

01

Chapter

Message from Management

- 015 Letter to Investors about the Integrated Report 2022
- 017 Message from Co-President Wakatsuki
- 021 Message from Co-President Wee
- 025 Maximization of Shareholder Value (MSV)
- 027 Asset Management Report
- 031 Speedy Corporate Actions

PHOTO

Australia / Flinders Street Station (External Works Project), Melbourne. Dulux Colour Award Winner



Message from Management



Wee Siew Kim
Director, Representative Executive Officer & Co-President

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

Continue our pursuit of Maximization of Shareholder Value (MSV) as an Asset Assembler through autonomous and decentralized management based on Trust

Message from Management

- Our Business Model
- Our Medium- and Long-Term Management Strategy
- Corporate Governance
- Financial and Corporate Information

It has been over a year since we became Co-Presidents. Since our appointment, we have pursued our sole mission of MSV by leveraging our partnerships based on strong Trust and guided by Purpose of Nippon Paint Group, "Enriching our living world through the power of Science + Imagination." Wee Siew Kim focuses mainly on maximization of EPS (earnings per share) through revenue growth and earnings expansion. Yuichiro Wakatsuki concentrates on PER (price-to-earnings ratio) maximization by properly raising expectations of capital markets. Working closely together, we have taken numerous corporate actions without delay throughout the period.

As a result, revenue in FY2021, first year of our Medium-Term Plan (FY2021-2023, "MTP"), reached a record high despite the pandemic. Growth was attributable to higher sales volumes and a price/mix improvement, coupled with positive effect of exchange rate movements and consolidation of the Indonesia business. We expect to achieve revenue exceeding the final year revenue target of 1,100 billion yen in FY2022, the second year of MTP. Operating profit in FY2021 was not at a satisfactory level. However, there was meaningful profit improvement excluding one-off items with significant reduction in expenses compared to the initial budget while transitioning to a smaller headquarters at the holding company. Taking into consideration the quantitative and qualitative progress during the first year of MTP, we remain committed to the operating profit target of 140 billion yen in the final year. Nippon Paint will make a groupwide effort for achieving our targets through revenue growth and improvement in margins.

Our achievements in the first year of MTP also reaffirmed the strengths of our Asset Assembler

model for accelerated growth through both existing businesses and M&A. Nippon Paint Group is pursuing autonomous growth through collaboration and cooperation among Group partner companies in each region based on autonomous and decentralized management. This management structure is underpinned by the delegation of authority and accountability based on Trust with our partner companies around the world. Every day we appreciate the value of having excellent and trustworthy partners who are well versed in their local markets and MSV. We shall continue our collaboration and support to those partners to achieve our common mission.

Our stock price, which is the outcome of MSV, has increased by 683% (see the bottom chart) over the past 10 years, outperforming the TOPIX chemical sector average and competitors. As a unique Asset Assembler, we will remain committed to MSV.

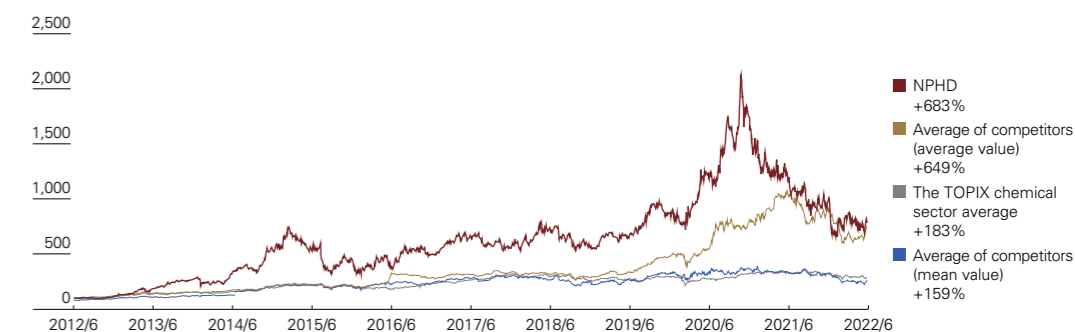
We appreciate the continuous support and guidance from our investors.

August 31, 2022

Yuichiro Wakatsuki
Director, Representative Executive Officer & Co-President

Wee Siew Kim
Director, Representative Executive Officer & Co-President

Historical stock price of NPHD



*1 Source: FactSet (as of June 30, 2022), Bloomberg
 *2 NPHD stock prices, average of competitors (average value), average of competitors (mean value), and the TOPIX chemical sector average were indexed with the closing price on June 29, 2012, as 100
 *3 Competitors covered are Sherwin-Williams, BASF, Asian Paints, PPG Industries, AkzoNobel, Berger Paints India, Axalta, SKSHU Paint, Kansai Paint, TOA Paint, Asia Cuanon
 *4 Stock prices of Axalta, SKSHU Paint, TOA Paint, and Asia Cuanon were indexed using the indexed stock price of Sherwin-Williams on the listing dates of these stocks

Pursuing maximization of PER by executing a management strategy based on Asset Assembler model



Yuichiro Wakatsuki

Director,
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 and Director, Representative Executive Officer & Co-President in March 2022.

“ Pursuing the maximization of PER by building up excellent M&As ”

Focusing on maximization of PER through appropriate allocation of limited resources

Securing more control over my time allocation—this is one of the biggest changes I have earned since I became Co-President. I deliberately abandoned unnecessary meetings and inefficient tasks. This allowed me to create an environment to focus more of my time and energy for PER maximization which is my primary mission.

While feeling the pressure of delivering MSV, which is reflected in the stock price every day, I was able to execute numerous corporate actions without delay for the future growth of EPS and PER. Major actions include transfer of European automotive coatings business and India businesses to Wuthelam Group, acquisitions of Cromology and JUB in Europe, company split into Nippon Paint Holdings (NPHD), the holding company, and Nippon Paint Corporate Solutions (NPCS), a Japan focused functional company, and international secondary offering of shares.

Following our appointment as Co-Presidents, concerns towards Co-President setup slowing down our decision making came to my attention. I believe the outcome was to the contrary and close communication with my partner Wee Siew Kim with MSV as a common basis for judgement has further upgraded and accelerated our decision making.

▶ See “Speedy Corporate Actions” on page 31.

PER basically reflects expectations from capital markets, and in that sense is a reflection of a company's growth potential. Our FY2021-end PER (for the next 12 months) was 37x (see the right chart). In fact, our PER has outperformed the TOPIX chemical sector average and the average of competitors over the past 10 years. I believe this reflects on the high expectations for our growth potential, many of which we have delivered, among investors. I will continue to take actions, including but not limited to, proactive capital markets communications, executing optimal financial strategy, and sustainability

initiatives, in order to respond and exceed these expectations. Further, I will continue to constantly build on our track record of excellent M&A deals that contribute to our future growth with the goal of maximizing our PER.

In January 2022, we initiated an international secondary share offering with the aim to improve liquidity of our stock and eliminate potential risk of a stock overhang. The offering helped us build a global base of investors who recognize the value of our growth strategy from a long-term perspective. Unfortunately, our stock price declined temporarily through the process despite no issuance of new shares/no dilution. However, I believe this secondary offering was a necessary step for our medium- and long-term growth.

Assembling excellent talent and brands through M&A, building on organic growth

Following our appointment as Co-Presidents, I, with Wee Siew Kim and the board members, have held extensive discussions about the ideal business model. We raised emphasis on the autonomy and accountability at every partner company while maintaining a small

Message from Management

- Our Business Model
- Our Medium- and Long-Term Management Strategy
- Corporate Governance
- Financial and Corporate Information

headquarters. Our goal is to achieve strong growth with limited risk by building up M&A deals in the attractive market of paint and adjacencies. This is no change to our existing strategy but rather a crystallization of our business model in pursuit of our sole mission of MSV. We decided to call it Asset Assembler model.

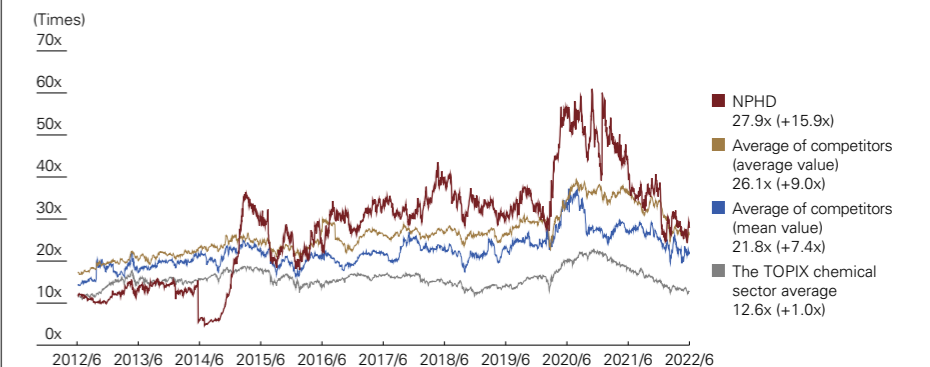
▶ See “Our Business Model: Asset Assembler” on page 35.

The paint and adjacencies markets are very localized with different features in each markets, while also having an attractive risk-return profile. In consideration of such features, we believe delegating more authority to the partner company management who are well versed in the local markets and making agile decisions shall contribute more to MSV, rather than having the holding company direct and control partner companies worldwide in a centralized manner.

Under such model, every partner company fully exploits Nippon Paint Group's worldwide resources, such as technical capabilities, powerful distribution network, purchasing power, and financing capabilities, while raising their motivation to use their own initiatives for accelerated growth. This concept is unique and different from the typical Western global standardization and cost reduction models.

We believe our successful acquisitions of DuluxGroup and Betek Boyca could increase the likelihood of other excellent companies attracted to join our Group, enabling us to further build up talent and brands through M&A. While we will naturally require every partner company to be accountable and deliver the results, which is expected anyway be it a listed or private company, our partner companies under our umbrella can enjoy benefits that bring out their strengths and

Historical PER of NPHD



*1 Source: FactSet (as of June 30, 2022), Bloomberg
 *2 PER (for the next 12 months) is calculated by the stock price on each day divided by EPS (for the next 12 months) on each day
 *3 Competitors covered are Sherwin-Williams, BASF, Asian Paints, PPG Industries, AkzoNobel, Berger Paints India, Axalta, SKSHU Paint, Kansai Paint, TOA Paint, and Asia Cuanon

potential to the fullest, such as receiving financial support and reinforcing governance from a much longer perspective.

The stronger a company's brand and market share are, the greater upside that company can aim under our Asset Assembler model. As an extension of building up assets by taking this approach, we aim to achieve MSV over the medium and long term.

Management teams with Integrity based on Trust

In January 2022, Nippon Paint Group completed a corporate split in which functional units in Japan were spun off from the holding company (NPHD) into the newly established NPCS. The aim of this split was to separate functions as a listed company and functions related to the Japan segment, which were both previously performed by NPHD. This is one of the corporate actions we have taken based on Asset Assembler model. As a result, NPHD's activities as a holding company are concentrated on functions such as evaluating the performance of partner companies, determining succession plans, M&A, finance and accounting, and investor relations. The newly launched NPCS will perform functions necessary for supporting and conducting business activities in Japan.

NPCS operates at the same level as partner companies in Japan and does not intend to "control" the Japan operations. Establishing a supervisory company has the risk of creating another bureaucracy which keeps expanding on its own. For this reason, as Co-President of NPHD, I serve concurrently as the President of NPCS and will manage the allocation of costs and expenses at NPCS from the total optimization perspective. Group operations overseas will be managed based on three segments: NIPSEA Group, DuluxGroup, and U.S. Budget management is basically implemented by the core company of each segment. The holding company will perform

the functions of checking and monitoring the operations of each partner company.

As described above, Asset Assembler model respects the autonomy of every partner company and is based on autonomous governance by respective Executive Committees and the Boards. Wee Siew Kim and I concurrently serve as Directors of the core companies, which raises the effectiveness of governance of those companies. Our "Trust" towards every partner company underpins Asset Assembler model. Trust is not what is given but is something that one must earn by fulfilling his/her accountability and results delivery.

As a corporate executive, I place great importance on Integrity. Not that I force Integrity upon each and every management of partner companies. However, I cannot fully trust corporate managers who do not have Integrity. In that sense, Nippon Paint Group has continued to grow autonomously based on Trust. Simply put, we are a Corporate Group with Integrity.

Going beyond paint and coatings and into adjacencies (Paint++)

By executing our medium- and long-term management strategy using Asset Assembler model, Nippon Paint will aggressively expand the sphere of business activities from the paint and coatings area to the adjacencies area (Paint++). We will continue our aggressive M&A strategy, aiming to build up assets not only in our existing business areas but also in new areas with the goal of achieving MSV.

Some have pointed out that we will acquire all the attractive targets within the next couple of years if we keep executing M&A deals at this pace. However, the aggregate market share of the world's 10 largest paint manufacturers, including Nippon Paint, is less than 50%. As a result, there are still significant opportunities for business expansion through M&A in the fragmented

markets. Further, if we include the adjacencies market which is around three times larger than the paint and coatings market, our growth opportunities through M&A are even greater.

See "Q&A with Co-President Wakatsuki on Our Medium- and Long-Term Management Strategy" on page 47.

Of course, we will not execute M&A deals that do not contribute to MSV. We will not pursue companies with valuations that are too high, companies with a risk-return profile that is not attractive or simply the magnitude is too large, and companies in areas where we do not have market know-how. Acquiring these types of companies could make our Group larger but also impair shareholder value and we examine every M&A opportunity with vigilance. However, there is significant opportunity to venture into new areas based on attractive businesses owned by our partner companies.

For instance, the Selseys brand of adhesives owned by DuluxGroup is now well established in the Western and Asian markets. However, we had not known about this area before the acquisition of DuluxGroup. After joining our Group, DuluxGroup agreed with NIPSEA Group to deploy Selseys brand in Asia through the NIPSEA Group distribution channel which has successfully advanced to a growth trajectory. In this manner, it is quite possible that our business areas will expand in a snowball-like manner through M&A.

Some capital market participants view Nippon Paint as a China-related stock. However, I'm convinced that we can evolve to become a corporate group with a unique and strong presence in every region and market around the world within 10 years with our growth accelerating over the medium and long term based on Asset Assembler model. Asset Assembler model should work for the pursuit of MSV. The ultimate goal of our medium- and long-term growth strategy is the relentless pursuit of MSV. And there are immense possibilities ahead of us.

Unified by MSV for achieving growth in the medium and long term

We launched a new management structure in FY2022 for sustainability based on Asset Assembler model. In the new structure, we have four Global Teams (Environment & Safety, People & Community, Innovation & Product Stewardship, and Governance), that directly report to Co-Presidents, based on



“ There are immense possibilities for pursuing MSV ”

material issues for sustainability (Materiality) identified from a global perspective.

See "Sustainability Strategy" on page 77.

Global Team Leaders are experts selected from our partner companies globally. They will lead sustainability initiatives required by laws and regulations and social customs in each region and market. The Global Team Leaders directly report strategies and progress to Co-Presidents, who will report to the Board of Directors as necessary. As a result, our sustainability initiatives are supervised by the Board of Directors. Sustainability initiatives are not only essential to earn the Trust of investors but will also contribute to EPS and PER by encouraging autonomous activities of each partner company and reinforcing the link with our businesses.

On the governance front, we are taking actions to continuously strengthen governance in order to gain the Trust of investors involved with our business activities. Taking into account our shareholder composition where our major shareholder, Wuthelam Group, holds 58.7% of our stock, we nominated the Lead Independent Director

as the Board Chair to coincide with the launch of the Co-President setup. In addition, the Board of Directors now has eight Independent Directors out of 11 board members. In this manner, we are taking actions to ensure the protection of the interests of minority shareholders.

Wuthelam Group is our important partner that has built a deep bond with us over 60 years. More than anything, we share the common mission of MSV with Wuthelam. I believe that having our major shareholder and the Directors and Executive Officers united across the board by MSV means a great deal for achieving growth in the medium and long term.

See "Corporate Governance Structure and Initiatives" on page 97.

Accomplishing our transformation based on a clear mission and Trust

As repeated many times, Nippon Paint Group is pursuing MSV as its sole mission. We have already put in place advanced and effective

governance, Asset Assembler model, and medium- and long-term management strategies for achieving MSV.

At the same time, I believe we need to constantly evolve as a Lean and Agile Corporate Group that can grow steadily in any environment in order to continue to make investments and achieve growth over the medium and long term. I'm confident that with all the excellent and trustworthy partner companies, we will enable our transformation. In Japan, we will stimulate changes in the mindset of all employees and create a new corporate culture without being restricted by our conventional procedures as we continue to be driven by our insatiable appetite for growth.

Let us continue to strive for MSV by delivering clear outcomes to investors. We are driven to exceed your expectations.

[Signature]
 Director, Representative Executive Officer & Co-President

“ Trust is not “what is given” but is “something that one must earn” ”

A shining beacon through chaotic times



Wee Siew Kim

Director,
Representative Executive
Officer & Co-President

PROFILE

Wee Siew Kim was appointed as the Representative Executive Officer & Co-President on April 28, 2021 and as a Director of Nippon Paint Holdings in March 2022. He is concurrently the Group Chief Executive Officer of NIPSEA Group, a wholly owned partner company of the Nippon Paint Group.

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 where he received a Bachelor of Science (Aeronautical Engineering) (Hons) degree. This was followed by an MBA at Stanford University.

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

Spot opportunities in adjacent industries and implement a hugely successful Asset Assembler strategy

From pandemic to endemic: Transforming our business outlook

While the world has emerged from the pandemic, supply chain disruptions and the conflict between Ukraine and Russia have impacted businesses globally. Inflation is now at its worst in over four decades and a looming recession threatens business profitability.

Despite this, the Group has continued to steadily sail through the year by maximizing earnings-per-share (EPS) through our firmly established Asset Assembler model. By remaining vigilant and steadfast, the company increased EPS by 7.4% in FY2021 to 29.41 yen and we are on track towards achieving our final year targets in the Medium-Term Plan (FY2021-2023). All-in-all, our EPS has increased by 239% over the past 10 years, which significantly outperforms the TOPIX chemical sector average and other competitors (See the bottom right chart).

In my first year as Co-President, the Group has achieved record revenue despite these challenges, and we have achieved the same level of operating profit as FY2021 by raising selling prices and reducing SG&A expenses to mitigate raw material price inflations.

One of our success factors is our ability to spot opportunities in adjacent industries and implement a hugely successful Asset Assembler strategy. Nippon Paint Group's Asset Assembler model is unique in that it maintains the acquired company's autonomy. We value the years of experience that the senior management in these existing teams have, as they were integral to growing the business in the markets that they operate in. We also looked at acquisitions focused on related industries with the aim of maximizing shareholder value by expanding our reach into new but still familiar territories.

The adjacency arena presents enormous opportunity and allows us to hedge our bets by diversifying our product range. We now have water-proofing materials, adhesives, floor coatings and fillers (SAF) amongst other product offerings.

Strengthening our portfolio into these

complimentary products is a sound strategy that leverages our existing manufacturing, marketing, and distribution channels, which means maximizing our market potential.

This gives us an additional construction chemicals market potential of USD90 billion in addition to the paint and coatings segment, which is valued at around USD174 billion.

Setting sails to revitalize our marine coatings segment

While we have many areas to be proud of this year, there are segments of the business that need to be revitalized for us to reach our goals in the coming years. One of the key areas we will focus on is the marine coatings business. In FY2021, this segment recorded an operating loss of around 1.9 billion yen, primarily coming from Japan and Korea.

In general, the shipping industry has seen many peaks and troughs, which can present a volatile situation for all related businesses. Having said this, we believe that we have a good strategy in place to facilitate a turnaround in the key markets where the marine coatings sector has the highest potential.

To start, we restructured the operations

Message from Management

- Our Business Model
- Our Medium- and Long-Term Management Strategy
- Corporate Governance
- Financial and Corporate Information

team, separating the Japanese management from the other markets as we noted the difference between local and international expertise and culture.

We then reviewed the Japanese operations and merged the industrial and marine coatings businesses placing them under the leadership of Takeshi Shiotani, who will now serve concurrently as the President of Nippon Paint Industrial Coatings (NPIU) and Nippon Paint Marine Coatings (NPMC).

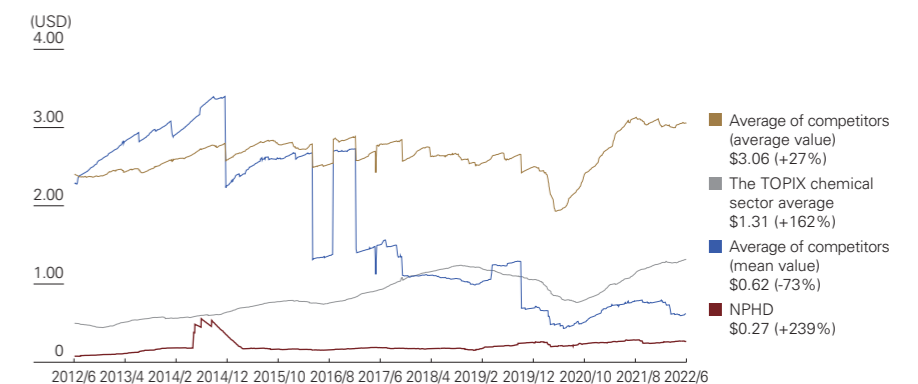
Mr. Shiotani has a proven track record and we are confident that his leadership and ability will bring a positive transformation to the NPMC business. In his expanded capacity, he will ensure the implementation of best practices for cost management and sales distribution are aligned with the industrial coatings business with a laser focus on improving the business financials.

Apart from Japan, we also made changes to the Korean operations, revamping the management team, business and sales models to areas that are more profitable and provide financial stability.

This meant shifting our balance in Korea from new ship building deals to more maintenance and repairs where the financial prospects are better. The changes made are already bearing fruit and we are expecting the Korea business to return to an operating profit in FY2023.

To further strengthen the global marine coatings business ecosystem, we broadened our supply chain and marketing activities, shifting away from a narrow, country-focused mindset to one that maintains a flexible approach. This new global-perspective allowed us to further push out our advanced product technologies like AQUATERRAS, FASTAR, A-LF-Sea,

Historical EPS of NPHD



*1 Source: FactSet (as of June 30, 2022), Bloomberg

*2 Competitors cover Sherwin-Williams, BASF, Asian Paints, PPG Industries, AkzoNobel, Berger Paints, Axalta, SKSHU Paint, Kansai Paint, TOA Paint, Asia Cuanon

*3 EPS (for the next 12 months) was converted to USD at the following exchange rates as of June 30, 2022: USD/EUR=1.04545; USD/INR=0.012663; USD/CNY=0.149381; USD/JPY=0.07361; USD/THB=0.028285

NEOGUARD and NOA to deliver superior performance, earning us good testimony and trust from new and regular clients alike.

With a stronger marketing push to encourage market adoption via our global supply chain, we expect a strong take-up in other partner companies' markets. This is starting to be evident in NIPSEA Group markets such as Indonesia, Vietnam, the Philippines and India.

We believe that by continuing to implement the above strategies, the marine coatings business will improve and change for the better.

See "Q&A with Co-President Wee about Actions for Improving the Profitability of the Japanese Businesses" on page 71.

Building customer trust with collaborations and consolidations

There have been many views regarding our exposure to the real estate sector in China, especially with current economic and geopolitical conditions prompting many to be skeptical about its growth prospects.

Notwithstanding this, NIPSEA Group continues to be resilient and flexible while sticking to our mission to ensure growth and maximum shareholder value. In China, our strong performance is a testament to our ability to thrive in a highly competitive market.

We continue to have strong market

“ We have a highly adaptable team, ready to shift according to consumer sentiments ”

share in this region and see the potential for GDP+alpha growth contributed mainly by the decorative paints market and dominant market share in mainly Tier 1 and 2 cities. Even as off-and-on lockdowns persisted, the renovation and DIY sector continued to eke out growth as consumers worked on refreshing their surroundings.

Specifically in the DIY sector, the country saw an increase in demand through new products including the eco-friendly Kid's Paint and Eco-essence paint, indicating a need for paints that are beneficial for the environment and are also asthma and allergy friendly.

We also see encouraging prospects in the Tier 3 and 4 cities, where our teams have already commenced a detailed market analysis of trends to determine the correct approach and business strategies for implementation. We are leaving no stone unturned to ensure that we have the right strategies in place to meet the needs of clients and consumers in these different cities as living conditions can vary from city to city.

Having said this, we are aware of the public sentiment on the Chinese real estate market and remain vigilant of any developments. The key here is that we have a highly adaptable team, ready to shift according to consumer sentiments to ensure continued business sustainability in this segment. As the market requirement changes, we can flexibly deliver differentiated offerings to our business clients in China through collaborations with strategic construction vendors and project service vendors. With our scale and reach, we offer to the market the convenience of having a one-stop solution provider in which we endeavor to meet customers' paint and coatings needs.

Aside from the above, our research and studies reveal that there will be continued demand for houses, driven by the population concentration in urban areas and the further upturn in economic activities as urbanization progresses in different parts of China.

As such, we view downturns to be temporary and are confident of the medium

to long-term growth potential for the Chinese market.

See "Growth Strategy for Rapidly Growing Repainting Market in China" on page 61.

New economic power houses

Being a global company means we can capture the potential and act on opportunities worldwide. In this respect, we see growth prospects around the world. For example, in Indonesia our continued marketing push and expanding distribution network have produced promising results.

The market is valued at around USD 2 billion and has grown at 17-18% annual rate. Under the current government and new policies put in place, we see more potential in the future having achieved a growth of 5.02% in GDP in 2021.

There are also several large projects that have been launched in the country including the recent announcement of Nusantara, Indonesia's new green and smart capital in Kalimantan that will be developed in stages through to 2045.

Prudent price management in times of recession and inflation cycles in Indonesia also helped to maintain sound financials in this region. This, coupled with a healthy market environment, means that Indonesia remains as one of our more profitable markets.

For continued success, the team will invest in advertising to drive brand top-of-mind recall and preference. We will also ensure a wider distribution of Computerized Colour Matching (CCM) machines and increase product penetration in all product segments in our CCM stores.

Another expansion tactic is to capitalize on the trend of digital transformation and a shift towards more technology-driven sales channels. Technology and data tracking have helped us determine a strong demand for online e-commerce sales channels, especially in Indonesia, where it can be challenging to

navigate the country's main islands and smaller cities.

For this, we will be establishing new channels to enable more online purchasing and inquiries. We plan to open more depots or stock points and strengthen our sales team to further widen our geographical coverage in the country. This will help support both our customers and other sales or dealer distribution channels more effectively.

Likewise, as it is with our other global markets, we will also expand product offerings.

We see huge potential for us to market our other popular products in Indonesia, especially in the non-paint segment. We are highly confident that Indonesia will continue to perform strongly.

See "Growth Strategy Deployment in High-Growth Countries (Indonesia and Türkiye)" on page 66.

Business acceleration through adjacencies

While times are uncertain and there remains to be an abundance of challenges that all businesses will face, we are confident that our continued execution of the unique Asset Assembler model will bring positive results in the coming year.

There is strength in numbers and we are definitely benefiting from the various acquisitions and mergers that have been completed over the last few years. For instance, our non-paint business in Malaysia was expanded through the introduction of Selleys and the acquisition of Vital Technical and Construction Material Industry Sdn Bhd.

The Selleys SAF premium brand gave us an avenue to increase our innovative offerings to a new group of customers including key retail partners.

Beyond Malaysia, these acquisitions provided a new range of products to the NIPSEA Group market helping close deals that required quality yet budget-conscious options as well.

“ Through deft execution of Asset Assembler model, we aim to achieve our mission of Maximization of Shareholder Value ”

Message from Management

- Our Business Model
- Our Medium- and Long-Term Management Strategy
- Corporate Governance
- Financial and Corporate Information

These successes would not have been possible without the retention of expertise from the DuluxGroup and Betek Boya groups that have been introduced to the NIPSEA Group team.

We also completed the acquisitions of Cromology and JUB, which not only led to further expansion of our decorative paints segment but also expanded our distribution network exponentially in the European region. Looking to the future, we will continue to look out for more adjacent and complimentary businesses. This is a key engine of growth and can work to accelerate our group's financial successes in the future.

Moving forward with an autonomous partnership agenda

Through deft execution of Asset Assembler model, we aim to achieve our mission of Maximization of Shareholder Value. However, we will maintain that this model can only work if we continue to inspire autonomous business execution and growth among partner companies while providing a framework that leverages every partner company's strength.

Having autonomous and decentralized management will take us to greater heights as each partner company fully benefits from this Nippon Paint Group business model.

After all, only through embracing diversity and encouraging everyone to do so can we leverage the benefits of team work and realize employee potential. Hence, we are constantly advocating for our teams to share positive examples, benefits, success cases and more with each other in the spirit of learning and improving.

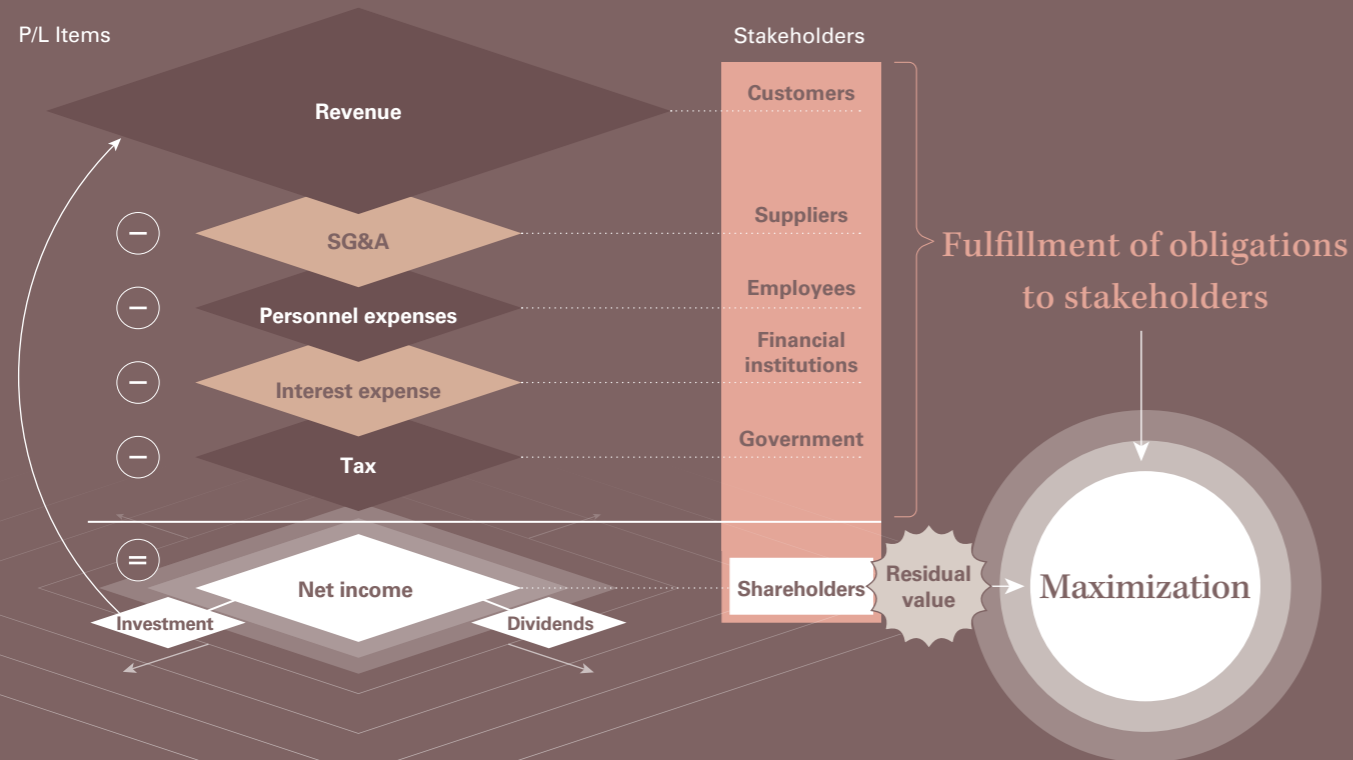
As we come full circle, it gives me great pride to share that despite the unpredictable happenings through the past year, we have managed to achieve our medium-term plan revenue a year in advance while maintaining our 2023 operating profit target and will continue to remain focused on achieving our business objectives through revenue growth and margin improvement.

Director, Representative Executive Officer & Co-President



Our sole mission Maximization of Shareholder Value (MSV)

Nippon Paint Group is pursuing MSV as its sole mission. We will aim to create wealth by maximizing the residual shareholder value that remains after fulfilling our obligations to customers, suppliers, employees, society, and other stakeholders.



The diagram above shows the stakeholder relationship for profit and loss statement items: customers for revenue, suppliers for operating expenses, employees for personnel expenses, financial institutions for interest expenses, and governments for taxes. Fulfilling our obligations to each stakeholder group is the primary premise for MSV. Fulfillment of

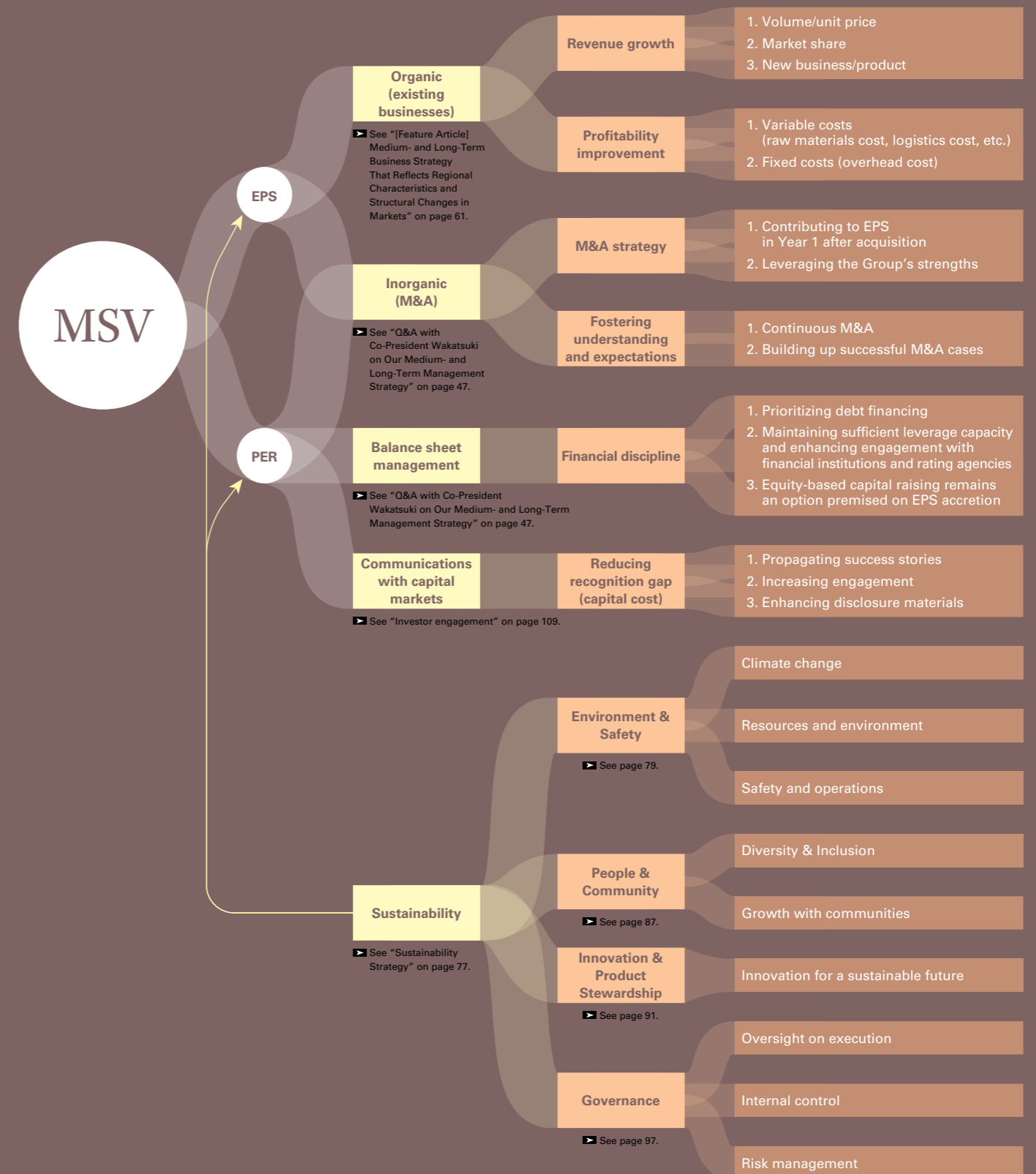
obligations includes not only legal contracts but also social and ethical obligations, as well as the concept of sustainability.

MSV entails maximizing the residual value that remains after fulfilling obligations to all stakeholders as a way of rewarding shareholders that make an investment with an awareness of the associated risks. A

prerequisite is to fulfill those obligations to stakeholders that have upper limits, and shareholder value will be the residual value that remains after fulfilling those obligations. MSV strictly pursues the maximization of medium- and long-term shareholder value, rather than short-term maximization.


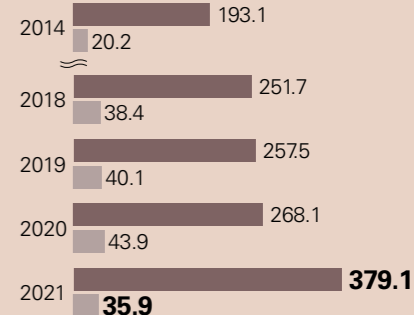

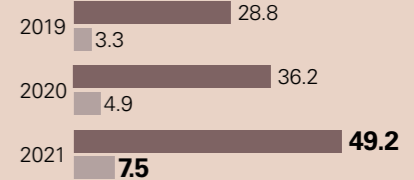
MSV logic tree: Actions for achieving MSV

Earnings per Share (EPS) and price-to-earnings ratio (PER) are important benchmarks for achieving MSV. Nippon Paint Group is taking various actions that will contribute to maximizing EPS and PER in order to achieve MSV over the medium and long term.







Status of assets (partner companies) continuing on an autonomous

growth trajectory

Assets	Overview	Financial indicators	FY2021 ^{*1}	YoY comparison ^{*1}	Growth since the acquisition ^{*2}	Revenue / Operating profit (Billion yen)
NIPSEA Group (Asia) 	<p>FY2021 operating results Revenue increased from the previous year as a result of the new consolidation of the Indonesia business, coupled with strong market growth and selling price increases in the decorative paints business at NIPSEA China. Revenue also increased from the previous year in Asia Excepting NIPSEA China due to the progress with selling price increases in every region, despite the impact of the pandemic in some regions. As a result, revenue in NIPSEA Group increased by 48.3% to ¥579.4 billion.</p> <p>Operating profit increased by 12.1% to ¥67.5 billion on higher revenue, including revenue growth from the new consolidation and the impact of exchange rate changes, despite the significant negative effect of the higher prices of raw materials.</p>	<p>Growth since the acquisition (FY2014) Since becoming our consolidated subsidiary in FY2014, NIPSEA Group has achieved growth that significantly outperformed the market and competitors by leveraging the following strengths: ① Strong brand recognition, ② Competitive workforce due to a Lean for Growth (LFG) culture, ③ Strong base of supply chains and production locations, and ④ Competitive technologies.</p> <p>This strong growth at NIPSEA Group has driven earnings growth of Nippon Paint Group. In addition, NIPSEA Group has supported the operations and management of Betek Boya and PT Nipsea by sharing the group's broad expertise and technologies built up in emerging markets over the last 60 years. Due to this support, these two companies have grown faster than before their acquisitions by NPHD. As a result, revenue has increased 145.0% following the acquisition and operating profit has increased 191.1%.</p>	Revenue ¥579.4 billion	+48.3%	+145.0%	
NIPSEA China (China) 	<p>FY2021 operating results Automotive coatings revenue increased from the previous year due to flow-through of selling price increases implemented to respond to raw material price increases, although automobile production remained unchanged from the previous year due to shortage of semiconductor chips and disruptions of parts supply due to the pandemic. The decorative paints business achieved high revenue growth in the first half of the year following the pandemic downturn in the previous year and strong market growth continued in the second half. In addition, selling prices were increased during the year. As a result, our DIY revenue increased by 35% and Project revenue increased by 29% from the previous year. The industrial coatings business achieved revenue growth due to solid demand for coatings, coupled with strong demand for general industrial coatings and powder coatings. Consequently, revenue increased by 41.4% to 379.1 billion yen.</p> <p>Operating profit decreased by 18.3% to 35.9 billion yen despite higher revenue, due to the deterioration of the raw material cost contribution ratio and recording a provision for potential credit loss.</p>	<p>NIPSEA China remained the market leader in both the DIY and Project businesses as the market shares increased to 27% and 9%, respectively.</p> <p>Growth since the acquisition (FY2014) Since becoming a consolidated subsidiary of NPHD in FY2014, NIPSEA China has consistently achieved strong growth and steadily increased its market share every year, led by an excellent management team dedicated to the Lean for Growth (LFG) spirit and based on the following strengths: ① High recognition of the LiBang brand, ② extensive distribution network that provides nationwide coverage, ③ world's leading and most advanced production systems, ④ strong relationships with the top 100 real estate developers, and ⑤ extensive support provided to customers based on its comprehensive capabilities such as capital strength and broad product lineups. As a result, revenue increased by 96.4% and operating profit by 77.8% compared to the amounts when NIPSEA China was acquired.</p>	Revenue ¥379.1 billion	+41.4%	+96.4%	
Operating profit ¥35.9 billion	-18.3%	+77.8%				
OP margin 9.5%	-6.9pt	-1.0pt				
Market share^{*3}	DIY 27%	+3pt	+5pt			
		Project 9%	+1pt	+6pt	35.9	
Betek Boya (Türkiye) 	<p>FY2021 operating results Revenue increased by 35.9% from the previous year to 49.2 billion yen despite the impact of the weak Turkish lira against major currencies. This growth was the result of the expansion of dealer coverage, an increase in the market share with dealers as a result of aggressive sales and marketing activities, and selling price increases. On a local currency basis, which excludes the effects of exchange rate fluctuations, revenue was up 65.3% from the previous year.</p> <p>Operating profit increased by 53.1% to 7.5 billion yen despite higher raw material prices because the strong revenue growth absorbed the higher cost of raw materials and negative effects of exchange rate movements.</p> <p>Betek Boya's market share increased to 34% as this company retained its No. 1 market position. This accomplishment was attributable to successful activities such as the multi-brand strategy and aggressive marketing activities.</p>	<p>Growth since the acquisition (FY2019) Betek Boya has achieved revenue growth and market share gains that are significantly greater than before the acquisition. This is because the acquisition has allowed the company to benefit from NIPSEA Group's know-how for growth in emerging markets and the Nippon Paint brands. In addition, Betek Boya repaid all of its loans with high interest rates by utilizing Nippon Paint Group's low-cost financing capability. Repaying loans allowed Betek Boya to allocate cash generated to large expenditures for marketing and other activities. As a result, revenue increased by 70.6% and operating profit by 124.1% compared with the amounts at the time of the acquisition two years ago.</p>	Revenue^{*4} ¥49.2 billion	+35.9%	+70.6%	
Operating profit^{*4} ¥7.5 billion	+53.1%	+124.1%				
OP margin^{*4} 15.2%	+1.6pt	+3.6pt				
Market share (decorative)^{*3} 34%	+4pt	+7pt	75			

*1 The earnings for FY2020 and thereafter have been adjusted retrospectively following the classification of the European automotive coatings business and the India business as discontinued operations after they were transferred to Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreements beginning with 4Q FY2021.
 *2 Earnings comparison with the amounts at the time of acquisition are estimates because there are cases where accounting policies applied or assumptions used to estimate the market are different.
 *3 NPHD's estimates
 *4 Segment basis (after elimination of internal transactions and after PPA)

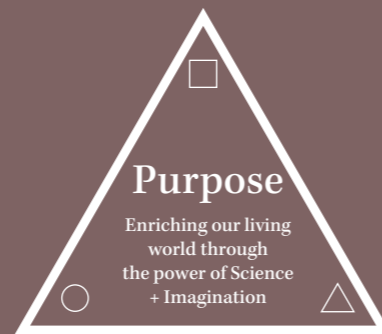
Assets	Overview	Financial indicators	FY2021 ^{*1}	YoY comparison ^{*1}	Growth since the acquisition ^{*2}	Revenue / Operating profit (Billion yen)
PT Nipsea (Indonesia) 	<p>FY2021 operating results (acquired in FY2021) Revenue increased by 30.4% from the previous year to 39.5 billion yen driven by selling price increases, the extension of distribution networks, the addition of more distributors, and the increase in the use of Computerized Colour Matching (CCM) machines despite the temporary slowdown of economic activities due to COVID restrictions and lockdowns. Operating profit increased by 15.7% to 11.8 billion yen due to higher revenue and the product/mix improvement, despite higher raw material prices and sales promotion expenses. PT Nipsea's market share was about the same as in the previous year at 17% but the company retained its No. 2 position.</p>	<p>Revenue^{*3}</p> <p>Operating profit^{*3}</p> <p>OP margin^{*3}</p> <p>Market share^{*4}</p>	<p>¥39.5 billion</p> <p>¥ 11.8 billion</p> <p>29.7%</p> <p>17%</p>	<p>+30.4%</p> <p>+15.7%</p> <p>-4.1pt</p> <p>+0pt</p>	<p>+30.4%</p> <p>+15.7%</p> <p>-4.1pt</p> <p>+0pt</p>	<p>2020: 30.3</p> <p>2021: 39.5</p> <p>10.2</p> <p>11.8</p>
Dunn-Edwards (USA) 	<p>FY2021 operating results Revenue increased by 11.2% from the previous year to 51.7 billion yen due to solid repainting demand in every operating region centered on California and Arizona as well as multiple selling price increases to reflect higher raw material prices. Dunn-Edwards' market share remained about the same as in the previous year at 2.5%.</p> <p>Growth since the acquisition (FY2017) After joining Nippon Paint Group, Dunn-Edwards provided its unique customer services that differentiate it from competitors combined with high quality products. This company also increased sales of new products by opening new stores and using its existing distribution network mainly in the Southwestern U.S. by leveraging the know-how accumulated within Nippon Paint Group. As a result, revenue has increased steadily by 15.8% compared with the amount in FY2018.</p>	<p>Revenue</p> <p>Market share^{*4}</p>	<p>¥51.7 billion</p> <p>2.5%</p>	<p>+11.2%</p> <p>+0.1pt</p>	<p>+15.8%^{*5}</p> <p>+0.1pt</p>	<p>2017: 37.4^{*5}</p> <p>2018: 44.6</p> <p>2019: 46.5</p> <p>2020: 46.5</p> <p>2021: 51.7</p>
DuluxGroup (Australia, Europe) 	<p>FY2021 operating results Revenue in the decorative paints and paint related businesses increased from the previous year due to the recovery of the trade DIFM^{*6} markets following the easing of COVID restrictions and lockdowns and due to the proactive management of selling prices. However, demand in the consumer DIY markets was weaker than in the previous year when consumer demand escalated temporarily due to the COVID pandemic. As a result, revenue increased by 18.8% from the previous year to 176.2 billion yen. Operating profit increased by 23.7% to 19.0 billion yen due to strong trade sales and strong discipline in managing costs to offset the impact of higher raw material prices. DuluxGroup has maintained the No. 1 market share (volume basis) in decorative paints in Australia, at approximately 50%.</p> <p>Growth since the acquisition (FY2019) In the mature Australia and New Zealand markets, DuluxGroup has grown faster than the market through its continued focus on the fundamentals of consumer insights, strategic brand marketing, innovation and customer service; complemented by a number of strategic bolt-on acquisitions. In addition, DuluxGroup is sharing its core capabilities to help drive Nippon Paint Group's growth in the SAF (Sealants, Adhesives & Fillers) business in Asia, and is delivering on its targeted and strategic M&A agenda as demonstrated by the acquisitions of Cromology in France and JUB in Slovenia in FY2022. These acquisitions provide a platform for future growth in mature western and central European markets. As a result, revenue increased by 30.7% and operating profit by 57.0% compared to the time of acquisition two years ago.</p>	<p>Revenue^{*3}</p> <p>Operating profit^{*3}</p> <p>OP margin^{*3}</p> <p>Market share (Australia)^{*4*7}</p>	<p>¥176.2 billion</p> <p>¥19.0 billion</p> <p>10.8%</p> <p>50%</p>	<p>+18.8%</p> <p>+23.7%</p> <p>+0.4pt</p> <p>+0pt</p>	<p>+30.7%</p> <p>+57.0%</p> <p>+1.8pt</p> <p>+2pt</p>	<p>2019: 134.9</p> <p>2020: 148.3</p> <p>2021: 176.2</p> <p>12.1</p> <p>15.4</p> <p>19.0</p>
Japan Group (Japan) 	<p>FY2021 operating results Revenue in the automotive coatings business increased from the previous year due to selling price increases to respond to higher raw material prices, despite lower automobile production compared to the previous year because of the shortage of semiconductor chips and disruptions of parts supplies due to the pandemic. Revenue in the decorative paints business increased in all business segments, primarily architectural paints, due to our unique sales promotion activities by leveraging our paint distribution network and aggressive new ideas for products. Revenue in the industrial coatings business increased due to the recovery in the housing, construction machinery, and agricultural machinery sectors from the previous year when demand was impacted by the pandemic. As a result, revenue increased by 1.6% from the previous year to 164.6 billion yen. Operating profit declined by 36.2% to 10.3 billion yen due to higher raw material prices in the 2H of FY2021, despite higher revenue in the 1H of FY2021 due to recovery from the pandemic.</p>	<p>Revenue</p> <p>Operating profit</p> <p>OP margin</p>	<p>¥164.6 billion</p> <p>¥10.3 billion</p> <p>6.3%</p>	<p>+1.6%</p> <p>-36.2%</p> <p>-3.7pt</p>	<p>—</p> <p>—</p> <p>—</p>	<p>2017: 175.9</p> <p>2018: 182.8</p> <p>2019: 182.6</p> <p>2020: 162.0</p> <p>2021: 164.6</p> <p>30.6</p> <p>29.6</p> <p>23.4</p> <p>16.1</p> <p>10.3</p>

*1 The earnings for FY2020 and thereafter have been adjusted retrospectively following the classification of the European automotive coatings business and the India business as discontinued operations after they were transferred to Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreements beginning with 4Q FY2021.
 *2 Earnings comparison with the amounts at the time of acquisition are estimates because there are cases where accounting policies applied or assumptions used to estimate the market are different.
 *3 Segment basis (after elimination of internal transactions and after PPA)
 *4 NPHD's estimates

*5 FY2017 earnings of Dunn-Edwards are for 10 months from March, when the acquisition closed, to December 2017. Earnings changes since the acquisition are calculated using FY2018 earnings.
 *6 Do It For Me
 *7 Volume basis

Quick decision-making enabled by the Co-President setup

Following the launch of the Co-President setup in April 2021, Nippon Paint Group has taken many actions to achieve MSV. We will continue to accelerate medium- and long-term growth through the expansion of existing businesses and aggressive M&A, leveraging the strengths of the Co-President setup.



Purpose and the New Medium-Term Plan (FY2021-2023) announced

Set Purpose that defines the identity of Nippon Paint Group, and established the New Medium-Term Plan as a medium-term milestone for 2023 for accomplishing our long-term goals

▶ See "Purpose" on page 2 and "Progress of the Medium-Term Plan (FY2021-2023)" on page 51.

Acquisition of Vital Technical announced

Acquired Vital Technical, the No. 1 player in Malaysia's sealants and adhesives market, in a bid to promote growth in the adjacencies business and improve operational efficiency through collaboration in raw materials procurement and other activities. Following the acquisition closing at the end of March 2021, the company has contributed to EPS accretion from the first year of acquisition



Share transfer of our European automotive coatings business and India business to Wuthelam Group announced

Determined that the transfer would be reasonable from the perspective of protecting the interests of minority shareholders and achieving MSV, given that the transaction would contribute to EPS and give us a call option to buy back the companies in the future. Agreed to continue providing management support to the transferred businesses

▶ See "Discussions by the Board of Directors" on page 119.



Press conference announcing appointment of the Co-Presidents

Co-President set-up launched

Yuichiro Wakatsuki and Wee Siew Kim appointed as Representative Executive Officers & Co-Presidents. This personnel change follows the resignation of former President & CEO Tanaka and aims to further accelerate global business growth

Stock split announced

A five-for-one stock split as of the record date of March 31, 2021, with the goal of reducing the investment unit price for our stock, expanding the investor base, and increasing stock liquidity

Completed the full integration of the Asian JVs and acquisition of the Indonesia business

Completed the nearly 60-year partnership with Wuthelam Group allowing us to capture the strong growth in the Asian markets, realizing significant earnings growth and protection of the interests of minority shareholders

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Agreed to support the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations

Decided to support the TCFD recommendations (final report) and are taking actions to expand climate change-related measures and related information disclosures

▶ See "Sustainability Strategy" on page 77.

Secondary offering of shares

Conducted a secondary offering of shares in overseas markets with the goal of improving the liquidity of our stock, building a global base of investors that show an understanding of our growth strategies from a long-term perspective, and alleviating concerns surrounding the potential sale of our common stock held as strategic holdings

Acquisition of full ownership of the Chinese automotive coatings JVs announced

Acquisition of 100% ownership of the five consolidated subsidiaries of Nippon Paint Automotive Coatings (NPAC) established as joint ventures with Tong Yan Holding Corporation completed at the end of May 2022 in a bid to increase our market share through the integration of our Chinese automotive coatings business

▶ See "Strategy for Next-Generation Technologies in the Transforming Automotive Industry" on page 74.

Nanjing NBC Co., Ltd.	Nanjing, China
Guangzhou NBC Co., Ltd.	Guangzhou, China
Changchun NBC Co., Ltd.	Changchun, China
Tianjin NBC Co., Ltd.	Tianjin, China
Wuhan NBC Co., Ltd.	Wuhan, China

Acquisition of Cromology announced

Decided to acquire shares of European decorative paints and paint-related products manufacturer Cromology and its subsidiaries. Following the acquisition closing in January 2022, Cromology is contributing to EPS from the first year of acquisition and transitioning to a new management structure as a partner company of DuluxGroup

▶ See "Strategy for Mature Markets (Australia, New Zealand, PNG and Europe)" on page 67.



Business location in Champagné

Acquisition of JUB announced

Decided to acquire shares of European decorative paints and ETICS* manufacturer and seller JUB and its subsidiaries. Following the acquisition closing at the end of May 2022, JUB is contributing to EPS from the first year of acquisition and transitioning to a new management structure as a partner company of DuluxGroup

*External Thermal Insulation Composite System

▶ See "Strategy for Mature Markets (Australia, New Zealand, PNG and Europe)" on page 67.



JUB's office buildings and plants

Company split into NPHD (holding company) and NPCS (Japan-focused functional company) announced

Aimed at clarifying the holding company's functions and maximizing the autonomy of Group partner companies around the world. NPCS support will improve the sophistication and operational efficiency of our businesses in Japan, clarifying their profitability and facilitating autonomous initiatives

March

New board structure instituted

At the 197th Ordinary General Meeting of Shareholders approved the election of 11 Directors, including four new Directors, with the goal of incorporating diverse perspectives and viewpoints into the Board of Directors' operation to maximize MSV

▶ See "Directors and Executive Officers" on page P123.



Peter M. Kirby, Independent Director

Lim Hwee Hua, Independent Director

2021

2022