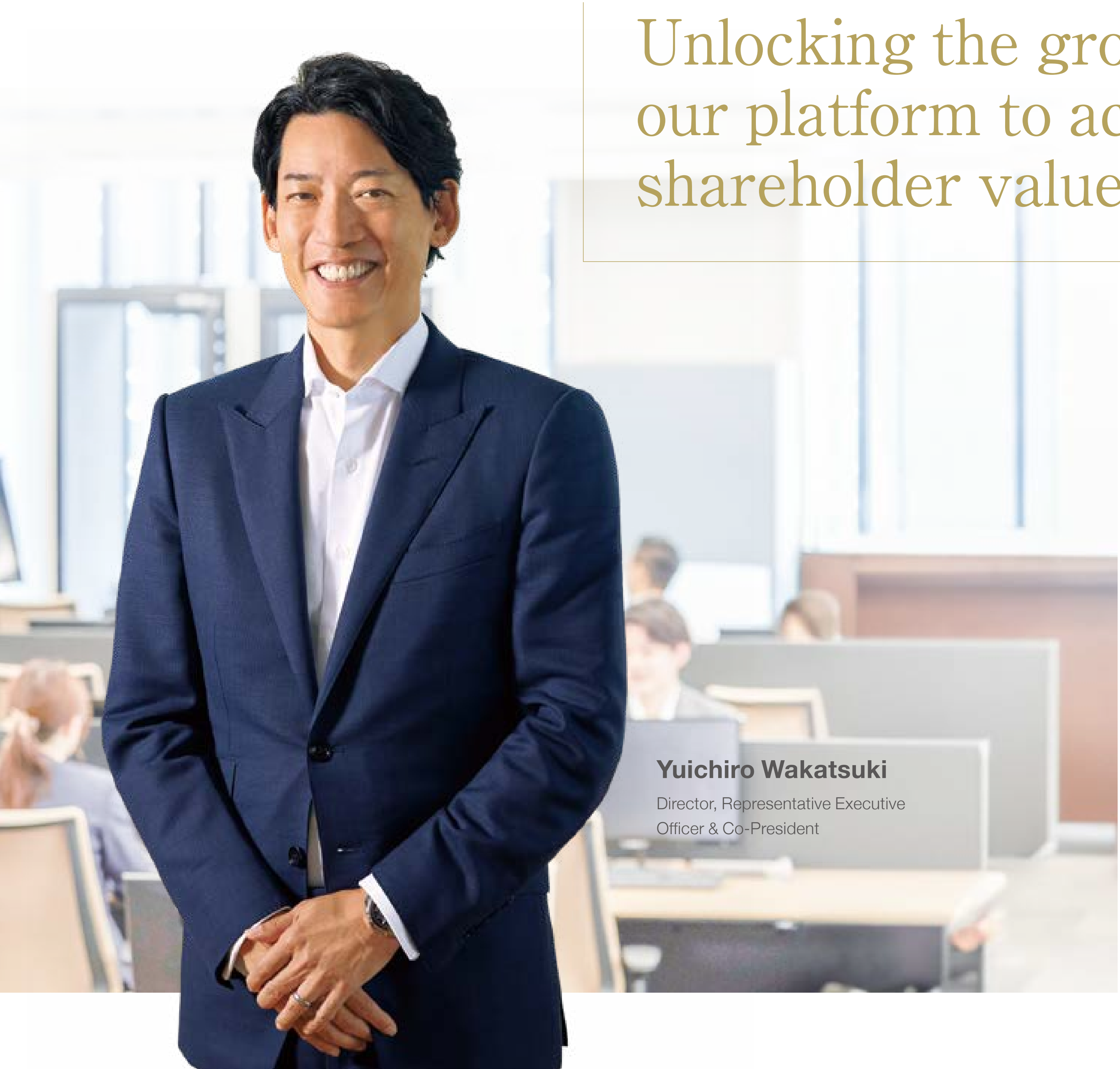
Message from Co-President Wakatsuki

Unlocking the growth potential of our platform to achieve unlimited shareholder value creation



Yuichiro Wakatsuki

Director, Representative Executive Officer & Co-President

Building a portfolio of quality assets and maximizing their potential

During the Medium-Term Plan (FY2021-2023), we navigated through a highly challenging business environment characterized by sharp increases in raw material prices, recording of provisions in China, and the application of hyperinflationary accounting in Türkiye among others. Yet we have met our original financial guidance almost every year through proactive and agile responses to these rapidly changing circumstances. A significant contributing factor has been the effective combination of each asset's resilient business model and earnings capability, which are less influenced by market conditions. In other words, we generated meaningful cash by leveraging the low capex requirements of the businesses, capturing resilient market demand, and implementing continuous cost control measures coupled with price increases. This approach has enabled us to maintain and expand our market share across regions.

Our performance over the past three years highlights our ability to consistently deliver results across our diverse business portfolio, regardless of respective challenges.

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This demonstrates the inherent stability of our Company as a collection of assets that reliably generate cash, a key feature of our Asset Assembler model. Unlike the flashy headlines often associated with mergers and acquisitions, our inorganic growth strategy focuses on low-risk and sustainable EPS compounding by steadily acquiring quality assets.
For organic growth, we promote autonomy and accountability among our exceptional management teams leading these assets, a strategy that can fully unlock their potential.

In essence, our Asset Assembler model pursues sustainable EPS compounding through both organic and inorganic strategies.

MSV = M(EPS) × M(PER)

Our Asset Assembler model: Foundation of our prudent management and risk-averse approach

What lies at the heart of our Asset Assembler model? It is the prudence and risk aversion that define our management style. When selecting M&A targets, we consistently exercise "sound vigilance," thoroughly avoiding risks and carefully evaluating each opportunity. These principles are aligned with my thought process and the experiences I gained as an investment banker managing M&A advisory services. With MSV as our shared compass, we make decisions by combining Mr. Wee's operational experience with my expertise in the capital markets. This approach allows us to balance risks and returns, enabling the pursuit of safe and sustainable EPS compounding.

Our prudence extends to selecting quality assets, especially when evaluating the performance of exceptional CEOs. We analyze their leadership track records; CEOs with proven success are granted more authority, fostering autonomous growth. For example, since Patrick Houlihan became CEO in 2009, DuluxGroup, which joined our Group in 2019, had consistently increased its market share, EPS, and stock price as a publicly traded company. When executing our M&A strategy, we considered these excellent performances and the solid organizational structure, including a robust management succession plan. Our judgments are not solely based on individual trust in a CEO, but are focused on meticulously assembling quality assets with strong governance.

Our deep-rooted commitment to MSV as a shared judgment basis enables us to make prudent decisions while avoiding risk. As the majority shareholder, Directors, and Executive Officers are all aligned in the pursuit of MSV, we can execute advanced and swift management decisions. More importantly, our success stems from being an assembly of leaders who embody Integrity, a value I hold in high regard. We prioritize substance over form in our open and vibrant communication. As a cohesive Corporate Group united by our commitment to Integrity, we continue to pursue the safe and sustainable compounding of EPS.

Pursuing MSV with no limits, adopting a long-term perspective beyond a three-year timeframe

Since 2018, our Company has accelerated revenue and profit growth by driving both organic and inorganic growth, consistently pursuing MSV as our sole mission. In January 2022, coinciding with our international secondary offering, we unveiled our Asset Assembler model for achieving MSV. Amid the accelerated evolution of our model, we separated the functional units of Japan Group from NPHD, the holding company, in a shift towards lean headquarters and established Nippon Paint Corporate Solutions (NPCS) in 2022. This marked our transition away from a Japan-centric focus and the mindset entrenched in our holding company, redefining Japan Group as one of our important profit centers within the broader portfolio. Despite the challenges and some repercussions associated with this shift, we succeeded in fostering a shared sense of urgency across the entire Group, along with a resolute commitment to avoiding unnecessary expansion of bureaucratic structures. This key transformation represents a significant

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milestone achieved during our Medium-Term Plan (FY2021-2023).

In our Medium-Term Strategy, released in April 2024 as an extension of these corporate actions, we revisited our strengths as Asset Assembler, focusing on sustainable EPS compounding across both organic and inorganic initiatives. We guided for a medium-term consolidated compound annual growth rate (CAGR) of 8-9% in revenue and 10-12% in EPS, based on our 2023 business portfolio, which includes our Kazakhstan operations and two businesses in India. While individual assets will continue to formulate and implement 3-4-year medium-term plans, we intentionally decided against setting uniform 3-year guidance at the consolidated Group level. This decision was made to ensure the understanding among capital market participants about the inherent growth potential within our portfolio, while keeping in mind the challenges in quantifying our “unlimited” upside from EPS compounding through safe and continuous M&A endeavors. Regarding our inorganic growth strategy, we aim to acquire companies in any region, business area, or size, provided they present low risk and offer good returns. We are also committed to short-term delivery, while pursuing long-term MSV, without being confined to a three-year timeframe.

Enhancing capital market recognition and expectations as EPS Compounder

Why is our Group committed to maximizing EPS rather than net income? Simply put, EPS-dilutive share issuance can undermine shareholder value even if net income increases. By fostering recognition as EPS Compounder and elevating the capital markets’ expectations, we aim to link this to the maximization of PER.

Reflecting on the past few years, we have consistently compounded EPS, but our stock price has not risen as expected. We attribute this to market anxieties over the so-called China risk, as well as the capital markets' underestimation of our organic growth potential and lack of confidence in the feasibility of M&A that could lead to additional safe EPS compounding. To maximize PER, we believe it is crucial to enhance understanding of our business model, track record, and the future potential of our current portfolio, along with instilling confidence in the reliability of EPS compounding through M&A. We plan to diligently undertake these efforts by simultaneously building up our performance, expanding engagement opportunities, and enriching our disclosure materials.

Implementing autonomous and decentralized management to encourage best-in-class talent to excel

Operating under our Asset Assembler model, we advocate for autonomous and decentralized management, encouraging independent growth within each of our partner companies. Central to this approach is a robust talent management strategy that allows best-in-class talent to excel. We believe that delegating authority to quality CEOs, who deeply understand the unique attributes and demands of their local regions and businesses, contributes more to MSV than centrally directing and managing partner companies from the parent company. Each partner company proactively harnesses the management resources within our platform, such as financial strength, technological capabilities, brand power, distribution network, and purchasing power. As each partner company strives for growth and occasionally learns from one another voluntarily, the holding company maximizes the potential of assets by encouraging and inspiring our top-notch CEOs to excel through fully leveraging our platform.

For instance, DuluxGroup’s approach to sustainability, particularly its advanced thinking on environmental and safety aspects, provides numerous examples that the entire Group should reference. Hence, instead of unnecessarily reinforcing sustainability personnel in our Company in Japan, we have appointed a DuluxGroup expert as the global leader of the Environment & Safety team. This approach allows us to build and promote a system to advance sustainability in compliance with the regulations and social customs of each region and market. By leveraging the Group’s exceptional human resources, we are accelerating practical discussions and initiatives on sustainability across our Group.

This approach has been a strong magnet, attracting CEOs from companies like DuluxGroup and Betek Boya. As these CEOs experience the superior platform our Group offers, they actively communicate the benefits of joining

PER

By elevating the capital markets’ expectations, we aim to link this to the maximization of PER.

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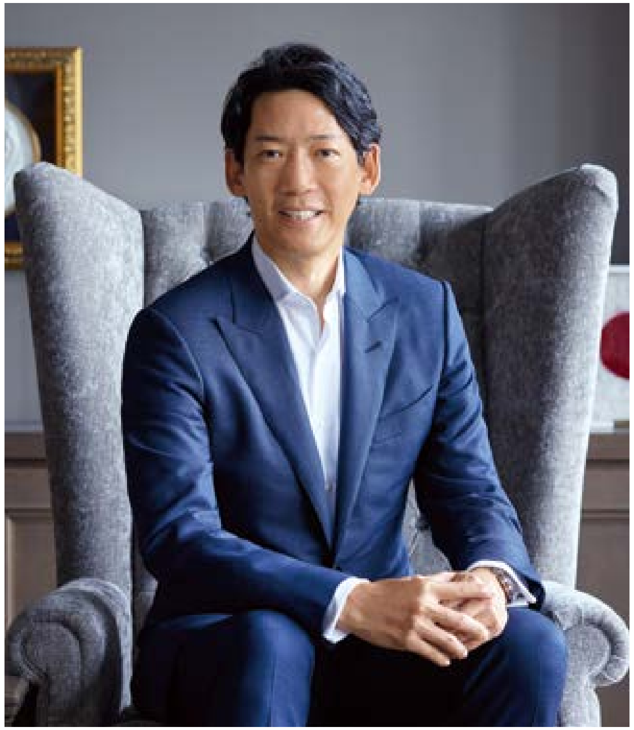


us both internally and externally. Their messages, backed by personal experience, are persuasive and help spread our Group's reputation to potential future partners. In the global M&A market, Japanese companies are often viewed as secure and trustworthy acquirers. This perception, combined with the prestige of the Japan brand, positively influences our M&A activities. Leveraging these benefits, we continue to add excellent and reliable assets.

Promoting sustainability through the advantages of autonomous and decentralized management

As our perspective evolves as Asset Assembler, we have rigorously instilled in the Group our shared understanding that sustainability is a prerequisite for achieving MSV, not an objective in itself. This principle is clearly stated in our Basic Policy on Sustainability, which was approved and announced at the Board of Directors meeting in March 2023. At the same time, we remain vigilant as a Group since societal demands for corporate sustainability are constantly evolving, with some potentially impacting EPS and PER. For instance, society and customers require responses to carbon neutrality and the measurement of greenhouse gas emissions (Scope 3). If not properly managed, these requirements could undermine societal credibility and customer trust, potentially resulting in reduced sales. However, by accurately understanding changes in societal and customer needs and responding swiftly, we can seize golden opportunities to create new innovations and revenue streams, which are crucial in our pursuit of MSV.

Under the banner of autonomous and decentralized management, our sustainability strategy as Asset Assembler is led by each partner company, which is deeply familiar with the needs of society and customers in their respective countries and regions. Partner companies formulate their own sustainability strategies, indices, and roadmaps toward achieving MSV, and they carry out initiatives aligned with their businesses. In this context, NPHD proactively handles areas where information collection and disclosure are necessary on a consolidated basis, based on requests from external stakeholders. However, we do not uniformly set sustainability targets for partner companies. For example, DuluxGroup has been actively promoting diversity and has elevated its ratio of women in managerial positions from 18% ten years ago to over 30% now. This is the result of the cultural and social embrace of diversity and inclusion (D&I) in Australia, where DuluxGroup is based, combined with a shift in awareness among senior executives, which has driven the hiring and promotion of women to managerial positions. We do not compare the levels achieved within the Group or set uniform targets without considering individual backgrounds and circumstances. Each sustainability team leads our Group's initiatives in their respective fields while sharing effective methods, know-how, and successful experiences. By taking these actions, we aim to meet the expectations of stakeholders such as customers and society in our quest for MSV.

Unlocking the growth potential of our platform to achieve unlimited shareholder value creation

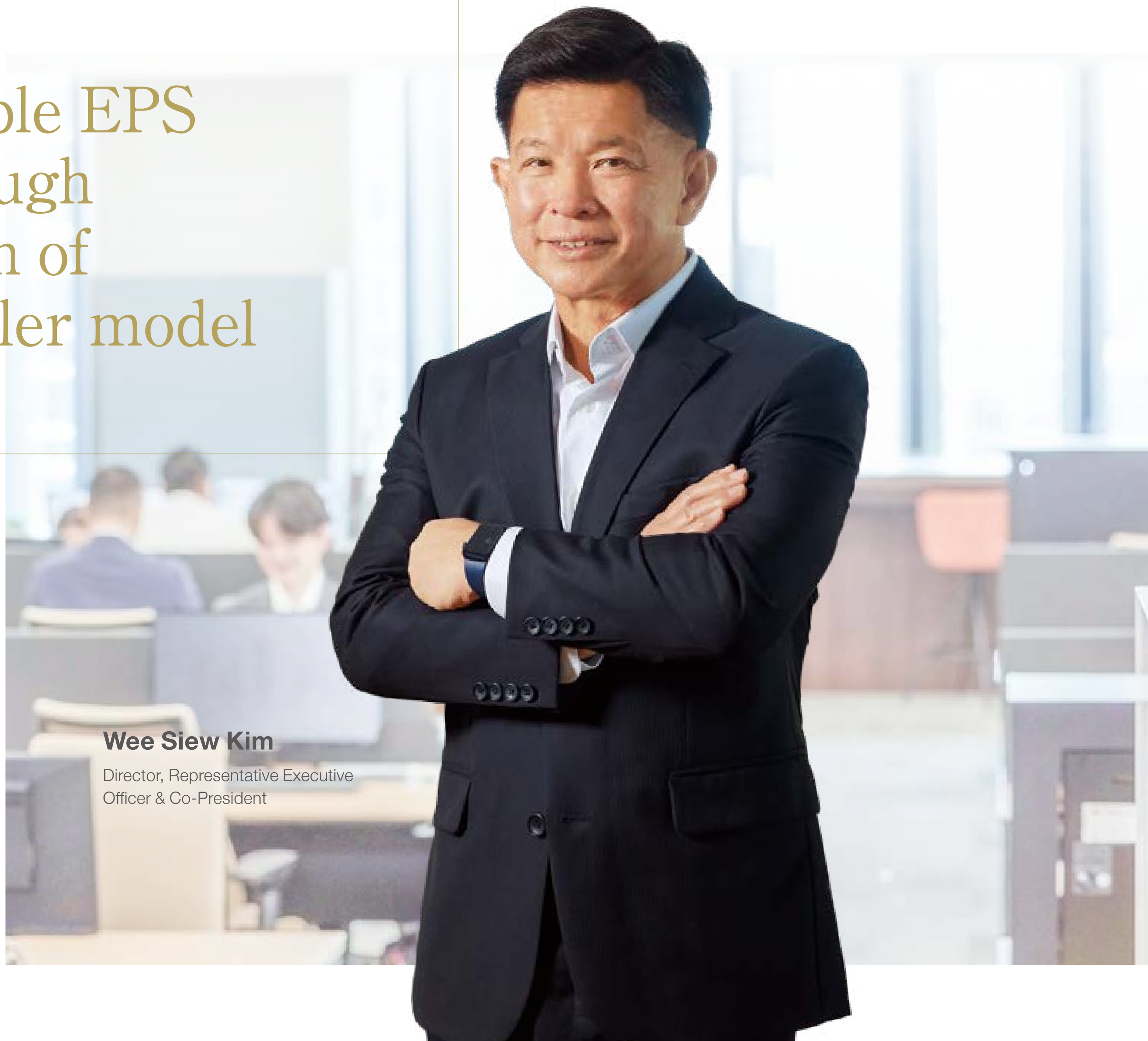
We have come to believe it is possible to pursue, in a sense, unlimited upside in shareholder value creation. By capitalizing on the advantages of our platform, we aim to maximize EPS in both the short and long term. In doing so, we strive to be recognized in the capital markets as EPS Compounder that can sustainably achieve highly secure EPS compounding. By elevating the capital markets' expectations for our sustainable EPS compounding, we create a firm link to the maximization of PER, all with the goal of achieving MSV from a long-term perspective.

We are committed to achieving MSV through active engagement with our investors and look forward to exceeding your expectations.

Director, Representative Executive Officer & Co-President

Message from Co-President Wee

Realizing sustainable EPS compounding through the implementation of our Asset Assembler model



Wee Siew Kim

Director, Representative Executive Officer & Co-President

Asset Assembler model converting growth opportunities: DuluxGroup on the prowl

DuluxGroup, which joined our Group in 2019, serves as a successful illustration of our Asset Assembler model in practice.

Already a market leader in the mature Australia and New Zealand markets, DuluxGroup has experienced further rapid growth since it became part of our Group. It now accounts for a significant 25% of our Group's consolidated performance. During the preceding nine years on the ASX, DuluxGroup made nine bolt-on acquisitions. In the following 4 years since joining our Group, the company has ramped up growth with more than 30 acquisitions, an astonishing one acquisition every eight weeks.

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When introduced to the core concepts of our Asset Assembler model, the DuluxGroup senior leadership immediately appreciated the merits of retaining autonomy whilst benefitting from the financial and key functional resources of the Group. They relished the opportunity to realize their growth potential, which they have ably converted in the last 4 years.

Post-acquisition, DuluxGroup was empowered to expand in Australia and New Zealand, outperforming not only in their core paint and coatings business, but also pursuing a series of bolt-on acquisitions in sectors like sealants, adhesives, and fillers (SAF), household cleaning and gardening, thereby significantly enhancing our product offerings to key customers and consumers.

Beyond the key home markets, DuluxGroup also made meaningful expansion into the European decorative paints market through relatively small but important beachheads. In 2022 and 2023, DuluxGroup acquired Cromology, JUB and NPT. Together, our new European colleagues and the DuluxGroup teams have started to reinvigorate the market with refreshing insights and differentiating ideas to step change growth rates.

From this point in time, we hope to see improving profitability of our European operations. Not only do we have confidence in our European teams, but we also draw comfort from the DuluxGroup track record of eking out profitable growth even in mature markets. Over 30-plus years, DuluxGroup has patiently piled up its market share by 1% a year in the Australian decorative paints market with new market initiatives while breathing life into historically slower sectors like trade. Improvements will not happen overnight and we will have to adapt our playbook for impact, but everyone involved in our European operations is energized at the growth prospects.

Autonomous by design: Growth through collaboration encouraged for mutual value creation

We have been exemplifying a strategic approach that respects the autonomy of partner companies while fostering an environment for collaborative growth to create mutual value. The partner companies determine their own growth paths. In this business model, the headquarters does not mandate the partner companies to collaborate for growth. Each of the partner company management teams drives growth organically, establishing cross-regional and cross-business collaborations by leveraging the full capabilities of all the partner companies within the Asset Assembler platform only if it is economically sensible from their own respective perspectives. As decisions on where, what and how to collaborate are delegated to the partner companies, whether we gain financially from such interactions depend entirely on the effectiveness of our autonomous and decentralized management teams' business acumen and execution abilities.

One visible demonstration of tangible market progress from inter-partner company collaborations is the growth of the SAF segment and the traction that the SAF brand "Selleys" has achieved in Asia. Following the acquisition of DuluxGroup, we gained ownership of the SAF brand "Selleys." Initially, the "Selleys" brand had a strong presence in the retail market, with less emphasis on the industrial sector; as for outside of Australia and New Zealand, it has a very subdued presence.

The respective leaders of the 2 partner companies recognized the potential of the "Selleys" brand, and the value creation that would be possible if we could harness the brand's strengths and product offerings by marrying up with NIPSEA Group's extensive distribution networks across Asia. This collaboration has further triggered nascent ambitions in the SAF business area in NIPSEA Group, leading to the 2021 acquisition of Vital Technical, a Malaysian manufacturer and distributor of SAF products. By integrating market insights and pooling the strengths of both DuluxGroup and Vital Technical, we have successfully expanded the SAF business presence in Asia.

Another example originated from the observation that tools and accessories such as brushes and sandpaper make up approximately 20% of Dunn-Edwards' sales in the United States. We set about studying and extrapolating whether this can also be replicated in Asia, especially with

$$MSV = M(EPS) \times M(PER)$$

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our knowledge of the supply chain in this part of the world. Leveraging our proficiency in sourcing high-quality, cost-effective products, we are now building a growing tools and accessories business across NIPSEA Group.

This collaborative and growth-oriented approach, leveraging our autonomous and decentralized management framework among an increasing number of partner companies put together in a financially disciplined manner, underpins our sustainable EPS compounding as Asset Assembler.

Key to sustainability: People, talent and organizational agility

For sustainability and long-term success, the Group focuses on people, talent, and organizational agility. By prioritizing the well-being and development of our employees, fostering an agile organizational structure, and promoting innovative practices, our Group is better positioned to achieve its EPS compounding goal and drive mutual value creation. As we go about identifying potential future partner companies, we place high priority on the quality of the management teams in the target companies. Having exceptionally talented management teams that can join us, add bench strength, and lead as well as groom future leaders propels our growth strategy forward.

A track record of consistently good performance is certainly a good indicator. Delving into and understanding the context of their success further crystalizes our appreciation of the leaders. Whenever possible with potential partner companies, early engagement of the leaders would lend further insights and take the assessment beyond just intuition. There is no perfect formula for evaluating a management team; it is often down to judgement calls, but we believe we will get better over time.

In our existing stable of partner companies, the vitality of our management teams is sustained through regular talent reviews, career development and rigorous attention to the grooming of successors at multiple levels of the organizations. While each partner company undertakes its own talent identification and grooming processes, flexibility is exercised to allow specific talents to enjoy the benefits of cross-partner company deployments so that the entire Group is all the more enriched as a result. When we do our jobs effectively and talents thrive, the Group will be a sought-after employer. People are so important that Co-Presidents bear this duty and responsibility together to ensure the long-term sustainability and vitality of the Group for our shareholders and employees.

Recognizing that organizations are dynamic rather than static, ever morphing in reaction to the available talent base and business exigencies, we maintain a posture of agility when it comes to our organization structures. Rather than just merely filling vacancies, we allow the practice of organization malleability depending on the available talents, their aspirations and inclinations and the challenges of the times. This is an acknowledgement that as much as we attempt to have a deep succession bench, there are going to be many occasions when we do not get it exactly right, thereby engendering this need to ensure we do not have rigid organizational structures.

Our Japan Group has demonstrated this organizational agility this past year. Different organizations have sprung up with the creation of segment-wide resin centers, joint supply chain and production layouts, and senior leaders taking on concurrent Japan-wide responsibilities, as well as new units and teams focusing attention on emerging areas like film and electric mobility. These flurries of activity would seem fast, furious and overwhelming to a large swathe of our colleagues. It remains for senior leadership to explain the intent and bring the people on this journey.

EPS

By prioritizing the well-being and development of our employees, fostering an agile organizational structure, and promoting innovative practices, our Group is better positioned to achieve its EPS compounding goal and drive mutual value creation.

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Value creation: Prioritizing technological innovation

A renewed focus on the Voice of the Customer (VOC) continues to bring in a stream of new ideas on the product, technology and process fronts. In different parts of the Group, we instill disciplined gate processes so that we deploy technical and development resources to the initiatives that would deliver most value to the market and to ourselves. Of late, one such area where we are clearly guided by our customers is the development of carbon-neutral products. The pace of market adoption is expected to be rapid and we hope to be delivering such environmentally friendly products within the next 3 years.

Nonetheless, we could still miss emerging business opportunities. Through active participation in international and industry fora, we hope our business and technology leaders are able to uncover innovations that may not naturally come through our usual customer and market avenues. Insights gathered from these fora in fields such as materials, new energy, and green technologies are experimented upon with a view of eventually seeing applications into products. This is further supplemented with commitment to open innovation outreach through partnerships with esteemed research institutions such as the University of Tokyo in Japan, the Massachusetts Institute of Technology in the United States and Tsinghua University in China. Through interactions with the academics, our technical talents, especially the colleagues who have chosen to stay on the technology career track, would surely gain in knowledge and understanding, hopefully sprouting technological innovations that would astound the marketplace.

Just this year, technologists across the globe met in Tokyo to commit to work together with an LSI (Leverage, Share, Integrate) mindset so that the Group is stronger than the sum of its parts.

Disciplined cash management

Our Group recognizes that disciplined cash management is fundamental for operational efficiency and long-term growth strategy. By managing cash flows effectively, the company can mitigate liquidity risks, seize investment opportunities, and maintain resilience in volatile economic conditions. Disciplined cash management is an indelible part of the fabric that weaves together the key tenets of the EPS compounding platform that we endeavor to construct which is: individually autonomous partner companies helmed by strong management leadership teams aligned together by our sole mission of Maximization of Shareholder Value (MSV) such that each can derive the benefits of being part of a bigger group by selectively collaborating and every so often welcoming new partner companies into the fold.

I would further add that sustainably compounding EPS also requires that we sustain investment in facilities and infrastructure that keeps our people working effectively, efficiently and safely. Judiciously balancing capital expenditure, driving asset utilization and eking out the cash flows to fuel future growth are expected of all of our leaders. Even as the Group has adequate financial resources, the discipline and focus on cash management at every operating level hopefully develop the insights and judgement that we continue to spawn generations of leaders to come that we can entrust to make prudent choices.

Earning trust : Consistent delivery of promises

Investor and shareholder trust must be earned. The only way to build this trust is by consistently delivering results through strict adherence to fundamentals. By focusing intently on our sole mission of MSV, we aim to achieve sustainable EPS compounding. I am convinced that our organization's adherence to foundational principles, driven by our competent employees who are confident in our prospects, will undoubtedly secure the trust of our investors and shareholders.

Director, Representative Executive Officer & Co-President