



Basic & New

NIPPON PAINT HOLDINGS

# INTEGRATED REPORT 2026

Year Ended December 31, 2025



Confrontation

Our Commitment to MSV Journey

Editorial Policy for the Publication of Integrated Report 2026  
 —Reassessing the Appeal of the MSV Journey Through Dialogue with Investors—

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# Our Commitment to MSV Journey

In 2025, the second year following the launch of the **Medium-Term Strategy** ☉ in April 2024, our Group achieved profit growth exceeding the global market average, notwithstanding a persistently challenging operating environment. Both revenue and operating profit reached record highs, and earnings per share surpassed our initial guidance. These results offer further testament to the effectiveness of our **Asset Assembler model** ☉. At the same time, we do not believe that **our share price, as an expression of the capital markets' assessment** ☉, yet fully reflects the strength of our Group or the scope of its future potential. In our view, a gap remains between our MSV Journey and the market's expectations of it. Closing this gap is now a clear and pressing priority.

We accept this difficult reality with open eyes and candor. Market valuations are not determined by the level to which a company aspires; rather, they represent the capital markets' integrated assessment of the quality of earnings built over time, the repeatability of those results, and expectations for the future. For this reason, we do not lament the market's judgment itself. Instead, we confront directly the factors underlying this clear and persistent gap, and we continue to ask what must be done to close it.

**Maximization of Shareholder Value (MSV)** ☉, the sole mission of our Group, is not a slogan; it is the governing principle that informs every decision we make. We do not assess opportunities by the scale of a business or by how they may appear. Rather, we ask a single, overriding question: will this truly create shareholder value? This discipline is paramount, and it leaves no room for management ego.

By its nature, MSV cannot be realized overnight. What matters is that we fully unlock the potential of each partner company, steadily build earnings through both organic and

inorganic growth, and continue to demonstrate our ability to deliver through sustained performance. Our Asset Assembler model is the mechanism that makes this possible and the engine that propels our MSV Journey forward.

That said, the mere accumulation of a track record is not sufficient. The trust of the capital markets is earned through both consistent results and the candid, sincere dialogue that supports them. We will deliver steadily on the commitments we make to investors and continue to demonstrate those results through our track record. At the same time, we will deepen that dialogue by speaking with candor not only about what is going well, but also about the challenges and uncertainties we face.

The MSV Journey is not always a smooth one. Yet it is a deeply meaningful pursuit of the unlimited upside of shareholder value. For this reason, each step forward calls for steadfast management resolve. Without turning away from difficult realities, we will continue to build our track record and deepen our dialogue, thereby elevating the market's expectations and advancing steadily toward the realization of MSV.

We trust that this Integrated Report provides a clear and compelling account of that journey.

June 30, 2026

Director, Representative Executive Officer & Co-President

Director, Representative Executive Officer & Co-President





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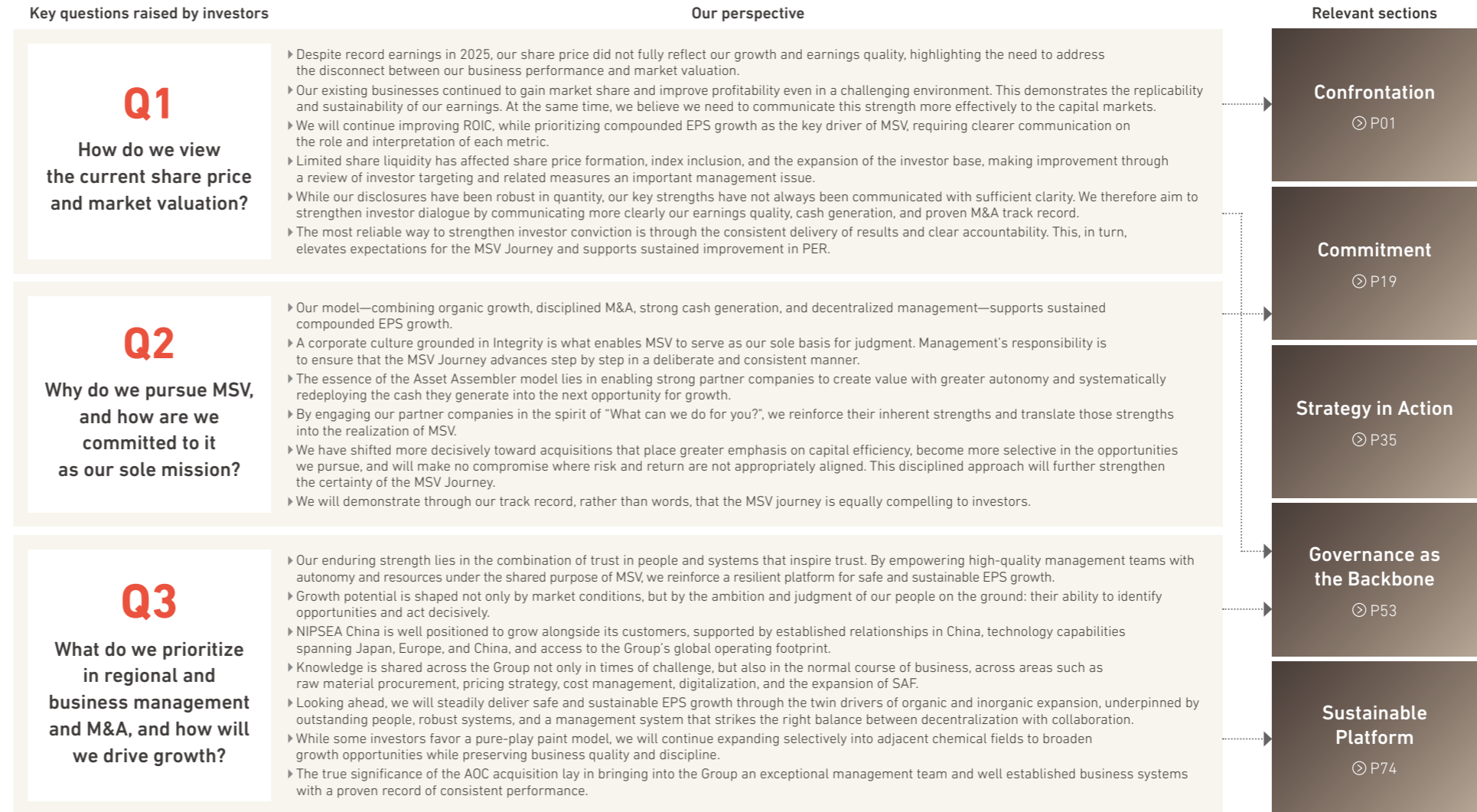
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# Editorial Policy for the Publication of Integrated Report 2026 —Reassessing the Appeal of the MSV Journey Through Dialogue with Investors—

For the 2026 edition of our Integrated Report, we planned, structured, and edited the content around the key questions most frequently raised by investors to present more clearly where the MSV Journey stands today and the key discussion points going forward. Throughout each section, we set out our perspective on these questions together with the initiatives we are undertaking to address them.





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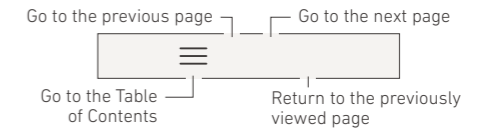
To help readers navigate between pages and access external websites with ease, this Integrated Report includes navigation features.

### Category tabs



Click a tab to jump to the first page of the relevant section

### Navigation buttons



### Link buttons

- 🔗 Go to the relevant page
- 🌐 Go to relevant pages on our website and other external sites

### Terminology

- ▶ CCM : Computerized Color Matching
- ▶ CC : Construction Chemicals
- ▶ c. : circa (approximately)
- ▶ ETICS: External Thermal Insulation Composite System
- ▶ PC : Partner company (NPHD's consolidated subsidiary)
- ▶ PCG : Nippon Paint Group companies grouped by region or business
- ▶ SAF : Sealants, Adhesives & Fillers
- ▶ TUC : B2C business in NIPSEA China's decorative segment—business to consumers, DIY business, sales via dealers/distributors and e-commerce to end consumers, etc.
- ▶ TUB : B2B business in NIPSEA China's decorative segment—transactions direct to Project customers and main contractors, etc.
- ▶ LSD : Low Single Digits
- ▶ MSD : Mid Single Digits
- ▶ HSD : High Single Digits
- ▶ DD : Double Digits (10% or more)
- ▶ LDD : Low Double Digits (Low Teens)
- ▶ Flat : ±0%



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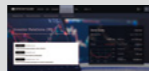
Our Integrated Report presents our management approach and strategy as an **Asset Assembler** with an emphasis on storytelling. Supplementary case studies and basic information that complement the Integrated Report are available on our website and in our Investor Book.

- 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 financial and non-financial data from previous years, please refer to the "Financial and ESG Data" section on our website.
- For index inclusion and external evaluations, please refer to the "External Evaluation" 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.

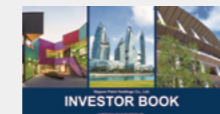


**Investor Relations (IR)**



**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

- ✓ **Case Studies: Maximizing EPS and PER Through Community Engagement and Human Resource Strategies**  
Explore examples of our community engagement and talent development activities across the globe, highlighting how these initiatives are contributing to our sustainable business growth.
- ✓ **Case Studies: Maximizing EPS and PER Through Climate Action Initiatives—DuluxGroup**  
Explore how DuluxGroup's climate action initiatives contribute to the Group's sustainable business growth.
- ✓ **Successful Deployment of Thermal Insulation Coating in India: Advancing Both Industrial Growth and Environmental Stewardship**  
Explore Nippon Paint India's efforts to enhance quality of life and promote a more sustainable society through the development of cutting-edge green products, as well as its participation in India's annual Green Building Congress.
- ✓ **DuluxGroup's B&D Helps Young People Build Brighter Future Across Australia**  
Explore how B&D, a DuluxGroup company manufacturing and marketing garage doors and automatic openers for residential and commercial applications, supports a brighter future for young people through strong advocacy and impactful community partnerships.

## Meet the people on the ground: voices and real stories

- ✓ **Real Voice from the Frontlines: Exploring the Cutting Edge of Innovation in FASTAR Antifouling Paint through Sales, Technical, and User Insights**  
Explore how FASTAR has successfully captured and addressed operational issues and needs on the ground, setting new benchmarks across the industry. Drawing on the authentic voices of a sales representative, technical engineers, and an experienced user, we offer a multifaceted look at how the insight, expertise, and dedication of professionals have fueled this innovation.
- ✓ **Creating the Future through Heritage and Innovation**  
**A "Red" Like No Other Forged Through 50+ Years of Co-Creation with Mazda**  
Discover the story behind the development of Soul Red Crystal Metallic, Mazda Motor Corporation's signature premium color, a co-creation that transcended corporate boundaries and broke through the conventional limits of automotive coatings to make a significant impact on the market.
- ✓ **Human Resource Development Initiatives Aimed at MSV: Feedback from J-LFG Award winners**  
Comments from 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.

## Learn more about Nippon Paint Group through our video content

**Management Policy and Business Overview (only available in Japanese)**



**Introduction to Nippon Paint Group's Philosophy and History**



### Check out other development stories.

- ✓ **Redefining Heat Control—THERMOEYE: The Heat-Reflective Coating That Challenged Market Norms**
- ✓ **Behind the Scenes: How Paint Technology Brings Kintetsu HINOTORI Limited Express to Life**
- ✓ **Behind the Scenes: The Making of Danziora—An Advanced Anti-Corrosion Coating to Protect Cultural Heritage for Future Generations**
- ✓ **Behind the Scenes: 30 Years as a Long-Seller—The Oil-Repellent Coating That Fights Grease Buildup on Kitchen Range Hoods**

Nippon Paint Group celebrated the 145th anniversary of its founding in 1881 on March 14, 2026.

- 145th Anniversary Special Site





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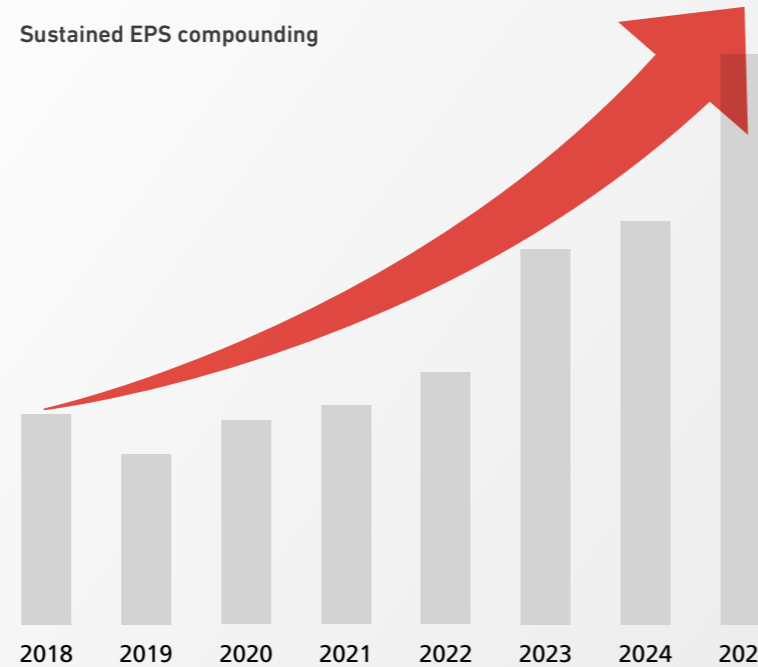
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# Why Invest in Nippon Paint?

## 1. Compounding — A replicable growth model that delivers compounded EPS growth —

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

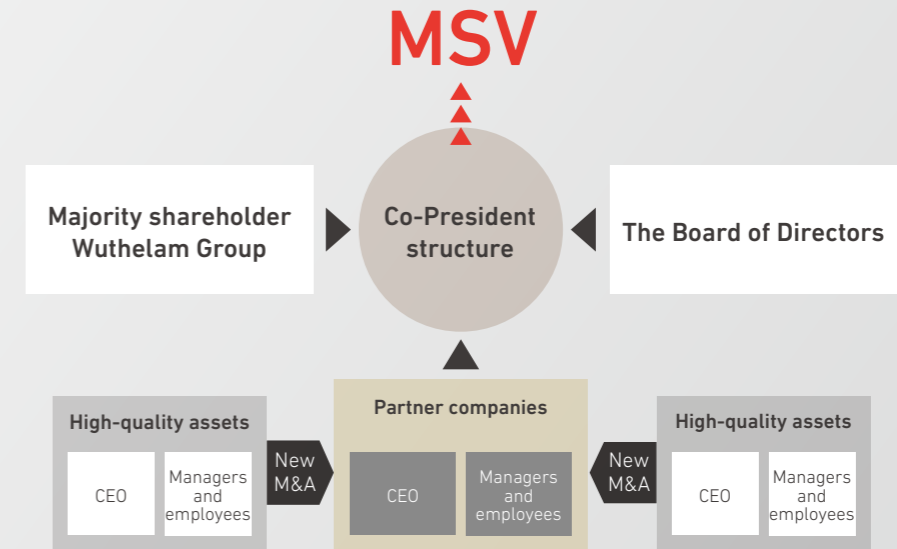
Sustained EPS compounding



## 2. Proven Leadership — An experienced management and execution team accelerating growth —

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

Management dedicated to the pursuit of MSV





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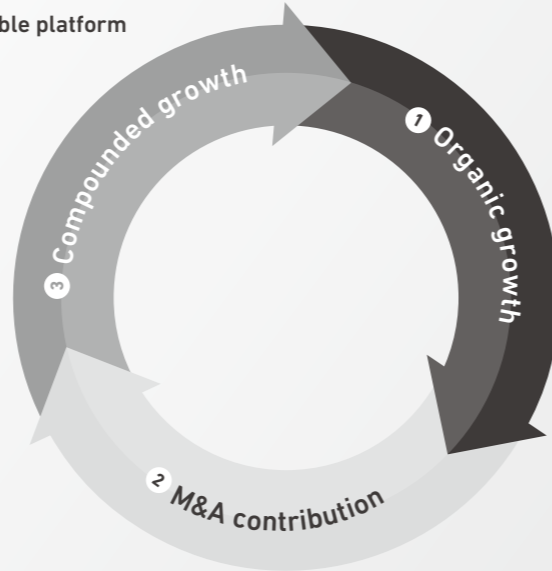
# Why Invest in Nippon Paint?

## 3. Platform

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

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

A highly replicable platform



# Investment appeal driven by operational excellence

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

## 1. Market share

# 14 countries

No.1 market share in decorative paints (global)

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

Performance Highlights P51

## 2. Brand

# 49%

Top-of-Mind rating (Betek Boya: Filli Boya)

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

Case Study 1: Türkiye Group Business Strategy P47

## 3. Distribution channel

# c. 270,000

Number of retail outlets (NIPSEA China)

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

Leadership Dialogue: NIPSEA China P43



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# Leadership Roundtable

## Advancing the MSV Journey: Management Priorities and the Path Forward

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

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



**Yuichiro Wakatsuki**  
Director, Representative  
Executive Officer & Co-President



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



**Masayoshi Nakamura**  
Lead Independent Director and  
Board Chair

### Executive Summary

- [Share price in 2025]** Despite record earnings in 2025, our share price did not fully reflect our growth and earnings quality, highlighting the need to address the disconnect between our business performance and market valuation.
- [Growth capability of existing businesses]** Our existing businesses continued to gain market share and improve profitability even in a challenging environment. This demonstrates the replicability and sustainability of our earnings. At the same time, we believe we need to communicate this strength more effectively to the capital markets.
- [Business model (Asset Assembler model vs. pure play)]** While some investors favor a pure-play paint model, we will continue expanding selectively into adjacent chemical fields to broaden growth opportunities while preserving business quality and discipline.
- [EPS Compounder]** Our model - combining organic growth, disciplined M&A, strong cash generation, and decentralized management - supports sustained compounded EPS growth.
- [Business model (growth rate vs. ROIC)]** We will continue improving ROIC, while prioritizing compounded EPS growth as the key driver of MSV, requiring clearer communication on the role and interpretation of each metric.
- [Share liquidity]** Limited liquidity has affected share-price formation, index inclusion, and investor base expansion, making further improvement an important priority.
- [IR disclosure/dialogue]** While our disclosures have been robust in quantity, our key strengths have not always been communicated with sufficient clarity. We therefore aim to strengthen investor dialogue by communicating more clearly our earnings quality, cash generation, and proven M&A track record.



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## Share price in 2025

**Nakamura** We delivered very strong results in 2025, with both revenue and operating profit reaching record highs. However, **our share price** ☺ did not perform as well as either the Nikkei Stock Average or the chemicals sector average. This shows that we still need to address the disconnect in how the equity market understands our business and growth potential.

**Wee** Even with weak global consumer sentiment, we achieved 10% growth in organic adjusted operating profit, improved margins, and increased market share in many regions through flexible management suited to local market conditions, including China. With the contribution from the AOC acquisition, consolidated adjusted operating profit rose 37% in 2025. We believe this clearly demonstrates the higher quality of our earnings.

**Wakatsuki** From early January to the end of December 2025, our share price rose 5%, underperforming both the Nikkei Stock Average at 28% and the chemicals sector average at 7%. Over the past three years or so, capital has increasingly concentrated in AI-related stocks. In this environment, investors have tended to focus their attention and capital on thematic sectors such as AI and semiconductors. Many investors perceive higher returns to be more readily achievable in these sectors than in the steady-growth paint and coatings industry.

## Growth capability of existing businesses

**Nakamura** Valuation has been a regular topic at Board discussions over the past several years, and I believe concerns about China risk continue to weigh in on our share price. This is despite **NIPSEA China** ☺ continuing to gain market share and increase profits, even through COVID-19 and the sharp rise in raw material costs. Operating profit

margin also improved to around 15% in 2025.

China's property market is clearly going through a difficult period. However, investors should not judge our China business only by daily news headlines. What is important is how NIPSEA China has responded to that environment and how the quality of its earnings has strengthened as a result.

**Wee** By "quality of earnings," I mean the consistent and replicable accumulation of profits generated through core business operations, rather than one-off gains. We have built this earnings base not simply by benefiting from market growth. We achieved it by expanding into new segments, launching higher-value-added products, and steadily increasing market share. As a result, the China business today is very different from what it was in 2010. This reflects management's ability to continue evolving ahead of the market, while also helping shape the market itself.

Our strength comes from both trust in people and the systems that support that trust. We give strong management teams the authority and resources they need, while growing together under the common objective of **Maximization of Shareholder Value (MSV)** ☺. This is what we mean by autonomous and decentralized management. It is not just a concept, but a management system built through long-term practice and proven results.

**Nakamura** Some investors have also questioned the sustainability of **AOC** ☺, which we acquired in 2025, because it was previously owned by private equity and its recent revenue growth has been below the prior-year level. However, the Board's view has not changed. We acquired AOC at an attractive valuation, brought in an excellent management team, and have seen it maintain high profitability over the past year. We believe this shows that its business system is functioning effectively.

**Wee** What attracted us to AOC was the strength of its management team and the track record it built over the more than five years before the acquisition. We were especially impressed by its ability to build a strong business system and execute it with discipline. What impressed us was that this is a highly replicable system that works in practice and consistently drives growth. It has also become an advanced model that is setting the performance standard in adjacent industry sectors. While the construction market remains weak in the near term, we expect AOC to deliver mid-single-digit revenue growth over the medium term, supported by infrastructure demand and continued progress in expanding its business system in Europe.

**Wakatsuki** While some investors remain concerned about slower growth in our existing businesses, more attention is now being placed on the performance of NIPSEA Except China in Asia. This is natural, as the segment now exceeds NIPSEA China in revenue growth, profit growth, and contribution to consolidated earnings.

**Wee** The opportunity for organic growth through geographic expansion remains significant, not only for NIPSEA Except China but across broader regions as well. We pursue this in two ways. One is expanding from existing countries into neighboring markets. We usually begin through exports, build sufficient sales volume, and then establish a local presence as our understanding of the market deepens. The other is expansion through bolt-on acquisitions. In both cases, the key is enabling strong local talent to capture more opportunities and accelerate growth. **The Türkiye Group** ☺ is a leading example of this approach in practice.



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Business model (Asset Assembler model vs. pure play)

**Nakamura** Another topic frequently discussed with investors is the strength of our business model. While our **Asset Assembler model** ⊕ has delivered an outstanding track record of EPS growth, some investors still prefer a pure-play paint and coatings company model.

**Wakatsuki** Part of the reason is that the strengths of the Asset Assembler model are not yet fully understood. More broadly, some investors may see it as becoming a conglomerate and therefore associate it with lower capital efficiency and profitability. In reality, our **M&A** ⊕ activities are strictly focused on chemical fields where we have deep knowledge and expertise, and we apply disciplined acquisition criteria. We target businesses with high asset efficiency, reflected in measures such as RNOA (Return on Net Operating Assets), as well as strong cash generation, while maintaining overall business quality.

**Wee** Our decision to expand into adjacent areas reflects a long-term perspective. If we continue to succeed in paint and coatings, opportunities for bolt-on M&A may eventually become more limited due to competition law constraints. We also expect market growth to moderate as the industry matures. Against this backdrop, our goal is to sustain growth and profitability by building new growth engines. In doing so, we will leverage the brands, distribution networks, innovation capabilities, and strong management teams we have built through our paint and coatings business.

EPS Compounder

**Nakamura** In 2025, the Board held a dialogue session with overseas investors. Their evaluation of our Company focused on three strengths: the strong competitive position of our

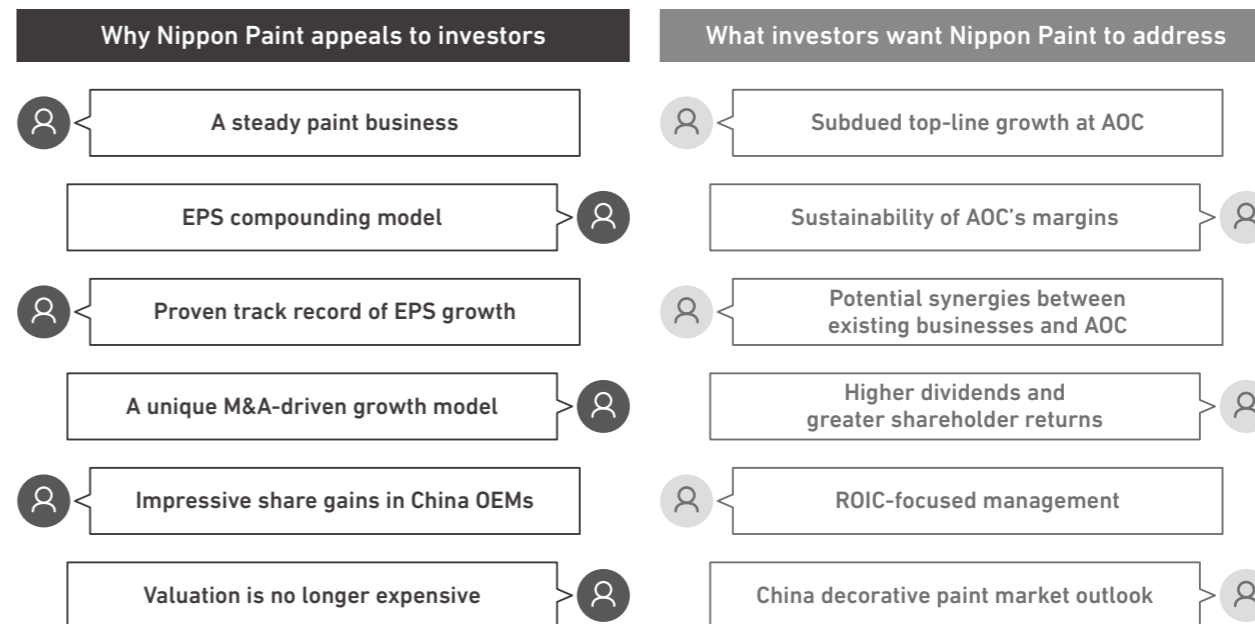
businesses, the quality of management teams across regions, and the Board’s discipline in capital allocation. In particular, they focused on companies that can deliver long-term compounded EPS growth through high-quality M&A, so-called “EPS Compounders.”

**Wakatsuki** In general, **EPS Compounders** ⊕ share several common characteristics: (1) two highly profitable growth drivers, organic and inorganic growth, (2) strong cash generation and the ability to reinvest at high returns, (3) an autonomous and decentralized business model, (4) the capability to source and execute acquisitions at attractive valuations, (5) exposure to a broad portfolio of

small and mid-sized private companies across multiple end markets, and (6) management teams with strong capital allocation discipline.

**Nakamura** In our Board discussions, we analyzed several EPS Compounders and found that many share an autonomous and decentralized organizational model. Customer relationships and day-to-day operational decisions are entrusted to subsidiary management, allowing acquired companies to maintain their entrepreneurial independence. Another common characteristic is a lean headquarters organization focused mainly on capital allocation and close performance monitoring.

Investor feedback from March 2026 non-deal roadshow in Europe





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**Wee** I strongly relate to a comment made by the CEO of one EPS Compounder: “It’s really difficult for some people to understand what decentralization is because they’ve never experienced that, so they ask about synergies all the time. And it’s very difficult to tell them we don’t care about synergies. If they come, they come, but it’s not why we invest in the company. We buy good businesses.” That said, **our approach** ☺ also has its own characteristics. In bolt-on M&A, synergies are an important consideration. In asset assembly transactions, however, we do not factor synergies into the acquisition price. We are highly selective and invest only in quality businesses that can generate sufficiently attractive returns on a standalone basis. At the same time, after an acquisition, we naturally pursue synergies actively by leveraging our platform.

**Wakatsuki** Recently, some overseas investors have commented that our business model has certain similarities to that of Danaher. The Danaher Business System (DBS), which is based on the Kaizen concept rooted in the Toyota Production System, is not simply a method for operational improvement. It also helps acquired companies quickly improve their operations and align with the Danaher model. By contrast, our Asset Assembler model is a decentralized platform where acquired companies can use the Group’s management resources to accelerate growth, while receiving support from headquarters when needed. Although the approaches are different, I believe they share a common objective: making acquired companies better businesses.

**Nakamura** Yes, there are certainly similarities between Danaher and our Company. At the same time, our Board also discussed that Danaher is an outstanding example of an EPS Compounder, having created long-term value through M&A and business improvement. However, part of the reason for its high valuation was its eventual shift to a pure-play life

sciences company. In that respect, it may not be a fully comparable benchmark for our Company, which continues to operate in chemicals and adjacencies fields as well.

### Business model (growth rate vs. ROIC)

**Nakamura** A key topic in our Board discussions was whether investors place greater importance on **growth or on ROIC** ☺, as views differ across the investor base. At our Company, EPS growth remains our highest-priority management metric. In pursuing growth, we will continue improving the profitability and capital efficiency of acquired businesses while generating returns above WACC. Our conclusion was that ROIC is not an objective in itself. Rather, by sustaining compounded EPS growth through the Asset Assembler model, we believe we can continue advancing MSV.

**Wakatsuki** In the **analyses** ☺ regularly used in our discussions, both revenue growth and ROIC show a relatively strong correlation with PER. More specifically, compared with peers, our Company appears undervalued when viewed against revenue growth, but appears highly valued when viewed against ROIC. One reason our Company appears to trade at a premium on a ROIC basis is that, compared with industry peers, we pursue M&A more actively, and the resulting goodwill affects ROIC. While we would argue that this is an apples-to-oranges comparison, the reality is that investors do not always examine the issue in such detail.

**Nakamura** Our dilemma is twofold. First, our ability to secure substantial funding at low cost is not fully recognized as a competitive advantage. Second, when we use that advantage to expand through acquisitions and achieve compounded EPS growth, capital efficiency can appear lower because of accounting treatment, particularly goodwill.

**Wakatsuki** As Mr. Nakamura mentioned earlier, we will continue to monitor ROIC closely as an important management indicator. At the same time, some investors view RNOA as a measure that better reflects the actual efficiency of the business, without being heavily affected by accounting factors. We therefore intend to further improve our communication so that investors can better understand the strong asset efficiency and cash-generating capabilities of both our existing businesses and acquired companies.

### Share liquidity

**Nakamura** We believe the current weakness in our share price cannot be explained by business performance alone. One major factor is the instability of price formation caused by low daily trading value. The average daily trading value of our shares is approximately JPY 4.0 billion. Although this is an improvement from previous levels, it remains low for a large-cap stock like us. In our view, this lack of liquidity makes it difficult for large long-term institutional investors to build positions and also leaves the stock more vulnerable to short selling.

**Wakatsuki** Low liquidity is also making it more difficult for us to qualify for inclusion in indices such as the Nikkei Stock Average. Inclusion generally requires daily trading value of around JPY 9.0 billion to JPY 9.5 billion, and at current levels we do not meet that requirement. As a result, we are unable to benefit from the passive inflows associated with index inclusion. More importantly, this issue goes beyond lower trading activity in our shares. If low liquidity and a weak share price continue for an extended period, they could eventually affect our future M&A strategy itself.

**Nakamura** Broadening our investor base is also essential for improving liquidity. Historically, many of our shareholders



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## Leadership Roundtable

have been investors focused primarily on the paint and chemicals sector, but we believe there are limitations to relying solely on that investor base.

**Wakatsuki** In our investor outreach efforts, we have shifted our focus from the traditional chemicals and paints investor base to investors focused on EPS Compounders. In fact, some European investors have told us that they agreed to meet with us specifically because Nippon Paint is viewed as an EPS Compounder. We therefore intend to continue strengthening our overseas IR activities. At the same time, we will increase our outreach to domestic retail investors, as well as technical and quantitative hedge funds. Through these efforts, we aim to broaden investor perception of our Company from that of a paint manufacturer to that of a company capable of delivering compounded EPS growth through superior capital allocation.

### IR disclosure/dialogue

**Nakamura** What is important is that the liquidity issue does not exist independently. It is closely connected to our disclosures and to how investors perceive our Company. We therefore believe several areas of our disclosure need improvement. First, our disclosures are often so detailed that our key strengths are not always communicated clearly. Second, investor attention can become overly focused on specific figures, such as NIPSEA China or AOC revenue growth. Third, our ability to deliver compounded growth and strong cash generation through M&A is still not fully understood.

**Wakatsuki** We have upgraded our IR materials starting with our third-quarter 2025 results. To help investors better understand our underlying earnings power through historical trends, we updated the way we present our information.

We sharpened our headlines and introduced adjusted operating profit and adjusted EPS to better highlight our cash-generating capability. We also presented our organic and inorganic growth track record in a single view. At IR DAY in November 2025, in addition to AOC, we provided the latest update on NIPSEA from Mr. Wee, together with an explanation of our M&A strategy. We also held an investor tour and CTO session at the Tokyo Innovation Center in October 2025, to demonstrate that our strengths extend beyond brand and distribution and also include strong technological capabilities.

**Wee** As part of our IR initiatives, we are also considering an investor tour in China in 2026. It is difficult for investors to fully understand the strength of NIPSEA China's brands and distribution network through verbal explanation alone. We therefore plan to provide opportunities for direct dialogue with the local management team and distributors, together with site visits, so that investors can experience firsthand the strength of our operations on the ground.

**Wakatsuki** After considering these factors, we also executed share repurchases starting in October 2025. The rationale was fourfold: first, to send a clear signal that we believed our share price was significantly undervalued; second, to increase actual buying interest in the market; third, to discourage short selling; and fourth, to demonstrate the strength of our cash-generating capability. Ultimately, we concluded that repurchasing our shares at this PER was justified as a financial decision based on our view of future EPS growth. While it did not lead to a sharp rise in the share price, we believe buying back our shares at undervalued levels was sound capital allocation. From a medium- to long-term perspective, we believe this contributes to MSV. At the same time, the primary focus of our capital allocation strategy remains M&A that contributes to MSV, and we will continue pursuing such opportunities.

### Reflecting on the roundtable

**Nakamura** Today's discussion reinforced my view that the fundamental challenge facing our Company is that the market does not yet fully appreciate the strength of our businesses or the replicability of our growth. The quality of earnings in our existing businesses, compounded EPS growth under the Asset Assembler model, and disciplined capital allocation are all core foundations supporting MSV. At the same time, we believe there is still room for improvement in several areas. These include liquidity, how we present our disclosures, and the way we engage with investors. We must continue improving each of these areas steadily. As a Board, we will continue deepening our dialogue with management and fully carrying out our responsibilities in narrowing the gap between intrinsic value and market valuation as we work toward MSV.

Thank you for this valuable discussion.



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# Stock-Price Conscious Management

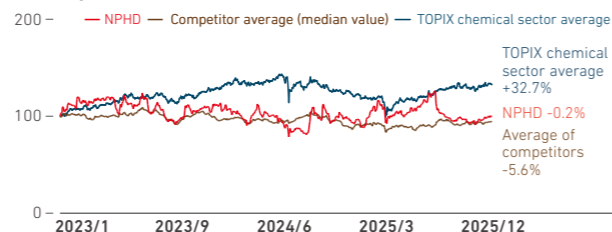
## Nippon Paint as a defensive growth stock

We are pursuing **MSV** ☺, our sole mission, 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 three years, our share price remained broadly flat despite an 87.5% increase in our EPS. While this price performance has outpaced the average of our peers, it has trailed the average of the TOPIX chemical sector. The reason we have continued to deliver record-high earnings, even amid the recent uncertain macroeconomic environment, lies in our highly competitive business model in the paint and coatings market, where resilient demand broadly tracks GDP growth across countries.

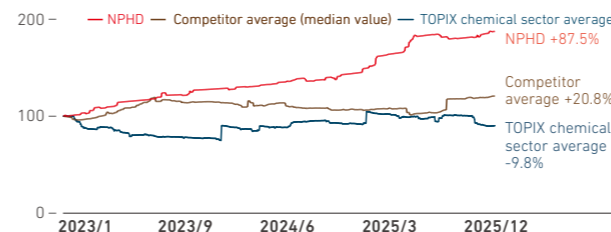
While our shares exhibit a defensive-growth profile, making them relatively resilient to changes in the external market, these attributes are not yet fully reflected in our share price. We therefore analyzed the underlying factors from both a sector and a company-specific perspective.

### Stock price trends



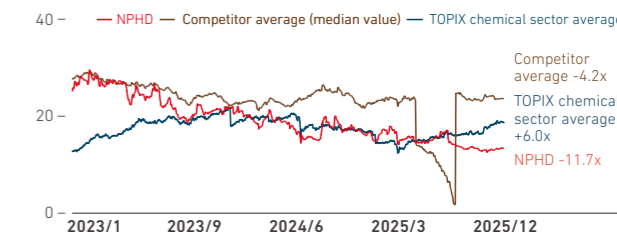
\*1 Source: FactSet, Bloomberg  
 \*2 Indexed to 100 at the start of 2023  
 \*3 Competitor average is based on the average of share prices of the following companies, each indexed to 100 at the start of 2023: Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, Asia Cuanon Technology

### EPS trends



\*1 Source: FactSet, Bloomberg  
 \*2 Indexed to 100 at the start of 2023  
 \*3 Competitor average is based on the average of share prices of the following companies, each indexed to 100 at the start of 2023: Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, Asia Cuanon Technology

### PER trends



\*1 Source: FactSet, Bloomberg  
 \*2 Competitor average is the average of the following companies: Sherwin-Williams, BASF, Asian Paints, PPG, AkzoNobel, Berger Paints, Axalta Coating Systems, SKSHU Paint, Kansai Paint, TOA Paint, Asia Cuanon Technology

## Rate of change in share price, EPS, and PER

	1-year performance (2025)			3-year performance (2023-2025)			5-year performance (2021-2025)		
	Change in share price	Change in EPS	Change in PER	Change in share price	Change in EPS	Change in PER	Change in share price	Change in EPS	Change in PER
<b>NPHD</b>	+4.5%	+30.1%	-3.2x	-0.2%	+87.5%	-11.7x	-52.4%	+130.3%	-33.5x
<b>Competitor average</b>	+10.2%	+7.4%	+1.9x	-5.6%	+20.8%	-4.2x	-20.3%	+40.8%	-14.1x
<b>TOPIX chemical sector average</b>	+6.8%	-2.5%	+1.6x	+32.7%	-9.8%	+6.0x	+15.5%	+100.3%	-13.7x

**Analysis of the paint sector (competitor average)**

The average share price of the paint sector declined by 5.6% over the past three years. While sector EPS rose by 20.8%, the sector PER fell by 420 bps, which weighed on overall share-price performance. More specifically, earnings growth at major U.S. players has been constrained by a combination of housing market weakness, higher raw material costs resulting from tariffs, and China's property sector problems. More recently, capital has become increasingly concentrated in AI-related stocks. In this environment, investors have increasingly allocated both time and capital to thematic sectors where returns appear more readily attainable, rather than to the paint sector, which has relatively limited exposure to AI and semiconductors. We have analyzed that this shift in capital allocation is also one of the factors behind the paint sector's weak share-price performance.

**Analysis of our share price**

Our share price declined by 0.2% over the past three years. This was due to a 1,170 bps decline in PER, while EPS increased by 87.5%. Specifically, we attribute this to (1) the sector factors discussed in the left-hand column; (2) continued market concern over **China** ☺-related risks since 2021; (3) an underappreciation of **our growth potential** ☺; and (4) the market's views of **our proactive M&A stance** ☺ as high risk.

More recently, in relation to our share-price underperformance, the Board has also discussed topics such as EPS growth versus ROIC, focus on the paint business versus expansion into adjacent fields, and how we communicate with the capital markets. We will continue to translate these discussions into concrete actions.



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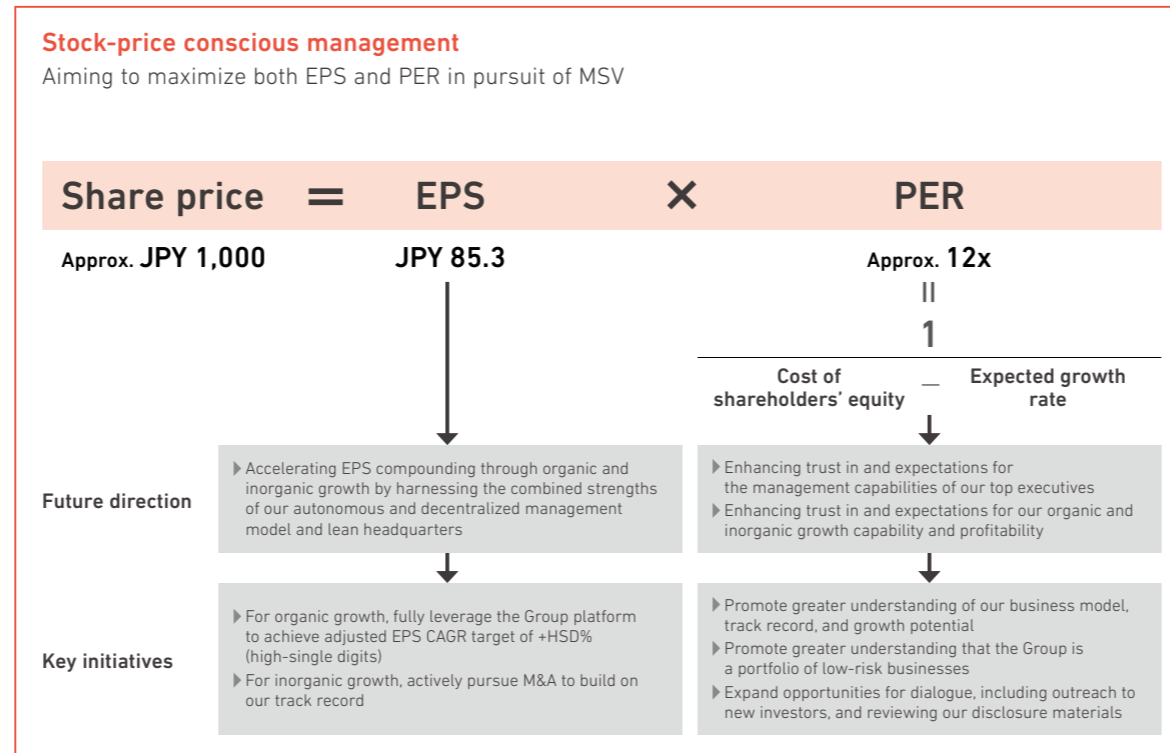
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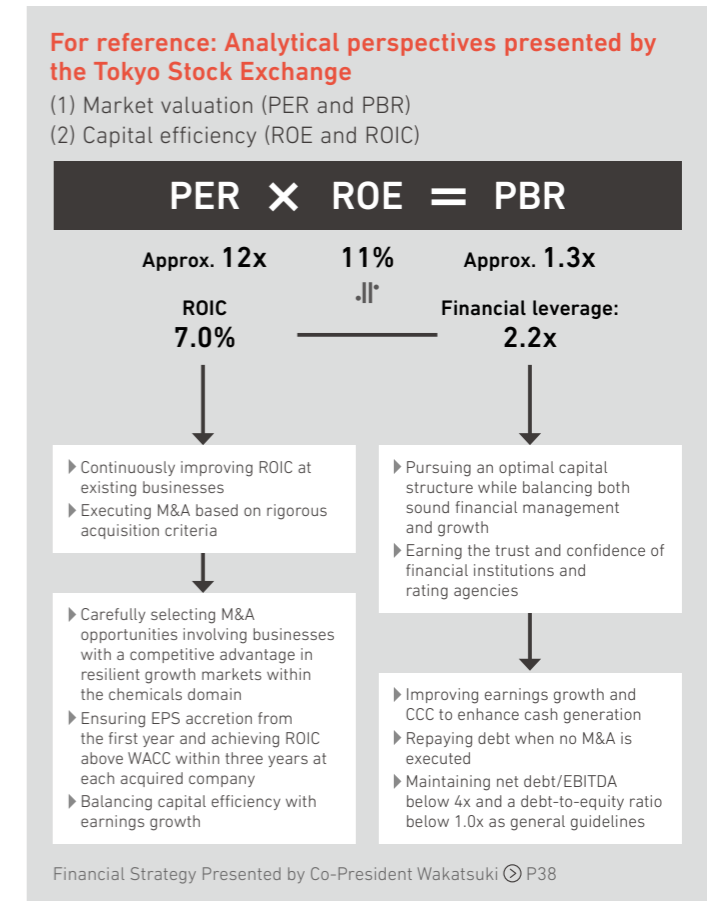
Analysis of current situation and future direction

As discussed on the previous page, while our EPS has increased significantly over time, both the absolute level of our PER and its rate of change have trended downward relative to the TOPIX chemical sector average and the peer average.

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



\* Share price is as of end-June 2026; P&L figures are based on the Company's forecast for FY2026/12; and B/S figures are based on actual results for FY2025/12  
Calculation methodologies are as follows:  
 ▶ PER = Share price (as of end-June 2026)/EPS (company forecast for FY2026/12)  
 ▶ ROE = EPS (company forecast for FY2026/12)/Equity capital per share (actual FY2025/12)  
 ▶ ROIC = After-tax operating profit (company forecast for FY2026/12)/(Invested capital (actual FY2025/12))  
 ▶ After-tax operating profit = Operating profit (company forecast for FY2026/12) × (1-effective tax rate)  
 ▶ Invested capital (actual FY2025/12) = Net debt+ Equity (including ownership of non-controlling shareholders) (actual FY2025/12)  
 ▶ Net debt (actual FY2025/12) = Bonds and borrowings + Total other financial liabilities (current and non-current) - Cash and cash equivalents - Other financial assets (current) (actual FY2025/12)  
 ▶ Financial leverage = Total assets (actual FY2025/12)/Equity (actual FY2025/12)





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Correlation analysis

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

1 Revenue growth x PER

Historical data also suggest that revenue growth tends to have a relatively high correlation with PER. As our Company is positioned below the regression line, this suggests that we are valued at a discount relative to peers. The main reasons are that the market is not factoring in our inorganic growth potential (our forecast revenue CAGR based on analyst consensus is +5.2%, well below our actual CAGR of +16.0% over the past seven years), and that NIPSEA China, which has been a major contributor to our growth, is currently perceived as a risk. Our shares appear discounted relative to peers when viewed through the lens of revenue growth. At the same time, we believe there remains upside to our valuation if the market begins to reflect our inorganic growth potential.





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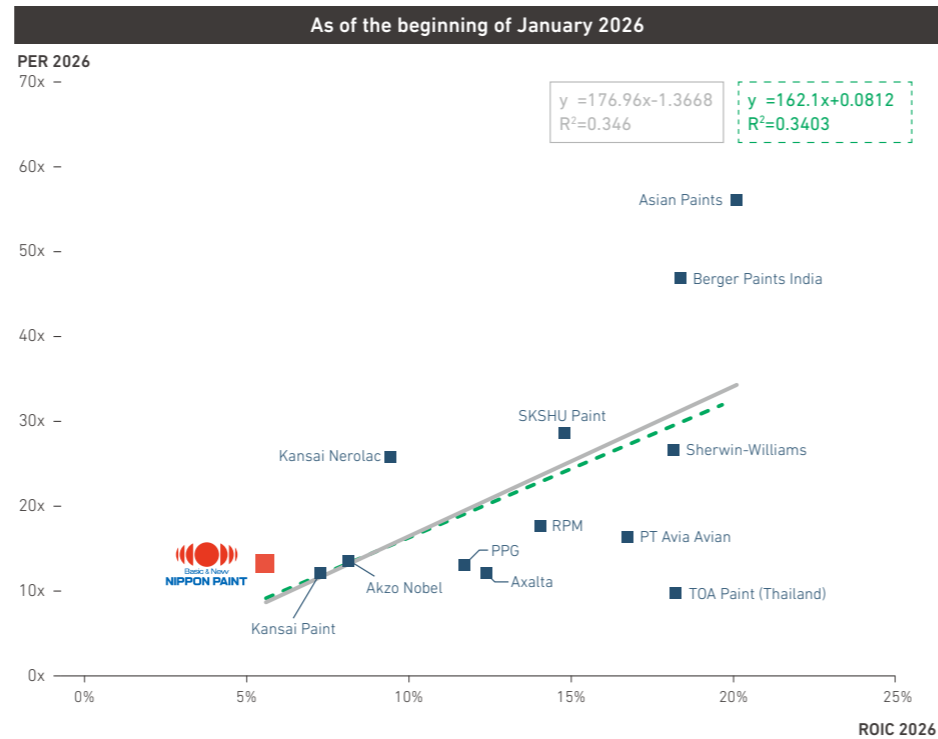
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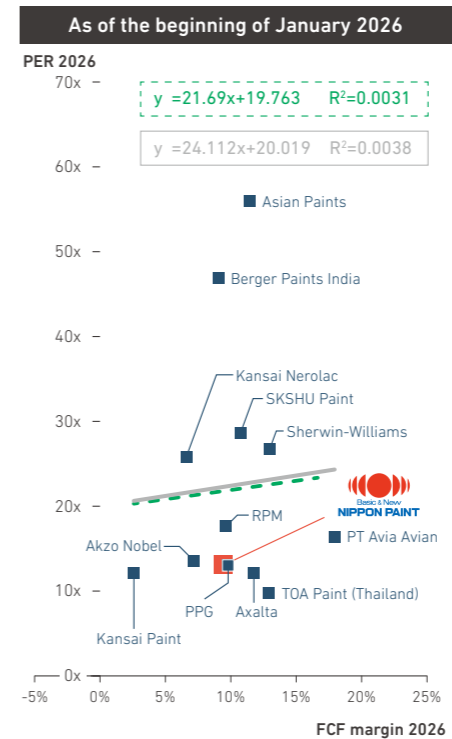
2 ROIC x PER

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



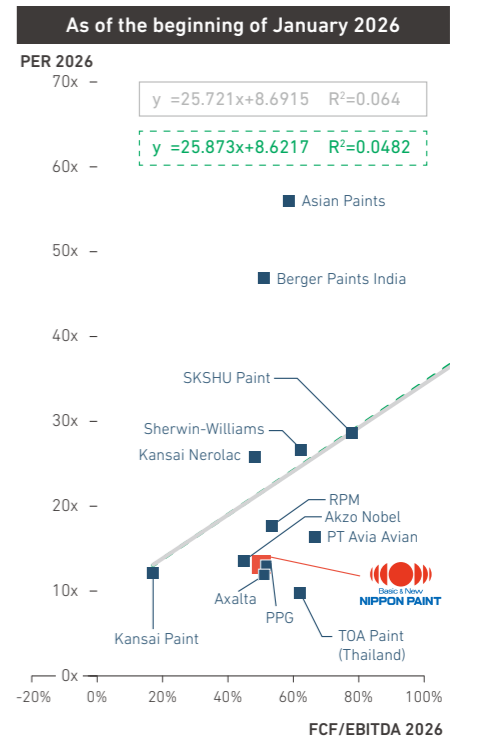
3 FCF margin x PER

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



4 FCF/EBITDA x PER

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





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# Our Value Creation Process to Pursue MSV

With management basing decisions solely on MSV, we will pursue unlimited upside in shareholder value through the MSV Journey.

## OUTCOME Unlocking unlimited upside in shareholder value

Fulfillment of obligations to stakeholders

**ACTIVITY**

**MSV Journey**

**OUTPUT**

How Shareholder Value Is Maximized ⊙ P28

**Medium-term strategy** Medium-Term Strategy Updates (Released in February 2026) ⊙ P36

- ✓ **Organic growth**  
Revenue: +MSD (mid-single digits)  
Adjusted operating profit: +HSD (high-single digits)  
Adjusted EPS: +HSD (high-single digits)
- \* Consolidated medium-term CAGR assuming our 2025 portfolio

- ✓ **Inorganic growth**  
Actively pursue M&A opportunities to further accelerate EPS compounding

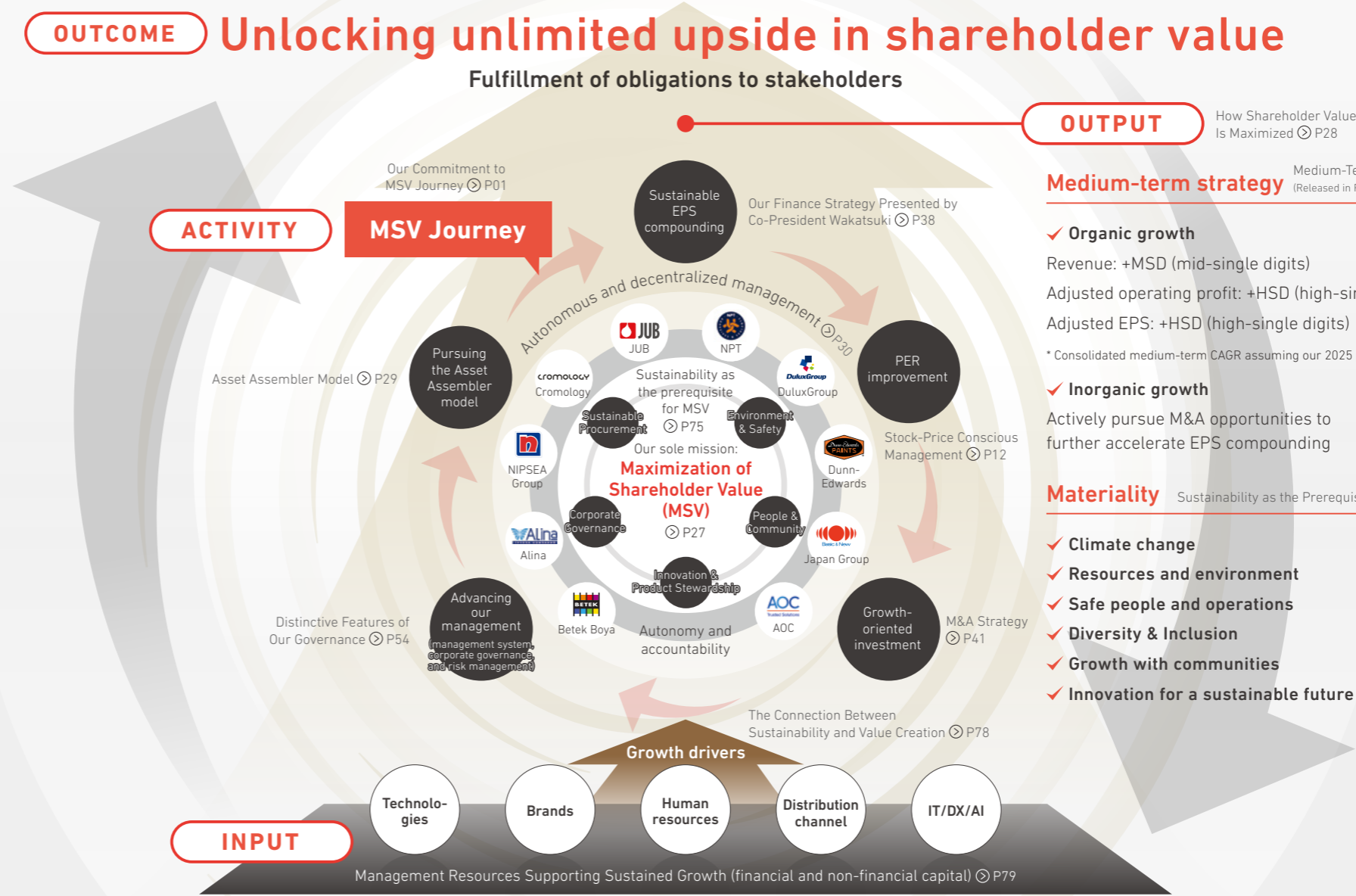
**Materiality** Sustainability as the Prerequisite for MSV ⊙ P75

- ✓ **Climate change**
- ✓ **Resources and environment**
- ✓ **Safe people and operations**
- ✓ **Diversity & Inclusion**
- ✓ **Growth with communities**
- ✓ **Innovation for a sustainable future**

**INPUT**

- Technologies
- Brands
- Human resources
- Distribution channel
- IT/DX/AI

Management Resources Supporting Sustained Growth (financial and non-financial capital) ⊙ P79





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# Leadership at the Forefront of the MSV Journey

Messages from our leaders on their aspirations for the MSV Journey and their commitment to lead it forward.

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

Message from Co-President Wakatsuki P20

### Yuichiro Wakatsuki

Director, Representative  
Executive Officer & Co-President

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, since 2021, has been leading execution as Representative Executive Officer & Co-President.



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

Message from Co-President Wee P23

### Wee Siew Kim

Director, Representative  
Executive Officer & Co-President

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 NIPSEA Group 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.



## Leveraging Experience Built with Nippon Paint Since 1979 to Lead Expansion in Asia and Global Growth Strategy

Message from Chairman P26

### Goh Hup Jin

Chairman

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.



## Leveraging Corporate Legal Perspective in Asset Assembler Model

Expected Roles of Independent Directors P59  
Nominating Committee Report P65

### Hisashi Hara

Independent Director

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.





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## Supporting Value-Creating Decisions Through M&A and Capital Markets Experience

Expected Roles of Independent Directors [👉 P59](#)



**Andrew Larke**  
Independent Director

Andrew Larke has been involved in mergers, acquisitions, and divestments, as well as corporate advisories 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.

## Refining Management Decision-Making Through Foresight Shaped by Public- and Private-Sector Experience

Expected Roles of Independent Directors [👉 P60](#)  
Compensation Committee Report [👉 P67](#)



**Lim Hwee Hua**  
Independent Director

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.

## Strengthening Both Growth-Oriented and Risk-Conscious Governance Through CPA Expertise and International Business Experience

Expected Roles of Independent Directors [👉 P60](#)  
Audit Committee Report [👉 P69](#)

**Masataka Mitsuhashi**  
Independent Director

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.



## Enhancing Governance to Empower Executive Decision-Making from M&A Advisory Perspective

Message from Board Chair [👉 P55](#)  
Expected Roles of Independent Directors [👉 P60](#)

**Masayoshi Nakamura**  
Lead Independent Director  
Board Chair

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.





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# Message from Co-President Wakatsuki



**Yuichiro Wakatsuki**

Director, Representative  
Executive Officer & Co-President

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

### Executive Summary

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

### MSV as the sole basis for judgment: the beginning of our MSV Journey

Maximization of Shareholder Value (MSV) ☺ is not a slogan: it is our sole mission and the standard against which every decision is made. Whether in capital allocation, finance strategy, operations, or governance, we evaluate all actions through one lens: do they contribute to MSV? This discipline underpins our management approach.

Our commitment to MSV leaves no room for personal ego or ambition of management. Growth for its own sake, or pursuit of transactions that merely appear attractive, holds no value unless it strengthens MSV. Ultimately, the quality of management is defined not by high-profile decisions, but by the consistent ability to act rationally with clarity and discipline.

What sustains this rationality is Integrity, as I define it. Integrity is not merely a matter of ethics. It is the discipline to face inconvenient facts without turning a blind eye, to observe reality with clarity, and to think through -honestly- what is most rational in light of MSV. In management, the greater risk lies not in uncertainty itself, but in flawed judgment shaped by complacency and preconceived views. For this reason, we place the highest priority on surfacing negative information early, addressing issues without concealment, and engaging in candid discussion. A corporate culture grounded in such Integrity is what enables MSV to serve as our sole basis for decision-making. Indeed, one of our core strengths lies in leaders who embody this principle, coming together to engage in open and substantive dialogue, consistently placing substance above form.



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Our MSV Journey is guided by this same philosophy. We respect the capabilities of each partner company - the strength of its management and the resilience of its business foundation. By unlocking their full potential, we drive organic growth and reinvest the cash generated into the next avenue for expansion. This disciplined cycle of growth enables us to steadily compound EPS, deepen the confidence of the capital markets, and ultimately realize MSV. It is the responsibility of management to ensure that each step in this journey is deliberate, consistent, and firmly grounded.

## Addressing market concerns directly and elevating expectations for our MSV Journey

We define MSV as the combination of two elements: sustainable EPS compounding and the expansion of PER. While EPS is generated through our own execution, PER is not something we determine on our own. It is formed by the capital markets' assessment of the quality and consistency of our growth, and by their expectations for what lies ahead. In essence, PER reflects the market's confidence in our MSV Journey.

For this reason, the essence of PER expansion does not lie in additional explanation alone. It lies in consistently delivering on what we have communicated and demonstrating that commitment through a clear and credible track record. Trust from the capital markets is not secured through a single message; it is built through the steady accumulation of results. Ultimately, it is the ability to translate our medium- to long-term commitments into consistent day-to-day performance that leads to a sustained improvement in PER.

Against this backdrop, we regard our current share price and valuation ☺ as a candid reflection of the capital markets' perspective. Management's responsibility is not to dismiss this assessment, but to understand with precision the

concerns and perception gaps that shape it, and to respond with clarity and decisive action.

I recognize three primary factors underlying investor caution regarding our future prospects.

The first is the residual perception of our past reliance on the China business ☺. While our portfolio is becoming increasingly diversified - supported by the acquisition of AOC and growth across Asia beyond China - and our earnings profile is steadily evolving, alongside our continued profitability growth in China under difficult market conditions, full market recognition of this shift requires continued clarity in communication and consistent delivery of results. The second is concern over the organic growth of our partner companies ☺. The question is whether businesses that have joined our Group, including AOC ☺, can sustain autonomous growth even in a challenging environment. Internally, our conviction is strong. For the market, however, confidence will be established only through the steady accumulation of results over time. The third is broader skepticism toward M&A. By its nature, M&A entails risk, and an approach centered simply on the number or scale of transactions can invite doubt from the capital markets. Our approach is different. We pursue disciplined, rational M&A ☺ grounded in sound risk-taking, and we remain committed to building a consistent and credible track record.

We do not seek reassurance from the capital markets through words alone. The most reliable way to strengthen investor conviction is through the consistent delivery of results, accompanied by clear accountability. It is this combination that elevates expectations for our MSV Journey and, in turn, supports a sustained improvement in PER.

## The core of our Asset Assembler model

The essence of our Asset Assembler model lies not in the simple accumulation of high-quality assets. Rather,

it is a capital allocation framework ☺ that enables strong partner companies to further create value autonomously, while systematically redeploying the cash they generate into the next opportunity for growth.

We generate cash by driving organic growth within our existing businesses and redeploy that cash into disciplined M&A, thereby enabling sustainable EPS compounding. In large, headquarters-led asset assembly transactions, we place primary emphasis on the intrinsic quality of the business at the time of acquisition and its ability to create value on a standalone basis. While we pursue synergies post-acquisition, they are not treated as a basis for justifying elevated valuations. In contrast, for partner company-led bolt-on acquisitions, management teams closest to the market assess the strategic rationale themselves and take direct responsibility for capturing synergies and realizing growth opportunities.

Most importantly, we evaluate M&A not by the completion of a transaction, but by its contribution to MSV. The number of deals, their scale, or their headline appeal is not the measure of success. Our criteria are clear: first-year EPS accretion, strong cash generation, disciplined valuation, sound leverage, and returns that exceed the cost of capital. If a transaction does not meet these standards, we decline it without hesitation. It is this discipline that underpins our Asset Assembler model.

One advantage of our inorganic strategy ☺ lies in our ability to access relatively low-cost funding in Japanese yen. What matters, however, is not the financing itself, but how effectively it is combined with disciplined investment decisions and deployed in ways that contribute to MSV. In the current environment of rising interest rates and a higher cost of capital, we place even greater emphasis on capital efficiency, cash conversion, and financial soundness. In managing leverage, we focus on maintaining the appropriate balance between preserving flexibility for the next growth




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opportunity and safeguarding financial strength. Sustaining debt capacity for future growth, while maintaining a capital structure that reinforces the confidence of the capital markets, is essential to realizing MSV over the long term.

## Autonomous, decentralized management and a lean headquarters




The source of our Group's competitiveness lies in the strength of the management teams leading each region and business. The CEOs and leadership teams of our partner companies possess the deepest understanding of their local markets and operate closest to their customers. It is therefore neither practical nor rational for the headquarters to intervene unnecessarily in day-to-day operations. By consistently upholding an **autonomous, decentralized management model** , we entrust significant authority to local management.

That said, decentralization does not imply an absence of oversight. Authority must be matched by accountability, and in this regard, our role as the holding company is essential. Through structured frameworks for the nomination, evaluation, and compensation of each partner company's CEO, we ensure that incentives are appropriately aligned and accountability remains clear.

A lean headquarters does not operate the business in place of local management. Its role is to support the realization of MSV across the Group through disciplined capital allocation, robust governance, and effective risk management. A defining feature of our governance is the spirit with which we engage our partner companies - asking, "What can we do for you?". By reinforcing their inherent strengths, we ensure that these strengths translate into the consistent realization of MSV.

## Results across organic and inorganic growth, and the evolution of acquisition discipline

Since the release of our **Medium-Term Strategy**  in 2024, we have delivered steady progress despite a challenging market environment. On the organic side, we have focused on improving profitability and expanding market share across regions and businesses, including in **China** . On the inorganic side, partner companies that have joined our Group continue to generate cash and contribute to EPS in line with our expectations. What matters is not to treat these as isolated outcomes, but to demonstrate that our Asset Assembler model can deliver such results consistently and on a replicable basis.

For example, we are seeing a growing number of **cases**  in which partner companies unlock their full potential by leveraging the Group's capital strength and expertise. This is not simply a reflection of PMI outcomes; it is clear evidence of the effectiveness of our platform itself. The same applies to operational improvement initiatives, including the **use of AI** . Our strength lies in ensuring that such efforts do not remain isolated optimizations, but are shared as best practices across the Group and deployed horizontally. We also expect each partner company to learn proactively from **AOC's**  highly effective business systems, thereby contributing to value creation across the Group.

In addition, we continue to refine our acquisition criteria in response to changes in the market environment. As interest rates and the cost of capital rise, we have shifted more decisively toward transactions that place greater emphasis on capital efficiency. We have also become more selective in the opportunities we pursue and will make no compromise where risk and return are not appropriately aligned. This disciplined approach to acquisitions will further strengthen the certainty of our MSV Journey in the years ahead.

## An unending pursuit of shareholder value through the advancement of our MSV Journey

As we advance the MSV Journey, our role as a holding company is not to create value directly, but to unlock the full potential of each partner company and support its value creation. Across the Group, we are supported by outstanding management teams, powerful brands, abundant growth opportunities, and a distinctive platform that connects them. By aligning these elements under the common language of MSV, and by consistently upholding disciplined capital allocation and management grounded in Integrity, we will continue to pursue the creation of shareholder value without limit.

We will demonstrate through our track record - rather than words - that the MSV Journey is as compelling to investors as it is to us. By deepening our dialogue with investors, we will pursue MSV through both sustained EPS compounding and continued improvement in PER.

I look forward to your continued support as we move forward.

Director, Representative  
Executive Officer & Co-President



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## Message from Co-President Wee



**Wee Siew Kim**

Director, Representative  
Executive Officer & Co-President

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

### Executive Summary

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

### “Safe and sustainable EPS growth” — a core pillar of MSV

At the heart of **Maximization of Shareholder Value (MSV)** lies the pursuit of safe and sustainable EPS growth. While year-on-year earnings expansion is important, what matters more is the strength and durability of the underlying business foundation — how consistently earnings can be generated and how long they can continue to compound. This, in essence, defines what I consider the “quality of earnings.”

Over the years, we have enhanced shareholder value through our **autonomous and decentralized management approach**, harnessing the strengths of each region and business segment. This is a proven approach refined through years of disciplined execution. However, autonomy alone does not create value. For delegated authority to function effectively, it must be supported by capable talent and robust systems that enable early identification of risks and timely, appropriate responses.

Our enduring strength lies in the combination of trust in people and systems that inspire trust. By empowering high-quality management teams with autonomy and resources, while aligning them around MSV, we reinforce a resilient platform for safe and sustainable EPS growth.

### AOC: Bringing the Asset Assembler strategy to life

**AOC** was the first clear and tangible demonstration of how our Asset Assembler strategy works in practice.

**The acquisition** was not simply about securing a high-quality asset at an attractive valuation. Its true significance




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lay in bringing into the Group an exceptional management team and well established business systems with a proven record of consistent performance.

Through due diligence, it became clear that AOC was not only an excellent company, but one underpinned by disciplined mechanisms executed consistently over time, closely aligned with our own philosophy. AOC already had a management team we could trust, and under our Group, it was well positioned to scale further. At the same time, it created learning opportunities for other partner companies.

More broadly, AOC represents what we consider a “system asset”: with capabilities, practices, and know how that can be shared across the Group. While we respect partner autonomy, we also believe that superior methods and systems should be leveraged for collective benefit. In this sense, AOC embodies our Asset Assembler approach.

## Expanding into adjacencies and new geographies

Our organic growth is not confined to paint and coatings alone. We view paint and coatings together with adjacent categories as an integrated growth domain. While core markets are expected to continue expanding steadily, relying on them alone may limit our ability to further elevate investor expectations. This is why we are cultivating adjacencies as our next growth engine.

The strengths underpinning this strategy are threefold: strong brands across multiple markets; extensive distribution networks that enable portfolio expansion; and technology capabilities rooted in chemistry.

A clear example is SAF (Sealants, Adhesives & Fillers). The addition of the **Selleys brand** through DuluxGroup in 2019 and the acquisition of Vital Technical in Malaysia in 2021 meaningfully advanced this strategy. Vital Technical expanded a business that had previously been more B2C oriented by

opening new avenues of growth in B2B, project, new build, and industrial applications. This demonstrates how a bolt-on acquisition can enhance long-term growth potential rather than simply add revenue.

Importantly, Vital Technical was not a marketed asset. It was acquired through sustained relationship building and trust developed by local management over time, underscoring our distinctive, ground-up approach to growth.

Organic growth for us also encompasses exports, localization of operations, selective bolt-on acquisitions, and geographic expansion. Ultimately, growth potential is shaped not only by market conditions, but by the ambition and judgment of our people on the ground — their ability to identify opportunities and act decisively.

## The true value of our China business: Earnings quality over cycles

I fully recognize investor concerns surrounding **our China business**, particularly given challenges in China’s property market. However, the business should not be assessed solely through short-term news flow. Rather, the focus should be on how it has operated within this environment and how the **quality of its earnings** has continued to evolve.

Since 2000, NIPSEA China has been a central growth driver for the Group. From 2011 to 2020, the business executed three consecutive three-year plans, doubling revenue every three years. This performance was achieved not simply through favorable market conditions, but through disciplined expansion into new segments, the introduction of higher value-added products, and sustained gains in market share. As a result, the business today is fundamentally different from what it was in 2010.

This adaptability is evident in initiatives such as the Building Materials Delivery (BMD) model and the Painters’ Club initiative. Even as the slowdown in the new build market

persisted, NIPSEA China anticipated the structural shift towards repainting early on and steadily developed its systems and painter networks across major cities. While the pace of market expansion has been slower than initially expected, the underlying direction remains unchanged.

The resilience of NIPSEA China, despite the sharp contraction of the TUB segment — previously accounting for approximately 25% to 30% of the decorative paints business — demonstrates that earnings are diversified and not dependent on a single source. Other segments absorbed the impact over a relatively short period, underscoring the robustness of the underlying business foundation. This portfolio resilience is a clear expression of what I define as the quality of earnings.

## Extending the horizon of growth beyond China

NIPSEA China’s growth potential is not confined to China alone. In addition to decorative paints, the business has a well established industrial platform, particularly in automotive coatings. As Chinese automotive OEMs accelerate their global expansion, there are clear parallels with the overseas growth of Japanese OEMs from the 1970s onward. In a similar way, NIPSEA China is well positioned to grow alongside these customers, supported by established relationships in China, technology capabilities spanning Japan, Europe, and China, and access to the Group’s global operating footprint.

Beyond China, our growth opportunities continue to broaden. Following the acquisition of **Betek Boya** in Türkiye in 2019, the NIPSEA Group strengthened its platform by combining Betek Boya’s capabilities with the expertise of its Malaysia Group, extending its reach into North Africa and from Kazakhstan, further into Central Asia. Betek Boya has since evolved into the Türkiye Group—an independent




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organization entrusted with responsibility for a wider region. This reflects our approach to people: identifying opportunities and empowering management teams we trust.

In India, alongside our core decorative paints and automotive refinish businesses, we are building additional pillars of growth through a series of bolt-on acquisitions in industrial coatings. While these initiatives may not deliver immediate results, they are deliberate investments to position the Group across multiple long-term growth vectors.

## Autonomous management, collaboration, and the role of systems

A key source of the Group's competitiveness lies in combining **autonomous and decentralized management**  with a deeply embedded **culture of collaboration** . Knowledge is shared across the Group not only in times of challenge, but also in the normal course of business, across areas such as raw material procurement, pricing strategy, cost management, digitalization, and the expansion of SAF. In some cases, expertise developed in NIPSEA China is applied in other regions; in others, successful models from elsewhere provide valuable insights for China. This collaboration enhances resilience, particularly during periods of disruption.

Within the NIPSEA Group, we have embedded "VITALS" as six behavioral principles that bring our Lean for Growth culture to life. Among these, teamwork is especially important. What allows us to remain decentralized while operating as one cohesive organization is a shared North Star: MSV. Anchored by this common objective, each region and business can act autonomously while maintaining alignment in direction and values.

This philosophy also shapes how we approach AI. We do not view AI simply as a tool for improving efficiency, but as a broader management challenge that requires us to rethink how we engage with people and how work is organized.

Initiatives such as the Job Crafting Center within the Japan Group reflect our commitment to supporting our people through change, ensuring that technological adoption translates into sustainable value creation.

AI has the potential to enhance capabilities across manufacturing, supply chains, sales, R&D, and productivity. However, meaningful value emerges only when the necessary foundations are in place: well designed processes, accumulated data, integrated systems, and people equipped to use them effectively. Ultimately, it is not the technology itself that matters most, but how it strengthens our people and organization.

## Closing perspective

Looking ahead, we will continue to build safe and sustainable EPS growth through both organic and inorganic initiatives, underpinned by strong people, robust systems, and a management system that balances decentralization with collaboration. I encourage investors to look beyond short-term fluctuations and focus instead on earnings quality and the replicability of growth over time. We remain committed to demonstrating both through consistent execution.

Director, Representative  
Executive Officer & Co-President



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# Message from Chairman



## Goh Hup Jin

Chairman

(Director, Nipsea International Limited (Wuthelam Group))

## To Our Shareholders and Investors

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 complementary 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.

The most notable development of the past year was certainly our acquisition of AOC. It stands as a comprehensive illustration of the goal of our **Asset Assembler model**. This acquisition offers a substantial increase in EPS from the very first year, despite a risk profile including valuation that's arguably lower than that of the paint business. AOC has also brought an exceptional local management team and strong cash generation. By any measure, it was an outstanding acquisition, but many investors have yet to appreciate its merit.

In response, we can only provide **AOC's** earnings contribution through 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 47 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.



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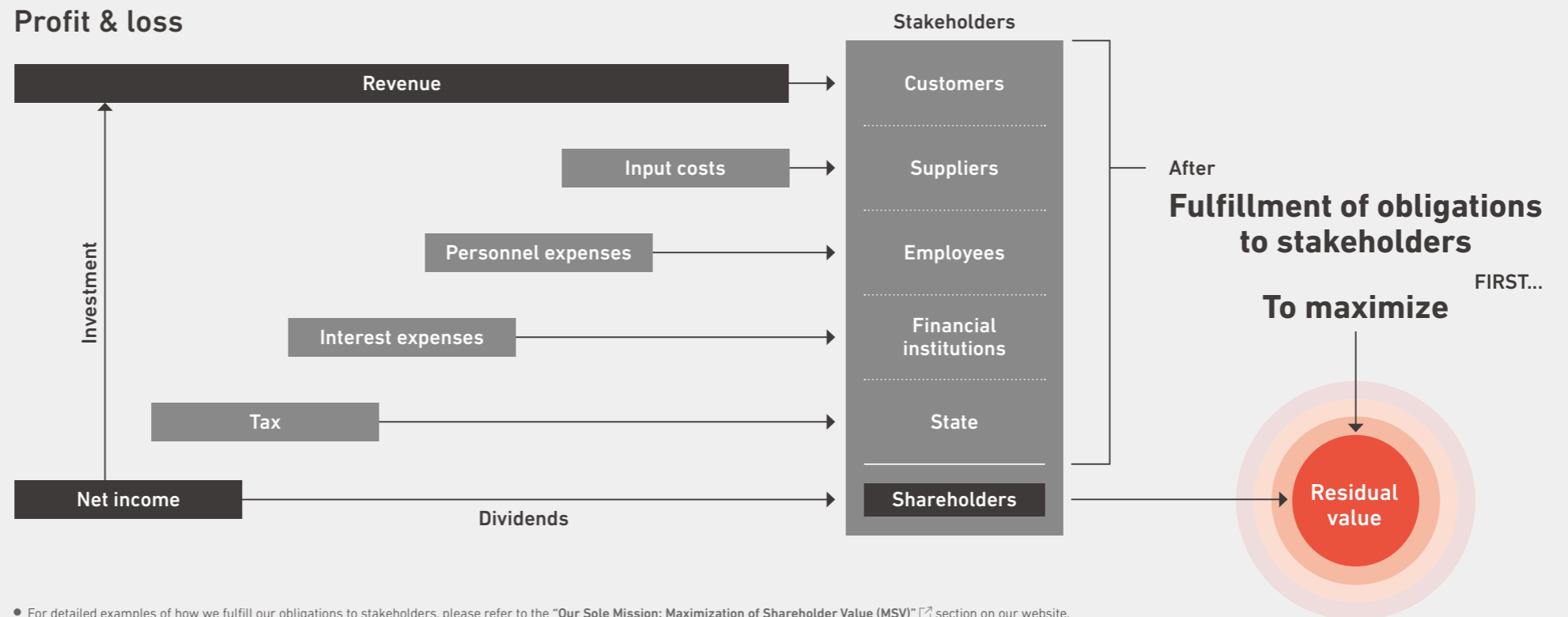
# Maximization of Shareholder Value (MSV)

## Unlocking the Unlimited Upside in 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.



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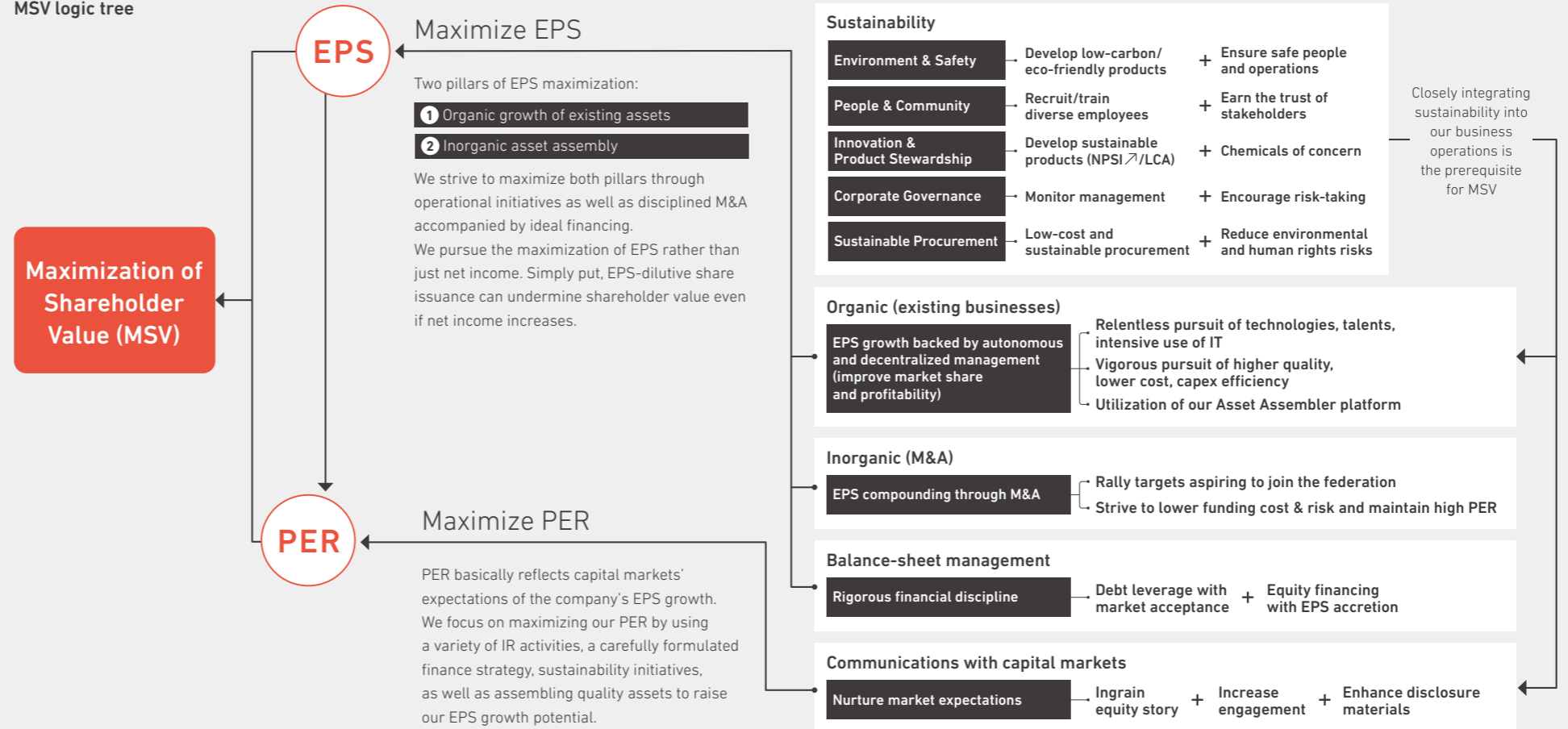
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# How Shareholder Value Is Maximized

## 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**





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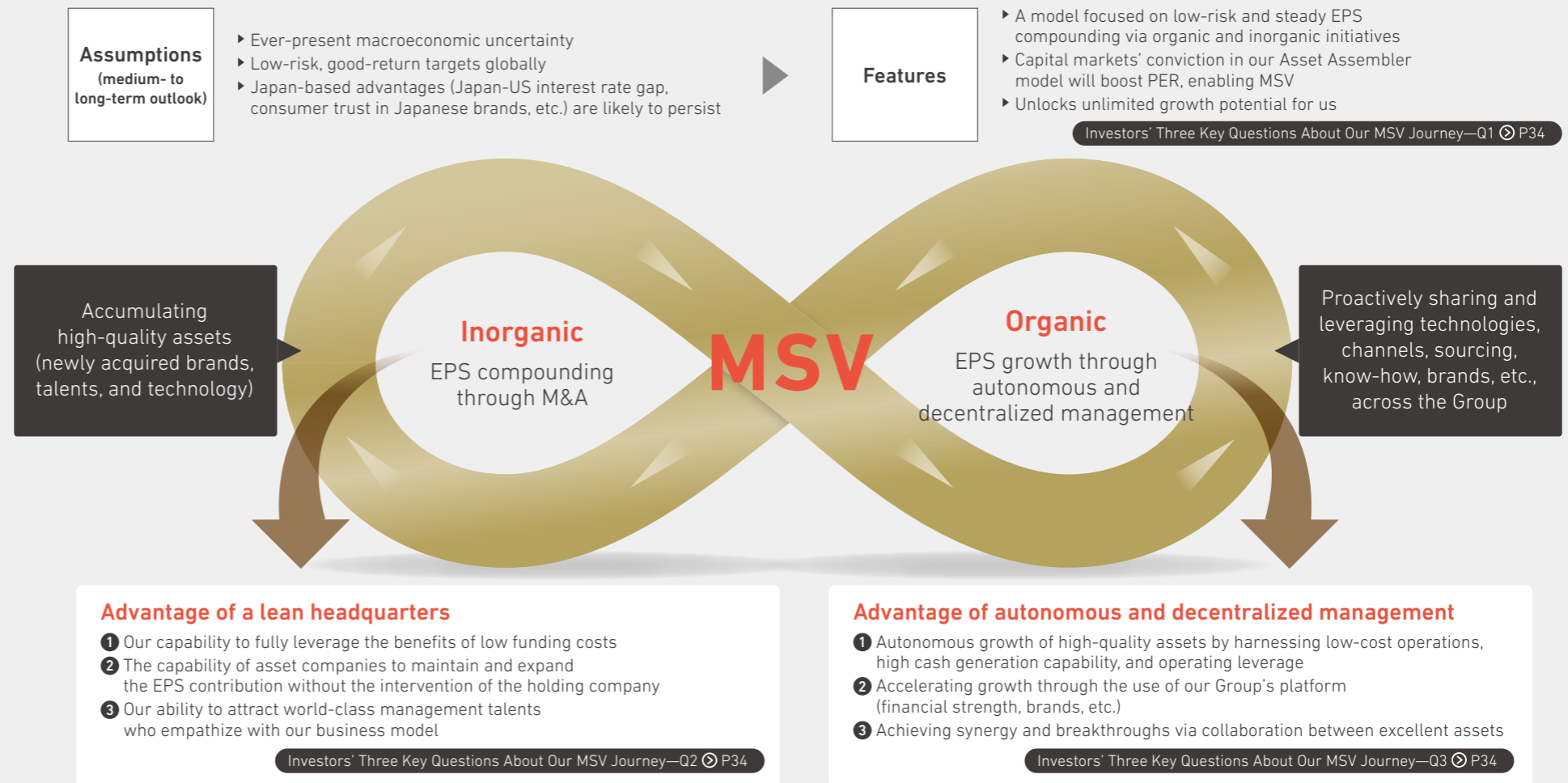
# Asset Assembler Model

## Compounding EPS via Organic and Inorganic Growth Towards MSV

The Asset Assembler model is our unique business model for pursuing MSV.

We aim to compound EPS in a low-risk and stable manner through both organic growth in existing assets and inorganic growth through asset assembly via M&A.

By building capital market confidence in both our ability and our track record to sustain that compounding, we will drive a higher PER and realize MSV over the long term.





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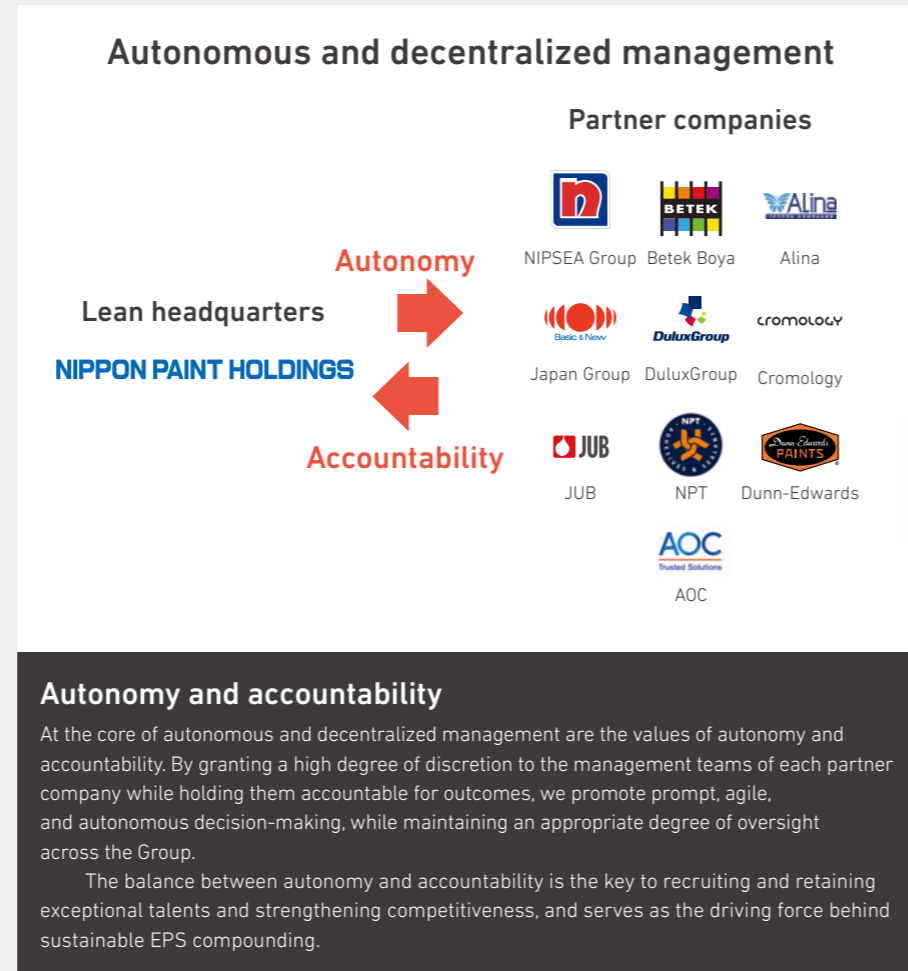
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# Autonomous and Decentralized Management

## Sustainable EPS Compounding Anchored in Autonomy and Accountability

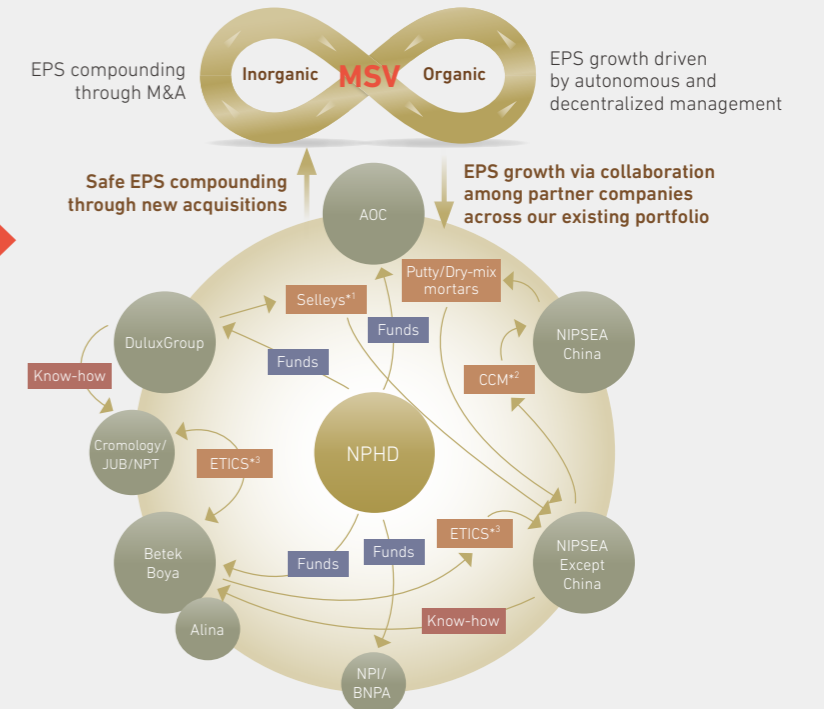
Our Group has adopted a unique autonomous and decentralized management framework for pursuing MSV. This framework empowers management teams in each region and business segment to make swift and flexible decisions. Its greatest strength is the ability to allow us to exercise agility and competitiveness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



### Our platform that underpins autonomous and decentralized management

Under our autonomous and decentralized management framework, 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** © P29



\*1 Brands in adjacencies, such as adhesives and sealants  
 \*2 Computerized color matching machine \*3 External thermal insulation composite system



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# What Are Acquisition-Driven Compounders?

While our “Asset Assembler” model is unique, it is recognized globally as the “Compounder” model. On this page, the key takeaways draw on and adapt the framework and analysis of acquisition-driven compounders developed by Oddbjørn Dybvad, Kjetil Nyland and Adnan Hadžiefendić in their book *The Compounders: From Small Acquisitions to Giant Shareholder Returns*. The selection, interpretation and application to Nippon Paint Holdings are our own.

## 1 Definition and Core Characteristics

Compounders are companies that continuously generate free cash flow and reinvest the majority of it over long periods at high returns on invested capital, thereby compounding earnings per share over time. Their key characteristics are:

- ✓ These companies are excellent at sourcing and closing acquisitions in the private market at highly attractive multiples
- ✓ Strong cash flow generation, which in turn is reinvested at high returns on capital
- ✓ Management teams are excellent capital allocators and often own a significant part of these companies
- ✓ They adopt decentralized business models
- ✓ Exposure to a diverse array of small private companies spanning multiple end-markets
- ✓ Dual engines of profitable growth (organic and through acquisitions)

## 2 The Best of Two Worlds

To harness the power of compounding, companies need to manage both risk and return:

### 1. Fundamental downside protection:

A well-diversified foundation, like a resilient tree’s deep and wide roots, is essential to mitigate risks. It means favoring companies with internal diversification—businesses that don’t rely on a single product line, customer, or market.

### 2. Sustainable growth opportunities:

The branches and leaves of a company, representing reinvestment and growth, must grow wide and strong. This is achieved by deploying capital effectively, often through multiple small acquisitions that expand the company’s reach without overexposing it to single-point risks.

### The Best of Two Worlds



### The Two Core Engines of Outperformance

How culture and capital allocation combine to create unstoppable compounding machines

#### HIGH-PERFORMING DECENTRALIZED CULTURES

- ✓ Empowering local leaders
- ✓ Lean HQs
- ✓ Championing meritocracy and saying no to mediocrity
- ✓ Skin in the game (insider ownership & cash-based incentives)
- ✓ Strong alignment between management and shareholders
- ✓ Long-term mindset reinforced by autonomy and accountability



#### DURABLE REINVESTMENT ENGINES

- ✓ Investor-mindset management
- ✓ Capital allocation free from legacy or geographic constraints
- ✓ High-return reinvestments: organic + bolt-on acquisitions
- ✓ Bias toward acquiring founder-led niche businesses
- ✓ Relentless discipline and repeatability in deploying capital

**These two principles—decentralized excellence + reinvestment discipline—allow compounders to:**

- ✓ Sustain high ROIC
- ✓ Deliver consistent earnings growth
- ✓ Generate multi-decade, multi-bagger returns



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### 3 The Two Core Engines of Outperformance

"The Two Core Engines of Outperformance," illustrates "how culture and capital allocation combine to create unstoppable compounding machines." It highlights two core drivers: "HIGH-PERFORMING DECENTRALIZED CULTURES" and "DURABLE REINVESTMENT ENGINES." Companies "Empower local leaders," maintain "Lean HQs," incentivize "Skin in the game," and reinforce a "Long-term mindset" through "autonomy and accountability." At the same time, "Investor-mindset management" keeps "Capital allocation free from legacy or geographic constraints," pursues "High-return reinvestments: organic + bolt-on acquisitions," favors "founder-led niche businesses," and applies "Relentless discipline and repeatability in deploying capital." Together, "these two principles—decentralized excellence and reinvestment discipline—allow compounders to" "Sustain high ROIC," "Deliver consistent earnings growth," and "Generate multi-decade, multi-bagger returns."

### 4 The 7 Pillars of Acquisition-Driven Compounding

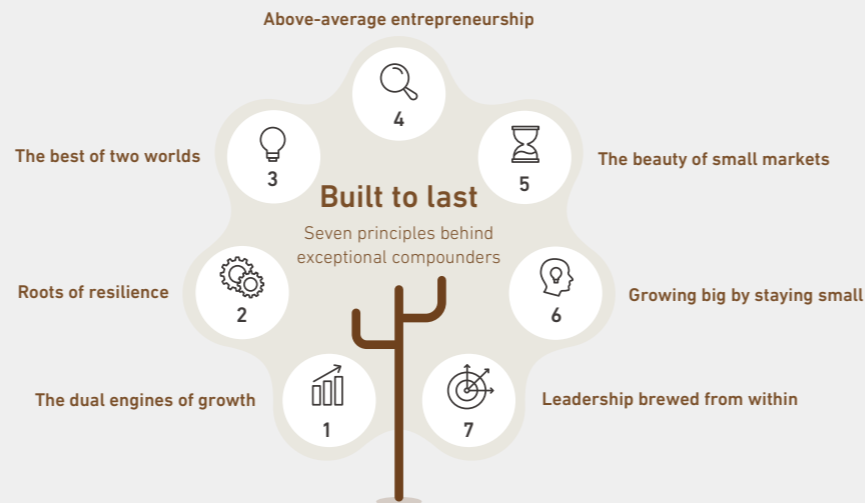
A radically different M&A playbook built for long-term, low-risk value creation.

**1. The dual engines of growth** — organic reinvestments and programmatic acquisitions of small private companies—provide a unique level of capital deployment. When organic growth slows, the acquisition engine picks up the slack, ensuring a balanced and sustainable trajectory and unlocking the duration of the compounding rate.

**2. Roots of resilience** — While the focus is often on the length of a tree and its leaves—skyrocketing revenues, expanding markets, and growing dominance—what truly defines a company's longevity and sustains enduring growth lies beneath the surface. The success of compounders is rooted in the stability, the diversity, and the systems they cultivate beneath the surface that can withstand shocks, avoid catastrophic failure, and compound earnings steadily over time.

#### The 7 Pillars of Acquisition-Driven Compounding

A radically different M&A playbook built for long-term, low-risk value creation



#### The Dual Engines of Growth

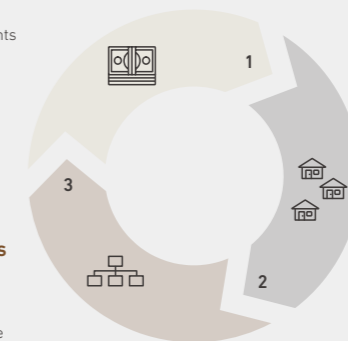
They don't just grow. They compound - driven by two reinforcing engines working together over decades:

##### Organic Growth

- ✓ Focused innovation within niche markets
- ✓ Strong customer intimacy
- ✓ Incremental product improvements
- ✓ Decentralized autonomy = faster decisions

##### The Power of Dual Engines

- ✓ Organic + Acquired growth = compounding at scale
- ✓ More stable than single-exposure companies
- ✓ Extend runway through continuous reinvestment
- ✓ Optionality: allocate capital where returns are highest



##### Programmatic M&A

- ✓ Small, frequent, low-risk acquisitions
- ✓ Targets: founder-led, niche businesses with 20–30% margins
- ✓ Highly disciplined—rarely pay more than 8×EBIT
- ✓ Avoid "big bang" deals
- ✓ Retain founders as minority owners to keep entrepreneurial spirit alive



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**3. The best of two worlds** — Balancing risk and return is essential to long-term compounding. To reach the critical compounding phase, ensuring sustained and exponential growth, a business must survive and thrive during its early stage by offering a diverse range of products to a wide variety of customers across multiple end-markets to expand the company's reach without overexposing it to single-point risks.

**4. Above-average entrepreneurship** — Above-average entrepreneurship is fostered in decentralized groups with a powerful cash culture, disciplined internal capital allocation, and incentives tied to returns. Acquired businesses retain their entrepreneurial spirit, benefit from the sharing of best practices, and pursue self-funded growth, supporting uninterrupted compounding through careful pricing, cost control, and prudent acquisition discipline.

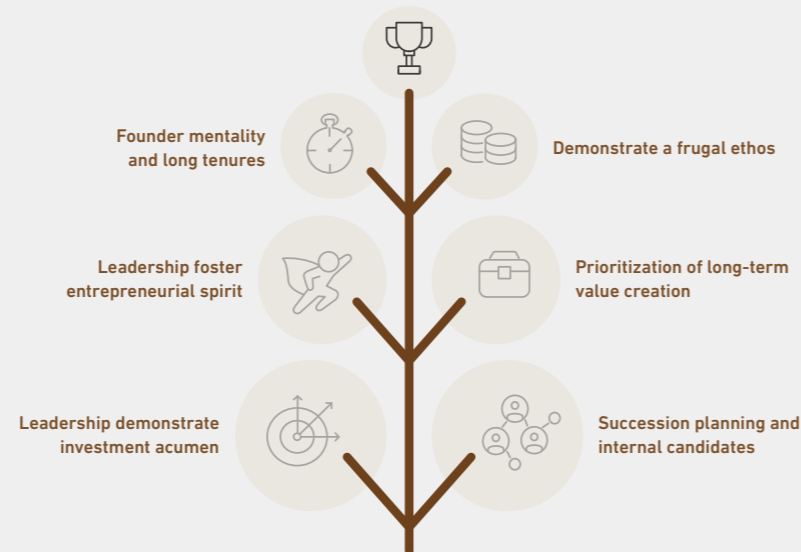
**5. The beauty of small markets** — The appeal of small markets lies in less competition for acquisitions, more attractive prices and higher shareholder returns. Mission-critical, asset-light offerings of lean businesses with close customer relationships generate predictable cash flow, discourage new entrants, and create a diversified reinvestment engine, allowing these businesses to grow without using much of the cash they generate.

**6. Growing big by staying small** — Scaling through acquisitions works best when operations stay decentralized. Granting autonomy to small business units preserves entrepreneurial culture, close customer relationships, and speed, while headquarters focuses on rational capital allocation. This balance lets a large group grow, adapt, and redeploy resources without losing the agility of a small business.

**7. Leadership brewed from within** — Enduring businesses are often led by owner-minded insiders who preserve entrepreneurial culture, elevate and empower frontline employees, and think in terms of decades rather than financial quarters. By promoting leaders from within and planning succession carefully, they sustain cultural and strategic continuity, prudent risk-taking, and long-term value creation while safeguarding against management decisions driven by empire-building ambitions or short-term financial strategies that might prove suboptimal.

**Leadership Brewed From Within**

Long-term value through insider ownership and continuity.  
Decentralization as a Growth Strategy



**5 Superior Long-Term Share Price Performance**

Global acquisition-driven compounders have delivered exceptional share-price performance over multiple decades.

**1. Top-tier value creation:**

Over the past 35 years, \$10,000 invested in these companies would have grown to \$8.7 million – a compounded annual growth rate of around 21%.

**2. Relative to the market:**

Over the same period, these compounders have returned 867x their starting value, as against nearly 17x for the S&P 500. These companies consistently outperform industry giants like Berkshire Hathaway. They have outperformed all major indices, often by a significant margin.

Based on *The Compounders: From Small Acquisitions to Giant Shareholder Returns* by Oddbjørn Dybvad, Kjetil Nyland and Adnan Hadžiefendić, published by The Book Press.

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# Investors' Three Key Questions About Our MSV Journey

## Frequently asked questions and our perspectives

### Q1 How do you think about the balance between organic growth and inorganic growth within the Asset Assembler model?

**A** Under our Asset Assembler model, we do not prioritize either organic or inorganic growth in isolation. Instead, we pursue sustained EPS compounding ☺ through the combination of both.

On the organic side, we aim to achieve high-single-digit\* adjusted EPS growth by maximizing the potential of each partner company. On the inorganic side, we seek to further enhance EPS by prioritizing the allocation of abundant cash generated by existing businesses to low-risk, good-return M&A that is accretive to EPS from the first year.

In other words, we pursue MSV through a balanced approach: building on steady organic growth while adding unlimited upside through M&A.

\* Medium-term consolidated CAGR based on the 2025 business portfolio

### Q2 With interest rates rising, why do you believe the competitive advantage of the Asset Assembler model—particularly in inorganic growth—will remain intact?

**A** We believe the competitive advantage of our Asset Assembler model ☺ will remain intact even in a rising interest rate environment for three primary reasons.

First, we raise funds primarily in Japanese yen, a stable currency with relatively low interest rates. Even if interest rates in Japan rise, as long as they remain within our assumptions, we expect to retain our relative funding cost advantage over U.S. and European companies. Second, in addition to debt financing, we also consider equity financing as an option, provided it is EPS accretive, and therefore are able to pursue the optimal funding mix without being

constrained by debt capacity alone. Third, our corporate philosophy—respecting the brands and management teams of acquired companies—together with the credibility we enjoy as a Japanese company, remains a powerful advantage in attracting outstanding companies for potential acquisition.

### Q3 What are the benefits of autonomous and decentralized management that are not only effective in normal times but are most evident in times of crisis, such as the pandemic or heightened geopolitical risk?

**A** The greatest benefit of autonomous and decentralized management ☺ in times of crisis is that it enables swift and agile decision-making at the front line in response to rapid changes in markets and operating environment.

In times of crisis, such as supply chain disruptions caused by the pandemic or geopolitical risk, as well as inflation, it is not feasible for headquarters to centrally manage partner companies across the globe. Under our autonomous and decentralized management model, we have therefore built a system that prevents delays in decision-making by delegating authority with accountability to high-caliber local management teams and empowering them to make independent decisions.

In practice, each partner company acts autonomously and with agility, including by switching to alternative raw materials, swiftly passing on cost increases through pricing, and optimizing supply chains. This has become a powerful competitive advantage that supports the Group's growth even in a highly uncertain operating environment.



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How Betek Boya Has Accelerated Its Growth  
Since Joining the Nippon Paint Group

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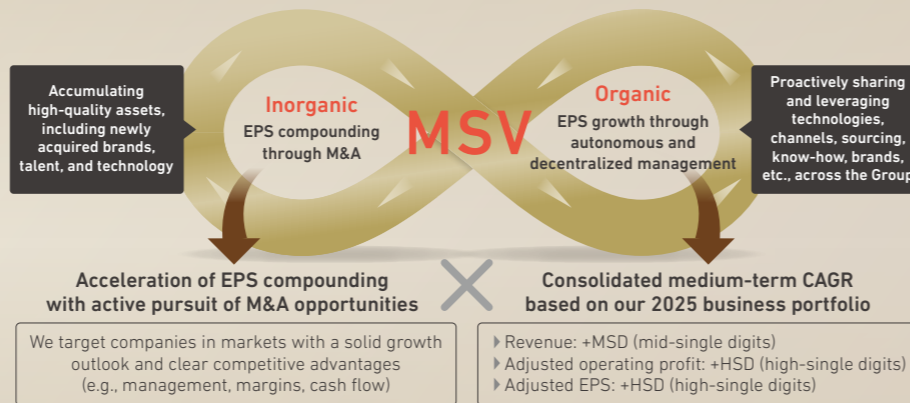
# Medium-Term Strategy Updates (Released in February 2026)

## No fundamental change to the Medium-Term Management Strategy launched in April 2024 and updated in April 2025; we remain committed, as an Asset Assembler, to pursuing unlimited upside through both organic and inorganic growth

### Updates on Medium-Term Strategy released in February 2026

We remain firmly committed to our **Asset Assembler strategy** as the core engine driving unlimited organic and inorganic growth. However, the market environment has become more uncertain than it was in 2024. We are therefore adopting a slightly more cautious outlook for growth in NIPSEA China. In addition, with AOC now integrated into our portfolio—operating primarily in the U.S., where near-term market conditions remain somewhat challenging—we expect a degree of short-term dilution to our overall growth rate. As a result, we are modestly revising our medium-term targets from 8-9% revenue growth and 10-12% EPS growth to mid-single-digit revenue growth and high-single-digit EPS growth. In the past, we have described our **M&A scope** as having "no limitations." However, we have sharpened our focus and will prioritize opportunities within the chemicals domain, targeting businesses operating in resilient growth markets with clear competitive advantages and strong potential for further growth by leveraging our Group platform. For inorganic growth, we will continue to pursue both bolt-on acquisitions and asset-assembly transactions.

Sustainable EPS compounding should enhance PER, realizing MSV over the long term  
**Asset Assembler model**



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

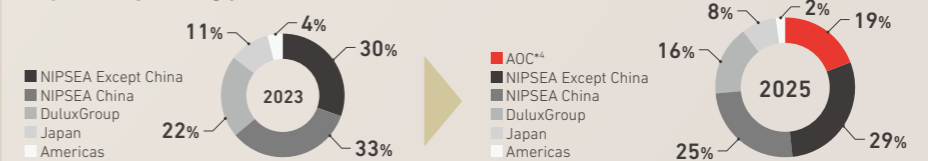
### Review of our Medium-Term Strategy (launched in April 2024)

Our medium-term CAGR targets announced when we first disclosed our Medium-Term Strategy in April 2024 (based on our 2023 business portfolio without anticipating the acquisition of AOC) were set at 8-9% revenue growth and 10-12% EPS growth. Over the period from 2023 to 2025, we delivered just under 7% revenue growth and slightly above 10% adjusted EPS growth—broadly in line with those initial targets. We believe this reflects the steady progress we have made despite significant changes in the political and economic environment during that time. With the addition of AOC's contribution to consolidated results, we achieved 11% revenue growth and 22% growth in adjusted EPS. Revenue growth would have been approximately 12% assuming the change in the agent model for China's decorative trading business had been implemented in 2023. Compared with 2023, our margins and cash generation have improved, and our business mix has evolved into a more balanced portfolio.

#### Consolidated basis

(Billion yen)	2023	2024	2025*1	2023-2025 CAGR (excl. AOC)	2023-2025 CAGR (incl. AOC)
Revenue	1,442.6	1,638.7	1,774.2	5.9% (6.7%)*2	10.9%
Operating profit	168.7	186.2	257.1	11.2%	23.4%
OP margin	11.7%	11.4%	14.5%	—	—
Adj operating profit	181.5	199.6	274.2	10.4%	22.9%
Adj OP margin	12.6%	12.2%	15.5%	—	—
Adj EPS (yen)	57.6	60.4	85.8	10.3%	22.0%
EPS (yen)	50.4	53.6	76.7	9.8%	23.3%

#### Adjusted operating profit breakdown\*3



\*1 Following the finalization of AOC's PPA, the 2025 figures have been restated retrospectively. The figures presented are pro forma \*2 Assuming the change of the agent model for the trading business in China's decorative business would have been implemented in FY2023 \*3 Percentage to the total sum of segment profit \*4 10-month earnings



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Organic

Compared with April 2024, the global economy has generally weakened, with GDP growth slowing in advanced countries and the paint market tracking GDP to some extent. Under such a market environment, NIPSEA Except China recorded strong performance with adjusted operating profit CAGR of 21%, while NIPSEA China, DuluxGroup, and Japan each delivered steady growth of 6% CAGR. Even excluding the contribution from AOC’s consolidation, we delivered very strong organic growth and believe that this growth and solid cash flow provide a solid foundation for pursuing further growth.

Looking ahead, we expect adjusted operating profit CAGR in the mid-single-digit to double-digit range across each region and business, and will aim to deliver both revenue growth and margin improvement through the execution of strategies tailored to the opportunities in each market and business.

Growth forecast by asset

Segment	Our medium-term growth							
	2024 guidance (in LCY)		2023-2025 results			Current medium-term forecast (in LCY)		
	Revenue CAGR	OP margin (vs. 2023)* <sup>1</sup>	Revenue CAGR	Adjusted OP CAGR	Adjusted OP margin (2025)	Revenue CAGR	Adjusted OP CAGR	Adjusted OP margin (vs. 2025)* <sup>1</sup>
Japan	+0-5%	↗ (2023: 9.5%)	+1.0%	+6.3%	10.7%	+LSD	+MSD	↗
NIPSEA China	c. +10%	→ (2023: 12.5%)	-1.3% (+1.1%)* <sup>2</sup>	+5.9%	14.7%	+MSD	+MSD	→
NIPSEA Except China	+15-20%	→ (2023: 17.4%)	+20.1%	+20.7%	19.6%	+HSD	+HSD	→
DuluxGroup	c. +5%	↗ (2023: 9.6%)	+6.0%	+6.1%	11.1%	+MSD	+DD	↑
AOC	—	—	—	—	33.7%* <sup>3</sup>	+MSD	+MSD	↗

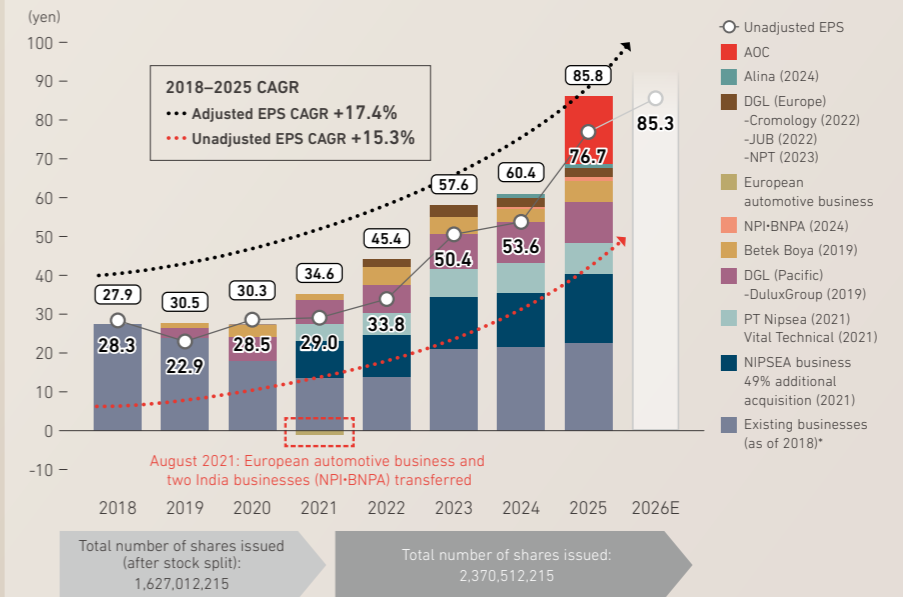
\*1 ↑: ≥+2%, ↗: +1%~+2%, →: -1%~+1%, ↘: -1%~-2%, ↓: J-2%  
\*2 Assuming that the change of agent model for the trading business in China’s decorative business would have been implemented in FY2023 \*3 10-month earnings

Inorganic

Amid ongoing macroeconomic uncertainty and a broad reset in valuation multiples, the current environment is creating attractive opportunities to acquire good assets at disciplined valuations. We are seeing deal-related discussions becoming increasingly active. Since 2018, we have delivered meaningful EPS compounding through the disciplined pursuit of inorganic growth alongside organic growth. At the same time, returns have strengthened steadily, as ROIC across acquired assets has continued to improve year after year. AOC, in particular, has remained a strong contributor to earnings, sustaining exceptionally high margins and delivering EPS compounding in line with expectations from the first year after acquisition.

For 2026, we forecast adjusted EPS growth of approximately 10%, while reported EPS is expected to be JPY 85.3 (+11.4% year on year). EPS CAGR since 2018 is projected to be approximately 16%.

Adjusted EPS compounding by asset



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



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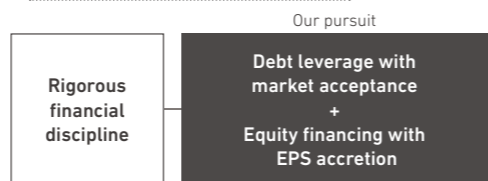
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# Our Finance Strategy Presented by Co-President Wakatsuki

## MSV Logic Tree

- For more information, please refer to the “How Shareholder Value Is Maximized” section.



## Executive Summary

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



**Yuichiro Wakatsuki**  
Director,  
Representative Executive  
Officer & Co-President

## Capital Allocation Centered on M&A to Maximize EPS

### Our consolidated ROIC and RNOA performance

In 2025, our consolidated ROIC was 7.6%, representing an improvement over the previous year (see Figure A). This improvement was primarily attributed to (1) an improvement in operating profit margin, and (2) higher after-tax operating profit driven by business growth. Our 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 our growth strategy. Furthermore, invested capital has increased annually, and after-tax operating profit has risen steadily over the five years through 2025.

### A ROIC/RNOA/Capital expenditure-to-sales ratio\*

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

\* ROIC  
 ▶ ROIC: After-tax operating profit/Average of (working capital + tangible fixed assets) over two periods  
 ▶ An effective tax rate of 28% is applied for each fiscal year, based on the average consolidated effective tax rate over the past three 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)  
 \* RNOA  
 ▶ RNOA: Operating profit/Average of (working capital + tangible fixed assets) over two periods  
 ▶ Working capital = Trade and other receivables + Inventories - Trade and other payables

Moreover, our Return on Net Operating Assets (RNOA) is high at approximately 31%, while our capital expenditure-to-sales ratio is low at approximately 3%, underscoring the high asset efficiency and strong cash-generating capacity of our businesses and, in turn, the quality of our business portfolio.

### 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?

We are sometimes compared with peers based solely on a company-wide ROIC benchmark. However, companies that actively pursue M&A and those that do not typically have fundamentally different asset compositions and growth profiles.

Our strength as an **Asset Assembler** lies in our ability to consistently make safe acquisitions. As we pursue the long-term, sustainable maximization of EPS through acquisitions, we believe that an excessive focus on ROIC alone neither makes the most effective use of our platform nor aligns 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. We use ROIC as a key indicator of efficiency, while also tracking RNOA as a measure of asset efficiency across our businesses. Together, these metrics show that our Group is, in substance, a highly asset-light portfolio of companies with strong profitability.



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Nippon Paint Holdings Co., Ltd.

To clarify, 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 already seen their ROIC exceed the WACC, with all demonstrating year-on-year improvements in their ROIC.


We are by no means disregarding ROIC. On the contrary, as our valuation has moderated, our focus on ROIC has become even more disciplined, and we have correspondingly

tightened our acquisition standards. At the same time, we do not intend to become overly ROIC-centric in a way that constrains our growth ambition. We believe the appropriate course is to maintain a well-balanced approach.

#### — How should we interpret our 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 project a high-single-digit medium-term organic growth in EPS without 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 a high-single-digit organic EPS growth, plus additional upside through M&A contributing to EPS from Year 1 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 leverage declines in the short term.

Within our Asset Assembler model, we pursue opportunities within the chemicals domain, targeting businesses operating in resilient growth markets with clear competitive advantages and strong potential to accelerate under our Group platform. Given the abundance of safe targets that contribute to EPS, we believe our policy and strategy are well grounded. 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).

### 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 actively engage in dialogue with them and enhance our disclosure materials.

#### **B** ROIC of major acquired assets\*

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

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

\* Assumptions for preparation:

- ▶ The ROIC for DGL (Pacific), Betek Boya, and JUB excludes Year 1 as these companies were acquired during the fiscal year and starts from Year 2. PT Nipsea and Cromology, acquired at the beginning of the fiscal year, are included from Year 1. None of these companies incurred any acquisition-related costs in Year 1
- ▶ DGL (Pacific): For 2019-2023, the DuluxGroup figures reflect the consolidated total excluding Cromology and JUB. From 2024 onward, the figures reflect DGL (Pacific) only. For 2022, the figures exclude acquisition-related costs for Cromology and JUB (including small-scale acquisitions)
- ▶ Betek Boya: Goodwill deducted from the denominator does not reflect adjustments under hyperinflationary accounting. After-tax operating profit, the numerator, is shown after applying hyperinflationary accounting
- ▶ For AOC, a 12-month pro forma value is used. Inventory step-up is excluded
- ▶ For corporate tax rates, Betek Boya uses the statutory effective tax rate of 25% due to abnormal corporate tax rates due to hyperinflationary accounting. For other companies (PT Nipsea, DGL (Pacific), Cromology, and JUB), the average effective tax rate over the past three years is applied uniformly across all years



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**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.

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 PMI through our autonomous and decentralized management approach, and consistently pursuing high-quality M&A at reasonable valuations.

We have maintained strong cash generation, and our asset portfolio is fundamentally composed of partner companies that are capable of autonomous growth and stable cash generation. In terms of financial leverage, strong cash generation driven by revenue growth in 2025 improved our year-end net debt/EBITDA ratio to 2.9 times, better than initially expected, even after the AOC acquisition and share buybacks (see Figure C). Assuming no additional M&A, we expect this ratio to decline further to 2.3-2.5 times by the end

of 2026. Our financial soundness remains robust, even compared with 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 sustained and long-term maximization of EPS, ultimately leading to the maximization of PER (See Figure D).

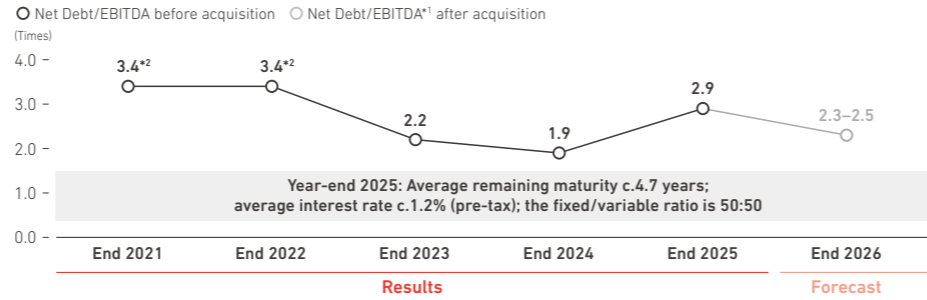
We deploy capital expenditures aimed at securing sustainable future growth noting that the burden of capital investment is relatively small, accounting for only around 3% of revenue, mostly in maintenance and replacement capex. We maintain a disciplined approach to new investment initiatives, including production capacity expansion and investment to advance AI utilization, DX, and 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.

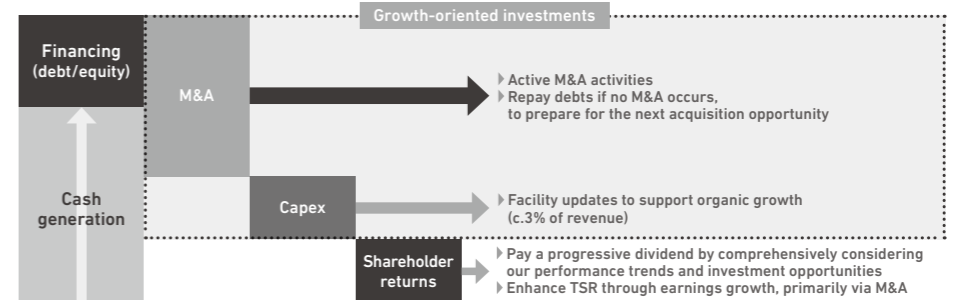
We announced **share buybacks** in October 2025 based on our view that the current share price is significantly undervalued. Several investors have commented, “With valuation at this level and no premium required, wouldn’t buying your own shares be attractive?” We found that argument compelling. The decision was driven purely by financial rationale. Looking at future EPS growth, buying back shares at today’s PER is clearly value-creating. Our earnings are very strong, and the stock remains undervalued, so we believe this is the right and most effective capital allocation decision for now. Given our steady cash generation, we believe future M&A and share buybacks are fully compatible. Our fundamental strategies, including the **Asset Assembler model**, remain firmly in place.

**C Pro-forma leverage**



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

**D Our capital allocation strategy**





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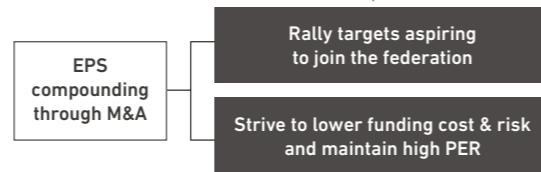
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# M&A Strategy

## 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. Our pursuit



## Role of M&A in our growth strategy

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

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

## Acquisition criteria

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

## Our strengths

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

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

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

## New M&A opportunities

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

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

### Two pillars of M&A



### Rigorous acquisition criteria

Our strengths	Acquisition criteria and targets
<ul style="list-style-type: none"> <li>The ability to identify good targets</li> <li>Sustaining and enhancing the motivation of management talents that join our Group</li> <li>Autonomy and accountability</li> <li>Access to low funding costs</li> </ul>	<ul style="list-style-type: none"> <li>Markets with outlook for resilient growth</li> <li>Companies possessing competitive advantages (management, margins, cash flow, etc.)</li> <li>Valuations that are EPS-accretive from year one and capable of achieving ROIC above WACC within three years</li> <li>Bolt-on acquisitions emphasize synergy generation, while in asset-assembly transactions, synergies are pursued but are not factored into the justification for higher valuations</li> </ul>



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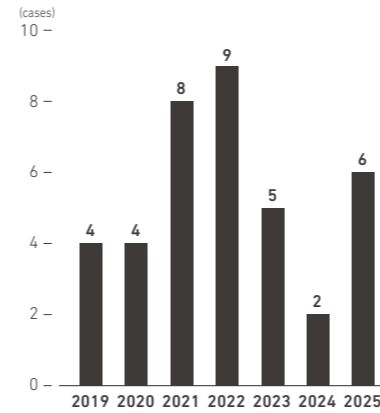


**Our M&A track record**

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

Case Study 1: Türkiye Group Business Strategy P47

**M&A<sup>\*1</sup> transactions**



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

**Adjusted operating profit by year**

(Billion yen)	Total	Contribution from M&A <sup>*2</sup>	Growth rate (YoY)	Contribution from M&A	Companies acquired during the year
2018	86.3	–	–	–	
2019	95.9	8.6	11.1%	10.0%	DuluxGroup, Betek Boya
2020	92.5	13.6	–3.6%	14.1%	
2021	101.3	14.0	9.6%	15.2%	PT Nipsea, Vital Technical
2022	140.8	8.2	39.0%	8.1%	Cromology, JUB
2023	181.5	1.3	28.9%	0.9%	NPT
2024	199.6	6.4	9.9%	3.5%	Alina, NPI
2025 <sup>*3</sup>	274.2	55.3	37.4%	27.7%	AOC

\*2 Profit/loss for the 12 months following acquisition (undisclosed) across different regions and business segments  
\*3 Following the finalization of AOC’s PPA, the 2025 figures have been restated retrospectively. The figures presented are pro forma

For more information, please refer to the **“Asset Management Report”** on our website.

**Case 1 Acceleration of bolt-on acquisitions by DuluxGroup**

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

**Acceleration of bolt-on acquisitions by DuluxGroup**

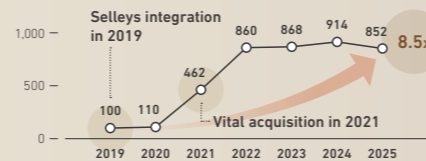


**Case 2 Acceleration of growth in the SAF business at the NIPSEA Group**

Message from Co-President Wee P23

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

**Sales trends in the SAF business<sup>\*4</sup> (NIPSEA Group)**



\*4 Indexed to 2019 as the base year (100)

**Case 3 Deepening our relationship with AOC**

Case Study 2: AOC’s Business Strategy P49

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



**Case 4 Acceleration of collaboration within the NIPSEA Group**

In April 2026, NIPSEA launched the LFG Excellence Award with a CEO broadcast across 19 geographies, reinforcing shared direction and collaboration while recognizing local contributions. Nippon Paint Malaysia held an event uniting both local and Vital Technical employees. The Award recognizes performance, innovation, and impact in advancing strategic priorities through Lean for Growth, promoting best practices. Mr. Wee emphasized discipline, strategic clarity, and sustainable results to strengthen collaboration and accelerate growth.





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# Leadership Dialogue: NIPSEA China

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

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

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

### NIPSEA China’s competitive advantages built over time

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

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

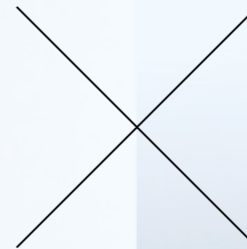
**Chung** China is an extremely competitive market, and growth without margin discipline is fragile. Volume gained at the expense of profitability is difficult to sustain and often

### Executive Summary

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



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



**Eric Chung**  
CEO of Nippon Paint China



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

**Wee** That is a great point, Eric. Could you walk us through how the “Innovation + Service” model is helping us stand out and deliver sustainable results in China’s competitive landscape?

**Chung** We are particularly proud of Magic Paint, which exemplifies our commitment to innovation. More than just a paint product — it delivers a distinctive style and aesthetic experience through finishes such as leather, fabric, micro-cement, and stone. By collaborating with aesthetic ambassadors and leveraging on our well-known IPs (such as our Dream Home Makeover TV programs, individual creative content, music), we are positioning Nippon Paint as the brand

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

On the service side, we focus on delivering a seamless end-to-end experience from product selection through to delivery. As early as 2011, NIPSEA China launched its Hassle-Free Renovation Service, or “No-Need-to-Lift-a-Finger” renovation service system, which was further enhanced under our 2025 strategic blueprint. By leveraging a growing network of community stores, we bring decision-making closer to consumers, convenience and encourage repeat purchases. As of end-2025, 300 NIPSEA China community stores had been rolled out nationwide. In 2026, Nippon Paint will roll out a community store upgrade program, strengthening the reliability of its “last-mile delivery” through enhancements to store image, product offerings, and operating models. In parallel, we have set industry benchmarks through our talent certification system, ensuring that skilled applicators are trained to our standards. This not only builds trust but reinforces NIPSEA China’s reputation for

quality craftsmanship.

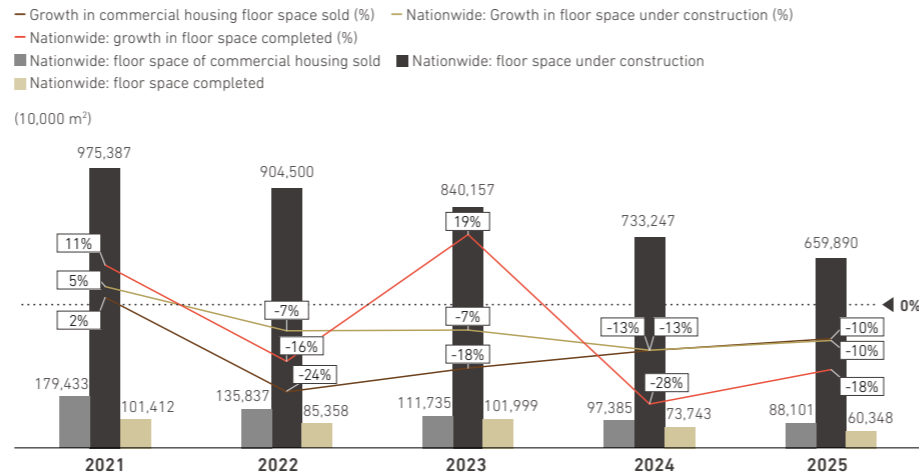
Together, these innovation and service strategies help us stand out and deliver sustainable results, even in a highly competitive market.

Navigating through a changing market

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

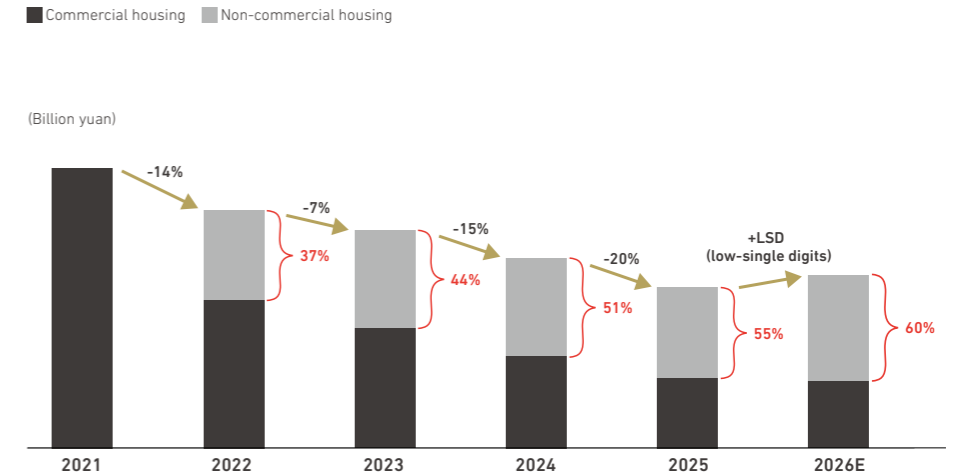
**Chung** According to the National Bureau of Statistics of China, floor space under construction by real estate developers declined by 10%, while completed floor space fell by 18% in 2025. Despite these industry headwinds, NIPSEA China’s revenue performance in 2025 demonstrated greater resilience, with revenues declining less than the broader

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



Source: National Bureau of Statistics of China

TUB net sales and business structure (2021–2026E)





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**Leadership Dialogue: NIPSEA China**

Nippon Paint Holdings Co., Ltd.

industry average. This outperformance underscores the effectiveness of its strategic initiatives and its ability to adapt in a challenging environment.

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

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

More than 12 million people have returned or moved to rural areas, driving demand for houses there. In 2025, government subsidies for rural revitalization totaled RMB



159.3 billion. Rural housing construction has shifted from basic shelter to decorative and functional needs, with residents seeking to live well. NIPSEA China’s texture paint strategy addresses these upgraded demands and needs by offering competitive and broad-range products tailored for rural markets. Enhanced production efficiency and price competitiveness make texture coatings accessible and attractive in these regions. NIPSEA China’s TUC strategy enables the company to gain ground and deliver resilient performance, even as the broader market continues to face headwinds.

**Wee** Some investors continue to associate TUB through the lens of the property cycle. The more important consideration, however, is how the business is actively repositioning itself, rather than waiting for a recovery in the residential construction.

**Chung** TUB is undergoing a significant transformation. The slowdown in residential construction has accelerated our shift toward industrial and infrastructure-related projects. In these areas, technical capability, service quality, and reliability are paramount, outweighing price competition. We are focusing on project types where we can demonstrate differentiated performance, deliver on time, and manage risk effectively. This approach not only improves margin quality and reduces exposure to cyclical residential demand, but also enforces stronger project selection discipline and tighter credit controls. Since 2021, the proportion of non-commercial housing tracks—including industrial enterprises, municipal engineering, heavy industry, hotels, and commercial complexes—has gradually increased to over 50% of overall TUB business, and is expected to rise further to 60% by 2026.

**Brand strength and demand creation**

**Wee** NIPSEA China’s strong brand is a critical driver of demand creation. By maintaining top-of-mind awareness and a premium brand image, the company ensures it is the first choice for consumers at the point of purchase. This is achieved through consistent investment in brand building and channel development

**Chung** Over the past three decades, NIPSEA China has consistently invested in building and strengthening our brand image, recognizing the importance of brand awareness in a highly competitive paint market. As a result, we have sustained a **top-of-mind awareness rate of over 50%**, representing an absolute advantage which is roughly twice that of competitors.

Our brand communication strategy is multi-faceted, including a longstanding collaboration with the TV program *Dream Home Makeover* which has been running for 11 consecutive years, embedding the brand’s image of revitalizing beautiful living spaces in consumers’ minds. We have promoted color expertise and established NIPSEA China as a leader in wall color trends, culminating in the launch of the “Magic Paint” series in 2022 and the introduction of a brand ambassador to lead the new trend of textured paint.

**Wee** Color is at the heart of how we connect with our customers. As competition intensifies, our color strategy plays a critical role in differentiating our brand and top-of-mind awareness. By offering a broad and trend-led color palette, we enable consumers to easily find options that fit their style.

**Chung** Our color strategy is multi-layered. First, we use data from our **computerized color matching (CCM) tinting machines** to understand what colors are trending in



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different regions, among different age groups, and at different times of year. This helps us stay ahead of the curve and tailor our offerings to what people actually want. We also run annual color trend reports and work with influencers on social media to promote popular colors especially on platforms like Rednote (Xiaohongshu), where we are ranked #1 for color. For more conservative customers, we recommend classic, versatile colors and provide easy-to-use matching formulas, supported by offline sales training and optimized store displays.

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

**Self-transformation and productivity improvement**

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

**Chung** Over the past few years, we have driven significant organizational transformation, including the implementation of IPD (Integrated Product Development) and PDT (Product Development Team). We have established a platform-based organizational model that seamlessly connects the front, middle and back offices to enable end-to-end collaboration. Our front office is sharply focused on key industries and customers, with a clear emphasis on understanding and capturing customer value. The middle office is centered on profit delivery and capability building, particularly through

product and technology innovation, enabling us to develop differentiated solutions that truly stand out in the market. Meanwhile, our back office has built integrated service capabilities that keeps the whole organization running efficiently and cohesively.

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

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

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

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

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

**Continued sustainable growth**

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

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





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## Case Study 1

# Türkiye Group Business Strategy

## How Betek Boya Has Accelerated Its Growth Since Joining the Nippon Paint Group

Since joining our Group in 2019, Betek Boya has evolved into the core company of the Türkiye Group, which was established in 2024. Even amid Türkiye's severe inflationary environment, the company has steadily increased its market share while building a foundation for sustainable growth as a strategic hub for regional expansion into North Africa and Central Asia.

Case Study 1 explores the Türkiye Group's business strategy and examines the factors behind its accelerated growth under our Group.



**Tayfun Küçükoğlu**  
Group CEO, Türkiye Group



**Hasan Gökhan Güner**  
General Manager of Betek Boya

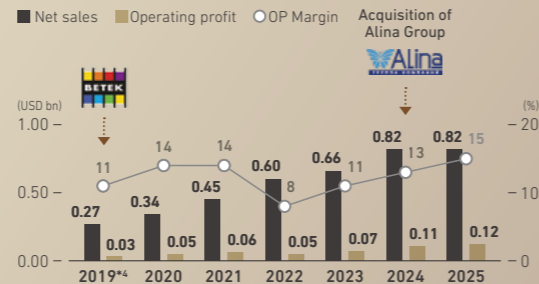
### Growing faster as part of the Nippon Paint Group

#### Türkiye Group (2025) \*1\*2

Net sales: USD **0.82** bn (+205% vs. 2019)

Operating profit: USD **0.12** bn (+303% vs. 2019)

OP margin: **15%** (+400 bps vs. 2019)



Notes:

\*1 Figures after applying hyperinflation accounting from 2022 onward

\*2 Elimination of intersegment transactions and similar adjustments are not applied

\*3 External thermal insulation composite system

\*4 2019 figures on full year basis assuming acquisition completed at beginning of the year

#### Türkiye business snapshot

Net sales: USD **0.66** bn (+145% vs. 2019)

Operating profit: USD **0.09** bn (+187% vs. 2019)

Our share in the Turkish decorative paint market

**36%** (+900 bps vs. 2019)

Turkish ETICS\*3 market share

**50%** (+2,600 bps vs. 2019)

## 1 Agility and resilience —Continued to deliver robust growth despite a high-inflation environment

Betek Boya continues to deliver strong growth, outperforming competitors in a challenging environment. In 2025, while major competitors faced sharp declines in volume/sales, with sales down 17% to 28% year-on-year, Betek Boya expanded its market share to 36% in decorative paints and 50% in ETICS. This resilience is driven by being grounded in the market and united in execution, leveraging efficiency-focused production, having a completely dominating sales channel and maintaining a decisive strategic marketing mindset.

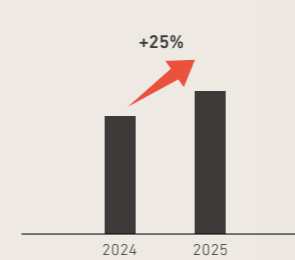
### Türkiye competitive and market landscape

Key competitor analysis (figures after applying hyperinflationary accounting)

TRY million		Key competitors			
		Filiz Boya	FAWORI*		
		DYO	Polisan	Marshall	
Net sales	2025	24,181	10,218	7,023	4,375
	2024	25,346	14,029	8,489	5,317
Sales growth	2025 YoY	-4.6%	-27.2%	-17.3%	-17.7%
OP margin	2025	10.7%	4.0%	N/A	2.5%
	2024	10.0%	6.4%	N/A	1.9%
PBT margin	2025	5.1%	-8.0%	-13.7%	-5.2%
	2024	1.1%	-0.8%	-16.0%	-5.5%

\* Betek Boya represents that of standalone figures and the 2024 figures have been adjusted using the 2025 inflation rate to enable like for like comparison

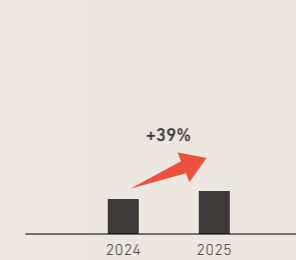
#### Decorative (value)



Market growth rate **+18%**

SOM **35%** **36%** (+100 bps)

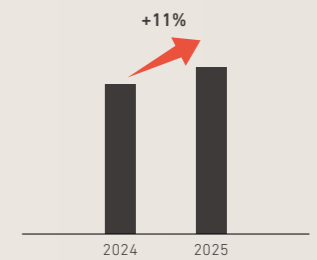
#### ETICS (value)



Market growth rate **+31%**

SOM **47%** **50%** (+300 bps)

#### Export sales (value)



Notes: \*1 Market share based on internal estimates \*2 Market growth figures are based on internal estimates and official data



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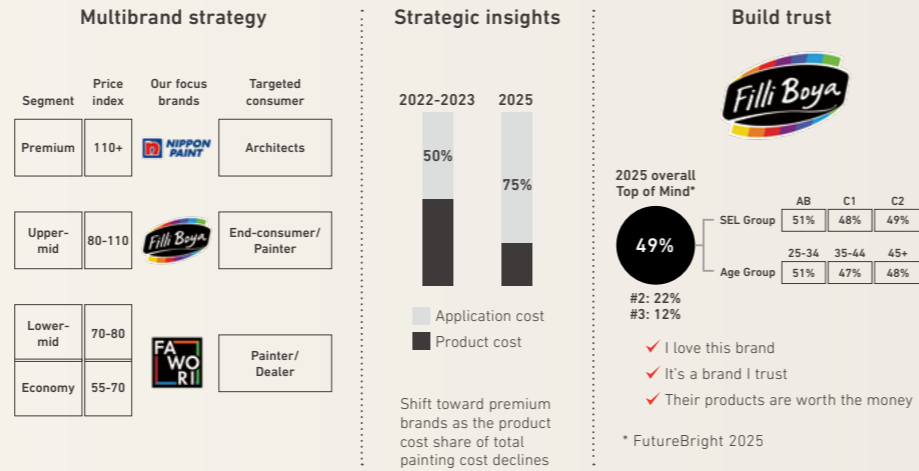
**Case Study 1**

**2 Leveraging the Group’s platform**  
**—Advancing a multi-brand strategy to drive growth**

Betek Boya’s competitive advantage is anchored in exceptional brand awareness, with Filli Boya achieving 49% Top-of-Mind score. Through our Multibrand Strategy 2.0, we have redesigned our portfolio with a structured portfolio discipline and value-creation lens, reducing brand overlap and sharpening capital allocation. This disciplined architecture positions NIPPON PAINT in the premium segment, Filli Boya as the upper-middle flagship, and Fawori for the economy segments. This strategy strengthens pricing power and mitigates risk, especially as consumers increasingly prioritize premium brands due to the rising share of application labor costs in total painting expenses.



**Betek Boya strategic highlights in Türkiye**

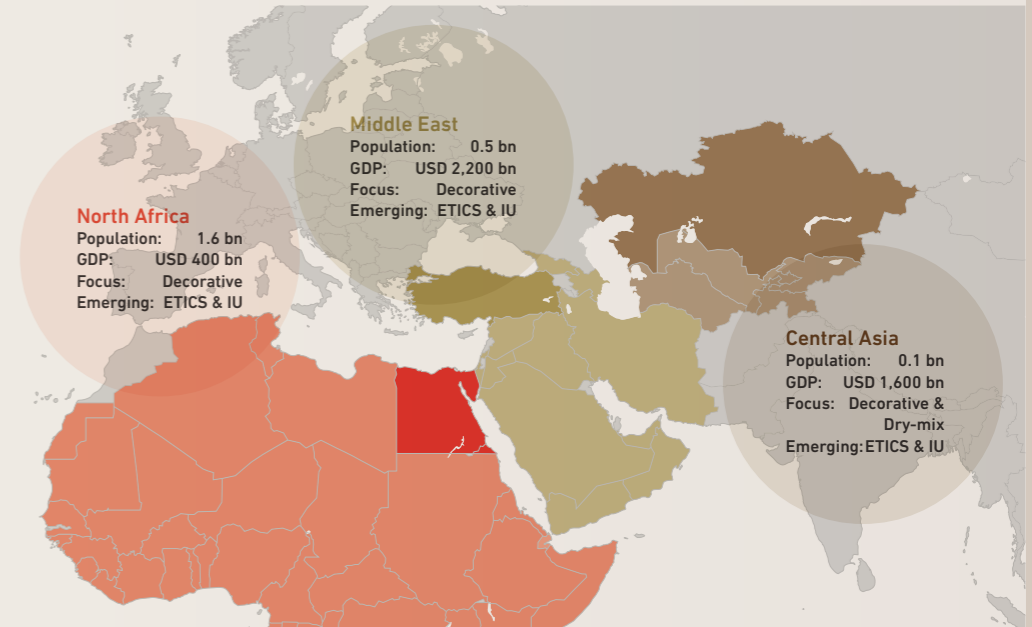


**3 Product and geographic expansion through NIPSEA Group’s comprehensive strengths**  
**—Betek Boya and Alina as growth anchors: broadening the lineup and accelerating expansion across regions**

Türkiye Group’s strategic influence across Central Asia, the Middle East, and North Africa continues to expand. Betek Boya serves as a growing East-West technology and manufacturing hub, supported by its extensive distribution network in paint and wood coatings. Alina’s production infrastructure and dry-mix expertise have further strengthened this path.

Betek Boya’s mastery in ETICS, industrial coatings, and multi-brand leadership — backed by 14 production facilities — will drive strategic development. Accordingly, the transition of the Fawori brand, along with SAF and Alkyd product lines, into the Alina portfolio has been initiated. By leveraging Malaysia Group+ synergies and an agile operating model, we ensure cost efficiency and competitive advantage, solidifying our sustainable leadership in the region as we seek to expand into new markets.

**Strategic hub, expanding influence, bridging regions**





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## Case Study 2

# AOC’s Business Strategy

## How AOC Leverages Its Competitive Advantages to Drive Sustainable Growth

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

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

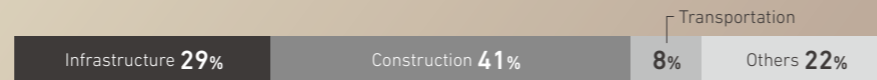


**Joe Salley**  
Chief Executive Officer  
of AOC

### Business and financial profile

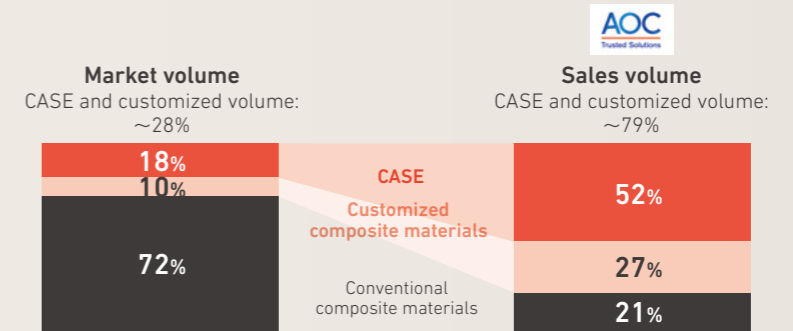
- ① A leading formulator of CASE and colorants solutions
- ② High profitability driven by highly customized products, a competitive product lineup, and differentiated services
- ③ Business systems with significant potential for further value creation
- ④ Controllable, multi-faceted growth opportunities above market growth
- ⑤ Best-in-class cash flow generation and financial profile
- ⑥ A high-caliber management team with a proven track record of value creation

### Sales mix by end market (2025, by volume)



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

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



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

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

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

### Hyper-regional market structure

High-performance products with limited shelf life	Dynamic demand requirements	Customers value local service
<ul style="list-style-type: none"> <li>▶ Products designed to the customer plant level</li> <li>▶ Delivery range typically within 1 day</li> <li>▶ Products do not ship long distances easily</li> </ul>	<ul style="list-style-type: none"> <li>▶ Custom formulations typically made-to-order with limited storage capacity at customer locations</li> <li>▶ Local and flexible logistics required to accommodate changes and short lead times</li> </ul>	<ul style="list-style-type: none"> <li>▶ Wide array of highly technical applications</li> <li>▶ Formulation process requires intimate understanding of direct customers’ processes and end-customer requirements</li> </ul>



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

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

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

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

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

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



**4 Innovative products aligned with long-term demand trends**

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

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

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

**Infrastructure needs and CIPP opportunities**

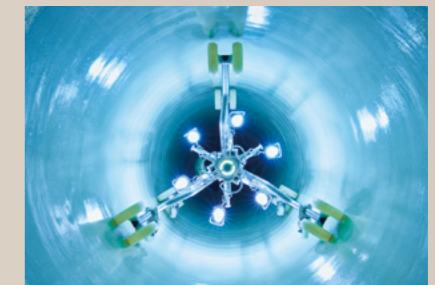
The global infrastructure market is entering a period of sustained expansion, as public spending on aging water and transportation systems is increasingly complemented by private investment in AI-driven power, water, and utilities infrastructure. In the U.S., the Infrastructure Investment and Jobs Act (IIJA) allocates over USD 1.2 trillion to modernize power grids and upgrade water systems, including replacing aging sewage and stormwater networks. At the same time, the technology sector is accelerating capital deployment in the infrastructure segment, with the five largest hyperscale companies expected to invest a combined USD 736 billion between 2025 and 2026 to support the rapid growth of generative AI workloads\*1. Similar commitments by policymakers in Europe and elsewhere are complementing this buildout globally. While greenfield data center projects must address both new and legacy water needs, municipal investment is now largely focused on replacing existing infrastructure that has outlived its useful life as cities uncover larger-than-expected inventories of difficult-to-access lead pipes.

Replacing or upgrading potable water and wastewater systems is inherently complex. These networks run beneath streets, between homes, and across long distances, making traditional replacement methods costly and disruptive. Cured-in-place piping (CIPP) technology offers a more efficient alternative. By inserting a flexible liner into an existing pipe, then inflating and curing it with heat or ultraviolet light, CIPP creates a seamless structural liner with a

service life of 50 to 100 years. The result is a restored pipe with improved integrity and flow performance, delivered through trenchless installation that minimizes excavation, shortens project timelines, and reduces community disruption. Newly repaired and lacking traditional joints, CIPP stops water from leaking out and prevents groundwater from entering, reducing wasted potable water and unnecessary wastewater treatment. As a result, CIPP has become the leading solution for trenchless pipe rehabilitation\*2.

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

Sources:  
\*1 451 Research, part of S&P 500 Global Market Intelligence; Goldman Sachs Research  
\*2 Underground Infrastructure’s 28th annual municipal sewer/water infrastructure forecast & market analysis





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How Betek Boya Has Accelerated Its Growth  
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Case Study 2

AOC's Business Strategy  
How AOC Leverages Its Competitive Advantages  
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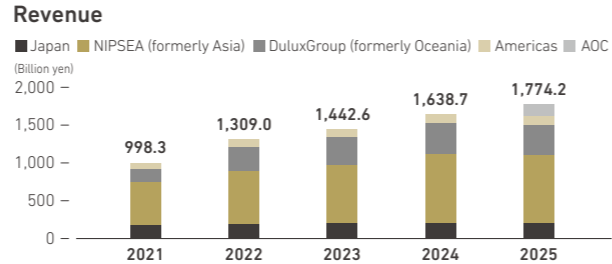
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# Performance Highlights

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

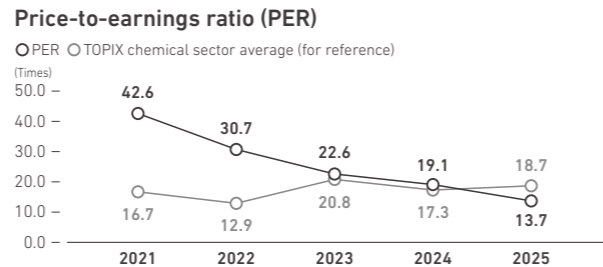


Revenue growth accelerated through active M&A and organic growth. In 2025, revenue rose for the ninth consecutive year to a record high, driven primarily by the consolidation of AOC, higher sales volumes, and growth in adjacencies.

Medium-Term Strategy Updates (Released in February 2026) P36

\* 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

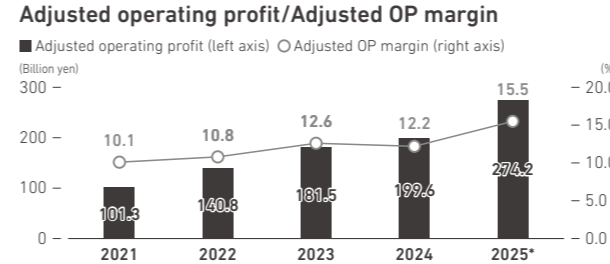
**Financial base**  
**PER trending down, but medium- to long-term valuation upside remains**



Since 2021, our PER has trended downward, reflecting market concerns over China-related risks and a preference for AI- and semiconductor-related stocks. We believe our current share price remains undervalued and view the current valuation as an attractive opportunity for share repurchases, which we began in October 2025.

Stock-Price Conscious Management P12

**Financial base**  
**Record high achieved through revenue growth and profitability improvement**

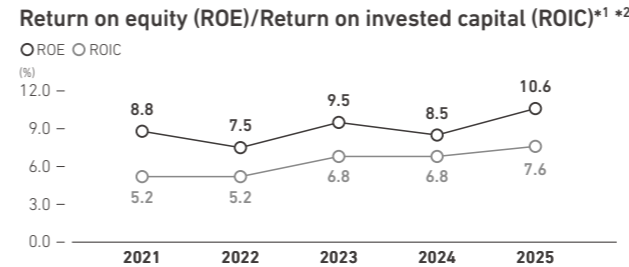


Operating profit has grown for six consecutive years, driven by sustained revenue growth. In 2025, it reached a record high, supported by higher revenue as well as improvements in the raw material cost contribution ratio and SG&A ratio. Adjusted operating profit margin also rose to 15.5%.

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\* Following the finalization of AOC's PPA, the 2025 figures have been restated retrospectively. The figures presented are pro forma

**Financial base**  
**Expansion of economic value through improved capital efficiency**

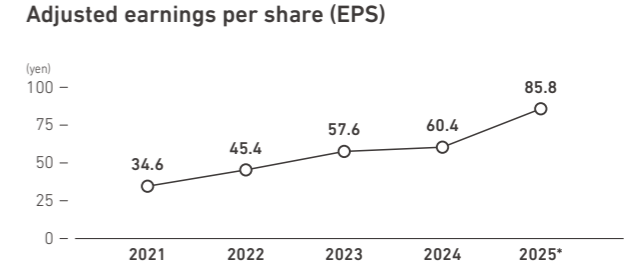


ROE had historically been in the 8-9% range, but exceeded 10% in 2025, supported by higher net profit following the AOC acquisition and other strategic initiatives. ROIC also improved in 2025, driven by a higher operating profit margin and growth in after-tax operating profit driven by business growth.

Our Finance Strategy Presented by Co-President Wakatsuki P38

\*1 ROIC = After-tax operating profit/Average of (working capital + tangible fixed assets) over two periods  
\*2 An effective tax rate of 28% is applied for each fiscal year, based on the average consolidated effective tax rate over the past three years

**Financial base**  
**EPS compounding supported by stable profit growth**

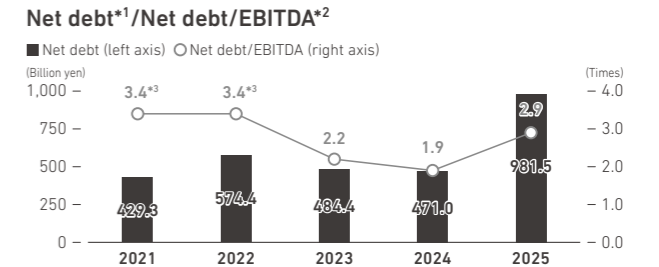


EPS has generally moved in line with operating profit and other earnings metrics. Driven by higher operating profit resulting from revenue growth, EPS has increased for six consecutive years, demonstrating steady and consistent growth.

Stock-Price Conscious Management P12

\* Following the finalization of AOC's PPA, the 2025 figures have been restated retrospectively. The figures presented are pro forma

**Financial base**  
**Increase of debt financing for active M&A**



Net debt generally trends downward under normal circumstances, supported by our low capital expenditure requirements and strong cash generation. However, in 2025, it increased due to borrowings associated with the execution of M&A. Net debt/EBITDA also rose in 2025, primarily reflecting the increase in net debt.

Our Finance Strategy Presented by Co-President Wakatsuki P38

\*1 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))  
\*2 EBITDA = Operating profit + Depreciation and amortization + Impairment losses + Gain on negative goodwill  
\*3 Excluding one-off items



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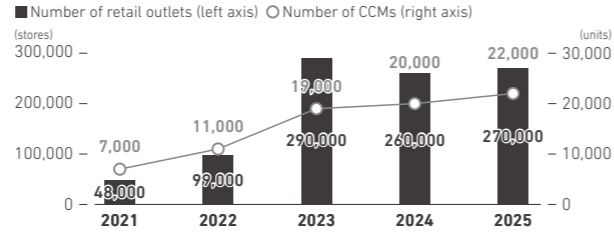
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Performance Highlights

**Customer base** Dominant position enabled by extensive distribution channels

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

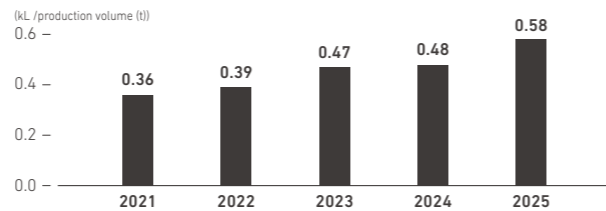


Our Group has built a broad and diverse distribution network, primarily serving the B2C market including retail, distributors, and e-commerce across the decorative paint markets in each country and region in which we operate. In 2025, we continued to increase the number of retail outlets and CCM installations,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

Leadership Dialogue: NIPSEA China P43

**Nature/environment** Ongoing initiatives to improve water use efficiency

Water consumption (Global)\*



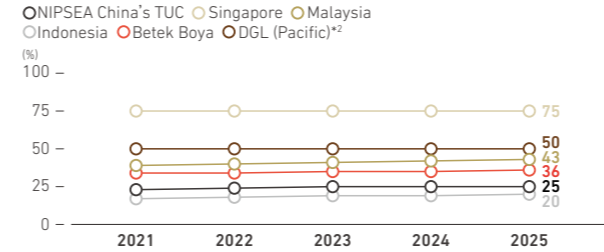
Across the Group, we are taking steps to reduce water consumption in our production processes, including the reuse of cooling and washing water. We are also promoting the development of powder coatings that do not use water as a raw material. In 2025, water consumption increased significantly following the addition of newly acquired companies.

Natural Capital Strategy P84

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

**Customer base** No.1 market share in 14 major countries

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

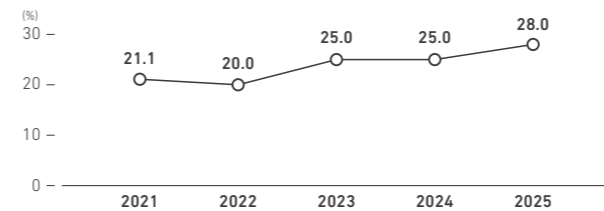


Our Group seeks to maintain and grow market share across regions and business segments while ensuring profitability. In 2025, we reinforced our business foundation by sustaining high market shares in China and Australia, and by expanding our share in markets such as Malaysia, Indonesia, and Türkiye.

\*1 Internal estimates \*2 Volume basis

**Technologies** Expanding sales of products with innovative technology

New Product Sales Index (NPSI)\*

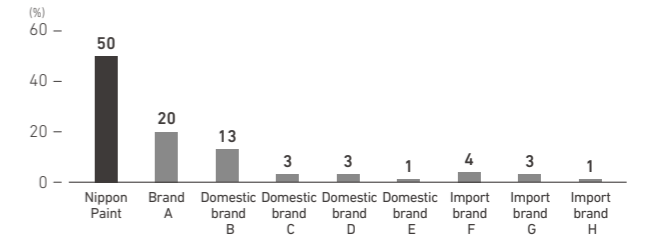


NPSI is defined as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenue. The NIPSEA Group and the Japan Group achieved a combined NPSI of 28% and launched approximately 10,000 new products in 2025.

R&D Strategy P86

**Brands/know-how** Strong recognition and trust in Asia-Pacific market

Top-of-Mind rating (NIPSEA China)

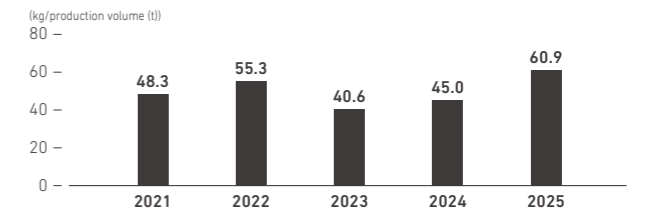


Our Group has established strong brands, particularly in decorative paints; for example, LiBang is the leading brand in China and ranks highest in Top-of-Mind awareness.

Leadership Dialogue: NIPSEA China P43

**Nature/environment** Increase mitigated by various reduction initiatives

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



Across the Group, we are promoting the procurement of renewable energy, installation of solar power systems, and transition to electric and hybrid vehicles. In 2025, GHG emissions increased following the addition of newly acquired companies; however, on a like-for-like basis using the same reporting boundary as the previous year, GHG emissions declined.

Natural Capital Strategy P84

\* Calculated assuming that the five-for-one stock split on April 1, 2021 was conducted in January 2020. The 2025 figures are based on market data



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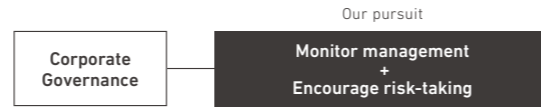
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# Distinctive Features of Our Governance

## MSV logic tree

- For more information, please refer to the [“How Shareholder Value Is Maximized”](#) section.



NPHD has adopted a Company with Three Committees (Nominating, Compensation and Audit) governance structure to enhance transparency, objectivity, and fairness in management. This structure aims to effectively separate business execution from management oversight while strengthening both functions. We consistently strive to reinforce corporate governance and pursue **Maximization of Shareholder Value (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 pursuing 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 the Co-Presidents. We strive to strengthen governance aligned with our **Asset Assembler model**, under which we pursue sustained growth by empowering our partner companies to realize their full potential. The Board of Directors, which plays the monitoring 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 across the Group.

- 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.

## 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**

### 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 shared 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 Independent Directors constituting a majority of the Board. To protect the interests of minority shareholders, any transactions with our majority shareholder 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 majority shareholder, 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 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 part of this process, we require the approval of relevant individuals with appropriate decision-making authority.

### Related content

Message from Board Chair P55

- Website (1) [Viewpoints of Independent Directors](#)
- Website (2) [Partnership with the Wuthelam Group, Our Majority Shareholder](#)



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# Message from Board Chair



## Masayoshi Nakamura

Lead Independent Director and Board Chair

With **Maximization of Shareholder Value (MSV)** ⊙ as our sole mission, we pursue our **Asset Assembler model** ⊙, in which we, with M&A as a key strategy, continuously accumulate high-quality assets led by exceptional management teams. Our Board of Directors, while respecting management's decision-making authority, plays the role of examining, from multiple and objective perspectives, the potential risks of actions proposed by the management team and, with a clear view of our risk tolerance, boldly supporting the management team.

With a majority shareholder holding approximately 59% of our shares, the Board of Directors also bears the responsibility of prioritizing the protection of minority

## Enhancing Risk Tolerance for Further Challenges

shareholders' interests. In other words, the Board must ensure that there is no conflict of interest between the majority shareholder and minority shareholders, and that the common interest of all shareholders is sought through MSV.

As a Company with Three Committees, our Board of Directors operates under a unique framework designed to enhance its effectiveness.

Decision-making of the Nominating Committee and the Compensation Committee for appointment and compensation is limited to three individuals: the two Co-Presidents and one Executive Officer serving as General Counsel. As we operate globally and continue to pursue further M&As, this approach is intended to ensure that these two committees conduct effective evaluations within the scope of the Committees' visibility of their performance.

On the other hand, decisions on the appointment and compensation of management teams at each Partner Company Group (PCG) are entrusted to the Co-Presidents. The Board receives annual reports and confirms how the Co-Presidents have identified and evaluated talent. In other words, under the Asset Assembler model, in which the Co-Presidents entrust management to each PCG, whether appropriate talent management is being carried out is positioned as one of the key elements in evaluating the Co-Presidents.

Appropriate operation of internal control and risk management across the Group is the premise for respecting the autonomy of each PCG and holding them accountable for operations under a high degree of delegated authority. In addition to frameworks such as our "Global Code of Conduct," global risk management centered on **Control Self-Assessment (CSA)** ⊙, and whistleblowing systems, our "Audit on Audit" model has been on track and operational. In this model, the Audit Committee oversees whether the internal control system is functioning appropriately through internal

audits at each PCG. These frameworks, when they properly function, give the Co-Presidents greater confidence to take further risks and serve as a fundamental prerequisite for the Board in supporting the management team's challenges.

Our relatively small Board, consisting of eight members in total, which includes only the two Co-Presidents from the management team, enables smooth communication, and we work to minimize the information gap not only between the management team and Directors, but also among Directors. Matters that do not require discussion are shared through the Board's digital platform, allowing greater hours at Board meetings for deliberations on the most important growth strategies and major investments. Flexibly using Meeting of Independent Directors also serves to streamline issues, scenarios, and possible risks ahead of the Board meetings. As a result, our Board meetings can discuss, with a bigger picture in mind, what should be prioritized, where management resources should be allocated, and whether such decisions contribute to MSV. Through these efforts, I believe the quality of the Board's discussions has improved further, and our shared understanding of pursuing MSV has been refined.

Needless to say, our challenges will continue. We as Directors will continue to examine the appropriate level of risks that the management team should assume and further enhance the Board's risk tolerance. I also would like to emphasize that the value of the existing assets accumulated by the management team needs to steadily increase, which should further strengthen our management and expand the options available for the next investment. By accurately assessing these outcomes, we will continue to support bold challenges aimed at accumulating high-quality assets and fulfill our responsibility for contributing to MSV.



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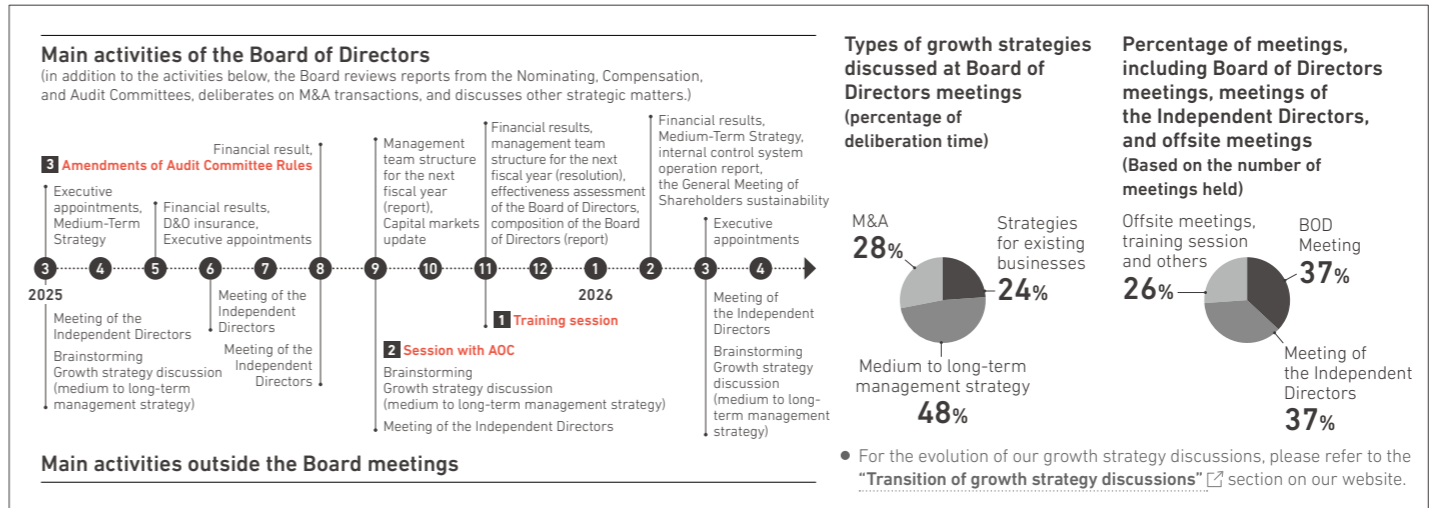
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# Governance Highlights

In 2025, we focused in particular on the areas that had been identified in the Board of Directors' effectiveness evaluation and **required stronger initiatives in FY2025**.

At the same time, in response to changing circumstances, we proactively carried out initiatives to continuously refine our management system. Below, we highlight three governance-enhancing initiatives as specific examples of how our Board of Directors exercises its monitoring function in support of management decision making.



## 1 Dialogue with investors on market perceptions of our Group

In November 2025, the Board of Directors invited an overseas investor who already held our shares to our training session. Given the gap in the stock price between the Board's expectation and the market's assessment, the purpose of the session was to re-examine, through the lens of an external party, the issues the Board itself should address in monitoring the direction of execution—including acquisition strategy, capital allocation, and the appropriate level of risk-taking—rather than attributing the gap merely to the effectiveness of external communication or to external conditions. At this training session, the investors provided their views on our management policies and strategy. In addition, the market's concerns about our company, including those of other investors, were also shared. This provided a valuable opportunity for the Board to objectively examine the issues it should recognize. It also served as a highly insightful dialogue for improving the accuracy of our monitoring of management and for clarifying how we should engage with the market going forward.

Stock-Price Conscious Management P12

## 2 Dialogue with AOC management

In September, the management team of AOC, which we acquired in March 2025, visited Japan and discussed their management policy not only with our executive management but also with members of the Board of Directors, including all Independent Directors. In line with our Asset Assembler model, which respects the autonomous management of each partner company, the Board had in-person discussions with AOC's management team and deepened its understanding of their management policies and of what they intend to achieve, as a new member in our Group. The Board also gained an understanding of how it should effectively support AOC in both pursuing growth and managing risk. Through this dialogue and discussion, the Board reaffirmed the Group's shared direction that, based on relationships with partner companies founded on trust and accountability, AOC will pursue autonomous management to contribute to the Group's MSV.

Case Study 2: AOC's Business Strategy P49  
M&A Strategy P41

## 3 Revision of the Audit Committee Rules to support rational decision-making

The Audit Committee made a major revision of its main internal rules and regulations, including the Audit Committee Rules, as part of the ongoing development of the "Audit on Audit" framework, with a view to clarifying the role of the Audit Committee and the division of responsibilities between the Audit Committee and the internal audit units. While the Audit Committee, as part of the Board of Directors, is expected to oversee the execution of duties by the Co-Presidents and the management teams of partner companies, while the internal audit function is responsible for monitoring in support of the Audit Committee's effective oversight. The audits conducted by the internal audit units of each partner company are the most important foundation of this framework, and the revised rules explicitly stipulate that the Audit Committee's audits rely on them. While "Audit on Audit" had previously focused on operational aspects, 2025 marked a year of significant progress in strengthening its infrastructure.

Audit Committee Report P69



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# Major Board Discussions on Key Strategies

## Major discussions in 2025

### Relevant execution-related pages

#### M&A strategy



At the Board of Directors meetings, under the Asset Assembler model, we engage in active discussions on the creation of growth opportunities through M&A in global markets from multiple perspectives, including the quality of the management teams of acquisition targets, business synergies, and risk tolerance. In particular, in executing large-scale transactions, including AOC, we place emphasis on deliberations on their contribution to MSV, namely the expected contribution to EPS from Year 1, optimization of the Group portfolio, and the strengthening of the risk management framework. In addition, by drawing on the diverse perspectives of the Independent Directors, we exchange objective and constructive views on proposals from the management team and support decision-making that contributes to the Group's sustainable growth and shareholder value enhancement.

**Medium-Term Strategy Updates**  
(Released in February 2026) ⓘ P36  
**M&A Strategy** ⓘ P41

#### Stock price and valuation



At the Board of Directors meetings, we are monitoring whether our stock price and valuation appropriately reflect our growth strategy and financial performance, and discuss how we should address capital market assessments and investor expectations based on indicators such as EPS, PER, and ROIC. We closely review how M&A and growth investments contribute to shareholder value enhancement over the medium to long term and whether returns in excess of the cost of capital are being achieved, and encourage the management team to improve capital efficiency and execute appropriate capital policies. In addition, to better understand market feedback, we have also held a training session by inviting an overseas investor, thereby deepening our understanding of the global capital markets. Through dialogue with investors and enhanced disclosure, the Board aims to achieve sustainable enhancement of shareholder value.

**Management Discussion** ⓘ P07  
**Stock-Price Conscious Management** ⓘ P12

#### Sustainability



The Board of Directors monitors whether the management team is appropriately addressing sustainability, taking into account investor expectations and the latest developments in international disclosure standards. Specifically, we invited experts from DuluxGroup with deep expertise in sustainability, and they provided us with their insights from their on-the-ground knowledge and practical case examples. We discussed upgrading the Group's overall sustainability capabilities as well as future issues and responses. In addition, in light of requests from investors and rating agencies, the Board has received reports from the management team on the overall picture of sustainability-related statutory disclosures and the actions that will be required across the Group to comply with the SSBJ standards going forward. We will continue to examine future sustainability strategies and necessary framework.

**Sustainability as the Prerequisite for MSV** ⓘ P75  
**Discussions by the Board of Directors** ⓘ P58

#### Risk Management



In February each year, the Board of Directors receives a report from management, delivered by the Co-Presidents as the executives with ultimate responsibility for risk management across the Group, on the operation status of the internal control system. The report focuses on risk recognition and responses at both the Group-wide and each PCG level, including global risk management items, such as **CSA and high-risk categories** ⓘ, as well as the results of the operation of the whistleblowing hotlines. At the same time, **the Group Audit Committee (GAC)** ⓘ shares the status of risks across PCGs, thereby raising the level of risk recognition and enhancing the effectiveness of risk management. Through these processes, the Board of Directors works to enhance risk tolerance by ensuring the effectiveness of internal control and strengthening the risk management framework.

**Risk Management** ⓘ P71



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# Discussions by the Board of Directors

## Theme Sustainability Initiatives

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

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

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

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

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

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

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

**SSBJ disclosure schedule**

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



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# Expected Roles of Independent Directors

## Governance That Sustains Challenges — Independent Directors Supporting MSV

Our Independent Directors play an important role in supporting the management team’s bold challenges, while enhancing the quality of decision-making and the effectiveness of governance. Drawing on deep experience in management, global business, and M&A, as well as specialized expertise in areas such as legal affairs and finance, they engage in dialogue with the management team from their respective perspectives and encourage disciplined, appropriate risk-taking.

In this section, each Independent Director shares, in their own words, how they will contribute to the Company’s growth and to MSV.

Website  
**Viewpoints of Independent Directors** [↗](#)

Our Independent Directors, each bringing unique strengths and skills honed by diverse experiences, offer fresh perspectives as they analyze Nippon Paint’s strengths and challenges, sharing their approaches to protecting minority shareholder interests and highlighting their commitment to MSV.

## Leveraging Corporate Legal Perspective in Asset Assembler Model

Our Asset Assembler model, which respects the autonomous management of overseas partner companies we acquire, assumes deep trust between our company and the overseas management teams. Therefore, when evaluating a potential acquisition, we place importance not only on the target company’s financial performance, but also on whether the target company has a management team that can be entrusted with the business, and whether that team is trustworthy as individuals. In the course of reviewing matters discussed at our Board meetings, I offer advice to the management team by drawing on my experience as a lawyer who has engaged in negotiations from a variety of standpoints, in Japan and overseas, and on both the buyer side and the seller side. While objectively organizing the key points necessary to assess the personality and skills of the other party’s management team, I strive to clarify both the non-negotiable lines that our Company must protect and the essential points for reaching agreement. At the Board meeting where we discussed the acquisition of AOC last year, in addition to discussions on the acquisition terms and risks, we also confirmed the management team’s way of thinking and personality. Going forward, I am dedicated to continuing my contribution towards strengthening human capital, a major pillar supporting governance as an Asset Assembler.

**Hisashi Hara**  
Independent Director  
Nominating Committee  
Chairperson



## Supporting Value-Creating Decisions Through M&A and Capital Markets Experience

My main strengths lie in the fields of M&A, value creation, capital markets and corporate governance. These strengths have been developed over 30 years of my professional experience, during which I have been deeply involved in M&A, divestments, and corporate advisory work.

Particularly in the global paints, coatings and chemicals sectors, I have led and overseen significant earnings growth for shareholders through a mix of organic growth, M&A growth and capital management initiatives.

I also bring financial discipline and legal skills to the boardroom and am a member of the Audit Committee. Through numerous board roles in both executive and non-executive capacities, including experience with not only leading chemical manufacturing companies but also investment funds, I have combined deep management expertise with strong boardroom experience.

Based on this background, I believe I can ensure robust governance and provide sound oversight, supporting effective strategic decision-making at the Board level.

**Andrew Larke**  
Independent Director





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**Refining Management Decision-Making Through Foresight Shaped by Public- and Private-Sector Experience**

Since my appointment as an Independent Director of Nippon Paint Holdings Co., Ltd. in March 2022, I have contributed actively to Board discussions, especially on strategy, financial and regulatory matters, and the China and Southeast Asian markets, drawing on my experience in leadership positions in both the public and private sectors.

With China’s real estate market having been unstable in recent years, I provide advice, based on this knowledge, to ensure that our responses to the challenges facing the China market are robust and financially manageable.

My experience with multinational operations and the constant transformation of businesses has also been helpful in governance oversight and consistency in quality of operations, all with the aim of MSV.

For the overall strategy of assembling high quality and promising assets to be successful, the various businesses must continue to be led by capable management teams. This would necessitate succession planning, talent identification and the provision of career path training/experience, elements of which I had contributed substantially in previous and current roles, so I believe I can provide truly effective advice.

**Lim Hwee Hua**  
Independent Director  
Compensation Committee  
Chairperson



**Strengthening Both Growth-Oriented and Risk-Conscious Governance Through CPA Expertise and International Business Experience**

My strengths, firstly, include many years of experience in conducting accounting audits as a CPA at the audit firm, PwC Japan. I am also well versed in key elements of risk management based on my involvement with due diligence for M&A transactions.

Secondly, as an active expert in ESG and sustainability, I can provide advice on global trends and stakeholders’ concerns.

Thirdly, I draw on my management experience at PwC as a partner, where business is conducted based on mutual trust, in the discussions of our Board of Directors.

I believe my important roles are to continue driving governance reform at NPHD by leveraging my strengths, to contribute to the decision-making process of the Board of Directors, and to support the Co-Presidents in their business execution.

In particular, I will point out issues and provide advice from the viewpoints of accounting, risk management, ESG and sustainability, which are my areas of specialty. In addition, I would like to improve the level of risk management through the **Audit on Audit** framework, which includes individual partner companies.

**Masataka Mitsuhashi**  
Independent Director  
Audit Committee Chairperson



**Enhancing Governance to Empower Executive Decision-Making from M&A Advisory Perspective**

In my role on the Board, I bring extensive M&A advisory and capital market financing expertise, which I gained through my work at major US investment banks, as well as management experience in building global investment banking operations at Mitsubishi UFJ Financial Group (MUFG).

The fundamental role of an M&A advisor, a profession that forms the foundation of my career, is to guide the clients’ management teams in ultimately arriving at the proper decisions.

The same holds true for my role as NPHD’s Board Chair. In leading the Board meetings, I place importance on conveying the necessary perspectives and advice of the Independent Directors to the Co-Presidents and ensuring that sufficient discussions are being conducted while ultimately respecting the Co-Presidents’ own judgments.

With respect to our M&A endeavors for further asset accumulation, I lead the Board to utilize the expertise of each Director in assessing the potential risks and returns and guide the management team toward better decision makings.

As Board Chair, I factor in the output from these discussions and seek to fully utilize the knowledge and insights of each Director in the deliberations and decision-making processes of our Board meetings, while also maintaining the independence of the Independent Directors. By fulfilling these functions, I hope to live up to the trust of our shareholders.

**Masayoshi Nakamura**  
Lead Independent Director  
and Board Chair





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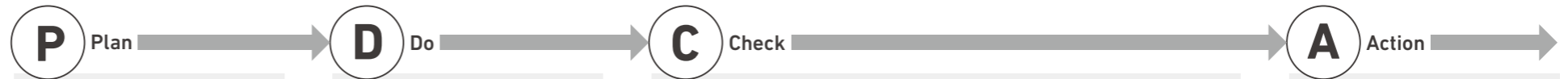
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# Analysis and Assessment of the Effectiveness of the Board of Directors



**P Plan**

**Areas that required stronger initiatives in FY2025**

- 1 Enrichment of discussion on growth strategy**  
Further increase opportunities for and enrich the discussion on future strategy to facilitate the executive team's realization of the growth strategy.
- 2 Thorough engagement in succession planning**  
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 be better aligned with our Asset Assembler model.

**D Do**

**Main initiatives in FY2025**

- 1 Enrichment of discussion on growth strategy**  
We held in-person brainstorming sessions at the beginning of the fiscal year and in September to deepen discussions. In addition, we leveraged forums such as the Meeting of the Independent Directors and training session with overseas investors to broaden perspectives and enhance the quality of discussions on growth strategy.
- 2 Thorough engagement in succession planning**  
In addition to understanding the status of human capital across the Group, we discussed enhancing succession planning through ongoing communication with key members of management.
- 3 Further upgrading of the "Audit on Audit" framework**  
Further developed the "Audit on Audit" framework suited to the Asset Assembler model, which included updating the internal rules around the Audit Committee.

**C Check**

**Guidelines for conducting FY2025 evaluation**

**Evaluation subjects**  
All Directors for FY2025: 9 persons  
Managing Executive Officer, General Counsel (GC): 1 person

**Methodology**  
Led by the Board Chair and the Chairperson of the Nominating Committee, we conducted the evaluation survey using a questionnaire while we appointed Towers Watson K.K. (WTW) as an independent third-party evaluator. Based on WTW's analysis and evaluation of the survey results, the Board of Directors discussed the effectiveness of the Board.

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

**Evaluation process**  
Step 1: Distributed the questionnaire to each Director and Executive Officer, and received responses  
Step 2: WTW analyzed and evaluated the survey results  
Step 3: Reported on and discussed the effectiveness evaluation at the Board of Directors meeting

**Overview of the FY2025 evaluation results**  
Based on the analysis and evaluation of the survey by WTW, the Board of Directors concluded that the Board was generally effective in FY2025.

**Summary of evaluation**

- It was confirmed that understanding of MSV and the Asset Assembler model has been firmly established as a shared foundation for deliberations at the Board of Directors.
- Regarding discussions on growth strategy, in addition to securing sufficient opportunities for discussion, deliberations were enhanced by incorporating multifaceted perspectives.
- From the perspective of supporting a sustainable management structure, the need for continued consideration of succession planning was shared, and discussions were made.
- Progress was made in developing an audit framework suited to the Asset Assembler model, leading to clearer definition of the framework supporting "Audit on Audit."

**A Action**

**Areas that require stronger initiatives in FY2026**

- 1 Further enrichment of discussion on growth strategy**  
Contribute to the execution of strategies by the executive team and to the enhancement of the market confidence.
- 2 Thorough engagement in succession planning**  
Reinforce talent identification and development for a management structure suitable for the next stage of growth.
- 3 Further upgrading of the "Audit on Audit" framework**  
Operate "Audit on Audit" aligning with and effective in the Asset Assembler model.

**Feedback from the Directors on the evaluation results**

- Authority has been appropriately delegated to the executive team, and MSV and the Asset Assembler model are shared among Directors and serve as a consistent guiding principle in Board deliberations.
- Under the appropriate leadership of the Board Chair, substantial and sufficient discussions are conducted from an essential perspective on matters of importance to the Group as a whole.
- To support sustainable growth and medium- to long-term enhancement of Shareholder Value, further deepening of discussions on growth strategy, PER improvement, and M&A is necessary. Further improvement in the quality of discussions is expected through the use of external expertise and more extensive prior explanations.



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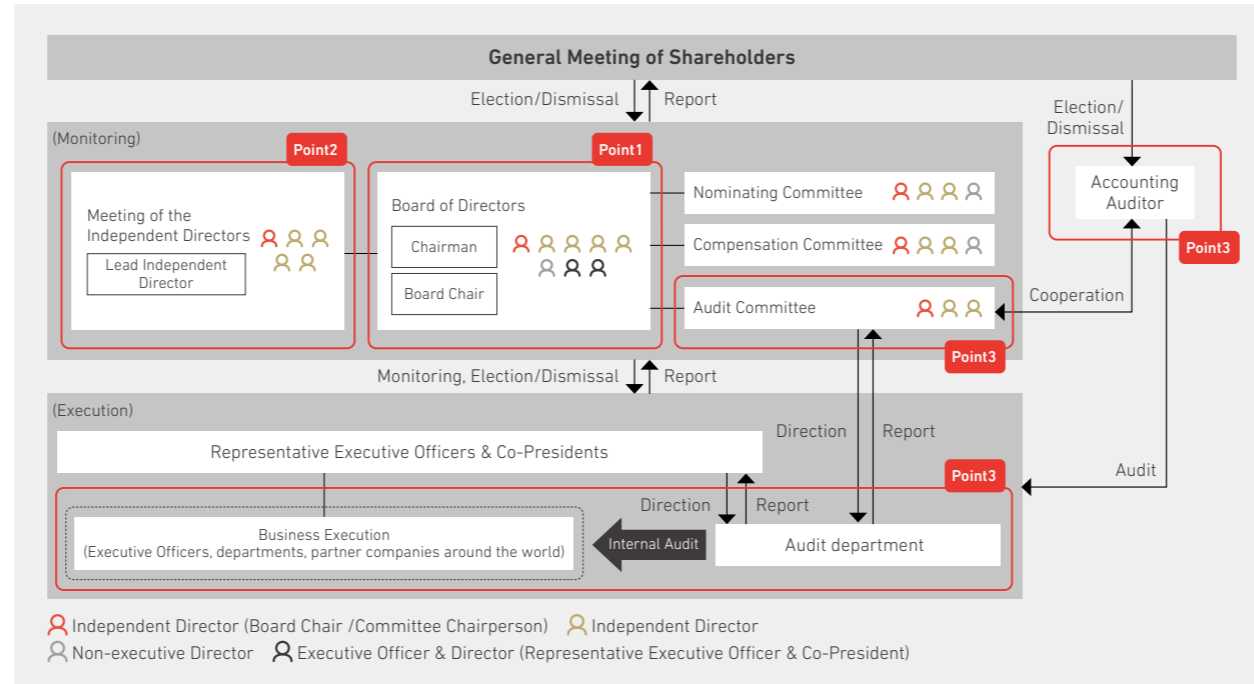
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# Corporate Governance Structure



**Point1** Diverse Board composition that contributes to multifaceted monitoring capabilities

Our Board of Directors maintains a diverse composition that enables advice and discussions from a wide range of perspectives, with Independent Directors constituting a majority of the Board. This structure provides a monitoring framework that supports our pursuit of MSV, our sole mission. In an environment of rapid and constant change, we constantly review and consider the most appropriate monitoring framework. The Board members with different expertise and experience express their views and join discussions from their individual perspectives on our key issues—global business management, capital markets, M&A, and sustainability —, which enhances the quality of our decision-making.

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**Point2** Independent directors meetings enabling agile decision-making by the Board

To respond swiftly to matters that require prompt decision-making, such as M&A transactions, we make use of meetings composed exclusively of Independent Directors, enabling the early identification of key issues, pre-examination of risks, and improved judgments. At these meetings, Independent Directors openly exchange their views without formalities, which allows them to fine-tune the issues from a monitoring perspective and to hold efficient and effective discussions at the Board of Directors, where decisions are made. In addition, through discussions at Board meetings, the Independent Directors draw fully on one another's expertise. This, in turn, enhances the effectiveness of the Board and serves as one of the key mechanisms for maintaining the independence of the Independent Directors.

**Point3** Monitoring based on the "Audit on Audit" framework

Based on the "Audit on Audit" framework that aligns with the Asset Assembler model, the internal audit units of each Partner Company Group (PCG) assess the effectiveness of their internal control systems within their own groups. The Audit Committee monitors whether the internal control framework is being appropriately operated and effectively functioning, based on information provided by the Audit Department and others, including internal audit results from PCGs. On the other hand, for areas that we recognize as relatively high-risk across the Group, the Audit Committee and the Audit Department proactively gather information to confirm that risks are being appropriately controlled. This "Audit on Audit," relying on such monitoring, is designed to enhance the effectiveness of governance based on "trust" and "accountability" at the Group level without undermining autonomy of the PCGs.

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**Approach to governance reform (roadmap)** • For the "History of Governance Reform" section, please refer to our website.

	2025	2026	2027
<b>Board of Directors governance</b>	<ul style="list-style-type: none"> <li>Enrichment of discussion on growth strategy</li> <li>Thorough engagement in succession planning</li> <li>Further upgrading of the "Audit on Audit" framework</li> </ul>	<ul style="list-style-type: none"> <li>Further enrichment of discussion on growth strategy</li> <li>Thorough engagement in succession planning</li> <li>More effective "Audit on Audit"</li> </ul>	<ul style="list-style-type: none"> <li>Further strengthen governance to provide active support for the Executive team's pursuit of MSV</li> </ul>
<b>Execution governance</b>	<ul style="list-style-type: none"> <li>Effectively leveraged the CSA list as a self-assessment tool and promoted the establishment within each PCG of an autonomous, comprehensive framework covering the full process from risk identification to countermeasure implementation</li> <li>Shared best practices among PCGs for the Whistleblowing Hotline to improve its effectiveness and efficiency</li> <li>Extended and brushed up various measures and initiatives for AOC, the latest company to join our Group, to maintain and enhance governance and internal controls across the Group</li> </ul>	<ul style="list-style-type: none"> <li>Respond to the upcoming revision of the Corporate Governance Code</li> <li>Maintain the effectiveness of the CSA list through continuous review</li> <li>Further promote the use of the whistleblowing hotline based on reported cases</li> <li>Support the development of organizational structures at new PCGs, including AOC</li> <li>Continue monitoring developments in economic sanctions laws and regulations amid an unstable international environment</li> </ul>	<ul style="list-style-type: none"> <li>Continue leveraging CSA as a key tool for global risk management</li> <li>Promote the effective use of the whistleblowing system based on reported cases</li> <li>Monitor emerging compliance issues, including business and human rights, and continuously maintain our governance framework</li> </ul>



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# Directors

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.

Name	Yuichiro Wakatsuki	Wee Siew Kim	Goh Hup Jin	Hisashi Hara	Andrew Larke
<b>Title</b>	Director, Representative Executive Officer & Co-President	Director, Representative Executive Officer & Co-President	Chairman	Independent Director	Independent Director
<b>Committee membership</b>	—	—	■ ■	■ (Chairperson) ■	■
<b>Number of years in office</b>	4	4	11 years and 3 months	8	1
<b>Attendance at Board of Directors meeting*1</b>	6/6	6/6	6/6	6/6	6/6
<b>Attendance at Nominating Committee meeting*1</b>	—	—	7/7	7/7	—
<b>Attendance at Compensation Committee meeting*1</b>	—	—	6/6	—	—
<b>Attendance at Audit Committee meeting*1</b>	—	—	—	—	5/5*3
<b>Number of shares of the Company held*2</b>	225,110	145,000	—	134,289	13,900
<b>Date of birth</b>	August 28, 1966	August 19, 1960	April 6, 1953	July 3, 1947	December 3, 1968
<b>Experience/Expertise</b>	<b>Corporate management</b>	○	◎	◎	◎
	<b>Global business</b>	◎	◎	◎	◎
	<b>M&amp;A</b>	◎	◎	○	◎
	<b>Finance</b>	◎	○	○	○
	<b>Legal affairs</b>	○	○	○	◎
	<b>IT/Digital</b>	○	○	○	○
	<b>Manufacturing/Technology/R&amp;D</b>	○	◎	○	○
	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.	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.	Possessing knowledge and experience in various industries and capital markets, he can provide professional advice on various agenda items and projects.	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.	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 Monitoring functions of the Board of Directors.

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**Required experience/Skills**

1	Experience in corporate management	The ability to provide 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 provide 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 provide 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 provide oversight and give advice concerning capital allocations and other financial activities of NPHD

5	Legal Affairs	The ability to provide oversight and give advice concerning regulations involving operations, GRC (governance, risk management, compliance), and internal controls
6	IT/Digital	The ability to provide 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 provide 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

Name	Lim Hwee Hua	Masataka Mitsuhashi	Masayoshi Nakamura
<b>Title</b>	Independent Director	Independent Director	Lead Independent Director Board Chair
<b>Committee membership</b>	■ ■ (Chairperson)	■ (Chairperson)	■ ■ ■
<b>Number of years in office</b>	4	6	8
<b>Attendance at Board of Directors meeting*1</b>	6/6	6/6	6/6
<b>Attendance at Nominating Committee meeting*1</b>	—	—	7/7
<b>Attendance at Compensation Committee meeting*1</b>	6/6	—	6/6
<b>Attendance at Audit Committee meeting*1</b>	—	8/8	8/8
<b>Number of shares of the Company held*2</b>	64,300	90,589	123,789
<b>Date of birth</b>	February 26, 1959	September 30, 1957	November 10, 1954

Experience/Expertise	Corporate management	○	○	○
	Global business	◎	◎	◎
	M&A	◎	◎	◎
	Finance	◎	◎	◎
	Legal affairs			
	IT/Digital	◎		
	Manufacturing/Technology/R&D			
		With a broad network and knowledge and experience in investment funds and stewardship, she can provide accurate advice on investment projects and business strategies.	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.	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.

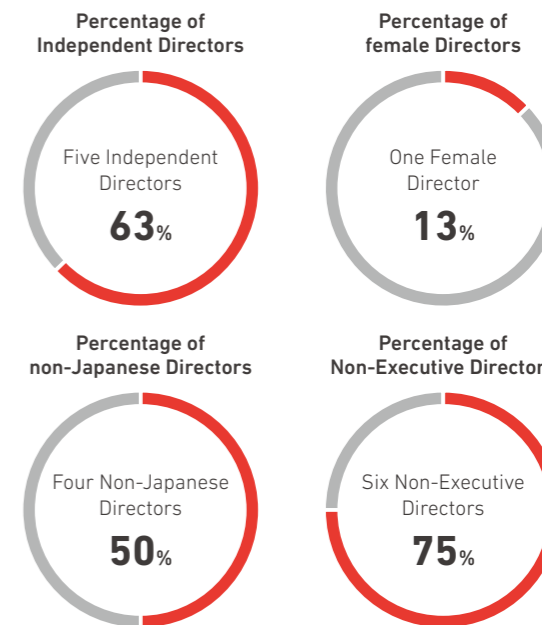
\*1 Attendance at the Board of Directors/committee meetings is for FY2025 (late March 2025 to mid-March 2026)

\*2 The number of shares is as of December 31, 2025

\*3 After assuming Audit Committee member on May 14, 2025

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**Features of the Board's composition**



- 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.



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# Nominating Committee Report



## Hisashi Hara

Independent Director  
Nominating Committee Chairperson

## The Nominating Committee's Mission: Maintaining an Optimal Execution and Oversight Structure

The Nominating Committee's mission is to establish and sustain an optimal and effective structure for execution and oversight in support of Maximization of Shareholder Value (MSV). Among its responsibilities, the appointment and succession of top executive leadership is regarded as the Committee's highest priority. Since transitioning to a Company with Three Committees in 2020, the Committee has continuously reviewed and enhanced the execution and oversight framework in response to the Company's evolving growth stage and management environment.

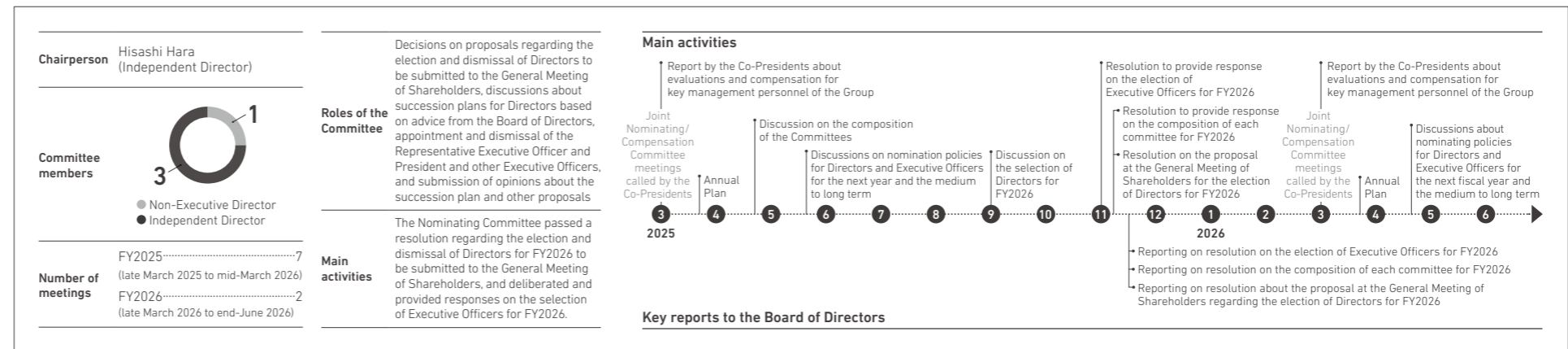
In succession planning, the Committee does not rely on uniform selection criteria or pre-defined development programs. Instead, greater emphasis is placed on identifying high-potential talent—both internally and externally—rather than solely on developing it. Through ongoing and close dialogue with the Co-Presidents, key members of management, and next-generation candidates, the Committee seeks to build a comprehensive understanding of leadership capabilities and character, while also clarifying the qualities required of future leaders. At the same time, the Committee prioritizes expanding the pipeline of next-generation candidates by leveraging both internal and external professional networks.

With respect to the composition of the Board of Directors, a key prerequisite for selecting an outstanding management team

and entrusting it with execution is that the Board—responsible for oversight—shares a clear and common perspective on the principles and priorities that guide its judgments. In fall 2025, the Board had the opportunity to exchange views with AOC's management team during their visit to Japan. On that occasion, AOC provided a detailed explanation of its business model and management policies, and Board members engaged in active discussions on topics such as the pursuit of further earnings opportunities and the potential application of AOC's strengths across other Group companies. Through this engagement, I reaffirmed, in my capacity as Chairperson of the Nominating Committee, that the diversity of our current Board composition is functioning as intended; that all Board members share a common perspective on the values and priorities that underpin their decision-making from the standpoint of MSV; and that an effective structure is in place to support appropriate risk-taking by the execution side.

As Chairperson of the Nominating Committee, I will continue to ensure that the composition of the Board and the execution framework remain aligned with the Company's stage of growth, while working to build and sustain a robust governance structure that supports the realization of MSV.

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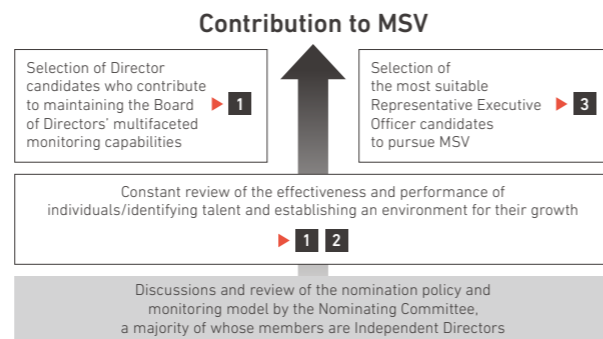
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**1 Securing a highly effective Board of Directors with multifaceted monitoring capabilities for the achievement of MSV**

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 required of Directors. 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 to pursue MSV. Since NPHD transitioned to a Company with Three Committees structure in the 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 to pursue MSV.

**2 Identifying future management talent 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 talent amid the globalization of operations and drastic changes in the business environment. Instead, we are focusing on identifying talent 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, does not include the current Co-Presidents and consists of four Non-Executive Directors—three 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 talent
- › Exchanges of information about talent outside the Group by using internal and external networks of personal connections

**Changes in the Number of Directors**

FY	Number of Directors	Changes from the previous year			Independent Directors	Non-Japanese	Female
		New appointment	Retirement				
2022	11	4	1	73%	22%	18%	
2023	9	0	2	67%	45%	11%	
2024	9	0	0	67%	56%	11%	
2025	9	1	1	67%	56%	11%	
2026	8	0	1	63%	50%	13%	

\* The numbers shown are as of the time of appointment at the General Meeting of Shareholders



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# Compensation Committee Report



**Lim Hwee Hua**  
Independent Director  
Compensation Committee Chairperson

## Compensation Decisions That Support the Pursuit of MSV

In determining the compensation of the Co-Presidents, the Compensation Committee places particular emphasis on ensuring that compensation serves as a source of motivation and incentive aligned with our Compensation Philosophy and supportive of the pursuit of Maximization of Shareholder Value (MSV). With MSV defined as the Company's sole mission, the foundation of our governance framework is that both the executive and monitoring functions fulfill their respective responsibilities with a clear focus on the medium- to long-term pursuit of MSV.

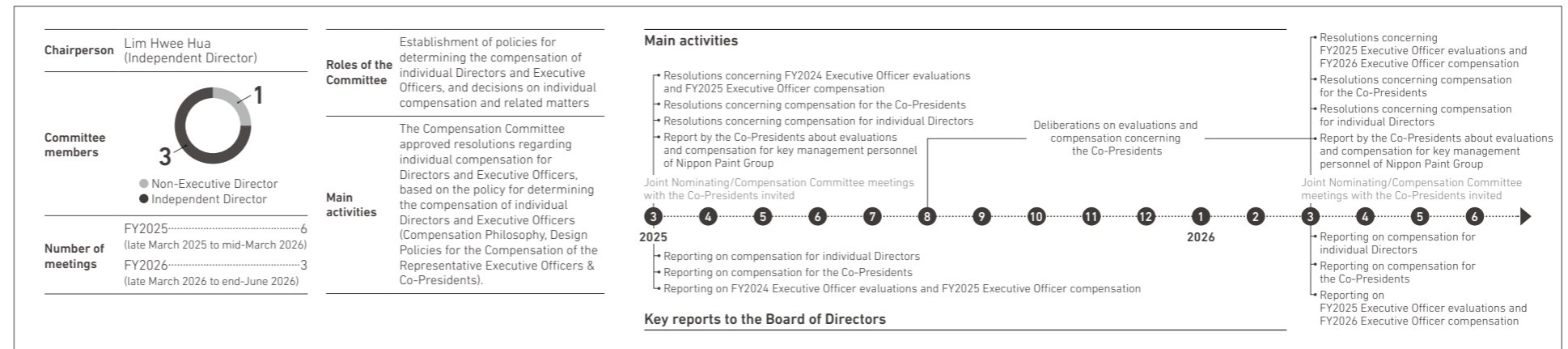
The Compensation Committee consists of three Independent Directors with extensive experience in evaluating management and determining executive compensation, together with one non-Executive Director who has been involved with the Company and the paint industry for nearly 50 years. As an Independent Director, I serve as Chairperson of the Committee. In assessing the performance of the Co-Presidents, the Compensation Committee takes a comprehensive and balanced view, considering prior-year results, medium- to long-term strategic execution, risk management to support sustainable growth, and share price performance, while also benchmarking these factors against peer companies. The Committee further incorporates deliberations of the Board, as well as ongoing dialogue with

Independent Directors and key management. In determining compensation levels, the Committee rigorously evaluates appropriateness through comparisons with peer companies and broader market standards.

We believe that compensation decisions made through a transparent and objective process, designed to advance MSV, also foster meaningful alignment with the interests of shareholders. At the same time, we believe our foremost priority is to maximize the motivation of the Co-Presidents so that they can perform at the highest level in pursuing MSV, including by fostering an environment in which their entrepreneurial spirit can be fully manifested. From the perspective of the Compensation Committee, the most effective approach is a simple and transparent compensation structure that clearly communicates both our assessment and our expectations, while also taking into account continuity in compensation. Based on this determination, compensation for the Co-Presidents has consisted entirely of cash compensation since 2022.

Looking ahead, the Compensation Committee will continue to review and refine the optimal compensation framework to support the pursuit of MSV, taking into account changes in the Company's operating environment and the ongoing evolution of its business foundation, thereby continuing to fulfill its responsibilities.

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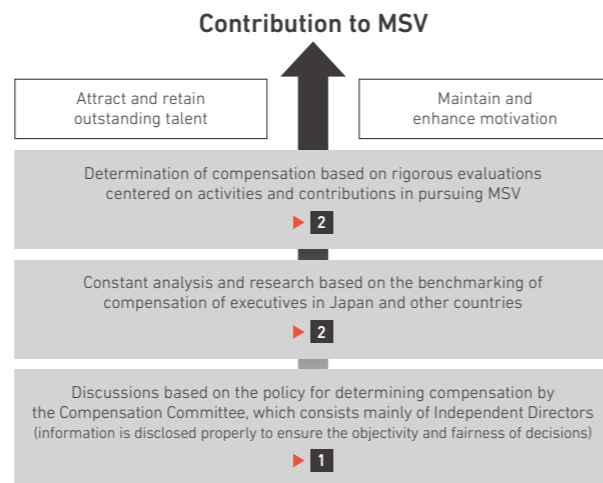
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**1 Policy for determining compensation for Executives**

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 an emphasis on their activities and contributions in pursuing MSV. At the same time, the committee strives to design compensation that

motivates the Representative Executive Officers & Co-Presidents to make further efforts to pursue 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.

**Key evaluation items for the comprehensive evaluation**

- ▶ “Maximizing EPS and PER” in pursuit of MSV
- ▶ Improvement in profitability across the Nippon Paint Group
- ▶ 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 consideration 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 to pursue MSV and provide effective incentives

**Performance evaluation of the Co-Presidents**

Compound annual growth rate<sup>1</sup>

	2024 ▶ 2025		2020 ▶ 2025	
	Revenue	EPS	Revenue	EPS
NPHD	+8.3%	+43.0%	+18.1%	+22.9%
Competitors' median <sup>*2</sup>	+0.2%	+0.9%	+5.1%	+6.9%

PER<sup>3</sup>

	Last twelve months	Next twelve months
NPHD	15.1x	13.2x
Competitors' median <sup>*2</sup>	19.6x	13.4x

<sup>\*1</sup> Compound annual growth rate calculated based on each company’s reporting currency

<sup>\*2</sup> Median of the top six global paint companies by sales, excluding NPHD, which ranks fourth

<sup>\*3</sup> Source: FactSet (as of December 30, 2025)

**Composition of executive compensation**

Compensation for the Representative Executive Officers & Co-Presidents	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.
Compensation for Directors Directors who do not concurrently serve as Executive Officer (Independent Directors)	Fixed Compensation	<ul style="list-style-type: none"> <li>◆ Job-based compensation (BS)</li> <li>Compensation is set at levels that can attract and retain management talent 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.</li> <li>◆ Allowances for committee memberships and other roles</li> <li>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.</li> </ul>



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# Audit Committee Report



## Masataka Mitsuhashi

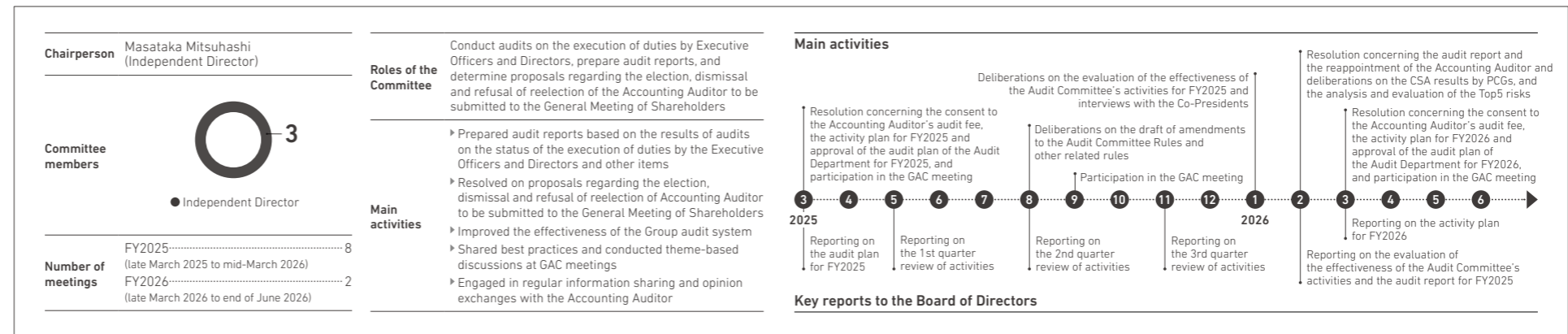
Independent Director  
Audit Committee Chairperson

## Enhancing the Effectiveness of the “Audit on Audit” and Strengthening Key Risks Monitoring

In the “Audit on Audit” framework, the Audit Committee plays a critical role in supporting sound risk-taking by execution aligned with the Asset Assembler strategy by ensuring that internal controls are appropriately designed and operating effectively. In fiscal 2025, the Committee identified key priority issues and rigorously monitored management’s execution through regular meetings with the Co-Presidents, complemented by ongoing dialogue with Directors, Executive Officers, and senior management of major partner companies in Japan and overseas. Control Self-Assessment (CSA) serves as a core mechanism for evaluating key processes and material risks, enabling management to assess the effectiveness of controls and drive continuous improvement. It facilitates end-to-end monitoring across the improvement cycle, from analyzing root-causes and developing corrective actions to implementing follow-ups and confirming the embedded sustainable operations.

As part of its monitoring of PCGs, the Audit Department focused on the operational status of subsidiaries within DuluxGroup and the NIPSEA Group, the establishment of governance and management systems at AOC following its acquisition in 2025, and credit risk management in China. In addition, through regular trilateral meetings with the Accounting Auditor and other occasions, the Department reviewed key financial reporting matters, including the appropriateness of accounting estimates and related disclosures. The Audit Committee also conducted its annual effectiveness evaluation, using a self-assessment questionnaire and optional comments to assess the performance of its monitoring function. Based on the results, the Committee identified the need to further strengthen coordination and enhance timely information sharing among internal audit functions across the Group.

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**Monitoring of Internal Control System by the Audit Committee and Audit Department**

The Group's audit framework, based on the "Audit on Audit" approach, relies on PCG's internal audit that assures the effectiveness of autonomous internal control systems within each PCG. The Basic Policy on Internal Control System is underpinned by three core elements: the Nippon Paint Group Global Code of Conduct, the Global Risk Management Basic Policy, and the Global Basic Policy on the Whistleblowing Hotline.

By ensuring that each PCG appropriately manages its internal control system across governance, risk management, and compliance, the Group maintains robust and effective internal controls on a global basis.

The Audit Committee, responsible for monitoring the proper operation and effectiveness of these frameworks, receives information from the Audit Department on the results of internal audits conducted across PCGs, as well as on key matters discussed at major PCG meetings. In addition, through the Group Audit Committee (GAC) meetings convened by the Audit Department, the Committee obtains direct input from representatives of internal audit units across major PCGs. These processes enable the Audit Committee to assess the effectiveness of the Group's governance structure and internal control systems on a consolidated basis. Furthermore, the Committee receives an annual report from the Co-Presidents at the Board of Directors meeting on the status of internal control system operations.

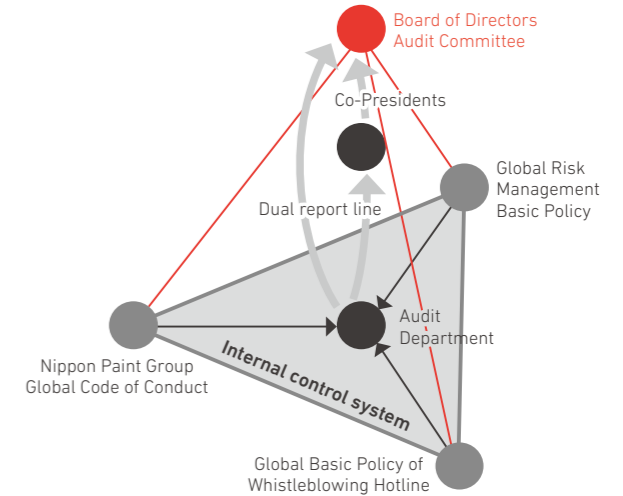
The Audit Department has a dual reporting line to the Audit Committee and Co-Presidents. At the same time, the Audit Committee has the authority to agree in advance on the personnel matters of the Audit Department's General Manager. In the event of any conflict between the instructions to the Audit department between the Audit Committee's and Co-Presidents', the Audit Committee's instructions shall prevail. These serve to maintain the independence of the Audit department from execution. In this structure, the Audit Department can conduct objective and impartial monitoring of internal control system operations and report its findings directly to the Audit Committee.

**Strengthening the effectiveness of Group-level internal audits by the Audit Department**

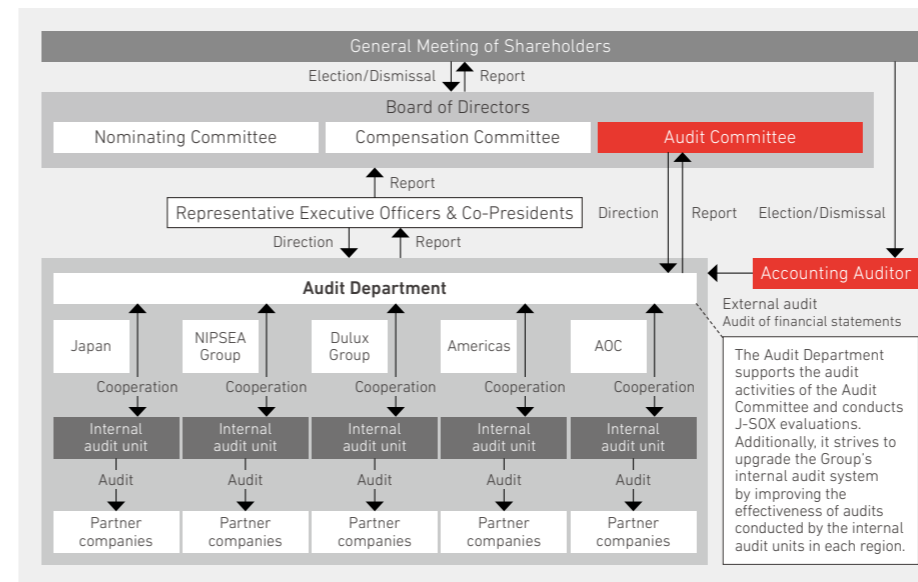
Serving as the secretariat to the Audit Committee, the Audit Department provides timely reporting on key Group-wide

monitoring themes. In addition, as a part of its Audit Plan that incorporates the Committee's risk recognitions, through regular engagement with internal audit units across each PCG and the review of their audit reports, the Audit Department continuously monitors risk and control conditions across the Group. In conducting these reviews, it assesses not only audit findings, but also the appropriateness of risk assessments, the adequacy of audit procedures, and the progress and operational status of corrective actions. Where necessary, the Department collaborates with each PCG to support early risk identification, timely remediation, and the prevention of recurrence.

In fiscal 2025, the Audit Department further strengthened the infrastructure supporting the Audit Committee's operations through the review of Audit Committee-related rules and furthered knowledge sharing within the Department. In addition, at the GAC meetings, it shared information on emerging risk events and improvement practices, and reviewed the items on the Control Self-Assessment checklist to enhance its effectiveness.



**"Audit on Audit" Group audit system**



**Examples of internal audits at PCGs in 2025**

- ▶ IT and Security
- ▶ Data Privacy and Protection
- ▶ Identity and Access Management
- ▶ Accounts Payable, Receivable, and Payroll
- ▶ Employee Travel and Expense Analytics
- ▶ Procurement
- ▶ Credit Management and Inventory
- ▶ Internal Delivery Services Analytics
- ▶ Other (19 general site audits)



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# 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 participations 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.

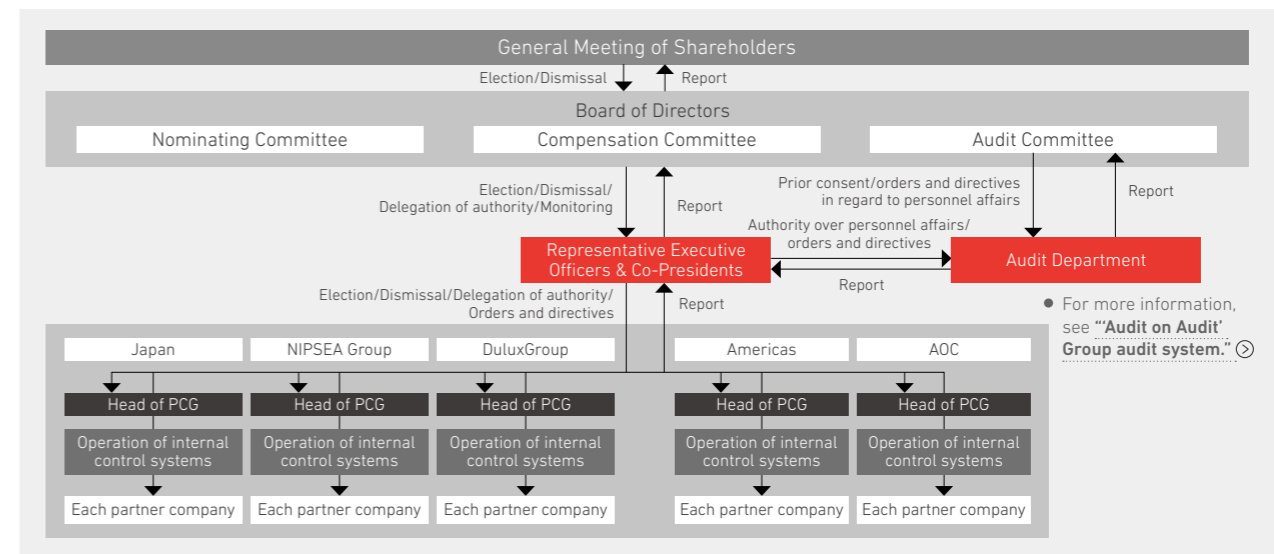
The head of each PCG conducts the control self-assessment (CSA), consisting of self-inspections and

self-assessments based on a risk-based approach. They assess the residual risk for all items set out in the CSA, formulate management plans for items with high risk, and report the assessment results, together with such plans, to the Co-Presidents.

Results of CSA are reported to Co-Presidents, who, based on this information, grasp risk factors at our Group in individual regions and businesses and identify the risks that should be closely monitored in the Group. 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. At the GAC meeting in March 2026, advanced initiatives within the Group concerning the use of AI and related risks were shared.

## Internal control system





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Separately, 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 directions covering the entire Group. The table below summarizes the risk descriptions and principal countermeasures reported by each PCG for the four items assessed as high residual risks, based on the results reported by the PCGs and aggregated across our Group.

**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 FY2025, internal investigations were conducted into a total of 95 whistleblowing reports across all Group companies. Depending on the nature of each report, the appropriate department within each PCG investigates, analyzes, and addresses the matter, while also taking corrective action and implementing measures to prevent recurrence. In normal times, the Group also works to prevent misconduct and violations before they occur by raising awareness of whistleblowing channels and providing compliance training to employees. There have been cases in multiple PCGs where

whistleblowing reports served as an effective tool for detecting compliance violations, demonstrating the effectiveness of the whistleblowing system.

We also closely monitor fluctuations in the number of reports received. When a PCG shows a significant year-on-year increase or decrease in the number of reports, it is asked to explain the background, overall circumstances, and status of its response at forums such as GAC meetings, and this information is shared with relevant stakeholders across the Group. Through this regular process, opportunities are provided to objectively review the whistleblowing system, which helps improve the operation of the system across the Group.

Going forward, the relevant bodies within each PCG, together with the Co-Presidents and the Audit Committee, will continue to operate and oversee the system in an integrated manner, while working to further enhance its effectiveness across the Group.

**High-risk categories**

High-risk categories identified for FY2025	Change in risk sensitivity (vs FY2024)	Risk descriptions	Mitigation initiatives by PCGs
Supply chain	Unchanged	Risks such as supply disruptions and reduced profitability resulting from interruptions in raw material procurement, logistics delays, and deficiencies in quality control and product information management	<ul style="list-style-type: none"> <li>Multi-sourcing of raw materials, development of alternative raw materials and suppliers, and expansion of global procurement</li> <li>Strengthening supply continuity through more sophisticated demand forecasting, inventory optimization, and the reconfiguration of production and logistics systems</li> <li>Promoting overall optimization through supplier evaluation, quality and product information management, and process standardization and monitoring</li> </ul>
IT use and IT systems	Lower	Risks such as business disruption and reputational damage resulting from improper management of information assets, cyberattacks, system failures, delays in system renewal, and similar factors	<ul style="list-style-type: none"> <li>Strengthening security tools and monitoring systems, including updates and vulnerability countermeasures</li> <li>Providing employee education and training, and establishing incident response and BCP frameworks</li> <li>Enhancing IT asset management, modernizing core systems, and promoting digital transformation</li> </ul>
BCP	Higher	Business continuity risks related to safety and disaster preparedness, environmental and safety regulations, and quality and product information management	<ul style="list-style-type: none"> <li>Strengthening accident and disaster prevention by improving safety procedures and disaster preparedness systems, and by providing training</li> <li>Reducing the risk of labeling deficiencies and supply disruptions through rigorous product information management in line with applicable laws and quality requirements</li> <li>Strengthening systems to maintain supply in the event of a disaster or accident by reviewing production, logistics, and management structures</li> </ul>
Human capital	Slightly higher	Risk of business continuity and growth slowdown due to delays in executive succession, talent development, recruitment, and retention	<ul style="list-style-type: none"> <li>Expanding the pool of potential successors through the selection of candidates and the development and following up of succession plans</li> <li>Strengthening the development of next-generation talent through training and the strategic placement of personnel based on their skills and aptitudes</li> <li>Promoting talent acquisition and retention through enhanced recruitment efforts and initiatives to improve engagement</li> </ul>

**Whistleblowing reports received in FY2025**

Whistleblowing report categories	Number of reports
Working environment (industrial accidents, harassment, discrimination, etc.)	65
Loss of assets/Leakage of information (conflict of interest, embezzlement, illegal use of data, etc.)	15
Accounting fraud	0
Violations of laws and regulations (anti-trust law violations, insider trading, bribery, business laws violations, etc.)	7
Other	8
<b>Total</b>	<b>95</b>

● For past records, please refer to our "Whistleblowing reports" [link](#) on our website.



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**IR Disclosure and Activities**

**Initiatives to Enhance Shareholder Value Based on Dialogue with Investors**

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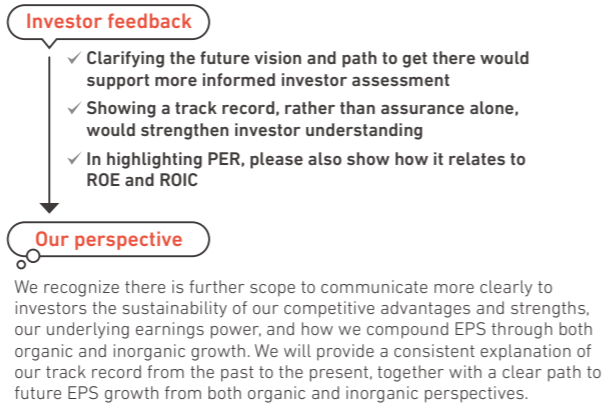
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# IR Disclosure and Activities Initiatives to Enhance Shareholder Value Based on Dialogue with Investors

We are continuously enhancing our IR activities, including our disclosures and IR initiatives such as the Integrated Report, through regular investor interviews and other measures (Production Process ☺). Drawing on the feedback and requests we receive through dialogue with investors, we work to further enhance our disclosures, expand opportunities for dialogue, and better communicate employees' voices and on-the-ground activities. Through these efforts, we aim to deepen understanding of our growth potential, profitability, and the replicability of our management approach, thereby supporting appropriate market valuation and enhancing shareholder value.

## Enhancing disclosures



### Key initiatives

- | Quarterly financial results presentation   | Medium-Term Strategy presentation  |
|--|--|
| <ul style="list-style-type: none"> <li>• Disclosure of adjusted earnings to show our underlying earnings power</li> <li>• Disclosure of growth rates broken down into sales volume, price/mix, and foreign exchange impact</li> <li>• Provision of long-term historical performance summary data</li> <li>• Breakdown of earnings contributions from organic and inorganic growth</li> </ul> | <ul style="list-style-type: none"> <li>• Disclosure of our track record of <b>EPS compounding</b> through organic and inorganic growth</li> <li>• Disclosure of <b>ROIC for individual companies</b>, both including and excluding goodwill and intangible assets</li> <li>• Disclosure of the path to continued EPS compounding through organic growth and M&amp;A</li> </ul> |

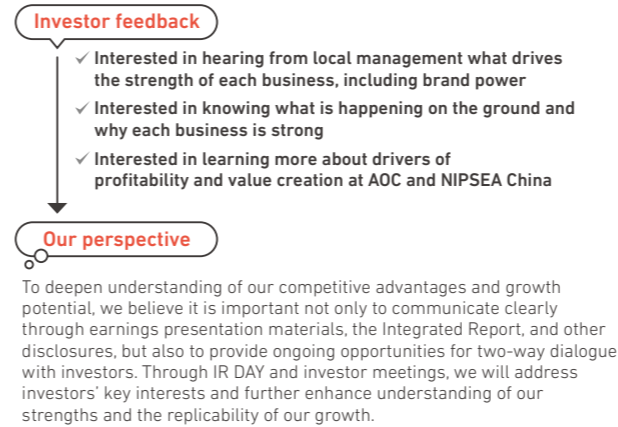
1. 10 Historical Performance Summary

Item	2025	2024	2023	2022	2021	2020
Consolidated EIL	1,000	950	900	850	800	750
Organic Growth	800	750	700	650	600	550
Inorganic Growth	200	200	200	200	200	200

2. Inorganic Growth: Our M&A Track Record (2)

Year	Number of M&A deals	Total value (Billion Yen)
2025	15	1,200
2024	12	900
2023	10	700
2022	8	500
2021	6	400
2020	5	300

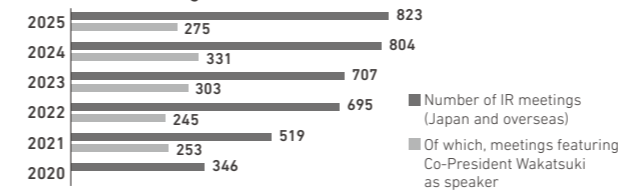
## Expanding opportunities for dialogue



### Key initiatives

- | IR DAY  | Investor meetings   |
|---|---|
| <ul style="list-style-type: none"> <li>• Held annually since 2024, covering topics of strong interest to investors</li> <li>• Addresses the business strategies of the NIPSEA Group and AOC, the brand strategies of DuluxGroup and the NIPSEA Group, M&amp;A strategy, and governance</li> <li>• Management responsible for each region and business present directly and participate in Q&amp;A sessions</li> </ul> | <ul style="list-style-type: none"> <li>• We have shifted our investor outreach priority from our traditional shareholder base in the chemicals and paint sector toward investors who focus on <b>EPS Compounders</b></li> <li>• In addition to the U.S. and Asia, we regularly visit global investors based in Europe and Canada</li> <li>• Co-President Wakatsuki directly meets with approximately 300 investors each year</li> </ul> |

### Number of IR meetings



## Better communicating employees' voices and on-the-ground activities



### Key initiatives

- | Website   | Investor Tour   |
|---|---|
| <ul style="list-style-type: none"> <li>• Supplementary case studies and basic information that complement the Integrated Report are published and expanded on our <a href="#">website</a> and in our <a href="#">Investor Book</a></li> <li>• Our sustainability initiatives, along with our people on the ground—their voices, perspectives, and the realities they face firsthand—are clearly presented through images, videos, and other formats</li> <li>• Articles from industry publications are published on our website to give investors a better understanding of frontline operations and the people on the ground (only available in Japanese)</li> </ul> | <ul style="list-style-type: none"> <li>• Held the Investor Tour 2025 to help investors understand and experience firsthand our R&amp;D activities, as well as the atmosphere and energy on the ground</li> <li>• The CTO directly explained the advantages of our R&amp;D and technological capabilities, and how LSI (Leveraging, Sharing, and Integration) will serve as a source of future EPS growth</li> </ul> |





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# 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 pursue MSV by expanding earnings (maximizing EPS) and raising market expectations (maximizing PER) for Nippon Paint Group.

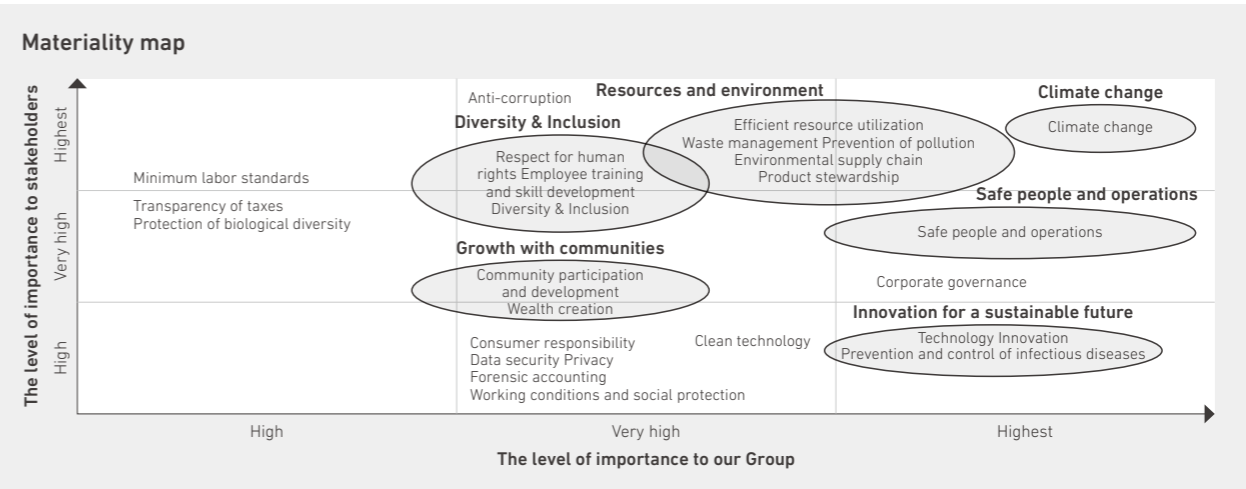
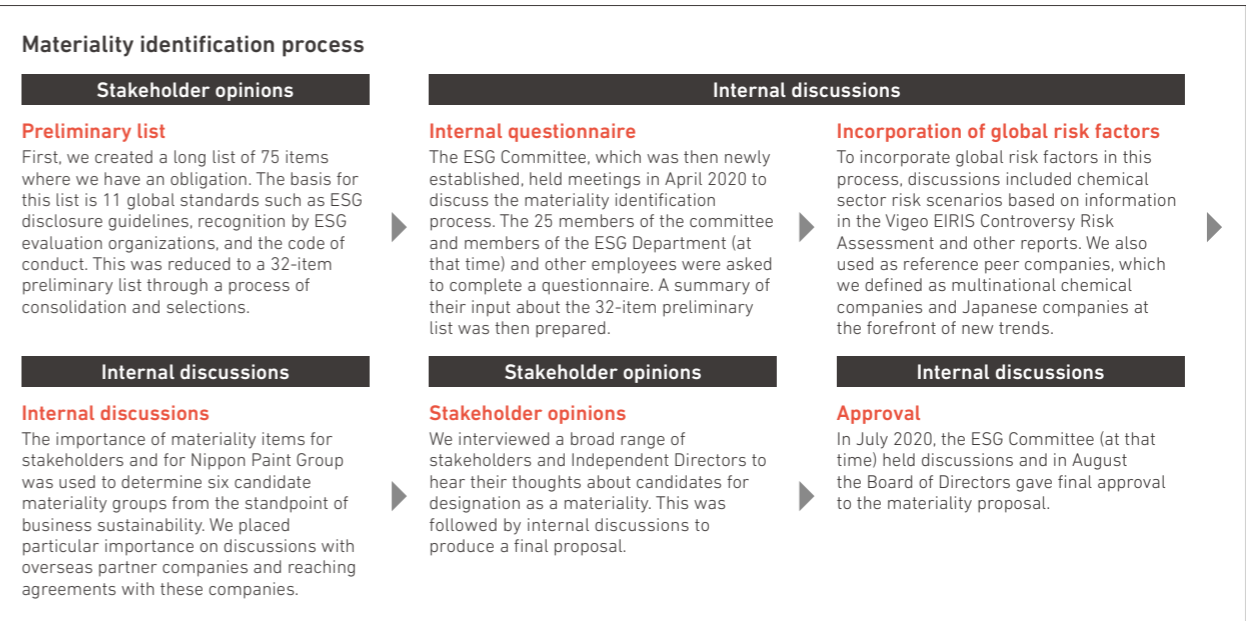
## Autonomous sustainability structure

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.





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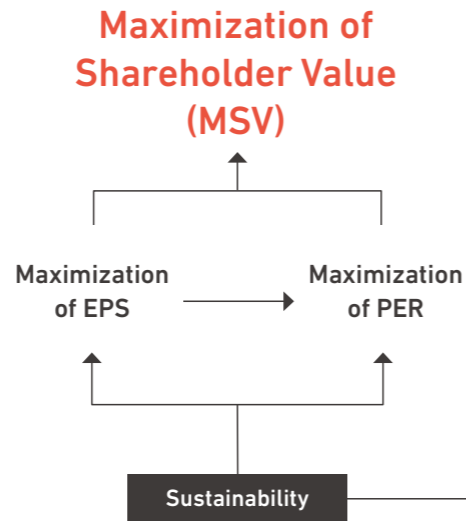
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**MSV logic tree**

- 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	<p><b>Climate change</b> 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.</p> <p><b>Resources and environment</b> 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.</p> <p><b>Safe people and operations</b> 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.</p>	
People & Community	Recruit/train diverse employees + Earn the trust of stakeholders	<p><b>Diversity &amp; Inclusion</b> 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.</p> <p><b>Growth with communities</b> 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.</p>	
Innovation & Product Stewardship	Develop sustainable products (NPSI / monitor LCA) + Chemicals of concern	<p><b>Innovation for a sustainable future</b> 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.</p>	
Corporate Governance	Monitor management + Encourage risk-taking	All Materiality categories*	
Sustainable Procurement	Low-cost and sustainable procurement + Reduce environmental and human rights risks	All Materiality categories*	

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



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	Risks	Opportunities	Main progress in 2025
	<ul style="list-style-type: none"> <li>▶ Regulatory changes and impacts, such as carbon pricing and GHG emission reduction targets</li> <li>▶ Increased extreme weather events (e.g. flooding) and climate impacts (e.g. water stress) impacting operations and supply chain</li> <li>▶ Increased supplier costs from climate adaptation and decarbonization actions</li> <li>▶ Changes in customer and consumer expectations and behavior during the transition to a low-carbon future</li> <li>▶ Product claims and brand damage due to performance deterioration (e.g. temperature extremes)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Market growth for sustainable products (e.g. low-carbon, improved performance in temperature extremes)</li> <li>▶ Development of new products and services to capture climate-related business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Enabled Carbon collaboration group for increased understanding of GHG emissions, such as:                             <ul style="list-style-type: none"> <li>- Scope 1, 2 &amp; 3 agreed on common reporting definitions</li> <li>- Scope 3 improvement program in collaboration with Sustainable Procurement and Innovation &amp; Product Stewardship Teams</li> <li>- Shared experience for data collection &amp; reporting tools</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>▶ Regulatory changes and impacts, such as waste disposal restrictions and increased costs</li> <li>▶ Supply constraints and increased costs associated with resource scarcity</li> <li>▶ Major site incident or contamination (e.g. soil/ groundwater) causing harm to people and community</li> <li>▶ Changes in customer and consumer expectations and behavior during the transition to a circular economy future</li> </ul>	<ul style="list-style-type: none"> <li>▶ Market growth for sustainable products (e.g. renewable content, post-consumer waste recovery)</li> <li>▶ Enhanced competitiveness through development and use of recycling technologies, resource efficiencies, and circular raw materials</li> </ul>	<ul style="list-style-type: none"> <li>▶ Continued efforts to improve resource use and efficiency through sharing improved reporting definitions</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Major site incident (e.g. fire) causing asset damage, supply chain disruption, and significant harm to people and community</li> <li>▶ Loss of safety management effectiveness from introduction of significant changes (e.g. new or modified plant/process)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimizing risks through adoption and sharing of global best practice, particularly for high-consequence risks</li> <li>▶ Enhancing brand reputation, employee engagement, and attracting talent as a safe employer</li> </ul>	<ul style="list-style-type: none"> <li>▶ Enabled collaboration group to share, review, and align technical and operating standards across PCGs for management of high-consequence process safety risks (i.e. flammable solvents, combustible dusts)</li> </ul>
	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Securing diverse and competent human resource talent as a global company</li> <li>▶ Creating wealth for companies, workers, and local communities by creating diverse and inclusive organizations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Advanced digitalization and the use of AI in HR across regions and companies</li> <li>▶ DuluxGroup: Launched the very first Dulux Trade First Nations Reconciliation Strategy</li> <li>▶ Japan Group: Adopted and disclosed initiatives to build a sustainable culture that supports women's advancement</li> <li>▶ Dunn-Edwards: Continued to shape initiatives based on Engagement survey feedback around career growth</li> </ul>
	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ Damage to the public image of the paint industry caused by inadequate activities oriented toward the local community</li> </ul>	<ul style="list-style-type: none"> <li>▶ Improving public awareness of the corporate brand through value chain investment in communities</li> <li>▶ Promoting the sound growth of communities through social contribution activities to increase the positive public view of our Group</li> </ul>	<ul style="list-style-type: none"> <li>▶ NIPSEA Group: Launched the Employee Volunteering Policy to all entities in NIPSEA Group</li> <li>▶ DuluxGroup: Invested more than \$1.5M in CSR projects and increased the number of employee volunteer hours by at least 10% (YoY)</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Significant hindrance to future corporate earnings owing to inability to generate innovation due to slow response to new markets</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expansion of market for products that contribute to controlling and adapting to climate change</li> <li>▶ Products and services that address social issues contribute significantly to society and help boost corporate earnings in the long term</li> </ul>	<ul style="list-style-type: none"> <li>▶ Established a sustainable project portfolio across the Japan Group and NIPSEA China</li> <li>▶ New capability: AOC and NIPSEA China gained in-house LCA (Life Cycle Assessment) expertise</li> <li>▶ NIPSEA Group:                             <ul style="list-style-type: none"> <li>- Phased out CMR substances (carcinogenic, mutagenic, and reprotoxic) across three product pipelines in China TU</li> <li>- Implemented new SDS system to improve chemical management</li> <li>▶ AOC eliminated PFAS chemicals from its products</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>▶ The risk of diminished effectiveness of management in the Asset Assembler Model as a result of improper internal control</li> </ul>	<ul style="list-style-type: none"> <li>▶ Effective Board and proper internal control monitored and assured in Audit on Audit support further risk-taking by executive team</li> </ul>	<ul style="list-style-type: none"> <li>▶ Each PCG continued to effectively utilize Control Self-Assessment to assess its remaining risk and identify necessary countermeasures</li> <li>▶ Continued to enhance the Whistleblowing System by sharing best practices among PCGs</li> <li>▶ Supported AOC, the new PCG in the Group, to set up and strengthen its internal control by extending our governance framework</li> <li>▶ Board continued to review its effectiveness by self-evaluation for further enhancement</li> </ul>
	<ul style="list-style-type: none"> <li>▶ 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</li> <li>▶ The failure to ensure responsible sourcing (e.g., conflict minerals and chemicals of concern) will affect company reputation and may lead to legal implications</li> </ul>	<ul style="list-style-type: none"> <li>▶ 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</li> </ul>	<ul style="list-style-type: none"> <li>▶ Adopted a risk-based approach to supply chain management, promoting multi-sourcing, reducing single source raw materials and mitigated the impact from natural disaster to our supply chain</li> <li>▶ Collaborated with key suppliers to innovate sustainable products and processes via the Global Key Account Management (GKAM) strategy</li> <li>▶ Supported compilation of Scope 3 GHG emission</li> </ul>



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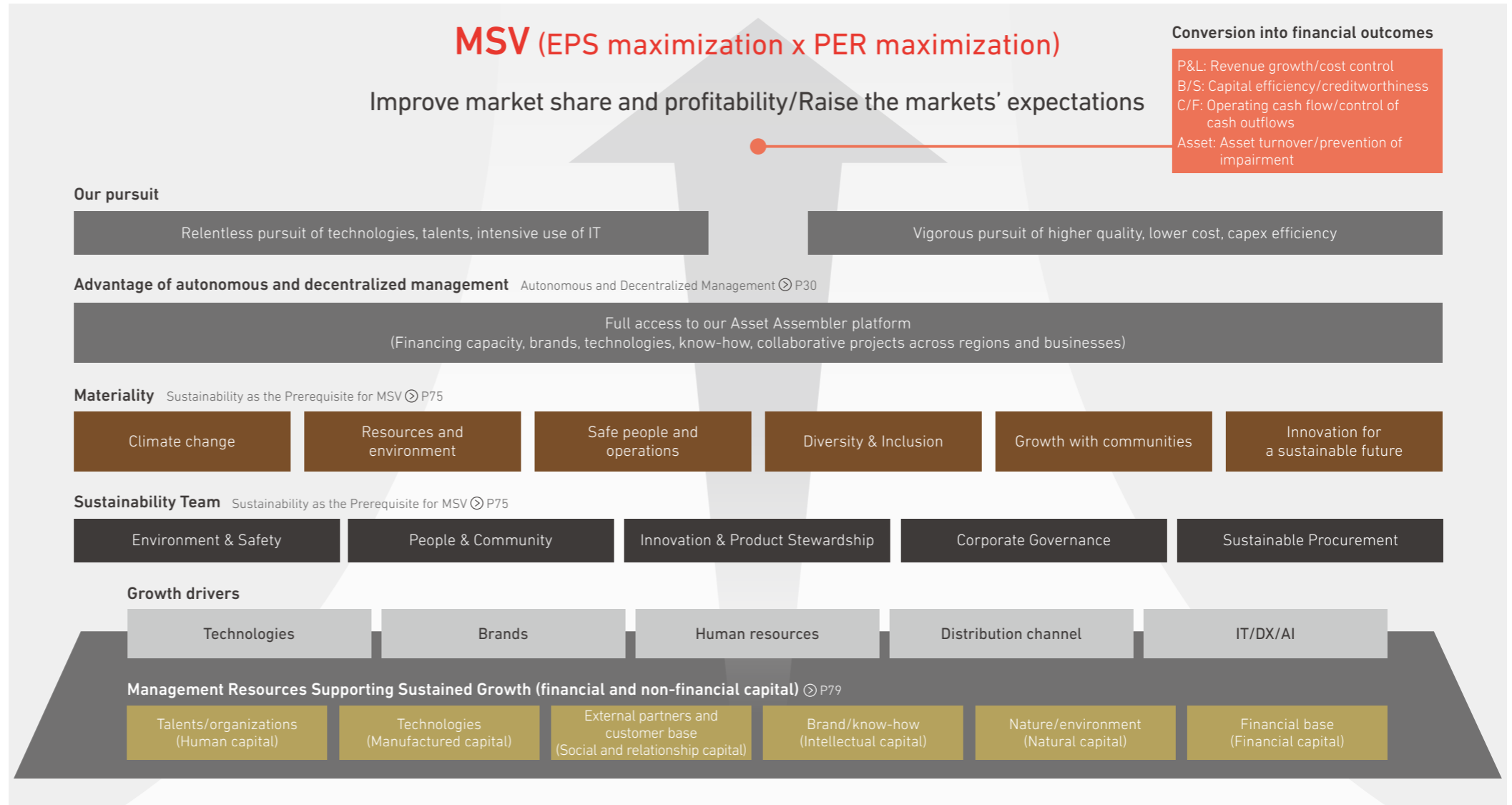
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# The Connection Between Sustainability and Value Creation

We position our management resources as growth drivers from a value creation perspective and advance our business strategy and sustainability in an integrated manner. Through a range of measures and initiatives, including efforts to address our materialities, we translate these initiatives into financial results and pursue MSV through sustained EPS compounding and improvement in the PER.





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# Management Resources Supporting Sustained Growth

Under our autonomous and decentralized management model, 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.

	Importance of management resources	Strengths of management resources and examples	Recognized challenges (management resources to be strengthened)	Initiatives to strengthen management resources (Medium-Term Strategy)
 <p><b>Human capital</b></p>	<p><b>Talents/organizations</b></p> <p>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.</p>	<p><b>A strong talent base supporting local operations worldwide</b></p> <ul style="list-style-type: none"> <li>Percentage of overseas employees (global) <b>87.0%</b> (2019) ▶ <b>91.2%</b> (2025)</li> <li>Percentage of women in managerial positions (global) <b>23.8%</b> (2020) ▶ <b>27.1%</b> (2025)</li> <li>Percentage of female employees (global) <b>24.0%</b> (2020) ▶ <b>28.4%</b> (2025)</li> </ul>	<ul style="list-style-type: none"> <li>Organizational capabilities that foster collaboration across departments and Group partner companies</li> <li>Improving productivity per employee and employee engagement</li> <li>A reskilling platform that supports adaptation to changes in the business environment</li> <li>Developing and strengthening the next generation of global management talent</li> </ul>	<ul style="list-style-type: none"> <li>Creating a workplace environment that allows diverse people to play an active role</li> <li>Accepting reforms and changing workstyle</li> <li>Embedding the Nippon Paint Group Global Code of Conduct</li> </ul> <p>Human Resource Strategy P81</p>
 <p><b>Manufactured capital</b></p>	<p><b>Technologies</b></p> <p>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.</p>	<p><b>Technological capabilities supporting high quality and stable supply</b></p> <ul style="list-style-type: none"> <li>Number of engineering talents (global) <b>3,545</b> (2019) ▶ <b>4,400+</b> (2025)</li> <li>Number of factories (global) <b>119</b> (2019) ▶ <b>219</b> (2025)</li> <li>Number of registered patents (global) <b>1,000</b> (2021) ▶ <b>c. 10,000</b> (2025)</li> </ul>	<ul style="list-style-type: none"> <li>Securing and developing engineering talent that is central to driving innovation</li> <li>Supply capacity to capture growth markets</li> <li>Production structure capable of responding to fluctuations in demand</li> <li>Transition to energy- and resource-efficient facilities</li> </ul>	<ul style="list-style-type: none"> <li>Cultivating engineering talents</li> <li>Stepping up R&amp;D activities</li> <li>Maintaining and reinforcing production facilities</li> </ul> <p>R&amp;D Strategy P86</p>
 <p><b>Social capital</b></p>	<p><b>External partners</b></p> <p>Collaborations and partnerships with external partners are essential for providing high-quality products and services to customers worldwide, driving innovative solutions to societal challenge</p>	<p><b>Co-creation platform that broadens value creation</b></p> <ul style="list-style-type: none"> <li>Number of companies engaged through IR meetings (global) <b>281</b> (2019) ▶ <b>823</b> (2025)</li> <li>Of which, Co-President as speaker (global) <b>253</b> (2021) ▶ <b>275</b> (2025)</li> <li>Shareholding of the majority shareholder Wuthelam Group (private company) <b>14.5%</b> (2013) ▶ <b>59.2%</b> (2025)</li> </ul>	<ul style="list-style-type: none"> <li>Deepening collaboration with external partners</li> <li>Capability to implement open innovation</li> <li>Capability to identify and drive collaboration themes</li> <li>Cultivating global institutional investors and building relationships with them</li> </ul>	<ul style="list-style-type: none"> <li>Active open innovation activities with universities, research institutions, automobile manufacturers, and other external partners</li> <li>Facilitating engagement with investors and other stakeholders</li> <li>Advancing and deepening the partnership with Wuthelam Group</li> </ul> <p>Message from Chairman P26</p>
 <p><b>Customer base</b></p>	<p>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</p>	<p><b>Customer base underpinned by trust and proven track record</b></p> <ul style="list-style-type: none"> <li>Number of retail outlets (NIPSEA China) <b>c. 50,000</b> (2019) ▶ <b>c. 270,000</b> (2025)</li> <li>Number of CCMs (NIPSEA China) <b>c. 3,000</b> (2019) ▶ <b>c. 22,000</b> (2025)</li> <li>No.1 market share in decorative paints (global) <b>8 countries</b> (2019) ▶ <b>14 countries</b> (2025)</li> </ul>	<ul style="list-style-type: none"> <li>Responding to increasingly diverse markets and customer needs</li> <li>Developing and delivering solutions that address customer challenges</li> <li>Capability to build medium- and long-term customer relationships</li> <li>Resilient supply networks encompassing procurement and logistics</li> </ul>	<ul style="list-style-type: none"> <li>Developing distribution channels that enable us to supply products to consumers worldwide</li> <li>Increasing strategic partnerships with property developers</li> <li>Developing strong trust relationships with automobile manufacturers and other customers</li> </ul> <p>Leadership Dialogue: NIPSEA China P43</p>



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	Importance of management resources	Strengths of management resources and examples	Recognized challenges (management resources to be strengthened)	Initiatives to strengthen management resources (Medium-Term Strategy)
<p><b>Intellectual property</b></p>	<p><b>Brands/know-how</b> 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</p>	<p><b>Competitive advantage driven by brand strength</b></p> <ul style="list-style-type: none"> <li>▶ <b>Number of key brands (global)</b> 31 (2019) ▶ 51 (2025)</li> <li>▶ <b>Top-of-Mind rating (NIPSEA China)</b> No.1 (2019) ▶ No.1 (2025)</li> <li>▶ <b>Brand award recognitions in Australia (DuluxGroup brands)</b> 1st place (2021) ▶ 1st place (2025)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Overwhelming brand recognition and acceptance that sets us apart from competitors</li> <li>▶ Accumulated know-how and expertise that support high-value-added proposals</li> <li>▶ Sharing and leveraging the know-how and expertise of each partner company</li> <li>▶ Strengthening data utilization and intellectual property management</li> </ul>	<ul style="list-style-type: none"> <li>▶ Promoting advertising, marketing, and social contribution activities</li> <li>▶ Sharing and accumulating expertise and know-how through our platform</li> <li>▶ Holding AYDA Awards international architectural and interior design competition</li> </ul> <p>Case Study 1 Türkiye Group Business Strategy P47</p>
<p><b>Natural capital</b></p>	<p><b>Nature/environment</b> 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</p>	<p><b>Business foundation supporting the reduction of environmental impact</b></p> <ul style="list-style-type: none"> <li>▶ <b>GHG emissions (Scope 1 and 2; global)</b> 54.0kg/ton of production (2019) ▶ 60.9kg/ton of production (2025; market-based)</li> <li>▶ <b>Percentage of hazardous waste (global)</b> 45% (2019) ▶ 42% (2025)</li> <li>▶ <b>Water consumption (global)</b> 0.44kL/ton of production (2019) ▶ 0.58kL/ton of production (2025)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Capacity to drive GHG emissions reductions</li> <li>▶ Effective utilization of sustainable resources</li> <li>▶ Capability to develop sustainable products</li> <li>▶ Turning environmental challenges into business opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Expressing support for the TCFD and enhancing climate-related initiatives and disclosures</li> <li>▶ Use of sustainable resources and protection of environment and biodiversity</li> <li>▶ Reducing environmental impact through the development of sustainable products and other offerings</li> </ul> <p>Natural Capital Strategy P84</p>
<p><b>Financial capital</b></p>	<p><b>Financial backbone</b> To achieve sustained growth, we need to strengthen the ability to generate cash flows and our financial backbone, which provide us with ample funds to be allocated continuously to investment in M&amp;A, new technologies, and cutting-edge production facilities.</p>	<p><b>Financial backbone supporting growth-oriented investments</b></p> <ul style="list-style-type: none"> <li>▶ <b>Operating cash flows (consolidated)</b> JPY 92.1 bn (2019) ▶ JPY 187.5 bn (2025)</li> <li>▶ <b>Net D/E ratio (consolidated)</b> 0.56x (2019) ▶ 0.54x (2025)</li> <li>▶ <b>Total equity (consolidated)</b> JPY 688.0 bn (2019) ▶ JPY 1,823.1 bn (2025)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Financial management with greater emphasis on capital efficiency</li> <li>▶ Financial soundness and flexibility to support growth-oriented investments</li> <li>▶ Rigorous investment discipline and monitoring</li> <li>▶ Strengthen communication with the capital markets</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strict adherence to financial discipline</li> <li>▶ Prioritizing debt finance and maintaining leverage capacity</li> <li>▶ Promoting engagement with financial institutions and credit rating agencies</li> <li>▶ Developing a global base of investors</li> </ul> <p>Our Finance Strategy Presented by Co-President Wakatsuki P38</p>



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# Human Resource Strategy

As a Japan-origin global corporate group operating in 48 countries and regions 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.

## Our approach to achieving MSV

People play a vital role in an 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 these changes but also capitalize on them with agility. People can embrace change 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.

# Case

## How does it contribute to maximizing EPS and PER?

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

### Examples of initiatives

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



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## Strategy

Building up diverse human capital serves as one of the most critical cornerstones supporting our Asset Assembler model. Achieving MSV requires securing and developing highly skilled and motivated talent, and our Group promotes the building of a strong and diverse organization that supports growth through continuous investment in human capital. We advance the recruitment and promotion of people with diverse backgrounds, eliminate discrimination, harassment, and violence, and work to create a welcoming work environment where everyone feels welcomed, respected, and able to work with peace of mind. In addition, we strengthen development initiatives that encourage employees' capability development and willingness to take on challenges; for technological talent in particular, we support long-term development and career building, including the implementation of tailored personnel systems, to help drive innovative and productive technology development and enhance motivation.

## Metrics and actions of employee engagement

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.

### Key indicators related to human capital (2025)

	NIPSEA Group	Dulux Group	Dunn-Edwards	Japan Group	Total
Ratio of female employees	24.8%	33.7%	29.5%	22.3%	28.4%
Ratio of women in managerial positions	26.4%	32.1%	35.4%	7.7%	27.1%

● For other ESG data, please refer to the "ESG Data" [↗](#) section on our website.

## Training programs for PCG

	Overview
<b>NIPSEA Group</b>	<ul style="list-style-type: none"> <li>▶ Strengthened Leadership Development: Enhanced leadership development programs, including the AGILE Foundation for emerging leaders, with a focus on people and thought leadership, mindset, accountability, and collaboration.</li> <li>▶ Rolled Out a Cross-Generation Mentorship Program: Expanded the program across the Group to foster inclusive talent development and bridge generational perspectives, and accelerate high-potential employees.</li> <li>▶ Strengthened Internal Capability and Productivity: Launched NIPSEA HR Competencies in 2025 to establish clear and consistent HR functional standards, with plans to expand the framework to other functions over the next three years.</li> </ul>
<b>DuluxGroup</b>	<ul style="list-style-type: none"> <li>▶ Continuing to develop our leaders across Europe and the Pacific through formal structure training and on-the-job experiments to embed their learning and understanding of what it means to be an inclusive leader</li> <li>▶ Delivery of new talent acceleration program to strengthen our pipeline of talent with a focus on up and comers</li> <li>▶ Laser focus on succession plans as we see a generational shift in leadership</li> </ul>
<b>Japan Group</b>	<ul style="list-style-type: none"> <li>▶ Enhanced Job-Level and Selective Training: Expanded the selective training program, "Learning Palette," in addition to providing training aligned with employees' job levels and career stages to support self-directed learning.</li> <li>▶ Launch of Pre-Manager Training: Introduced a new training program to support the development of skills and behaviors required prior to assuming managerial roles.</li> <li>▶ Strengthened Next-Generation Leader Development: Promoted the development of senior leader successors through individual development plans, coaching, external training, and cross-organizational assignments and transfers.</li> </ul>
<b>Dunn-Edwards</b>	<ul style="list-style-type: none"> <li>▶ Continued to shape initiatives based on Engagement survey feedback around career growth.</li> <li>▶ Refreshed and implemented new development programs for both our Retail Stores and for our Sales force.</li> </ul>

	Overview
<b>NIPSEA Group</b>	<p>At NIPSEA Group, we remain committed to building a highly engaged, inclusive, and high-performing workforce that drives sustainable business growth and innovation. Following the strong participation and insights from the NIPSEA Group Employee Engagement Survey (EES) 2024, we have focused in 2025 on translating feedback into targeted actions across key areas such as leadership effectiveness, career development, employee experience, and digital and AI enablement.</p> <p>In the absence of a survey cycle in 2025, our priority has been to sustain momentum by embedding engagement into day-to-day people practices, strengthening communications at both global and local levels, and leveraging digital tools and AI to enhance the way we learn and work. This ensures continuous improvement and builds a stronger, more connected workplace ahead of the next EES cycle in 2026.</p>
<b>DuluxGroup</b>	<p>DuluxGroup focuses on ongoing monitoring of employee engagement through its leaders. We conduct timely pulse surveys in our businesses and will conduct a DGL-wide employee survey in 2027.</p> <p>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.</p>
<b>Japan Group</b>	<p>Japan Group positions the employee engagement survey as an important management indicator for driving organizational transformation based on employees' voices. In response to the issues identified through the survey launched in 2024, in 2025 we advanced the development of a structure that links company-wide initiatives with workplace-level dialogue and improvement efforts.</p> <ul style="list-style-type: none"> <li>● For more information, please refer to "<a href="#">Initiatives to Enhance Employee Engagement Across the Japan Group.</a>" <a href="#">🔗</a></li> </ul>
<b>Dunn-Edwards</b>	<p>Dunn-Edwards exit interview data show 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-Edwards 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.</p>





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# Natural Capital Strategy

Addressing Nippon Paint Group’s most material sustainability impacts is a key imperative and priority for the organization to ensure MSV. Within the sustainability aspect for environment, the identified priority material impacts for the business are climate change and "resources and environment," especially waste and water.

## Our approach to achieving MSV

During 2025, our Partner Company Groups (PCGs) continued to make further progress on their individual ambitions, targets, and priorities across the materiality of "Climate change" and "Resources and environment." 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 performance and sharing best practice.

In 2025, the Carbon Collaboration Group, a sub-committee of the global Environment & Safety Team, has shared experiences for improved data collection and developed and agreed common reporting definitions for Scope 1, 2 & 3 GHG emissions. This has built further capability within the PCGs to identify improvement opportunities for management of energy efficiency and GHG emissions across the value chain. These programs of work will support the transition to mandatory climate reporting as it is phased in across various jurisdictions. Furthermore, the Carbon Collaboration Group is working together with Procurement and Innovation teams to identify Scope 3 GHG emissions improvement opportunities, leveraging the expertise across the PCGs for overall benefits.

The Environment & Safety Team continued efforts to review and improve resource use and efficiency, improving reporting definitions for waste and water. Within the water use data, the team is focused on understanding high stress water-use efficiency and improvement opportunities within the PCGs.

These initiatives go towards enabling improved understanding and management of the impacts, risks, and opportunities for both "Climate change" and "Resources and environment," and continue to be the primary focus of the Environment & Safety Team in 2026.

# Case

## How does it contribute to maximizing EPS and PER?



The Japan Group is advancing initiatives centered on improving energy efficiency, expanding the use of renewable energy, and sharing knowledge and best practices across sites. We conduct site tours involving members from major locations to facilitate the mutual exchange of energy saving measures and operational improvements that have delivered proven results at each site. Through the horizontal deployment of effective practices with minimal capital investment, these initiatives enable energy saving and contribute to lower manufacturing costs and enhanced profitability.

In addition, by promoting integrated electricity contracts across our sites, we have advanced the expansion of renewable energy adoption and improvements in electricity procurement methods. As a result, in addition to supporting the steady achievement of our GHG emissions reduction targets, we expect to reduce electricity costs by approximately 10%. Over the medium to long term, these efforts contribute to greater cost stability and reduced business risks.

Together, these initiatives improve cost efficiency and mitigate operational and financial risks, thereby contributing to a stable and sustainable increase in EPS. Furthermore, by integrating climate and resource related initiatives into our business operations, we clearly demonstrate a management approach that emphasizes risk management and long-term value creation.

This is expected to enhance investor confidence and contribute positively to improvements in PER. Going forward, we will continue to pursue the simultaneous achievement of environmental initiatives and economic value creation, with the aim of sustaining and enhancing corporate value over the long term.





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## 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.**

### Alignment with Sustainability Disclosure Standards

Since 2021, our group has expressed support for the Task Force on Climate Related Financial Disclosures (TCFD) which has now been incorporated into the International Sustainability Standards Board (ISSB). The ISSB has since released the International Financial Reporting Standards (IFRS) for sustainability-related financial disclosures. These standards follow four key pillars of reporting, Governance, Strategy, Risk Management and Metrics and Targets.

### Governance

The Sustainability teams play an important role in supporting leadership within the PCGs for climate change. The Environment & Safety Team takes the lead in discussing initiatives related to reporting and reducing GHG emissions and reports these 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 for climate governance.

### 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 management

The Sustainability Teams work directly under the Co-Presidents, supporting our PCGs in identifying and assessing risks and opportunities, including their significance, based on the criteria of factors directly related to our operations (e.g., raw materials, energy, and water consumption, GHG emissions) and our products and customers (e.g., product impacts, product application, and future needs).

### Metrics and targets

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

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

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

PCG	Reduction Targets (Scope 1, 2)		Progress	Improvement Priorities
	Net Zero (Scope 1, 2)	Medium-term*1		
<b>NIPSEA Group</b>	2060	2025: 15%	7.2% 2021 (Baseline) = 40.60 kg CO <sub>2</sub> -e/tonne 2025 = 37.67 kgCO <sub>2</sub> -e/tonne	Carbon mitigation best practices were disseminated across the NIPSEA Group to facilitate consistent adoption across operations
<b>Dulux Group*2</b>	2050	2030: 50%	40% (including all acquisitions since 2020) 25% (excluding all acquisitions since 2020) 2020 (Baseline) = 149 kg CO <sub>2</sub> -e/tonne 2025 (including acquisitions since 2020) = 90 kg CO <sub>2</sub> -e/tonne. 2025 (excluding acquisitions) = 112 kg CO <sub>2</sub> -e/tonne	Delivery of an additional 1,400 kW of solar generation capacity, ongoing energy efficiency initiatives across operational sites, continued roll-out of the fleet transition plan in the Pacific and Cromology business, review of climate targets for all DGL including Scope 3 target setting.
<b>Japan Group</b>	2050	2030: 37% 2030: 13% (Scope3)	22% 10% (Scope 3)	Reduced GHG emissions through increased renewable electricity purchases and Power Purchase Agreement (PPA). Conducted a carbon footprint survey of suppliers and strengthened collaboration to reduce Scope 3 Category 1 emissions.

\*1 Baseline years for targets are 2019 for Japan Group (Scope 1, 2), 2020 for DuluxGroup, and 2021 for NIPSEA Group and Japan Group (Scope3)

\*2 DGL (Pacific) only

### Climate-related scenario analysis

Variables	Risks		Opportunities
	1.5°C	4°C	
Changes in regulations and their impacts, such as carbon pricing and GHG emission reduction targets	Introduction of strict regulations	Regulations strengthened in limited areas	<b>Market growth for sustainable products</b> - 1.5°C scenario Growth of low-carbon products 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	- 4°C scenario Growth of low-carbon products against extreme weather and enhanced performance
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	<b>Development of new products and services to capture climate-related business opportunities</b> - Both for 1.5°C, 4°C scenarios
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	
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	



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# 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.

## 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. 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.

# Case

## How does it contribute to maximizing EPS and PER?

Low-temperature fast-curing technologies are a key platform supporting Nippon Paint Group's future growth. Our portfolio now spans more than 51 live projects across Japan, China and Southeast Asia, with Japan representing the largest pipeline and China offering the highest revenue growth potential. By reducing customers' energy consumption and cycle times, these technologies help them free up production capacity and support their expansion into high-growth segments such as EVs, plastics and infrastructure. In this way, they contribute to customers' energy savings while also supporting our margin improvement and decarbonization roadmap.

One representative example is "AC-130TF," an automotive coating product of the NIPSEA Group. Through its low-temperature fast-curing electrodeposition coating technology, the product enables a 20% reduction in energy consumption, while process improvements deliver a further 38% reduction, helping customers improve energy efficiency. Sales are expected to grow at an average annual rate of approximately 65% from 2025, reaching more than four times the current level by 2028. Another example is "Powerfloat E 1200," an industrial coating product of the Japan Group, which reduces energy consumption by 32% and product carbon footprint by 9%.





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**PFAS regulatory compliance**

<b>NIPSEA Group</b>	▶ We monitor trends in PFAS regulations in China and ensure that we comply appropriately with the PFAS regulations.	<b>Japan Group</b>	▶ 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.
<b>DuluxGroup</b>	▶ 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 is 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.	<b>Dunn-Edwards</b>	▶ 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.
		<b>AOC</b>	▶ PFAS chemicals eliminated from AOC products. Monitoring situation with styrene in the U.S. as prioritization actions under TSCA continue. Further restrictions on employee exposure limits are a possible outcome.

**LCA and Avoided Emissions**

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

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

**Metrics and results related to Innovation (2025)**

	Step1	Step2	Step3
<b>Sustainable Products</b>	<p><b>2025-</b></p> <ul style="list-style-type: none"> <li>▶ Established a sustainable project portfolio across the Japan Group and NIPSEA China</li> <li>- Defined and advanced two focus areas: Low-temperature fast curing and low-carbon feedstock</li> <li>- Prioritized two key application directions: automotive coatings and industrial coatings</li> </ul>	<p><b>2026</b></p> <ul style="list-style-type: none"> <li>▶ NIPSEA Group: Continue to drive optimization of the sustainable project portfolio and plan to establish a realistic target for sustainable revenue growth</li> <li>▶ DuluxGroup: Continue implementing the sustainable product sales roadmap to deliver growth</li> <li>▶ AOC: Broader introduction of low GWP (Global Warming Potential) products in different end use markets using recycled PET and bio-circular raw materials, allowing customers to reduce GWP and increase renewable content</li> </ul>	<p><b>-2030</b></p> <ul style="list-style-type: none"> <li>▶ NIPSEA Group: Leverage the entire value chain, from low-carbon feedstock to end-of-life solutions, to holistically drive sustainable revenue growth</li> <li>▶ DuluxGroup: Deliver 2030 targets of - 20% revenue derived from Best in Class sustainable product sales</li> <li>- 30% average recycled content in packaging</li> </ul>
<b>Chemicals of Concern</b>	<p><b>2025-</b></p> <ul style="list-style-type: none"> <li>▶ NIPSEA Group: Completed global regulatory mapping for MCCP and are working with R&amp;D to identify alternative solutions</li> <li>- Phased out CMR substances (carcinogenic, mutagenic, and reprotoxic) across three product pipelines in China TU</li> <li>▶ AOC: Eliminated PFAS chemicals from AOC products</li> <li>- Monitoring the styrene situation in the U.S. as Toxic Substances Control Act (TSCA) prioritization actions continue</li> </ul>	<p><b>2026</b></p> <ul style="list-style-type: none"> <li>▶ Regulatory Monitoring: AOC: Tracking potential new EU chemical classifications (CLH) for key substances</li> <li>▶ Product Reformulation: In EMEA, eliminate TPO in applicable formulations and introduce alternatives where feasible</li> <li>▶ Innovation Trials: Advancing BPA-free drinking-water formulations into the customer trial phase</li> <li>- NIPSEA Group: Continuing efforts to phase out CMR substances from formulations</li> <li>- DuluxGroup: Continuously reviewing and implementing Group CoC position statements for identified high-concern chemicals</li> </ul>	<p><b>-2030</b></p> <ul style="list-style-type: none"> <li>▶ Proceeded the CoC phasing out plan by regions and business units based on local status</li> <li>▶ Continuously evaluated other CoC restriction requirements and implementing action plans</li> </ul>

**Sustainable products**

Sheet molding compound (SMC) has long been used to produce durable, lightweight automotive parts. AOC provides resin formulation inputs for high-performance composites. It has introduced new formulations for composite pickup boxes containing up to 77% renewable and recycled content. These formulations can reduce global warming potential by up to 57% compared with comparable virgin petro-derived formulations. In collaboration with industry partners, parts for automotive applications were produced, demonstrating high strength-to-weight ratios and significant carbon reduction.



• Please also see the "Creation of Sustainable Products" section on our website.



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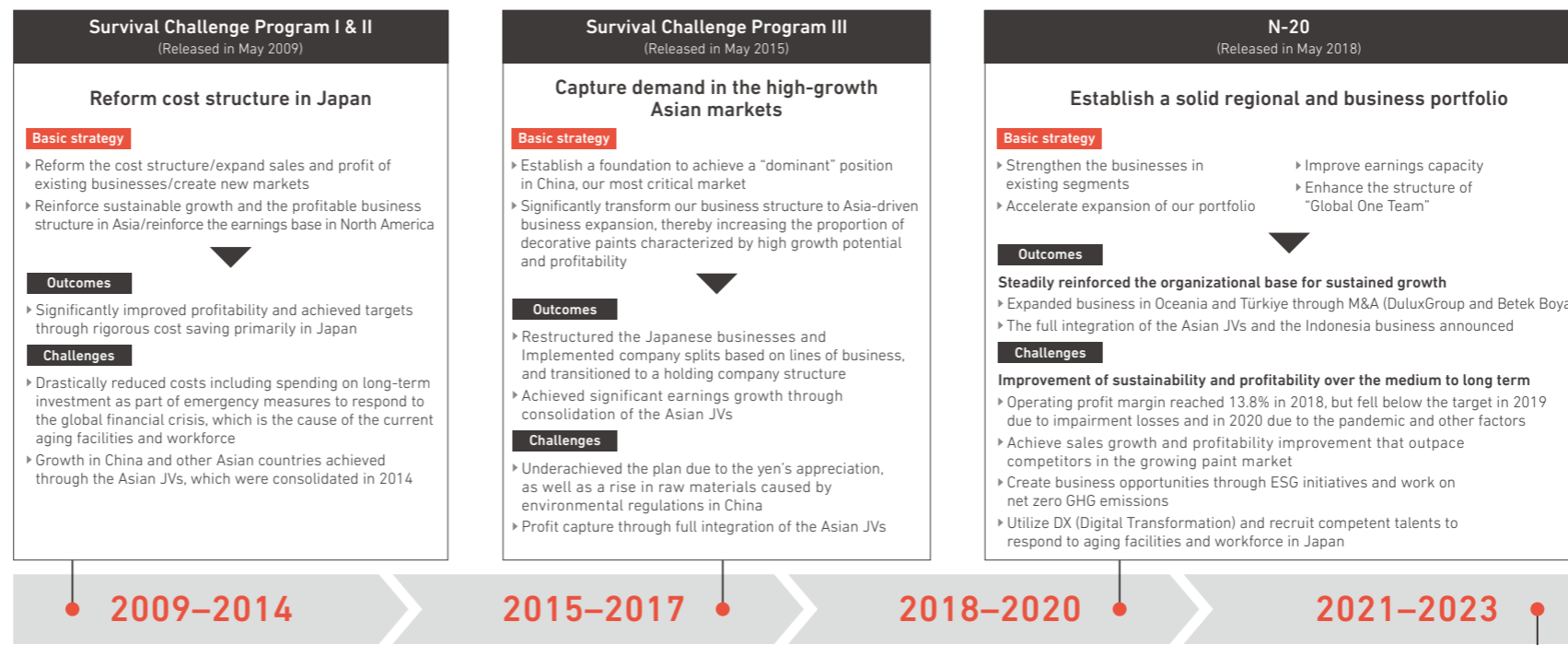
Review of Our Previous Medium-Term Plans

Corporate Information (as of December 31, 2025)

Production Process

# 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.



### Medium-Term Plan (FY2021-2023)

(Released in March 2021)

**Relentlessly pursuing growth through the Asset Assembler model**

**Basic strategy**

**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
	Overachievement rate	¥1,442.6 bn
Operating profit	Original guidance	¥140.0 bn
	Year-end results	¥140.0 bn
	Overachievement rate	¥168.7 bn
EPS	Original guidance	¥41.73
	Year-end results	¥45.00
	Overachievement rate	¥50.45

**Outcomes**

**Succeeded in sustainable EPS compounding as an 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
- ▶ EPS accretion from Year 1 through the acquisition of high-quality assets at an appropriate valuation

**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 compounding
- ▶ While the groundwork for improving the profitability of **Japan Group** ⊙ is taking shape, we are only halfway to reaching the levels achieved in 2017-2018

Stock-Price Conscious Management ⊙ P12

2024-

Medium-Term Strategy

Medium-Term Strategy Updates  
(Released in February 2026)  
⊙ P36



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**Corporate Information**

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**Corporate Information (as of December 31, 2025)**

Production Process

# Corporate Information (as of December 31, 2025)

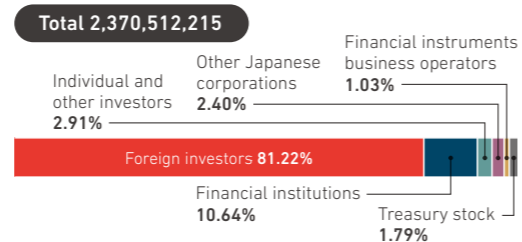
## Corporate profile

<b>Trade name</b>	Nippon Paint Holdings Co., Ltd.
<b>Head Office</b>	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
<b>Founded</b>	March 14, 1881
<b>Capital</b>	JPY 671,432 million
<b>Number of employees</b>	38,481 (consolidated)
<b>Fiscal year</b>	January 1 to December 31

## Stock information

<b>Stock listing</b>	Tokyo Stock Exchange (Prime Market)
<b>Sector</b>	Chemicals
<b>Securities code</b>	4612
<b>Trading unit</b>	100 shares
<b>Total number of authorized shares</b>	5,000,000,000
<b>Total number of issued shares</b>	2,370,512,215
<b>Number of shareholders</b>	25,441

## Distribution by type of shareholders (shareholding ratio)



\* 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	55.54
The Master Trust Bank of Japan, Ltd. (Trust Account)	149,749,500	6.43
Fraser (HK) Limited	85,000,000	3.65
UBS AGLB SEG AC UNTRADABLE SHARES	84,899,400	3.64
BNYM AS AGT/CLTS NON TREATY JASDEC	82,000,941	3.52
Custody Bank of Japan, Ltd. (Trust Account)	44,284,900	1.90
HSBC - FUND SERVICES CLIENTS A/C 500	26,000,000	1.11
Nippon Life Insurance Company	22,798,765	0.97
Meiji Yasuda Life Insurance Company	17,704,000	0.76
THE BANK OF NEW YORK MELLON 140042	16,588,391	0.71

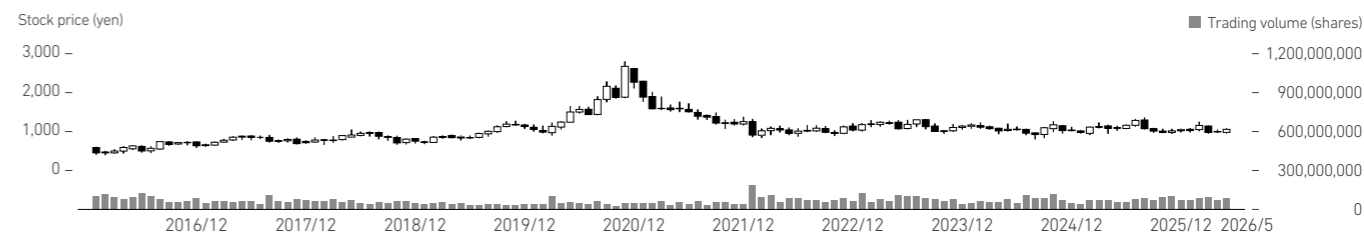
\*1 The Company holds 42,549,157 shares of treasury stock

\*2 The shareholding ratio is calculated excluding treasury shares

\*3 Goh Hup Jin, Director of the Company, serves as Director of Nipsea International Limited and holds 90.91% of the voting rights in that company

\*4 Fraser (HK) Limited is an affiliated party of the Company because it is a subsidiary of W (BVI) Holdings Limited, whose majority voting rights are held by Goh Hup Jin, Director of the Company, on his own account

## Stock price information



## Stock price and volume chart

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
<b>Stock price at December 31 (yen)</b>	637	713	752	1,128	2,266	1,254	1,039	1,140	1,023.5	1,047.5
<b>Year-to-date high (yen)</b>	745	904	1,046	1,270	2,796	2,292	1,314	1,313	1,258.5	1,352.0
<b>Year-to-date low (yen)</b>	402	619	668	687	906	1,078	843	953	807.8	919.0
<b>Annual trading volume (shares)</b>	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	870,911,200	870,745,600

\* NPHD implemented a 5-for-1 stock split on April 1, 2021. The stock price and trading volume are calculated on the assumption that this stock split had been carried out in January 2016



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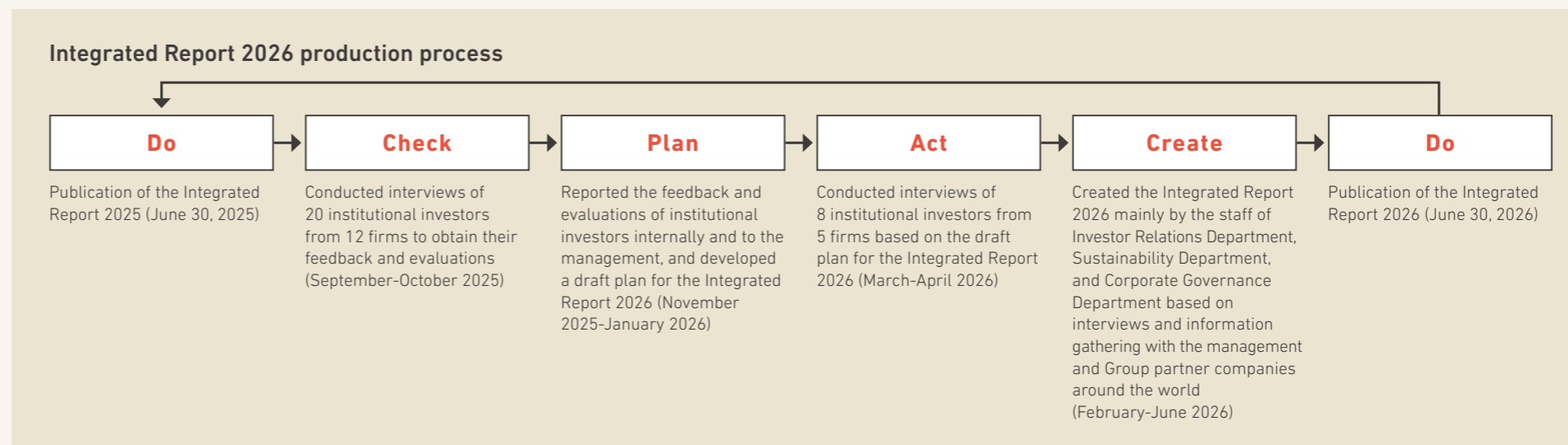
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**Production Process**

# Production Process



**Participation and involvement of the management**

The management is actively involved in the Plan and Create phases of the production process. 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, 2025  
 (Information on some activities after January 2026 is also included as necessary)  
 Scope of the Report : Nippon Paint Holdings and its consolidated subsidiaries around the world  
 Accounting standard : Unless stated otherwise, figures through 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)



**Publication date**

June 2026 (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.

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