

[Translation]

October 20, 2021

For immediate release

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**Notice Regarding Acquisition of Shares of Cromology Holding SAS by Our Indirectly Owned Subsidiary
(Conversion into an Indirectly Owned Subsidiary)**

Nippon Paint Holdings Co., Ltd. (NPHD) is announcing that DuluxGroup Limited (DuluxGroup), its consolidated subsidiary, has committed to acquire the share capital of Cromology Holding SAS (Cromology) and its subsidiaries to make them indirectly owned subsidiaries of NPHD (the “Acquisition”). The share acquisition will be conducted through DGL International (UK) Ltd, a UK-based company newly established by DuluxGroup. Cromology is engaged in manufacturing and sale of decorative paints and other paint-related products in Europe. DuluxGroup has entered into a Put Option Agreement with the main shareholders of Cromology, including notably the Wendel group through its subsidiary Winvest International SCS FIAR, pursuant to which DuluxGroup committed to acquire Cromology. In case of exercise of such Put Option by the main shareholders of Cromology further to the completion of the consultation of the relevant works council of the Cromology group on this proposed transaction, which is compulsory under French law, Dulux Group and Cromology’s shareholders will execute a Share and Purchase Agreement.

The Board of Directors of NPHD decided during its meeting held on October 13, 2021 to entrust the decision-making on the signing of the Put Option Agreement, to which a draft Share Purchase Agreement is attached, to the Representative Executive Officers and Co-Presidents. Since all conditions have been met, we have decided to formally conclude the Put Option Agreement on October 20 2021.

1. Reasons for the acquisition of shares

The Nippon Paint Group is pursuing Maximization of Shareholder Value as its ultimate objective. Toward achieving this goal, our New Medium-Term Plan has set targets to achieve revenue growth that outpaces the market growth in our operating regions by promoting growth strategies in our operating regions and businesses based on Powerful Partnerships between our Group partner companies. In addition, we are aggressively pursuing M&A activities by leveraging the high growth potential and stable cash flows of the paint market in order to firmly establish our sustainable growth and further increase our market presence around the world.

The European paint market is the world’s second largest* following the China market and has prospects for stable growth. Cromology is the fourth largest architectural paints manufacturer in Europe. As a market leader in the architectural

paints market, Cromology operates in broad markets in Europe with high market share, rated top 3 in France, Italy, Spain and Portugal.

Under the Nippon Paint Group’s ownership, combining the Group’s investment capacity and capability in brand management, marketing and innovation, with a recognized local brand and strong trade and retail relationships, would give access to scale across France, Spain, Italy and Portugal and subsequently into other major European markets, including some new Central European countries.

Cromology would provide the right level of scale, volume and manufacturing capability to form the entry point into building a decorative Paint and Coatings business in Europe, and provide the platform to bolt in other acquisitions

Cromology’s integrated wholly owned network of 386 company operated stores across France, Portugal and Switzerland presents an opportunity to leverage DuluxGroup’s operational capability in running trade centers. It also provides a strong platform to leverage DuluxGroup’s capabilities in selling to DIY consumers in retail channels such as big box hardware and independent hardware. Finally, it also presents an opportunity to launch other brands in the DuluxGroup’s portfolio, including in Woodcare and Texture coatings and Sealants, Adhesives & Fillers.

The contemplated Acquisition is expected to contribute to be EPS accretive from the first year of acquisition. The shares of Cromology would be acquired by DGL International (UK) Ltd, a UK-based company newly established by DuluxGroup using funds provided by NPHD through borrowings from financial institutions. Nippon is not proposing to raise equity funding.

*Source: Global Market Analysis for the Paint & Coatings Industry (2019-2024) published by American Coatings Association. <https://paint.org/market>

2. Overview of our indirectly owned subsidiary acquiring shares of Cromology

(1)	Name	DGL International (UK) Ltd	
(2)	Address	Suite 1, 3rd Floor, 11-12 St James's Square, London SW1Y 4LB UK	
(3)	Names and positions of representatives	Andrew John Ryan, Director Richard Paul Stuckes, Director	
(4)	Description of business	A holding company	
(5)	Capital stock	To be determined *2	
(6)	Date of establishment	October 4, 2021	
(7)	Major shareholders and ownership ratio	DuluxGroup (Investments) Pty Ltd : 100%	
(8)	Relationship with the listed company	Capital relationship	The Company indirectly owns 100% of the shares of DGL International (UK) Ltd

*2 Capital stock is not determined yet because the relevant company is newly established and is undergoing various procedures associated with company establishment.

3. Overview of our indirectly owned subsidiary to be transferred

(1)	Name	Cromology Holding SAS
(2)	Address	Clichy, France
(3)	Names and positions of representatives	Loïc Derrien, CEO
(4)	Description of business	Manufacture and sale of paint and adjacent non-paint products

(5)	Stated capital	EUR 244mn (JPY 31,976mn)		
(6)	Date of establishment	June 6, 2006		
(7)	Major shareholders and ownership ratio	Wendel (through Winvest International SCS FIAR) 94.8% Others 5.2%		
(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)	Management results and financial situation over the last three years			
	Fiscal year ended	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
	Total equity	EUR 214mn (JPY 28,045mn)	EUR 302mn (JPY 39,577mn)	EUR 313mn (JPY 41,019mn)
	Total assets	EUR 819mn (JPY 107,330mn)	EUR 882mn (JPY 115,586mn)	EUR 899mn (JPY 117,814mn)
	Net sales	EUR 665mn (JPY 87,148mn)	EUR 668mn (JPY 87,541mn)	EUR 628mn (JPY 82,299mn)
	EBITDA	EUR 29mn (JPY 3,800mn)	EUR 42mn (JPY 5,504mn)	EUR 64mn (JPY 8,387mn)
	Profit	EUR -116mn (JPY - 15,202mn)	EUR -37mn (JPY - 4,849mn)	EUR 8mn (JPY 1,048mn)
	Dividends	EUR 0.00mn (JPY 0.00mn)	EUR 0.03mn (JPY 4mn)	EUR 0.00mn (JPY 0.00mn)

4. Overview of the counterparties in the share transfer

(1)	Name	Wendel		
(2)	Address	Paris, France		
(3)	Names and positions of representatives	André François-Poncet, CEO		
(4)	Description of business	Listed investment company		
(5)	Stated capital	EUR 179mn (JPY 23,458 mn)		
(6)	Date of establishment	December 4, 1871		
(7)	Major shareholders and ownership ratio	Wendel-Participations SE	39.3%	
		Institutional investors	37.7%	
		Individual shareholders	18.8%	
		Treasury shares	2.0%	
		Employees and members of the Executive Board	0.9%	
		Other	1.4%	
(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	There are no business relationships to be stated.	

	relationship		
	Status as a related party	There are no applicable circumstances to be stated.	
(9) Management results and financial situation over the last three years			
Fiscal year ended	Fiscal Year Ended December 31, 2018	Fiscal Year Ended December 31, 2019	Fiscal Year Ended December 31, 2020
Total equity	EUR 2,160mn (JPY 283,068mn)	EUR 2,423mn (JPY 317,534mn)	EUR 2,004mn (JPY 262,624mn)
Total assets	EUR 7,962mn (JPY 1,043,420mn)	EUR 8,670mn (JPY 1,136,204mn)	EUR 7,410mn (JPY 971,081mn)
Consolidated net sales	EUR 8,389mn *4 (JPY 1,099,378mn)	EUR 8,110mn (JPY 1,062,816mn)	EUR 7,459mn (JPY 977,502mn)
Operating income	EUR 676mn (JPY 88,590mn)	EUR 726mn (JPY 95,142mn)	EUR 300mn (JPY 39,315mn)
Profit	EUR 280mn (JPY 36,694mn)	EUR 626mn (JPY 82,037mn)	EUR -231mn (JPY - 30,273mn)
Dividend per share	EUR 2.80 (JPY 367)	EUR 2.80 (JPY 367)	EUR 2.90 (JPY 380)

*4: In 2018, sales didn't include the sales of Tsebo, in accordance with IFRS 5.

5. Number of shares transferred, and status of shareholdings before and after the transfer

(1)	Number of shares held before the change	0 shares (Percentage of shareholding: 0.0%)
(2)	Number of shares to be transferred	52,594,858 shares
(3)	Acquisition price	EUR 1,152 mn (JPY 150,970 mn)
(4)	Number of shares held after the change	52,594,858 shares (Percentage of shareholding: 100.0%)

6. Schedule

(1)	Date of resolution by the board of directors	October 20, 2021
(2)	Date of execution of the Put Option Agreement	October 20, 2021
(3)	Closing date of the Share Transfer	Scheduled for H1 2022

7. Future outlook

The date of execution of the share transfer is scheduled for H1 2022. As a result, we expect that the impact of the transaction on our earnings for the fiscal year ending December 31, 2021 will be insignificant.

8. Advisors

HSBC acted as financial advisor and Clifford Chance acted as legal counsel to DuluxGroup.

*The exchange rate used to prepare this document is EUR 1.0 = JPY 131.05, which is the same exchange rate used to calculate the revision of the consolidated earnings forecast for the fiscal year ending December 31, 2021 released on October 12, 2021.

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