## Value Creation Achievements (Financial and Non-Financial Highlights)

**Figures for FY2017 are based on JGAAP and figures for FY2018 to FY2021 are based on IFRS.**

### Financial highlights

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (Billion yen)</th>
<th>Operating profit (Billion yen)</th>
<th>Earnings per share (Yen)</th>
<th>Free cash flow (Billion yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>805.3</td>
<td>75.0</td>
<td>23.15</td>
<td>-21.4</td>
</tr>
<tr>
<td>2018</td>
<td>827.7</td>
<td>86.5</td>
<td>28.28</td>
<td>24.1</td>
</tr>
<tr>
<td>2019</td>
<td>692.0</td>
<td>78.1</td>
<td>22.99</td>
<td>-260.7</td>
</tr>
<tr>
<td>2020</td>
<td>772.6</td>
<td>876</td>
<td>2738</td>
<td>52.2</td>
</tr>
<tr>
<td>2021</td>
<td>998.3</td>
<td></td>
<td>29.41</td>
<td>-34.9</td>
</tr>
</tbody>
</table>

### Financial base

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividends per share (Yen)</th>
<th>Dividend payout ratio (IFRS) (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>8.4</td>
<td>278</td>
</tr>
<tr>
<td>2018</td>
<td>9.0</td>
<td>318</td>
</tr>
<tr>
<td>2019</td>
<td>9.0</td>
<td>39.3</td>
</tr>
<tr>
<td>2020</td>
<td>9.0</td>
<td>32.2</td>
</tr>
<tr>
<td>2021</td>
<td>10.0</td>
<td>32.9</td>
</tr>
</tbody>
</table>

**Operating profit reached a record high in FY2021 due to the benefits of acquisitions and growth of the Chinese business. Group operating profit remained at the same level in FY2021 due to higher revenue and the reduction of fixed costs, despite raw material price increases and a provision for a potential credit loss in China. The operating profit margin in FY2021 decreased from the previous year due to an increase in the raw material cost contribution ratio.**

**Capital investments in the paint industry are relatively low and positive cash flow in the form. Free cash flow in FY2017, FY2019 and FY2020 were negative due to the acquisitions of overseas paint manufacturers. However, our operating cash flow has increased consistently every year.**

**Our basic policy is to pay stable and consistent dividends and maintain a dividend payout ratio of 30%. Our dividend payout ratio has been above 30% since FY2018. In FY2021, we paid an annual dividend of ¥10 per share including a commemorative dividend of ¥1 per share for the 140th anniversary of the company’s founding. As a result, our dividend payout ratio was 32.9%.**

**Group operating profit has grown steadily through the acquisitions of paint manufacturers in the United States in FY2017 and in Australia and Turkey in FY2019 along with the successful growth of the decorative paints business in China and other Asian countries. In FY2021, we achieved revenue growth for the fifth consecutive year and a record revenue due to the acquisition of the Indonesian business, selling price increases in every region, and the weaker yen.**

**Nippon Paint Group has been a leading player in the paint industry through its market share and brand awareness, providing high-quality paints to customers worldwide. The strong financial performance of Nippon Paint Group is a testament to the company’s commitment to innovation and excellence.**

**Nippon Paint Holdings Integrated Report 2022**
Non-financial highlights

The ratios of employees at the Group’s overseas operations have been increasing due to aggressive M&A, such as the acquisition of a US paint manufacturer in FY2017, the acquisition of Australian and Turkish paint manufacturers in FY2019, and the acquisitions of the Indonesian business in FY2020. The ratio of overseas employees has increased by 6 pt. from 68.1% in FY2017 to 84.1% in FY2021. We are taking actions to reinforce and increase our workforce for further growth in Asia and Oceania.

Employee satisfaction level (Japan Group)*

Nippon Paint Group’s employee satisfaction has been increasing since FY2017. Employee satisfaction reached a record high in FY2020 and stayed at a high level at FY2021. Surveys show that employee satisfaction slightly decreased in the areas of understanding of the Group’s vision and values as well as trust and sense of comfort in their companies amid significant changes in the business environment. However, employee satisfaction improved in the area of comfortable workplace environments, which was identified as an area requiring improvement in FY2020.

Consolidated total* / Japan Asia Americas Oceania Other

The Group is steadily reducing CO2 emissions in Japan by taking actions such as conducting energy-saving activities and introducing renewable energy towards the goal of reducing CO2 emissions by 25% in FY2030 compared to the FY2019 level. The Group’s CO2 emissions in Japan (Scope 1 and 2) in FY2021 was roughly unchanged from the previous year despite the recovery of production volume.

Customers

Water use in Japan* (thousand m³)

The Group identified the efficient use of water as an item of Materiality under resources and environment, and is taking actions such as efficiently using water for raw materials as well as reducing water use and using recycled water in manufacturing processes. As a result of these actions, the water use in Japan decreased in FY2021 from the previous year.

Awards

Awards

Awarded the Gold Brand from a Chinese brand evaluation institution

The ongoing sales growth of our high-quality Lifting brand products since we entered the China market in 1992 has made it the top brand in China. The Lifting brand has won the Gold Brand for six consecutive years in the wall paint category of the C-BPI (China Brand Strength Index).

CO2 emissions in Japan (Scope 1 and 2)*

The Group is building an advanced corporate governance framework based on an Assemble model in order to achieve growth over the medium and long term and protect the interests of minority shareholders. We shifted to a Company with a Nominating Committee, etc. governance structure in March 2020. Also, we established a structure in FY2021 where the Lead Independent Director serves as the Board Chair and six of the eight Directors are Independent Directors.

Number of Directors of the Board* / Ratio of Independent Directors on the Board*

Ratio of water-based paints in the decorative paints business (Global)*

Demand for water-based paints is rising in line with growing environmental awareness and tougher environmental regulations around the world. The Group is using its technological strengths to develop highly competitive water-based paint products. The shipment ratio of water-based paints is increasing every year as a result.

Number of countries/regions where Nippon Paint Group has the No. 1 market share in decorative paints

Nippon Paint Group has held the top market position in Japan for many years. The aggressive expansion of the ASEAN business since 1967 has also steadily increased the number of countries and regions where the Group has the largest market share. The acquisitions of DuluxGroup and Boye Group has also established us as the leader in the paint markets of Australia and Turkey since FY2019.

Employees / Ratio of overseas employees

The ratio of employees at the Group’s overseas operations has been increasing due to aggressive M&A, such as the acquisition of a US paint manufacturer in FY2017, the acquisition of Australian and Turkish paint manufacturers in FY2019, and the acquisition of the Indonesian business in FY2020. The ratio of overseas employees has increased by 6 pt. from 68.1% in FY2017 to 84.1% in FY2021. We are taking actions to reinforce and increase our workforce for further growth in Asia and Oceania.

Customer base

Very few Nippon Paint Group has the No. 1 market share in decorative paints

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Surveys by Nippon Paint Labor Union

* Number of Do-Not-Drivers who were elected at the Ordinary General Meeting of Shareholders held in March 2020. Also, we established a structure in FY2021 where the Lead Independent Director serves as the Board Chair and six of the eight Directors are Independent Directors.

* The survey coverage was six companies until FY2017: Nippon Paint Holdings (NPHD), Nippon Paint (NPTU), Nippon Paint Automotive Coatings (NPAC), Nippon Paint Industrial Coatings (NPIU), Nippon Paint Surf Chemicals (NPSU), and Nippon Paint Marine Coatings (NPMC). The survey coverage from FY2018 is seven companies: NPHD, NPTU, NPAC, NPIU, NPSU, NPMC, and Nippon Paint Materials (NPMJ).

* Calculated as water-based paint shipments divided by total paint shipments in units of 10,000 tons. Data for four companies: Nippon Paint (NPTU) and NIPSEA (beginning in FY2016), Nippon Paint Automotive Coatings (NPAC), Nippon Paint Industrial Coatings (NPIU), Nippon Paint Surf Chemicals (NPSU), and Nippon Paint Marine Coatings (NPMC). The survey coverage from FY2018 is seven companies: NPHD, NPTU, NPAC, NPIU, NPSU, NPMC, and Nippon Paint Materials (NPMJ).