



October 29, 2021

For immediate release

Company: Nippon Paint Holdings Co., Ltd.
Representative: Yuichiro Wakatsuki
Representative Executive Officer & Co-President
Wee Siew Kim
Representative Executive Officer & Co-President
(Code: 4612; TSE 1st Section)
Contact: Ryosuke Tanaka
General Manager of Investor Relations
(TEL: +81-50-3131-7419)

Notice of Acquisition of Shares of DP JUB delniška družba pooblaščenka d.d. by Our Indirectly Owned Subsidiary (Conversion to an Indirectly Owned Subsidiary)

Nippon Paint Holdings Co., Ltd. (NPHD) has decided that DuluxGroup Limited (DuluxGroup), its consolidated subsidiary, will acquire shares of DP JUB delniška družba pooblaščenka d.d. (JUB) and JUB's subsidiaries, etc. to make them indirectly owned subsidiaries of NPHD (the "Acquisition"). JUB manufactures and sells decorative paints, External Thermal Insulation Composite Systems (ETICS) and other paint-related products in Central and Eastern Europe. DuluxGroup has entered into a conditional share sale and purchase agreement.

The Board of Directors of NPHD decided during its meeting held on October 5, 2021 to entrust the decision-making on the signing of the share transfer agreement to the Representative Executive Officers & Co-Presidents. Since all conditions have been met, we have decided to formally conclude the agreement on October 29, 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's growth in our operating regions by promoting growth strategies in our operating regions and businesses based on Powerful Partnerships among our Group companies. In addition, we are aggressively pursuing M&A activities by leveraging the high growth potential and stable cash flows of the paint market to entrench sustainable growth and further increase market presence around the world.

The European paint market is the world's second largest*¹ following the China market and has prospects for continuing steady growth. JUB is a manufacturer of decorative paints, ETICS and other paint-related products, with a market presence and an extensive distribution network in Central Europe centered on Slovenia, Serbia, Croatia, and Bosnia and Herzegovina. JUB is one of the market leaders in

interior paints in Slovenia, Croatia, and Bosnia and Herzegovina and in façade paints in Slovenia, Serbia, and Bosnia and Herzegovina, commanding a market leading position.

The Acquisition will allow JUB to better use its extensive distribution network and recognized brands in Central Europe under the Nippon Paint Group to create synergies with DuluxGroup and other Group companies. By taking these actions, the Nippon Paint Group will aim to build a bridgehead for the decorative paints, ETICS and the paint related businesses in the Central and Eastern European markets.

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

*1 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 JUB

(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)	Stated capital	Not Applicable*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 subsidiaries to be transferred

(1) DP JUB delniška družba pooblaščenka d.d.

(1)	Name	DP JUB delniška družba pooblaščenka d.d.
(2)	Address	Dol pri Ljubljani 28, 1262 Dol pri Ljubljani, Slovenija
(3)	Names and positions of representatives	Sašo Kokalj, Director
(4)	Description of business	A holding company
(5)	Stated capital	EUR 2.5 mn (JPY 334 mn)

(6)	Date of establishment	March 24, 1998	
(7)	Major shareholders and ownership ratio	Štefan Hoyer : 6.13% Zlata Zgonc Hoyer : 5.35% Tatjana Habič Logar : 4.63% Darij Velkavrh : 4.54% Others : 79.34%	
(8)	Relationship with the listed company	Capital relationship	Not applicable
		Personnel relationship	Some of the owners are employees, former employees or family members of employees, and former employees of JUB d.o.o.
		Transactional relationship	Not applicable
(9)	Management results and financial situation over the last three years*3		
Fiscal year ended	December 2018	December 2019	December 2020
Total equity	EUR 60 mn (JPY 7,863 mn)	EUR 65 mn (JPY 8,518 mn)	EUR 75 mn (JPY 9,829 mn)
Total assets	EUR 92 mn (JPY 12,057 mn)	EUR 97 mn (JPY 12,712 mn)	EUR 95 mn (JPY 12,450 mn)
Net sales	EUR 111 mn (JPY 14,547 mn)	EUR 113 mn (JPY 14,809 mn)	EUR 115mn (JPY 15,071 mn)
Income before taxes	EUR 4 mn (JPY 524 mn)	EUR 8mn (JPY 1,048 mn)	EUR 13 mn (JPY 1,704 mn)
Profit	EUR 3 mn (JPY 393 mn)	EUR 6 mn (JPY 786 mn)	EUR 9 mn (JPY 1,179 mn)
Dividend per share	-	-	-

*3 DP JUB d.d, Group - consolidated figures that include DP JUB d.d., JUB kemična industrija d.o.o and its subsidiaries.

(2) JUB kemična industrija d.o.o.

(1)	Name	JUB kemična industrija d.o.o.
(2)	Address	Dol pri Ljubljani 28, 1262 Dol pri Ljubljani, Slovenia
(3)	Names and positions of representatives	Sašo Kokalj, Managing Director Dragan Stajić, Managing Director Mitja Cesar, Managing Director
(4)	Description of business	Manufacturer of paints and coatings
(5)	Stated capital	EUR 5.28 mn (JPY 692 mn)
(6)	Date of establishment	November 19, 2007
(7)	Major shareholders and ownership ratio	DP JUB D.D. : 87.70% Štefan Hoyer : 2.38% Zlata Zgonc Hoyer : 2.04%

	Darij Velkavrh	: 1.89%	
	Others	: 5.99%	
(8)	Relationship with the listed company	Capital relationship	Not applicable
		Personnel relationship	Some of the owners are employees, former employees or family members of employees, and former employees.
		Transactional relationship	Not applicable
(9) Management results and financial situation over the last three years*4			
Fiscal year ended	December 2018	December 2019	December 2020
Total equity	EUR 58 mn (JPY 7,601 mn)	EUR 62 mn (JPY 8,125 mn)	EUR 72 mn (JPY 9,436 mn)
Total assets	EUR 92 mn (JPY 12,057 mn)	EUR 97 mn (JPY 12,712 mn)	EUR 95 mn (JPY 12,450 mn)
Net sales	EUR 111 mn (JPY 14,547 mn)	EUR 113 mn (JPY 14,809mn)	EUR 115 mn (JPY 15,071 mn)
Income before taxes	EUR 4 mn (JPY 524 mn)	EUR 8 mn (JPY 1,048mn)	EUR 13 mn (JPY 1,704 mn)
Profit	EUR 4 mn (JPY 524 mn)	EUR 7 mn (JPY 917 mn)	EUR 11 mn (JPY 1,442 mn)
Dividend per share	-	-	-

*4 JUB d.o.o. Group and its subsidiaries consolidated.

4. Overview of the Sellers

(1)	Name	Individual investors
(2)	Relationship between the company and the sellers	Employees, former employees and other

5. Status of ownership ratio before and after the transfer

(1)	Ownership ratio before the transfer	DP JUB delniška družba pooblaščenka d.d.: 0.0% JUB kemična industrija d.o.o.: 0.0%
(2)	Equity interest to be transferred	DP JUB delniška družba pooblaščenka d.d.: 99.8% JUB kemična industrija d.o.o.: 99.8%*5
(3)	Acquisition price	EUR 194.5mn (JPY 25,489mn)
(4)	Ownership ratio after the transfer	DP JUB delniška družba pooblaščenka d.d.: 99.8% JUB kemična industrija d.o.o.: 99.8%*5

*5 Including the shares owned by DP JUB delniška družba pooblaščenka d.d.

6. Schedule

(1)	Date of resolution by the board of directors	October 29, 2021 (today)
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(2)	Date of execution of the Share Purchase Agreements	October 29, 2021 (today)
(3)	Closing date of the Share Transfer	H1 2022 (scheduled)

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.

Note : 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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