

### SWOT analysis

#### Strengths

- Top share in the domestic industrial coatings market
- Diverse business portfolio in various segments enabling quick response to market growth and opportunities

#### Weaknesses

- Slower growth of existing businesses in the domestic market

#### Opportunities

- Development of high value-added products meeting needs for environmental and labor-saving products
- New markets creation such as for anti-viral products for the current and post-pandemic situation

#### Threats

- Intensifying competition in the domestic market where growth is slow due to the COVID-19 pandemic

## Takeishi Shiotani

Representative Director and President

### Market outlook

We forecast the domestic industrial coatings market to decrease about 1% overall, but expect demand for environmental and labor-saving products to support growth in the market for powder coatings. We anticipate ongoing strong growth in the industrial coatings market overseas, particularly in Asia

### Strategy for FY2021-2023

Create new businesses, including for the post-pandemic market, solidify our existing business positions, and accelerate business expansion overseas through collaborations with overseas partner companies. Practice ESG-driven management and deliver both economic and social value to contribute to sustainable development of industrialized society

# Nippon Paint Industrial Coatings Co., Ltd. (NPIU)

NPIU specializes in coatings for general industrial applications (other than automotive coatings) with a mission to contribute to developing industrialized society by offering new value that opens doors for next-generation paint and coatings. The company manufactures and sells paints and coatings for industrial products ranging from building and home exterior materials, home appliances, office furniture, to construction & agricultural machinery, railway and other equipments. The company also sells painting and coating equipment and manufactures and sells functional materials in the fine chemical field.

### Growth strategy for FY2021-2023

NPIU is focusing primarily on advancing the two initiatives of reforming our business structure and executing ESG-driven management, which we plan to bring to completion in FY2023.

The first initiative is the reform of business structure. The domestic market for our existing businesses has matured and is under intense competition. Under these circumstances, we will realign our business structure and create a high-growth, high-profit business model geared to the market trends and local conditions for each business.

We will establish a solid market position for our core powder coatings business by fully integrating the production, sales, and technology processes to take advantage of the

growing demand for environmental and labor-saving products. In the coil coating business, we will establish a dominant position in the domestic market and collaborate with partner companies to accelerate business expansion overseas. The paints and coatings business will develop new products and technologies to cement our presence in the Japanese market and step up our drive to become a major global provider of products for construction and agricultural machines and railway cars.

The creation of a second core business that has begun during the previous medium-term management plan will continue to focus on increasing sales of strategic products in the industrial coatings and decorative paints markets and expanding business for heat shield and high-durability white road striping paints.

We are also responding to opportunities to create new demand arising from developments in society, specifically from the current and anticipated post-pandemic conditions and the trend for remote-based activities. In this direction, we launched sales of PROTECTON Barrierax™ Spray in July 2021. Moreover looking ahead to the age of self-driving cars, we are developing a new business for sensing,

insulation, and heat-resistant products for the CASE (connected, autonomous, shared, and electric) automotive field. We will also invest in DX, IoT, and automation to improve efficiency, advance strategies, and enhance profitability in our existing and new businesses.

The second initiative is to execute ESG management. Current environmental measures aimed at reducing greenhouse gas emissions include the energy-saving design and centralized electricity management at the new powder paints facility in the Chiba Plant, our mother plant. The strategies for the supply chain and information and communications technology (ICT) are to actively install business integration tools and systems to facilitate redesigning and constructing seamless business operating processes from order receipt through manufacturing and sales. The human resources strategy includes DX and assigning employees to further our globalization using the new Groupwide job-description-type personnel system.

These initiatives will transform us into a high added value, high management efficient, and high profit smart company with the competitive strength to propel its businesses from Japan to the world.