



Wee Siew Kim
Representative Executive Officer & Co-President

Yuichiro Wakatsuki
Representative Executive Officer & Co-President

Aiming to achieve the New Medium-Term Plan in FY2023 and Maximization of Shareholder Value based on our Group's shared Purpose and Powerful Partnerships

On April 28, 2021, we, Yuichiro Wakatsuki and Wee Siew Kim, were appointed as Representative Executive Officers & Co-Presidents. The two of us will lead the management of the Nippon Paint Group by jointly taking full responsibility for executive decisions based on our partnership built on a solid relationship of trust and with the aim of pursuing our ultimate objective of Maximization of Shareholder Value (MSV).

Important indicators of our MSV performance are earnings per share (EPS) and the price-to-earnings ratio (PER). As the CEO of the NIPSEA Group, Wee Siew Kim guided the group through annual profit growth of over 10% for 12 years from FY2009. Wee's focus at the Nippon Paint Group will be on overseeing the worldwide operations and to maximize EPS by growing both revenue and profitability. Yuichiro Wakatsuki will apply his wealth of experience and knowledge in the capital markets and M&A to maximize PER by raising expectations in the capital markets. Wakatsuki will be in charge of overall corporate matters and seek to leverage M&A to spur further growth for the Group. As just described, we have a division of responsibilities. However, we will make all executive decisions together and will be jointly responsible for the overall management of the Group.

The Nippon Paint Group is the comprehensive paint and coatings manufacturer with the longest history in Japan, celebrating the 140th anniversary of its founding this year in FY2021. Our Group has operations in 30 countries and geographical locations around the world, including China and greater Asia. The New Medium-Term Plan launched in March 2021 aims to achieve revenue of ¥1,100 billion and operating profit of ¥140 billion in FY2023. We have also created a shared Purpose of the Group: "Enriching our living world through the power of Science + Imagination." While respecting autonomy of management of our partner companies around the world, our Group fosters collaboration among diverse teams through the strong bonds of the shared values to achieve MSV.

The paint industry is expected to continue growing steadily worldwide and is a wonderful industry that can contribute towards solving social issues. The Nippon Paint Group is proud of its long standing heritage in this growing industry, as we are a unique and powerful corporation that is characterized by our constant pursuit of growth, entrepreneurial spirit with strong and competent human resources. With great pride leading this Group, the two of us will be responding to the ever-changing business environment and firmly establish sustainable growth.

We appreciate the continuous support and guidance of our shareholders and investors.

Representative Executive Officer & Co-President

Representative Executive Officer & Co-President



Yuichiro Wakatsuki

Representative Executive Officer & Co-President

PROFILE

Yuichiro Wakatsuki began his career at The Industrial Bank of Japan, Limited (currently Mizuho Bank, Ltd.) and Schroders Japan Limited, and in 2000 joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities Japan Co., Ltd.). For a number of years, he led the company's M&A advisory services, including M&A strategy and fund procurement of clients, as the Head of Japan Mergers and Acquisitions, Head of Japan Investment Banking, Director, and Vice Chairman. In 2019, he joined Nippon Paint Holdings and in 2020 was appointed Senior Managing Corporate Officer and CFO, overseeing corporate planning, finance & accounting, public relations, investor relations, and M&A. He was appointed Representative Executive Officer & Co-President of Nippon Paint Holdings on April 28, 2021.

United by Our Purpose, the Nippon Paint Group Will Bring Together Our Partner Companies to Pursue Maximization of Shareholder Value and Sustainable Growth.

Steering Group management based on integrity

My experience providing advisory and financing services related to M&A strategy and fund procurement spans 23 years, during which I served as the Head of Japan Mergers and Acquisitions and Head of Japan Investment Banking at Merrill Lynch Japan Securities (currently BofA Securities Japan). My connection with the Nippon Paint Group started when I was the financial advisor for the acquisition of Betek Boya in 2019.

As a corporate manager, I put the greatest importance on integrity. Integrity means more than sincerity. In my previous positions, integrity was the cornerstone of everything I do to assist my clients to make the right decisions in M&A deals. I was very conscious about never sacrificing a client's need for my own benefit and always having an approach of co-existing and prospering together with the client. This concept has something in common with "enjoyable

profit," which is one of the management philosophies of our Group. I vividly recall the exhilaration I felt before joining this company to find that my core values aligned with the pursuit of Maximization of Shareholder Value, and that the MSV after fulfilling our duties to stakeholders should be enjoyable. Our profit must be the result of work we have done with pride.

My strengths lie in my ability to speak on an equal footing with everyone, even with overseas corporate CEOs. This ability comes from my experience overseas, rather than from my fluency in English. I spent my childhood and completed an MBA program in the United States and worked with colleagues in Japan and overseas while providing support to numerous global clients of Merrill Lynch. Through those experiences, I've learned to respect other perspectives while engaging in lively discussions. Since joining the Nippon Paint Group, I have been communicating with the leaders of our Group's overseas partner companies

on an equal basis. I believe my ability to bridge cultural differences will be an advantage in the partnership with Co-President Wee Siew Kim.

Combining our strengths to achieve MSV

Since joining Nippon Paint Holdings in the fall of 2019, I have learned about the technological potential and appeal of the paint and coatings business from our Group partner companies around the world. This knowledge is helping me communicate to the capital markets the potential for our Group and the paint market to continue growing. In addition, I served as the project director in the acquisition of 100% ownership of the Asian JVs and the Indonesia business, which was our long-term priority, and the formulation of the New Medium-Term Plan (FY2021-2023) released in March 2021. As I worked on these projects, I came to believe that I am well-suited for this position because of my deep knowledge about the capital markets and corporate finance techniques along with my full understanding of MSV, our ultimate objective.

Part of my mission to achieve MSV is to maximize the P/E ratio (PER). PER reflects the expectations of the capital market. Maximizing PER requires active investor relations, effective financial strategies, sustainability, and M&A for further growth. In particular, a successful M&A transaction entails a comprehensive consideration of all aspects, including of the appropriate price, risk assessment, the most effective equity and debt structure, and proper post-merger integration (PMI) planning. I believe this is the area where I can fully leverage my years of experience and insights from exercising leadership in the capital market circles.

I met Mr. Wee for the first time when I served as a financial advisor to the Nippon Paint Group for its acquisition of Betek Boya in Turkey. My impression of the team that Mr. Wee led for the NIPSEA deal was that they were driven by tremendous energy and passion. He is extremely competent and rational, but at the same time he is very compassionate. He is very quick-thinking, fully understands consequences, and always seek the "correct" decision. It's clear that Mr. Wee is a manager with integrity. I believe that is why the teams that he leads work so well.

Since the co-president structure has been in place, I exchange opinions with Mr. Wee through email and chat system on a daily basis. We also talk for a few hours two or three times a week. Although we both have our own main areas of responsibility, that does not mean we cannot discuss each other's issues. And, in fact, we make management decisions together. For instance, I am responsible for M&A, but M&A decisions cannot be made without the active input from the business divisions. All of our decisions are based on our discussion from the perspective of what is right to achieve MSV. The co-president structure enables very quick decision-making backed by our customer-focused

philosophy and career experiences. We are confident that by combining our strengths we can achieve our ultimate objective of MSV.

Formulating the Purpose as the Group's shared identity

Our Group consisted mainly of partner companies in Japan and NIPSEA until around 2016. The acquisitions of Dunn-Edwards in the U.S. in 2017, the DuluxGroup in Australia and Betek Boya in Turkey in 2019, and 100% ownership of the Asian JVs and the Indonesia business in January 2021 has built us into a global corporate group with diverse values.

In response to this evolution, we established the Purpose, which defines shared identity of our Group. To achieve MSV, our Group must be tightly knit and have uniform global guidelines. The Purpose provides the guidelines for making decisions. At the same time, the Purpose has an important function as the starting point of stakeholder engagement to create sustainable growth opportunities.

The major impetus for the establishment of the Purpose was the acquisition of 100% ownership of the Asian JVs. Before this transaction, NIPSEA and Japanese teams were sometimes competing against each other in overseas markets. The Purpose makes us a single, unified team pursuing MSV.

When we were creating the Purpose, we had deep involvement by management teams from our partner companies with various cultural backgrounds and values. Through discussions with our partner companies around the world, we systematically found answers to each of our questions, including the fundamental questions of who we are, why we need to join together and move forward, what benefits we are going to bring to society, and what will be our core values. Through this process, we developed the Purpose Statement incorporating the thoughts and perceptions of our partner companies, and formulated the Business Philosophy that we follow to fulfill the Purpose. This inclusive approach provided us an opportunity to more deeply understand the thinking of our partner companies. The outcome is a corporate philosophy structure in which all of us are invested.

Our Group's diverse human resources have created a corporate culture of inclusion that actively accepts persons appointed from outside. We will seek future partner companies that will also fully share and understand the Purpose so they can provide a positive contribution to achieving MSV.

Sustainability strategy of exploring new business opportunities

Our Group launched a three-year New Medium-Term Plan in FY2021. The plan sets performance targets for

FY2023 of revenue of ¥1,100 billion, operating profit of ¥140 billion, and EPS (before stock split) of ¥225 through organic growth that excludes the effects of M&A. The two key strategies for achieving these targets are the Regional and Business Strategy and the Sustainability Strategy.

We recognize that the SDGs and ESG are essential elements for achieving sustainable growth and MSV with the Sustainability Strategy. We have been conducting sustainability-focused management in tune with the dramatic changes in society and social issues, including climate change, resources depletion, rapid urbanization, COVID-19 and other infections, and natural disasters. Our sustainability initiatives for FY2023 will take concrete steps to advance our ESG agenda, which we developed based on the ESG Statement and the Materiality released in FY2020.

The top priority in our items of materiality is to take action on climate change. We have already started identifying specific issues and considering measures to attain net zero CO₂ emissions. We are sourcing renewable energy and estimating the financial impact of carbon pricing on a Group-wide basis, and are considering investing in installing energy-saving equipment and in-house sourcing of renewable energy at our operations around the world. These measures will both reduce CO₂ emissions and improve profitability.

We will also explore new business opportunities through our ESG initiatives. In the BtoB business segment, we are responding to growing customer demand for low carbon footprint products by focusing on expanding sales of low-impact coatings for offshore wind turbine systems and next-generation ship hull antifouling paint FASTAR. We will also continue to launch new PROTECTON brand anti-viral and anti-bacterial products. Products like these contribute to earnings because they directly address social issues. Society's demand for ESG and compliance seems to be growing almost on a daily basis. We are keeping pace with those chances and will continue fulfilling our responsibility to society and the environment.

More efficient business processes with digitalization

Our basic stance on digitalization is that it is a means but not an end in itself. Our investments in the digitalization of our business processes will therefore be conducted with clear objectives and with the aims of improving both efficiency and effectiveness. The New Medium-Term Plan focuses on using digitalizing to reform our operation following four key strategies derived from the best practices of our Group partner companies around the world: (1) Improve customer experience, (2) Enhance operational excellence, (3) Improve employee experience, and (4) Strengthen risk resilience.

We will also actively digitalize our internal operations. Amid the COVID-19 conditions, our Group has been functioning with a work from home system,

which we plan to also maintain after the pandemic. I don't think coming to the office every day is an efficient way to perform operations. On the contrary, I believe there are cases where chat systems and email are more efficient than communicating in person. Digital transformation requires that we reconsider the efficiency of the existing business processes.

Corporate governance that protects the interests of minority shareholders

Our Group constantly seeks to improve corporate governance to maintain the trust of all stakeholders involved in our business activities. In FY2020, we shifted to a Company with Nominating Committee, etc. which separates business supervision and execution and significantly improves management transparency, objectiveness, and fairness. Our current Board of Directors structure, in which six of the eight directors are Independent Directors, ensures respect for the common interests of the Company and shareholders and protection of the interests of minority shareholders. In addition, Mr. Masayoshi Nakamura, the Lead Independent Director, has been appointed the Board Chair to further improve the effectiveness of the Board of Directors. All Independent Directors have experience in corporate management and provide supervision and advice effective for practical business operations. In this way, we have established an effective corporate governance system that ensures minority shareholders are not at a disadvantage.

With the adoption of the co-president structure, Mr. Goh Hup Jin, who is the Managing Director of our major shareholder the Wuthelam Group and the Director of Nippon Paint Holdings, was appointed Chairman. The Wuthelam Group previously held 49% of the shares in the Asian JVs. The acquisition of 100% ownership of the Asian JVs by Nippon Paint Holdings in January 2021 has eliminated the risk of possible conflict of interest between the Nippon Paint Group and the Wuthelam Group. Mr. Goh is a partner of the Nippon Paint Group with whom we have worked together since 1979 in our endeavor to drive growth of our Asian operations. In addition, he is the Director of the Board most knowledgeable in our Group about the global paint market. Considering these, I believe his appointment as Chairman will be a strong boost to MSV. Furthermore, the effectiveness of the Board of Directors has been assured by having 75% of the Board members being Independent Directors. In addition, Mr. Goh's interest as our major shareholder aligns with the interests of minority shareholders. As a Director, Mr. Goh is only one of the eight Directors on the Board of Nippon Paint Holdings. The corporate governance system has been carefully formulated to avoid any issues in this area as long as the Board of Directors functions accordingly. The Board of Directors engages in sincere and active discussions, led by Independent Directors, from the perspective of MSV.

Unique and successful M&A model combining acquired company strengths and Group financial support capability

M&A is an important element in the sustainable growth of our Group. While building on the high growth of our existing business portfolio, we are actively exploring new partners to further accelerate our growth. Our M&A targets are primarily in the decorative paints market, which accounts for the majority of the paint market and is expected to continue growing. In addition, we are also looking into companies in the industrial coatings and paint related markets. The criteria for choosing acquisition targets are companies with high local market shares, powerful brands, and competent management teams. In a word, the key point is whether the acquisition contributes to MSV. Rather than setting detailed criteria for the acquisitions, we will make decisions with flexibility and speed based on assessments of a company's ability to contribute to EPS and business growth in the future. If, for example, acquiring company A will rule out the possibility of acquiring company B in the future, we will need to assess which company will contribute to MSV from a long-term perspective. In this way, we will consider various options and opportunities without focusing on one option, and carry out M&A that contributes to MSV.

Based on my experience as an M&A advisor for many projects, I believe one of the conditions for a successful M&A is to have a solid structure in place for the PMI process and local operations. Specifically, our M&A also considers the acquisition of human resources. After the acquisition, we ensure effective governance of the acquired companies while respecting the autonomy of local management teams as ways to keep their motivation high. In addition, we provide strong support for the operations of acquired companies by leveraging our Group's strengths in such areas as joint procurement of raw materials, financial support, and sharing of best practices, which helps accelerate business growth in their local markets.

This approach allows us to not only reduce cost, but also to maximize the growth potential of acquired companies. By targeting companies that share our values, we believe we can continue to increase our partner companies around the world.

Growing through offensive and defensive capital investment

For manufacturing companies, production facilities are an essential element to achieving sustainable growth. The three years of the New Medium-Term Plan will be a period of establishing the foundation for further growth. We will make offensive investments aimed at capturing demand around the world along with defensive investments to strengthen our Group's risk resilience.

One of our major offensive investments is the new automotive paint plant under construction in Tennessee,

USA. The plant will position as a strategic base for the production of automotive coatings in North America. The plant will be used to increase production of automotive coatings for supply to the southern United States and Mexico. We also plan to bolster our supply chain in the Asia region by building a resin plant in Hanoi, Vietnam, which has a particularly high growth rate in the Asian market. We will also establish a new resin plant in Binhai, Tianjin, China. For this new plant in China, the acquisition of 100% ownership of the Asian JVs significantly reduced capital expenditure by eliminating expenditures that overlapped with NIPSEA. In Japan, we plan to build a plant for automotive coatings in Okayama Prefecture and a color toning plant for decorative paints in Kanagawa Prefecture. These plants will both be smart factories for an advanced supply chain.

Our defensive investments will be aimed at replacing existing production facilities, mainly in Japan. Production facilities and equipment in Japan have been aging because of the long period during which we kept down capital expenditures at existing plants. This is leading to issues, including increasing risk of accidents, decreased productivity, and quality damage, that are requiring us to take urgent measures from the perspective of business continuity planning. In addition, it is difficult to meet ESG requirements with aging production facilities. We therefore plan to invest to replace production facilities and install equipment that will help us achieve net zero CO₂ emissions.

Delivering results with the new management structure

Our recent performance gives us confidence that we will achieve the financial targets for FY2023 set out in the New Medium-Term Plan. The targets are certainly challenging, but we will aim to surpass them by leveraging Group strengths acquired through our unrelenting quest for growth.

As the Co-President, my mission is investing to ensure sustainable growth and setting the right agenda. We will continue fostering a sense of unity in the Group and improving the mindset of employees while ensuring the autonomy of management of our partner companies around the world. We will build a corporate group with an insatiable desire for growth.

We recognize that delivering results is the vital first step to demonstrating the competence and effectiveness of the new co-president structure. We will continue pursuing MSV and sustainable growth for our Group to meet the expectations of our shareholders and investors.

Representative Executive Officer & Co-President



Wee Siew Kim

Representative Executive Officer & Co-President

PROFILE

Wee Siew Kim is the Group Chief Executive Officer of NIPSEA Group, a paints and coatings company with 95 manufacturing facilities and operations spanning 22 countries and regions. He is concurrently Representative Executive Officer & Co-President of Nippon Paint Holdings.

Prior to his current position, he was Deputy CEO and President (Defense Business) of Singapore Technologies Engineering Ltd. He started his career with Singapore Technologies in 1984 as an engineer at Singapore Aircraft Industries Pte. Ltd., the predecessor company of Singapore Technologies Aerospace Ltd. He was educated at Raffles Institution, followed by the Imperial College of Science and Technology in London Bachelor of Science (Aeronautical Engineering) (Hons), followed by an MBA at Stanford University.

He was a Member of Parliament in Singapore from 2001 to 2011.

Building a Sustainable Future Driven by Innovation and Purpose

“Our Purpose of leading growth and prosperity through technology that drives value for the community rings synonymously through all our partner companies and employees, helping us to realize our shared ambitions and goals.”

The Blend: Uniting, Empowering and Stoking

Prior to joining the NIPSEA group, I had the opportunity to serve as the Deputy CEO and President (Defense Business) of Singapore Technologies Engineering, an aerospace and defense engineering company. For the 25 years that I was a part of this organization, I held several roles in engineering, business development and management including operating stints in the United States of America, China, Europe and Singapore. I was also a Member of Parliament in Singapore from 2001 to 2011. Currently I am serving on the board of several public listed companies in Singapore.

In close to four decades of working across multiple organizations and being in several leadership roles, I understand the value that good leadership

brings to developing productive and agile teams. Often, we see bureaucracy stifling talented people, thereby depriving an organization of the ability to seize opportunities and adapt rapidly to changes and hence, getting left behind.

Being with NIPSEA group for the last 12 years, I have leveraged my past experiences to focus on inculcating an entrepreneurial spirit across the teams, empowering a decentralized collection of high performing teams who are willing to take action and accountability to drive positive outcomes. My management philosophy at NIPSEA is therefore characterized by a blend of uniting teams, empowering them to be their own leaders and encouraging them to make decisions.

By bringing together high performing teams and

uniting them under our broader Lean for Growth values, we can further drive MSV which is the key management mission at NIPSEA. This also ties back to one of my goals of achieving together as a team versus a single unit. Unifying the teams under our LFG culture, it becomes equally important to empower them to take the right actions and trust that they will do the best to nourish the organization and its values. Finally with uniting and empowering our teams, as leaders, we also need to continue stoking a sense of ambition and aspiration, so that they bring their very best to work every day and deliver outcomes they are proud to own.

As we move forward, I will continue to build upon this philosophy together with the LFG framework that supports our diverse teams and builds upon each other's strengths to achieve unbelievable outcomes for NIPSEA and the Nippon Paint Group.

Realizing a legacy with Nippon Paint's immense vitality and prowess

In the last 140 years, we have come a long way to become the world's leading paint and coatings company. We have built a strong foundation and overcome change and challenges to build a successful legacy in Nippon Paint.

Over the last 12 years, being a part of NIPSEA, I have witnessed several of the Group's business philosophies come to life with our innovative products and steadfast expansion in the paint and coatings industry in Asia Pacific. Today, NIPSEA has moved beyond paints, as we are involved in the manufacturing and sale of decorative and industrial paint and coatings for buildings, construction, automobiles and industrial applications, serving 22 geographical locations.

This sustainable business growth has been made possible by our customer centric approach and the commitment of our people as we continue to strive for excellence. Much of this growth mindset and prosperity is shaped by NIPSEA's 'Lean for Growth' (LFG) culture that encourages collaboration and sharing of best practices, knowledge and experiences. With the introduction of our new corporate brand promise, the concept of LFG is further defined by 5 behaviors which are Value Driven, Openness, Innovative, Collaborative and Excellence - represented by the acronym: V.O.I.C.E and has been the guiding business philosophy for us.

By taking an active management role at Nippon

Paint, I look forward to introducing the LFG culture to the larger group as we push the frontiers of existing business operations in the paint and coatings industry. We will keep to our management mission of driving our MSV (Maximization of Shareholder Value) which is at the core of everything we do.

The alluring paint and coatings industry has come to play a very crucial role in today's manufacturing and construction sector. The industry is growing rapidly as the demand for products that are innovative and sustainable continues to increase. With the right structure and technology already in place, this puts us in a leading position to grow our potential even further and bring the Nippon Paint legacy forward, as a company that has always showcased immense vitality and prowess.

Driving our MSV forward through Purpose and innovation

At Nippon Paint, MSV forms the cornerstone of our management philosophy, and we will aim to maximize the residual value for shareholders after fulfilling our duties to stakeholders including customers, employees and society. For us, MSV is not just a financial term but our operating blueprint that combines our executive business operations, partnerships, portfolio management and investments as an organization.

We define our MSV as an equation of EPS X PER, of which I will be focusing on the business operations segment with our Co-President, Mr. Yuichiro Wakatsuki, who will bring his wealth of experience and knowledge in finance and M&A to strengthen our PER.

Nippon Paint Group has 140 years of expertise in the paint and coatings industry. Over the years, we have gained the reputation of being a technology and innovation centered business, known for our high-quality products that fulfill the needs of our customers. As we move toward our aspirations to become a global leader in this industry, growing our global network with local partners, creating innovative products that benefit society and staying true to our Purpose will steer the Nippon Paint ship in the right direction.

One key differentiator that sets us apart from other industry players while allowing us to rapidly move into other markets is our concept of partner companies and how they are integrated into Nippon Paint. We believe in the concept of think global, act local and as such we give our partner companies the autonomy to operate in



their local markets in a manner they deem suitable.

This mindset has allowed Nippon Paint and its subsidiaries to steadily diversify our services portfolio and grow our product umbrella with brands from Betek Boya and DuluxGroup. This flat structure of mutual respect and trust within the group fosters equality and opportunities between our partner companies giving Nippon Paint a commercial leverage unlike any other industry player.

Over the years, our customer centric approach has allowed us to develop technology and solutions that go beyond paint. Today, we have successfully expanded our expertise into 'total solutions' that include waterproofing, restoration and repair, automation and robotics for the application of our products. In this thread of our 'people-first' focus, we will double down on innovation to accelerate change and drive solutions inspired by the needs of our key stakeholders and those that benefit society.

This forms a significant pillar of our MSV philosophy as we continue to bring to market breakthrough products like lead free paint, protective coatings for automotive, anti-barnacle and anti-drag coatings for the marine industry, anti-viral paint to protect homes and families and environmentally conscious products like smart paint and paints that reduce energy consumption.

While we have always embodied strong Japanese values of responsibility and innovation in our work ethic, Nippon Paint's Purpose of enriching lives through the power of science and imagination defines the shared identity across the Group. Our Purpose of leading growth and prosperity through technology that drives value for the community rings synonymously through all our partner companies and employees, helping us to realize our shared ambitions and goals.

To sum it up, while our outcome is MSV, we remain committed to our purpose and business philosophies to achieve our ultimate objective.

Accelerating growth in Asia and beyond

Today, the world is changing at a very rapid pace. The global pandemic has accelerated this change even further. Overnight, large industries and sectors faced disruption, and many failed to cope with the strain of the pandemic. It goes without saying that we too need to adapt accordingly. However, we must be strategic in the manner with which we respond to these changes.

Nippon Paint has put together a medium-term growth strategy plan to further strengthen our position as market leaders. Our medium-term plan will enable us to effectively grow our business and outperform competitors by 2023 while addressing emerging challenges. We have identified several segments and action areas within our business infrastructure that will lead to an increase in profitability and help us to achieve our goal of maximizing our MSV.

One key strategy will be to continue to focus on high growth markets in Asia, including China, Turkey and Southeast Asia. With commercial housing properties and demand for repair and renovation on a rise in China, it is an opportunity for us to diversify our portfolio from the DIY and decorative paints segment to offering total solutions like painting services, waterproofing, etc. The increase in infrastructure projects also gives us an opportunity to expand our product line beyond coating offerings, providing substrate products, auxiliary materials, and energy-saving insulation products in the China market.

A similar sentiment can be seen in Indonesia where the growing population contributes to a continuity of large infrastructure projects and developments despite the pandemic. This allows Nippon Paint to penetrate the construction segment while introducing paint accessories, tools, SAF, waterproofing, etc. into our existing product channels.

The partnership with Betek Boya has allowed Nippon Paint to expand market share in the ETICS (External Thermal Insulation Composite System) category and maintain profitable growth for this sector. With stringent EU regulations in health and environment, Betek Boya's innovative ETICS products will allow us to deliver positive revenue growth for this sector, as we move to offer products in the beyond paints category.

To gain stronger foothold in Asia, our focus on Oceania and Japan remains steadfast. Through our synergies with DuluxGroup, we hold a prominent market share in Australia and New Zealand, and we will continue to nurture our position in this region through brand, innovation and customer service.

While the decorative paints segment has been contributing to Nippon Paint's growth in Japan, changes

in customer preferences and market needs in this market provide us a unique opportunity to innovate our offerings to products that are more sustainable. It also clears a route to enter new industries such as automotive and robotics. With a pre-established technology infrastructure, Japan also holds key to Nippon Paint's entry into automation and digitization of supply chains, which will be a game changer for us in the long term.

Growth optimization of Nippon Paint's automotive coatings business is integral to our medium-term strategy plan. Our automotive coatings business has grown along with expansion in Asia to account for 16% of the Group's total sales. To help this sector recover from the impact of COVID-19, we will continue to focus on the globalization of operations for the automotive coatings sector to enhance our customer services and improve efficiency and production. We will also strengthen our abilities to provide full-range of coating products for automotive use ranging from coatings for automotive bodies, bumpers to plastic components.

As we solidify our offerings and services in the beyond paint category, we will continue to grow our adjacencies into target segments like tools and accessories, floor coatings, waterproofing, SAF, and ETICS to deliver our estimated revenue of USD 2.4 billion by 2023. This will be made possible by our continuous efforts to penetrate high growth markets like China and leveraging our strong partnerships with all our partner companies who share the Nippon Paint Purpose of driving innovation and value.

Building our medium-term strategy plans would be impossible without a focus on the potential that digitalization holds for Nippon Paint. The global pandemic has only accelerated our digital strategy and investments in technology to enhance our operational efficiency, deliver a better customer experience, strengthen our risk resilience and most importantly, improve our employee productivity.

The COVID-19 pandemic also saw the disruption of global supply chain networks, driving us to make our supply chains, especially in markets like Japan, more collaborative, resilient and networked. To ensure that we are moving in this direction, we are already looking to make investments in technologies like blockchain that can automate and reduce inefficiencies in our supply chain network.

Digitalization has also opened doors for Nippon Paint to strengthen our e-commerce initiatives and grow our existing sales channels especially for products in the customer segment, DIY market and decorative paints. Moving forward, we will continue to nurture our digital initiatives and driving online engagement to create top of mind recall for Nippon Paint.

Emphasized through our MSV philosophy, innovation is at the core for Nippon Paint. Our medium-term strategy will therefore continue to focus on executing our transformation strategies through consistent research and development. We already have several R&D prospects in the pipeline for 2021-2023, from implementing new technologies to leading new projects at our R&D and innovation center in Shanghai.

Our medium-term strategy plan is to respond appropriately to the ever-changing business environment while contributing to the development of society and maximizing the Nippon Paint Group's collective strengths under our shared purpose.

A growth mindset leveraging our LFG values

As I have discussed earlier, change is inevitable. However, we are confident in our approach and our people as we embrace change to work toward gaining excellence.

In our growth forward, Japan will play a pivotal role in our transformation journey. We will leverage Japan's expertise and capabilities for Nippon Paint's growth and harness the strength of our partner companies so that we can all benefit symbiotically.

Japan demonstrates excellent room for growth and sectors where we can gain a significant market share. Electrical vehicle and robotics for instance is a good example of emerging markets in Japan. Being established in a mature market like Japan gives Nippon Paint a competitive advantage to enter emerging sectors within the paint and coatings industry and an opportunity to innovate our products, offerings and services in this ever-growing industry.

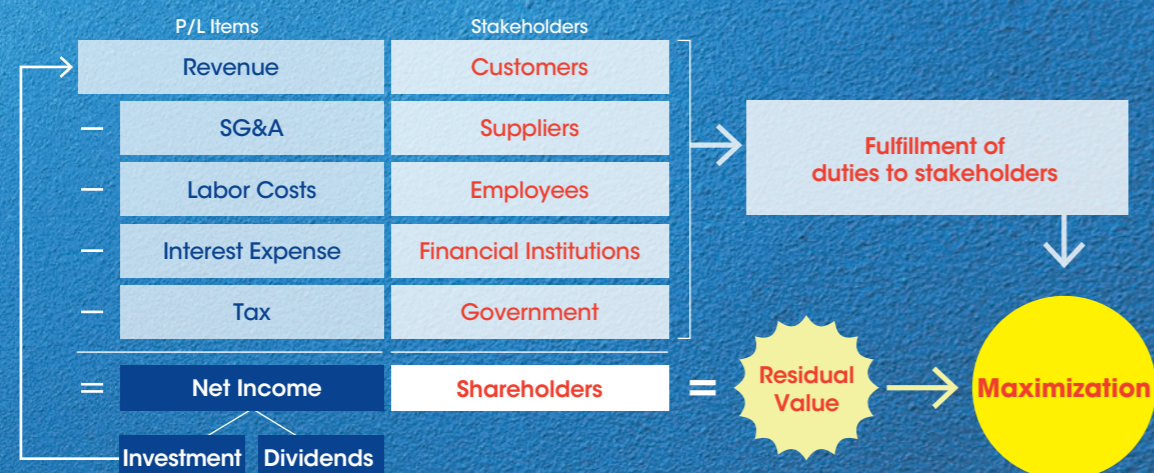
This approach to growth is also in line with our LFG values where we focus on building a lean structure that allows us to inch forward and explore new opportunities.

For the past decade, I have primarily focused on Asia. I fully appreciate that the aspirations of the Nippon Paint Group are now beyond Asia and beyond paints. I look forward to embarking on our global thrust intended in our medium-term plan with Co-President, Mr. Yuichiro Wakatsuki. Together, I am confident that we can lean on each other to achieve our mission guided by our MSV conviction and our Lean for Growth culture.

Representative Executive Officer & Co-President

Maximization of Shareholder Value (MSV)

Our ultimate objective is to create wealth through Maximization of Shareholder Value (MSV)



MSV is our ultimate objective. Different from a "shareholder primacy" approach, NPHD focuses on creating wealth through SDG- and ESG-oriented management and maximizing the residual shareholder value after fulfilling our duties to customers, employees, suppliers, and society.

MSV is the ultimate objective of Nippon Paint Group management. The MSV concept is different from a "shareholder primacy" approach in that we seek to create wealth through SDG- and ESG-oriented management with the aim of maximizing the residual shareholder value that remains after fulfilling our duties to customers, employees, business partners, and society.

The illustration above shows stakeholder relationships to profit and loss items—customers and revenue, suppliers and SG&A, employees and labor costs, financial institutions and interest expenses, and government and taxes. MSV is predicated on first fulfilling our duties to each

stakeholder group. These duties encompass legal contracts and social and ethical responsibilities as well as the concept of sustainability.

MSV seeks to maximize the value that remains after fulfilling these duties, and reward shareholders who accepted the risks and invested in our company. The MSV approach recognizes that our stakeholder duties are finite and that the value we produce beyond that amount belongs to shareholders. MSV focuses on the maximization of medium- and long-term shareholder value, rather than pursuing short-term shareholder value.

Powerful Partnerships

Creating synergies through trust-based collaborations with partner companies



Four Strengths of the Nippon Paint Group
→ See page 40.

Leading player in the growing paint industry

Unparalleled market position in Asia/China

Powerful Partnerships supporting aggressive M&A

Advanced governance

Our mainstay decorative (architectural) paints business features local production for local consumption. For this reason, NPHD exerting blanket control over the Group's wide palette of businesses would not be effective. Conversely, providing a platform for our Group companies to share and learn from each other is the most effective way to generate Group synergies.

We adopted a Powerful Partnerships approach to foster organic collaboration and cooperation among partner companies in Japan and overseas and to promote autonomous business growth guided by the Group's common Purpose. NPHD plays a governance role for the Group, including

appointing and dismissing Group partner company CEOs and overseeing financial strategy, but the individual companies are responsible for executing their own autonomous initiatives to create synergies among the Group's partner companies.

Our aim is to encourage and facilitate our partner companies to create synergies with other Group companies and new additions to the Group to pursue new growth opportunities, reduce costs through joint procurement, acquire human resource talent, and share best practices to improve their businesses.