

# Asset Management Report 2023

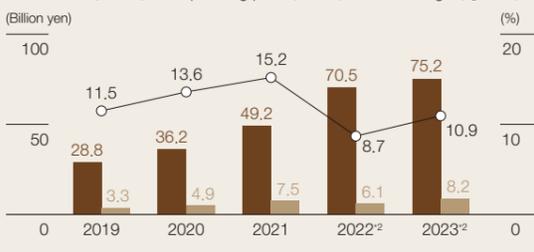
---

# Asset Management Report

The earnings for FY2020 have been adjusted retrospectively following the classification of the European automotive coatings business and the India businesses as discontinued operations after they were transferred to Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreements beginning with FY2021 4Q.

The earnings comparison with the time of acquisition are estimates because some assumptions used to estimate market shares at the time of acquisition are different from present assumptions due to a change in the accounting policy. Market shares are NPHD's estimates.

Assets	Financial outcomes	Non-financial outcomes
--------	--------------------	------------------------

<p><b>NIPSEA Group</b> (Asia)</p>  <p>NIPSEA Group operates in 22 countries and regions mainly in Asia and is the driving engine of our Group's growth. This group has the leading market share in decorative paints in five countries.</p>	<p><b>FY2023 operating results</b></p> <p>Automotive revenue increased from the previous year due to an increase in our market share with both automotive OEM and parts manufacturers, even though automobile production primarily among Japanese OEM manufacturers showed sluggish growth amid the expansion of the electric vehicle market. In the decorative segment, revenue also increased from the previous year due to the normalization of economic activities in China following the lifting of lockdowns, continued strong demand for interior paint for existing homes, and the flow-through of price increases in key markets such as Singapore, Malaysia, and Indonesia. Consequently, overall revenue rose by 8.9% YoY to JPY771.5 billion.</p> <p>Operating profit surged by 51.8% YoY to JPY110.4 billion, primarily due to the effects of increased revenue and improved raw material cost contribution (RMCC) ratio, mainly resulting from the flow-through of price increases.</p> <p><b>Growth since the acquisition (FY2014)</b></p> <p>Since the consolidation in 2014, NIPSEA Group has driven our Group's performance by achieving growth that significantly surpass market and competitors, leveraging its strengths: (1) exceptional brand strength, (2) top-notch talent cultivated through the LFG corporate culture, (3) robust production and distribution networks, and (4) strong technological capabilities. Additionally, by sharing with Betek Boya and PT Nipsea the extensive expertise and technologies accumulated over the past 60 years, NIPSEA Group has helped these acquired companies achieve higher growth post-acquisition. Furthermore, NIPSEA Group has steadily expanded its adjacencies business by deploying the Selleys brand of DuluxGroup and acquiring Vital Technical.</p> <p>Consequently, compared to the time of acquisition, revenue has surged by 226.2% and operating profit soared by 376.0%.</p>	<p><b>Revenue/Operating profit (YoY/growth since acquisition)</b></p> <p><b>JPY771.5 bn (+8.9%/+226.2%) / JPY110.4 bn (+51.8%/+376.0%)</b></p>  <p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li>Human resources/organizations             <ul style="list-style-type: none"> <li>Many initiatives to improve the gender balance                 <ul style="list-style-type: none"> <li>Ratio of female employees: 25.2% (+0.2pp YoY)</li> <li>Ratio of women in managerial positions: 26.6% (+1.4pp YoY)</li> </ul> </li> <li>Increase of employee engagement                 <ul style="list-style-type: none"> <li>Employee satisfaction (2022): 75.0%</li> </ul> </li> </ul> </li> <li>Brands             <ul style="list-style-type: none"> <li>Increase the recognition and trust in the NIPPON PAINT brand                 <ul style="list-style-type: none"> <li>Listed on Brand Finance's Top 10 Most Valuable Paint Brands in the World for the third consecutive year</li> </ul> </li> </ul> </li> <li>Nature/environment             <ul style="list-style-type: none"> <li>Initiatives aimed at reducing GHG emissions                 <ul style="list-style-type: none"> <li>GHG emissions (Scope 1 and 2): -33% YoY</li> </ul> </li> </ul> </li> </ul>
<p><b>NIPSEA China</b> (China)</p>  <p>Since its founding in 1992, NIPSEA China has grown to become a respected leader in the paint and coatings industry. The company has steadily expanded its reach across China in tandem with the country's rapid economic growth.</p>	<p><b>FY2023 operating results</b></p> <p>Automotive revenue was flat compared to the previous year due to sluggish growth in automobile production primarily among Japanese OEM manufacturers, amid the expansion of the electric vehicle market. In the decorative segment, revenue in the TUC segment increased by 13% (on a local currency basis), driven by strong growth in Tier 3-6 cities. Conversely, revenue in the TUB segment declined by 7% (on a local currency basis) due to the soft property market, despite the expansion of non-residential business. Revenue in the industrial segment declined due to the streamlining and screening of non-profitable customers, coupled with sluggish performance in the coil coating and powder coating businesses. Consequently, overall revenue increased by 7.1% YoY to JPY482.7 billion.</p> <p>Operating profit soared by 72.3% YoY to JPY60.2 billion, due to the effects of increased revenue, an improved RMCC ratio, and the absence of a one-off provision recorded in the previous period.</p> <p>Market share improved by 1 percentage point each for the TUC and TUB segments.</p> <p><b>Growth since the acquisition (FY2014)</b></p> <p>Since the consolidation in 2014, NIPSEA China has consistently achieved strong growth each year, led by an outstanding management team with the LFG spirit and leveraging high credibility and comprehensive capabilities, including: (1) the LiBang brand with high Top of Mind recognition and reliability, (2) wide-ranging and continuously expanding business domains and product ranges to meet increasing customer needs, and (3) efficient production systems based on robust networks with manufacturing, sales, and stakeholders. In the TUC segment, NIPSEA China has aggressively expanded into Tier 3-6 cities in addition to maintaining high market share in Tier 0 and 1-2 cities. In the TUB segment, the company is diversifying its customer base to include non-residential and other sectors.</p> <p>Consequently, revenue surged by 150.0% and operating profit soared by 198.5% compared to the time of acquisition.</p>	<p><b>Revenue/Operating profit/ Market share (YoY/growth since acquisition<sup>3)</sup>)</b></p> <p><b>JPY482.7 bn (+7.1%/+150.0%) / JPY60.2 bn (+72.3%/+198.5%) / TUC: 25% (+1pp/+6pp) TUB: 9% (+1pp/+1pp)</b></p>  <p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li>Customer base             <ul style="list-style-type: none"> <li>Comprehensive distribution network to support growth in the decorative paints business                 <ul style="list-style-type: none"> <li>Number of stores: c. 290,000 (+179% YoY), Number of stores with CCM machines: c. 19,000 (+73% YoY)</li> </ul> </li> <li>Strategic partnerships with Chinese real estate developers                 <ul style="list-style-type: none"> <li>Selected as the No. 1 paint brand by the top 500 Chinese real estate developers for 13 consecutive years</li> </ul> </li> </ul> </li> <li>Brands             <ul style="list-style-type: none"> <li>Continuous investment in strengthening the brands' statuses                 <ul style="list-style-type: none"> <li>Achieved a 51% Top of Mind score among consumers</li> </ul> </li> </ul> </li> <li>Nature/environment             <ul style="list-style-type: none"> <li>Controlled water usage through proper management following voluntary standards                 <ul style="list-style-type: none"> <li>90% reduction in water discharge at the Shanghai factory</li> </ul> </li> </ul> </li> </ul>
<p><b>Betek Boya</b> (Türkiye)</p>  <p>Betek Boya is a leading Turkish paint and ETICS (External Thermal Insulation Composite Systems) company. The company has been leading Turkish market with its multi-brand portfolio covering premium brands to budget options.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue increased by 6.7% YoY to JPY75.2 billion, driven by the flow-through of price increases to counter inflation and other factors and successful execution of brand strategy. Operating profit rose by 33.8% YoY to JPY8.2 billion, benefitting from revenue growth and a significant improvement in the Raw Material Cost Contribution (RMCC) ratio, which offset the effects of hyperinflationary accounting and increased advertising and SG&amp;A expenses.</p> <p>Betek Boya achieved a 1 percentage point increase in market share to 35%, despite limited sales volume growth due to the hyperinflation, maintaining its position as the market leader.</p> <p><b>Growth since the acquisition (FY2019)</b></p> <p>By leveraging our Group's low-cost financing capability, Betek Boya repaid all its high-interest-rate borrowings. This enabled the company to allocate the generated cash to actively invest in marketing and other promotional activities. Additionally, by utilizing NIPSEA Group's expertise in driving growth in emerging markets and leveraging the NIPPON PAINT brand to launch premium brands, Betek Boya has achieved significantly higher earnings growth and market share expansion compared to pre-acquisition levels.</p> <p>As a result, compared to the time of acquisition, revenue surged by 160.9% and operating profit soared by 147.7%.</p>	<p><b>Revenue<sup>4</sup>/Operating profit<sup>4</sup>/ Market share (decorative paints) (YoY/growth since acquisition)</b></p> <p><b>JPY75.2 bn (+6.7%/+160.9%) / JPY8.2 bn (+33.8%/+147.7%) / 35% (+1pp/+8pp)</b></p>  <p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li>External partners             <ul style="list-style-type: none"> <li>"Next-generation dealer" program and loyalty program                 <ul style="list-style-type: none"> <li>Number of stores implementing these programs: c. 380 (+9% YoY)</li> </ul> </li> <li>Strengthened relationships with dealers and professional painters through the "Filli Ustam" loyalty program                 <ul style="list-style-type: none"> <li>Number of professional painters using this program: c. 2,700 (+8% YoY)</li> </ul> </li> </ul> </li> <li>Brands             <ul style="list-style-type: none"> <li>Strengthened position as the market leader                 <ul style="list-style-type: none"> <li>Maintained the No.1 position in the decorative paints market for about 20 years</li> </ul> </li> </ul> </li> </ul>

\*1 Starting from FY2022 1Q, the business segmentation was changed. Figures from FY2021 onwards are based on the new segmentation and exclude the overseas marine business

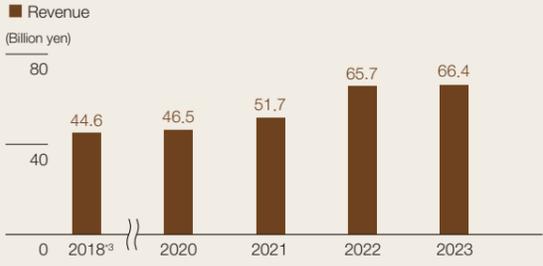
\*2 In accordance with IAS 29, hyperinflationary accounting was applied to Turkish subsidiaries starting from FY2022 2Q. Figures from FY2022 onwards reflect the application of hyperinflationary accounting

\*3 Starting in FY2023, the Chinese decorative paints segment was reclassified into TUC and TUB segments based on distribution channels. Following the reclassification, the market share was adjusted according to the definitions of the TUC and TUB segments.

\*4 Segment basis (after elimination of inter-segment transactions and after PPA)

The earnings for FY2020 have been adjusted retrospectively following the classification of the European automotive coatings business and the India businesses as discontinued operations after they were transferred to Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreements beginning with FY2021 4Q.

The earnings comparison with the time of acquisition are estimates because some assumptions used to estimate market shares at the time of acquisition are different from present assumptions due to a change in the accounting policy. Market shares are NPFD's estimates.

Assets	Financial outcomes		Non-financial outcomes																								
<p><b>PT Nipsea</b> (Indonesia)</p>  <p>PT Nipsea has a dominant position in the Automotive OEM coatings field in the rapidly growing Indonesian market. PT Nipsea is also a market leader in decorative paints. The company's profitability is the highest among our group partner companies.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue increased by 16.3% YoY to JPY60.9 bn, driven by robust growth due to higher sales volumes, the flow-through of price increases, the expansion of distribution network, the addition of new distributors, and the wider deployment of CCM machines.</p> <p>Operating profit increased by 19.9% YoY to JPY20.0 bn, attributed to higher sales and improved Raw Material Cost Contribution (RMCC) ratio.</p> <p>PT Nipsea's market share in decorative paints increased by 1 percentage point from 2022 to 19%, maintaining its position as the second-largest player.</p>	<p><b>Growth since the acquisition (FY2021)</b></p> <p>Under the guidance of excellent management team practicing NIPSEA-style management, PT Nipsea has achieved higher earnings growth and market share expansion compared to pre-acquisition levels by leveraging the following strengths: (1) an extensive and growing network of production bases and distribution channels across Indonesia, (2) highly recognized decorative paint brands, (3) the largest CCM supply framework in Indonesia, and (4) a strong support system cultivated through collaborations with global OEM manufacturers.</p> <p>As a result, revenue surged by 100.9% and operating profit soared by 96.2% compared to pre-acquisition levels.</p>	<p><b>Revenue<sup>*1</sup>/Operating profit<sup>*1</sup>/Market share (YoY/growth since acquisition)</b></p> <p><b>JPY60.9 bn (+16.3%/+100.9%) / JPY20.0 bn (+19.9%/+96.2%) / 19% (+1pp/+2pp)</b></p>  <table border="1"> <caption>PT Nipsea Financial Data (Billion yen)</caption> <thead> <tr> <th>Year</th> <th>Revenue</th> <th>Operating profit</th> <th>OP margin (%)</th> </tr> </thead> <tbody> <tr> <td>2020<sup>2</sup></td> <td>30.3</td> <td>10.2</td> <td>33.8</td> </tr> <tr> <td>2021</td> <td>39.5</td> <td>11.8</td> <td>29.7</td> </tr> <tr> <td>2022</td> <td>52.3</td> <td>16.7</td> <td>31.9</td> </tr> <tr> <td>2023</td> <td>60.9</td> <td>20.0</td> <td>32.9</td> </tr> </tbody> </table>	Year	Revenue	Operating profit	OP margin (%)	2020 <sup>2</sup>	30.3	10.2	33.8	2021	39.5	11.8	29.7	2022	52.3	16.7	31.9	2023	60.9	20.0	32.9	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Customer base</b> <ul style="list-style-type: none"> <li>Enhanced customer services through the largest number of CCM machines deployed in Indonesia</li> <li>Strengthened relationships with fishing communities by providing samples of ship repair coatings</li> </ul> </li> <li><b>Brands</b> <ul style="list-style-type: none"> <li>Continuous investments in enhancing brand awareness and positioning</li> <li>Achieved a 26% Top of Mind score among consumers for decorative paints</li> </ul> </li> </ul>			
Year	Revenue	Operating profit	OP margin (%)																								
2020 <sup>2</sup>	30.3	10.2	33.8																								
2021	39.5	11.8	29.7																								
2022	52.3	16.7	31.9																								
2023	60.9	20.0	32.9																								
<p><b>Dunn-Edwards</b> (USA)</p>  <p>Since its founding in 1925, Dunn-Edwards has been a leading paint supplier in the Southwestern U.S., providing extensive lines of products and services for professionals in the paint and coatings industry.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue increased by 1.1% YoY to JPY66.4 billion, impacted by the sluggish U.S. economy and housing market, as well as unfavorable weather in California.</p> <p>Meanwhile, its market share remained steady at 2.5%, roughly the same as the previous year.</p>	<p><b>Growth since the acquisition (FY2018<sup>3</sup>)</b></p> <p>Dunn-Edwards offers unique customer services that differentiate it from competitors, along with high-quality, wide-ranging products. By leveraging our Group's marketing know-how, Dunn-Edwards has promoted the supply of new products through both new stores and its existing distribution network.</p> <p>As a result, its revenue has successfully grown by 48.9% compared to 2018.</p>	<p><b>Revenue/ Market share (YoY/growth since acquisition)</b></p> <p><b>JPY66.4 bn (+1.1%/+48.9%) 2.5% (+0.0pp/+0.1pp)</b></p>  <table border="1"> <caption>Dunn-Edwards Revenue Data (Billion yen)</caption> <thead> <tr> <th>Year</th> <th>Revenue</th> </tr> </thead> <tbody> <tr> <td>2018<sup>3</sup></td> <td>44.6</td> </tr> <tr> <td>2020</td> <td>46.5</td> </tr> <tr> <td>2021</td> <td>51.7</td> </tr> <tr> <td>2022</td> <td>65.7</td> </tr> <tr> <td>2023</td> <td>66.4</td> </tr> </tbody> </table>	Year	Revenue	2018 <sup>3</sup>	44.6	2020	46.5	2021	51.7	2022	65.7	2023	66.4	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Hunam resources/organizations</b> <ul style="list-style-type: none"> <li>Many Diversity &amp; Inclusion initiatives</li> <li>Ratio of female employees: 30.0% (+0.0pp YoY)</li> <li>Ratio of women in managerial positions: 35.0% (+0.5pp YoY)</li> </ul> </li> <li><b>Nature/environment</b> <ul style="list-style-type: none"> <li>Despite a 13% increase in production volume, VOC emissions have been reduced by 55% compared to the previous year due to changes in product formulation</li> <li>Participated in the Paint Care program for collecting and recycling surplus paint to reduce waste</li> </ul> </li> </ul>											
Year	Revenue																										
2018 <sup>3</sup>	44.6																										
2020	46.5																										
2021	51.7																										
2022	65.7																										
2023	66.4																										
<p><b>Japan Group</b> (Japan)</p>  <p>Japan Group operates in areas such as automotive coatings, decorative paints, industrial coatings, fine chemicals, and marine coatings by leveraging its strong technical capabilities and brands. Japan Group is the leader in the paint and coatings market in Japan.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue from the automotive business increased compared to the previous year due to the continued recovery in automotive production. Revenue from the decorative business also increased despite consumers holding off on spending and the increased demand for lower-priced products in response to inflation, thanks to the flow-through of price increases. In the industrial business, revenue remained flat compared to the previous year despite the flow-through of price increases, due to weaker market conditions. Consequently, overall revenue increased by 8.3% YoY to JPY201.5 billion.</p> <p>Operating profit surged by 261.9% YoY from the previous year to JPY19.2 billion, driven by an improved raw material cost contribution (RMCC) ratio and reduced SG&amp;A expenses, along with the absence of expenses related to Nippon Paint Corporate Solutions (NPCS), the Japan-focused functional company, and special retirement payments, both of which were recorded in 2022.</p>	<p><b>Revenue/Operating profit (YoY change)</b></p> <p><b>JPY201.5 bn (+8.3%) / JPY19.2 bn (+261.9%)</b></p>  <table border="1"> <caption>Japan Group Financial Data (Billion yen)</caption> <thead> <tr> <th>Year</th> <th>Revenue</th> <th>Operating profit</th> <th>OP margin (%)</th> </tr> </thead> <tbody> <tr> <td>2017</td> <td>175.9</td> <td>30.6</td> <td>17.4</td> </tr> <tr> <td>2020</td> <td>162.0</td> <td>16.1</td> <td>9.9</td> </tr> <tr> <td>2021<sup>4</sup></td> <td>174.0</td> <td>9.5</td> <td>5.5</td> </tr> <tr> <td>2022<sup>4</sup></td> <td>186.1</td> <td>5.3</td> <td>2.8</td> </tr> <tr> <td>2023<sup>4</sup></td> <td>201.5</td> <td>19.2</td> <td>9.5</td> </tr> </tbody> </table>	Year	Revenue	Operating profit	OP margin (%)	2017	175.9	30.6	17.4	2020	162.0	16.1	9.9	2021 <sup>4</sup>	174.0	9.5	5.5	2022 <sup>4</sup>	186.1	5.3	2.8	2023 <sup>4</sup>	201.5	19.2	9.5	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Technologies</b> <ul style="list-style-type: none"> <li>Nippon Paint Automotive Coatings received the Jury's Award at the SURCAR (the international conference on automotive body finishing)</li> <li>Nippon Paint won the Special Prize in the renovation category of the 26th Good Painting Color Environment Color Competition</li> </ul> </li> <li><b>External partners</b> <ul style="list-style-type: none"> <li>Promoting open innovation through industry-academia co-creation projects with the University of Tokyo and other external partners</li> <li>Nippon Paint Automotive Coatings won the Special Excellence Award (Quality Management) from Toyota Housing Corporation for the 13th consecutive year</li> </ul> </li> <li><b>Nature/environment</b> <ul style="list-style-type: none"> <li>Initiatives aimed at reducing GHG emissions</li> <li>GHG emissions (Scope 1 and 2): -2% YoY</li> </ul> </li> </ul>
Year	Revenue	Operating profit	OP margin (%)																								
2017	175.9	30.6	17.4																								
2020	162.0	16.1	9.9																								
2021 <sup>4</sup>	174.0	9.5	5.5																								
2022 <sup>4</sup>	186.1	5.3	2.8																								
2023 <sup>4</sup>	201.5	19.2	9.5																								

\*1 Segment basis (after elimination of inter-segment transactions and after PPA)  
\*2 Pro-forma figures

\*3 Dunn-Edwards' performance was compared using the 2018 figures because the 2017 figures, the first year post-acquisition, only covered 10 months following its acquisition in March 2017  
\*4 The reportable segments were changed beginning in FY2022 1Q. Figures from 2021 onwards are based on the new reportable segments and include the overseas marine business.

The earnings for FY2020 have been adjusted retrospectively following the classification of the European automotive coatings business and the India businesses as discontinued operations after they were transferred to Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreements beginning with FY2021 4Q.

The earnings comparison with the time of acquisition are estimates because some assumptions used to estimate market shares at the time of acquisition are different from present assumptions due to a change in the accounting policy. Market shares are NPFD's estimates.

Assets	Financial outcomes		Non-financial outcomes	
<p><b>DuluxGroup (Consolidated)</b> (Pacific/Europe)</p>  <p>DuluxGroup operates in 22 countries in the mature Pacific (Australia, New Zealand and Papua New Guinea) and European markets with the top market share in the decorative paints market in four countries (including Australia) and is in the top three in terms of market share in a further six countries. DuluxGroup is driving growth of the Group with its consistent growth every year.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue from the decorative paints business increased from the previous year in both the Pacific and European markets, despite market volumes generally flat or declining from economic and geopolitical pressures, underpinned by ongoing focus on brand investment, innovation and customer service. Revenue from the adjacencies business increased, mainly due to the benefit of the new consolidation of NPT. This was partly offset by lower sales of External Thermal Insulation Composite System (ETICS) in Europe, due to reduced government incentives. Overall, our consolidated revenue rose by 14.4% YoY to JPY360.4 billion.</p> <p>Operating profit increased by 16.5% YoY to JPY34.6 billion, driven by the effects of new consolidation and revenue growth, coupled with the normalised gross profit margin (post COVID).</p>	<p><b>Growth since the acquisition (FY2019)</b></p> <p>Under the guidance of its excellent management team, DuluxGroup has consistently achieved strong earnings growth through focus on organic and inorganic strategic growth initiatives across its three strategic pillars.</p> <p>As a result, since the acquisition, revenue increased by 167.2%, with operating profit up 117.7%. DuluxGroup's focus on strategic M&amp;A has played an important role in complementing its organic growth initiatives, with over 30 acquisitions (including a mixture of strategic and small bolt-on businesses) executed since it joined Nippon Paint Group in 2019.</p>	<p><b>Revenue<sup>1</sup>/Operating profit<sup>1</sup></b> (YoY/growth since acquisition)</p> <p><b>JPY360.4 bn (+14.4%/+167.2%)</b> <b>JPY34.6 bn (+16.7%/+117.7%)</b></p> 	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Human resources/organizations</b> <ul style="list-style-type: none"> <li>Ratio of female employees: 33.4%</li> <li>Ratio of women in managerial positions: 30.5%</li> </ul> </li> <li><b>Nature/environment</b> <ul style="list-style-type: none"> <li>Controlled water usage through proper management following voluntary standards</li> <li>Water consumed: -10% YoY</li> </ul> </li> </ul>
<p><b>DGL (Pacific)</b> (Pacific)</p>  <p>DuluxGroup has the leading position in the mature Australian market and Dulux has about 80% unprompted brand awareness, which is almost double that of the next strongest brand, and is consistently voted Australia's most trusted paint brand.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue from the decorative paints business increased from the previous year despite flat volumes, with higher volumes in the trade-use market offset by lower retail market volumes (normalizing post-COVID). Revenue in the adjacencies business increased, mainly from the benefit of bolt-on acquisitions. Consequently, revenue rose 9.3% YoY to JPY222.5 billion.</p> <p>Operating profit increased by 9.3% YoY to JPY28.5 billion, as the effects of higher sales and normalized gross profit margin (post COVID) offset inflation-driven increases in SG&amp;A expenses.</p> <p>In terms of both volume and value, Dulux has successfully maintained its leading market share in the Australian decorative paints sector.</p>	<p><b>Growth since the acquisition (FY2019)</b></p> <p>By relentlessly focusing on continuous investment in premium brand products, consumer insights, innovations, marketing, customer services catering to retail and trade-use customers, DuluxGroup has continued to outpace the market growth. Furthermore, the company has complemented its consistent organic growth with multiple strategic and bolt-on acquisitions.</p> <p>As a result, since the acquisition, revenue has grown by 65.0% and operating profit by 79.4%.</p>	<p><b>Revenue<sup>1</sup>/Operating profit<sup>1</sup>/Market share<sup>3</sup></b> (YoY/growth since acquisition)</p> <p><b>JPY222.5 bn (+9.3%/+65.0%)</b> <b>JPY28.5 bn (+9.3%/+79.4%)</b> <b>50% (+0pp/+2pp)</b></p> 	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Human resources/organizations</b> <ul style="list-style-type: none"> <li>Implemented measures to increase the ratio of female employees in all job levels</li> <li>Ratio of female employees: 36.8%</li> <li>Ratio of women in managerial positions: 30.7%</li> <li>More than doubled female representation at the Top 200 senior leaders conference over 10 years, increasing to 35% in 2023 from 15% in 2013</li> <li>Investments in improving employee engagement</li> <li>Employee engagement (FY2021): 80% (+8 pp vs. FY2017)</li> </ul> </li> <li><b>Brands</b> <ul style="list-style-type: none"> <li>Improving the brand awareness</li> <li>Several DuluxGroup brands have been voted by consumers as Australia's most trusted brand in their respective product category, while Dulux is consistently voted one of Australia's most trusted brands overall and has industry-high brand recognition.</li> </ul> </li> <li><b>Nature/environment</b> <ul style="list-style-type: none"> <li>Initiatives aimed at reducing energy consumption – Commenced solar install program at operating sites to achieve target of 50% renewable electricity consumption by 2030.</li> <li>Renewable energy consumption (% of total): 2.4% (+1.0 pp YoY)</li> <li>Renewable electricity (% of total electricity consumption): 4.5% (+2.5 pp YoY)</li> </ul> </li> </ul>
<p><b>DGL (Europe)</b> (Europe)</p>  <p>DuluxGroup (Europe) has Cromology, which is the fourth largest in the European decorative paints market, and JUB, which is the market leader in decorative paints for interiors and ETICS in the market, and is accelerating growth, leveraging the management know-how of DuluxGroup.</p>	<p><b>FY2023 operating results</b></p> <p>Revenue from the decorative paints business increased from the previous year despite market volumes in most countries declining, most notably in France, due to economic and geopolitical factors. Revenue from the adjacencies business was higher, mainly from the new consolidation of NPT. Consequently, the overall revenue rose 23.9% YoY to JPY137.9 billion.</p> <p>As for operating profit, the increased revenue, benefit of new consolidation, and normalised gross profit margin (post COVID) offset the inflation-driven rise in SG&amp;A expenses. As a result, operating profit increased 69.4% YoY to JPY6.1 billion (the operating profit for 2022 includes one-off factors, such as step-up from PPA).</p> <p>Both Cromology and JUB have successfully maintained their leading positions in the key European decorative paints market in which they operate.</p>	<p><b>Growth since the acquisition (FY2022)</b></p> <p>DuluxGroup is leveraging its core growth capabilities that have contributed to its long term, consistent growth in the Pacific market to accelerate expansion, primarily through Cromology, the fourth largest player in the European decorative paints market, and JUB, a leader in central European decorative paint markets. Additionally, DuluxGroup is broadening its base in the adjacent SAF business through the acquisition of its interest in NPT, a specialist in adhesives and adhesives based in Italy.</p> <p>As a result, since the acquisition, revenue has risen by 26.4% with the acquisition of NPT offsetting market volume decline in France. Operating profit, fell by 37.2% primarily due to market contraction in France and NPT M&amp;A related costs.</p>	<p><b>Revenue<sup>5</sup>/operating profit<sup>5</sup></b> (YoY/growth since acquisition)</p> <p><b>JPY137.9 bn (+23.9%/+26.4%)</b> / <b>JPY6.1 bn (+70.4%/-37.2%)</b></p> 	<p><b>FY2023 results</b></p> <ul style="list-style-type: none"> <li><b>Human resources/organizations</b> <ul style="list-style-type: none"> <li>Ratio of female employees: 29.4%</li> <li>Ratio of women in managerial positions: 29.8%</li> </ul> </li> <li><b>Nature/environment</b> <ul style="list-style-type: none"> <li>Promoted the use of renewable energy</li> <li>Renewable energy consumption (% of total): 11% (-20 pp YoY)</li> <li>Renewable electricity consumption (% of total): 21% (-45 pp YoY)</li> </ul> </li> </ul> <p>* Continued solar use in JUB and renewable power purchase in Cromology, though at reduced rate versus 2022 due to market pricing changes.</p>

<sup>1</sup> Segment basis (after elimination of inter-segment transactions and after PPA)

<sup>2</sup> Pro forma figures. Including one-off items such as M&A cost

<sup>3</sup> Volume basis

<sup>4</sup> Due to a change in reporting segments within DuluxGroup, figures for 2022 and 2023 do not include Craig & Rose and Maison Deco

<sup>5</sup> The annotation has been revised to clarify that the 2021 figures represent the simple sum of Cromology and JUB figures. JUB's earnings for FY2022 are pro forma figures for 12 months and converted to JPY at the following exchange rate: EUR/JPY=138.5 yen.

Due to a change in reporting segments within DuluxGroup, figures for 2022 and 2023 include Cromology, JUB, NPT, Craig & Rose, and Maison Deco