

# Maximization of Shareholder Value (MSV) — Our Sole Mission as Asset Assembler

We are Asset Assembler that pursues MSV as our sole mission, committed to the maximization of the shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders.

Our goal is to achieve MSV over the long term by leveraging our Asset Assembler platform.

» P20 Asset Assembler Model



# Asset Assembler

# Maximization of Shareholder Value (MSV)

We pursue Maximization of Shareholder Value (MSV) as our sole mission.

The diagram below shows stakeholder relationships using a profit and loss statement. Fulfilling our obligations to all stakeholders first and foremost is the primary premise. These obligations include not only legal ones but also social, ethical and sustainability obligations.

MSV is about maximizing residual value after fulfilling our obligations to all stakeholders. While obligations to stakeholders have upper limits, residual shareholder value has none.

## Profit & loss



» For detailed examples of how we fulfill our obligations to stakeholders, please refer to the "Our Sole Mission: Maximization of Shareholder Value (MSV)" [section](#) on our website.

# Maximization of Shareholder Value

# Pursuing the Maximization of Both EPS and PER Towards the Achievement of MSV

Stock price equates to EPS (earnings per share) multiplied by PER (price-to-earnings ratio).  
We aim to maximize both EPS and PER in pursuit of MSV.



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

# How Shareholder Value Is Maximized

We are dedicated to achieving MSV through the execution of strategic initiatives and measures designed to maximize EPS and PER.

## MSV Logic Tree

### Sustainability

#### Environment & Safety

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

- » P62 Environmental Strategy
- » P70 Safe People and Operations

#### People & Community

Recruit/train diverse employees  
+ Earn the trust of stakeholders

- » P65 Human Resource Strategy
- » P71 Growth with Communities

#### Innovation & Product Stewardship

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

- » P68 R&D Strategy

#### Corporate Governance

Monitor management  
+ Encourage risk-taking

- » P75 Corporate Governance
- » P87 Governance Discussions
- » P91 Risk Management

#### Sustainable Procurement

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

- » P72 Sustainable Procurement

Closely integrating sustainability into our business operations is the prerequisite for MSV

» P31 Sustainability as the Prerequisite for MSV

Maximize  
EPS

### Organic (existing businesses)

EPS growth backed by autonomous and decentralized management (improve market share and profitability)

Relentless pursuit of technologies, talents, intensive use of IT  
Vigorous pursuit of higher quality, lower cost, capex efficiency  
Utilization of our Asset Assembler platform

- » P23 Our Platform That Underpins Autonomous and Decentralized Management
- » P48 Our Strategy by Asset Presented by Co-President Wee
- » P51 Indonesia Business Strategy
- » P54 China Business Strategy
- » P59 Japan Group: Striving for Greater Profitability by Unifying Efforts and Overcoming Organizational Barriers and Boundaries

### Inorganic (M&A)

EPS compounding through M&A

Rally targets aspiring to join the federation  
Strive to lower funding cost & risk and maintain high PER

- » P47 M&A Strategy
- » P29 Our Strategy for Maximizing PER

### Balance-sheet management

Rigorous financial discipline

Debt leverage with market acceptance  
+ Equity financing with EPS accretion

- » P44 Our Finance Strategy Presented by Co-President Wakatsuki

### Communications with capital markets

Nurture market expectations

Ingrain equity story + Increase engagement  
+ Enhance disclosure materials

- » P27 Management Focused on Stock Price
- » P29 Our Strategy for Maximizing PER

Maximize  
PER

# MSV Logic Tree

# Our Value Creation Model

We aim to maximize both EPS and PER from a long-term perspective, while harnessing the advantage of our platform based on our Asset Assembler model, towards the achievement of MSV.

## Outcome MSV

Maximization of Shareholder Value

## Maximization of PER

» See pages 3-4.

## Management Structure

Autonomous and decentralized management

## Maximization of EPS

Fulfillment of obligations to all our stakeholders

### Input

Leveraging management resources via our platform

» See page 23.

### Medium- to long-term outlook

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

## Our Business Model

Asset Assembler model » See page 19.

Inorganic MSV Organic

EPS compounding through M&A

EPS growth backed by autonomous and decentralized management



### Output

Building up and strengthening financial and non-financial resources

## Strategy

Medium- to long-term management strategy

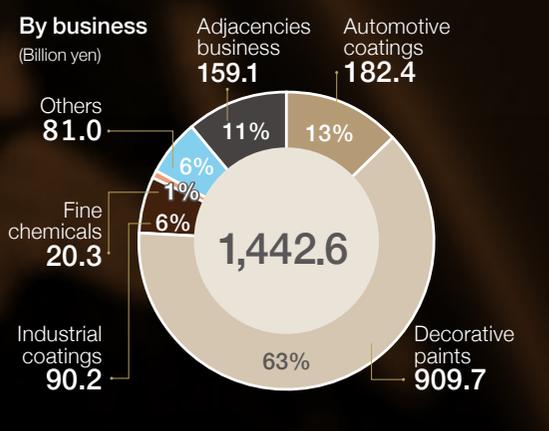
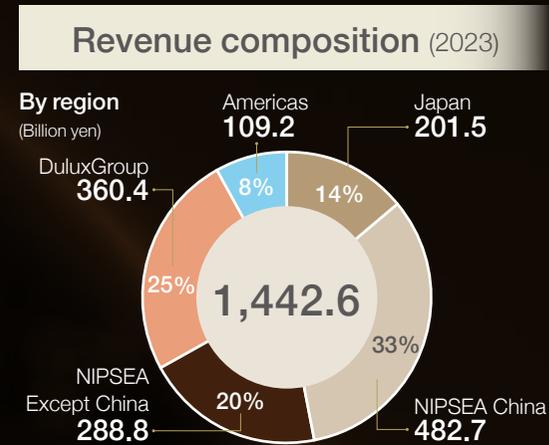
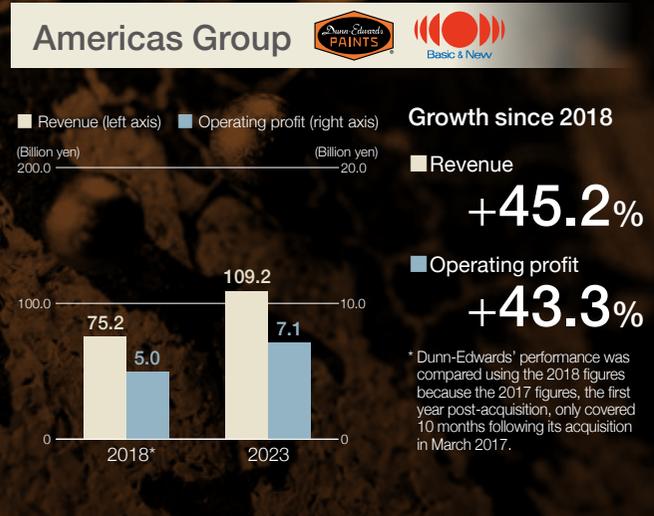
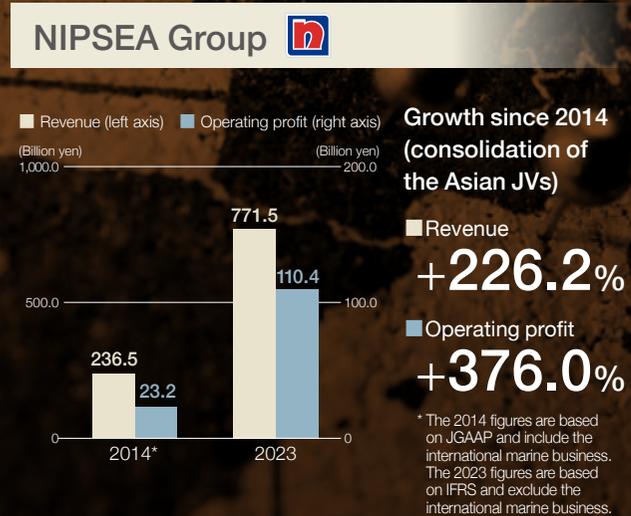
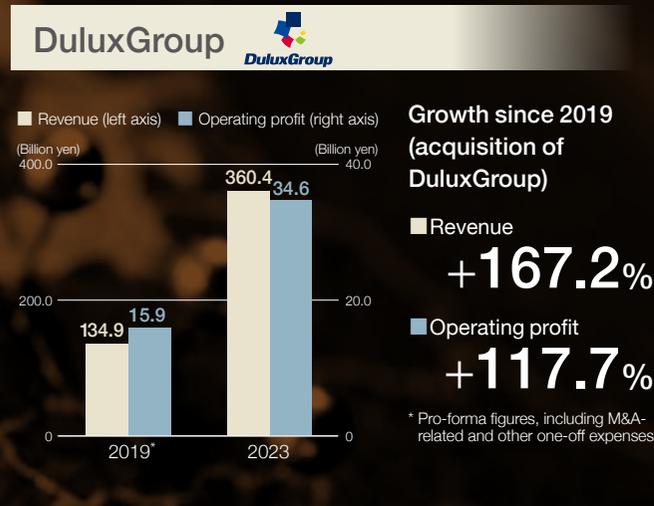
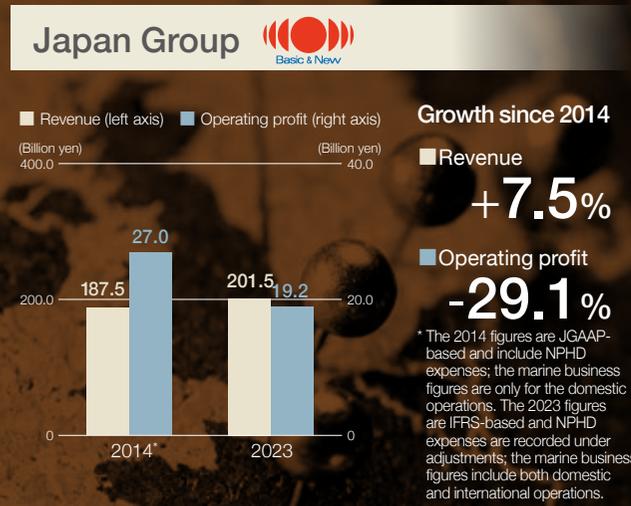
» See page 38.

- Corporate Governance » See page 75.
- Risk Management » See page 91.
- Global Code of Conduct » See page 91.
- Basic Policy on Sustainability » See page 31.

# Value Creation

# Our Asset Portfolio

Following the consolidation of the Asian JVs in 2014, Nippon Paint Group has aggressively expanded operations globally. We have built up our asset portfolio comprising Japan Group, NIPSEA Group, DuluxGroup, and the Americas Group.



» For growth analysis by asset, please refer to the "Asset Management Report" section on our website.

# Excellent Assets

# Human Capital as the Key to Achieving MSV

Human capital is the key to our Asset Assembler model and serves as the primary engine of our growth.

Through the distinct roles carried out by our Co-President structure, majority shareholder Wuthelam Group, the Board of Directors, and every individual within each partner company (from the CEO and executives to employees), we strive to achieve MSV — our common values and mission.

## MSV



### Our majority shareholder Wuthelam Group

- A long-term business partner of ours for 62 years that operates investment management business as a private asset management company
- Shares with us MSV as the same values and basis of judgment and is fully aligned with the interests of minority shareholders



### Co-President structure

Supported by a robust partnership, each Co-President undertakes their respective duties while jointly making management decisions, executing corporate actions that contribute to MSV.



Wee Siew Kim

Yuichiro Wakatsuki



### The Board of Directors

- All the Board members are aligned in the pursuit of MSV
- Rigorous safeguarding of minority shareholder interests
- Our proficiency in M&A built on rich experience



### Excellent assets

CEOs

Managers and employees



New M&A endeavors



CEOs

Managers and employees

### Partner companies

- 10-plus years of management experience in the paint and adjacencies businesses
- With relentless pursuit of growth, launching new businesses and tapping into new markets
- Strong leadership driving market share expansion
- Insatiable appetite for growth embodying the LFG (Lean For Growth) and other codes of conduct
- Professionals with extensive product knowledge and applied technologies/skills
- Ability to agilely and flexibly respond to market trends and customer needs

New M&A endeavors



### Excellent assets

CEOs

Managers and employees



# Our Talent. Our Growth Driver

## Letter to Investors: Insights from the Integrated Report 2024

We aim to maximize both EPS and PER from a long-term perspective, while harnessing the advantage of our platform based on our Asset Assembler model, towards the achievement of MSV.



Since the inception of our [Medium-Term Plan \(FY2021-2023\)](#) in 2021, our Group has navigated through an increasingly complex and challenging business environment. Prolonged impact of the global pandemic, heightened geopolitical risks, supply chain disruptions, and inflation-driven surges in raw material costs have all tested our resilience. Supported by the resilient demand that characterizes our businesses, we have leveraged the power of our market-leading brand across various countries and regions, along with the associated pricing advantage. Furthermore, our strategic and consistent acquisition of high-quality companies has significantly bolstered our capabilities. As a testament to our strategic foresight and operational excellence, we have achieved record-breaking revenue and operating profit during this period, significantly surpassing the guidance outlined in our Medium-Term Plan.

We firmly believe the cornerstone of our strength lies in our unique [Asset Assembler model](#), meticulously crafted to fulfill our sole mission: Maximization of Shareholder Value (MSV). In our [Medium-Term Strategy](#), unveiled in April 2024, we have redefined our unique advantages as Asset Assembler, emphasizing sustainable EPS compounding through both organic and inorganic growth avenues. Our commitment is unwavering in unlocking the full potential of our assets to drive organic growth. Simultaneously, we are dedicated to pursuing mergers and acquisitions that facilitate safe and sustainable EPS compounding, thereby tapping into and maximizing the latent potential of the assets we acquire. Moreover, we aim to optimize the PER by fostering the capital markets' conviction in our proven track record of EPS compounding. We are focused on building proper expectations for the continued sustainable

compounding of our EPS, ensuring that we consistently deliver on our promises.

We sincerely value and are grateful for the unwavering support and insightful guidance from our investors.

July 31, 2024

Director, Representative  
Executive Officer &  
Co-President

Director, Representative  
Executive Officer &  
Co-President

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#### Integrated Report 2024 production process



#### Participation and involvement of the management

The management is actively involved in the Plan and Create phases of the production processes. In particular, Directors, Representative Executive Officers & Co-Presidents Yuichiro Wakatsuki and Wee Siew Kim and Lead Independent Director Masayoshi Nakamura engaged in the Create phase by participating in the planning meeting several times to discuss the concept, contents, and design of the Report.

#### Period and scope

Period covered: January 1 to December 31, 2023 (Information on some activities after January 2024 is also included as necessary)

Scope of the Report: Nippon Paint Holdings (NPHD) and its consolidated subsidiaries around the world

#### Accounting standard:

Unless stated otherwise, figures to FY2017 are based on JGAAP and figures from FY2018 onwards are based on IFRS.

#### Publication date

July 2024 (published annually)

#### Referenced reporting guidelines

- Integrated Reporting Framework developed by IFRS Foundation (former Value Reporting Foundation)
- Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry
- Intellectual Property and Intangible Assets Governance Guidelines by the Cabinet Office
- Sustainability Accounting Standards Board (SASB) standards, etc.



#### Notice concerning forward-looking statements

The forward-looking statements in this Report are based on information available at the time of preparation and involve inherent risks and uncertainties. The actual results and performance of Nippon Paint Holdings Co., Ltd. and Nippon Paint Group may differ significantly from these forward-looking statements. Please be advised that Nippon Paint Holdings Co., Ltd. and information providers shall not be responsible for any damage suffered by any person relying on any information or statements contained herein.

#### Inquiries about this Report

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# Information Disclosure Structure

Our Integrated Report presents our management approach and strategy as Asset Assembler with an emphasis on storytelling.

Supplementary case studies and basic information that complement the Integrated Report are available on our website and Investor Book.

## Integrated Report

The Report explains our basic approaches, policies, and strategic stories to give investors a much clearer and deeper understanding of our Group.



### Declaration of Authenticity

I am pleased to present the Integrated Report as we navigate through our third year as Asset Assembler. This Report meticulously compiles key information into a coherent and rational narrative, demonstrating how we leverage our platform to maximize EPS both in the short and long term. We also highlight the critical importance and advantages of our human capital, which forms the foundation of our sole mission of MSV, from various perspectives.

The creation of this Integrated Report has been a collaborative effort, involving close cooperation between our departments in Japan and overseas. It also included multiple consultations with our Board of Directors, including the Co-Presidents and the Board Chair. I affirm the

authenticity and sincerity with which this Report has been prepared.

In developing this Report, we have referenced the Integrated Reporting Framework by the IFRS Foundation, the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry, the Intellectual Property and Intangible Assets Governance Guidelines by the Cabinet Office, and the SASB Standards, among others. Additionally, we have incorporated valuable input from our global investors.

We invite you to thoroughly review this Report and share your candid feedback. We hope that this Integrated Report will foster further engagement with our investors and assist us in achieving our MSV goals.

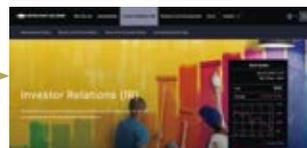
**Yuichiro Wakatsuki**

Director, Representative Executive Officer & Co-President

## Website

Our website provides detailed and comprehensive content including information and data, as well as case examples in each region/market needed for a deep understanding of our Group.

### Investor Relations (IR)



#### Key content

- Management Policy
- Reports and Presentations (Annual Securities Report (only available in Japanese), financial statements, etc.)
- Stock and Corporate Bonds
- Financial and ESG Data
- Information for Individual Investors (only available in Japanese)

### Sustainability



#### Key content

- Sustainability Initiatives
- Innovation
- Environment
- Society
- Governance
- Sustainable Procurement
- ESG Library

» For financial and non-financial data from previous years, please refer to the "Financial and ESG Data" section on our website.

## Investor Book

Investor Book provides basic information and data useful for investors who are looking into our Group for the first time.

### Investor Book



### Key content

Category		Content
M&A	<a href="#">M&amp;A Strategy</a>	M&A basic policy and track record (a tabulation of information about our key M&A deals including the year, region, business activities, market share and revenue growth of acquired companies, etc.)
	<a href="#">M&amp;A information</a>	Press releases, presentation materials, presentation summaries, Q&A summaries, and on-demand videos of investor briefing meetings
	<a href="#">Asset Management Report</a>	Reports on the growth of each asset company since their acquisition and their most recent performance
Human capital	<a href="#">Human resources management</a>	Basic approach, Management system, Human capital for sustained growth, Recruitment of a diverse range of human resources, and training of managers, Career management, Labor practices, Improvement of employee engagement
	<a href="#">Diversity, Equity, and Inclusion</a>	Basic policy, Management system, Ensuring and enhancing diversity, work-life balance initiatives, Establishment of Working from Home System, Encouraging men to take childcare leave
	<a href="#">Human rights</a>	Basic approach, Policy implementation structure, Due diligence in human rights, Establishment of a harassment help desk
	<a href="#">Human Resource Development Initiatives Aimed at MSV</a>	Our path for reforming the mindset of employees, J-LFG Awards, Feedback from award winners
	<a href="#">Viewpoints of Independent Directors</a>	Our Independent Directors provide their thoughts about our Company's appeal and challenges

### Key content

Category		Content
M&A	Fundamental information about partner companies	Company overview, performance trends, sales composition, market share, SWOT analysis
	The list of major brands	Major brands of each partner company