Strategy in Action

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

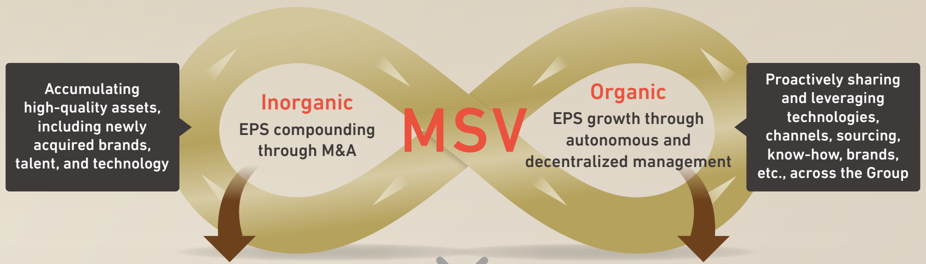
Updates on Medium-Term Strategy released in February 2026

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



Acceleration of EPS compounding with active pursuit of M&A opportunities × **Consolidated medium-term CAGR based on our 2025 business portfolio**

We target companies in markets with a solid growth outlook and clear competitive advantages (e.g., management, margins, cash flow)

- Revenue: +MSD (mid-single digits)
- Adjusted operating profit: +HSD (high-single digits)
- Adjusted EPS: +HSD (high-single digits)

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

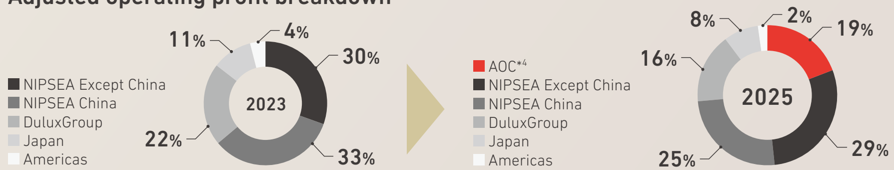
Review of our Medium-Term Strategy (launched in April 2024)

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

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.

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.

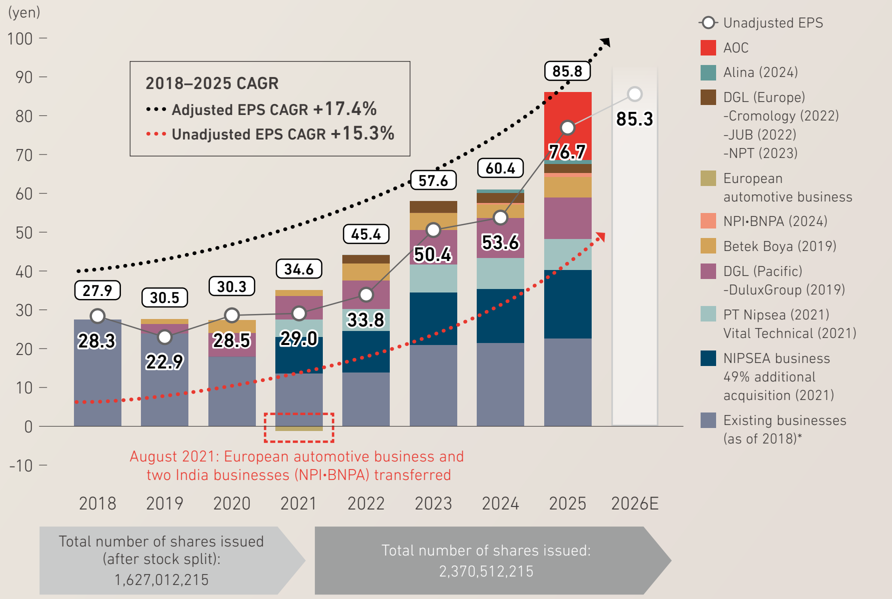
For 2026, we forecast adjusted EPS growth of approximately 10%, while reported EPS is expected to be JPY 85.3 (+11.4% year on year). EPS CAGR since 2018 is projected to be approximately 16%.

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)*1	Revenue CAGR	Adjusted OP CAGR	Adjusted OP margin (2025)	Revenue CAGR	Adjusted OP CAGR	Adjusted OP margin (vs. 2025)*1
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%)*2	+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%*3	+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

Adjusted EPS compounding by asset



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

Our Finance Strategy Presented by Co-President Wakatsuki

MSV logic tree

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

Our pursuit

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

Executive Summary

1. ROIC is one of our key financial metrics, and the capital efficiency of both acquired and existing businesses has been improving year by year
2. With M&A as a cornerstone of our growth strategy and ROIC being affected by goodwill recognized in acquisition, an approach overly focused on ROIC does not align with MSV
3. High RNOA, reflecting superior asset efficiency, and a low capital expenditure-to-sales, demonstrating strong cash generation, are clear indicators of high business quality
4. Our capital allocation policy prioritizes growth-oriented investments (M&A), and we have adopted a progressive dividend policy
5. 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
ROIC (Return on Invested Capital)	5.2%	5.2%	6.8%	6.8%	7.6%
RNOA (Return on Net Operating Assets)	19.4%	20.4%	27.0%	26.5%	30.7%
Capital expenditure-to-sales ratio	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.

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).

B ROIC of major acquired assets*

Including goodwill and intangible assets

	2020	2021	2022	2023	2024	2025
DGL (Pacific)	3.7% (3.4%)	4.4% (3.6%)	5.6% (4.5%)	5.8% (4.6%)	7.0% (5.1%)	7.2% (5.5%)
Betek Boya	7.4% (9.1%)	9.9% (14.9%)	7.9% (20.7%)	11.8% (45.7%)	16.4% (68.1%)	18.4% (94.3%)
PT Nipsea	- -	3.7% (3.6%)	5.3% (4.4%)	6.6% (5.2%)	7.1% (5.4%)	7.2% (5.8%)
Cromology	- -	- -	2.2% (2.1%)	2.6% (2.2%)	2.5% (2.0%)	2.1% (1.6%)
JUB	- -	- -	- -	5.7% (5.2%)	6.7% (5.6%)	7.8% (6.3%)
AOC	- -	- -	- -	- -	- -	7.2% (7.2%)

Excluding goodwill and intangible assets

	2020	2021	2022	2023	2024	2025
DGL (Pacific)	52.4% (32.5%)	40.1% (23.1%)	32.9% (28.6%)	34.2% (29.3%)	41.6% (32.7%)	42.3% (34.7%)
Betek Boya	21.9% (20.8%)	27.3% (33.8%)	19.0% (47.5%)	29.3% (104.1%)	38.3% (155.1%)	45.8% (214.6%)
PT Nipsea	- -	34.7% (34.0%)	50.2% (41.7%)	62.2% (48.9%)	68.4% (51.2%)	68.1% (55.1%)
Cromology	- -	- -	50.3% (44.0%)	35.3% (28.0%)	31.0% (25.7%)	23.9% (22.3%)
JUB	- -	- -	- -	12.8% (11.2%)	15.1% (12.9%)	17.4% (14.4%)
AOC	- -	- -	- -	- -	- -	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

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.

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

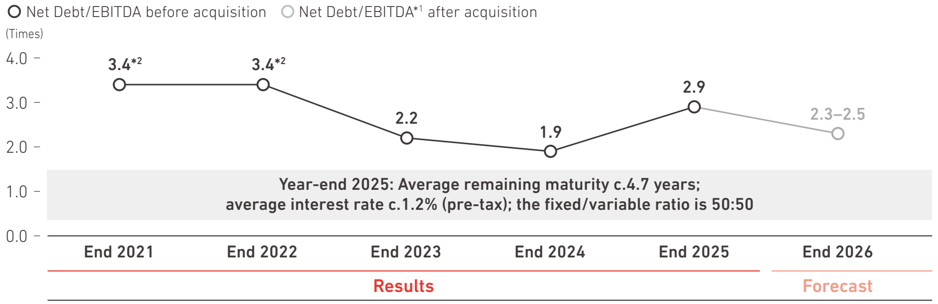
Our capital policy prioritizes growth-oriented investments while maintaining financial discipline, with the primary objective of sustained and long-term maximization of EPS, ultimately leading to the maximization of PER (See Figure D).

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.

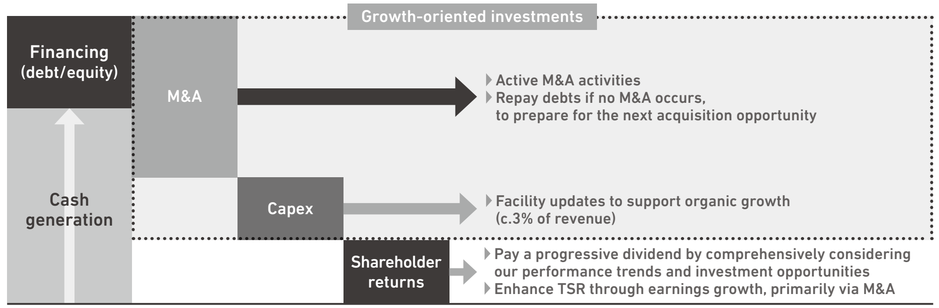
We announced share buybacks in October 2025 based on our view that the current share price is significantly undervalued. Several investors have commented, "With valuation at this level and no premium required, wouldn't buying your own shares be attractive?" We found that argument compelling. The decision 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



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

EPS compounding through M&A
- Rally targets aspiring to join the federation
- Strive to lower funding cost & risk and maintain high PER

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

Partner companies

Bolt-on type
- Placing the highest priority on synergy creation
- Expansion of existing businesses
- Only quantifiable and achievable synergies are reflected in the valuation

Asset-assembly type
- Potential to expand into new business areas
- Adjacent region
- Operational improvement opportunities

Nippon Paint Holdings

Asset-assembly type
- Large-scale targets
- Attractive returns expected even without synergies

Maximization of Shareholder Value (MSV)

Rigorous acquisition criteria

Our strengths	Acquisition criteria and targets
The ability to identify good targets Sustaining and enhancing the motivation of management talents that join our Group Autonomy and accountability Access to low funding costs	Markets with outlook for resilient growth Companies possessing competitive advantages (management, margins, cash flow, etc.) Valuations that are EPS-accretive from year one and capable of achieving ROIC above WACC within three years Bolt-on acquisitions emphasize synergy generation, while in asset-assembly transactions, synergies are pursued but are not factored into the justification for higher valuations

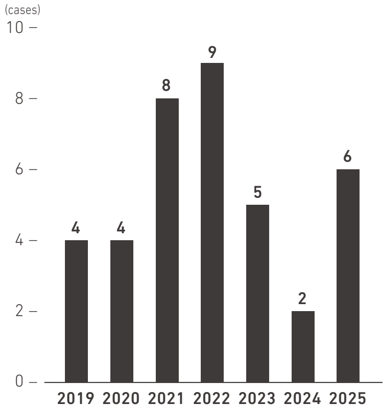
Our M&A track record

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*1 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*2	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*3	274.2	55.3	37.4%	27.7%	AOC

*2 Profit/loss for the 12 months following acquisition
*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

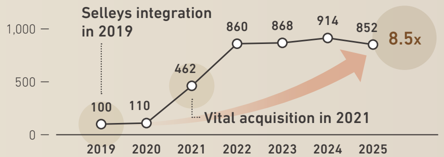
2010–2019 (Before joining our Group)	2019–2025 (Since joining our Group)
~AUD250m +9 acquisitions	~AUD2.4b +24 acquisitions

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*4 (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.

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.

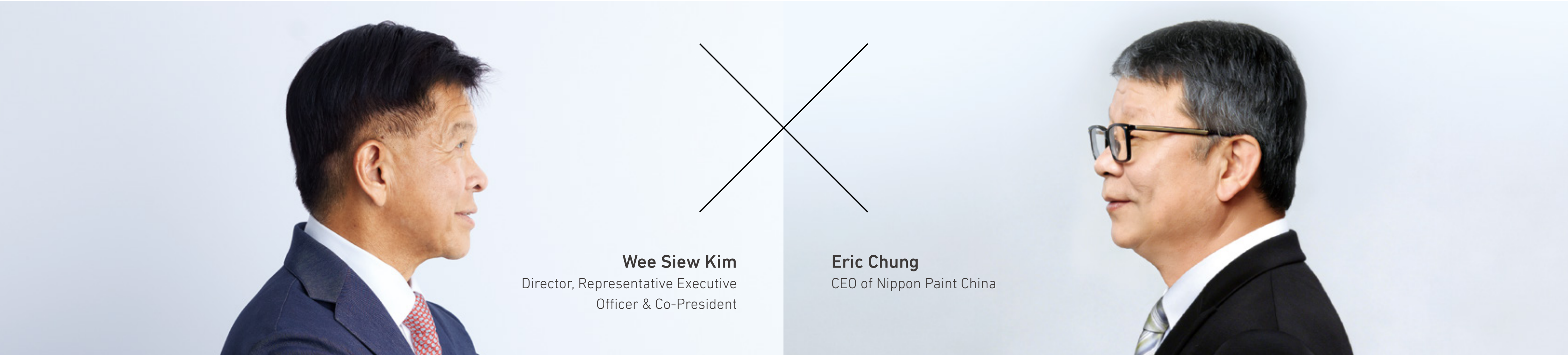
Executive Summary

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.

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



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

Eric Chung
CEO of Nippon Paint China

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.

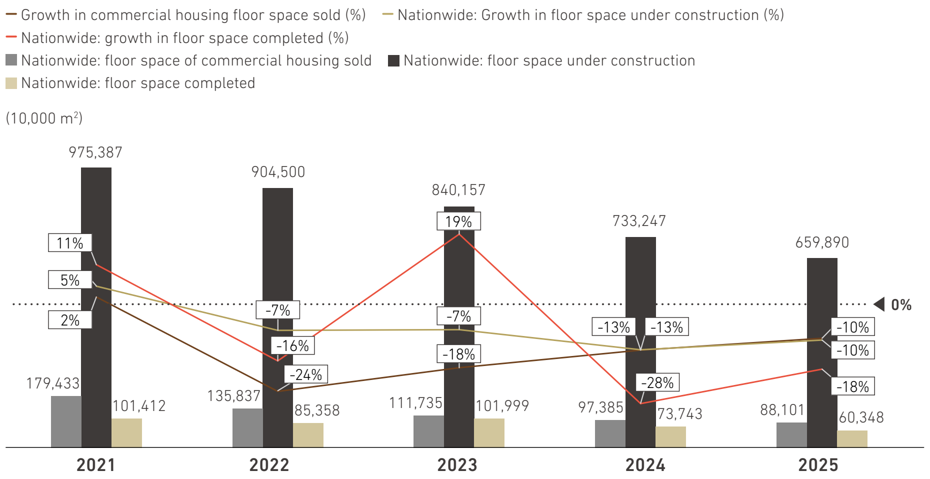
Together, these innovation and service strategies help us stand out and deliver sustainable results, even in a highly competitive market.

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.

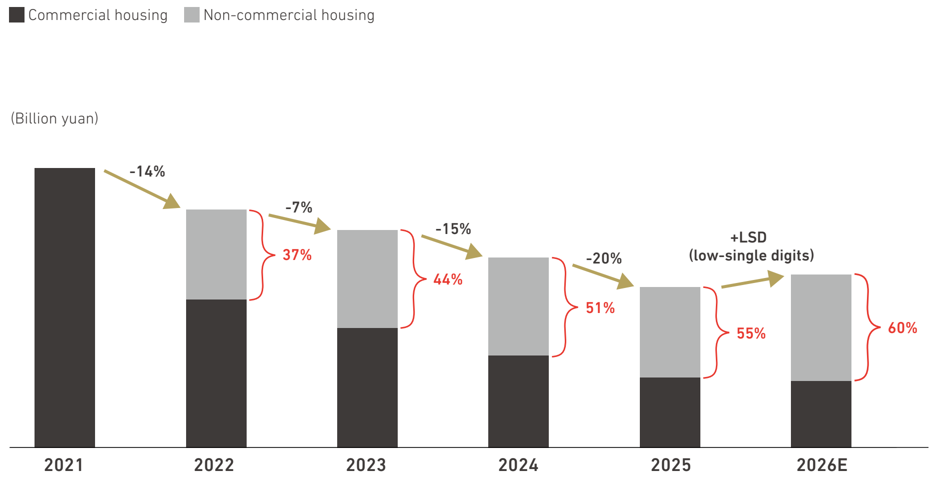
Chung According to the National Bureau of Statistics of China, floor space under construction by real estate developers declined by 10%, while completed floor space fell by 18% in 2025. Despite these industry headwinds, NIPSEA China's revenue performance in 2025 demonstrated greater resilience, with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



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 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.

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)

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)

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

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.

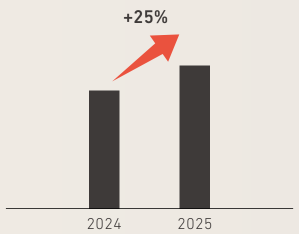
Türkiye competitive and market landscape

Key competitor analysis (figures after applying hyperinflationary accounting)

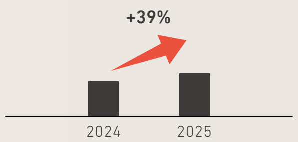
TRY million		Filli Boya / FAWORI *	Key competitors: DYO	Polisan	Marshall
Net sales	2025	**24,181**	10,218	7,023	4,375
	2024	**25,346**	14,029	8,489	5,317
Sales growth	2025 YoY	**-4.6%**	-27.2%	-17.3%	-17.7%
OP margin	2025	**10.7%**	4.0%	N/A	2.5%
	2024	**10.0%**	6.4%	N/A	1.9%
PBT margin	2025	**5.1%**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

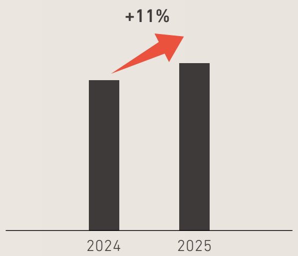
Decorative (value)



ETICS (value)



Export sales (value)



	Decorative 2024	Decorative 2025	ETICS 2024	ETICS 2025
Market growth rate	+18%		+31%	
SOM	35%	36% (+100 bps)	47%	50% (+300 bps)

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

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

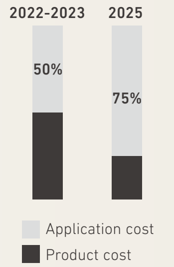
Betek Boya's competitive advantage is anchored in exceptional brand awareness, with Filli Boya achieving 49% Top-of-Mind score. Through our Multibrand Strategy 2.0, we have redesigned our portfolio with a structured portfolio discipline and value-creation lens, reducing brand overlap and sharpening capital 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

Multibrand strategy

Segment	Price index	Our focus brands	Targeted consumer
Premium	110+	NIPPON PAINT	Architects
Upper-mid	80-110	Filli Boya	End-consumer/ Painter
Lower-mid	70-80	FAWORI	Painter/ Dealer
Economy	55-70		

Strategic insights



Shift toward premium brands as the product cost share of total painting cost declines

Build trust

Filli Boya

2025 overall Top of Mind*

49%

#2: 22%
#3: 12%

	AB	C1	C2
SEL Group	51%	48%	49%

	25-34	35-44	45+
Age Group	51%	47%	48%

- ✓ I love this brand
- ✓ It's a brand I trust
- ✓ Their products are worth the money

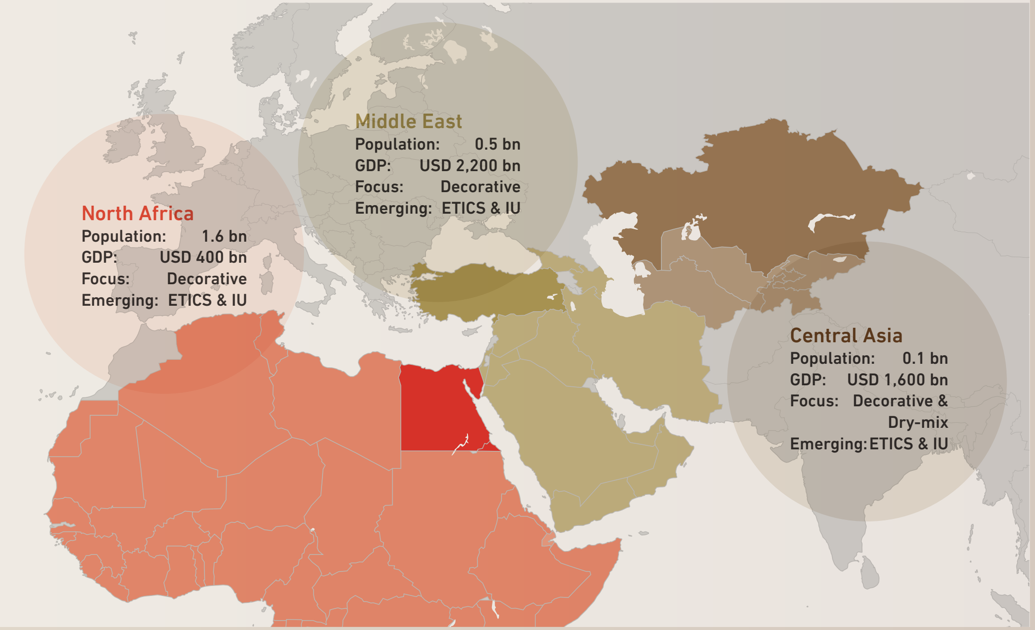
* FutureBright 2025

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



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.

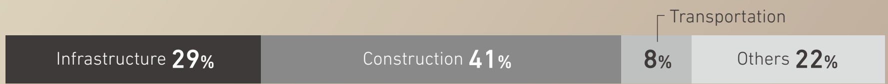
This case study explores how AOC turns the complexity of customer-specific requirements into a source of strength and achieves sustainable growth through product development aligned with long-term demand trends.

Joe Salley
Chief Executive Officer of AOC

Business and financial profile

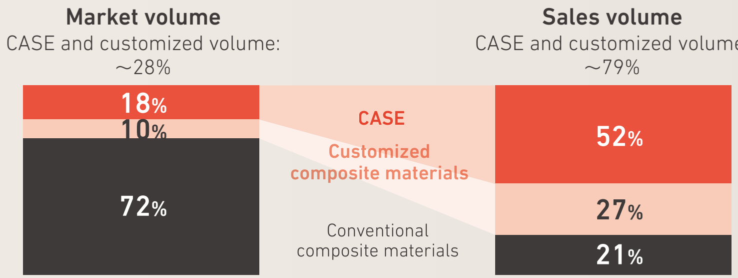
1. A leading formulator of CASE and colorants solutions
2. High profitability driven by highly customized products, a competitive product lineup, and differentiated services
3. Business systems with significant potential for further value creation
4. Controllable, multi-faceted growth opportunities above 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
▸ Products designed to the customer plant level ▸ Delivery range typically within 1 day ▸ Products do not ship long distances easily	▸ Custom formulations typically made-to-order with limited storage capacity at customer locations ▸ Local and flexible logistics required to accommodate changes and short lead times	▸ Wide array of highly technical applications ▸ Formulation process requires intimate understanding of direct customers' processes and end-customer requirements

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.

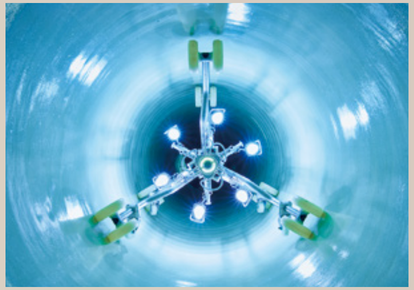
Infrastructure needs and CIPP opportunities

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

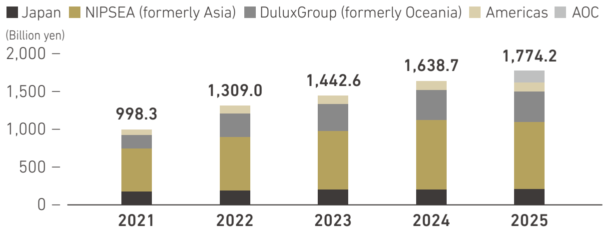


Performance Highlights

Financial base

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

Revenue



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.

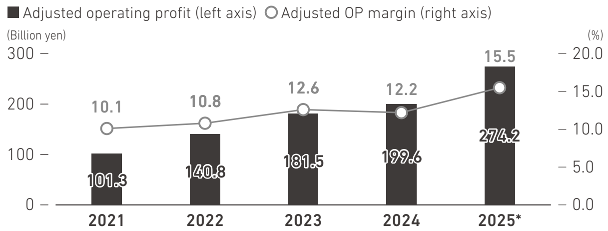
Medium-Term Strategy Updates (Released in February 2026) P36

* 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

Record high achieved through revenue growth and profitability improvement

Adjusted operating profit/Adjusted OP margin



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%.

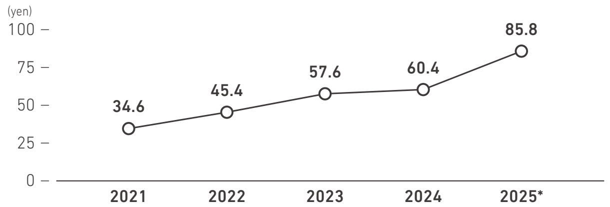
Medium-Term Strategy Updates (Released in February 2026) P36

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

Financial base

EPS compounding supported by stable profit growth

Adjusted earnings per share (EPS)



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.

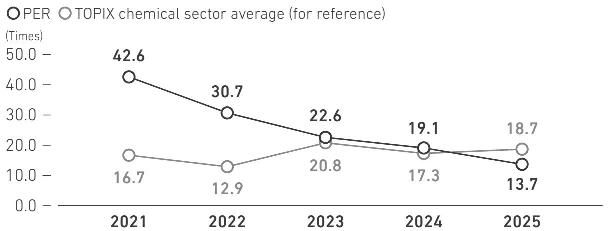
Stock-Price Conscious Management P12

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

Financial base

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

Price-to-earnings ratio (PER)



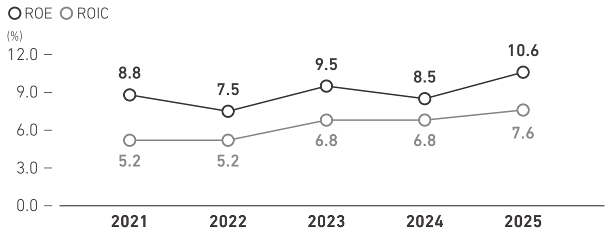
Since 2021, our PER has trended downward, reflecting market concerns over China-related risks and a preference for AI- and semiconductor-related stocks. We believe our current share price remains undervalued and view the current valuation as an attractive opportunity for share repurchases, which we began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

Stock-Price Conscious Management P12

Financial base

Expansion of economic value through improved capital efficiency

Return on equity (ROE)/Return on invested capital (ROIC)*1*2



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.

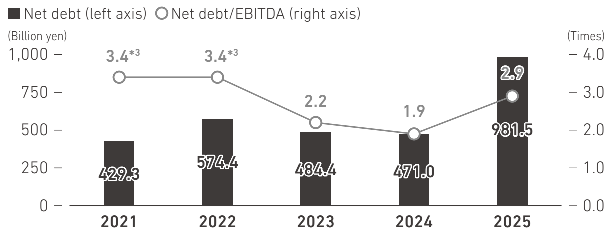
Our Finance Strategy Presented by Co-President Wakatsuki P38

*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

Increase of debt financing for active M&A

Net debt*1/Net debt/EBITDA*2



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.

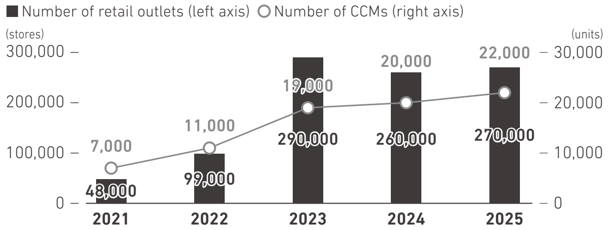
Our Finance Strategy Presented by Co-President Wakatsuki P38

*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

Customer base

Dominant position enabled by extensive distribution channels

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



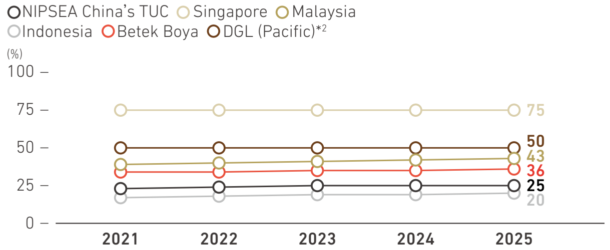
Our Group has built a broad and diverse distribution network, primarily serving the B2C market including retail, distributors, and e-commerce across the decorative paint markets in each country and region in which we operate. In 2025, we continued to increase the number of retail outlets and CCM installations, 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

Customer base

No.1 market share in 14 major countries

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



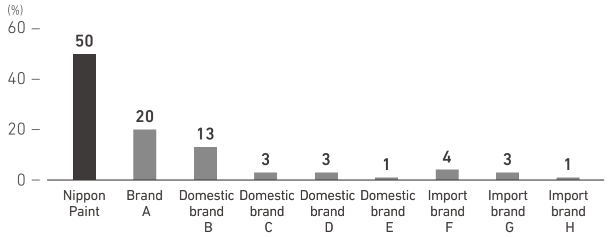
Our Group seeks to maintain and grow market share across regions and business segments while ensuring profitability. In 2025, we reinforced our business foundation by sustaining high market shares in China and Australia, and by expanding our share in markets such as Malaysia, Indonesia, and Türkiye.

*1 Internal estimates *2 Volume basis

Brands/ know-how

Strong recognition and trust in Asia-Pacific market

Top-of-Mind rating (NIPSEA China)



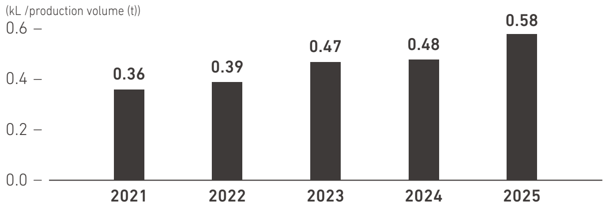
Our Group has established strong brands, particularly in decorative paints; for example, LiBang is the leading brand in China and ranks highest in Top-of-Mind awareness.

Leadership Dialogue: NIPSEA China P43

Nature/ environment

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.

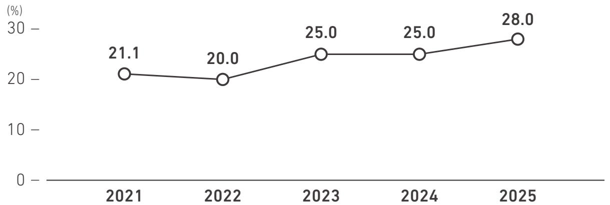
Natural Capital Strategy P84

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

Technologies

Expanding sales of products with innovative technology

New Product Sales Index (NPSI)



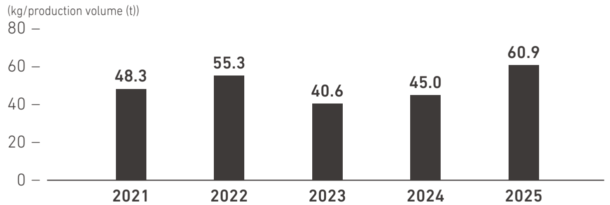
NPSI is defined as the percentage of sales revenues generated from new products commercialized in the past three years to the total sales revenue. The NIPSEA Group and the Japan Group achieved a combined NPSI of 28% and launched approximately 10,000 new products in 2025.

R&D Strategy P86

Nature/ environment

Increase in GHG emissions 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