior	Higher disposition for low-carbon products and lower demand for carbon products	Higher disposition for low-carbon products	
Higher temperature affecting product functions	Occasional product claims and brand damage due to performance deterioration	Frequent product claims and brand damage due to performance deterioration or malfunction	**Development of new products and services to capture climate-related business opportunities** both for 1.5°C, 4°C scenarios
Increase in floods and/or water stress negatively affecting operations and supply chain	Occasional floods and/or water stress affecting operations and supply chain	Frequent floods and/or water stress routinely impacting operations and supply chain	

Metrics and targets

Our PCGs continue to accelerate their responses to climate change by identifying and progressing roadmaps and action plans to achieve their net zero targets through reductions in carbon emissions and adaptation to a net zero future. Key actions currently being progressed across PCG businesses for Scope 1 and 2 improvements include energy efficiency initiatives, renewable power purchase, solar system installations, and transitioning fleets to electric vehicle and hybrid vehicles. By taking these actions, our Japan Group and DuluxGroup businesses aim to achieve net zero for Scope 1 and 2 greenhouse gas emissions by 2050, Dunn Edwards by 2045, and NIPSEA Group by 2060. Scope 3 emissions are currently calculated for Japan Group, DuluxGroup, and the majority of NIPSEA Group, and is being progressively expanded across our remaining businesses, and PCGs have also commenced development of Scope 3 emissions reduction plans. Japan Group has recently approved a Scope 3 target and reduction plan. A key element for Scope 3 reduction is strengthening collaboration with suppliers to achieve reductions in category 1 emissions. As part of this effort, Japan Group have initiated a Carbon Footprint (CFP) supplier survey of top 30 CO_2-intensive raw materials.

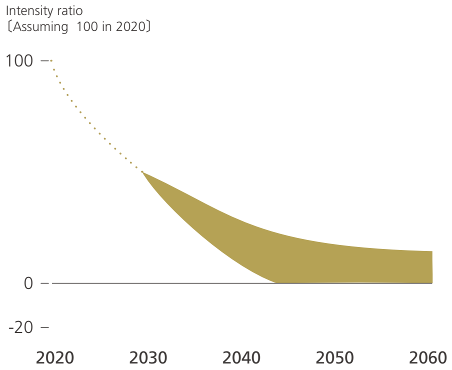
Performance

In 2024, our greenhouse gas emissions (Scope 1 and 2 location based) increased 10.9% to 45 kilograms per tonne (kg/t). Dual GHG emissions reporting for 2024 has commenced for both Market Based and Location Based emissions where possible. The increases in Scope 1 and 2 and energy consumption are being mitigated by implementation of operational and energy efficiency initiatives (such as switching to LED lighting), investment in solar generation at sites, fleet transition plans and purchasing electricity from renewable sources.

GHG Scope 3 emissions increased 10.2% to 10.2 million tonnes (Mt). The increase is mainly due to NIPSEA Group's increased production and expanded reporting to include additional businesses. Scope 3 emissions in DGL (Pacific) also increased due to acquisitions of new businesses, Pental and Seasol. Japan Group reduced Scope 3 emissions by 1.6%. PCGs are working to expand the Scope 3 emissions reporting to include DGL (Europe), smaller parts of NIPSEA Group, and Dunn-Edwards.

Total energy consumption increased 18.4% year-on-year to 0.54 gigajoules per tonne (GJ/t). These increases are mainly due to new acquisitions and enhancements in data capture and reporting. Notably, our consumption of renewable energy increased by 390 bps to 9.6% of total energy consumption as well as renewable electricity consumption now at 19.1% of total.

Our Group's GHG emissions reduction target (Scope 1 and 2)



Climate Change-related targets

PCG	Targets*1 GHG emissions	Targets*1 Energy consumption	Improvement priorities
NIPSEA Group	Scope 1 and 2 2025: 15% reduction 2060: Net zero	2025: 8% energy consumption reduction	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations.
DuluxGroup*2	Scope 1 and 2 2030: 50% reduction 2050: Net zero	2030: 50% renewable electricity consumption	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 across the entire DuluxGroup including Scope 3 target setting.
Japan Group	Scope 1 and 2 2030: 37% reduction 2050: Net zero Scope 3 2030: 13% reduction	2030: 62% renewable energy, 10% energy intensity reduction	Increased renewable-electricity purchase and commenced an off-site solar Power Purchase Agreement (PPA). Approved Scope 3 target and reduction plan at JOM. Strengthened collaboration with suppliers for reductions of Category 1 emissions.
Dunn-Edwards	Scope 1 and 2 2045: Net zero	–	Use of renewable electricity in the LA office and PHX.

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

Metrics and results related to Climate Change (2024)

* Figures in brackets indicate year-on-year change

For data for 2023 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

PCG	GHG emissions (Scope 1 and 2 Market based) (kg/t)	GHG emissions (Scope 1 and 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)
NIPSEA Group	36.8 (n/a)	36.6 (+13.5%)	8.0 (+11.5%)	0.4 (+28.6%)	8.8% (+570 bps)	21.8% (+1,590 bps)
DuluxGroup	85.8 (-4.4%)	74.3 (-8.2%)	1.0 (+16.6%)	0.9 (+6.8%)	2.6% (-480 bps)	7.3% (-650 bps)
Japan Group	139.5 (-6.9%)	164.3 (+13.0%)	1.2 (-1.6%)	3.3 (+0.5%)	15.9% (+570 bps)	22.2% (+780 bps)
Dunn-Edwards	–	–	–	0.3 (+26.5%)	–	–
Total	–	45.0 (+10.9%)	10.2 (+10.2%)	0.5 (+18.4%)	9.6% (+390 bps)	19.1% (+1,040 bps)

* NIPSEA Group includes the China, Malaysia Group and Betek Boya only (representing approximately 90% of NIPSEA production). DuluxGroup includes DGL (Pacific) only (representing 45% of the DuluxGroup total production)

Our sustainable products

Low-carbon binder

Cement is a widely used raw material in substrate products, but it releases a large amount of carbon dioxide during production. In order to reduce carbon emissions, we are developing a low-carbon binder to replace cement. In 2024, we used self-developed low-carbon binder to replace 40% -50% of cement in putties, and the performance after replacement is close to the original formulations, while carbon emissions can be reduced by more than 30%. We are currently in double test of the formulations and hope to launch new putty products with lower carbon emissions by 2025.

For other examples, please refer to the "Results of sustainability products" section on our website.

Resources and Environment

Our business and communities depend on the sustainable consumption of natural resources and protection of the environment and biodiversity. We will work to improve the life cycle and circularity impacts of our products and supply chain.

Governance

Under the guidance of the Environment & Safety team, we promote initiatives to address our specific targets and priorities related to this Materiality.

For more information about the framework, please refer to the "Governance" under the "Climate Change" section.

Strategy

Establishing common metrics to improve understanding of circularity impacts to enable identification of risks and opportunities has been the foundation of the current strategy.
Each PCG is continuing to progress their individual waste, water, and environment improvement priorities, with a focus on sharing of best practices to drive further improvement.

Risk

- Regulatory changes and impacts, such as waste disposal restrictions and increased costs
- Supply constraints and increased costs associated with resource scarcity
- Major site incident or contamination (e.g. soil/ groundwater) causing harm to people and community
- Changes in customer and consumer expectations and behavior during the transition to a circular economy future

Opportunity

- Market growth for sustainable products (e.g. renewable content, post-consumer waste recovery)
- Enhanced competitiveness through development and use of recycling technologies, resource efficiencies, and circular raw materials

Risk management

The key risks and opportunities for Resources and Environment are largely common across the consolidated group, though individual PCGs do have different focus areas and action priorities that reflect the local maturity of their improvement journeys.

Metrics and targets

The results for 2024 are presented in the table below. Changes in waste performance are influenced by a range of factors, including the inclusion of recent acquisitions offset by improved efficiencies through the implementation of waste recovery improvement initiatives, and improvements in data consolidation and reporting. For water, the high-stress metric, now in its second year of reporting, continues to provide insights into consumption in regions facing high or extremely high water stress, helping prioritize areas for improvement.

Metrics and results related to Resources and Environment (2024) * Figures in brackets indicate year-on-year change

PCG	Waste			Water		
	Total waste generated (kg/t)	Hazardous waste generated (% of total)	Waste recovered (% of total)	Total water withdrawn (kL/t)	Total water consumed (kL/t)	High stress regions water consumed (% of total)
NIPSEA Group	12.1 (+16.3%)	52.8% (+600 bps)	37.3% (+2,640 bps)	0.49 (+0.2%)	0.48 (+0.8%)	63% (-300 bps)
DuluxGroup	32.9 (-17.9%)	24.1% (-250 bps)	52.4% (-10 bps)	0.57 (+4.8%)	0.38 (+12.2%)	27% (-900 bps)
Japan Group	53.1 (-0.8%)	11% (-140 bps)	82.7% (+210 bps)	1.63 (-1.6%)	0.57 (+7.5%)	0% (0 bps)
Dunn-Edwards	36.4 (267.5)*	2.9% (+190 bps)	15.3% (+980 bps)	0.85 (+35.5%)	0.85 (+69.7%)	0% (0 bps)
Total	16 (+9.1%)	40.3% (+370 bps)	45.7% (+1,490 bps)	0.55 (+0.9%)	0.48 (+2.3%)	56% (-400 bps)

* Store waste is now included in reporting scope, which comprises approximately. 70–80% of total waste

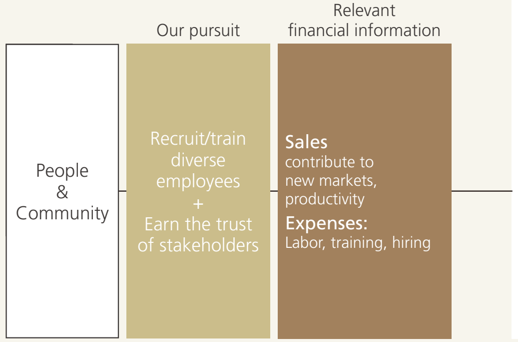
For data for 2023 and earlier, as well as other ESG data, please refer to the "ESG Data" section on our website.

Human Resource Strategy

As a Japan-origin global corporate group operating in 48 countries worldwide, Nippon Paint Group is committed to contributing to MSV by leveraging the diversity and strengths of its human capital, as well as fulfilling its obligations to stakeholders, which is the premise of MSV.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- NIPSEA Group:
  - Continued to build a Strong Leadership Pipeline Across Regions
  - Developed future-ready leaders through our Group-level Leadership Development programs
- DuluxGroup: Through our leader-led approach DuluxGroup has continued to attract, retain and develop our people at all levels whilst ensuring an inclusive environment for everyone regardless of gender or background.
- Dunn-Edwards: Diversity training for all levels, follow-up survey
- Japan Group: Recruitment and training of women and, creation of an environment that unlocks the potential of individual employees

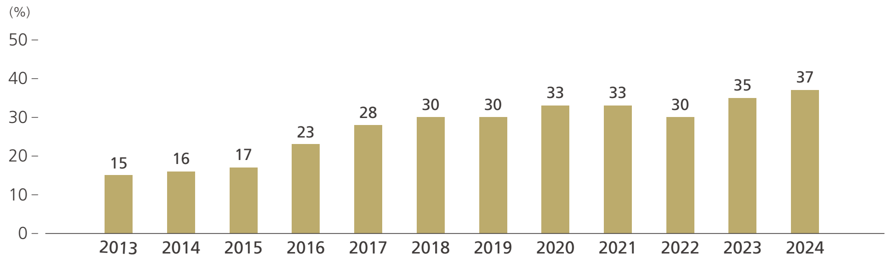
CASE

How does it contribute to maximizing EPS and PER?

A gender balanced future at DuluxGroup

DuluxGroup believes creating a diverse workplace is not only the right thing to do, but that diverse perspectives and experiences drive innovation and enhance performance. Women form nearly half of the Australian workforce. Through a focused effort by its leaders to recruit and develop talented women, DuluxGroup has increased female representation at all levels of the organization, but particularly in leadership, where it has more than doubled the percentage of women in its Top 200 leaders over the past 11 years (from 15-37%). DuluxGroup aspires to be an organization with 40:40:20 gender balance (40% men; 40% women; 20% of any gender), particularly in leadership roles, and continues to work toward this.

Percentage of women in our top 200 leaders



Our approach to achieving MSV

People play a vital role in our organization as they are the driving force behind business growth. In successful partner companies, powerful teams consisting of diverse individuals, along with excellent leadership teams, act as the driving force. It's important to recognize that achieving goals cannot be done alone.

Given that the market undergoes long-term changes, we need a human resource base that can not only adapt to but also capitalize on these changes with agility. People can embrace changes and seize opportunities, even if they encounter failures while taking risks to pursue their objectives, as long as they accept and learn from those failures.

To attain MSV, it is crucial to foster a dynamic and open corporate culture, as well as a pleasant and rewarding work environment that encourages every employee to take on challenges and fully showcase their unique qualities and abilities in generating new value and businesses.

Human Resource Development

Governance

Our Group empowers our partner companies through autonomous and decentralized management, granting them autonomy with accountability. Each PCG takes the lead in investing in human capital, and each partner company within PCGs initiates programs for employee competency development tailored to their specific needs, nurturing a diverse and self-reliant human resource pool.

Strategy

Our primary approach in our human resource strategy to achieve MSV is to build a strong and diverse organization with excellent human capital. This will enable us to consistently achieve strong growth. We will make appropriate investments in human capital to establish an organization that can grow sustainably. From a technological standpoint, this means investing in human capital with a long-term perspective towards developing innovative and productive technologies, while also implementing tailored personnel systems.

For more information, please refer to the "Human resource development measures essential for achieving MSV" section on our website.

Risk management

Increasing employee engagement will lead to creating an environment where excellent human resources can consistently perform to their fullest potential. We regularly monitor and survey employee satisfaction levels of partner companies that join the Group under our Asset Assembler model.

The survey results of each partner company will be compared and analyzed using benchmarks, such as the peer average in the same region, and historical data to examine actions necessary to improve employee satisfaction levels.

Training programs

	Overview
DuluxGroup	**Comprehensive learning program covering leadership and professional skills** • Residential programs, external programs, virtual programs, livestreams and podcasts and DGx - a one day live event covering a range of different learning topics • Cromology and JUB offer relevant learning programs to support the business and professional skills of their employees
NIPSEA Group	**As we move forward, NIPSEA Group remains committed to enhancing employee development opportunities, ensuring that learning remains an integral part of our culture** • NIPSEA Talent Development Program "LEAD": A structured leadership program designed to equip employees with the skills to excel in dynamic business environments • NIPSEA Female Mentorship Program: A platform to nurture aspiring women leaders through mentorship and peer support • Strategic Marketing Competencies training - In-house developed program designed to equip employees with essential marketing skills aligned with our business objectives • Learning Carnival: A Group-wide initiative that brings engaging learning opportunities to employees through expert talks, workshops, and interactive sessions • NIPSEA Leadership Competencies Training – AGILE: Focused on developing critical leadership skills aligned with AGILE methodologies • ESG Training: Equipping employees with sustainability knowledge to drive responsible business practices

	Overview
Dunn-Edwards	**Develop and deliver programs that empower team members' long-term professional development** • Leverage both technology (learning management systems, interactive programs, etc.) and current training techniques (micro learning, hands-on sessions, etc.) to build successful careers in an ever-evolving workplace • Position-specific programs in Sales, Product Performance, Retail and Business Management, Labor Law, Harassment Prevention, Risk Management, Safety, Hazardous Materials (HAZMAT), Diversity and Inclusion and more
Japan Group	**Japan Group is reorganizing and strengthening the team dedicated to talent management for senior leaders and all employees** • Develop leaders based on each Individual Development Plan • Deliver training programs for all employees in each layer, on-board programs for both new-graduates and mid-career employees, selective programs and programs for specific purpose such as performance evaluator training • Enhance our leadership development programs

Metrics and actions of employee engagement

	Overview
Dulux Group	DuluxGroup focuses on ongoing monitoring of employee engagement through its leaders. Most recent engagement survey (80% satisfaction in FY2021) shows world-class engagement scores. We will continue to equip leaders to take up their role to lead and engage our people and reinforce connection to their purpose, as well as to their Values and Behaviors in different countries and business units.
NIPSEA Group	At NIPSEA Group, we recognize that an engaged workforce is fundamental to business success, innovation, and sustainable growth. As part of our commitment to continuous improvement, we conducted the NIPSEA Group Employee Engagement Survey (EES) 2024, achieving more than 96% completion rate across our global workforce. The insights gathered from this survey provide a data-driven approach to enhancing the overall employee experience, fostering a positive workplace culture, and shaping future talent strategies. As we move forward, our focus remains on sustaining a culture of engagement, innovation, and empowerment, ensuring that NIPSEA Group continues to be an employer of choice across our global markets.
Dunn-Edwards	Dunn-Edwards exit interview data shows that a new team member's first year with the company is the most important period for building a connection with the organization. Important factors for employee retention include compensation, employee benefits (healthcare plans, retirement plans, vacation and leave programs, tuition assistance programs, etc.), career development opportunities, and strong leadership from those in managerial positions. To ensure Dunn-Edawards is competitive and attractive in these areas, we regularly evaluate and update our compensation and benefits offerings, while continuously developing and enhancing training programs designed for career advancement.
Japan Group	Japan Group has identified employees' engagement as an important management issue and started the engagement survey in FY2024. The survey results showed a gap between the management, which has been promoting change for several years, and the awareness of the employees. We know the importance of strong and senior leadership, optimal talents and staffing, and an infrastructure that enables high productivity, to improve engagement and maximize employee performance. In order to promote these factors, we have adopted a CxO organization for matrix management, an EQ assessment and leadership program for executives, a revised company-wide HR evaluation system, and a project to improve operations through IT investment.

For more information about the initiatives of Japan Group, please refer to the "Case Study 5: Driving Employee Engagement Across the Japan Group" section.

Diversity, Equity, and Inclusion (DE&I)

Governance

The People & Community Team discusses policies and initiatives concerning human resources activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are overseen by the Board of Directors.

Strategy

Building up human capital with diversity serves as one of the most critical cornerstones of our Asset Assembler model. To this end, we foster the promotion of human resources with a diverse background and their education, as well as awareness of diversity, equity, and inclusion; eliminate the discrimination, harassment, and violence based on race, gender, religion, and any other form of diversity in the workplace; and create a more welcoming work environment where everyone feels welcomed and respected. Each of our partner companies is building up human capital by taking actions that are suitable for the country and region where it conducts business activities.

For more information, please refer to the "Building up human capital with diversity" section on our website.

Risk

- To improve employee engagement and create continuous innovation, fostering a diverse and inclusive work environment is essential to increase human resources with diverse backgrounds. Failure to do so risks hindrance of the growth strategy
- We may face perception risk if diversity initiatives are not properly positioned. Globally, many companies have come under scrutiny for implementing programs or campaigns that are either superficial to appear 'in tune' with popular trends and current topics, or are not well-received by their employees due to unintentionally excluding some groups in order to highlight others

Opportunity

- Securing diverse and competent human resource talents as a global corporate group
- Creating wealth for companies, workers, and local communities by creating diverse and inclusive organizations

Risk management

The Global Code of Conduct, which was established in January 2022, articulates our focus on diversity and respect for human rights. In addition, our partner companies around the world carry out human resource management activities designed to secure and increase diversity. Moreover, our Corporate Governance Policy stipulates that the Group values ensuring diversity.

DE&I promotion program

	Overview
DuluxGroup	**Focused on creating an environment where everyone feels they belong and can do their best work** ‣ Through a focused effort in our recruiting strategies, our internal talent management processes and development of our people, we have increased female representation at all levels of the organization, particularly in leadership ‣ Promoting career development opportunities and a compelling employee value proposition, including flexible work arrangements
NIPSEA Group	**Fostering a diverse and inclusive workforce that embraces people of different genders, generations, nationalities, and expertise** ‣ D&I committee continues to champion initiatives focused on promoting diversity and inclusion ‣ Successfully completed Group-level women mentoring program, fostering empowerment and providing support to mentees in establishing local women mentorship program ‣ Introduced D&I policy and campaigns in NIPSEA countries

	Overview
Dunn-Edwards	**Fostering an inclusive and diverse environment, where all employees feel welcomed and valued, and where everyone has equal access to opportunities, guidance, and support** ‣ Expanded resources for career development and career pathing ‣ Launched a DE&I training curriculum for team members ‣ Launched a new Intranet and communication strategy to improve transparency across the organization
Japan Group	**Following the practice in 2023, in 2024, approximately 31 female next-generation leaders were selected and provided with the following support programs for their career development** ‣ Distribution of information on the attractiveness of executive positions in the company newsletter ‣ Roundtable discussions with the next generation of female leaders by young executives ‣ Mentoring with young executives ‣ Career training and workshops For other case studies, please refer to the "Examples of the Japan Group D&I Initiatives" section on our website.

Metrics and targets

Roadmap

	2024	2025	2026
DE&I	‣ NIPSEA Group: - Continued to build a Strong Leadership Pipeline Across Regions - Developed future-ready leaders through our Group-level Leadership Development programs ‣ DuluxGroup: Under a leader-led approach, efforts drove toward gender balance, emphasized areas where women were under-represented, and focused on broader inclusion initiatives, such as disability and inclusive leadership practices ‣ Dunn-Edwards: Diversity training for all levels, follow-up survey ‣ Japan Group: Initiated a development program targeting female employees	‣ NIPSEA Group: Achieve 35% female representation in management and emerging leaders - Launching the career portal - Strengthen leadership diversity by enhancing career pathways, leadership programs, and the Women Mentorship Program ‣ DuluxGroup: Drive gender balance by - Embedding inclusion initiatives tailored to each country - Hiring, developing, and advancing talented women ‣ Dunn-Edwards: Shape initiatives based on survey feedback (career growth) and shift committee from DEI to Engagement focus ‣ Japan Group: Continue improving the ratio of women in managing positions and resetting the mid-term target for the future	‣ NIPSEA Group: Sustain long-term progress in talent development - Further development of career pathways - Integrate inclusive leadership practices - Expand mentorship initiatives - Leverage data insights from employee engagement survey ‣ DuluxGroup: Leaders in all countries, regardless of statutory requirements, track and address gender pay gaps. Ongoing focus on inclusion and belonging initiatives ‣ Dunn-Edwards: Ongoing focus on employee engagement, carrying our culture forward ‣ Japan Group: Recruitment and training of women and, creation of an environment that unleashes individual potential

Key indicators related to human capital (2024)

	NIPSEA Group	DuluxGroup	Dunn-Edwards	Japan Group	Total
Ratio of female employees	24.9%	33.6%	29.4%	22.4%	26.6%
Ratio of women in managerial positions	23.7%	30.1%	35.3%	6.4%	24.9%
Ratio of full-time employees leaving the company at their own discretion	–	9.8%	18.1%	3.2%	–

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

5 Case Study

Driving Employee Engagement Across the Japan Group

How does the Japan Group nurture corporate culture and drive improvements in productivity and EPS to contribute to MSV? –Case Study 5 highlights key measures and initiatives implemented to enhance employee engagement, based on the findings of the 2024 employee engagement survey.

Employee engagement survey results and identified challenges

In 2024, the Japan Group introduced an employee engagement survey to better understand employee sentiment and incorporate it into future HR initiatives. Engagement is measured across three dimensions: "Say (speaking positively about the company)," "Stay (intending to remain with the company)," and "Strive (making extra efforts for the company)." Among these, the survey results showed that the scores for "Say" and "Strive" were lower than those for "Stay," and were also below the average of Japanese companies.

As a result of analyzing the survey findings, the Japan Group has identified the following three challenges to improve employee engagement:

1. Lack of optimistic and elevated outlook for the company's future;
2. Insufficient improvement of the work environment; and
3. Limited opportunities for employees to develop their skills and career paths

We have already begun full-scale initiatives to address these issues. Our goal is to realize "ONE NIPPE" and "ONE People," creating a workplace where every employee can work with a future-oriented mindset. By unlocking the full potential of all employees, we aim to foster both personal growth of employees and sustainable enhancement of corporate value.

Initiatives to address each challenge

1. Optimistic and elevated outlook for the company's future

It is essential for employees to be able to envision the company's future in order for the company to nurture culture and unleash energy throughout the organization. To support this, in 2024, the management team communicated messages and created opportunities for direct dialogue with employees. Beginning in 2025, the Japan Group has fully implemented a CXO structure, enhancing efficiency and enabling the cross-organizational sharing of corporate vision and strategic direction. Through these initiatives, we are broadening the dissemination of corporate vision and strategy across the organization, while further strengthening open and transparent communication.

2. Improvement of the work environment

Efficient task execution by employees is essential for improving overall organizational productivity. To this end, the Japan Group has begun actively introducing AI tools and developing digital transformation (DX) talents. Additionally, to enhance employees' psychological safety and develop a culture of open communication, we are supporting bottom-up initiatives and providing evaluator training for management-level personnel. Furthermore, we are promoting a 1-on-1 program to strengthen relationships between supervisors and subordinates through regular direct meetings.

3. Development of employee skills and career path

A company's growth is closely linked to the development of each employee's skills and career paths. To enhance the fairness and objectivity of our personnel evaluations and develop a more open and transparent organizational culture, the Japan Group has revised its evaluation system to introduce differentiated and merit-based treatment and to better recognize and reward employees who take on new challenges. Additionally, the management team is taking the lead in continuously holding cross-organizational Talent Management Committee and D&I Committee meetings within the Japan Group. Furthermore, in 2024, we launched an internal side-job system on a trial basis to support employee career development and promote inter-organizational communication, and are preparing for its full-scale implementation.

Challenges identified from employee engagement survey and initiatives to address them

To Be

- Creating a workplace where all employees can unlock their full potential and work with a future-oriented mindset
- Realizing "ONE NIPPE, ONE People" creating a workplace that fosters both individual growth and the sustainable enhancement of corporate value

Initiatives

- ONE NIPPE
  - Establishment of the CXO structure (2025–2026)
  - Medium-Term Strategy (2024 onward)
- Dissemination of management message (through J-GMM and other channels) (2024)
- Direct dialogue between management and employees (2024)

- Introduction of AI tools and development of DX talents
- Strengthening the support system for bottom-up initiatives (e.g., EFE)
- Evaluator training, 1-on-1 program

- Revision of the evaluation system (2024–2025)
- Talent Management Committee and D&I Committee meetings
- Leadership programs for executives and department heads
- Expanded implementation of internal side-job system, career profile sharing system, and career development training programs

As Is

Scores by engagement component * Figures in parentheses indicate comparison with the average for Japanese companies

Say (Speaking positively about the company)......14 points (-16 points)
Stay (Intention to remain with the company)......39 points (+1 point)
Strive (Making extra efforts for the company).....21 points (-12 points)

Challenges identified

1. Lack of optimistic and elevated outlook for the company's future
2. Insufficient improvement of the work environment
3. Limited opportunities for employees to develop their skills and career paths

Case study introduction

1 Japan Group Management Meeting (J-GMM)

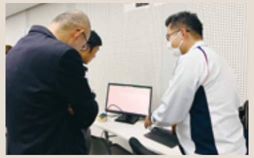
The J-GMM, hosted by the Co-Presidents in September 2024 under the theme "Transforming the Japan Group into a Dominant Corporate Group of True Leaders," brought together approximately 400 participants from across the Japan Group. While past meetings primarily focused on revenue improvement initiatives and operational process reviews, this year's meeting, considering the results of the employee engagement survey, placed the highest priority on human resources initiatives. The Co-Presidents emphasized the importance of every employee demonstrating leadership and generating added value. They also reiterated the commitment to fostering a culture that encourages taking on challenges, including revising the evaluation system to place greater emphasis on the execution process rather than solely on results. The meeting further shared the policy of creating an environment that enables future-oriented work style.

2 Engagement for Employee (EFE)

The EFE activities, which originally began as an unofficial gathering initiated and formed by volunteer employees within the Japan Group, is an open forum where anyone can participate. It provides a space for employees to unlock their full potential and support personal growth through dialogue. In particular, EFE encourages employees to become "First Penguins" by embracing behavioral transformation and offers opportunities for co-creation, with a strong focus on envisioning a better future. To date, EFE has organized both internal and external workshops, as well as various co-creation projects with outside partners. From 2025, the management team has officially recognized EFE as an official community within the Japan Group and has reinforced support systems, acting as a close partner to accompany and support employees' bottom-up initiatives.

3 IT case study presentation

The IT case study presentation series was held throughout the year, with approximately 300 employees participating in 2024. The events emphasized the increasing importance of digital technologies and generative AI, and showcased practical examples including the digitalization of logistics operations, improvements in operational efficiency, the development of robust information-sharing systems, and the implementation of RPA tools. Participation was voluntary, yet many employees with a strong sense of urgency demonstrated active interests, resulting in engaging Q&A sessions. Following the presentations, poster sessions and consultation meetings were organized, further facilitating exchanges and collaboration among the participants.



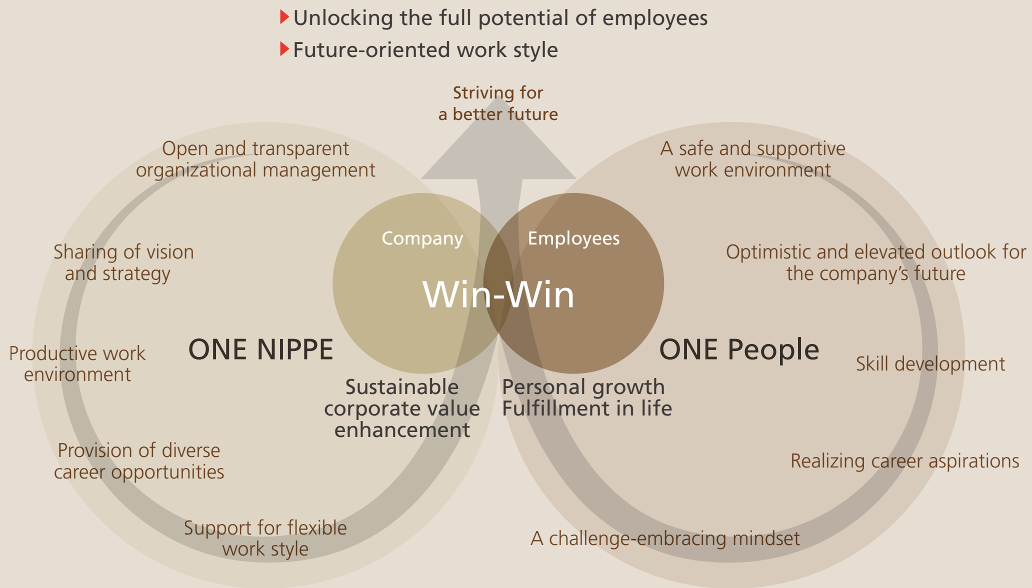
Further embedding the "ONE NIPPE" culture

Under the banner of "ONE NIPPE, ONE People," the Japan Group is nurturing a corporate culture where employees proactively demonstrate leadership and work toward total optimization across the organization. Cross-functional initiatives, such as standardizing business processes, establishing the resin center, and building greater collaboration among sales teams, have already produced tangible results. Nevertheless, there are still challenges to fully realizing the "ONE NIPPE" vision.

In the next phase, we will drive greater efficiency and sophistication by fully implementing the CXO structure and consolidating HR functions. Our focus will be on enhancing fairness in talent management and performance-based compensation, as well as optimizing personnel assignments. We also encourage employees to take on concurrent roles and participate in cross-functional projects, supporting flexible work styles to unlock greater initiative and engagement.

"ONE NIPPE" is about breaking down psychological silos and maximizing synergy through a shared sense of purpose. By empowering employees to lead and build a value-creating culture, and collaborate across the Japan Group, we aim to boost productivity, improve EPS, and ultimately contribute to MSV.

Our corporate vision, achieved through enhanced employee engagement

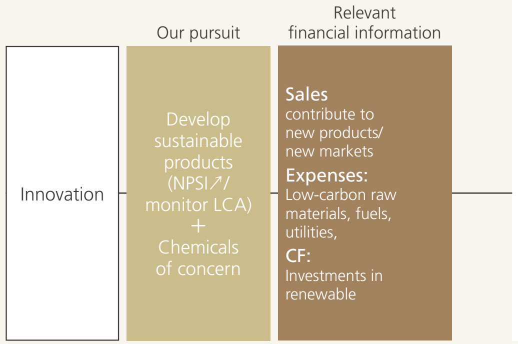


R&D Strategy

The world is facing a growing number of challenges, and our traditional methods are no longer sufficient to address them.
To contribute effectively, we will collaborate with suppliers, customers, industry leaders, and other partners to enhance our capacity for innovation.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- Initiated and drove flagship projects (biobased and low temperature fast curing) in Sustainability
- Created sustainable project portfolio and drove sustainable business growth
- Developed methodologies & modeling of Life Cycle Assessment (LCA) (PCF*1&EPD*2, software, database)
- IT Tool implementation for product sustainability scoring in system
- Proceeded the Chemicals of Concern (CoC) phasing out plan
- Monitored, recorded and communicated the change of global regulations
- Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely

*1 Product Carbon Footprint *2 Environmental Product Declaration

CASE

How does it contribute to maximizing EPS and PER?

Nippon Paint Group has been a leader in driving carbon reduction across the entire value chain, focusing on two key areas: bio-based materials and low-temperature fast-curing technologies. By collaborating with both upstream suppliers and downstream customers, the Group has integrated sustainability into every stage of production, from raw material sourcing to end-use applications.

Since 2017, Nippon Paint Group has been advancing a robust low-temperature fast-curing technology platform, which has grown to include 33 projects across construction, industrial coatings, automotive, and marine sectors. This platform has driven significant improvements in energy efficiency and sustainability by enabling coatings to cure at lower temperatures while maintaining high performance. By reducing energy consumption by 10–30% and lowering greenhouse gas emissions by 5–20%, this technology supports global efforts toward carbon neutrality.

Through innovations in this platform, Nippon Paint Group has successfully commercialized products tailored for each market, like automotive (ACECRON 130), industrial (Biryusia PL7000,PL7100), or marine (FASTAR series). These solutions shorten baking times, lower energy use, and improve coating efficiency, making them ideal for applications requiring rapid curing and reduced environmental impact.

Our approach to achieving MSV

Our technology mission is to drive and sustain growth and market share in Japan and globally as a leading technology organization for coatings and adjacent markets. We have formulated our innovation strategy with three pillars: 1) build an adaptive organization; 2) develop core enabling technology competency; and 3) expand into adjacencies and emerging markets. These are initiatives for MSV from a technology perspective. We believe that our technology organization's culture of being customer-centric, socially responsible and collaborative is the key driver to success.

LSI (Leveraging, Sharing, and Integration) is a collaborative activity within our global R&D partner companies. It involves 14 projects from multiple regions or segments, with a projected business impact of USD530 million by 2026. In addition to these projects, the technology teams in decorative paints have established a global technical community to exchange best practices and leverage research capabilities in joint technology development projects as part of LSI. These initiatives aim to break down silos, encourage collaboration,
and optimize the organization's collective expertise and assets for MSV.

Governance

Nippon Paint Group has over 4,200 technical staff globally, including around 1,000 in Japan. They are the driving force of our powerful innovation and core enabler of competitiveness for achieving sustainable business growth.

We have established a framework that allows the reinforcement of global technology collaboration for increasing the added value of intellectual property. For instance, technology teams in decorative paints have formed a global technology community to share best practices and leverage research capabilities in joint technology projects, which have produced successful outcomes in addressing the needs of customers in each market. We also have in place LSI (Leverage, Share & Integrate) activity aimed at driving technology sharing and capability enhancement among partner companies to facilitate technology exchange platforms and cross-organizational projects among partner companies.

Nippon Paint Group manages intellectual property by classifying its core technologies involving paint and coatings in 12 categories: polymer chemistry, color science, formulation, curing technology, dispersion technology, application technology, process technology, rheology, weathering and corrosion, measurement science, AI and sustainability. Experts in each core technology field are working in core R&D teams in the R&D centers and collaborating with scientists from the global network of technical centers to support product development across the Group.

Strategy

Risk

- Significant hindrance to future corporate earnings owing to inability to generate innovation due to slow response to new markets

Opportunity

- Expansion of market for products that contribute to controlling and adapting to climate change
- Products and services that address social issues contribute significantly to society and help boost corporate earnings in the long term

Innovation Initiatives

We developed the New Product Sales Index (NPSI) as one of the indicators for measuring the sales volume of products produced using innovative technologies, as part of our efforts to foster innovation. Nippon Paint Group defines NPSI as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenues. NIPSEA Group started using the NPSI in 2018 and Japan Group in 2022. Japan Group and NIPSEA Group achieved a combined NPSI of 25% and launched approximately 9,000 new products in 2024.

Sustainability of our products

We define sustainable products and technologies by aligning with the United Nations Sustainable Development Goals (SDGs) and adopting a portfolio sustainability assessment (PSA) process to enable identification of sustainable products. This encompasses a systematic approach that includes main lifecycle stages of a product: Product feedstock, Production, Applications and End of life. At each of these stages, we evaluate how our paint and coatings products outperform market products by mapping specific SDG targets to their attributes. To support this sustainable framework, we have developed the Sustainability Scoreboard, an assessment tool now integrated into the NPSI systems of our partner companies in Japan Group and most NIPSEA Group partner companies. Moreover, we have established the ""Green Design Review"" within our R&D project management systems, which serves as a process to assess each project's contribution towards building a sustainable society.

Risk management

In 2021, Japan Group launched the "Green 30" chemicals management system to manage Chemicals of Concern (CoC) based on regulations or treaties such as REACH regulations in EU, TSCA in the USA and CSCL in Japan. We classify chemical risks into three categories (Rank A, Rank B, Rank C)*1 according to the laws and regulations in the countries where we operate. Japan Group started using this system in 2021 and the system is being expanded to our partner companies outside Japan.

Alkylphenol ethoxylates (APEs) are mainly used for surfactants and include the subcategory of nonylphenol ethoxylates (NPEO/NPE). Nonylphenols (NP), raw materials for NPE, are regulated by REACH and TSCA. Nippon Paint Group has been steadily phasing out APEs-containing surfactants.

In addition, we have been replacing UV absorbers such as UV-328 and UV-327, and in Japan Group, the phase-out of UV-328 was completed by the end of 2023. Japan Group is also reducing chlorinated paraffins, including other POPs, medium-chain chlorinated paraffins. Within China, we have implemented initiatives to reduce CMR substances*2, concentrating on product accountability, strategic approaches, and successful outcomes to promote sustainability. This includes decorative business and industrial business, like waterproof and high-performance or substrate sectors, where all CMR substances have been eliminated and will not be used in the future.

*1 The definitions of categories
Rank A (Prohibited): Prohibition of introduction
Rank B (Restricted for new introduction): Prohibition of new introduction with some exceptions
Rank C (Avoid new introduction): Decide whether or not to introduce based on regulatory trends, environmental impact, and the business environment
No rank: No impact on raw material introduction
*2 Carcinogenic, mutagenic or toxic for reproduction

For other initiatives, please refer to the "Management of chemical substances" section on our website.

PFAS regulations

DuluxGroup	All PFAS variants listed on the Stockholm Convention are prohibited above the trigger concentration thresholds. We are also working to formulate from all known use of non-polymer forms of PFAS. As PFAS are not always declared on safety data sheets, we are working with suppliers to identify any undeclared PFASs in materials supplied so that these can be reviewed for phase out.
Japan Group	We monitor trends in PFAS regulations in each country and ensure that we comply appropriately with the PFAS regulations in each country, both for domestic use and export.
Dunn-Edwards	We plan on replacing our PFAS-containing resins and surfactants by the end of 2025 with some carry through of existing materials into early 2026.

Our Sustainable Products

Low Temperature, Fast Curing "ACECRON 130"

Nippon Paint China's ACECRON series is an innovative low-temperature curing electrocoat platform designed to enhance ESG performance in the automotive industry. This product caters to the market demand for energy-efficient and eco-friendly coatings, particularly suitable for components requiring low-temperature drying and complex assemblies. Today, "ACECRON 130" has been recognized for its ability to cure at 130°C without lead or tin, offering a significant reduction in energy consumption and CO_2 emissions compared to traditional curing processes. The product demonstrates excellent corrosion resistance and coating stability, maintaining high performance at lower temperatures.

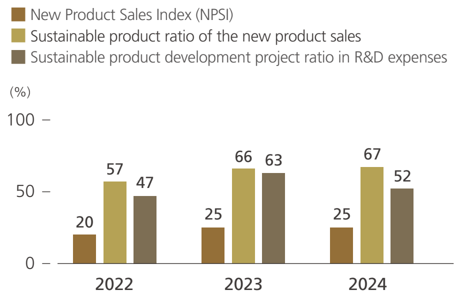
For other examples, please refer to the "Results of sustainability products" section on our website.

Metrics and targets

Metrics and results related to Innovation (2024)

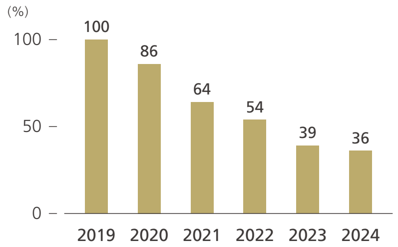
		Step1	Step2	Step3
Innovation & Product Stewardship	Sustainable Products	2024 • Developed methodologies & modeling of LCA (PCF&EPD, software, database) • IT Tool implementation for product sustainability scoring in system • Sustainable products portfolio optimization • DuluxGroup: - Developed recommendation for Scope 3 reduction target and roadmap - Continued implementation of sustainable products sales and packaging roadmaps - Continued use of in-house LCA tool for new product development and sustainable products assessment in DGL(Pacific)	2025– • Implement the LCA tool into daily operations in Japan and China, with plans to extend its use to other regions, including Southeast Asia and consider applicability to the DuluxGroup business • Optimize our sustainable product portfolio and drive sustainable business growth by engaging the entire value chain	–2030 • Manage the performance of Sustainability Scoreboard of each PCG every quarter • Promote creation of more innovative sustainable products • Implement sustainable products and Scope 3 roadmaps • DuluxGroup: Deliver 2030 Best in Class sustainable product sales target
	Chemicals of Concern	2024 • Proceeded the CoC phasing out plan by regions and business units based on local status • Continuously evaluated other CoC restriction requirements and implementing action plans • DuluxGroup: Maintain positions statements for priority CoC	2025– • Continue to proceed the CoC phasing out plan by regions and business units based on local status • Continuously evaluate other CoC restriction requirements and implementing action plans • DuluxGroup: Continue development of Group CoC position statements	–2030 • Create sustainable products based on phase out plan • Phase-out 4 heavy metals before the end of 2030 globally
	R&D	2024 • Initiated and drove flagship projects in Sustainability • Created sustainable project portfolio and drove sustainable business growth	2025– • Throughout the entire value chain, we are committed to reducing carbon emissions and delivering additional value to our customers - Developing bioplatfoms on the upstream side - Developing low-temperature fast-curing solutions and long-life platforms on the customer side	–2030 • Drive innovation towards UN SDGs and carbon neutrality
	Product Stewardship	2024 • Monitored, recorded and communicated the change of global regulations • Assessed raw materials introduction, registered new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely • Responded to customers requests, i.e., RoHS, IMDS etc.	2025– • Continue to monitor, record and communicate the change of global regulations • Continue to assess raw materials introduction, register new substance and ensured SDS and GHS label generation, registration hazard chemical permits correctly and precisely • Continue to respond to customers requests, i.e., RoHS, IMDS etc.	–2030 • Implement inquiry management database Inquiry response training • Training for customers and business partners • DuluxGroup: Implement packaging roadmaps

Sustainable products data*

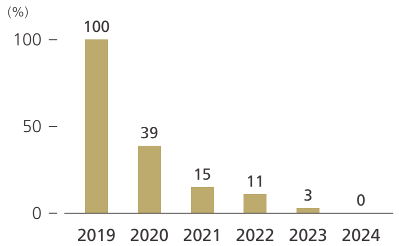


* NIPSEA Group and Japan Group data

Chlorinated paraffins usage (2019=100)



UV-328 usage (2019=100)



HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Medium to Long-Term Strategy

Execution of Autonomous and Decentralized Management

Autonomous and Decentralized Management: Practical Perspectives Presented by Co-President Wee

Case Study 2: Leveraging Brand Power for Market Leadership (NIPSEA China Business Strategy)

Four Reasons Why Our Performance Does Not Necessarily Correlate with Chinese Macroeconomic Indicators

Case Study 3: Growth Strategies in Mature Markets (DuluxGroup Business Strategy)

Case Study 4: Harnessing Our Platform for Group Collaboration Through the Selleys Brand

Environmental Strategy

Human Resource Strategy

Case Study 5: Driving Employee Engagement Across the Japan Group

R&D Strategy

Safe People and Operations

Growth with Communities

Sustainable Procurement

Governance in Support of Risk-Taking

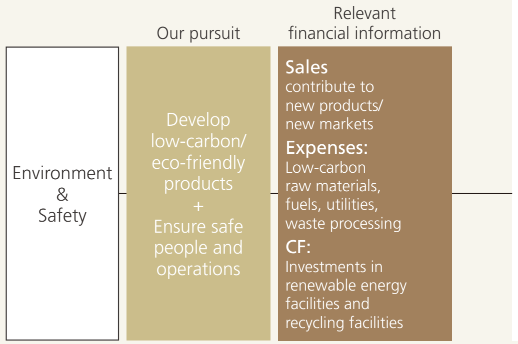
Corporate Information

Safe People and Operations

Managing significant safety and health risks effectively to ensure the protection of our people, operations, and communities is a key imperative and priority for the organization. Given the high-consequence disaster and fatality risks associated with our operating plants in particular, this is a material sustainability impact for Nippon Paint Group and a critical focus to ensure our maximization of shareholder value.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- Supporting implementation of high potential incident reporting though a common definition
- Sharing of examples of high potential incidents across PCGs to promote learning and improvement

CASE

How does it contribute to maximizing EPS and PER?

Reducing the occurrence and impact of incidents is the most critical task in protecting the safety and well-being of employees. To achieve this, each PCG continuously identifies and analyzes risks and thoroughly implements proactive safety measures. Furthermore, in the event of an incident, prompt and appropriate actions are taken, and measures are implemented to prevent similar events from recurring. Through these efforts, we aim to create a workplace environment where employees can work safely. For example, in response to incidents within the NIPSEA Group, the following measures were implemented in 2024:

Fire at the Central Distribution Centre at NPI-AR in India (Nov. 2023)

- Installation of CCTV at all CDCs (Central Distribution Centres) and warehouses of Business Units at the site
- Inspections of external warehouses by all Business Units to confirm compliance with NIPSEA Group's safety guidelines
- SAP reviews of high-risk stock in external warehouses conducted by Finance, and joint inspections of CDCs and warehouses by Supply Chain and Safety teams to assess on-site stock management
- Thorough due diligence conducted before renting external warehouses or facilities
- Quarterly reviews of external warehouse conditions through photos by Heads of Business Unit; strict storage management protocols for highly flammable materials enforced to minimize fire hazard risks

Explosion at the Manufacturing Site at PT Nipsea in Indonesia (Dec. 2023)

- Appropriate installation of tanks and safety improvement measures to address the root cause of the incident
- Refresher training conducted for relevant personnel, and the schedule for periodic refreshment training was established across the manufacturing facility

Our approach to achieving MSV

During 2024, each Partner Company Group (PCG) made strong progress on their improvement priorities for Safe People and Operations. This has continued to be supported by the global environment & safety team comprising senior environment & safety leaders from each PCG, with a primary focus on benchmarking, sharing best practices, and establishing common performance metrics. Implementation of these metrics across all PCGs matured during the year, which is promoting cross learning and improvement opportunities within each PCG. During the coming year, team will increase focus on Process Safety for effective management of high-consequence risks through alignment of common technical and operating process safety standards across PCGs and best practices for application of controls.

Governance

Under the guidance of the Environment & Safety Sustainability Team, we promote initiatives to address our specific targets and priorities related to this Materiality.

For more information about the framework, please refer to the "Governance" section under "Climate Change."

Strategy

Group policy

There are significant safety and health risks in our business that could impact our people, supply chain, and communities. We will work to manage these risks effectively and prevent harm, with a priority focus on high-consequence risks.

Risk

- Major site incident (e.g. fire) causing asset damage, supply chain disruption, and significant harm to people and community
- Loss of safety management effectiveness from introduction of significant changes (e.g. new or modified plant/process)

Opportunity

- Minimizing risks through adoption and sharing of global best practices, particularly for high-consequence risks
- Enhancing brand reputation, employee engagement, and attracting talents as a safety-conscious employer

Risk management

While key risks and opportunities related to Safe People and Operations are largely common across Nippon Paint Group, individual PCGs do have different focus areas and action priorities that reflect the local maturity of their safety and health risk management improvement journeys.

Performance

In 2024, the Group reported its third consecutive year without a fatality. Five Tier 1/Tier 2 process safety events were recorded, this is now the second year of reporting this new metric which provides the opportunity for increased learning across the Group to implement effective controls for high-consequence events. The recordable case rate for employees and contractors decreased 6% to 0.65 recordable injuries and illnesses per 200,000 hours worked, while the lost workday case rate for employees and contractors decreased 27% to 0.37 lost time injuries and illnesses per 200,000 hours worked. The improvements have been mainly driven by NIPSEA Group with a focus on safety audits and knowledge sharing to foster safety collaboration and sharing risk mitigation strategies.

Metrics and results related to Safe People and Operations (2024)

* Figures in brackets indicate year-on-year change

PCG	Process safety incidents (Tier 1 and 2)	Fatalities	Recordable case rate (per 200,000 hours)	Lost workday case rate (per 200,000 hours)	Improvement priorities
NIPSEA Group	4 (+1)	0 (0)	0.21 (-0.5%)	0.16 (-41.9%)	Safety audits across all group factories to ensure compliance with updated safety standards and regulations.
DuluxGroup	1 (0)	0 (0)	1.42 (-13.1%)	0.99 (-16.3%)	Maintained a strong focus on implementation of actions identified through significant risk audits and development of enhanced safety data reporting systems.
Japan Group	0 (0)	0 (0)	0.49 (+56.5%)	0.07 (-66.4%)	Strengthened controls for hazardous material heating and reinforced communication protocols through disaster response drills.
Dunn-Edwards	0 (0)	0 (0)	5.15 (+2.6%)	1.62 (+13.6%)	Introduced Health Promoting Indicators (HPI), implemented ventilation surveillance for paint tinting, and launched initiatives to enhance quantifiable health exposure controls.
Total	5 (+1)	0 (0)	0.65 (-6.1%)	0.37 (-27.0%)	Continued sharing of safety best practices and ongoing support for implementation of high potential incident performance metric, with a focus on shared learning and improvement.

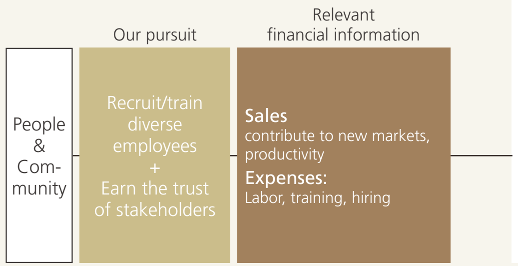
For data for 2023 and earlier, as well as other ESG Data, please refer to the "ESG Data" section on our website.

Growth with Communities

Based on our CSR framework and long-term community engagement strategy, we will build a better community that includes all stakeholders and achieve sustainable business growth.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- NIPSEA Group:
  - Carried out 84 CSR initiatives across the Group, committing 168,142 manhours and 628,453 liters of paint, with the involvement of 13,876 employees
  - Developed Nippon Paint Group CSR Website
  - Launched Nippon Paint Group's CSR Convention & Workshop to cross-share and further develop inclusive business CSR strategies driving towards MSV
- DuluxGroup:
  - Launched the "Dulux Commnty Donations" delivering 161 community projects
  - Significantly increased social media coverage of CSR projects and scaled-up the "Color your Club" program
- Japan Group:
  - Conducted 58 CSR activities with the participation of over 720 employees, targeting more than 350,000 community people
- Dunn-Edwards:
  - Carried out 100 CSR initiatives across the Group and committed over 8,000 liters of paint
  - Ran and operated Dunn-Edwards Foundation

CASE

How does it contribute to maximizing EPS and PER?

Our CSR initiatives have driven the expansion of business opportunities by revitalizing local communities. For example, in 2024, PT Nipsea (Indonesia) achieved a 37% YoY sales increase by painting over 5,300 fishing boats as part of a product trial initiative. Considering that Indonesia is home to approximately 625,000 fishing boats, the potential for further growth remains significant. Similarly, NIPSEA China launched a training program for professional painters to address the labor shortage in China's construction industry. Through enhanced collaboration with the government, NIPSEA China's Magic Paint brand and textured exterior wall business achieved a 28% YoY sales increase.

Our approach to achieving MSV

Since its inception, our Company has been dedicated to creating innovative solutions that bring colors and joy to people's everyday lives. As part of our commitment to sustainable development, the Group strives to support and promote the well-being of communities through our business activities. To achieve this, we have established three priority areas known as the "Three Es" under Nippon Paint Group's global CSR initiative, "Coloring Lives".

Definition and official CSR framework statement for each "E" pillar are described as follows:

Education

Definition: Initiatives for children and youths who are our future potential customers or employees

Statement: Providing access to education for children and youths through establishing a collaborative learning platform and art & color educational programs

Empowerment

Definition: Support activities and vocational training for socially vulnerable people, and activities to find talented individuals

Statement: Equipping members of the community with skills and knowledge through vocational empowerment, training and certification programs, as well as the facilitation of job opportunities

Engagement

Definition: Collaborations with local communities and stakeholders, cooperation with NGOs, providing support for disaster relief, and beautifying spaces

Statement:

- Health & Well-being: Enhancing the well-being of the communities we operate in and ensuring that livelihood needs are met, especially during emergency circumstances
- Protection & Preservation: Refurbishing communal spaces to improve living conditions and preserve the local cultural heritage sites

Governance

The People & Community Team discusses policies and initiatives concerning human resources and community outreach activities of each partner company and reports updates to Co-Presidents. Then, Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, Materiality-related activities of the People & Community Team are monitored by the Board of Directors.

Strategy

Investing in society presents potential opportunities for the Group, such as increased business prospects in thriving local communities, enhanced employee engagement and commitment to our Group companies, and stronger connections with local communities, all of which contribute to our mission of MSV.

Conversely, neglecting our obligations to stakeholders poses potential risks. These risks include a loss of trust from local communities, resulting in diminished ability to attract and retain talented employees and reliable business partners, reduced consumer and customer loyalty, and ultimately, a decline in shareholder confidence and the opportunity to fulfill our promise of MSV.

Risk

- Significant damage to the corporate brand if the company is not perceived as a good corporate citizen that is connected to and invests in local communities
- Damage to the public image of the paint industry caused by inadequate activities oriented toward the local community

Opportunity

- Improving public awareness of the corporate brand through value chain investment in communities
- Promoting the sound growth of communities through social contribution activities to increase the positive public view of our Group

Risk management

We recognize that while our social contribution activities hold the potential for immense positive change, they are not immune to risks. Therefore, we employ a comprehensive risk management approach that begins with thorough identification and assessment of potential risks and uncertainties. This includes considering factors such as negative public perception, resource constraints, regulatory hurdles, and external factors. Once risks are identified, we develop and implement mitigation strategies tailored to each specific challenge, leveraging our commitment to transparency, stakeholder engagement, and compliance with regulations. Additionally, we continuously monitor and evaluate our social impact of our projects, remaining agile and adaptable in the face of evolving circumstances. By proactively managing risks, we not only safeguard the success of our initiatives bu2t also maximize their long-term impact, ensuring they contribute meaningfully to the betterment of society and the communities we serve.

Metrics and targets

Investment in social contribution activities and its results and impacts in 2024 (global)

Number of projects		> 800
Resources input	Monetary donation to beneficiaries	> 1,580,000 USD
	Time spent on the activities	> 175,000 hours
	Employees and volunteers who participated in the activities	> 14,000 participants
	Paint used in the activities	> 693,000 liters
Results and impacts	People impacted	> 29.46 million

For data for 2023 and earlier, as well as other ESG Data, please refer to the "ESG Data" section on our website.

Performance

In 2024, our Group carried out more than 800 social contribution activities, targeting approximately 29.46 million people worldwide. The total amount of donations to beneficiaries and organizations exceeded about USD1.58 million, which included a donation of approximately USD0.86 million to non-profit organizations.

As an example of this year's initiatives, the "Dulux Study Tour" continues its partnership with The Australian Institute of Architects, supporting the next generation of architectural talents. The 2024 tour included visits to iconic architectural sites in Tokyo, Berlin, and Madrid with five selected architects, further strengthening connections within the global architectural community. As part of the "Color Way of Love" project, NIPSEA Group has been refurbishing primary schools in China annually. In 2024, we repainted 20 primary schools in rural areas and donated books and bags, bringing love, color, and joy to the community. These initiatives demonstrate the Group's dedication to making a meaningful difference in various communities and exemplify our commitment to fostering sustainable development and social well-being.

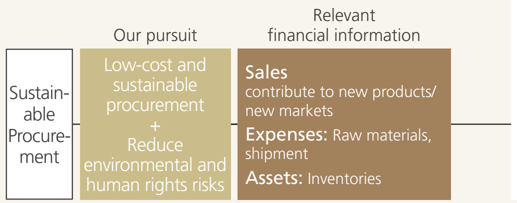
For more information, please refer to "Pillars of social contribution activities and examples of activities" section on our website.

Sustainable Procurement

Nippon Paint Group is firmly committed to doing business ethically and responsibly.
We practice sustainable procurement by integrating our ESG principles into daily processes and decisions, thereby maximizing shareholder value.

MSV Logic Tree

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



Maximizing EPS and PER

Activity highlights of 2024

- Initiated Scope 3 compilation for the NIPSEA Group to progressively meet the Group's Environment, Health, and Safety (EHS) requirements
- Strengthened Scope 3/ ESG training
- Explored supplier ESG audit program to strengthen relationship
- Conducted supplier questionnaire (achieved 94% by value)

CASE

How does it contribute to maximizing EPS and PER?

We focus on creating value and building a sustainable business that can generate long-term value for our shareholders. These include reducing costs, improving profit margins and enhancing our sustainable procurement processes. Specifically, we implement cost-saving measures, optimize operations and negotiate better deals with our suppliers. Cost reduction (CR) targets are set and monthly reviews are conducted to ensure that we achieve the targets. We are strengthening our efforts in supplier management by engaging them through a questionaire to enhance our understanding. The results have been encouraging with coverage of up to 94% (by value). We will explore the supplier ESG audit program with a view to strengthening supplier relationship. Above all, we will support and encourage all entities to invest in ESG training to strengthen the knowledge of our procurement community. This will go a long way in ensuring that our people are competent and equipped to grasp the opportunities and deal with the challenges as we morph our procurement processes to build a sustainable business, generating long-term value for our shareholders.

Our approach to achieving MSV

We believe that our suppliers play an important role in ensuring the sustainable procurement of products and services through environmentally, socially and economically responsible processes.
To strengthen our partnership, Nippon Paint Group has in place the Supplier Code of Conduct to align our global expectations, in the areas of compliance, environment, social and governance. We have engaged our suppliers through a survey to reinforce their commitment to the ESG principles set forth in our Supplier Code of Conduct.
We will explore the supplier ESG audit program to identify areas for improvement in our supply chain. This is a part of our continuous efforts to work with our suppliers to align our approach to ESG.

Governance

We discuss policies and initiatives concerning procurement of each partner company and keep the Co-Presidents updated of key developments. The Co-Presidents will submit reports to the Board of Directors whenever necessary. In this manner, materiality-related activities of the Sustainable Procurement Team are overseen by the Board of Directors.

Strategy

Risk

- The risk of raw materials not meeting sustainable criteria now adds to the long list of possible disruptions to the raw material supply chain. We will continue to be vigilant and proactive to identify potential risk
- The failure to ensure responsible sourcing (e.g. conflict minerals and chemicals of concern) will affect company reputation and may lead to legal implications

Opportunity

- Our sustainability survey of suppliers provides us with the opportunity to identify potential risk in advance. We will work with suppliers who are aligned with our sustainable aspiration towards a more resilient supply chain and to develop sustainable products

Our approach to GHG emissions in procurement

The significant contribution of raw materials to our greenhouse gas emissions (Scope 3) is an important issue that we believe needs to be addressed, not just by procurement, but in collaboration with our technical team. We have worked to diversify our transportation and distribution system to increase ship and rail usage for internal transfer which are not time critical.

Our approach to raw material procurement

Our Group's businesses depend on the supply of a broad range of products and services, such as raw materials, equipment, other materials, and information services. Maintaining and building strategic relationships with key suppliers is essential for the sustainable growth of our businesses.

Enhancing awareness and understanding of sustainable procurement within the Group

Our Group has a Group Procurement Policy that is aligned with our basic approach to business transactions. Our goal is to have all group employees and suppliers understand and comply with this policy.

Japan Group has established Procurement Guidelines, which define the Procurement Policy in more detail and clearly set rules and procedures to be followed by our Group and suppliers for responsible procurement. The guidelines are consistent with major international frameworks and standards for social activities, including frameworks for the respect for human rights.

Engaging suppliers on sustainability

Suppliers are important partners, and we encourage them to align with our approach to ESG. Our global Supplier Code of Conduct was developed to define our expectations for suppliers on sustainability. The Code covers four main areas: compliance, environment, social and governance. In accordance with the Code, we have been surveying our suppliers on their level of sustainability globally.

A Supplier Sustainability Questionnaire was conducted in 5 languages (English, Chinese, Serbian, Slovenian and Turkish) based on the Code. The survey provides visibility to our supply chain with regards to sustainability and identifies areas for improvement. For suppliers who are assessed not to comply with our Supplier Code of Conduct, we will conduct supplier engagement activities for risk improvement.

Key items of the Supplier Code of Conduct

Compliance	Environment	Social	Governance
Legal Compliance	Minimize Impact	Child Labor	Anti-Corruption
Subcontractor Compliance	Waste Management	Forced Labor	Gifts and Entertainment
Environment, Health and Safety Compliance		Discrimination	Conflict of Interest
		Working Conditions	Confidentiality
		Conflict Minerals	Record Keeping
		Product Safety and Compliance	Fair Competition
		Safety Training	International Trade
		Freedom of Association	Subcontractor ESG Compliance

Risk Management

The Group conducts supplier risk assessment at each partner company using the questionnaire sheet based on the Code of Conduct. For suppliers who are deemed not to have complied with the criteria, we conduct supplier engagement activities for risk improvement.

NIPSEA Group and Japan Group adopted the Supplier Sustainability Questionnaire to standardize survey methods globally. If nonconformance is found at a supplier site, we discuss and work with the supplier in question on corrective actions to be implemented within a specified period of time.

DuluxGroup manages modern slavery risks throughout its supply chain through its Supplier Procurement Program. The program is designed to accord with standard global supply chain systems and guidance, including International Labour Organization (ILO) conventions, the Ethical Trading Initiative (ETI) base code, ISO 14001 and the SEDEX code, with the aim of identifying and addressing modern slavery risks and maintaining a responsible and transparent supply chain. In addition, DuluxGroup is currently reviewing options for third-party audit providers, to gain further assurance for suppliers deemed to be at high risk.

Dunn-Edwards partners with suppliers that share the same values, working together to ensure the supply chain is free from forced labor, child labor, human trafficking and slavery. This effort includes initiatives aimed to clearly articulate our shared expectations and audit for compliance through our Supplier Code of Conduct initiative.

Metrics and targets

Roadmap

	2024	2025–	2026–
Strengthen Internal Mindset and Enhance Understanding of Sustainable Procurement	‣ Supported Group Environment, Health, and Safety (EHS) to compile Scope 3 for the NIPSEA group progressively ‣ Improved understanding of Scope 3/ESG among the group's procurement through training ‣ Developed supplier ESG audit program with NP China	‣ Conduct supplier ESG assessment ‣ Develop supplier ESG engagement framework - Supplier awareness/training workshop - Supplier ESG audit program ‣ Compile RM Life-cycle Assessment (LCA) data ‣ Support compilation of Scope 3 carbon emission ‣ Update country & region of origin of RM in the SAP system (for climate risk assessment)	‣ Continue to strengthen internal mindset for sustainable procurement
Sustainable Procurement Actions with Suppliers	‣ Conducted supplier questionnaire (94% by value) ‣ Engaged suppliers to provide primary data to improve Scope 3 data quality	‣ Strengthen internal capabilities, reduce GHG emissions, and conduct due diligence to ensure supply chain sustainability ‣ Collaborate with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy - Define our supplier assessment methodology - Engage suppliers on defining lower carbon feedstocks and raw material - Set expectations for supplier GHG emissions reductions	

Performance

The Supplier Sustainability Questionnaire survey started in October 2022, and to date more than 1,600 suppliers have responded in agreement to our Supplier Code of Conduct. These suppliers are deemed approved, representing about 94% of our group's total procurement value, exceeding our 2025 target of more than 90%.

Results of Supplier Sustainability Questionnaire (2024)*1

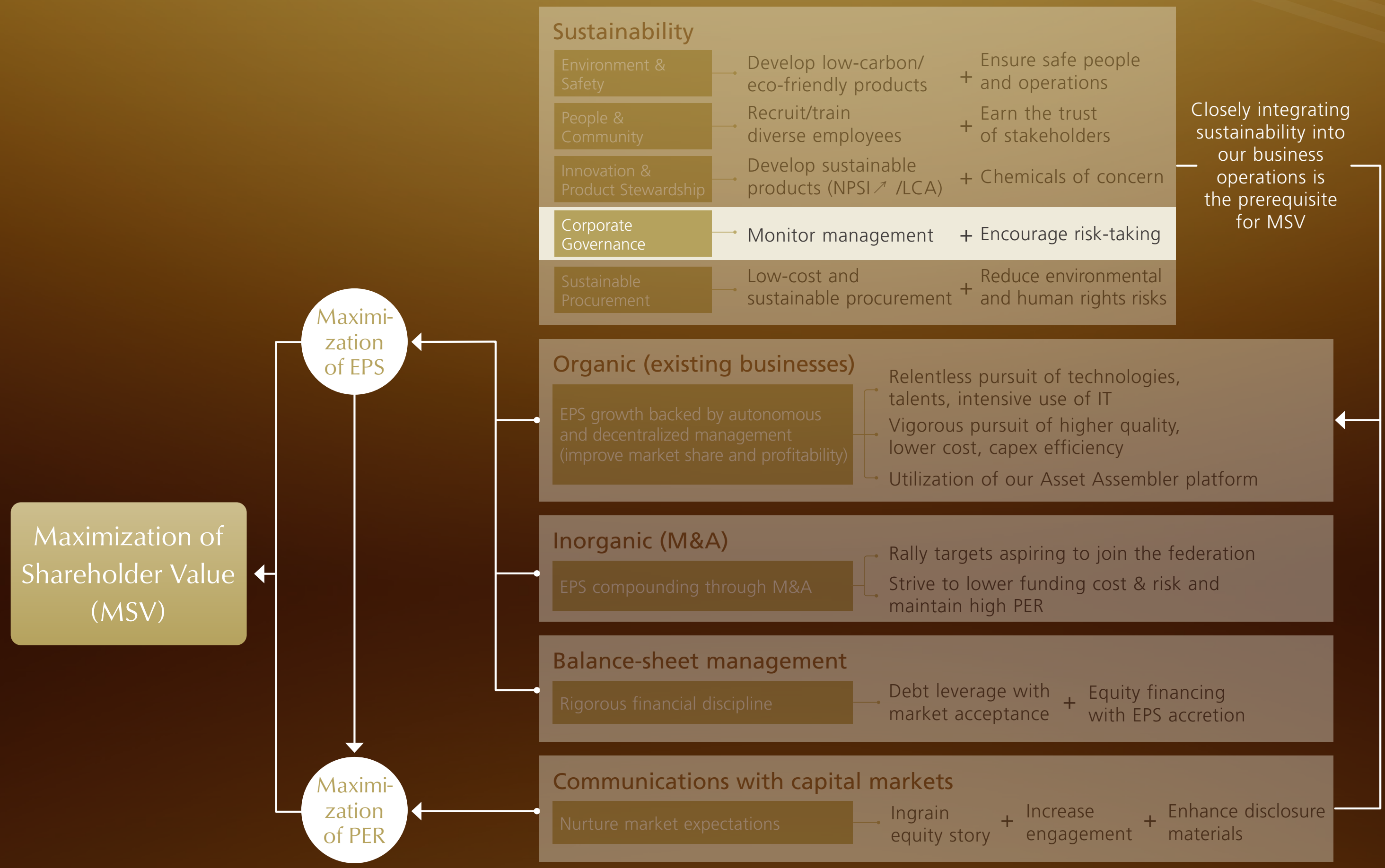
	NIPSEA Group	Japan Group	DuluxGroup	Dunn-Edwards	Total*2
Total number of approved suppliers	1,154	352	365	134	1,654
Ratio to the total procurement value	95%	94%	95%	91%	94%

*1 Exclude Cromology, JUB, NPAE, Allina
*2 The total figure for each partner company is a unique value without double counting

Governance in Support of Risk-Taking

MSV Logic Tree

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



Key Features of Our Governance

MSV Logic Tree

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

Our pursuit

Corporate Governance — Monitor management + Encourage risk-taking

NPHD has adopted a governance structure consisting of a Company with Three Committees to bolster management transparency, objectivity, and fairness. This structure aims to effectively separate and strengthen the functions of business execution and management oversight. We seek to create wealth by consistently striving to reinforce corporate governance and pursue MSV that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders, as well as our sustainability obligations.

As a company committed to achieving MSV, our basic approach is autonomous and decentralized management, respecting the autonomy of partner companies underpinned by the relationship of mutual trust they forge with Co-Presidents. We strive to strengthen governance suited for an Asset Assembler relentlessly pursuing growth by empowering each partner company to excel in their performance. The Board of Directors, which plays the oversight role, encourages risk-taking by the management in a timely and appropriate manner without slowing down the speed of decision making on management proposals.

Furthermore, we have established an internal control framework based on the Nippon Paint Group Global Code of Conduct which serves as our paramount guiding principle. This code outlines essential standards of compliance, ethics, and sustainability that must be shared and observed by all individuals in the Group.

Five features of our corporate governance structure

1. Thorough protection of the interests of minority shareholders while sharing the common objective of MSV with the majority shareholder
2. Enhanced Board effectiveness under the leadership of Independent Directors
3. Succession planning with a focus on substance rather than formalism
4. Compensation structure that effectively contributes to achieving MSV
5. Audit structures that respond to the increasing globalization of operations

For more information, please refer to the "Corporate Governance Policies" (with the "Independence Criteria for Outside Directors" attached) and the "Corporate Governance Report" on our website.

Our relationship with the majority shareholder and protection of minority interests

With a business partnership spanning over 60 years, NPHD and Wuthelam Group, our majority shareholder, unite under the common mission of MSV, and are dedicated to strengthening governance to protect the interests of minority shareholders. The full integration of the Asian JVs and the acquisition of the Indonesia business in January 2021 simplified our capital relationship, aligning the interests of the majority shareholder and minority shareholders. This created a management structure dedicated to pursuing MSV while ensuring the protection of minority interests.

Our Board of Directors is structured with the Lead Independent Director serving as Board Chair and a majority of Independent Directors. To protect the interests of minority shareholders, any transactions with our major shareholders are first reviewed by a special committee composed entirely of Independent Directors, followed by approval at the Board of Directors meeting. Through these measures, we ensure proper involvement and oversight by Independent Directors.

We adhere to a strict policy regarding significant related-party transactions, including those between the Company and the major shareholders, competing transactions involving Directors and/or Executive Officers, self-dealing, and conflict of interest transactions. Any such transactions surpassing a predetermined threshold are promptly reported to the Board of Directors. Moreover, these transactions are disclosed in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report (available only in Japanese) to ensure transparency and accountability.

Furthermore, when we conduct related-party transactions, we exercise comprehensive judgment regarding the reasonableness of the transaction, taking into consideration its terms and conditions, profit and cost levels and other relevant factors. The objective is to ensure that the transaction will not harm the interests of NPHD or of its minority shareholders. As a part of this process, we require the approval of relevant individuals with appropriate decision-making authority.

Related content

Message from Board Chair P76
Discussions by the Board of Directors (Strategic Implications of AOC Acquisition) P91
Governance Discussions P93
Website (1) Viewpoints of Independent Directors
Website (2) Partnership with the Wutheam Group, Our Majority Shareholder

Message from Chairman

To Our Shareholders and Investors

Goh Hup Jin
Chairman
(Director, Nipsea International Limited (Wuthelam Group))

At Nippon Paint Holdings Co., Ltd., Maximization of Shareholder Value (MSV) is our sole mission that anchors the core values and decision-making principles of both the Board of Directors and the executive team. Since the governance reforms in 2018, a majority of our Board members are Independent Directors. Every agenda item brought before the Board is thoroughly examined and resolved based on MSV.

As Chairman, I offer insights borne out of decades of business experience, while deliberations by the full Board shape all final decisions.

Our Co-President setup, helmed by Mr. Wakatsuki and Mr. Wee, is remarkably effective. Their exceptional skills and diverse backgrounds have proven to be complemental to a great extent, allowing speedy and effective decision making and execution across the organization.

The relationship between Nippon Paint as a listed company and Wuthelam as the majority shareholder is another rarity. Nonetheless the interests of the majority shareholder and minority shareholders are completely aligned in the pursuit of the maximization of long-term value. The funding capability of a public listed company combined with the strength of a private shareholder has created a more potent growth engine. It is clearly a Win-Win relationship as what is good for Nippon Paint is without question good for Wuthelam.

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. Needless to say, it is of utmost importance to gain the support of all our shareholders if NPHD were to raise capital through stock issuance. The maximization of minority shareholders' interests is paramount.

I have consistently reiterated these points in the past, and my convictions remain unchanged.

On this occasion, I wish to underscore that the acquisition of AOC stands as a comprehensive illustration of the goal of our Asset Assembler model. This acquisition is expected to deliver a substantial 30% increase in EPS from the very first year, despite a risk profile including valuation that's arguably lower than that of the paint business. Despite this, our share price has not reflected the strategic value of the deal since its announcement, suggesting that many investors have yet to appreciate its merit. In response, our two Co-Presidents are firmly committed to translating AOC's value into tangible results, while proactively engaging with investors to foster better understanding. From my perspective, I will persevere on the path of pursuit of further Low Risk, High Accretion acquisitions that match the calibre of the AOC transaction.

My association with Nippon Paint dates back to 1979, marking a relationship that now spans over 46 years. Over this journey, I have drawn upon my experience to lead the Company's expansion into Asian markets and to drive our global growth strategy. For future acquisitions, I look forward to staying abreast of all stages from target selection through financing and deal execution. Post-acquisition, I will also firmly monitor aspects like compensation to secure the motivation of the management of the acquired companies. In my capacity as Chairman of Nippon Paint, I will also continue to be involved in the succession planning and motivation of the current executive team.

Message from Board Chair

Exploring New Horizons of Risk Tolerance in Support of Execution

Masayoshi Nakamura
Lead Independent Director and Board Chair

Our Asset Assembler model is a strategic framework for achieving Maximization of Shareholder Value (MSV), grounded in autonomous and decentralized management empowered by deep mutual trust with each partner company. This approach enables us to drive sustainable growth across our existing businesses while executing disciplined and strategic acquisitions to building a portfolio of high-quality assets led by exceptional management teams.

Over the years, our Group has steadily expanded its portfolio through purposeful acquisitions, including DuluxGroup, Betek Boya, and the full integration of our Asian joint venture with the Wuthelam Group, as well as the acquisition of a paint business in Indonesia. Most recently, in March 2025, we acquired AOC, a specialty formulator with a strong presence in the U.S. and European markets. This milestone reflects a deliberate step toward broadening our business domains beyond our traditional “Paint+” and “Paint++” framework.

As we advance our pursuit of MSV through the Asset Assembler model, it becomes increasingly important to raise the risk appetite that can be effectively managed by our executive team and to enhance the Group’s overall risk tolerance. It is a fundamental prerequisite that we continuously ensure the effectiveness of risk management across the entire Group. To that end, we focus on two key pillars: autonomous audits conducted by each partner company in accordance with our Global Code of Conduct*, and a comprehensive Group-wide audit mechanism operating in our “Audit on Audit” framework.

To effectively fulfill its critical role in monitoring and determining the scope of tolerable risks, the Board of Directors must maintain both diverse perspectives and strong independence. Since FY2020, we have undertaken continuous upgrading of the Board to align its composition with the evolving needs of our growth stage. We have consistently ensured that Independent Directors form the majority, while actively advancing diversity through the appointment of members with deeply varied backgrounds and a high degree of independence. These initiatives are vital to empowering the Board to objectively assess and advise on the potential risks associated with acquisitions. By drawing informed comparisons with our existing businesses and applying their broad-ranging experiences and multifaceted perspectives, Board members play a pivotal role in constructively challenging and encouraging the executive team.

I firmly believe that each Director’s continued reflection on the appropriate level of risk the executive team should assume, and the resulting strengthening of the Board’s own risk tolerance, plays a critical role in the disciplined accumulation of high-quality assets essential to achieving MSV, while ultimately advancing the interests of minority shareholders. By fostering close and transparent communication between the execution and monitoring functions, we work to eliminate information asymmetries and deepen alignment across the organization. Through ongoing, forward-looking dialogue on our growth strategy, we will extend these efforts and remain committed to making agile and flexible decisions as we move forward.

* The Nippon Paint Group Global Code of Conduct

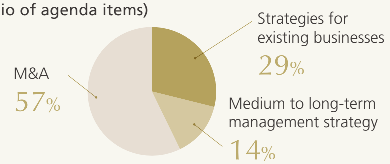
Main activities of the Board of Directors

(in addition to the activities below, the Board reviews reports from the Nominating, Compensation, and Audit Committees, deliberates on M&A transactions, and discusses other strategic matters.)

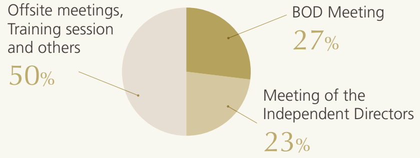
Main activities outside the Board meetings

Types of growth strategies discussed at Board of Directors meetings

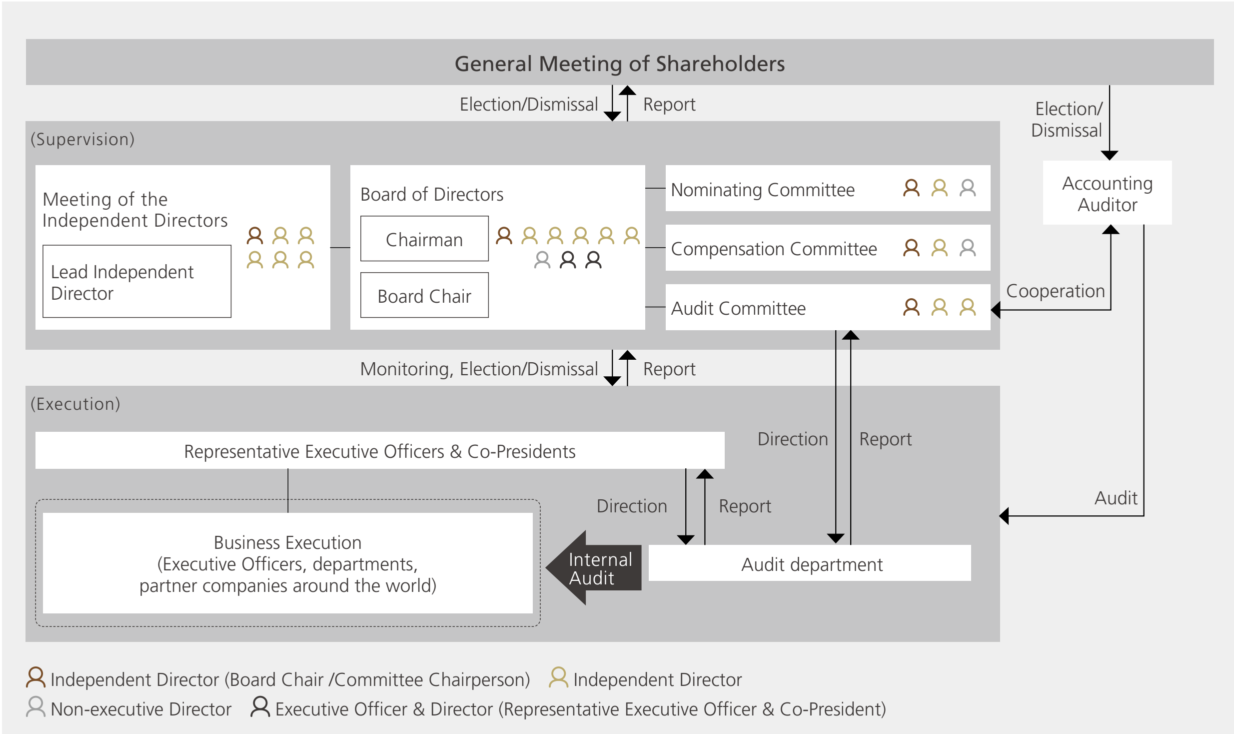
(ratio of agenda items)



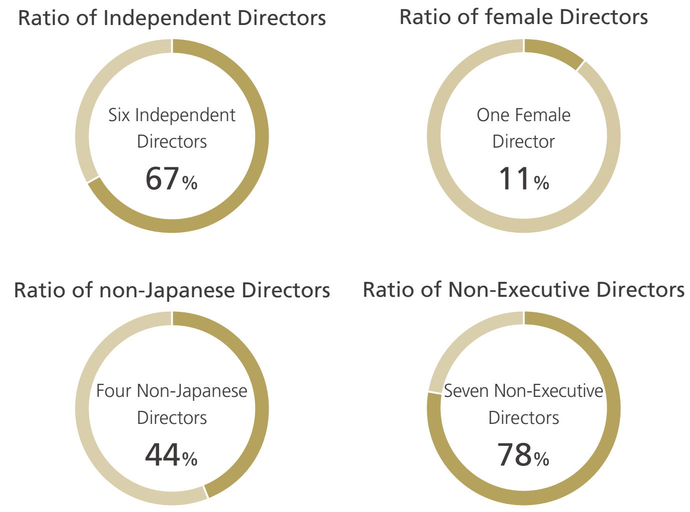
Ratio of meetings, including Board of Directors meetings, meetings of the Independent Directors, and offsite meetings (ratio of meetings held)



Corporate Governance Structure



Features of the Board's composition



Approach to governance reform (roadmap)

	2024	2025	2026
Board of Directors governance	• Enrichment of discussion on growth strategy • Improvement of the operational efficiency of Board meetings • Thorough engagement in succession planning • Further fine-tuning of the "Audit on Audit" framework	• Enrichment of discussion on growth strategy • Thorough engagement in succession planning • Further upgrading of the "Audit on Audit" framework	• Further sophistication of growth strategy discussions • Enhance and implement succession plans
Execution governance	• Proactive improvement tailored to the situation of each Partner Company Group (PCG) through voluntary self-inspections by Control Self-Assessment (CSA) List • Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG • Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others	• Effectively utilize the CSA list as a tool for voluntary inspections and promote the penetration of an autonomous, exhaustive risk identification to countermeasure implementation system in each PCG. • On the Whistleblowing Hotline, share best practice from each PCG to ensure more effective and efficient operation • Extend and brush up various measures and initiatives to AOC, our newest Group member, in order to maintain and improve governance and internal controls across the Group	• Verify effectiveness and refine - risk management system - whistleblowing hotline • Upgrading the governance framework (including compliance and risk management) to respond to changes in social demand

HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Medium to Long-Term Strategy

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

- Key Features of Our Governance
- Message from Chairman
- Message from Board Chair
- Corporate Governance Structure
- Skill Matrix of Directors
- Directors
- Nominating Committee Report
- Compensation Committee Report
- Audit Committee Report
- Risk Management
- Analysis and Assessment of the Effectiveness of the Board of Directors
- Discussions by the Board of Directors
- Governance Discussions

Corporate Information

Skill Matrix of Directors

(As of May 31, 2025)

Our Board of Directors recognizes the importance of ensuring that each Director has experience in corporate management and M&A in global markets and fields to support timely, appropriate, and strategic risk-taking by the executive team. The current skill matrix is composed by adding the specific skills Directors have acquired through these experiences, such as "Finance," "Legal affairs," "IT/Digital" and "Manufacturing/ Technology/R&D."

In other words, this skill matrix represents the culmination of the Board's efforts, primarily by the Nominating Committee, to identify and appoint Director candidates qualified to monitor Nippon Paint Holdings as it implements the Asset Assembler model.

Amid a rapidly changing business environment, to foster the Group's ongoing growth and evolution toward the achievement of MSV, the Board of Directors remains committed to pursuing the optimal qualities and skills to uphold its effectiveness and contribute to serving the interests of minority shareholders.

Skill matrix

		Experience/Expertise							
Name	Title	Corporate management	Global business	M&A	Finance	Legal affairs	IT/Digital	Manufacturing/ Technology/R&D	
Yuichiro Wakatsuki	Director, Representative Executive Officer & Co-President	○	◎	◎	◎	○			Possessing skills in building up strong corporate governance, enhancing company's financial resilience, securing a position in the stock market, promoting M&A, and transforming management systems, he plays a central role in strengthening the management foundation and realizing growth strategies.
Wee Siew Kim	Director, Representative Executive Officer & Co-President	◎	◎	◎	○			○	Possessing skills in building up strong corporate governance, enhancing company's financial resilience, improving the profitability of domestic and international operations, promoting M&A, and transforming management systems, he plays a central role in strengthening the management foundation and expanding business globally.
Goh Hup Jin	Chairman	◎	◎	○	○	○	○	◎	Possessing knowledge and experience in various industries and capital markets, he can provide professional advice on various agenda items and projects.
Hisashi Hara	Independent Director	◎	◎	◎		◎			With a multifaceted perspective as an attorney, he can provide appropriate and objective advice on execution in various discussions regarding M&A deals, corporate governance and other matters.
Andrew Larke	Independent Director	◎	◎	◎	○	○	○	○	With industry experience and knowledge in chemicals and coatings, as well as extensive experience in M&A and capital market, he is expected to effectively enhance the decision-making and supervisory functions of the Board of Directors.
Lim Hwee Hua	Independent Director	○	◎	◎	◎		○		With a broad network and knowledge and experience in investment funds and stewardship, she can provide accurate advice on investment projects and business strategies.
Masataka Mitsuhashi	Independent Director	○	◎	◎	◎				Possessing specialized and international knowledge and experience in financial accounting, ESG, sustainability, and risk management, he can provide advice aimed at strengthening group governance structure and other matters.
Toshio Morohoshi	Independent Director	◎	◎	○			◎	○	With management experience in global companies, he can propose and oversee the transformation of post-M&A integration processes and provide advice on the establishment of IT strategies.
Masayoshi Nakamura	Lead Independent Director Board Chair	○	◎	◎	◎				With knowledge and experience in M&A, capital market and investment banking management, as the Lead Independent Director, he has the ability to coordinate opinions of Independent Directors and provide advice to the management team, and comprehensively organizes the Board and the Three Committees.

Required experience/Skills

1	Experience in corporate management	The ability to perform oversight and give advice concerning a broad range of matters involving management, extending from determining business strategies to their implementation
2	Experience in global business operations	The ability to perform oversight and give advice concerning the businesses of Nippon Paint Group, which operates worldwide, taking into consideration the diversity of business climates and the different economic conditions and cultures of regions and countries
3	Experience in M&A	The ability to perform oversight and give advice concerning the suitability of M&A deals that Nippon Paint is pursuing and progress during the post-merger integration process
4	Finance	The ability to perform oversight and give advice concerning capital allocations and other financial activities of NPHD
5	Legal Affairs	The ability to perform oversight and give advice concerning regulations involving operations, GRC (governance, risk management, compliance), and internal controls
6	IT/Digital	The ability to perform oversight and give advice concerning the use of IT and the digital transformation for the improvement of operations and creation of new business models
7	Manufacturing/ Technology/R&D	The ability to perform oversight and give advice concerning creation of new technologies through R&D by making use of knowledge of technology related to manufacturing operations and the businesses of Nippon Paint Group

HOME

Why Invest in Nippon Paint?

Message from the Management

Our Initiatives for Maximization of Shareholder Value (MSV)

Medium to Long-Term Strategy

Execution of Autonomous and Decentralized Management

Governance in Support of Risk-Taking

Key Features of Our Governance

Message from Chairman

Message from Board Chair

Corporate Governance Structure

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Directors

Nominating Committee　Compensation Committee　Audit Committee

Yuichiro Wakatsuki

Director
Representative Executive Officer & Co-President

Number of years in office: 3
Attendance at
Board of Directors meeting: 6/6
Number of shares of the Company held: 180,110
Date of birth: August 28, 1966

After building his investment banking career at The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) and other reputable institutions, Yuichiro Wakatsuki joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.) in 2000. He led the company's M&A advisory services, including M&A strategy and fund procurement of clients, first as the Head of Japan Mergers and Acquisitions and later as the Director and Vice Chairman of Japan Investment Banking. In 2019, he joined Nippon Paint Holdings and served as Senior Managing Corporate Officer and CFO, and has been leading execution as Representative Executive Officer & Co-President since 2021.

Wee Siew Kim

Director
Representative Executive Officer & Co-President

Number of years in office: 3
Attendance at
Board of Directors meeting: 5/6
Number of shares of the Company held: 100,000
Date of birth: August 19, 1960

Prior to his current position, Wee Siew Kim was Deputy CEO of Singapore Technologies Engineering Ltd., which is an aerospace and defense engineering company. He was a Member of Parliament in Singapore for around 10 years from 2001. Since his appointment as the Group Chief Executive Officer of NIPSEAGroup in 2009, he has driven growth of the group to become the core business of Nippon Paint Group. Since 2021, he has been leading execution of Nippon Paint Group as Representative Executive Officer & Co-President of NPHD.

Goh Hup Jin

Chairman

Number of years in office: 10
Attendance at
Board of Directors meeting: 6/6
Nominating Committee meeting: 6/6
Compensation Committee meeting: 5/5
Number of shares of the Company held: —
Date of birth: April 6, 1953

Goh Hup Jin is the Director of Nipsea International Limited (Wuthelam Group), the parent company of NPHD. Under his initiative, NIPSEA Group expanded operations into China in 1992 ahead of other major paint and coatings manufacturers, and has grown into the Group's core business. His excellent management skills have earned the "NIPPON PAINT" brand a high level of recognition mainly in the decorative paints area in other parts of Asia as well and deep market penetration across markets where the Group operates.

Hisashi Hara

Independent Director

(Chairperson)

Number of years in office: 7
Attendance at
Board of Directors meeting: 6/6
Nominating Committee meeting: 6/6
Number of shares of the Company held: 119,501
Date of birth: July 3, 1947

With a career of over 40 years as an attorney, Hisashi Hara has been involved in numerous cross-border M&A deals and has assisted in various corporate legal matters. In 2011, he received the Chambers Asia-Pacific Lifetime Achievement Award from Chambers Partners, which is just one of many commendations in recognition of his good reputation as an attorney involved in cross-border M&A deals.

Andrew Larke

Independent Director

Number of years in office: —
Attendance at
Board of Directors meeting: —
Audit Committee meeting: —
Number of shares of the Company held: —
Date of Birth: December 3, 1968

Andrew Larke has been involved in mergers, acquisitions, and divestments, as well as corporate advisories for approximately 30 years, including head of acquisitions for Orica, the largest producer of mining explosives in the world. He has also held the position of Non-Executive Director of DuluxGroup, and has extensive insight into the global chemicals and coatings industry. Additionally, he also serves as Chairman of a leading Oceania-based chemicals company, and as Independent Chairman of long short fund on the Australian Stock Exchange.

Lim Hwee Hua

Independent Director

(Chairperson)

Number of years in office: 3
Attendance at
Board of Directors meeting: 6/6
Compensation Committee meeting: 5/5
Number of shares of the Company held: 50,400
Date of birth: February 26, 1959

Following her election to the Parliament of Singapore, Lim Hwee Hua held several important positions and cabinet posts in the Singapore Government. Prior to joining the Singapore Cabinet, she served as Managing Director at an investment company owned by the Singapore Government, where she executed restructuring and strategic relations with foreign countries. She had been involved in private equity activity such as Kohlberg Kravis Roberts.

■ Nominating Committee ■ Compensation Committee ■ Audit Committee

Masataka Mitsuhashi

Independent Director

■ (Chairperson)

Number of years in office:	5
Attendance at	
Board of Directors meeting:	6/6
Audit Committee meeting:	8/8
Number of shares of the Company held:	76,689
Date of birth:	September 30, 1957

Masataka Mitsuhashi has many years of extensive experience as a certified public accountant at PwC Japan Group, where he was engaged in accounting audit and M&A-related activities. He also has specialized and global knowledge and experience in long-term value creation for companies from an ESG perspective as Representative Director of a consulting firm.

Toshio Morohoshi

Independent Director

Number of years in office:	7
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Audit Committee meeting:	8/8
Number of shares of the Company held:	96,689
Date of birth:	August 24, 1953

Toshio Morohoshi was formerly involved in the management of Fujitsu Limited, Japan's leading global electronics company, and managed multiple global IT companies and Japanese listed companies as Representative Director and President. He has expertise in transformation of business models, processes, and corporate cultures as well as international business based on his more than 20 years of corporate management around the world and extensive global top management experience.

Masayoshi Nakamura

Lead Independent Director
Board Chair

■ ■ ■

Number of years in office:	7
Attendance at	
Board of Directors meeting:	6/6
Nominating Committee meeting:	6/6
Audit Committee meeting:	5/5
Number of shares of the Company held:	109,932
Date of birth:	November 10, 1954

Masayoshi Nakamura has more than 30 years of experience as a specialized professional in M&A advisory and capital market financing at major US investment banks Lehman Brothers and Morgan Stanley, as well as at Mitsubishi UFJ Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.). He has experience and a track record in successfully executing numerous large-scale cross-border M&A deals.

* Attendance at the Board of Directors/committee meetings is for FY2024 (late March 2024 to mid-March 2025)
* The number of shares is as of December 31, 2024

For brief profiles of Directors see "Management Team" on our corporate website.
"Reason for Selection as Independent Directors" is also available on our corporate website.
For our governance-related achievements from previous years, please refer to the "ESG Data (Governance)" section on our website.

Nominating Committee Report

Hisashi Hara
Independent Director
Nominating Committee Chairperson

Establishing Optimized Execution and Monitoring Frameworks for Achieving MSV

In March 2025, Nippon Paint Holdings completed the acquisition of AOC, marking a significant milestone in the Group's Asset Assembler growth strategy, an approach that has been thoroughly discussed and endorsed by the Board of Directors. This strategic move is expected to further accelerate execution across the Group. Looking ahead to the next phase of growth, the Nominating Committee will place priority on identifying and nominating executive candidates who can lead effectively in an increasingly complex and unpredictable business environment. The focus will be on individuals who demonstrate agility, resilience, and adaptability, qualities essential for navigating unforeseen risks and emerging challenges.

Since transitioning to a Company with Three Committees in 2020, we have continuously reviewed and refined our execution and monitoring frameworks to ensure they remain optimal amid a rapidly evolving business environment. These efforts are grounded in our commitment to MSV as our sole mission. As part of this initiative, we have focused on selecting the most suitable individuals to execute and monitor management effectively. In line with this, seven new Directors were appointed and nine Directors retired, strengthening the independence of each Director and further enhancing the Board of Directors' monitoring capabilities.

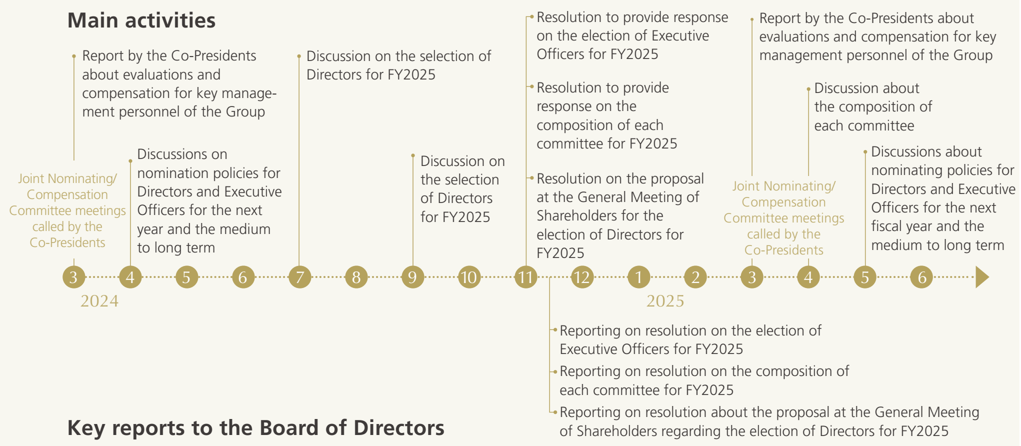
On the execution front, the Nominating Committee has assessed the teamwork and performance of key management personnel within the PCGs, under the leadership of the Co-Presidents. The Committee continues to monitor and evaluate the optimal management structure to support effective execution. In terms of succession planning, our approach prioritizes talent identification over standardized development. We aim to foster an environment where exceptional individuals can independently grow and thrive. Rather than relying on uniform selection criteria or structured development programs, we focus on identifying high-caliber talents through both internal and external human networks. In addition, we also evaluate the external executive talents through acquisition opportunities. Through these efforts, we have established a framework to secure suitable talents.

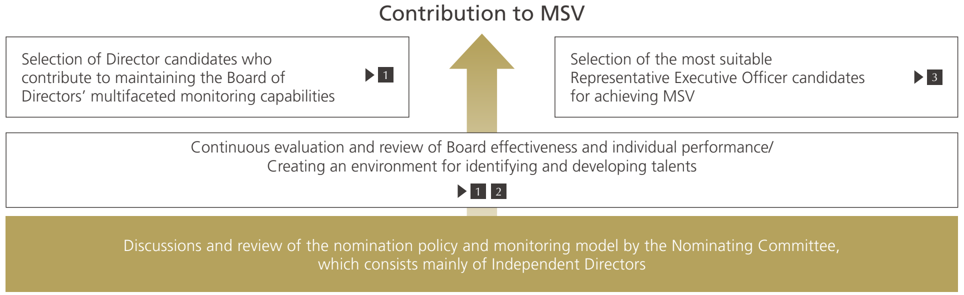
Through these initiatives, the Nominating Committee remains firmly committed to proactively developing and sustaining an optimal execution and monitoring framework, one that is forward-looking and aligned with our long-term pursuit of MSV.

Overview and main activities

Chair person	Hisashi Hara (Independent Director)		
Committee members			
Number of meetings	FY2024 (late March 2024 to mid-March 2025)	6	
	FY2025 (late March 2025 to end-June 2025)	3	

Main activities	The Nominating Committee passed a resolution regarding the election and dismissal of Directors for FY2025 to be submitted to the General Meeting of Shareholders, and deliberated and provided responses on the selection of Executive Officers for FY2025.
Roles of the Committee	Decisions on proposals regarding the election and dismissal of Directors to be submitted to the General Meeting of Shareholders, discussions about succession plans for Directors based on advice from the Board of Directors, appointment and dismissal of the Representative Executive Officer and President and other Executive Officers, and submission of opinions about the succession plan and other proposals





1 Securing a highly effective Board of Directors with multifaceted monitoring capabilities for the achievement of MSV

The members of the Board of Directors and Nominating, Compensation and Audit Committees cover a suitable range of backgrounds for continuously performing the effective monitoring of NPHD in a business climate that is constantly changing. The Nominating Committee emphasizes seven categories of experience and skills that Directors require. NPHD pursues MSV under the Asset Assembler model. Consequently, the Nominating Committee places emphasis on selecting Director candidates who have corporate management experience along with experience involving global business operations and M&A.

The Nominating Committee continuously monitors the comprehensive performance of the Board of Directors as a team based on contributions of individual Directors and mutual trust among the Directors. Committee members also refer to results of the annual assessment of the Board effectiveness and other information. This process is used for constant examinations concerning the most suitable candidates and Board composition for achieving MSV. Since NPHD transitioned to a Company with Three Committees structure in FY2020, Independent Directors have been a majority of the Board. To ensure a sustainable Board composition that enhances discussions on growth strategies, the Nominating Committee has actively engaged in nominating activities. By maintaining and strengthening a diverse Board composition that fosters a wide range of perspectives and robust discussions, the Company has built a highly effective Board of Directors with multifaceted monitoring capabilities aimed at achieving MSV.

2 Identifying future management talents and an environment where people can upgrade their skills (reinforcement of human capital and appointment/dismissal of personnel)

We do not use a single approach for the recruitment and development of future management talents amid the globalization of operations and drastic changes in the business environment. Instead, we are focusing on identifying talents and establishing an environment for their growth by respecting the autonomy of each PCG based on mutual trust between the Co-Presidents and heads of the PCGs.

The Nominating Committee uses reports from the Co-Presidents to monitor on a regular basis the status and evaluations of the Group's human capital. Committee members also work closely with the other Committees and the meeting of Independent Directors, communicate with key management personnel, and strengthen the network of connections with external experts in various fields. The continuous use of these activities enables the Nominating Committee to play a role in strengthening the Group's human capital and making appropriate decisions about appointment and dismissal.

3 Our approach concerning the nomination of candidates for Representative Executive Officer

As stated in the Corporate Governance Policy, the standard for selections of Representative Executive Officers is a wealth of corporate management experience and achievement to play a key role in accomplishment of sustained growth of the Group and medium- to long-term MSV. Furthermore, these individuals must have the outstanding skills required to be a Representative Executive Officer. This standard applies to all individuals regardless of nationality, gender, and position at Group company in Japan or another country.

Based on these guidelines, the Nominating Committee focuses on making timely selections of the most suitable leaders for implementing strategies for MSV in a rapidly changing social and business environment. To accomplish this goal, we need to do more than simply use the one-size-fits-all succession plan and other guidelines for the planned recruitment and development of executives. This is why we work closely with other Committees and the meeting of Independent Directors for constant discussions and examinations. The results of this process are the basis for our input to the Board of Directors concerning the appointment and dismissal of Representative Executive Officers.

The Nominating Committee, which takes the lead in these activities, excludes the current Co-Presidents and is composed of three Non-Executive Directors—two Independent Directors and the Chairman. This structure ensures the appointment and dismissal of the most suitable Director candidates from an objective perspective.

Items constantly discussed and examined concerning selections of Representative Executive Officer candidates

- Suitable individuals and frameworks for the implementation of medium- to long-term growth strategies for MSV
- Comprehensive evaluations of the performance of current Representative Executive Officers
- Constant monitoring of Group management talents
- Exchanges of information about talents outside the Group by using internal and external networks of personal connections

Composition of the Board of Directors

FY	Number of Directors	New appointment	Retirement
2020	9	2	4
2021	9*	0	1*
2022	11	4	1
2023	9	0	2
2024	9	0	0
2025	9	1	1

* One Director retired in April 2021

Compensation Committee Report

Lim Hwee Hua
Independent Director
Compensation Committee Chairperson

Compensation and Evaluation Decisions That Support Appropriate and Bold Risk-Taking of Co-Presidents

The Compensation Committee focuses on methods of evaluation when designing compensation packages for the Co-Presidents. Aspects of their performance that should be evaluated and the structure of compensation packages that reflect contribution will continuously change in response to the rapidly evolving environment surrounding our company and the stage of our growth strategy. We constantly check, against market comparables, whether our evaluation and compensation decisions positively influence the Co-Presidents and lead to proactive actions, assessing their effectiveness.

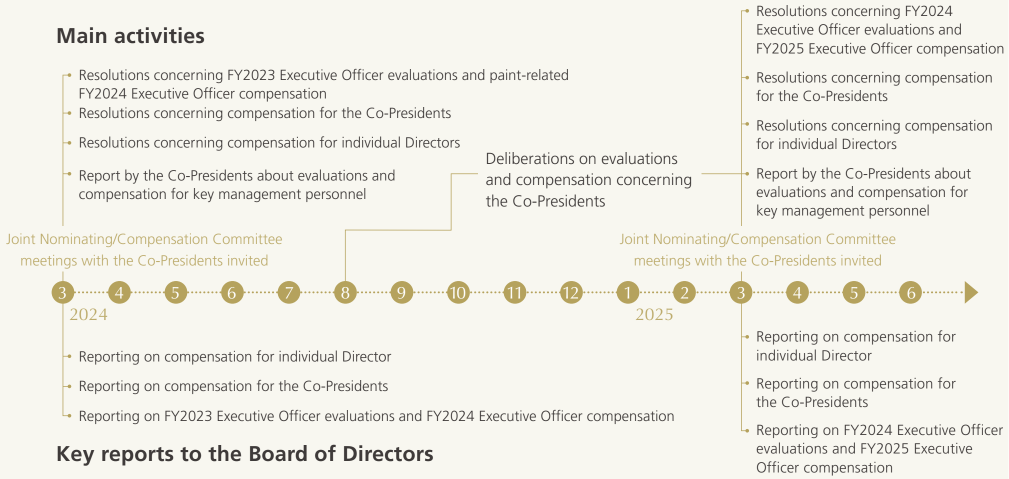
In March 2025, the company acquired AOC in the U.S., deciding to expand our portfolio in the paint-related market. This achievement reflects the Co-Presidents' efforts to promote organic growth of existing businesses and inorganic growth of accumulating excellent assets with appropriate risk-taking. To further advance such significant steps, sustained motivation enhancement is required. In light of this, we have avoided being biased towards short-term and mechanical evaluations that fluctuate due to a single-year performance or market factors. Instead, we have been comprehensively evaluating the Co-Presidents' performance in terms of their ability to execute our medium- to long-term M&A strategy, by analyzing the new risks arising from such a strategy and examining the impact on our valuations. We also have been collaborating with the Nominating Committee and the Audit Committee, actively communicating with key management personnel to enhance the effectiveness of this comprehensive evaluation.

Our Board is focusing on medium- to long-term strategic discussions aimed at pursuing MSV. In parallel with these efforts, we aim to encourage appropriate and bold risk-taking by the management team, including the Co-Presidents, while enhancing the sound monitoring role of the Board that supports this. This pursuit is our responsibility to share value with our shareholders. We will continue to strive for evaluation and compensation decisions that appropriately drive both execution and monitoring functions.

Overview and main activities

Chair person	Lim Hwee Hua (Independent Director)	
Committee members		
Number of meetings	FY2024 (late March 2024 to mid-March 2025)	5
	FY2025 (late March 2025 to end of June 2025)	3

Main activities	The Compensation Committee approved resolutions regarding individual compensation for Directors and Executive Officers, based on the policy for determining the compensation of individual Directors and Executive Officers (Compensation Philosophy, Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents).
Roles of the Committee	Establishment of policies for determining the compensation of individual Directors and Executive Officers, and decisions on individual compensation and related matters



Contribution to MSV

Attract and retain outstanding talents

Maintain and increase motivation

Determination of compensation based on rigorous evaluations centered on activities and contributions for achieving MSV ▶2

Constant analysis and research based on the benchmarking of compensation of executives in Japan and other countries ▶2

Discussions based on the policy for determining compensation by the Compensation Committee, which consists mainly of Independent Directors (information is disclosed properly to ensure the objectivity and fairness of decisions) ▶1

1 Policy for determining compensation for Executives

Independent Directors are the majority of the Compensation Committee, and the committee is chaired by an Independent Director. In addition, all committee members are non-executive Directors. This composition ensures independence from the executive team for business operations.

The Compensation Committee makes decisions on the level and composition of compensation for Directors and Executive Officers. This committee also monitors decisions on the compensation of key management personnel of partner companies based on reports from Co-Presidents. To determine levels and composition of compensation, the committee collects and analyzes objective data such as social trends, compensation of executives at other companies, and compensation in the market for senior executives.

In accordance with the Compensation Philosophy and Design Policies for the Compensation of the Representative Executive Officers & Co-Presidents, the Compensation Committee conducts fair and transparent deliberations and make decisions.

For more information, see the "Compensation of Directors and Executive Officers" section of our website.

2 Evaluation and compensation of the Representative Executive Officers & Co-Presidents

Based on the premise of protecting the interests of minority shareholders, the Compensation Committee performs rigorous evaluations of compensation for the Representative Executive Officers & Co-Presidents, with emphasis on their activities and contributions to achieve MSV. At the same time, the committee strives to design compensation that motivates the Representative Executive Officers & Co-Presidents to make further efforts toward achieving MSV. Specifically, the committee comprehensively evaluates the Co-Presidents' performance in the previous year, including a comparison with our competitors, to determine the total compensation for the next year. Then the committee determines the composition, including cash, stock and other forms of compensation.

Key evaluation items for the comprehensive evaluation

- "Maximizing EPS and PER" for achieving MSV
- Improvement of profitability of businesses in Japan and other countries
- Progress with the M&A strategy
- Improvement of position in the capital market
- Strengthening risk management in the Nippon Paint Group
- Transformation of the corporate culture
- Transformation of the management structure
- Strengthening the governance structure and the internal control system

Data and key considerations for ongoing reference in compensation determination

- The compensation of presidents at competing companies and other large companies in Japan
- Compensation and composition of compensation in the individual's home country and continuity with prior compensation
- Compensation and composition that maintain motivation for achieving MSV and provide effective incentives

Evaluation of the performance of Co-Presidents

Compound annual growth rate*1

	2023 to 2024		2020 to 2024	
	Revenue	EPS	Revenue	EPS
NPHD	+13.6%	+7.5%	+20.3%	+18.1%
Competitor median*2	+0.4%	+12.9%	+5.9%	+8.4%

PER*3

	Last twelve months	Next twelve months
NPHD	19.9x	17.2x
Competitor median*2	23.2x	14.5x

AOC acquisition effect (2025 forecast)*4

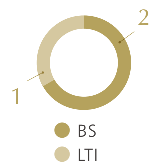
	2024 to 2025	
	Revenue	EPS
NPHD	+11.1%	+27.2%

*1 For compound annual growth rate calculated based on each company's indicated currencies
*2 Median of the six largest paint companies based on global sales (excluding our company, ranked 4th)
*3 Source: FactSet (as of December 27, 2024)
*4 Source: Medium-Term Strategy Update Briefing Presentation Summary (Reported on April 3, 2025)

Composition of executive compensation

Compensation for Directors
Directors who do not concurrently serve as Executive Officer (Independent Directors)

Image of basic composition



Fixed compensation

◆ Job-based compensation (BS)
Compensation is set at levels that can attract and retain management talents with the skills required to monitor the management of Nippon Paint Group, which has operations worldwide. Decisions about compensation take into account social circumstances, compensation of executives at other companies, and compensation in the market for senior executives.

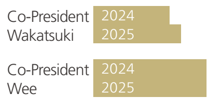
◆ Allowances for committee memberships and other roles
Allowances are paid for specific roles such as a member or Chairperson of the Nominating, Compensation, Audit and Special Committees, the Lead Independent Director, and other positions.

Variable compensation

◆ Long-term incentives (LTI)
Directors monitor the Group's management and assume the role and associated risk of making important decisions regarding the allocation of corporate resources on behalf of shareholders. As a result, Directors receive restricted stock as an incentive for achieving MSV and as a means of further aligning the interests of Directors with those of shareholders. The Malus Clawback Clause is used for the medium- to long-term soundness of long-term incentives.

Compensation for the Representative Executive Officers & Co-Presidents

Image of basic composition



All Compensation is variable

Compensation takes into account the level and composition of compensation in the individual's home country, continuity with prior compensation, benchmarking using other companies' compensation, and other considerations. Discussions with Co-Presidents, frequent communications with executives of partner companies, and other activities are used for a comprehensive evaluation of performance using financial and non-financial perspectives. Every year, the determination of the following year's compensation starts by resetting compensation to zero. The cash-stock ratio and other aspects of the composition of compensation for Co-Presidents are also reviewed every time.

Audit Committee Report

Masataka Mitsuhashi
Independent Director
Audit Committee Chairperson

Advancing the "Audit-on-Audit" Framework

As our Group pursues MSV as an Asset Assembler, the Audit Committee plays a vital role in reinforcing executive risk-taking by ensuring that internal controls are properly structured and operate effectively under the "Audit-on-Audit" framework.

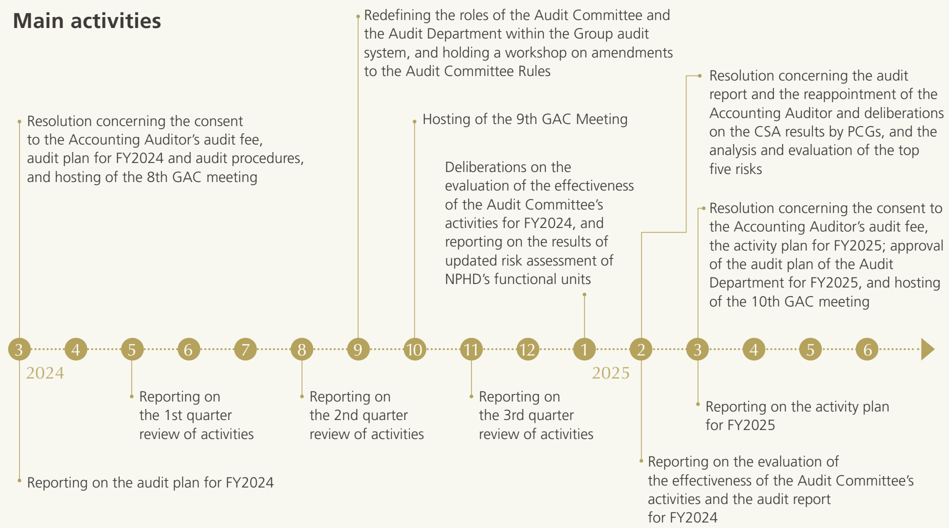
In FY2024, the Audit Committee prioritized key areas such as the M&A transaction process and cybersecurity risk management. Throughout its monitoring activities, the Committee worked closely with the Audit Department to gather and assess relevant information. Group Audit Committee (GAC) meetings served as an effective forum for confirming key issues with relevant stakeholders. Regarding the goodwill of the acquired companies, the Committee engaged in active dialogue with both the executive team and the Accounting Auditor to evaluate the appropriateness of valuation methods and confirmed that adequate safeguards were in place to mitigate the risk of impairment losses.

With the completion of the AOC acquisition in March 2025, our Group is set to further diversify its portfolio under the Asset Assembler model. In this evolving context, the Audit Committee will need to adopt an audit approach that shares management viewpoint. To meet these expectations, strengthening the effectiveness of organizational audits through the "Audit-on-Audit" framework will be critical in supporting the executive team. Beginning in FY2025, the Audit Department will step up its efforts by enhancing collaboration with the internal audit units of each PCG and intensifying its monitoring of internal control operations at newly acquired partner companies.

We recognize that GAC meetings, where internal audit units from across the Group convene to share insights, serve as a highly effective platform for advancing the "Audit-on-Audit" system. Moving forward, we will further enhance the value of these meetings by addressing topics aligned with the evolving business environment.

Overview and main activities

Chairperson	Masataka Mitsuhashi (Independent Director)	
Committee members		
Number of meetings	FY2024 (late March 2024 to mid-March 2025)	8
	FY2025 (late March 2025 to end of June 2025)	3
Main activities	• Prepared audit reports based on the results of audits on the status of the execution of duties by the Executive Officers and Directors and other items • Resolved on proposals regarding the election, dismissal and refusal of reelection of Accounting Auditor to be submitted to the General Meeting of Shareholders • Improved the effectiveness of the Group audit system • Shared best practices and conducted theme-based discussions at GAC meetings • Engaged in regular information sharing and opinion exchanges with the Accounting Auditor	
Roles of the Committee	Conduct audits on the execution of duties by Executive Officers and Directors, prepare audit reports, and determine proposals regarding the election, dismissal and refusal of reelection of the Accounting Auditor to be submitted to the General Meeting of Shareholders	



Monitoring the internal control system by the Audit Committee and Audit Department

The Group audit system based on "Audit on Audit" is premised on the assurance by PCG's internal audit units of the effectiveness of the autonomous internal control system operated by PCG. Our Basic Policy on Internal Control System is anchored by three core elements: Nippon Paint Group Global Code of Conduct, Global Risk Management Basic Policy, and Global Basic Policy of Whistleblowing Hotline. By ensuring that each PCG properly manages its internal control system in the realms of governance, risk management, and compliance, we have in place an effective internal control system across the entire Group.

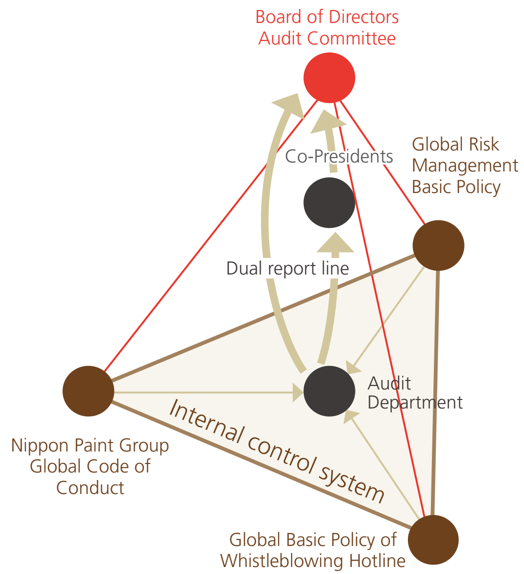
The Audit Committee, which is responsible for overseeing the proper operation and functional effectiveness of these frameworks, obtains information from the Audit Department about the results of PCG internal audits and important PCG meetings. Additionally, the Audit Committee directly gathers information from members related to the internal audit units across the major PCGs at the GAC meeting convened twice a year. These processes enable the Audit Committee to evaluate the effectiveness of the governance structure and the internal control system across the entire organization. Furthermore, the Audit Committee receives reports on the operation status of the internal control system from the Co-Presidents at the Board of Directors meeting once a year.

The Audit Department ensures its independence from execution by establishing a dual report line to the Audit Committee and the Co-Presidents. This structure allows the Audit Department to impartially monitor the operation status of the internal control system, and subsequently report its findings to the Audit Committee.

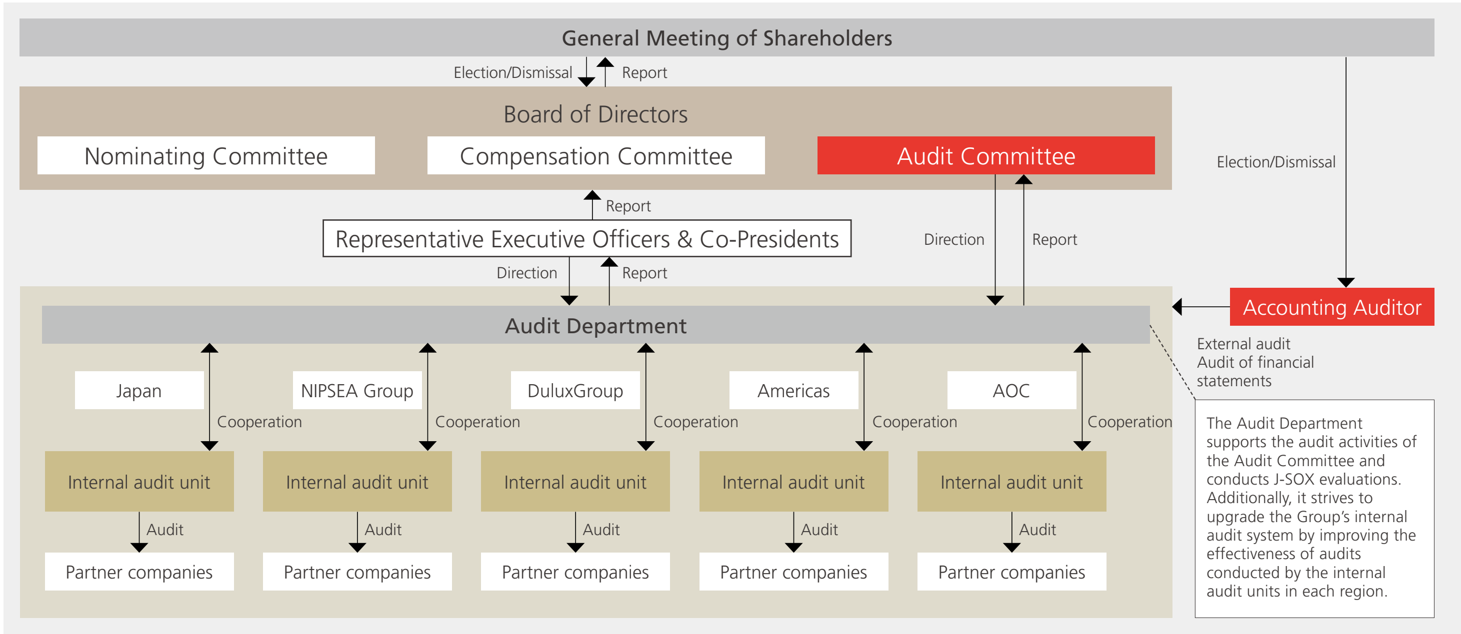
Enhancing the effectiveness of the group-level internal audits by the Audit Department

The audit reports prepared by the internal audit unit of each PCG allow the Audit Department to access not only information about the departments subject to audits within the PCG but also details of the audit methods and operations employed by the internal audit units. During the regular audit review process, the Audit Department provides each PCG's internal audit unit with information not only about the audit findings but also about audit methods, which contributes to the continuous improvement of the group-level internal audits.

The GAC meetings, convened twice a year, provide a valuable opportunity for relevant members to discuss and share each PCG's audit plan, risk assessment results, and a variety of topics, including emerging risk events, all in one forum. We will continue to utilize these meetings as an effective means of enhancing the effectiveness of the group-level internal audits.



"Audit on Audit" Group audit system



Risk Management

Our risk management is based on the internal control system autonomously operated by each PCG, enabling a comprehensive understanding of risks across the entire Group.

Executive Summary

1 **Oversight of PCGs**
Prior approval rule for important matters and timely reporting system of incidents with material impacts

2 **Election/Dismissal of the heads of PCGs**
Evaluations and decisions that include financial and non-financial considerations such as responsibilities for internal controls

3 **Direct participation of the Co-Presidents in main partner company meetings**
Participation of Co-Presidents and other executive officers in important meetings of important partner companies

4 **Group audits based on the "Audit on Audit" system**
Oversight utilizing the close ties between the NPHD Audit Department and the internal audit unit of each PCG

Our approach to internal control

Sound risk management is the premise for the pursuit of MSV. We closely monitor changes in society and the needs of stakeholders to reexamine and update the internal control system in an appropriate and timely manner.

The paint and adjacencies businesses of every PCG have strong regional characteristics, which make these businesses ideally suited for the autonomous management of business operations along with local production for local consumption. We essentially give each head of PCG the authority to conduct business operations and responsibility for operating the internal control system. The heads of PCGs identify and respond to risks specific to their businesses, and our Co-Presidents oversee the Group's operations through evaluation and appointment/dismissal of the heads of PCGs through various reports from these executives.

Our company defines its approach to internal control as an Asset Assembler in the Basic Policy on Internal Control System, which identifies the Nippon Paint Group Global Code of Conduct, Basic Policy of Global Risk Management, and Global Basic Policy of Whistleblowing Hotline as the three key components of governance on the execution side.

Through the implementation of these policies, the Co-Presidents effectively monitor and provide necessary guidance on governance, risk management, and compliance across the entire Group.

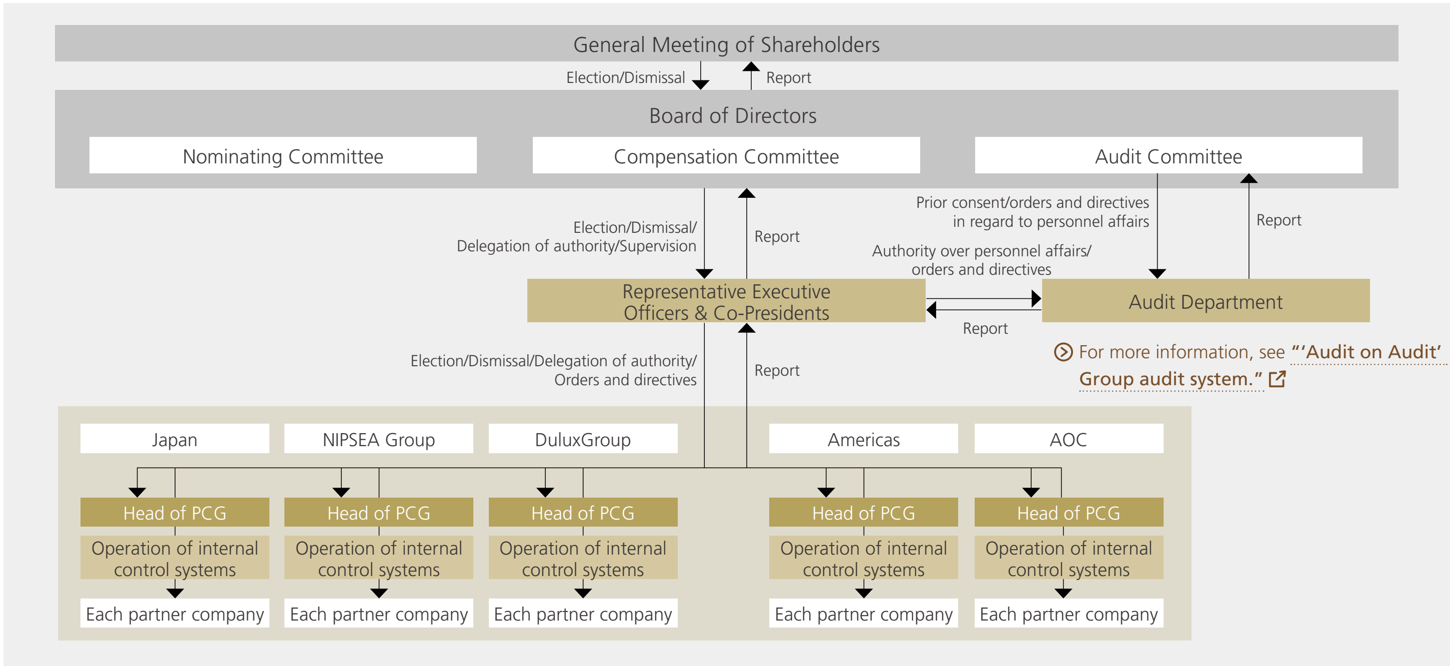
Risk management system

Our Global Risk Management Basic Policy states that Co-Presidents have overall responsibility for risk management in our Group. The policy also defines the roles of each head of PCG as a frontline. In this manner, autonomous risk management at each PCG is implemented appropriately by Co-Presidents and the head of each PCG based on their respective roles.

Each head of PCG conducts the control self-assessment (CSA), consisting of self-inspections and self-assessments based on a risk-based approach. They are responsible for using CSA to identify risk factors requiring actions, create risk management plans, and make improvements.

Results of CSA are reported to Co-Presidents, who, based on this

Internal control system



For more information, see "'Audit on Audit' Group audit system."

information, grasp risk factors at our Group in individual regions and businesses. Then Co-Presidents perform effective monitoring by attending important management meetings of the PCGs and other activities and give the PCGs directions for responses against the identified risks.

Co-Presidents report the results of the risk analysis to the Audit Committee and the Board of Directors. In addition, the results are discussed at the Group Audit Committee (GAC), which brings together the personnel responsible for risk management and internal audit at each PCG. Separately from these activities, a framework is in place for sharing information with Co-Presidents, in a timely or prompt manner, about the occurrence of crises. This system enables Co-Presidents, when necessary, to give orders covering the entire Group.

Risk heat map

High-risk categories identified for FY2024	Change in risk sensitivity (vs FY2023)	Risk descriptions	Mitigation initiatives by PCGs
IT use and IT systems	Unchanged	Management of information assets, data leakage, systems prepared for disasters and other potential disruptions, formulation of information security policies and rules, etc.	▸ Promoted the development of big data infrastructure and digital transformation, and advanced network infrastructure upgrades and automation ▸ Ensured compliance with security policies and provided regular security training for employees, as well as introducing advanced security software to counter cyberattacks ▸ Introduced IT asset management portals and security monitoring systems, and implemented disaster recovery plans and continuous cyber risk monitoring
Supply chain	Lower	Disruptions of raw material supply, inventory/logistics management and credit management, etc.	▸ Enhanced efforts to identify alternative raw materials, manage supply risks, and negotiate pricing ▸ Improved inventory visibility and restructured processes, and fostered two-way initiatives for technology development for local procurement and global procurement ▸ Reinforced monitoring of political risks and regulatory compliance to maintain stable supply systems ▸ Established a task force to strengthen logistics cost reduction efforts
Human capital	Unchanged	Succession for management teams of the Group	▸ Identified successor candidates and provided career counseling, and expanded the pool of future leaders through Group-wide talent reviews ▸ Incorporated quantifiable metrics for talent development and organizational contribution into annual target setting, and established leadership training programs and talent pipelines for young employees ▸ Enhanced management structures within the HR function and strengthened overall organizational operations
Exchange rate fluctuations	Higher	Exchange rate fluctuations stemming from global political instability	▸ Enhanced timing controls to secure material supplies under favorable exchange-rate conditions ▸ Strengthened coordination of pricing information between the finance and marketing teams ▸ Facilitated selling price adjustments through cost monitoring ▸ Reinforced prompt collection of accounts receivable to mitigate risks

Appropriate Risk Management for an Asset Assembler: Three Years of Progress

Yuri Inoue
Managing Executive Officer, GC

The Basic Policy on Internal Control System, revised in J anuary 2022, enters its third year of implementation in 2025. This revision marked a pivotal shift toward an autonomous and decentralized risk management model aligned with the Asset Assembler strategy, rather than centralized frameworks. Today, this policy is firmly embedded and functions as the cornerstone of risk management across the Group.

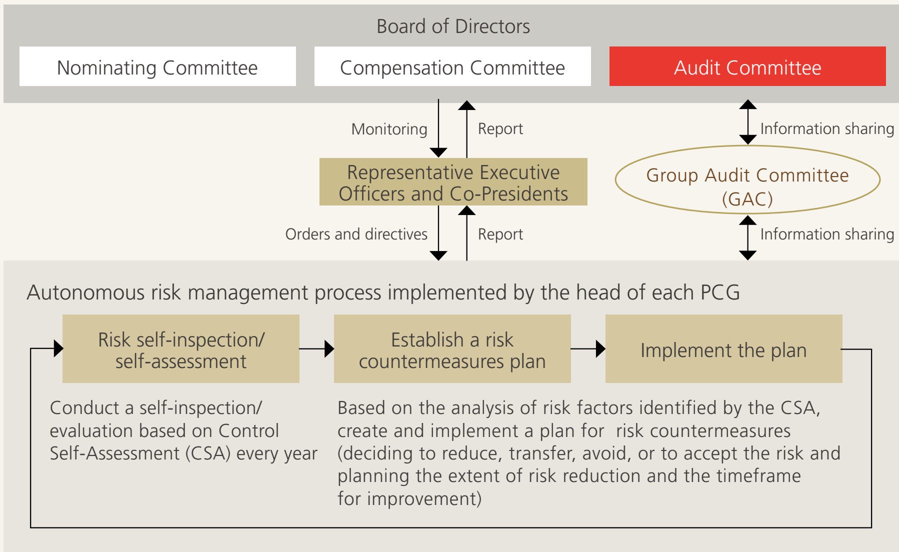
Within each PCG, risk management is driven by the CSA checklist, a self-assessment tool, used to identify potential risks and implement the full cycle of countermeasures, from planning to execution. This systematic approach has continuously strengthened risk awareness and improved the overall resilience of the Group's risk management framework.

Furthermore, cross-PCG understanding of risk has significantly deepened. By leveraging the strengths of decentralized autonomy, we have enhanced our ability to respond to emerging risks with a more comprehensive, Group-wide perspective.

The whistleblowing hotline is becoming firmly embedded in the organization, with reported cases rising from 62 in FY2022 to 105 in FY2024. This increase reflects not only the success of awareness initiatives but also a growing sense of responsibility among employees at each PCG regarding the importance of risk reporting. The steady rise in utilization underscores that the hotline is functioning as a trusted and reliable channel.

At GAC meetings, best practices in risk management are actively shared and analyzed, fostering greater consistency and efficiency across the Group. Looking ahead, we will continue to enhance our internal controls in line with the Asset Assembler model under the leadership of the Co-Presidents and further reinforce our risk management capabilities to support sustainable growth.

The Group risk management process



Whistleblowing Hotline

The Nippon Paint Group Global Code of Conduct and the Global Basic Policy of Whistleblowing Hotline stipulate confidentiality and prohibit unfair treatment of whistleblowers. Each PCG has autonomously established a whistleblowing hotline based on this policy. They have effectively communicated this system to their employees and are operating it appropriately.

The head of each PCG submits a whistleblowing hotline operations status report once every year to the Audit Committee and Board of Directors through the Audit Department and Co-Presidents.

In addition to these activities, Co-Presidents, in a prompt or timely manner, receive information about whistleblowing reports concerning serious violations of laws and regulations, scandals, violations of laws and regulations by the management teams of PCGs, other misconduct, or specific information about the possibility of this type of event. This reporting system enables Co-Presidents to quickly give orders for responding to these events as required.

In FY2024, internal investigations were conducted on a total of 105 whistleblowing cases across all Group companies. Depending on the nature of each case, the appropriate department within each PCG conducted investigations, analyses and responses, implementing measures to address issues and prevent recurrence. Additionally, during normal operations, efforts such as raising awareness of whistleblowing hotlines and providing compliance educations to employees are carried out to prevent misconduct and violations before they occur.

As employee awareness and understanding of the whistleblowing hotline continues to deepen, the number of reports has shown an upward trend. In response, each PCG has been focusing on developing a more efficient process for operating the hotline to ensure appropriate responses can be made with limited resources. Following deliberation by the Board of Directors, this topic was discussed as one of the agenda items at the GAC meetings. Through these collaborative efforts, the whistleblowing officers of each PCG, the Audit Department, Co-Presidents, the Audit Committee, and the Board of Directors work together to operate and oversee the whistleblowing hotline, striving to enhance its effectiveness.

Whistleblowing reports received in FY2024	Number of reports
Working environment (industrial accidents, harassment, discrimination, etc.)	31
Loss of assets/Leakage of information (conflict of interest, embezzlement, illegal use of data, etc.)	46
Accounting fraud	2
Violations of laws and regulations (anti-trust law violations, insider trading, bribery, business laws violations, etc.)	9
Other	17
Total	105

For past records, please refer to our "Whistleblowing reports" on our website.

GAC for Upgrading Internal Audit and Enhancing Risk Management

Toru Watanabe
General Manager
Audit Department

"Audit on Audit" is a vital element of our Asset Assembler model, and successful "Audit on Audit" relies on good internal audits at respective PCGs. We started the GAC in 2020 to support effective internal audits at respective PCGs. It is held twice a year with all the colleagues from PCGs around the world who are responsible for internal audits, and it has been used as a forum for exchanging related information.

In GAC meetings, best practices for audits, for example the process for creating audit plans and the approaches for following up identified issues, are shared with an aim of upgrading the internal audit in the whole group. Annual audit plans from respective PCGs are presented among the participants, which can be useful in raising the level of risk recognition in the Group.

The GAC also provides opportunities for more sophisticated risk management in the Group. Outside the scope of internal audit, emerging risks and challenges in the Group are delivered in the meetings, along with the responses and solutions by the front-runners in the Group. In the recent GAC meetings, we discussed ESG disclosure requirements and related method for gathering data, cybersecurity risks, and BCPs and insurance against natural disasters. The whistleblowing system is also an annual topic in the GAC meetings.

The GAC will continue to be a useful tool for effective "Audit on Audit" and Risk Management, which provides ground and support for seeking more MSV.

Analysis and Assessment of the Effectiveness of the Board of Directors

P Plan — Issues that required stronger initiatives in FY2024

1. **Enrichment of discussion on growth strategy**
   Increase opportunities for and enrich the discussions on medium to long-term management strategies, to further contribute to MSV
2. **Improvement of the operational efficiency of Board meetings**
   Dedicate further efforts to improve Board operation, to facilitate more sophisticated discussions
3. **Thorough engagement in succession planning**
   Review and draw up plans to identify and develop talents for the future management team
4. **Further fine-tuning of the "Audit on Audit" framework**
   Modify the audit framework of the pure holding company to better suit our Asset Assembler model

D Do — Main initiatives in FY2024

1. To enable comprehensive discussions on growth strategies—one of the key focus areas of the Board of Directors—we developed an annual schedule of brainstorming sessions at the beginning of the fiscal year, ensuring sufficient opportunities for meaningful dialogue. Furthermore, we leveraged platforms such as the Meeting of the Independent Directors to promote effective communication among Directors, thereby enhancing the quality of discussions.
2. We created and disseminated the annual Board of Directors meeting schedule well in advance while minimizing regular agenda items. In January 2024, we established the Board of Directors Operations Guidelines to ensure the timely submission of materials by the executive team, fostering an environment where Directors can focus more effectively on discussions.
3. Through reports from the Co-Presidents on the status and evaluation of human capital within the Group, the Board gained a comprehensive understanding of the updated situation and maintained consistent communication with key executives. Additionally, we appointed a new Independent Director bringing extensive global corporate management experience and expertise in the chemical and paint industries, along with expertise in M&A and other strategic initiatives.
4. To establish an "Audit on Audit" framework suited to the Company's role as a pure holding company in the Asset Assembler model, the Board engaged in in-depth discussions on the optimal approach to audits in its capacity as a monitoring board.

A Action — Issues that require stronger initiatives in FY2025

1. **Enrichment of discussion on growth strategy**
   Further increase opportunities for and enrich the discussion on future strategy in order to facilitate the executive team's realization of the growth strategy.
2. **Thorough engagement in succession planning**
   To establish a more sustainable management foundation, review and draw up plans to identify and develop talents.
3. **Further upgrading of the "Audit on Audit" framework**
   fine-tune the audit framework to better suit our Asset Assembler model.

For the analysis and evaluation of the effectiveness of the Board of Directors prior to FY2024, please refer to the "Effectiveness evaluation (for previous years)" section on our website.

C Check — Guidelines for conducting FY2024 evaluation

Evaluation subjects

All Directors for FY2024: 9 persons
Managing Executive Officer, General Council (GC): 1 person

Methodology

The evaluation was conducted in the form of a "questionnaire" under the leadership of the Board Chair and the Chairperson of the Nominating Committee. The results of the questionnaire served as the basis for discussions at the Board of Directors to evaluate the effectiveness of the Board. Evaluations by third-party institutions will be considered in the future as needed.

Questionnaire items

The questionnaire covered topics such as the composition of the Board, preparation and operations of meetings, quality of deliberations, contributions by Directors, monitoring of execution, and the composition and operations of each committee.

Evaluation process

Step 1: Distribute the questionnaires to Directors and the Executive Officer
Step 2: Compile and analyze the questionnaire results
Step 3: Conduct the effectiveness evaluation during the Board of Directors meeting

Overview of FY2024 evaluation results

The Board of Directors has concluded that the Board was generally effective in FY2024.

Summary of evaluation

- The questionnaire results indicate progress in addressing previously identified issues, such as those related to the Board's operations, resulting in an overall positive evaluation of its effectiveness.
- The Board is working to enhance both the quality and quantity of growth strategy discussions, with the goal of further deepening strategic deliberations aligned with the Asset Assembler model.
- The Board's operations have become more efficient through the adoption of annually organized agenda and strict adherence to the operations guidelines.
- Regarding succession planning, the Board continues to explore the optimal balance between execution and monitoring required to realize the next stage of growth strategies. We remain committed to establishing a sustainable management structure.
- The Board has engaged in repeated discussions to further refine the "Audit on Audit" framework, fostering a shared understanding among Directors and driving the establishment of an audit system aligned with the Asset Assembler model.

Discussions by the Board of Directors

Theme

Strategic Implications of AOC Acquisition

In October 2024, we announced the acquisition of AOC, a U.S.-based global specialty formulator, and successfully closed the transaction in March 2025. While AOC operates outside our core paint and coatings business, the acquisition aligns fully with our Asset Assembler model and reflects our future vision.

This section outlines key remarks from our Directors regarding this milestone transaction.

Overview of the Transaction

(Excerpted from the AOC acquisition presentation material released on October 28, 2024)

Overview of AOC	‣ A leading formulator of CASE (Coatings, Adhesives, Sealants, and Elastomers), colorants & composite solutions, formulating, producing, and selling Unsaturated Polyester (UP) and Vinyl Ester (VE) ‣ 2023A Net sales: USD 1,496M (JPY 216,907M), EBITDA: USD 528M (JPY 76,571M), EBITDA margin: 35.3%
Acquisition price and schedule	‣ Acquisition price (Equity value basis*1/Enterprise value basis) - USD 2,304M/4,350M (JPY 334,080M/630,750M) ‣ EV/EBITDA multiple*2: c.8.2x
Financial impact	‣ EPS for the first year is expected to increase by +15-17 yen*3 on an annualized basis ‣ Fully financed through existing cash and new debt facilities. No plans for equity financing ‣ Based on 2024 pro forma, net debt/EBITDA: c.3.5x; net D/E ratio after this acquisition: c.0.7x

Note:USD/JPY=145.0 for AOC figures

*1 Equity value is calculated based on the latest balance sheet. The actual purchase price will be determined after adjustment of some items at the completion of this transaction based on agreement with the seller

*2 2023A EBITDA on IFRS basis

*3 Closing is scheduled for 1H 2025 thereby contribution in year 1 will be pro rated depending on the timing of closing. Post-acquisition EPS in this document is based on a pro forma estimate, assuming a full-year contribution for FY2024 with a preliminary estimate of interest cost, forex and PPA/ITA amortization included

Q1. How do you evaluate the risks of acquiring a business outside the paint and coatings sector?

A Although AOC operates beyond our traditional paint and coatings domain, we do not consider the associated risks to be material. The company brings a strong track record, robust cash-flow generation, attractive market fundamentals, and a high-caliber management team. While our distribution channels differ, AOC and our Group share a common foundation in resin-based technologies, making AOC's business model relatively familiar to us. Notably, both businesses benefit from high profitability and strong cash-flow supported by low capital expenditure requirements, a result of factory operations centered around reactor-based processes similar to those used in paint manufacturing. As such, AOC represents a business adjacent to, rather than entirely outside of, our operational expertise, a feature of which gives us additional confidence to the business risk profile.

Q2. AOC's profitability has improved significantly over the past three years. Do you believe this level of performance is sustainable following the acquisition?

A AOC operates in a market with high barriers to entry, which supports its ability to maintain strong profitability. Its customer base further reinforces this, enabling stable, long-term performance. At the core of AOC's success is a disciplined, system-driven approach rooted in principles akin to the Toyota Production System. This holistic business model integrates a structured set of practices and procedures designed to deliver consistent and repeatable performance improvements. AOC systematically applies this framework across key operational areas, including new product development, lean manufacturing, procurement, and commercial excellence, through a cross-functional lens. This ongoing focus on value creation supports the sustainability of its profitability. Additionally, approximately 70% of AOC's products are customized formulations, enabling the company to meet specific customer needs and differentiate itself by delivering high-performance solutions. Looking ahead, we see further upside in profitability through volume recovery and a greater share of custom formulations in the U.S., alongside the expansion of AOC's business system into Europe.

Q3. In light of heightened uncertainty in the current environment, including geopolitical factors, do you have any reservations about proceeding with this acquisition at this time?

A We view the geopolitical risk associated with this acquisition as relatively limited, particularly given that AOC's core business centers on resin production and involves a modest-sized workforce. As such, its direct exposure to geopolitical dynamics is minimal. While the upcoming U.S. presidential election does contribute to broader market uncertainty, we also see this as a window of opportunity for M&A activity. AOC is currently owned by a private equity fund expected to seek an exit in the near term, and we believe that our ability to offer long-term stability and certainty as part of the Nippon Paint Group strengthens our position as an attractive buyer. Although this marks our first major acquisition outside the paint and coatings sector, we are confident that the associated risks are well within our capacity to manage.

Q4. Is there a risk that AOC's current CEO may step down? If the CEO or other key executives were to leave, would AOC still be able to maintain its competitive edge?

A To assess this risk, our Chairperson and both Co-Presidents held in-person meetings with AOC's management team, in addition to conducting multiple online interviews. These discussions reaffirmed the CEO's strong commitment, as well as that of his leadership team, to drive its continued growth post-acquisition. Moreover, we observed a high degree of alignment between AOC's management and our MSV mission and broader management philosophy. Based on this alignment and the mutual enthusiasm for future collaboration, we view the likelihood of key leadership departures as relatively low. Furthermore, AOC's business system is deeply embedded across the organization. As a result, even if certain key members of the management team were to depart, we are confident that AOC would retain its ability to deliver strong, sustained profitability.

Q5. How do you expect the stock market to respond to the significant changes in our revenue structure and the reduced dependence on China resulting from the AOC acquisition?

A With the consolidation of AOC, our 2024 operating profit, on a simple aggregate basis, is projected to comprise approximately 25% from AOC and 25% from NIPSEA Except China, while the contribution from NIPSEA China is expected to decline from 32% to 24%. The addition of AOC as a new growth pillar is anticipated to drive improvements in consolidated margins, cash-flow generation, and other key financial metrics. This transaction is expected to enhance consolidated profitability and deliver meaningful EPS compounding from the first year, while naturally lowering our earnings dependence on China. Given that a "China discount" is currently reflected in some degree by the stock market, we believe this diversification will be positively received by investors.
It is important to underscore that the acquisition of AOC was driven by its strategic fit with our Asset Assembler model, not by an intent to reduce exposure to China. The shift in profit composition is simply a result of this strategic alignment, not its primary aim, and we will communicate this point clearly to the stock market.

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

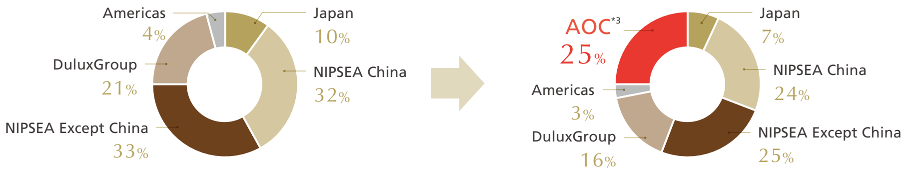
OP margin

11.5% → 13.7%

Operating cash flow

JPY167.4bn → JPY221.3bn

Operating profit breakdown*2



Note: The exchange rate used for AOC's figures is USD/JPY152.2
*1 FY2024 results are proforma, representative as if AOC operated as subsidiary for the whole of 2024
*2 Percentages to the total sum of segment profit
*3 PPA reflects our current assumptions but excludes one-off costs such as inventory step-up. M&A expenses related to the AOC acquisition are excluded. To align with our post-acquisition profit and loss profile, expenses such as payments to India businesses in EMEA and affiliated companies of former shareholders are also excluded

Governance Discussions

Development of Nippon Paint's Governance as a pillar of the Asset Assembler Strategy

How is our governance evolving in our unwavering commitment to MSV?
— In this dialogue, Masahiko Yamaguchi, CEO and CIO of global investment management firm MY.Alpha Management HK Advisors, Ltd.—who has been a long-standing observer of our progress as an investor—and Masayoshi Nakamura, Lead Independent Director and Board Chair of Nippon Paint Holdings, engage in a discussion on our M&A strategy and governance. They also share their insights on the future direction of our governance as we continue to advance as an Asset Assembler.

Masahiko Yamaguchi

CEO and CIO of MY.Alpha Management HK Advisors, Ltd.

Mr. Yamaguchi developed his career at leading global investment firms, including Morgan Stanley and Citadel Investment Group. At York Capital Management, serving as Head of the Asia Division, he significantly expanded the firm's assets under management. In 2021, he founded MY.Alpha Management as a spin-off from York.
He is now recognized for his outstanding investment track record, employing flexible investment strategies that focus on value creation and capitalization on market anomalies by management throughout the Asian markets. MY.Aplha's AUM as of the 1st quarter 2025 was over USD 2.2 billion.

Masahiko Yamaguchi
CEO and CIO of MY.Alpha Management HK Advisors, Ltd.

Masayoshi Nakamura
Lead Independent Director and Board Chair

Executive Summary

1 Our acquisition of AOC represents a significant step forward in advancing our Asset Assembler model in pursuit of MSV.

2 The Board's primary focus is on how to increase our risk tolerance when evaluating further acquisition opportunities.

3 For the execution of EPS-accretive M&A, equity financing from the capital markets—which may result in dilution of the majority shareholder's stake—remains a viable option.

4 The Board is committed to further enhancing governance to better serve the interests of minority shareholders, including improvements in the Board composition, succession planning, and executive compensation.

What first sparked your interest?

Nakamura To kick things off, what was it that first sparked your interest in Nippon Paint Group?

Yamaguchi I had considered Nippon Paint one of the most attractive companies in Japan and had been closely following its developments even before 2015, when Wuthelam Group's stake rose to around 39% as a result of the consolidation of Nippon Paint's Asian joint venture with Wuthelam Group. Then, in early 2021, when Nippon Paint fully integrated the Asian joint venture and acquired the Indonesia business, Wuthelam's stake rose to 58.7%. This led to a notable EPS growth and further strengthened my positive view of the company. Around the same time, I also noticed meaningful reinforcement in the company's governance structure, which underscored the company's strong commitment to enhancing shareholder value and gave me greater confidence as an investor. What is attractive about Nippon Paint includes its continued margin improvement in the domestic market, as well as its strong and rising share in Asia's fast-growing markets. In particular, Nippon Paint's recent achievements in both organic growth and M&A-driven step-change growth make it a highly compelling investment opportunity.

The AOC acquisition and the Board's evolving approach to risk tolerance

Nakamura I'm glad to hear you've been following our Group for many years. Speaking of recent developments, I'd like to touch on our acquisition of AOC. This was a significant step for our Board of Directors and a clear demonstration of our Asset Assembler model for the next phase of our growth. I'm curious, did this acquisition impact your perception of Nippon Paint Group in any way?

Yamaguchi What stood out to me about the AOC acquisition is that it represents an expansion of Nippon Paint's business slightly beyond its traditional scope as a paint company. That said, I see it as a move that could gradually redefine the Group's overall profile. I remember that around 2022, Nippon Paint introduced the Asset Assembler model, and I am watching with keen interest, as this deal seems to be the first step toward realizing that vision. Expanding into businesses beyond paint and coatings is a strategic move, but to avoid the so-called "conglomerate discount," it will be important for AOC to contribute steadily to EPS growth. A common issue among Japanese companies is that, when they diversify into too many businesses, it becomes unclear what the company's core focus is, making analysis more difficult and potentially leading to lower valuations.
I believe that EPS growth contributed by the AOC acquisition will help avoid such pitfalls and enable effective portfolio management. AOC's business segment is somewhat adjacent to your core operations, so it fits well within the portfolio and helps maintain strategic coherence. What's more, AOC has strong cash-flow generation capabilities, and the business appears to have been streamlined through previous ownership transitions. That likely enabled the company to be acquired as an efficient and lean entity. It is my hope that this development will enhance recognition of Nippon Paint's robust cash-flow profile, potentially resulting in improved valuation multiples.

In corporate acquisitions, securing a high-quality asset at a relatively low valuation multiple often demands a far greater level of decisiveness than acquiring financial products with high liquidity. Opportunities like this typically arise only during economic downturns or when a company is temporarily undervalued by the market. From a long-term perspective in the economic cycle, what are the views on corporate acquisitions of Mr. Goh, the Representative of Wuthelam Group, the majority shareholder of Nippon Paint, as well as those of the Board of Directors and the Independent Directors?

Nakamura The business environment today is far more volatile than in the past, with sharper swings in both directions. Against this backdrop, the Board has placed greater emphasis on two key priorities: heightening risk awareness and raising risk tolerance, especially when evaluating acquisition opportunities. What's essential is whether the executive team can challenge the limits of their capabilities. As the Board, our role is to help them realize that they often have more untapped potential than they think, even when they feel stretched. We aim to encourage prudent risk-taking by fostering that confidence. At the same time, it's equally important to ensure we have robust risk management systems in place for our existing businesses. Our basic policy is to build a self-sustaining management structure for each asset, including autonomous internal audits. When issues do arise, partner companies are encouraged to seek inputs from the Co-Presidents, and if needed, bring matters to the Board for further guidance and support. We continue to evolve and strengthen this system so that, with the right framework in place, the executive team can operate with greater assurance and agility. This should ultimately encourage them to pursue strategic growth opportunities, including acquisitions like AOC.

Pursuing MSV through targeted acquisitions

Yamaguchi From an investor's perspective, what gives me the greatest confidence is seeing a strong governance framework combined with M&A activities that clearly aim to maximize shareholder value, not simply serve as a vehicle for Mr. Goh's interests. The more I am convinced of this combination, the more inclined I am to take a favorable long-term view of the Company. That said, one area I think could unlock further value is market liquidity. Despite a sizable market capitalization, around 2.5 trillion yen, Nippon Paint's stock still seems somewhat lacking in liquidity. Higher liquidity could be a key factor in unlocking higher valuation.

Nakamura Wuthelam Group has consistently held the view that it would not oppose a dilution of its stake if Nippon Paint were to raise capital through a share issuance, provided the funds are used for a large-scale M&A transaction that clearly contributes to maximizing shareholder value. Do you think this view has been sufficiently recognized and understood by the capital markets?

Yamaguchi It's hard to say whether that view has been fully communicated to the capital markets. That said, considering Nippon Paint's strong cash-flow generation and its current levels of net debt and EBITDA leverage, I don't see a need to raise capital through share issuance for deals on the scale of the AOC acquisition, nor would I wish to see such dilution. By the way, there's always the risk that certain acquisitions, especially those not immediately understood by the market, could lead to a temporary dip in valuation. But I also believe that the true value of such transactions will be fairly evaluated over time. Even when a premium acceptable for the seller is paid for a business temporarily devalued for some reason, as long as there are meaningful synergies to be realized, the deal will eventually be fairly evaluated by the capital markets over time.

Nakamura I understand your point. In fact, for many of our past M&A transactions, we've set acquisition prices based on the expectation that the deal would be EPS-accretive from the very first year, even without counting in potential synergies. We've never regarded synergies as the primary rationale for an acquisition; instead, we view them as additional upside that may materialize over time. I believe that excluding synergies from our valuation reflects a conservative and sound approach.

What you are suggesting is that acquisitions that price in anticipated synergies may lead to a temporary drop in share price, but that over the medium to long term, investors may come to appreciate the value of taking on such risk?

Yamaguchi Exactly. As a shareholder of Nippon Paint, I would actually be inclined to increase my holdings when major announcements, such as a significant M&A deal, are made. That's because if the acquisition has the potential to fundamentally transform the Company and ultimately succeed, I believe a re-rating of the valuation is inevitable. Of course, there may be some short-term pressure on the share price. But after six months to a year, once the synergies become more tangible, I think the market could start to view the transaction as a clear value-creator, something along the lines of "1+1=3 or more." That said, there's always a risk of pushback from investors who don't share that long-term view. Striking the right balance is crucial, and clear and transparent communication about how the acquisition will enhance shareholder value is essential to gain investor trust.

Nakamura Up to now, during the pricing process we've deliberately focused on transactions that are EPS-accretive based on our own valuation multiples, without factoring in synergies. This has naturally led us to steer clear of deals with multiples higher than ours. As you mentioned, certain situations may call for actions beyond this disciplined approach.

Yamaguchi That's a valid point. Sticking too rigidly to a highly disciplined M&A approach may, in some cases, limit your ability to pursue transformative transactions, deals that could potentially double your market capitalization or require financing measures to improve share liquidity. Of course, pursuing major acquisitions during periods of economic expansion often means accepting very high valuation multiples. Ideally, opportunities should be captured when uncertainty around a target's business or market creates more favorable pricing conditions. At the same time, I think it's equally important to focus on raising Nippon Paint's own valuation multiples. Compared with other Japanese companies, Nippon Paint, with the majority shareholder in place, may have certain structural constraints, and it may be more difficult to pursue flexible strategies like share buybacks or aggressive dividend increases. It can also give investors an impression that Nippon Paint has limited options in the market combined with the low liquidity. Given such conditions, I find the idea quite compelling to use large-scale M&A as a strategic lever to both expand the business and improve market liquidity.

Nakamura We share that perspective and hope to see more M&A transactions of this nature take shape. The AOC acquisition marked a meaningful step forward, not just for the executive team, but also for the Board. As we begin to explore even larger opportunities going forward, there may be more room to factor in potential future synergies, particularly as part of our continued commitment to maximizing shareholder value.

Key attributes expected of Independent Directors

Nakamura As a company with a Three-Committee structure, Independent Directors make up two-thirds of our Board, six out of nine members. They also form the majority on both the Nominating and Compensation Committees, while the Audit Committee is composed entirely of Independent Directors. In that sense, Independent Directors play a central role in how our Board functions and governs the company. I'd be interested to hear your thoughts, do you have any particular perspectives or observations regarding our Board structure?

Yamaguchi Bringing in new Board members with backgrounds in investment funds or capital markets could go a long way in reinforcing the perception that the Company is attuned to the interests of minority shareholders. It would signal to investors that "this Board understands the voice of the market," and that, I believe, would strengthen confidence in the Board's oversight. On a related note, succession planning has been gaining more attention across Japanese companies lately. I'm curious, how is Nippon Paint approaching this increasingly important area?

Nakamura We don't follow a formal succession plan built around a template program for leadership development or selection.

Instead, successors tend to emerge from within the organization for each role. We also have opportunities to collaborate with

external executives through various projects, and from time to time, we come across individuals who leave a strong impression. Mr. Yamaguchi, how important is succession planning when evaluating potential investment opportunities?

Yamaguchi I believe that offering some visibility into potential future leaders, at the right time, can reassure the capital markets and helps position the Company in a more favorable light.

Nakamura In addition to succession planning, I believe executive compensation is another area that draws attention from investors. In recent years, I've noticed growing interest in how compensation structures are designed, whether they are formula-based, how they balance fixed pay with short- and long-term incentives, and what portion is stock-based. For our Co-Presidents, we begin by determining the total annual compensation and then decide the split between cash and stock-based components. That said, since 2022, we've concluded that including stock in their compensation doesn't necessarily enhance motivation. As a result, we've opted to set their total compensation at a slightly lower level than peer benchmarks and deliver it entirely in cash.

Yamaguchi In my view, stock-based executive compensation sends a clear and reassuring signal to the capital markets. By contrast, if compensation is paid solely in cash, it may give the market an impression that the company is not sufficiently attentive to its stock price, which could be less convincing. Ensuring strong alignment between management and shareholders is essential. One approach I find effective is to allocate around 10% of total compensation to short-term stock options with a one-year vesting period. This directly links annual compensation to share-price performance, making it clear that increases in shareholder value are tied to executive rewards. If cash compensation levels are maintained while incentives are enhanced through options, I believe investors would be more supportive. It would also allow the Board to send a clear message to management that they are expected to drive initiatives that contribute to share-price growth on a yearly basis.

Nakamura Regarding alignment with shareholders, although our current compensation framework doesn't include stock, both Co-Presidents have been purchasing the Company's shares personally. Of course, opinions may vary on which approach is more effective. If I understand you correctly, you're suggesting that introducing stock-based compensation equivalent to around 10% of the current total package would only modestly increase overall cost, but could significantly strengthen alignment with shareholders, and likely be well received by the market. We will continue to give thoughtful consideration to the potential introduction of stock-based components.

Key takeaways from the dialogue

Nakamura Hearing your insights has given me a deeper understanding of the long-term perspective that investors like yourself bring to our Company. I also truly appreciate the confidence you've expressed in our Asset Assembler model and its role in driving MSV. This discussion has been both meaningful and thought-provoking. We remain committed to continuously evolving our governance framework to enhance our risk tolerance and better meet investor expectations.

Thank you very much for your time and valuable input today.

Review of Our Previous Medium-Term Plans

For more information on the corporate actions implemented under our previous medium-term plans, please refer to the "Development of Business Model and Evolution of Growth Strategy" section on our website.

2009–2014 Survival Challenge Program I & II (Released in May 2009)

Reform cost structure in Japan

Basic strategy
- Reform the cost structure/expand sales and profit of existing businesses/create new markets
- Reinforce sustainable growth and the profitable business structure in Asia/reinforce the earnings base in North America

Outcomes
- Significantly improved profitability and achieved targets through rigorous cost saving primarily in Japan

Challenges
- Drastically reduced costs including spending on long-term investment as part of emergency measures to respond to the global financial crisis, which is the cause of the current aging facilities and workforce
- Growth in China and other Asian countries achieved through the Asian JVs, which were consolidated in 2014

2015–2017 Survival Challenge Program III (Released in May 2015)

Capture demand in the high-growth Asian markets

Basic strategy
- Establish a foundation to achieve a "dominant" position in China, our most critical market
- Significantly transform our business structure to Asia-driven business expansion, thereby increasing the proportion of decorative paints characterized by high growth potential and profitability

Outcomes
- Restructured the Japanese businesses and Implemented company splits based on lines of business, and transitioned to a holding company structure
- Achieved significant earnings growth through consolidation of the Asian JVs

Challenges
- Underachieved the plan due to the yen's appreciation, as well as a rise in raw materials caused by environmental regulations in China
- Profit capture through full integration of the Asian JVs

2018–2020 N-20 (Released in May 2018)

Establish a solid regional and business portfolio

Basic strategy
- Strengthen the businesses in existing segments
- Accelerate expansion of our portfolio
- Improve earnings capacity
- Enhance the structure of "Global One Team"

Outcomes

Steadily reinforced the organizational base for sustained growth
- Expanded business in Oceania and Türkiye through M&A (DuluxGroup and Betek Boya)
- The full integration of the Asian JVs and the Indonesia business announced

Challenges

Improvement of sustainability and profitability over the medium to long term
- Operating profit margin reached 13.8% in 2018, but fell below the target in 2019 due to impairment losses and in 2020 due to the pandemic and other factors
- Achieve sales growth and profitability improvement that outpace competitors in the growing paint market
- Create business opportunities through ESG initiatives and work on net zero GHG emissions
- Utilize DX (Digital Transformation) and recruit competent talents to respond to aging facilities and workforce in Japan

2021–2023 Medium-Term Plan (FY2021–2023) (Released in March 2021)

Relentlessly pursuing growth based on Asset Assembler model

Targets and results

Strategy by Asset
- Further reinforcing our global growth foundation while proactively addressing new challenges

Finance Strategy
- Leveraging our robust cash flow generation capability, we aim to reinforce our financial base and secure funds for growth initiatives, such as M&A and business investments

M&A Strategy
- Leveraging the paint market's growth potential and the stability of cash generation, actively considering the inclusion of new partner companies

Sustainability Strategy
- Expanding business opportunities through ESG initiatives towards sustainable growth

Targets and results

		2023 guidance (Released in March 2021)	2023 results
Revenue	Original guidance		¥1,400.0 bn
	Year-end results	¥1,100.0 bn	¥1,442.6 bn
	Overachievement rate		+3%
Operating profit	Original guidance		¥140.0 bn
	Year-end results	¥140.0 bn	¥168.7 bn
	Overachievement rate		+21%
EPS	Original guidance		¥41.73
	Year-end results	¥45.00	¥50.45
	Overachievement rate		+21%

Outcomes

Succeeded in sustainable EPS compounding as Asset Assembler
- Achieved both organic and inorganic growth through our Asset Assembler model
- Despite drastic changes in the business environment beyond our original assumptions, we maintained profitability through agile responses. With a business model and earnings capacity that are mostly unaffected by market conditions for each asset, we largely met our original guidance over the three-year period
- Acquiring high-quality assets with a low PER allows for EPS accretion from Year 1

Challenges

Enhancing expectations from capital markets while improving profitability of Japan Group
- In pursuit of maximizing PER, we strive to elevate capital market expectations regarding sustainable EPS accretion
- While the groundwork for improving the profitability of Japan Group is taking shape, a foundation for profitability improvement of Japan Group is being established, we are only halfway to reaching the levels achieved in 2017–2018

Stock-Price Conscious Management P25

Corporate Information

(as of December 31, 2024)

Corporate profile

Trade name	Nippon Paint Holdings Co., Ltd.
Head Office	Tokyo Head Office 5th Floor, Shinagawa Season Terrace, 1-2-70 Konan, Minato-ku, Tokyo, Japan Osaka Head Office 2-1-2 Oyodo Kita, Kita-ku, Osaka-shi, Osaka, Japan
Founded	March 14, 1881
Capital	671,432 million yen
Number of employees	38,562 (consolidated)
Fiscal year	January 1 to December 31

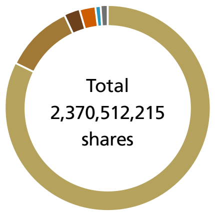
Stock information

Total number of authorized shares	5,000,000,000
Total number of issued shares	2,370,512,215
Number of shareholders	17,935

Distribution by type of shareholders

(shareholding ratio)

- Foreign investors 82.47%
- Financial institutions 10.60%
- Individual and other investors 2.73%
- Other Japanese corporations 2.49%
- Financial instruments business operators 0.79%
- Treasury stock 0.92%



* Shareholding ratios are rounded to two decimal places

For more information, please refer to the "Stock Information" section on our website.

Major shareholders

Name	Number of shares	Shareholding ratio (%)
Nipsea International Limited	1,293,030,000	55.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	131,644,700	5.60
Fraser (HK) Limited	85,000,000	3.61
UBS AGLB SEG AC UNTRADABLE SHARES	84,899,400	3.61
BNYM AS AGT/CLTS NON TREATY JASDEC	65,248,885	2.77
Nippon Life Insurance Company	45,625,565	1.94
Custody Bank of Japan, Ltd. (Trust Account)	41,468,000	1.76
HSBC - FUND SERVICES CLIENTS A/C 500	24,277,900	1.03
GOLDMAN SACHS INTERNATIONAL	23,904,503	1.01
GOVERNMENT OF NORWAY	23,380,089	0.99

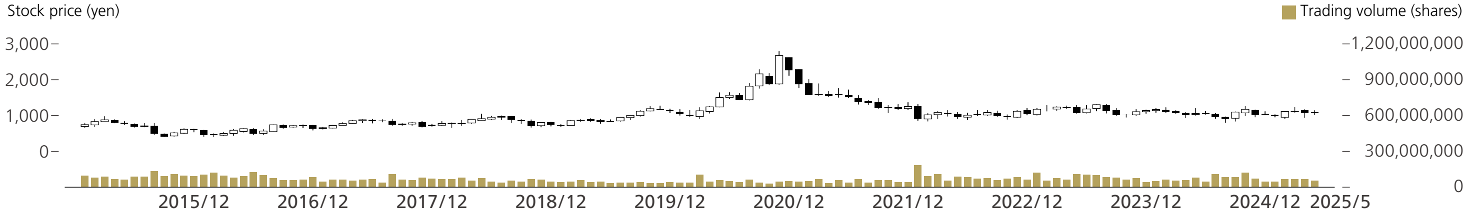
*1 The shareholding ratio is calculated exclusive of treasury stock (21,760,407 shares)
*2 Director Goh Hup Jin serves as the Director of Nipsea International Limited and holds 90.91% of the company's voting rights
*3 Fraser (HK) Limited is a subsidiary of W (BVI) Holdings Limited, a company in which Mr. Goh Hup Jin, a Director of NPHD, holds a majority of voting rights in his own account, and is therefore considered a related party of NPHD

Ratings information

Institution	Rating	Rating Outlook
R&I Rating	A	Stable

For trends in ratings, please refer to the "Bonds and Ratings" section on our website.

Stock price information



Stock price and volume chart

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Stock price at December 31 (yen)	637	713	752	1,128	2,266	1,254	1,039	1,140	1,140	1,023.5
Year-to-date high (yen)	745	904	1,046	1,270	2,796	2,292	1,314	1,313	1,313	1,258.5
Year-to-date low (yen)	402	619	668	687	906	1,078	843	953	953	807.8
Annual trading volume (shares)	1,066,649,000	774,400,000	701,485,000	493,972,000	604,362,500	601,920,600	1,040,218,600	979,697,000	979,697,000	870,911,200

* NPHD implemented a 5-for-1 stock split on April 1, 2021. The stock price and trading volume are calculated assuming that the stock split was carried out in January 2015

Basic & New
NIPPON PAINT HOLDINGS