Purpose

The Nippon Paint Group has set the “Purpose” on the occasion of its 140th anniversary of founding. We set the Purpose that defines shared identity of the Nippon Paint Group, while respecting the autonomy of our partner companies based on their own Mission, Vision, and Value. Based on the shared values, diverse people at our partner companies around the world will collaborate based on strong bonds toward realizing Maximization of Shareholder Value (MSV).

Prosper Together

We prosper with absolute integrity and fairness by fulfilling our obligations and maximizing our commitments to all stakeholders (consumers, customers, communities, employees, suppliers, governments).

Enriching our living world through the power of Science + Imagination

The unlimited power of Science + Imagination, leading to ground-breaking technology and useful innovation that preserve, enhance and enrich the world.

Powerful Partnerships

Our unique approach between our partner companies is based on respect, trust, empowerment and accountability. These partnerships form a powerful catalyst for innovation and growth.

Purpose formulation process

1. Launched the Purpose project in May 2020
2. A draft was prepared through interviews and discussions at forums with the Group’s local management based on a task force comprising 28 management team members of our partner companies around the world and the Lead Independent Director with the CFO at that time serving as the coordinator.
3. In March 2021, the Nippon Paint Group’s Purpose was announced along with its New Medium-Term Plan (FY2021-2023).

Science + Imagination

The unlimited power of Science + Imagination, leading to ground-breaking technology and useful innovation that preserve, enhance and enrich the world.

Our Business Philosophy defines the Nippon Paint Group’s action guidelines based on the Purpose.

Prosper Together: It is the principle which the Nippon Paint Group has cherished and promoted since its founding and means our commitment to fulfilling our obligations to all stakeholders, which forms the basis for Maximization of Shareholder Value (MSV).

Powerful Partnerships: It means bonds among the Nippon Paint Group’s partner companies and co-creation relationships with partnering companies and research institutions. Bonding people in our Group’s partner companies around the world based on mutual respect and trust and mobilizing their expertise and know-how will drive innovation and growth.

Science + Imagination: It describes our commitment to creating ground-breaking innovations using our technical strengths by combining the power of science and the power of imagination, which are essential for product development and service provision.

Our Shared Identity
Ships
Marine coatings contribute to preventing global warming by reducing CO2 emissions during ship operations.

Road
Heat shielding coatings for asphalt road surfaces help create pleasant urban environments by preventing heat accumulation.

Housing (interior paint)
Interior paint protects people’s health with its anti-viral, anti-bacterial, and anti-mildew properties and provides innumerable color options for home interior design.

Automobiles
Automobile paint enables brilliant colors and high gloss finish with coated 0.1mm film protecting against UV ray degradation, rust and scratches.

Vending machines
Powder paints applied to surfaces contain no volatile organic compounds (VOCs), which are a source of air pollution.

ESG Statement
At Nippon Paint Holdings Group we aim to conduct our business activities to support and enable sustainable development everywhere we operate. We aim to include the three elements—economic, social, and environmental—in a balanced and integrated manner.

Creating paints and coatings to add color, comfort, and safety to people everywhere has been our mission since the company was founded. Finding solutions to global sustainability challenges is our responsibility to future generations and is a driving force for our continued growth and success. To achieve this, we will:

- Pursue technologies across the value chain to create sustainability benefits through innovative products and services, and new business opportunities.
- Engage and work with our stakeholders to meet their expectations and together deliver on our shared sustainability commitments, responsibilities, and challenges.
- Establish effective governance frameworks to ensure the transparency, objectivity, and fairness of the management of our company and earn society’s trust everywhere we operate.

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By creating innovative, sustainable products and services, Nippon Paint Holdings is committed to addressing social issues and contributing to a flourishing society all over the world.
The Global Paint Market

The paint market offers potential for sustainable growth worldwide

Worldwide population growth and economic development have fueled steady growth in the paint market.

We expect the economic growth and accompanying urban development in China and other Asian regions to support continuous market growth through the medium and long term, mainly in the decorative paints field that supports infrastructure development such as housing and buildings.


Global Business Expansion of the Nippon Paint Group

A wide range of businesses are deployed globally to meet brisk paint demand worldwide

The Nippon Paint Group began consolidating its JVs in Asia and conducting overseas M&A since 2014 as it dynamically reorganized its regional and business segments and accelerated its global business expansion to meet the growing paint demand worldwide.

We will continue expanding our presence in each region and business segment based on our Asia x Decorative Paints business model.

### Revenue composition by region

<table>
<thead>
<tr>
<th>Region</th>
<th>Revenue (bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>¥570.1bn</td>
</tr>
<tr>
<td>Americas</td>
<td>¥466.6bn</td>
</tr>
<tr>
<td>China</td>
<td>¥268.1bn</td>
</tr>
<tr>
<td>Other Asia</td>
<td>¥88.5bn</td>
</tr>
<tr>
<td>Oceania</td>
<td>¥148.3bn</td>
</tr>
</tbody>
</table>

### Revenue composition by business

- **Automotive coatings**
  - Paint related business: ¥170bn
  - Automotive coatings: ¥122.9bn
- **Decorative paints**
  - Paint related business: ¥54.5bn
  - Fine chemicals: ¥40.9bn
- **Industrial coatings**
  - Paint related business: ¥69.2bn
- **Fine chemicals**
  - Paint related business: ¥54.5bn

### Global Business Expansion of the Nippon Paint Group

**Japan**
- The Group extended operations into China in 1992. In this world’s largest automotive market, we have leveraged our powerful marketing network to capture dominant market share in the decorative paints market. We have also expanded operations into the automotive coatings and industrial coatings businesses. The Project business for building materials has grown significantly in recent years and is contributing to the Group’s continuous growth in China.

**Oceania**
- The Group has established a leading position in the decorative paints market for growing our decorative paints and BIC® business in Turkey, which also has high growth potential for decorative paints. We are also repositioning to strengthen our automotive coatings business in Europe for future growth.

**Other Asia**
- The Group’s operations in other Asian regions center on Southeast Asia, where Singapore, Malaysia, and Indonesia are still promising growth markets. We have the largest market share in decorative paints in four countries in the region, and are expanding our operations in the automotive coatings and paint related businesses.

**Americas**
- We expanded our automotive coatings business in the Americas by establishing manufacturing bases in the US, Canada, and Mexico when Japanese automobile manufacturers began aggressively expanding their operations in the region in the 1980s. In recent years, we have been seeking out growing markets through our automotive coatings paints business in the US down by the brisk housing demand.

**Other**
- The Group has successfully established a leading position in the decorative paints market for growing our decorative paints and BIC® business in Turkey, which also has high growth potential for decorative paints. We are also repositioning to strengthen our automotive coatings business in Europe for future growth.

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*External thermal insulation composite system.*
1

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Nippon Paint Holdings
Integrated Report 2021 editorial policy

The 2021 edition of the report conveys the medium- and long-term growth story of the Nippon Paint group as we pursue further growth in the continually changing global market. The report features information on our Group’s four strengths, 140 years of history and developments in the global paint market.

Four strengths

Do:

1. Maximize nine of four strengths

Create:

2. Do business with a high social value

Plan:

3. Set medium- and long-term visions in three dimensions

Check:

4. Monitor and evaluate in two dimensions

Nippon Paint Holdings
Integrated Report 2021 earnings and earnings forecast

FY2020 earnings and earnings forecast

Following the conclusion of a share transfer agreement for consolidated subsidiaries of NPHD, which was released on August 10, 2021, companies covered were re-categorized as discontinued operations. The earnings for FY2020 provided in this report are before retrospective reclassification. The earnings forecast figures provided in this report are based on financial results announced on February 10, 2021 and figures provided in the new Medium-term Plan released on March 5, 2021.

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 Holdings 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 of statements contained herein.

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Nippon Paint Holdings Integrated Report 2021