

Development of Our Business Model and Evolution of Our Growth Strategy

Corporate actions

Reforms of cost structure implemented in Japan

- ▶ Kenji Sakai appointed President & CEO Survival Challenge Program launched (April 2009)
- ▶ Consolidation of the Asian JVs announced (February 2014)
- ▶ Transition to a holding company structure (October 2014)

Capturing demand in the high growth Asian markets

- ▶ Domestic business restructuring, separation of operating companies by lines of business
- ▶ Tetsushi Tado appointed President & CEO (April 2015)
- ▶ Acquisition of U.S. Dunn-Edwards announced (December 2016)

Solid regional and business portfolio established

- ▶ Increase of Outside Directors based on a shareholder proposal submitted by Wuthelam Group (January 2018)
- ▶ Appointment of Masaaki Tanaka as Executive Chairman of the Board, Representative Director of the Board announced (February 2019)
- ▶ Acquisition of Australian DuluxGroup and Turkish Betek Boya announced (April 2019)
- ▶ Appointment of Masaaki Tanaka as President & CEO announced (September 2019)
- ▶ Transition to a Company with Three Committees (March 2020)

Medium-Term Plan

2009-2014

Survival Challenge Program I & II
(Released in May 2009)

Basic strategy

- ▶ Reform the cost structure/expand sales and profit of existing businesses/create new markets
- ▶ Reinforce sustainable growth and the profitable business structure in Asia/reinforce the earnings base in North America

Quantitative targets/results	2014 (JGAAP)	
	Plan	Results
Net sales	¥250.0 bn	¥260.6 bn
Operating income	¥25.0 bn	¥33.4 bn
Operating income margin	10.0%	12.8%

Outcomes

- ▶ Significantly improved profitability and achieved targets through rigorous cost saving mainly in Japan

Challenges

- ▶ Drastically reduced costs including spending on long-term investment as part of emergency measures to respond to the global financial crisis, which is the cause of the current aging facilities and workforce
- ▶ Growth in China and other Asian countries achieved through the Asian JVs, which were consolidated in FY2014

2015-2017

Survival Challenge Program III
(Released in May 2015)

Basic strategy

- ▶ Build a foundation to become "dominant" in China, the most important market
- ▶ Significantly change the business structure to develop business based on Asia and increase the ratio of decorative paints, which have high growth potential and profitability

Quantitative targets/results	2017 (JGAAP)	
	Plan	Results
Net sales	¥700.0 bn	¥605.3 bn
Operating income	¥105.0 bn	¥75.0 bn
Operating income margin	15.0%	12.4%

Outcomes

- ▶ Restructured the Japanese businesses and implemented company splits based on lines of business, and transitioned to a holding company structure
- ▶ Achieved significant earnings growth through consolidation of the Asian JVs

Challenges

- ▶ Underachieved the plan due to yen's appreciation, as well as raw material inflation caused by the environmental regulations in China
- ▶ Capturing of profit due to full integration of the Asian JVs

2018-2020

N-20
(Released in May 2018)

Basic strategy

- ▶ Strengthen the businesses in existing segments
- ▶ Accelerate expansion of the portfolio
- ▶ Improve earnings capacity
- ▶ Enhance the structure of "Global One Team"

Quantitative targets/results	2017		2020	
	Results*	Plan	Results	Plan
Revenue	¥610.2 bn	¥750.0 bn	¥781.1 bn	¥781.1 bn
Operating profit	¥85.4 bn	¥105.0 bn	¥86.9 bn	¥105.0 bn
Operating profit margin	14.0%	14.0%	11.1%	13.5%

* Figures recalculated in accordance with International Financial Reporting Standards (IFRS)

Outcomes

Steadily reinforced the organizational base for sustained growth

- ▶ Expanded business in Oceania and Türkiye through M&A (DuluxGroup and Betek Boya)
- ▶ Announced the full integration of the Asian JVs and the Indonesia business

Challenges

Enhancement of sustainability and profitability improvement over medium and long term

- ▶ Operating profit margin reached 13.8% in FY2018, but fell below the target in FY2019 due to impairment losses and in FY2020 due to the pandemic and other factors
- ▶ Achieve sales growth and profitability improvement that outpace competitors in the growing paint market
- ▶ Create business opportunities through ESG initiatives and work on net zero CO₂ emissions
- ▶ Utilize DX (Digital Transformation) and recruit competent talent to respond to aging facilities and workforce in Japan

Relentlessly pursuing growth based on Asset Assembler model

▶ For more information, see "Assets Assembled to Date" on page 35.

- ▶ Completed the full integration of the Asian JVs and acquisition of the Indonesia business (January 2021)
- ▶ Adopted the Co-President setup led by Yuichiro Wakatsuki and Wee Siew Kim (April 2021)
- ▶ Transferred the European automotive business and India businesses to Wuthelam Group (August 2021)
- ▶ Launched international offering of shares (January 2022)

Improving profitability in Japan Group

- ▶ Nippon Paint Corporate Solutions established (January 2022)/ Next Career Plan voluntary early retirement program implemented (September 2022)

Accumulation of assets through M&As

- ▶ Vital Technical (March 2021)/Cromology (October 2021)/ JUB (October 2021)/Chinese automotive JVs (November 2021)/NPT (February 2023)

Sustainability

- ▶ Endorsement of TCFD recommendations (September 2021)
- ▶ Deepening of autonomous sustainability structure (January 2022)

2021-2023

Medium-Term Plan (FY2021-2023)

(Released in March 2021)

▶ For more information, see "Overview and Updates on Medium-Term Plan (FY2021-2023)" on page 51.

A three-year milestone towards our long-term goals

- ▶ Strategy by Asset ▶ page 85
Further solidify our strong growth platform and proactively address new challenges
- ▶ Finance Strategy ▶ page 55
Use our strong cash generating capacity to strengthen our financial base and secure funds for growth with M&A and business investment
- ▶ M&A Strategy ▶ page 59
Aggressively pursue new partners to join our Group, taking advantage of the growth potential of the paint market and stability of cash flows
- ▶ Sustainability Strategy ▶ page 41
Expand business opportunities through ESG initiatives for sustainable growth

Quantitative targets/results	Released in March 2021		Released in February 2023	
	2022	2023	2022	2023
Revenue	¥1,309.0 bn	¥1,100.0 bn	¥1,400.0 bn	¥1,400.0 bn
Operating profit	¥111.9 bn	¥140.0 bn	¥140.0 bn	¥140.0 bn
Operating profit margin	8.5%	c.13.0%	10.0%	10.0%

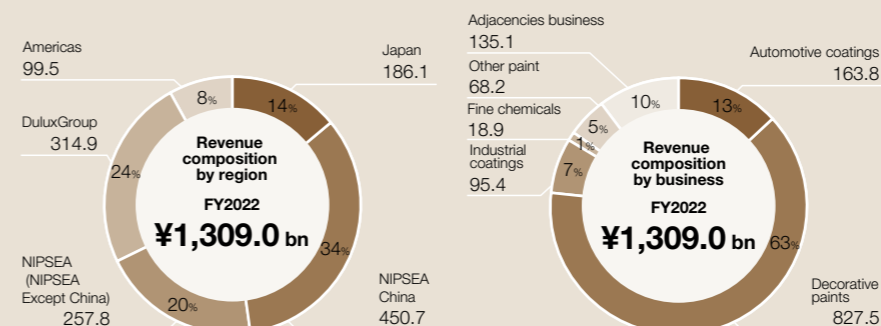
Outcomes

Strengths of Asset Assembler model reaffirmed

- ▶ Resilient growth achieved despite challenging environment
- ▶ Excellent companies acquired with low financing cost delivering Year 1 EPS accretion
- ▶ Strengths of Asset Assembler model
- ▶ Rising interest rates create additional opportunities

Overview by segment (FY2022)

▶ See "Asset Management Report" on page 23.



Our Long-Term Vision

Ensuring sustainable growth

- Revenue CAGR in the high single digits
- Profit growth exceeding revenue growth

2024-

Medium to Long-Term Management Strategy

▶ See "Our Medium to Long-Term Management Strategy for Achieving MSV" on page 49.

Organic Growth

Further solidify our strong growth platform

Inorganic Growth

Eyeing the potential for non-continuous growth including through M&A

Competitive advantage based on Asset Assembler model

1 Our ability to harness the low-funding cost

2 Our ability to maintain and boost the EPS contribution from assets companies without intervention

3 Our unique appeal to management-class talents who empathize with our modus operandi

▶ See "The Basis of Our Asset Assembler Model" on page 37.

Illustration of revenue growth (FY2009-FY2022)