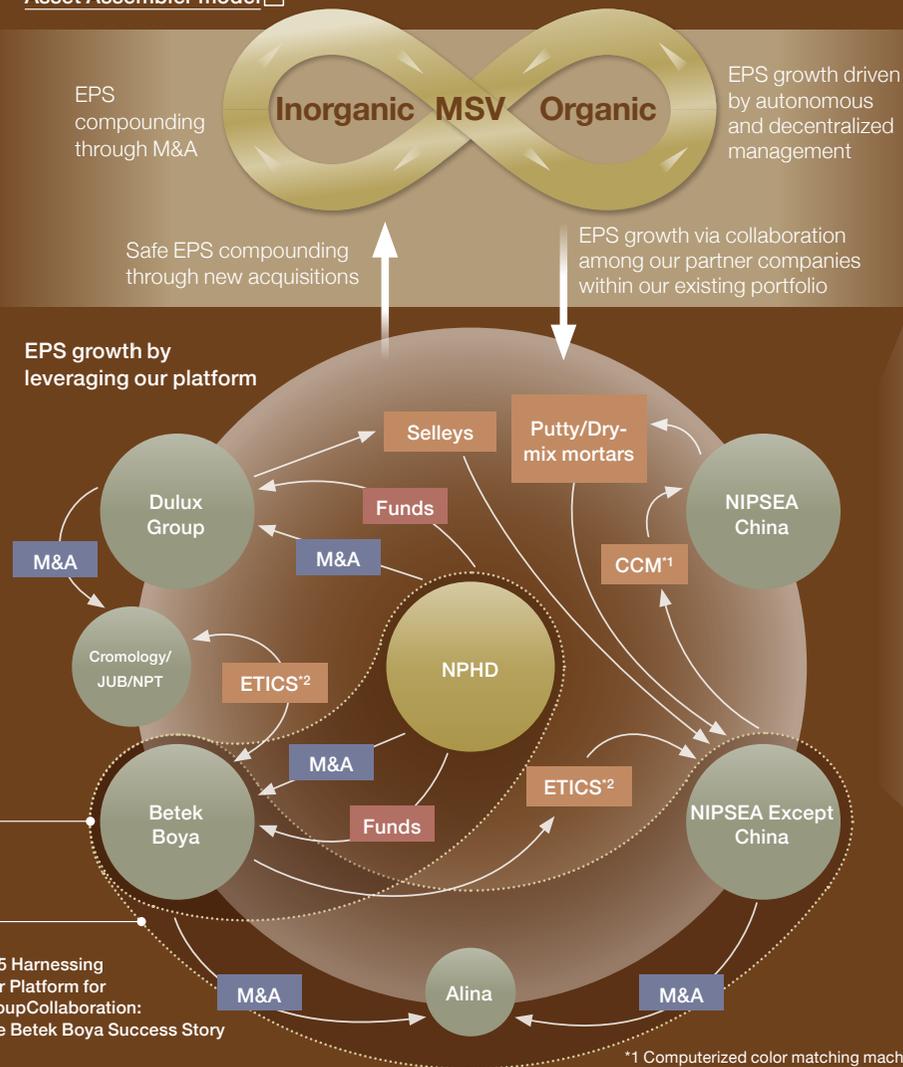


Our Platform That Underpins Autonomous and Decentralized Management

Each partner company, operating under autonomous and decentralized management, proactively leverages our Group's management resources including financial strength, technical capabilities, and brand power, while voluntarily learning from each other occasionally. This approach fuels their ongoing growth.

On this page, we introduce the platform and management resources that underpin our autonomous and decentralized management approach and examples of Group collaboration facilitated through the use of this platform.

[Asset Assembler model](#)



» P25 Harnessing Our Platform for Group Collaboration: The Betek Boya Success Story

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

Management resources utilized via the platform

Human capital

Talent/organizations

In the paint market, characterized by local production for local consumption and versatile applications, it's essential to have excellent management teams, diverse talent, and robust organizational capabilities that enable us to accurately grasp societal challenges and customer needs, and swiftly provide effective solutions.

Examples of resources and updates

- **Ratio of overseas employees** (global)
87.0% (2018) → 89.9% (2023)
- **Ratio of women in managerial positions** (global)
23.8% (2020) → 26.5% (2023)
- **Employee satisfaction rate** (Japan Group)
83% (2019) → 79% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Creating a workplace environment that allows diverse people to play an active role
- Accepting reforms and changing workstyle
- Instilling Purpose and Global Code of Conduct
- Improving effectiveness of risk management

Particularly relevant Materiality

- Diversity & Inclusion
- Safe people and operations

Key related content

Human Resource Strategy » P65
Safe people and operations » P70
Risk Management » P91

Manufactured capital

Technologies

Advanced technologies are essential for enhancing our competitive advantage by fostering innovations that address societal challenges and customer needs and facilitating stable product supply, among other benefits.

Examples of resources and updates

- **Number of engineering talents** (global)
3,545 (2019) → c.4,300 (2023)
- **Number of factories** (global)
119 (2019) → 163 (2023)
- **Number of registered patents** (global)
1,000 (2021) → 1,610 (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

- Cultivating engineering talent
- Stepping up R&D activities
- Maintaining and reinforcing production facilities
- Developing sustainable products

Particularly relevant Materiality

- Climate change
- Resources and environment
- Innovation for a sustainable future

Key related content

Environmental Strategy » P62
R&D Strategy » P68

Our Platform That Underpins Autonomous and Decentralized Management

Social and relationship capital

External partners

Collaborations and partnerships with external partners are essential for providing high-quality products and services to customers worldwide, driving innovative solutions to societal challenge

Examples of resources and updates

• Number of stores implementing the “New Generation Dealer” program (Betek Boya)

c.50 (2019) → c.380 (2023)

• Number of IR meetings (global)

281 (2019) → 707 (2023)

• Shareholding of the majority shareholder Wuthelam Group (private company)

14.5% (2013) → 58.7% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

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

Particularly relevant Materiality

- Climate change
- Resources and environment
- Safe people and operations
- Growth with communities
- Innovation for a sustainable future

Key related content

Environmental Strategy >>> P62 Human Resource Strategy >>> P65
R&D Strategy >>> P68 Safe People and Operations >>> P70 Growth with Communities >>> P71

Customer base

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

Examples of resources and updates

• Number of distribution stores (NIPSEA China)

c.50,000 (2019) → c.290,000 (2023)

• Number of CCM-installed stores (NIPSEA China)

c.3,000 (2019) → c.19,000 (2023)

• No.1 market share in decorative paints (global)

8 countries (2019) → 13 countries (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

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

Intellectual capital

Brands/know-how

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

Examples of resources and updates

• Number of key brands (global)

31 (2019) → 41 (2023)

• Top of Mind rating (NIPSEA China)

51% (2019) → 51% (2023)

• Top of Mind rating (Indonesia)

26% (2021) → 26% (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

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

Particularly relevant Materiality

- Resources and environment
- Safe people and operations
- Growth with communities
- Innovation for a sustainable future

Key related content

Environmental Strategy >>> P62
R&D Strategy >>> P68
Safe People and Operations >>> P70
Growth with Communities >>> P71

Financial capital

Financial base

To achieve sustainable growth, we need to strengthen the ability to generate cash flows and financial foundation that provide us with ample funds to be allocated continuously to investment in M&A, new technologies, and cutting-edge production facilities

Examples of resources and updates

• Operating cash flows (consolidated)

¥92.1 bn (2019) → ¥189.8 bn (2023)

• Net D/E ratio (consolidated)

0.56x (2019) → 0.36x (2023)

• Total equity (consolidated)

¥688.0 bn (2019) → ¥1,368.1 bn (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

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

Particularly relevant Materiality

- Climate change
- Resources and environment
- Growth with communities
- Innovation for a sustainable future

Key related content

Our Finance Strategy Presented by Co-President Wakatsuki >>> P44
M&A Strategy >>> P47 R&D Strategy >>> P68
Environmental Strategy >>> P62

Natural capital

Nature/environment

As a corporate group operating in the paint and adjacencies businesses, resources such as raw materials, electricity, and water are not only essential, but also significant from a sustainability perspective

Examples of resources and updates

• GHG emissions (Scope 1 & 2; global)

54.3kg/ton of production (2019) → 40.2kg/ton of production (2023)

• Ratio of hazardous waste (global)

45% (2019) → 37% (2023)

• Water consumption (global)

0.44kL/ton of production (2019) → 0.47kL/ton of production (2023)

Measures to strengthen resources based on our medium- to long-term management strategy

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

Particularly relevant Materiality

- Climate change
- Resources and environment
- Innovation for a sustainable future

Key related content

Environmental Strategy >>> P62
R&D Strategy >>> P68

Our Platform That Underpins Autonomous and Decentralized Management

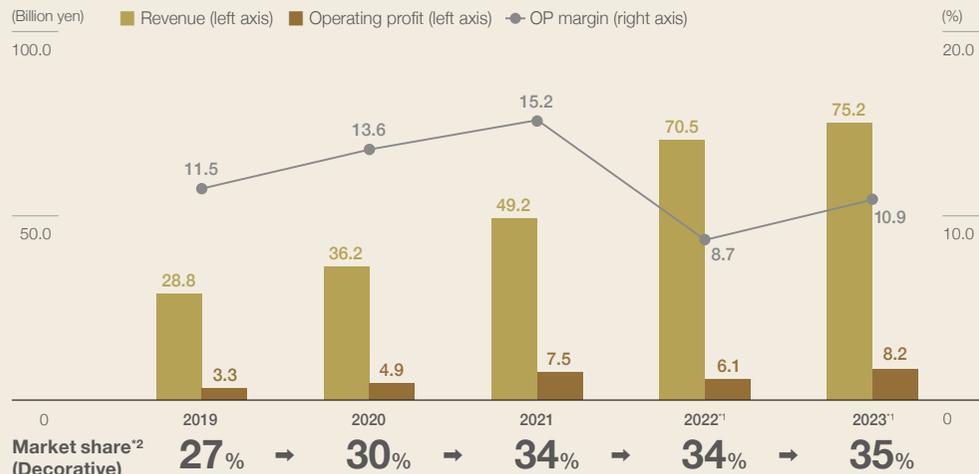
Harnessing Our Platform for Group Collaboration: The Betek Boya Success Story

Case 1 Benefitting from capital injection by NPHD

Becoming a part of Nippon Paint Group in 2019 empowered Betek Boya to thrive in various aspects, both operationally and financially. By utilizing the financial resources provided by NPHD, Betek Boya successfully cleared its existing loans and substantially enhanced its cash flow. With the weight of financial obligations lifted, Betek Boya redirected its attention towards sales, operations, marketing, and branding initiatives, swiftly amplifying its market presence and driving up market share expansion.

Being a part of Nippon Paint Group also allowed Betek Boya to immediately tap on economies of scale and gain benefits across the entire value chain, including marketing, purchasing, finance, technical know-how and formulations, IT, supply chain, production, etc. With the backing of Nippon Paint Group, Betek Boya bolstered its market share expansion efforts by initiating a dealer congress that was attended by 4,000 dealers nationwide and increasing its marketing investments to enhance brand awareness and recognition.

Growth since joining our Group in 2019



¹ Starting from FY2022 2Q, hyperinflationary accounting has been applied. ² Internal estimates
 Figures from 2022 onwards reflect this accounting treatment.

Case 2 Multi-brand strategy implemented in an inflationary environment

Betek Boya provides an extensive array of color options for every surface, spanning interior and exterior paints across four distinct brands: NIPPON PAINT, Filli Boya, FAWORI and Tempo. Each brand is tailored to specific market segments and customer demographics, aiming to deliver high-quality products to end consumers.

Amidst challenging economic conditions, Betek Boya observed two distinct and emerging consumer preferences. With a decline in purchasing power, consumers are becoming more cost conscious, gravitating towards the economic segment, as well as towards products offering enhanced value and reliability (value for money). Over the span of recent years, there has been a significant shift in labor and product costs. The emphasis on products that streamline labor and save time surged, prompting the development of new initiatives within the product portfolio design.

Betek Boya is actively crafting strategies to cater to value-seeking consumers with its flagship brand, Filli Boya. To bolster and elevate brand appeal, Betek Boya is introducing exclusive services through their specialized dealership networks and expanding accessibility via modern sales channels, particularly focusing on e-commerce. Positioned as a masstige brand, Filli Boya provides high-quality, aspirational products accessible to a wide market segment. This approach has distinctively positioned Filli Boya as the sole paint brand among Türkiye's top 10 trusted brands, underscoring its exceptional

Positioning of brands



Our Platform That Underpins Autonomous and Decentralized Management

reputation and consumer trust, as validated by a national survey encompassing 150 brands across 16 sectors in Türkiye.

NIPPON PAINT stands as the pinnacle, the epitome of elegance within its multi-brand strategy. With the broadest range of meticulously crafted products with the upmost quality, NIPPON PAINT caters exclusively to the premium segment. Despite economic challenges, the purchasing power within this segment remains robust, sustaining demand for decorative solutions. By anchoring the NIPPON PAINT brand in the premium segment, it targets professionals and discerning consumers seeking specialized products, distinctive color choices, and exceptional customer service. Through a focus on emotional, experiential, and functional advantages, Betek Boya is steadily fortifying its position in the premium market, delivering unparalleled benefits to its customers.

Case 3 Our strategic penetration into the Central Asian market that holds potential for future growth

Paint portfolio expansion

Applying Betek Boya's successful Multi-Brand Strategy to the Kazakhstan paint market involves complementing Alina's robust mid- and low-tier paint brands with Betek Boya's mid- to high-end paint brands. With this approach, Alina aims to offer distinct brand identities tailored to each pricing tier and expand into corresponding distribution channels to meet the diverse needs of its end-users.

This initiative also entails the sharing of best-in-class paint production capabilities and robust formula know-how to enhance and expand Alina's current paint and coatings portfolio. This will in time allow Alina to achieve a better cost structure, price competitiveness that will be facilitated by initiating Betek Boya production know-how within Alina's facilities, eliminating the need for imports from Türkiye.

Cost synergies

Harnessing the scale of Nippon Paint Group to streamline Alina's cost structure entails optimizing the procurement of raw materials, deployment of Computerized Color Matching (CCM) machines and other capital expenses. By leveraging Nippon Paint Group's extensive resources and negotiating power, Alina aims to secure favorable pricing and terms, ultimately enhancing its operational efficiency and cost-effectiveness.

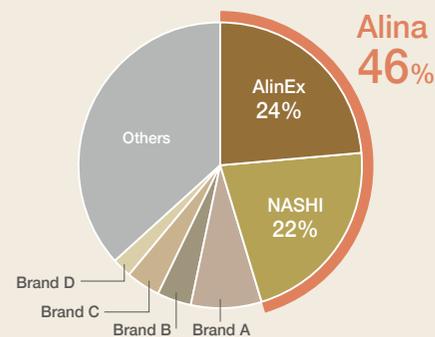
Introducing value-added categories in the medium to long term

Tapping on Betek Boya's products and expertise, Alina aims to venture into other value-added categories such as External Thermal Insulation Composite System (ETICS), furniture coatings and industrial coatings. Leveraging on Betek Boya's leadership in the ETICS category, Alina has the opportunity to introduce innovative insulation methods to the Kazakhstan market, potentially driving significant market growth with the potential to enhance the quality of life for Kazakhstan people by providing better insulation and comfort in their living spaces.

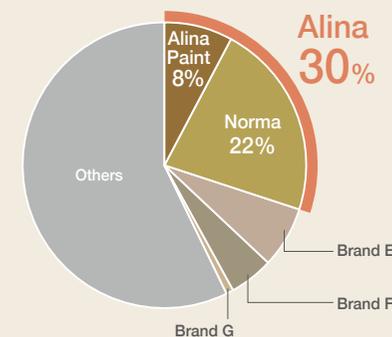
Making Kazakhstan a hub to grow our business in Central Asia

Alina has strong dry mix and paint production facilities, alongside superior products with robust brand equity. Alina plans to leverage this strength by integrating it with Betek Boya's extensive distribution network in Central Asia, immediately benefitting Alina's business growth into Kyrgyz, with subsequent expansion to other Central Asia markets in the near term.

Dry mix market share (volume basis)*



Paint market share (volume basis)*



* Internal estimates