



October 28, 2024

For immediate release

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**Notice Regarding Acquisition of AOC, a global specialty formulator**  
**(to Make It a Subsidiary)**

Nippon Paint Holdings Co., Ltd. (hereinafter referred to as “NPHD”) is announcing that it has entered into a purchase agreement (hereinafter referred to as the “Purchase Agreement”) under which NPHD has agreed to acquire all of the equity interests of LSF11 A5 TopCo LLC and its subsidiaries (hereinafter referred to as “AOC”), which is a specialty formulator\* operating chiefly in the United States and Europe, to make it a subsidiary of NPHD (hereinafter referred to as the “Acquisition”).

The Board of Directors of NPHD decided during its meeting held on September 26, 2024 to entrust the decision-making on the signing of the Purchase Agreement to both Representative Executive Officers and Co-Presidents of NPHD. Since all conditions have been met, NPHD has decided to formally sign the Purchase Agreement on October 28, 2024.

\* As a specialty formulator, the company is engaged in the formulation development, manufacturing, and distribution of unsaturated polyester (UP), vinyl ester (VE), and other solutions for CASE (Coatings, Adhesives, Sealants, and Elastomers), colorants, and composites. These products are used in construction, infrastructure, transportation, marine and other applications.

1. Reasons for the Acquisition

Nippon Paint Group (hereinafter the “Group”) pursues Maximization of Shareholder Value (MSV) as our sole mission by leveraging our Asset Assembler model. We will achieve this goal by compounding EPS (earnings per share) through both organic growth, driven by the expansion of existing businesses, and inorganic growth, achieved via good and low-risk mergers and acquisitions without limitations on regions, business areas, and scales. Additionally, we aim to maximize PER (price-to-earnings ratio) by enhancing capital market understanding and evaluations.

Backed by its broad customer base, including areas with significant growth potential, advanced technological capabilities that allow for high-level product customization tailored to customer needs, and flexible logistics network, AOC has secured a leading position in the US and European markets as a specialty formulator for CASE, colorants, and composite solutions. Additionally, the company features excellent cash generation capabilities, driven by excellent profitability and low capital expenditure requirements.

By joining the Group, AOC is expected to contribute to the sustainable compounding of EPS (earning per share) and aid in the growth of existing businesses through collaboration with group companies.

The Acquisition is expected to contribute to our EPS accretion from the first year. NPHD plans to finance the Acquisition through debt financing and does not intend to undertake equity financing.

## 2. Overview of the company to become NPHD's subsidiary

(1)	Name	LSF11 A5 TopCo LLC (AOC)	
(2)	Address	955 Highway 57 East, Collierville, TN, 38017-5205, United States	
(3)	Name and position of representative	Joseph Salley, Chief Executive Officer	
(4)	Description of business	A holding company overseeing operating companies engaged in formulation development, manufacturing and distribution of unsaturated polyester, vinyl ester, etc. for composites and related products	
(5)	Share capital	USD194 million (JPY 28,170 million) (as of December 31, 2023)	
(6)	Date of establishment	August 5, 2021	
(7)	Major membership interest holders and ratio of their shares	LSF11 A5 Parent, L.P. 100%	
(8)	Relationship with the listed company	Capital relationship	There are no capital relationships to be stated
		Personnel relationship	There are no personal relationships to be stated
		Transactional relationship	There are no business relationships to be stated
(9)	Financial situation and management results over the past three years		
Fiscal year	Fiscal Year Ended December 31, 2021	Fiscal Year Ended December 31, 2022	Fiscal Year Ended December 31, 2023
Consolidated total equity	USD -23 million (JPY -3,305 million)	USD 1,147 million (JPY 166,354 million)	USD 183 million (JPY 26,465 million)
Consolidated total assets	USD 3,242 million (JPY 470,066 million)	USD 3,204 million (JPY 464,592 million)	USD 2,979 million (JPY 432,022 million)

Consolidated net sales	USD 1,483 million (JPY 215,086 million)	USD 1,775 million (JPY 257,440 million)	USD 1,496 million (JPY 216,907 million)
EBITDA	USD 299 million (JPY 43,373 million)	USD 531 million (JPY 76,979 million)	USD 528 million (JPY 76,571 million)
Profit attributable to owners of parent	USD 133 million (JPY 19,337 million)	USD 236 million (JPY 34,194 million)	USD 131 million (JPY 18,966 million)

\* LSF11 A5 TopCo LLC is a holding company with entities such as AOC, LLC and AOC AG under its group.

### 3. Overview of the counterparties in the share acquisition

(1)	Name	LSF11 A5 Parent, L.P.	
(2)	Address	6688 North Central Expressway Suite 1600, Dallas, Texas 75206, United States	
(3)	Establishment basis	Limited Partnership under Delaware Law	
(4)	Purpose of formation	Investment	
(5)	Formation date	August 5, 2021	
(6)	Investors, investment ratios, and overview of investors	Lone Star Fund XI, L.P.	
(7)	Overview of general partner	Name	LSF11 A5 GP LLC
		Address	6688 North Central Expressway Suite 1600, Dallas, Texas 75206, United States
		Name and position of representative	Needhi Vasavada, President
		Description of business	General partner of holding company
		Share capital	Undisclosed due to confidentiality agreement
(8)	Relationship between the listed company and the fund	Capital relationship	There are no capital relationships to be stated
		Personal relationship	There are no personal relationships to be stated
		Business relationship	There are no business relationships to be stated

(9)	Relationship between the listed company and the general partner	Capital relationship	There are no capital relationships to be stated
		Personal relationship	There are no personal relationships to be stated
		Business relationship	There are no business relationships to be stated

4. Number of shares to be acquired, acquisition cost, and status of shares held before and after the share acquisition

(1)	Membership interest holding ratio before the transaction	0%
(2)	Membership interest to be acquired	100%
(3)	Acquisition price	USD2,304 million (JPY334,080 million)
(4)	Membership interest holding ratio after the transaction	100%

5. Schedule

(1)	Date of Board of Director's resolution	September 26, 2024
(2)	Date of formal decision	October 28, 2024
(3)	Date of execution of the Purchase Agreement	October 28, 2024
(4)	Closing date of the membership interest transfer	FY2025 1H (scheduled)

6. Outlook

The closing date of the Acquisition is scheduled for H1 2025. As a result, NPHD expects that the impact of the transaction on its earnings for the fiscal year ending December 31, 2024 will be insignificant.

Regarding AOC India Pvt Ltd under AOC Group, due to the timeline required for obtaining necessary approvals from Indian regulatory authorities, all shares will temporarily be transferred outside AOC Group before the closing date of the Acquisition. However, once the necessary approvals are obtained, AOC Group intends to promptly reacquire all shares in AOC India Pvt Ltd.

7. Advisor

BofA Securities Japan Co., Ltd. acted as lead financial advisor, Mizuho Securities Co., Ltd. acted as financial advisor and Davis Polk & Wardwell LLP acted as legal advisor.

\* The exchange rate used to prepare this document is USD 1.0 = JPY 145.0.

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