

Nippon Paint

Medium-Term Strategy Briefing

-Our Roadmap as Asset Assembler-

April 4, 2024

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Glossary

•CCM : Computerized Color Matching
•CC : Construction Chemicals
•ETICS : External Thermal Insulation Composite System
•SAF : Sealants, Adhesives & Fillers
•Selleys : Brand for adjacencies products such as adhesives and sealants
•c. : circa (approximately)
•PC : Partner Company: The term that refers to consolidated subsidiaries of NPHD

•NPHD : Nippon Paint Holdings
•NPAC : Nippon Paint Automotive Coatings
•NPTU : Nippon Paint
•NPIU : Nippon Paint Industrial Coatings
•NPSU : Nippon Paint Surf Chemicals
•NPCS : Nippon Paint Corporate Solutions
•NPMC : Nippon Paint Marine Coatings

1. Executive Summary



Basic & New

NIPPON PAINT HOLDINGS CO., LTD.

Executive Summary

Significantly outperformed original MTP (FY2021-2023)

- Delivered resilient growth and steadily compounded EPS, overcoming drastic changes in the business environment beyond our 2021 original assumptions
- Both revenue and profit outperformed the 2021 guidance through our endeavor to compound organic and inorganic EPS

Our Asset Assembler model

- We aim to actively and continuously compound low risk and sustainable EPS
- Our Group maximizes the potential of individual assets accompanied with autonomy and accountability, in pursuit of Maximization of Shareholder Value (MSV)

New guidance focuses on sustainable value creation through organic and inorganic initiatives

- With progression in our model, presenting a three-year target number on a consolidated group basis has diminished in significance; despite continuation of three-year plans for individual assets
- This presentation highlights our medium-term organic growth potential based on our current portfolio and outlines our approach to value creation through M&A, all intended to showcase our core strength with MSV as our sole mission

2. Asset Assembler Model



Nippon Paint at a Glance

Our Group has evolved dramatically over the past 10 years through partnership with Wuthelam and assembly of assets

Established



143

Years old
(est. in 1881)

Market presence
(2024)



47

Operating
countries/regions
(vs 18 in 2013)

Partnership with
Wuthelam



62

Years
(est. Asian JVs (NIPSEA
business) in Singapore in 1962)

Revenue
(2024 Company guidance)



1.60

tr JPY
(vs 0.23 tr JPY in 2013)

Ownership by
Wuthelam



58.7

%
(vs 14.5% in 2013)

Market cap
(as of Mar. 29, 2024)



2.54

tr JPY
(vs 0.46 tr JPY in 2013)

Our History

Accelerating revenue and profit growth since 2018 in pursuit of MSV as our sole mission

1881- Founding phase

1881
Komyosha (predecessor of NPHD) founded

1962- Start of Asian JVs (NIPSEA business)

1962
Partnered with Wuthelam Group as distributor in Asia
NIPSEA business launched

1967-1994
Active expansion in ASEAN region, starting with Thailand and Malaysia

1992
Entry into China market

2014- Start of globalization from Asia

2014
Transition to the holding company structure and consolidation of Asian JVs

2017
Dunn-Edwards (US)

2018- MSV as sole mission

2018
Shareholder Proposal from Wuthelam Group— change in BOD composition

2019
DuluxGroup (Australia)
Betek Boya (Türkiye)

2021
Asian JVs fully integrated and Indonesia business acquired
Vital Technical (Malaysia)
European automotive and India businesses transferred to Wuthelam Group

2022
Cromology (Europe)
JUB (Europe)

2024
Buyback of India businesses (NPI/BNPA)
Alina (Kazakhstan)

Revenue (Japan)
Revenue (Overseas)

(Bn JPY)



2024E Revenue

¥1.60 tr

2018-2024 Revenue CAGR: +16.9%

2015-2018 Revenue CAGR: +5.4%

2000-2014 Revenue CAGR: +1.9%

Domestic focus

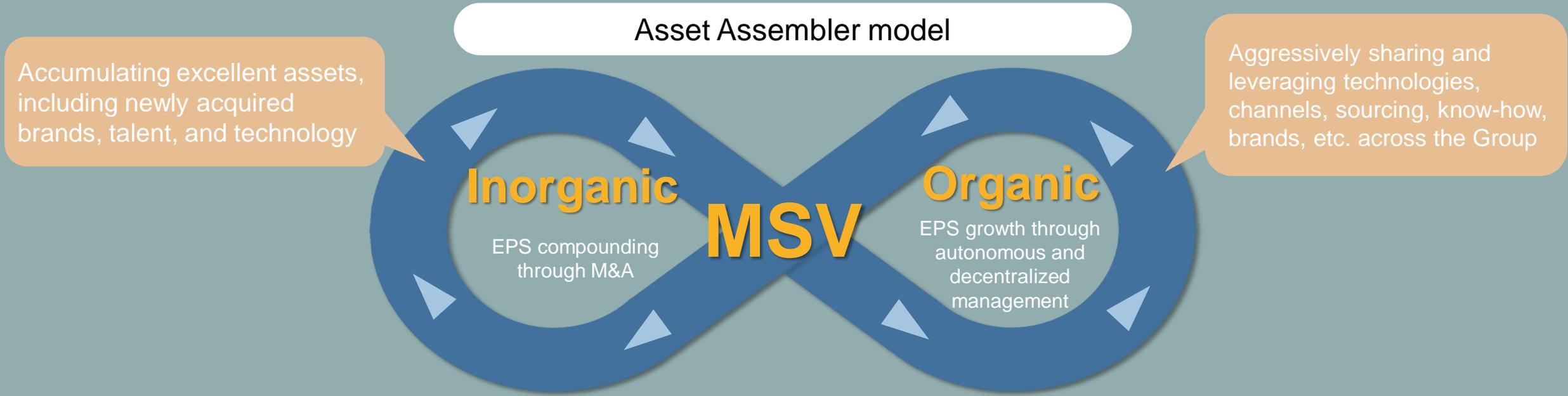
40-60 Asian JVs
WUT ownership ~14.5%

51-49 Asian JVs
WUT ownership 39%

100% of Asian JVs (2021-)
WUT ownership 58.7% (2021-)

Asset Assembler Model

Asset Assembler is about EPS compounding through organic and inorganic initiatives



Assumptions
(Medium/long-term outlook)

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

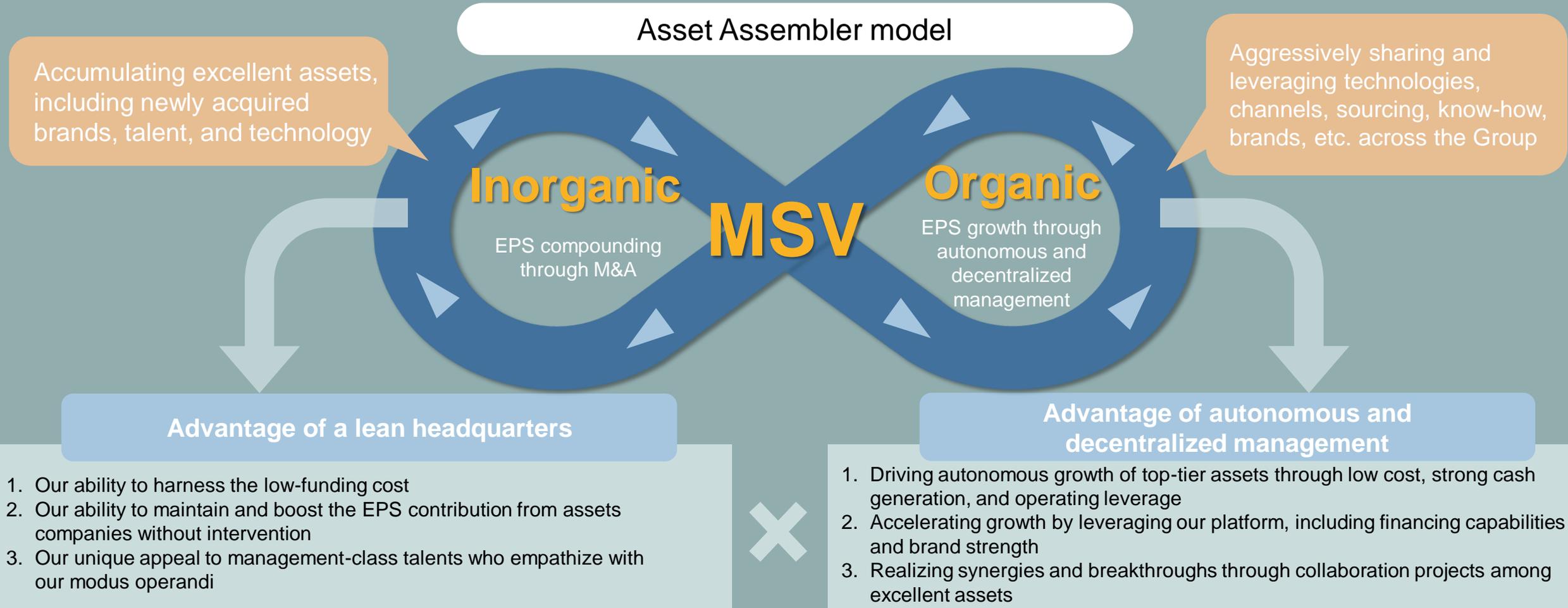


Features

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

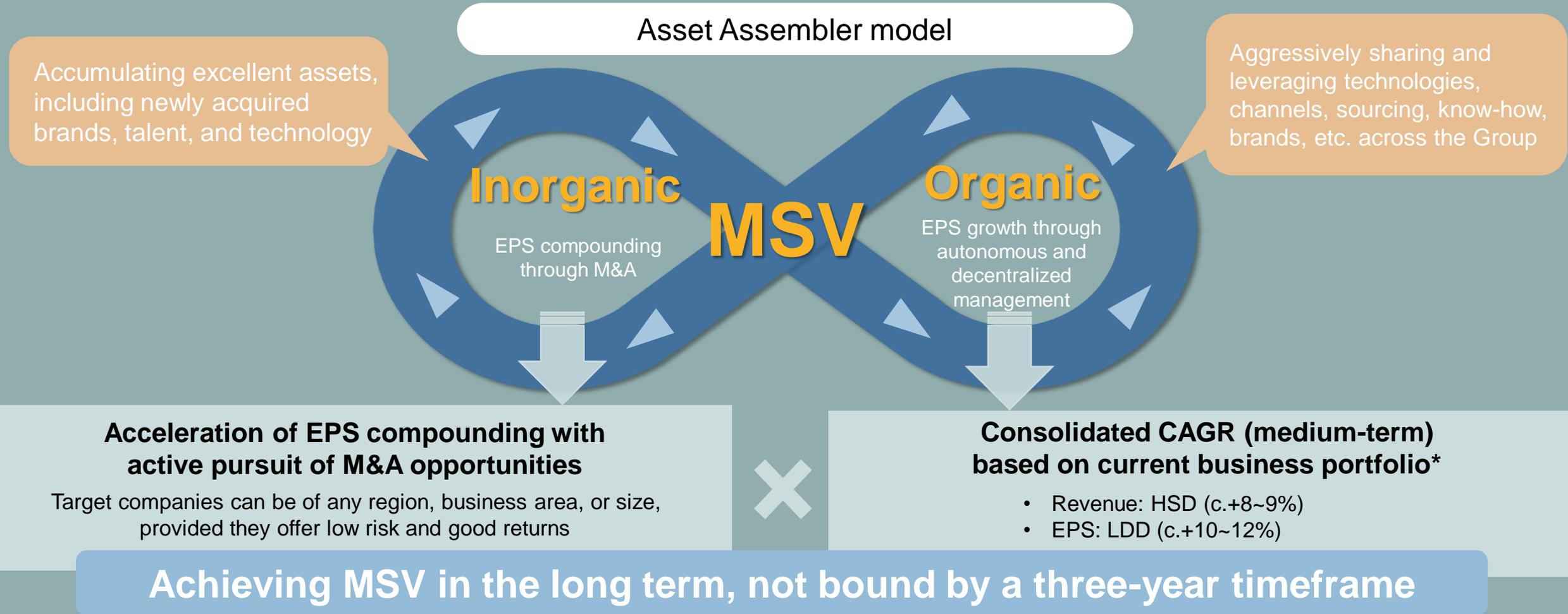
Competitive Advantage of Asset Assembler Model

Accelerating EPS compounding by leveraging the combined advantage of a lean headquarters and autonomous and decentralized management



Financial and Non-Financial Targets as Asset Assembler

Sustainable EPS compounding shall enhance PER, achieving MSV over the long term



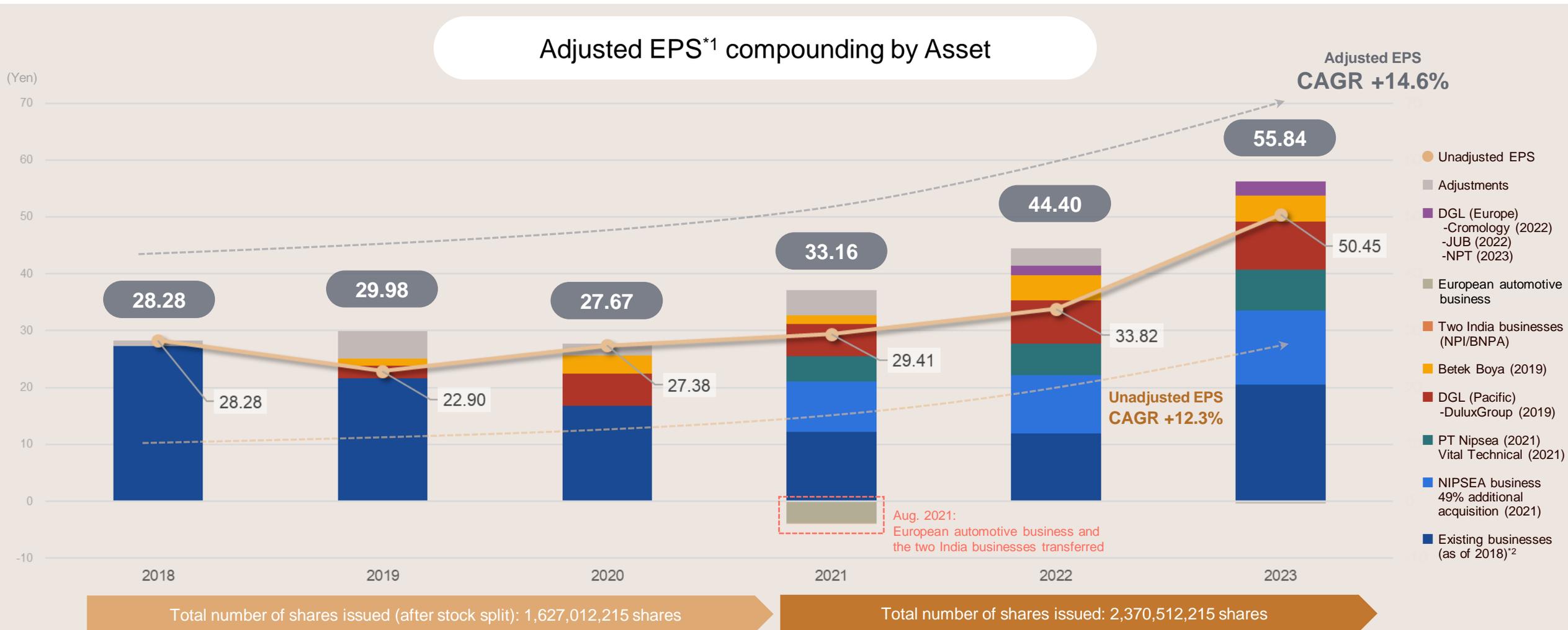
*2023 portfolio including the two India businesses (NPI and BNPA) and Alina (Kazakhstan)

3. Our Approach to EPS Compounding



Our Track Record as Asset Assembler

Successfully and substantially compounded EPS since 2018 by driving organic and inorganic growth



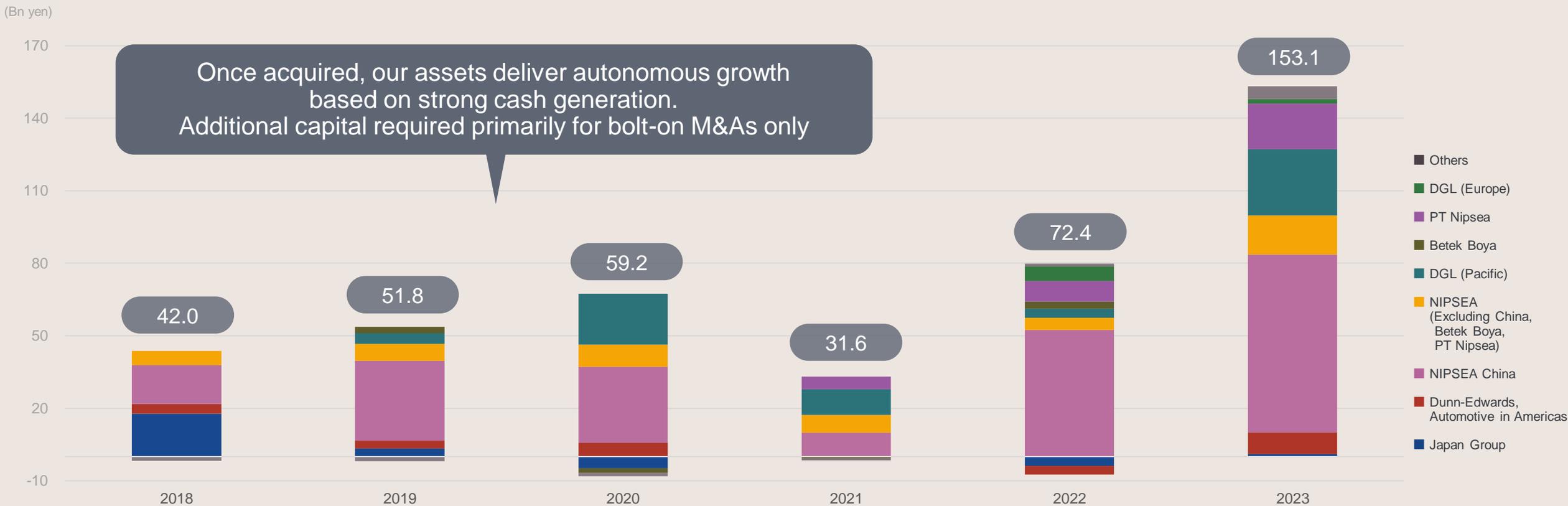
*1 Calculated using simple sum of earnings after excluding one-off factors with major impacts (impairment, M&A expenses, provisions, hyperinflationary accounting, etc.) and dividends received from the Group subsidiaries; for 2018-2020, calculated using the number of shares adjusted for the stock split conducted in 2021

*2 Japan Group, automotive in Americas, automotive in Asia, overseas marine, Dunn-Edwards, European automotive business, NIPSEA business (51% ownership)

Strong Cash Generation of Assembled Assets

Each of our assets has strong cash generation, characterized by high margins and low CAPEX requirements

Cash Flow* Generation by Asset



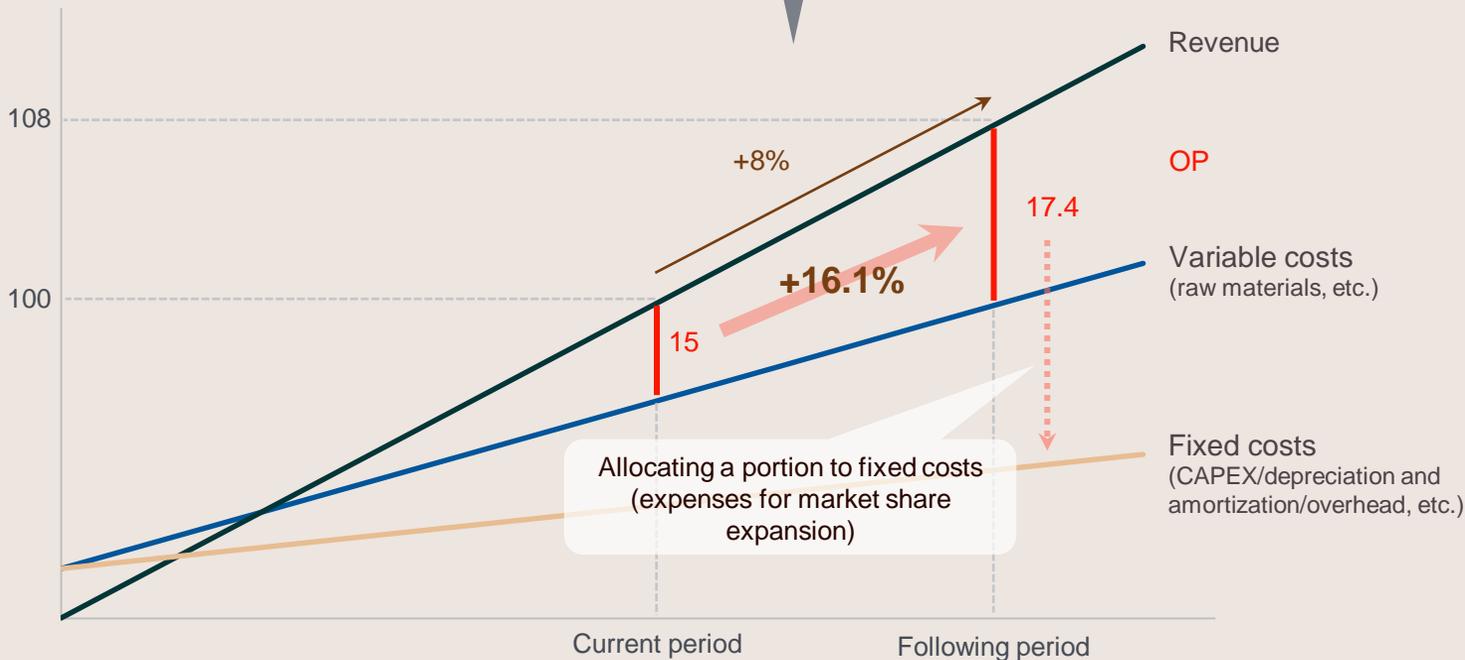
*Calculated as simple sum of Operating CF (excl. dividend income from Group subsidiaries) – CAPEX (excl. M&A and lease expenses)

Illustrative Operating Leverage Model

Our business model allows for substantial operating leverage with low fixed cost base

Our base model

Our base model allows for profit growth and margin improvement that surpass revenue growth; our strategy is to maintain margins while reinvesting excess margins for market share expansion until we achieve dominance



	Current period		Following period
Revenue	100	+8%	108
Variable costs (raw material and other variable costs)	-50	+8%	-54
Fixed costs			
CAPEX and depreciation and amortization	-3	±0%	-3
Overhead	-32	+5%	-33.6
OP	15	+16.1%	17.4
OP margin	15%	+1pp	16%

Our Capability as Asset Assembler to Deliver the Promise

Track record of delivery despite market turbulence predicated on the earnings power of each asset

Achievement rate of original guidance (2020-2023)

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

OP (Bn yen)	2020*	2021	2022	2023
Original guidance	63.0	87.0	115.0	140.0
Year-end results	86.9	87.6	111.9	168.7
Overachievement rate	+38%	+1%	-3%	+21%

EPS (Yen)	2020*	2021	2022	2023
Original guidance	15.59	29.17	34.49	41.73
Year-end results	27.83	29.41	33.82	50.45
Overachievement rate	+79%	+1%	-2%	+21%

Agile response to rapidly changing environments, maintaining earnings growth and largely meeting original guidance over the past four years

- ① 2021: Guidance revised downward at mid-term (Factors) COVID, raw material inflation, chip shortage, etc.
- ② 2022: Guidance revised downward at mid-term (Factors) Increase in provision in China, hyperinflationary accounting in Türkiye, etc.

*Original guidance announced in May 2020; EPS was calculated using the number of shares after stock split

Our Approach to Maximize PER

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

PER Maximization

Conviction from capital markets of our sustainable EPS compounding

Effectively communicating our equity story as Asset Assembler

Enhanced engagement (700+ companies annually)

Enhanced disclosure (integrated report, etc.)

Step3

Showcase our safe M&A track record and potential for EPS compounding through M&A

→cf. P22

Step2

Showcase the potential for future EPS growth within our current portfolio

→cf. P19-20 and Appendix

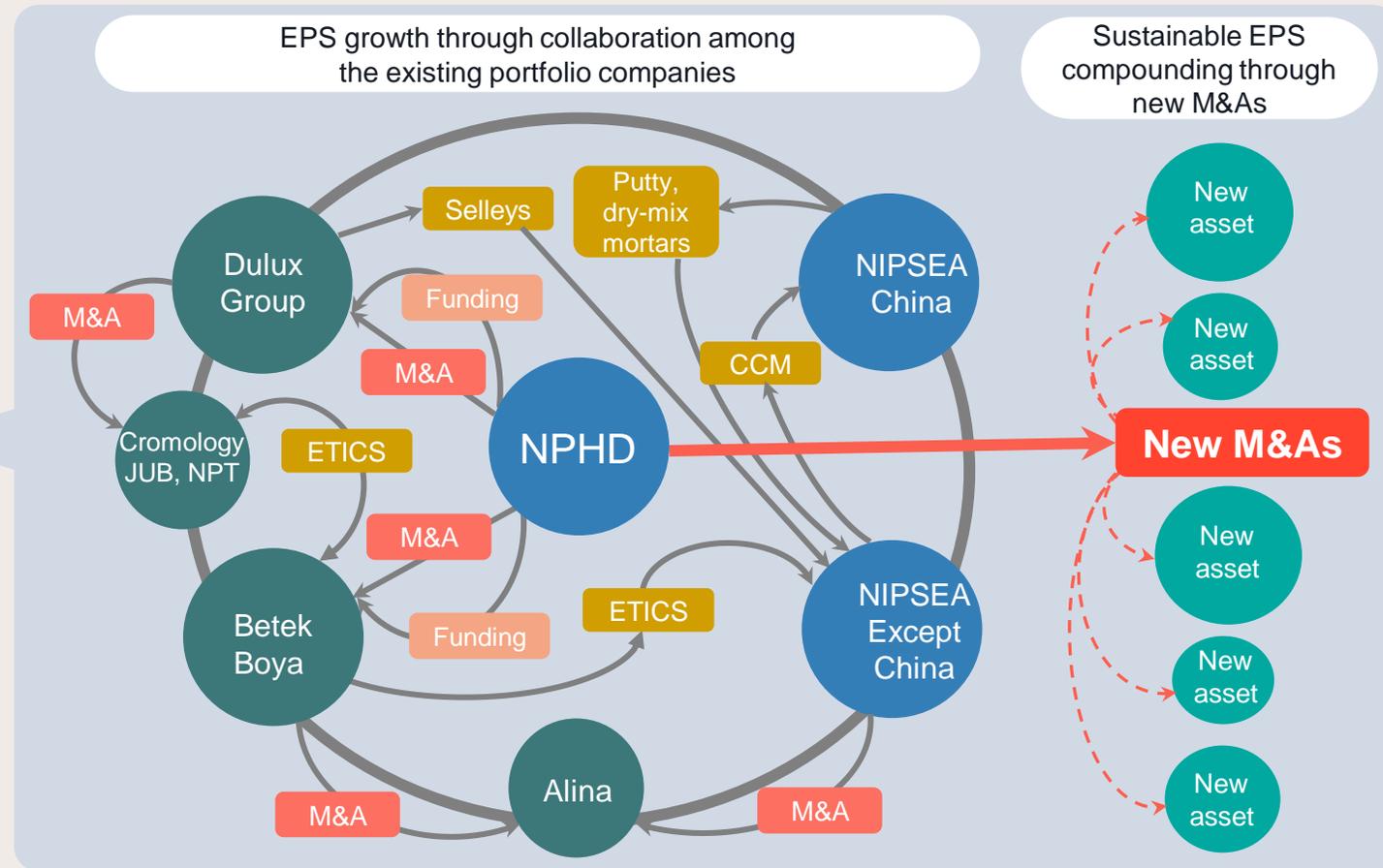
Step1

Clearly present our business model and proven track record

→cf. P8-10, P12-15

Market concern for China

Underestimation of our growth prospects



Transitions of PER (2021-2023)*

NPHD: 48.3x→21.1x (-27.2pp), peer avg.: 37.8x→24.5x (-13.3pp), TOPIX chemical avg.: 32.8x→20.8x (-12.0pp)

* Source: FactSet, Bloomberg. PER (for the next 12 months) is calculated by the stock price divided by EPS (for the next 12 months)
Peers covered are Sherwin-Williams, BASF, Asian Paints, PPG Industries, AkzoNobel, Berger Paints India, Axalta, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon

EPS Compounding Supported by the Aligned Co-Presidents, Majority Shareholder and BOD

EPS Maximization × PER Maximization

Close communication between Co-Presidents allows for substantial EPS compounding, with MSV as the common mission and with split of primary responsibilities

Majority shareholder: Wuthelam Group

Embracing MSV as shared values and judgment basis with us, totally aligned with minority shareholders

Board of Directors

MSV versed independent directors holding majority (67%), pursuing MSV with the Executives

3-1. Organic Growth



Basic & New

NIPPON PAINT HOLDINGS CO., LTD.

Organic Growth (1) –Growth Forecast by Asset

		2020-2023 Results		Medium Term Forecast (in LCY)	
		Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin*1(vs 2023)
Japan		+7.5%	9.5%	+0~5%	↗
NIPSEA China	Segment total	+12.4%	12.5%	c. +10%	→
	TUC	+23.5%*2		+10~15%	
	TUB	+0.5%*2		c. +5%	
NIPSEA Except China	Segment total	+32.5%	17.4%	+15~20%	→
	Malaysia Grp. Singapore Grp. Thailand Grp.	+17.8%		+5~10%	→
	PT Nipsea (Indonesia)	+12.6%	32.9%	c. +10%	→
	Betek Boya (Türkiye)	+87.3%	10.9%	c. +10%	(→)*3
	NPI/BNPA (India)	(For reference) +26.6%*4	(For reference) 4.7%*4	c. +10%	→
	Alina (Kazakhstan)	(For reference) +20.6%*4	(For reference) 20.2%*4	c. +10%	→
DuluxGroup	DGL (Pacific)	+5.7%*5	12.8%	c. +5%	→
	DGL (Europe)	+12.4%*6	4.4%	+5~10%	↑
Dunn-Edwards (U.S.)		+2.5%		c. +5%	↗

*1 ↑: ≥+2%, ↗: +1~2%, →: -1~+1%, ↘: -1~-2%, ↓: ≤-2% *2 2020 figures are based on the former segmentation (DIY/Project) *3 Subject to change due to the impact of hyperinflationary accounting

*4 The 2020-2023 results are unaudited pro forma figures. The 2023 OP margin (Tanshin) was calculated using the exchange rates of 1 INR=1.74 JPY and 1 KZT=0.31 JPY

*5 2020 figures include Craig & Rose and Maison Deco *6 Calculated using 2022-2023 figures

Organic Growth (2) –Strategy by Asset

		Market Growth Forecast*1 (2024-2026)		Revenue CAGR Forecast (2024-2026)	Key strategies to deliver market +α growth →See the Appendix for more information.
		Volume basis	Value basis*2		
Japan	Decorative	-1%	+1%	Japan +0~5%	Enhance high-performance and sustainable products and pricing strategy to flexibly respond to price changes, combined digitization to strengthen supply chain
NIPSEA China	TUC	+3%	+1%	+10~15%	Defend and grow market share, extending share especially in the Tier 3 to 6 cities
	TUB	+1%	+2%	c.+5%	Diversification and moving beyond the traditional new built residential segment into repainting, other non-residential segments and infrastructure
NIPSEA Except China	Singapore Grp. Malaysia Grp. Thailand Grp.	Singapore +1% Malaysia +3% Thailand +2%	Singapore +1% Malaysia +5% Thailand +2%	+5~10%	<ul style="list-style-type: none"> (Singapore) Invest in advertising and secure stronghold on dealer channel (Malaysia) Dominate Decorative brand Top of Mind, pushing exterior category to achieve category leadership with focus on Ultra Premium and Premium range of products (Thailand) Sales transformation toward technical & value selling (The Coatings Expert), investing in advertising and transforming from a Push (colors, products) to Pull (quality, brand, innovation) approach
	PT Nipsea (Indonesia)	+3%	+6%	c.+10%	Driving Nippon Paint brand in the Ultra Premium and Premium products and adding new waterproofing products to complete offering of professional water proofing solutions
	Betek Boya (Türkiye)	+1%	+7%	c. +10%	Implementing multibrand strategy management while expanding lineup of adjacencies products, such as SAF and CC
	NPI (India)	+6%	+4%	NPI+BNPA c. +10%	Focusing on brand building and advertising activities to expand channel networks
	Alina (Kazakhstan)	+3%	+4%	c. +10%	Creating and realizing immediate synergies from leveraging the Nippon Paint playbook benefiting from scale and efficiencies on procurement, SAP integration, upgrade of Decorative production capabilities
DuluxGroup	DGL (Pacific)	~+1%	+2~2.5%	c. +5%	Defend and grow our leading market share in paints & coatings and sealants & adhesives, with further growth in other adjacent categories.
	DGL (Europe)	± 0~+1% (France)	+1~3% (France)	+5~10%	Targeting share growth in paints & coatings and leveraging our sealants & adhesives position.
Dunn-Edwards (U.S.)		+2% (overall U.S.)	+5% (overall U.S.)	c. +5%	Growth driven by both volume and price increases while continuing to focus on existing product sales and bringing new economy priced and premium products to market

*1 Internal estimates *2 Including the impact of volume changes

3-2. Inorganic Growth



Basic & New

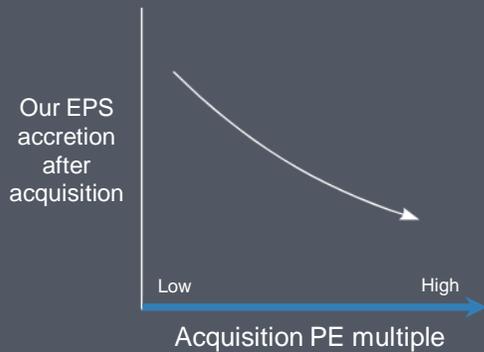
NIPPON PAINT HOLDINGS CO., LTD.

Illustration of Inorganic Growth

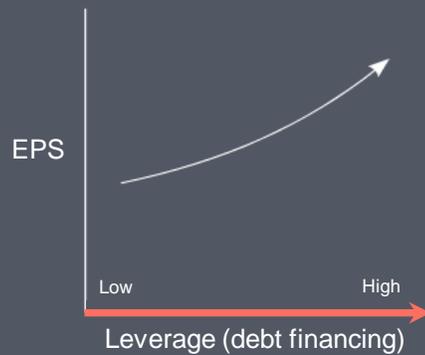
Our M&A model, premised on EPS accretion in Year 1 even with large scale acquisitions, allows for unlimited EPS accretion

Demonstrating sustainable EPS growth through acquisitions of excellent low-PER assets

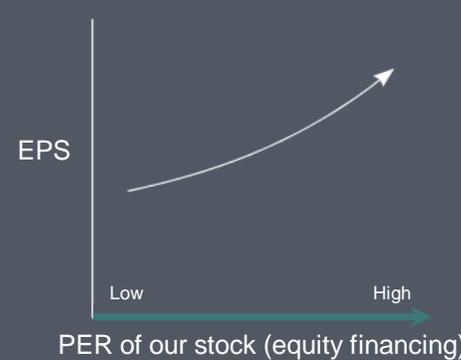
Valuation of acquisition targets



Our funding mix



and/or



(Example)

Target companies

- Net profit : ¥50 bn
- Acquisition PE Multiple : 10-15x (times)



Projection of our EPS growth*

- EPS with full debt financing : +c. ¥20
- EPS with full equity financing : +c. ¥10
- EPS accretion with debt and equity mix : +c. ¥15-20

These figures are subject to change based on factors such as interest rates, debt level of the acquired company, amortization of intangible assets and valuation of our shares used

Acquisition target

- Low-risk and good returns
- Cash generative
- Can be of any region, business area, or size
- Balance between risk and valuation

Assumptions

- Sustainable EPS accretion from Year 1
- Profit generation capabilities not reliant on specific individuals (emphasis on the brand, talent, technology, etc.)

Our strength

- Our ability to assess and identify suited targets
- Maintain and boost motivation of talent who join our Group
- Our platform balancing autonomy with accountability, proactively avoiding standardization
- Low cost funding/debt financing a priority but with possibility of equity financing premised on EPS accretion in Year 1

Our M&A model allows for continuation of sustainable EPS compounding through our funding, asset identification and potential maximizing capabilities

4. Sustainability



Sustainability Initiatives That Drive EPS and PER (1)

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

MSV (EPS Maximization × PER Maximization)

Improve market share and profitability
Raise the markets' expectations

Our pursuit

Relentless pursuit of technologies, talents
Intensive use of IT

Vigorous pursuit of higher quality,
lower cost, CAPEX efficiency

Advantage of autonomous and decentralized management

Full access to our platform of Asset Assembler
(Financing capacity, brands, technologies, know-how, collaborative projects across regions and businesses)

Sustainability linked to Materiality
(Sustainability Teams)

Environment & Safety

Our pursuit
Develop low-carbon/
eco-friendly products
+
Ensure safe people and operations

People & Community

Our pursuit
Recruit/train diverse employee
+
Earn the trust of stakeholders

Innovation &
Product Stewardship

Our pursuit
Develop sustainable products
(NPSI /monitor LCA)
+
Chemicals of concern

Corporate Governance

Our pursuit
Oversee management
+
Encourage risk-taking

Sustainable
Procurement

Our pursuit
Low-cost and sustainable procurement
+
Reduce environmental and
human rights risks

Growth drivers

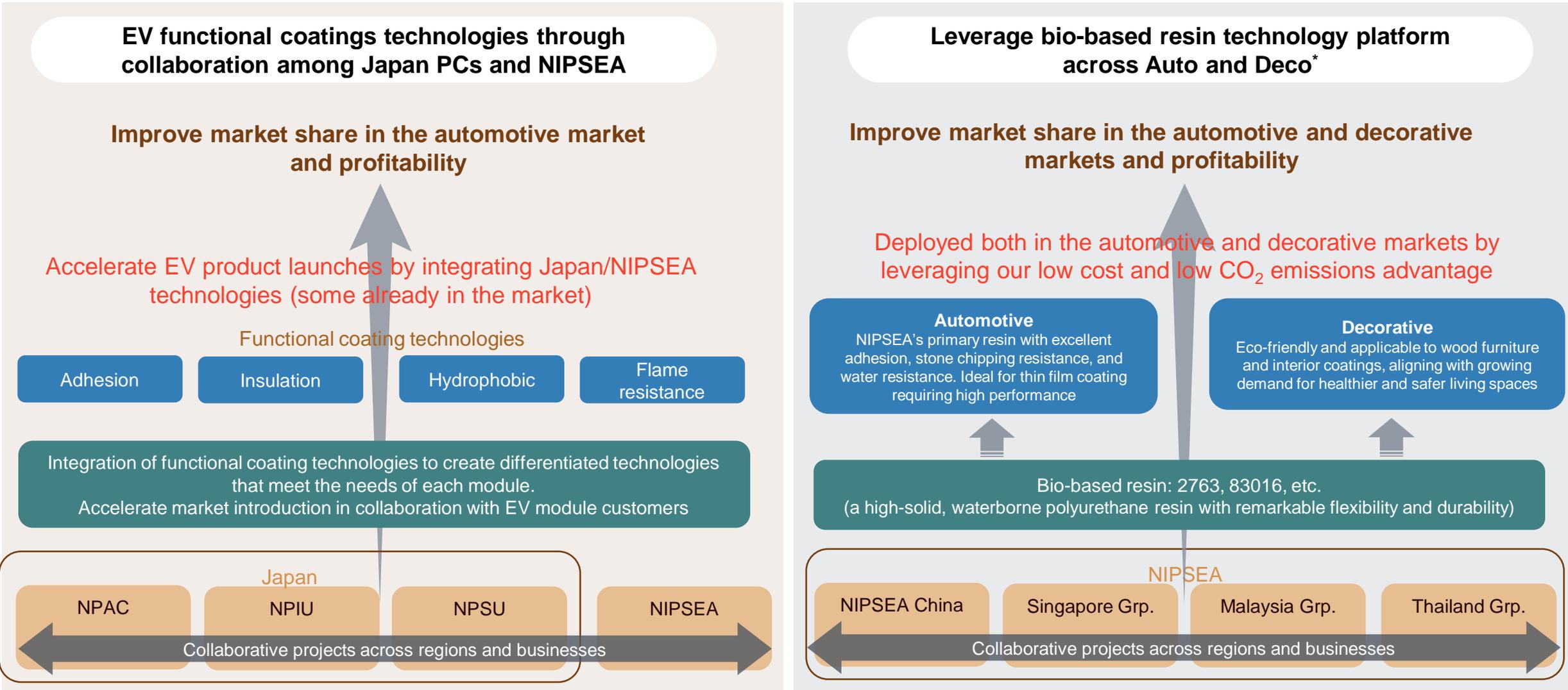
Technology

Talent

IT/DX

Sustainability Initiatives That Drive EPS and PER (2)

Examples of innovation strategies directly linked to EPS accretion



* cf. https://www.nipponpaint-holdings.com/en/sustainability/articles/initiative_20240223/

Sustainability Initiatives That Drive EPS and PER (3)

Examples of human resource strategies directly linked to EPS accretion

Integrated activities across Japan Group

Improve market share and profitability

Senior management hold concurrent roles across Japan and global operations to enhance cooperation and synergy

Streamline operations by eliminating overlaps and filling gaps in each market
Promote business in an integrated and centralized manner across the entire Group

Japan

NPAC

NPTU

NPIU

NPSU

NPMC

Integrated sales activities (overseen by NPIU President)

Integrated resin development activities (overseen by NPAC President)

Production integration
(overseen by NPTU President)

NIPSEA/Japan technology team collaboration

Improve market share and profitability

Cultivate an adaptive organizational culture and foster collaboration with Japan Technology Team to overcome the "Not Invented Here Syndrome"

Technology shared service

ESG and open Innovation

Global R&D strategy

Japan

Technology Leadership Team

NIPSEA

Technology Leadership Council

Continue to drive "leveraging", "sharing", "integration"

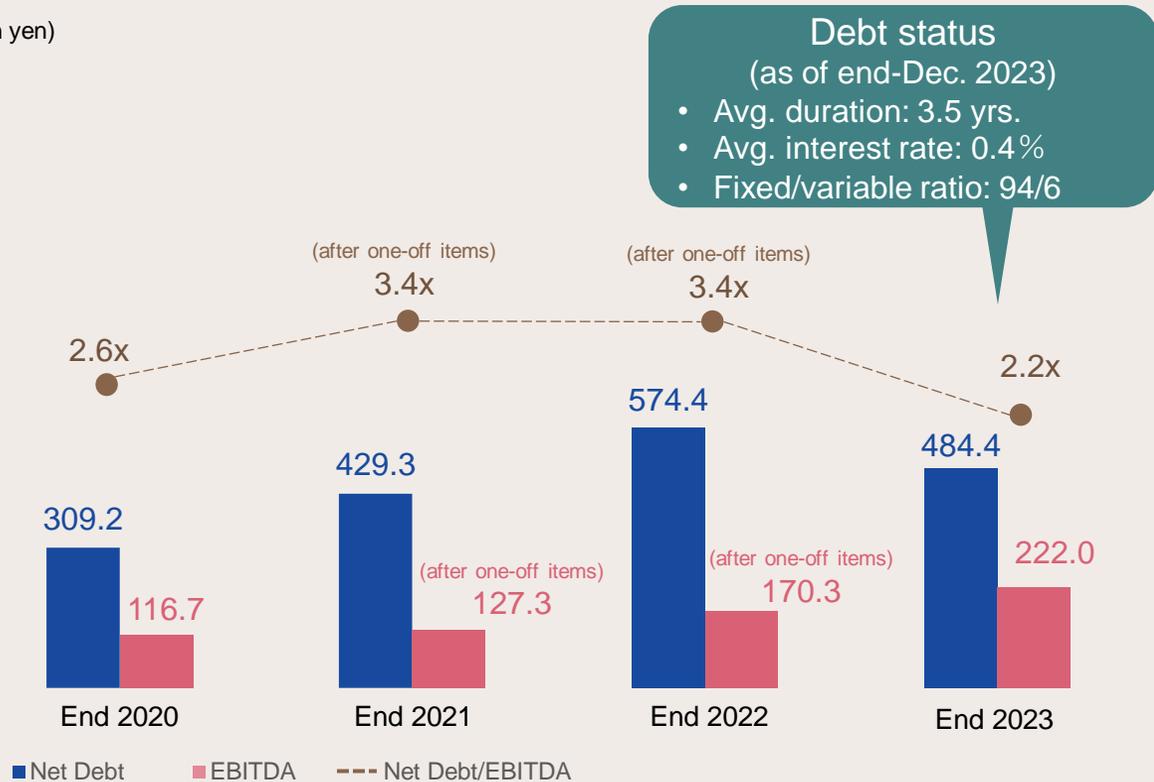
5. Finance Strategy



Finance Policy to Accelerate EPS Compounding (1)

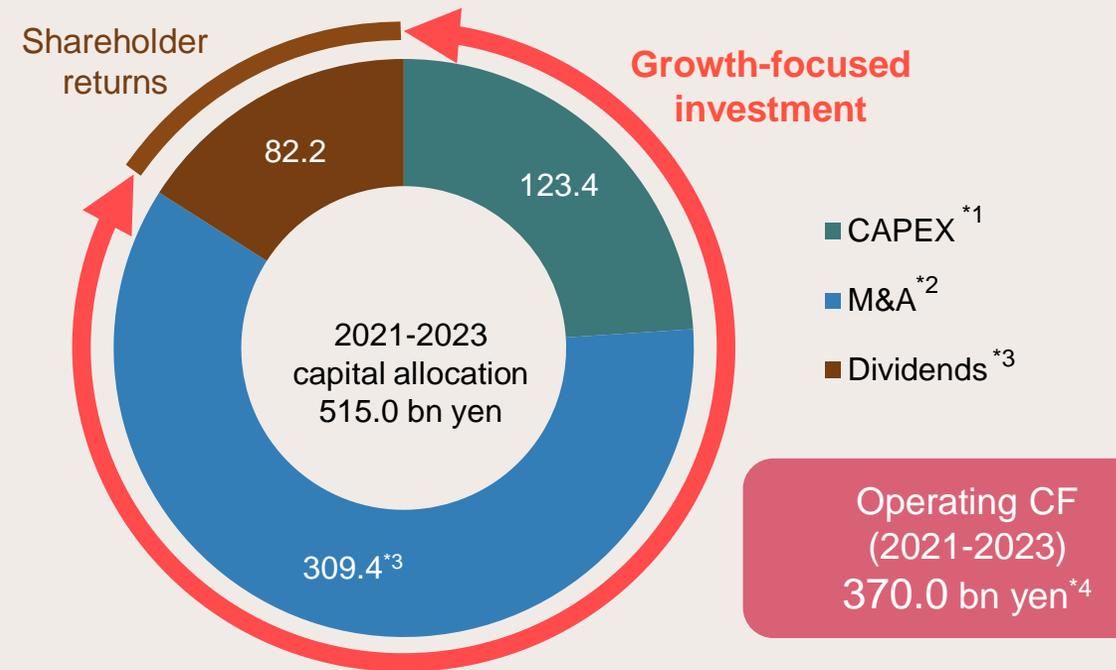
Net Debt/EBITDA

(Bn yen)



Capital allocation

(Bn yen)



- Net Debt/EBITDA improved to 2.2x at year-end 2023, driven by significant cash generation, even with the acquisitions of Cromology, JUB and others
- Continue to pursue proactive M&A activities to fuel sustainable future growth

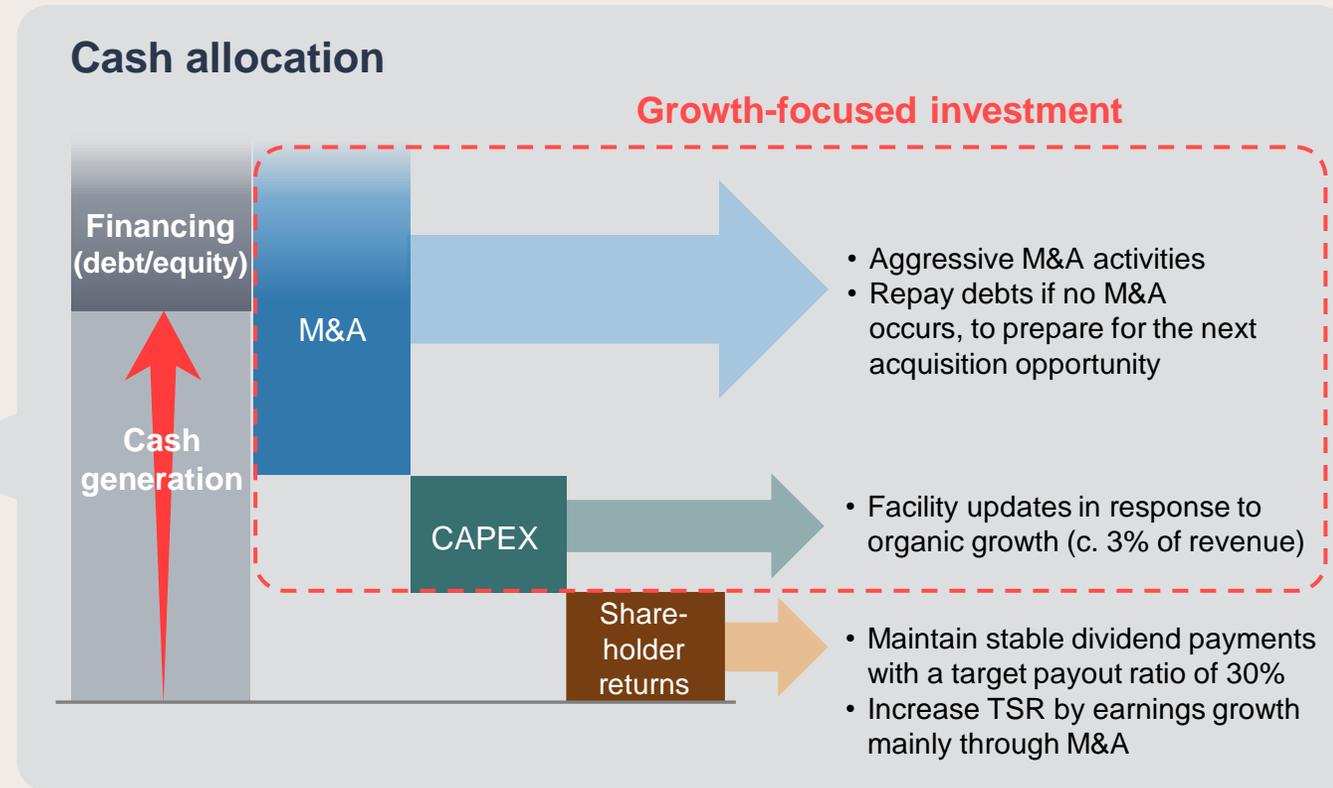
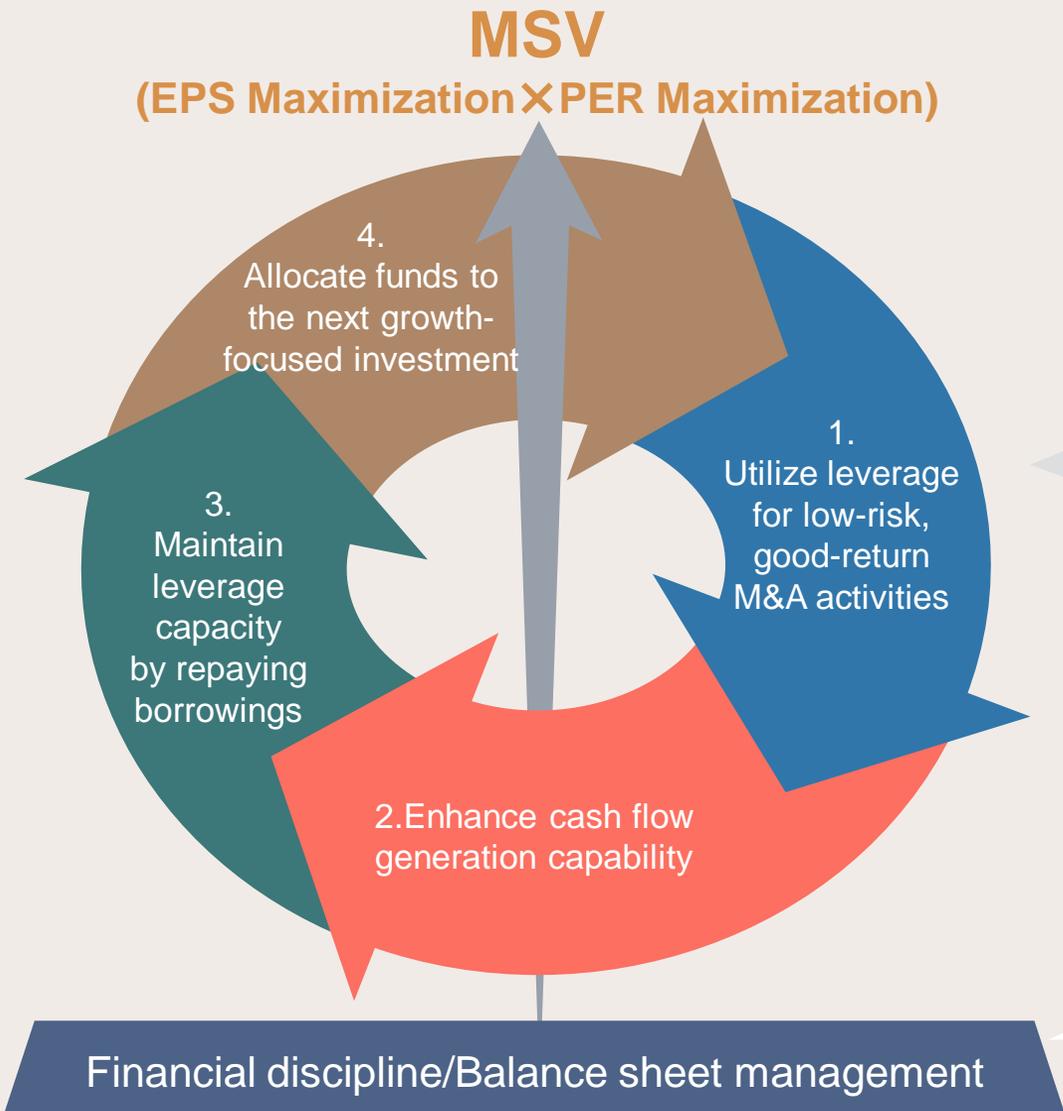
*1 Excluding CAPEX on leased assets (continuing operations basis)

*2 Including interest-bearing debts and payments, etc. related to business transfer involving some acquired companies

*3 Total dividends (including the amount whose payment will be postponed to the following year or thereafter; excluding dividend payments to the former shareholders of NIPSEA)

*4 Continuing operations basis

Finance Policy to Accelerate EPS Compounding (2)



Financial discipline

1. Prioritize debt financing
2. Maintain the leverage capacity and promote engagement with financial institutions
3. Equity financing remains an option assuming EPS accretive

Balance sheet management

KPI: CCC, CF, ROIC, Net Debt/EBITDA, etc.

In Summary

Nippon Paint maintains MSV as its sole mission. We strive to continue our journey of maximizing long term EPS via organic and inorganic initiatives to continuously compound EPS leveraging our Asset Assembler platform

Long term EPS is about low risk and sustainable EPS. It is predicated on unlocking the full potential of our assets for organic growth whilst balancing risk vs valuation for M&A, allowing for stable EPS compounding. We believe such conviction from the market towards our ability and track record to compound EPS shall also serve for PER maximization

We continue to place emphasis on market communication with an intent to update the market on an annual basis despite the lack of a 3 year numerical plan, including but not limited to our journey, asset trajectory among others

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This document is intended to provide information to investors about Nippon Paint Holdings and the Nippon Paint Group and is not prepared and released to solicit investment or any similar act in Japan and other countries. The forward-looking statements including in this document including targets, plans, estimates, forecasts, projections for Nippon Paint Holdings and the Nippon Paint Group represent our judgments and beliefs at the time of preparation.

Actual operating results, financial positions, and any other results of Nippon Paint Holdings and the Nippon Paint Group are subject to change due to risks and factors including economic conditions in Japan and other countries, business trends, competition with other companies, changes in laws and regulations, technological innovations and foreign exchange fluctuations. As a result, the actual results and performance, etc. of Nippon Paint Holdings and the Nippon Paint Group may differ significantly from the content presented herein the content inferred from the statements made herein.

Medium-Term Strategy Briefing Appendix

April 4, 2024
Nippon Paint Holdings Co., Ltd.

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1. Medium-Term Growth Strategy by Asset

		2020-2023 Results		Medium Term Forecast (in LCY)		Market features and outlook ²	Key strategies to deliver market +α growth
		Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin ¹ (vs 2023)		
NIPSEA China	TUC	+23.5% ^{*3}	–	+10~15%	–	<p>◆Market Growth Forecast (2024-2026) Volume basis: +3%/Value basis: +1%</p> <ul style="list-style-type: none"> The Chinese central government has set its 2024 GDP y-o-y growth target at a growth rate of around 5%, with the overall tone being both pro-growth and focused on reforms A slew of measures has been introduced by the Chinese government to stabilize growth and to lift confidence in the property sector and the larger economy Moderate market growth - continue to see stronger growth in the lower-tier and rural cities and demand in the renovation market from the refreshing of older apartment 	<p>Enriching with new product line-up</p> <ul style="list-style-type: none"> Striving and innovating products, providing solutions and services as a leading brand, bringing greater value to our customers Launching new products in the paint and non paint segment to meet different markets needs and demand <p>Continuous brand building</p> <ul style="list-style-type: none"> Investing in branding, building the brand to champion the leading position on decoration effects through Magic Paint Continue color promotion and education by launching annual color trend and popular colors, investment in CCMs <p>Optimising & expanding customers and channels</p> <ul style="list-style-type: none"> Improving distribution network, expansion via opening of new multi-brand stores and images stores Continue to invest and grow share in Tier 3-6 and rural cities
	TUB	+0.5% ^{*3}	–	c. +5%	–	<p>◆Market Growth Forecast (2024-2026) Volume basis: +1%/Value basis: +2%</p> <ul style="list-style-type: none"> Property easing measures which include lowering of the down-payment ratios and the extension of deadlines for mortgage repayments are part of government efforts to lend support, stabilize and boost demand in a stagnant housing market The People's Bank of China (PBOC) provided 150 billion yuan worth of low-cost funds for lending to housing and infrastructure projects, further stepping up support for the economy To aid completion of stalled projects, city governments are recommending to banks residential projects suitable for financial support, and are coordinating with financial institutions to meet projects' needs under the Project Whitelist mechanism launched earlier in the year 	<p>Diversification of customer base</p> <ul style="list-style-type: none"> Diversification and moving beyond the traditional new built residential segment into repainting, other non-residential segments and infrastructure sectors Strengthening of business relationship with strategic construction, project service vendors, government enterprises, high quality, financially stable real estate enterprises <p>Leveraging brand and extensive product and solution offering for building and energy saving solutions</p> <ul style="list-style-type: none"> Expanding and promoting scenario based solutions, end to end coating systems, customizing design and solutions Capture opportunities for building & energy saving, dual-carbon reduction, green buildings and ultra-low-energy building policies with our wide range of paint offerings
PT Nipsea (Indonesia)		+12.6%	32.9%	c. +10%	→	<p>◆Market Growth Forecast (2024-2026) Decorative: Volume basis: +3%/Value basis: +6%</p> <ul style="list-style-type: none"> Indonesia economy is looking robust and is expected to grow by more than 5.1% in 2024, with growth coming from exports, domestic consumption and investment The new capital city in Nusantara, East Kalimantan is progressing well as efforts to attract foreign investment continues, with more than 70% reportedly completed and have seen significant development 	<ul style="list-style-type: none"> Continue to drive the Nippon Paint brand in the Ultra Premium and Premium products by leveraging on product improvement and color leadership communication Increase brand awareness and adding new waterproofing products to complete offering of professional water proofing solutions Increased penetration of new shops, driving CCM distribution and expanding product offering Expanding and focusing on SAFL (Sealants, Adhesives, Fillers and Lubricants) and dry-mix mortar range to complete our offering to customers, tapping on existing and new retail network, to increase sales contribution

*1 ↑ ≥+2%, ↗ : +1~2%, → : -1~+1%, ↘ : -1~-2%, ↓ : ≤-2%

*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

*3 2020 figures are based on the former segmentation (DIY/Project)

1. Medium-Term Growth Strategy by Asset

	2020-2023 Results		Medium Term Forecast (in LCY)		Market features and outlook ^{*2}	Key strategies to deliver market +α growth
	Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin ^{*1} (vs 2023)		
Betek Boya (Türkiye)	+87.3%	10.9%	c. +10%	(→) ^{*3}	<p>◆Market Growth Forecast (2024-2026) Decorative: Volume basis: +1%/Value basis: +7%</p> <ul style="list-style-type: none"> Market value growth continue to be driven by inflation albeit at a decreasing rate. Volume growth continues to be challenging amidst the higher inflationary environment Türkiye outlook has been revised to positive from stable, as a result on the decisive change to the country's monetary policy after authorities abandoned the low interest rate policy in favor of a sharp policy tightening The Turkish Central Bank maintained its mid-point inflation forecast for end-2024 steady at 36%, with inflation projected to fall to 9% by end of 2026 and to stabilize at the 5% target in the medium term 	<ul style="list-style-type: none"> Promoting solution based offering and driving sales of end to end paint and coating systems, expanding contribution from non paint products such as sealants, adhesive, fillers and construction chemicals Entering new business in the Industrial segment by leveraging on the larger Nippon Paint Group know-how and transfer Advertising investment to elevate and entrench the Nippon Paint brand in the premium segment
NPI/BNPA (India)	(For reference) +26.6% ^{*4}	(For reference) 4.7% ^{*4}	c. +10%	→	<p>◆Market Growth Forecast (2024-2026) Decorative: Volume basis: +6%/Value basis: +4%</p> <ul style="list-style-type: none"> India is set to remain world's fastest growing economy in 2024, driven by public spending, a vibrant services sector, improved corporate balance sheet and is forecasted to grow 6.4% The buying capacity of the Indian consumer is increasing and India is being looked at as the alternate supplier of IT and consumer durables manufacturing for the rest of the world Competition for the paint market is expected to intensify with the entry of new players such as Grasim Industries, Pidilite, and JSW Paints 	<ul style="list-style-type: none"> Strong focus on brand building and advertising activities to expand channel networks and penetrate all tier towns in the current focused states Strengthen operational capabilities through enhanced production capacity and improved supply chain management Competitive advantage through broad product lineup and total construction solution in combination with Construction chemicals, Waterproofing, Sealants Adhesives & fillers, Floor coating and Dry Mix Investing in manpower to drive beyond paint business in key states and the rest of India
Alina (Kazakhstan)	(For reference) +20.6% ^{*4}	(For reference) 20.2% ^{*4}	c. +10%	→	<p>◆Market Growth Forecast(2024-2026) Decorative: Volume basis: +3%/Value basis: +4%</p> <ul style="list-style-type: none"> Kazakhstan's economic forecast for the next two years is steady growth. After rebounding from the adverse impacts of Russia's invasion of Ukraine in 2023, growth is expected to slow to 3.4% year-on-year in 2024 due to lower-than-expected oil production 	<ul style="list-style-type: none"> Aim to create synergies and leverage on the Nippon Paint playbook benefiting from scale and efficiencies on procurement, SAP integration, upgrade of Decorative production capabilities, digital platform integrations to enable better CRM activities and to increase effectiveness in various areas With Nippon Paint know-how, the product portfolio can be expanded in the decorative paint category and market leadership further strengthened Strengthening innovative equity; bringing new products to the market Strong trade marketing activities to improve customer's loyalty further and stimulate purchases by end consumers. Capturing gypsum board portfolio potential in the market. Using capability to further drive dry mix market leadership further through system and solutions

*1 ↑ ≥+2%、↗ : +1~2%、→ : -1~+1%、↘ : -1~-2%、↓ : ≤-2%

*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

*3 Subject to change due to the impact of hyperinflationary accounting

*4 The 2020-2023 results are unaudited pro forma figures. The 2023 OP margin (Tanshin) was calculated using the exchange rates of 1 INR=1.74 JPY and 1 KZT=0.31 JPY

1. Medium-Term Growth Strategy by Asset

		2020-2023 Results		Medium Term Forecast (in LCY)		Market features and outlook ^{*2}	Key strategies to deliver market +α growth
		Revenue CAGR (in LCY)	2023 OP margin (Tanshin)	Revenue CAGR	2026 OP margin ^{*1} (vs 2023)		
DuluxGroup	DGL (Pacific)	+5.7% ^{*3}	12.8%	c. +5%	→	<p>◆Market Growth Forecast (2024-2026) Decorative in Pacific: Volume basis: ~+1%/Value basis: +2~2.5% Decorative in France: Volume basis: ±0~+1%/Value basis: +1~3%</p> <ul style="list-style-type: none"> In Australia, the renovation and repair segment of the Decorative paint market is highly resilient whilst normalizing from its "COVID enhanced" abnormal 2020 peak In general, decorative paint market volumes are primarily correlated with GDP, interest rates and to a lesser extent new housing starts. Indicators of demand remain uncertain ie. GDP remains positive, interest rates flattening from record lows and now moderating, unemployment is historically low, house prices growing again after falling from record highs In Europe, Decorative paint market demand is being impacted by normalizing post "COVID enhanced" demand and macroeconomic uncertainty ie. weakening consumer confidence, with inflation and interest rates normalizing after recent highs 	<ul style="list-style-type: none"> Continue strong track record of organic growth in Dulux Paints and Coatings and Other Home Improvement businesses in the Pacific by maintaining a focus on core fundamentals, being consumer engagement, premium brands, innovation and customer service Drive meaningful organic growth in DGL Europe Paints & Coatings by leveraging our acquisitions of Cromology and JUB in the European decorative paints and specialty coatings markets Drive growth in SAF Global markets leveraging our NPT joint venture in Europe, whilst accelerating Selleys ANZ (retail, trade and household cleaning) and enabling growth in Selleys Asia Target acquisitions in the Pacific and Europe that enable key strategic growth opportunities
	DGL (Europe)	+12.4% ^{*4}	4.4%	+5~10%	↑		
Dunn-Edwards (U.S.)		+2.5%	—	c. +5%	↗	<p>◆Market Growth Forecast (2024-2026) Decorative (overall U.S.): Volume basis: +2%/Value basis: +5%</p> <ul style="list-style-type: none"> American Coatings Association (ACA) estimates steady volume growth for both the DIY and Professional customer segments Elevated interest rates in the U.S. continue to constrain growth in the housing sector and related industries 	<ul style="list-style-type: none"> Expand store geographical coverage in underserved areas Continue to grow alternate channel segments <ul style="list-style-type: none"> -Domestic and international dealer network -Mass merchandise retailers Increase capabilities to win and better serve the commercial customer

*1 ↑ ≥+2%、↗ : +1~2%、→ : -1~+1%、↘ : -1~-2%、↓ : ≤-2%

*2 Market growth forecast is internal estimates. Value basis includes the impact of volume changes

*3 2020 figures include Craig & Rose and Maison Deco

*4 Calculated using 2022-2023 figures

2. Market Share Transition by Asset

*NPHD's estimates

		2021	2022	2023
NIPSEA China	TUC ^{*1}	23%	24%	25%
	TUB ^{*1}	9%	8%	9%
NIPSEA Except China	Singapore (TU-Consumer)	75%	75%	75%
	Malaysia (Decorative)	44%	45%	48%
	Betek Boya (Türkiye) (Decorative)	34%	34%	35%
	PT Nipsea (Indonesia) (Decorative)	17%	18%	19%
	NPI (India) (Decorative)	-	-	No.2 in southern two states (Tamil Nadu and Karnataka)
	Alina (Kazakhstan)	Dry-mix mortar	-	-
Decorative		-	-	28%
DuluxGroup	DGL (Pacific) (Decorative in Australia) ^{*2}	50%	50%	50%
	DGL (Europe) (Decorative)	Cromology : No.1 in Italy and No.2 in France and Portugal JUB : No.1 in Interior paints in Slovenia, Croatia, Bosnia and Herzegovina, and Kosovo		
Dunn-Edwards (U.S.) (Decorative) ^{*3}		2.5%	2.5%	2.5%

*1 Our China decorative business has been re-organized into TUC and TUB based on customer segmentation since 2023.

The TUC and TUB market shares have been redefined to be consistent with the re-organization

*2 Volume basis

*3 Value basis

3. Sustainability Teams Approaches and Success Cases

	Approaches for boosting EPS	Actions and Examples Leading to higher EPS															
Environment & Safety	<ul style="list-style-type: none"> •Reduced carbon emissions and increased renewable energy consumption •Reduced waste generation, increased resource recovery (reuse, recycling), and increased sustainable water consumption •Management of high-consequence safety risks to protect people, assets, and supply 	<ul style="list-style-type: none"> •Solar system installations in DGL Pacific & Europe and in NIPSEA China •Renewable power purchase in DGL Europe and in Nippon Japan •Various recovery and reuse projects for waste and water across all PCGs •Implementation of high potential safety incident reporting across all PCGs 															
People & Community	<ul style="list-style-type: none"> •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 business 	<ul style="list-style-type: none"> •Senior Management in Japan Group playing multiple roles and taking initiatives for enhancing Group synergies and expanding market share •NIPSEA Technology Leadership Council and Japan Segment Technology Leadership Team sharing and integrating Expertise and R&D Strategy for more sustainable business 															
Innovation & Product Stewardship	<ul style="list-style-type: none"> •Drive Sales of Sustainable Products •Improve Productivity by introducing innovative process 	<ul style="list-style-type: none"> ◆EV Coating •Integrated NPSU/NPIU/NPAC/NIPSEA functional coating technologies for adhesion function, insulation, hydrophobic and flame resistance •Launched products like insulating powder and surface coating for battery packaging ◆ELN (Electronic Lab Notebook) •Experimental results collected for viscosity, anti-scratch etc. for ELN •Plan to combine ELN system with AI to optimize and accelerate innovation 															
Governance	<ul style="list-style-type: none"> •Board considers the discussion of the Group's growth strategy as a key issue and encourages timely and appropriate risk-taking by the management without slowing down the speed of decision making on management proposals •Simple and efficient internal Control framework in the Asset Assembler Model (framework being enforced through Nippon Paint Group Global Code of Conduct, Basic Policies of Global Risk Management (GRM) and Global Basic Policies of Whistleblowing Hotline) 	<ul style="list-style-type: none"> •Growth Strategy Discussions at Board Meetings :The growth strategy discussion for 2023 doubled from 2022 <div data-bbox="1694 1066 2650 1304" data-label="Figure"> <table border="1"> <caption><Percentage of time spent at BOD meetings by agenda item ></caption> <thead> <tr> <th>Year</th> <th>Growth strategy</th> <th>Executive report(including Financial result)</th> <th>Committees report</th> <th>Development of governance structure, others</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>46%</td> <td>37%</td> <td>6%</td> <td>11%</td> </tr> <tr> <td>2022</td> <td>23%</td> <td>38%</td> <td>10%</td> <td>29%</td> </tr> </tbody> </table> </div> <ul style="list-style-type: none"> •Operation being sophisticated based on Control-Self-Assessment (CSA) in accordance with the GRM of each PCG 	Year	Growth strategy	Executive report(including Financial result)	Committees report	Development of governance structure, others	2023	46%	37%	6%	11%	2022	23%	38%	10%	29%
Year	Growth strategy	Executive report(including Financial result)	Committees report	Development of governance structure, others													
2023	46%	37%	6%	11%													
2022	23%	38%	10%	29%													
Sustainable Procurement	<ul style="list-style-type: none"> •Sustainable and optimized procurement cost to mitigate the risk of supply chain disruption •It reduces the disruption and production cost, leading to stable MSV expectation 	<ul style="list-style-type: none"> •Supplier Sustainability Survey conducted based on our Supplier Code of Conduct •The questionnaire enable us to identify suppliers who have responded in agreement to our Supplier Code of Conduct and also indicated suppliers with weakness in certain areas •To work with these suppliers to improve their level of sustainability to reduce the risk exposure to Nippon Paint Group 															

*PCG: Partner Company Group, referring to the group of companies by region and business

4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3	Step4
Environment & Safety	Climate change	<ul style="list-style-type: none"> ◆2023 Reviewed PCGs' climate risks and opportunities against TCFD framework Continued peer benchmarking and implementation of common group metrics (carbon – scope 1, 2 & 3, energy, renewables) 	<ul style="list-style-type: none"> ◆2024 Establish carbon (scope 1, 2 & 3) collaboration group to share and align (as appropriate) on measurement, mitigation, and improvement initiatives Continue to review and action carbon disclosures (TCFD, IFRS/CDSB) as appropriate. 	<ul style="list-style-type: none"> ◆-2030 NIPSEA Group: 15% Scope 1 & 2 reduction 2025 (2021 baseline) DuluxGroup (Pacific): 50% renewable electricity consumption and 50% Scope 1 & 2 reduction 2030 (2020 baseline) DuluxGroup (Europe): Targets to be established 2024 Japan Group: 37% Scope 1 & 2 reduction 2030 (2019 baseline) 	<ul style="list-style-type: none"> ◆2050-2060 Net zero carbon (Scope 1 & 2)
	Resources & Environment	<ul style="list-style-type: none"> ◆2023 Continued peer benchmarking and implementation of common group metrics (waste, water, VOC) 	<ul style="list-style-type: none"> ◆2024 Review circularity best practice (waste, water) and identify improvement opportunities Review emerging nature-related disclosure standards (TNFD) and action as appropriate 	<ul style="list-style-type: none"> ◆-2060 Significantly improve the circularity of our supply chains (e.g. renewable resources, waste, water) 	
	Safe People & Operations	<ul style="list-style-type: none"> ◆2023 Reviewed global best practice for high-consequence safety risk management 	<ul style="list-style-type: none"> ◆2024 Establish process safety risks collaboration group to develop common group standards Support implementation of high potential incident reporting and improvement action across all PCGs 	<ul style="list-style-type: none"> ◆-2060 Enable effective control of high-consequence safety risks to reduce high-potential incidents and prevent all disasters and fatalities 	
People & Community	DE&I	<ul style="list-style-type: none"> ◆2023 <u>Launched D&I training in each PCG</u> NIPSEA Group: Launched Women Mentorship Program Dunn-Edwards: Launched DEI curriculum for all employees at all levels <u>Launched D&I working group in each PCG</u> NIPSEA Group: Launched D&I across NIPSEA Group DuluxGroup: Formed a working group for inclusive recruitment. Formed a partnership with a disability job platform for employment of people with disabilities 		<ul style="list-style-type: none"> ◆2024 NIPSEA Group: Develop the 1st batch of mentees to become mentors in their respective NPX DuluxGroup: Leader-led approach driving toward gender balance Dunn-Edwards: Continue the women hiring and promotional practices Japan Group: Plan to create a development program targeting 30 gen including certain number of female 	<ul style="list-style-type: none"> ◆2025 NIPSEA Group: Implement and monitor progress of roadmap towards the goal of achieving 35% female representation in both management & emerging leader category DuluxGroup: Continue to drive toward our ambition of gender balance across the group Dunn-Edwards: Continue the women hiring and promotional practices Japan Group: Increase the ratio of women in managerial positions to 10%
	Growth with community	<ul style="list-style-type: none"> ◆2023 NIPSEA Group: Develop Group CSR Website Japan Group: Advanced "HAPPY PAINT PROJECT" strengthen our Brand and Business 		<ul style="list-style-type: none"> ◆-2025 NIPSEA Group: Invest at least US\$5 million to support CSR initiatives each year DuluxGroup: Increase the number of employee volunteer hours by at least 10% 	

4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Innovation & Product Stewardship	Sustainable Products	<ul style="list-style-type: none"> ◆2023 •Life Cycle Assessment (LCA) of selected products can be calculated at each PCG •DuluxGroup: Developing Scope 3 reduction roadmap 	<ul style="list-style-type: none"> ◆2024 •Develop methodologies & modeling of LCA (PCF^{*1}, software, database) •IT Tool implementation for product sustainability scoring in system •Sustainable products portfolio optimization 	<ul style="list-style-type: none"> ◆-2030 •Manage the performance of Sustainability Scoreboard of each PCG every quarter •Promote creation of more innovative sustainable products •Implement sustainable products and Scope 3 roadmaps
	Chemicals of Concern	<ul style="list-style-type: none"> ◆2023 •The execution of the phase out plan of Chemicals of Concern in each PCG •NIPSEA Group: Focus on 4 hazardous heavy metals^{*2} •DuluxGroup: Completed position statements for 75% of CoC and develop a structured program of CoC in Europe 	<ul style="list-style-type: none"> ◆2024 •Proceed the COC phasing out plan by regions and business units based on local status •Continuously evaluate other CoC restriction requirements and implementing action plans 	<ul style="list-style-type: none"> ◆-2030 •Create sustainable products based on phase out plan •Phase-out 4 heavy metals before the end of 2030 globally
	R&D	<ul style="list-style-type: none"> ◆2023 •R&D activities for sustainable products from PCG beyond Japan and NIPSEA, e.g. DuluxGroup, Dunn-Edwards, etc. 	<ul style="list-style-type: none"> ◆2024 •Initiate and Drive Flagship Projects in Sustainability; •Create sustainable project portfolio and drive sustainable business growth 	<ul style="list-style-type: none"> ◆-2030 •Drive innovation towards UN SDGs and carbon neutrality
	Product Stewardship	<ul style="list-style-type: none"> ◆2023 •Identified inquiry items •Stakeholder questionnaire •NIPSEA Group: Reinforced PS&RA^{*3} team •DuluxGroup: Implemented Product Vision to help with formulation management & regulatory tracking 	<ul style="list-style-type: none"> ◆2024 •Monitor, record and communicate the change of global regulations •Assess raw materials introduction, register new substance and ensure SDS and GHS label generation, registration hazard chemical permits correctly and precisely •Respond to customers requests, i.e., RoHS, IMDS etc. 	<ul style="list-style-type: none"> ◆-2030 •Implement inquiry management database •Inquiry response training •Training for customers and business partners •DuluxGroup: Implement packaging roadmaps

*1 Product Carbon Footprint

*2 Lead, Chromate (Cr6+), Cadmium, and Mercury

*3 Product Stewardship & Regulatory Affairs

4. Roadmaps of Sustainability Teams

		Step1	Step2	Step3
Governance	Board of Directors governance	<ul style="list-style-type: none"> ◆2023 <ul style="list-style-type: none"> •Further streamlined the Board of Directors operations (Careful selection of agenda items, thorough use of IT tools and others •Further increased contributions by Independent Directors (Use of the Meeting of Independent Directors) •Enhanced succession plan (Monitoring the status of measures to strengthen the Group's human capital) 	<ul style="list-style-type: none"> ◆2024 <ul style="list-style-type: none"> •Enrichment of discussion on growth strategy •Improvement of the operational efficiency of Board meetings •Thorough engagement in succession planning •Further fine tuning of the "Audit on Audit" framework 	<ul style="list-style-type: none"> ◆-2026 <ul style="list-style-type: none"> •Further sophistication of growth strategy discussions •Enhance and implement succession plans
	Execution governance	<ul style="list-style-type: none"> ◆2023 <ul style="list-style-type: none"> •Improved effectiveness of Risk Management through CSA List •Firmly establishing and increasing the effectiveness of the whistleblowing hotline at each PCG •Overviewed stakeholder needs and activities of the Sustainability Teams, proposed and established an Anti- Bribery and Corruption/Anti-Money Laundering Statement to the Board of Directors 	<ul style="list-style-type: none"> ◆2024 <ul style="list-style-type: none"> •Proactive improvement tailored to the situation of each PCG through voluntary self-inspections by CSA List •Operating and enhancing the effectiveness of internal reporting channels tailored to the situation of each PCG •Strengthening collaboration within the Sustainability Team to respond to changes in social demands such as "human capital" and others 	<ul style="list-style-type: none"> ◆-2026 <ul style="list-style-type: none"> •Verify effectiveness and refine <ul style="list-style-type: none"> -risk management system -whistleblowing hotline •Upgrading the governance framework (Including compliance and risk management) to respond to changes in social demand
Sustainable Procurement	Strengthen Internal Mindset and Enhance Understanding of Sustainable Procurement	<ul style="list-style-type: none"> ◆2023 <ul style="list-style-type: none"> •Explored sustainable projects •Established indicators 	<ul style="list-style-type: none"> ◆2024 <ul style="list-style-type: none"> •Support Group EHS to compile Scope 3 for the NIPSEA group progressively •Improve understanding of Scope 3/ESG among the group's procurement through training •Develop supplier ESG audit program with NP China 	<ul style="list-style-type: none"> ◆2025 <ul style="list-style-type: none"> •Conduct supplier ESG assessment •Refine Scope 3 disclosure (raw materials related)
	Sustainable Procurement Actions with Suppliers	<ul style="list-style-type: none"> ◆2023 <ul style="list-style-type: none"> •Conducted supplier questionnaire (target top % by value 73%) 	<ul style="list-style-type: none"> ◆2024 <ul style="list-style-type: none"> •Conduct supplier questionnaire for remaining suppliers •Engage suppliers to provide primary data to improve Scope 3 data quality 	<ul style="list-style-type: none"> ◆2025 <ul style="list-style-type: none"> •Conduct supplier questionnaire (target 90% by value)