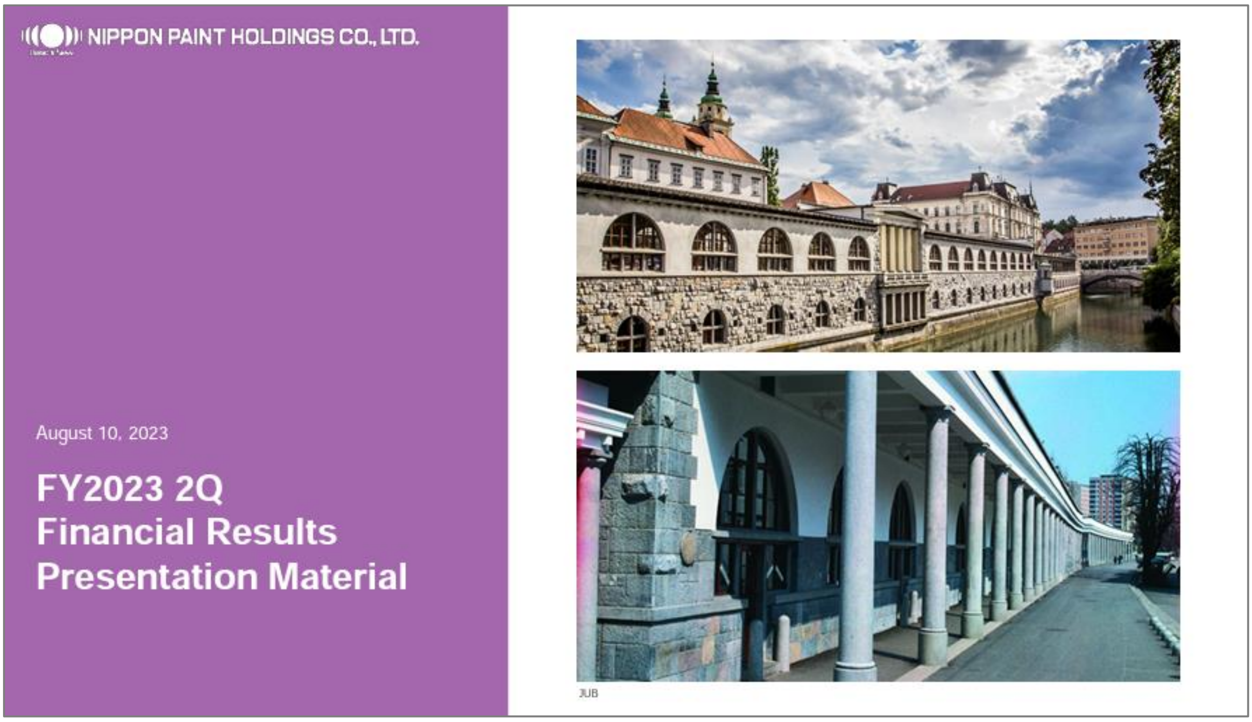
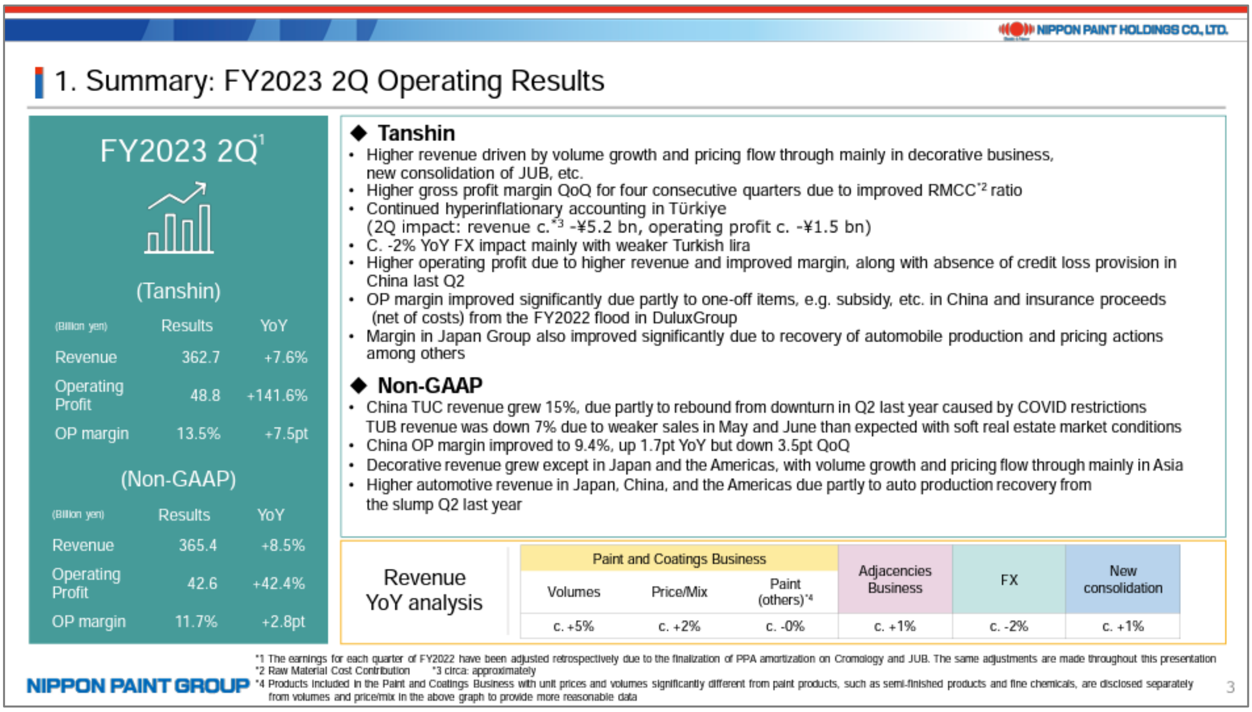
FY2023 2Q Financial Results Conference Call Presentation
August 10, 2023



Good afternoon, everyone. I'm Yuichiro Wakatsuki, Co-President of Nippon Paint Holdings.

Thank you very much for taking the time to participate in our conference call regarding financial results for the 2Q of FY2023.

In attendance for our earnings calls for the 2Q and 4Q are not only investors and analysts but also members of the press.



I would like to begin by summarizing the financial results for the 2Q of FY2023.

On a Tanshin basis, there was noteworthy growth in both revenue and operating profit. Revenue saw a YoY increase of 7.6% to 362.7 bn yen, while operating profit experienced a remarkable YoY surge of 141.6% to 48.8 bn yen. The table in the bottom of the presentation illustrates the detailed breakdown of revenue growth. Positive contributions to revenue were driven by the volumes and price/mix of the decorative paints business, adjacencies business, and a new consolidation. However, there was a negative impact on revenue due to the depreciation of the Turkish lira.

In terms of profitability, the gross profit margin demonstrated a consistent improvement, which can be attributed to the ongoing moderation in raw material prices and the effective flow-through of pricing adjustments. Although our earnings in the 2Q exhibited remarkable strength, it's important to note that this performance was augmented by exceptional factors, including subsidy income in China and net insurance proceeds (after deducting costs) in DuluxGroup, which collectively amounted to around 6.9 bn yen. When considering the Non-GAAP perspective, which eliminates the effect of these one-off factors, along with the FX impact and new consolidation, the operating profit margin stood at 11.7%. This figure signifies a YoY and QoQ margin enhancement, highlighting continued improvement.

On a Non-GAAP basis, there was an 8.5% rise in revenue and a 42.4% increase in operating profit. In the Chinese decorative paints business, TUC revenue increased by 15%, whereas TUB revenue declined by 7%. The operating profit margin for the overall Chinese business reached 9.4%, marking a gain of 1.7 percentage points from the corresponding period last year. However, this represents a decline of 3.5 percentage points from the first quarter of FY2023. Notably, within the decorative paints business, the decrease in the operating profit margin was prominent, despite an increase in sales volume. This decline can be attributed to the deterioration of price/mix, which was influenced by substantial sales growth in economy range products.

2. Summary: Revision of FY2023 Guidance

FY2023 Guidance (Tanshin)

(Billion yen)	Feb. guidance	Aug. guidance (revised)	vs. Feb. guidance
Revenue	1,400	1,450	+3.6%
Operating Profit	140	158	+12.9%
OP margin	10.0%	10.9%	+0.9pt
Profit before tax	134	151	+12.7%
Profit*	98	110	+12.2%

- Increased revenue guidance by 3.6%, up 10.8% from the previous year, due to higher revenue driven by volume growth and market share gains in each business, FX and new consolidation
- Furthermore, increased operating profit guidance by 12.9%, up 41.2% from the previous year, driven by higher revenue, lower RMCC ratio, and a boost from the weaker yen

- Major factors for revisions are the following (all figures are rough estimates)
  ↑Volume growth and lower RMCC ratio:
  Revenue c. +¥17 bn, Operating profit c. +¥9 bn
  ↑Weaker yen vs. Feb. 2023 FX rate:
  Revenue c. +¥28 bn, Operating profit c. +¥9 bn
  ↑New consolidation of NPT:
  Revenue c. +¥5 bn
  A neutral operating profit in Year 1 is expected, with initial costs (e.g. M&A expenses) offsetting trading income

- The revised guidance is subject to further revision with following variables
  - Global economic conditions
  - FX trends
  - Effects of adoption of hyperinflationary accounting in Türkiye, etc.

FY2023 EPS guidance ¥46.84

- EPS guidance: ¥46.84 (+¥13.02 vs. FY2022/+¥5.11 vs. Feb. guidance)
- Annual dividend guidance unchanged from Feb. guidance at ¥13 (+¥2 vs. FY2022)

NIPPON PAINT GROUP *Profit attributable to owners of parent 4

I will now elaborate on the revision of our full year guidance, which was disclosed in February 2023.

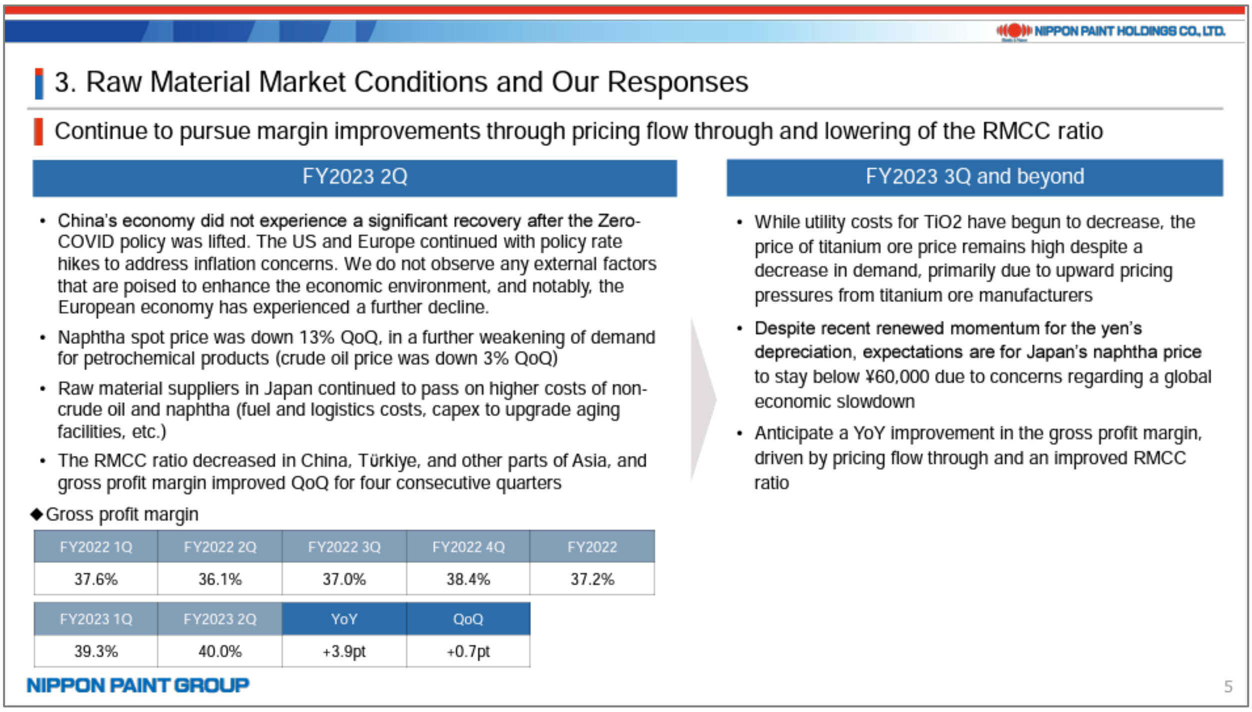
The revenue projections have been increased by 3.6% from the guidance announced in February to 1,450 bn yen, signifying a substantial YoY growth of 10.8%. Additionally, the operating profit guidance has been revised upward by 12.9%, to 158 bn yen, a 41.2% increase.

The factors contributing to the revision, based on a preliminary estimate, can be outlined as follows: Revenue experienced an approximate increase of 17 bn yen due to volume growth and margin improvements, while operating profit saw a rise of approximately 9 bn yen. The revisions made to the February exchange rate assumptions are expected to result in a revenue increase of around 28 bn yen and an operating profit increase of about 9 billion yen. Moreover, the inclusion of NPT following its acquisition closure in July is projected to add roughly 5 bn yen to the 2H revenue, although its impact on operating profit is expected to be modest after accounting for one-off expenses.

We revise our financial guidance by considering a range of assumptions. Our financial forecasts may be revised due to factors like second-half economic trends, encompassing consumption and raw material prices, fluctuations in foreign exchange rates, and the uncertain effects of hyperinflationary accounting in Turkey. Updates to our guidance will be provided as necessary.

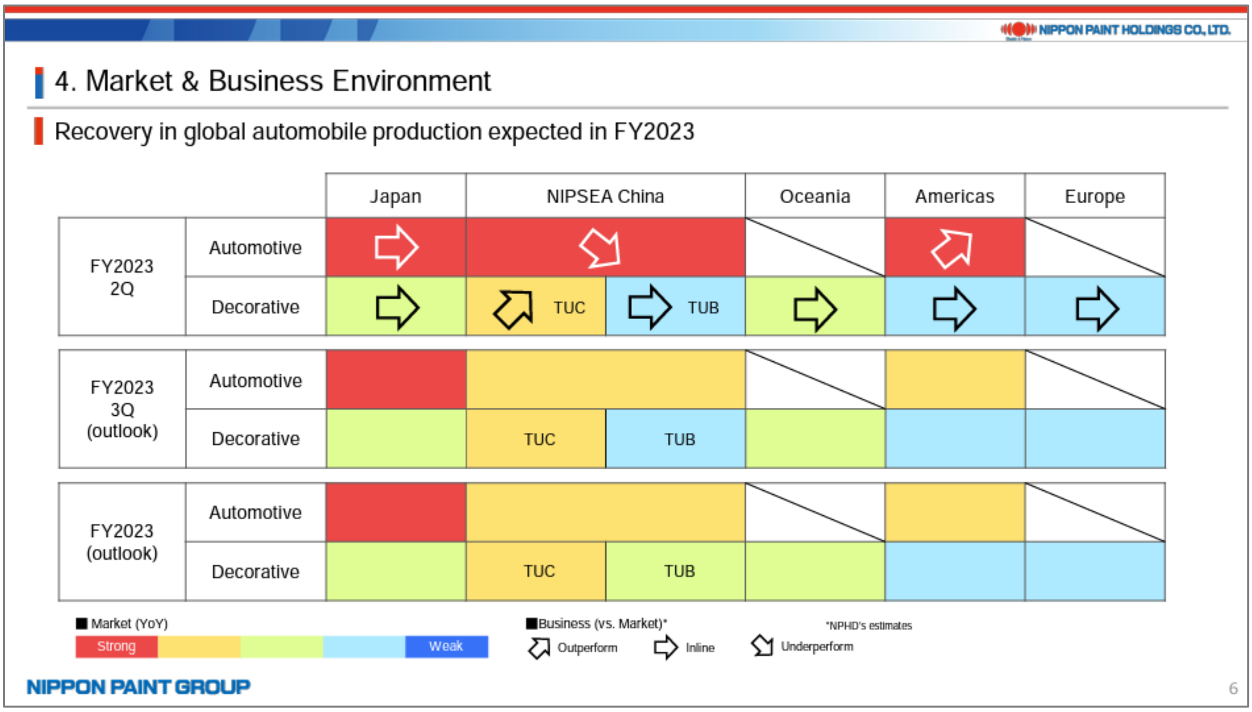
Additionally, we anticipate the earnings per share (EPS) to surpass our February forecast by 5.11 yen to exceed 45 yen, which is the final year goal of the Medium-Term

Plan (FY2021-2023). Our yearly dividend forecast remains unchanged at 13 yen per share, which is an increase of 2 yen per share from the previous year.



The analysis of raw material market conditions can be found on page 5 of the presentation.

We are of the opinion that the influence of inflation has begun to ease significantly, partially due to the global decrease in demand that reflects the ongoing economic slowdown.



The heat map presented on page 6 of the presentation illustrates the market and business environment in which our Group operates.

Our assessment reveals a slight reduction in our market share within the NIPSEA China automotive coatings business, consistent with the trends observed in the 1Q. This is due to the growing market dominance of Chinese electric vehicle manufacturers over their Japanese OEM counterparts, with whom we maintain larger sales volumes than our competitors. Turning to the NIPSEA China decorative paints business, we believe our market share has grown in the TUC market, while remaining steady in the TUB market.

5. Summary of Operating Results in Major Segments

(Billion yen)		Tanshin 2023 2Q	Tanshin YoY	Non-GAAP 2023 2Q	Non-GAAP YoY	Overview
Japan	Revenue	50.3	+10.2%	50.2	+9.8%	▶Decorative: Flat revenue as price increases offset the effects of early onset of rainy season and heavy rain due to linear rain band
	OP	5.3	+137.1%	5.3	+135.9%	▶Automotive: Higher revenue driven by auto production rebound from the slump in the same period a year ago, although parts supply disruptions remains a concern
NIPSEA China	Revenue	128.7	+5.8%	128.2	+5.6%	▶Decorative (TUC): TUC revenue increased by 15%, supported by stronger growth from Tier 3 to 6 cities ▶Decorative (TUB): Revenue for TUB segment is down 7% with property market still very soft
	OP	17.6	-	12.0	+29.5%	▶Automotive: Higher revenue due to overall higher automobile production driven by production recovery
NIPSEA Except China	Revenue	66.2	+2.1%	77.3	+19.3%	▶NIPSEA Except China: Higher revenue overall (+19.3% YoY). Higher revenue at Malaysia Gr and Singapore Gr driven by pricing flow through; Higher revenue at Thailand Gr due to recovery in automobile production and share gains in both automotive OEM and parts manufacturers ▶PT Nipsea: Higher revenue due to volume growth, expansion of distribution network, increase of distributors, more CCM[*1] installed, and sales growth in both the decorative and industrial business
	OP	12.7	+66.5%	14.2	+86.7%	▶Betek Boya: Higher revenue due to the successful roll-out of brand strategy implementation and selling price increases in part due to inflation
Dulux Group	Revenue	89.0	+12.5%	83.1	+5.1%	▶DuluxGroup (Decorative): Higher revenue from pricing actions to respond to raw material inflation, with volumes lower due to market conditions (ongoing correction from COVID enhanced peak) and economic pressures (ie. increasing interest rates on consumer demand)
	OP	11.2	+28.2%	9.3	+3.0%	▶Cromology: Revenue roughly flat, despite lower market volumes, due to pricing actions ▶JUB: Revenue lower due to lower ETICS[*2] volumes (market driven)
Americas	Revenue	28.5	+10.8%	26.6	+3.2%	▶Decorative: Lower revenue driven by the current downturn in the US economy and housing market
	OP	2.7	-35.6%	2.5	-3.9%	▶Automotive: Higher revenue driven by rebound from the slump in auto production in previous year with demand remaining strong despite interest rate hikes

*Tanshin OP in FY2022 2Q includes a gain on sale of Dunn-Edwards' HQ building and other assets

*1 Computerized Color Matching *2 External Thermal Insulation Composite System

This page provides an overview of our operational outcomes across key segments in the 2Q of FY2023. During the Q&A session, I will answer questions related to this topic. For the present moment, I will offer succinct observations regarding our performance in each geographical area. Additionally, you can refer to our segment results starting on page 15 of the presentation.

1. The operating profit margin in the Japan segment has surpassed 10% after a considerable period. This achievement can be attributed to the sustained enhancements in margin in the automotive coatings and marine coatings businesses. Furthermore, the decorative and industrial coatings businesses managed to absorb the decline in sales volume through price increases.

2. I will be answering questions regarding the NIPSEA China business during the Q&A session, given that I have already elaborated on the main advancements within this segment.

3. In Asia except China, we maintained a strong trajectory of revenue and profit growth. Particularly noteworthy is the Indonesia business, which accomplished remarkable revenue growth and achieved an operating profit margin surpassing 30%. Furthermore, we attained substantial revenue growth in Türkiye, attributed to factors including the recovery from the earthquake that occurred in the 1Q. In conjunction with the enhancement of the raw material cost contribution ratio, we managed to reestablish a remarkably high operating profit margin in the Turkish business, even following the implementation of hyperinflationary accounting.

4. In the core Pacific segment of DuluxGroup, sales volume contracted due to subdued

market conditions; however, consistent revenue growth was sustained by the flow-through of price increases. Meanwhile, in the Europe segment, Cromology reported nearly unchanged revenue figures as the volume decline was offset by price increases. JUB recorded an 8.7% revenue decrease in local currency, attributed to reduced sales volume of ETICS. Nonetheless, on a Tanshin basis, JUB played a more substantial role in bolstering our consolidated earnings in the 2Q. This is attributed to the company's inclusion in our consolidation from June of the previous year, coupled with significant enhancements in its profit margins.

5. Concerning our performance in the Americas, there was a substantial recovery in automotive coatings revenue, while decorative paints revenue declined owing to the persistent slowdown of the housing market, prompted by interest rate hikes. Nonetheless, our earnings increased notably in comparison to the 1Q of FY2023, a period characterized by adverse weather conditions that impacted our performance.

NIPPON PAINT HOLDINGS CO., LTD.

6. Major Topics (1)

Completed acquisition of shares of European sealants and adhesives manufacturer NPT (announced on July 6)

- Completed acquisition of 51% shares of NPT, with the remaining 49% available for DuluxGroup to acquire over time or to purchase from the Seller
- Starting to capture growth opportunities by leveraging synergies

Our Integrated Report received the Best Practice Award for two consecutive years (announced on June 28)

- For the second consecutive year, our Integrated Report 2022 has been chosen as the recipient of the Best Practice Award at the Integrated Report Award 2022, hosted by Nikko Research Center Inc. (NRC), recognizing it as the top report aligning with investor requirements
- Main reasons for selection
  - Achieved a strong rating across all evaluation criteria
  - Provides a clear explanation of the robust efficiency of our corporate governance framework. Furthermore, the report illustrate the Board's comprehensive recognition of its duty to optimize corporate value
  - Conveys throughout the report that our Group's strengths are rooted in the influence of our brand and our adept marketing capabilities
- We are committed to further enhancing our Integrated Report and strengthening our engagement with shareholders, investors, and other stakeholders

NIPPON PAINT GROUP 8

Shifting the focus to major topics, I would like to address the successful completion of the acquisition of Italy-based NPT in July, subsequent to receiving the necessary approvals from the authorities.

Our Integrated Report has consistently garnered commendable recognition from external entities. The 2023 edition of the report is currently in its concluding production phase. The Integrated Report remains a crucial instrument for engaging with investors, and I encourage you to spare a moment to peruse its contents.

NIPPON PAINT HOLDINGS CO., LTD.

6. Major Topics (2)

Chosen as a component stock in all six ESG indexes adopted by GPIF (announced on June 23)

- Became a constituent stock of the Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J), newly adopted by Japan's GPIF*
- With the inclusion in GenDi J, NPHD is now a component stock in all six ESG indexes for Japanese stocks adopted by GPIF
  - FTSE Blossom Japan Index
  - FTSE Blossom Japan Sector Relative Index
  - MSCI Japan ESG Select Leaders Index
  - MSCI Japan Empowering Women (WIN) Select Index
  - S&P/JPX Carbon Efficient Index
  - Morningstar Japan ex-REIT Gender Diversity Tilt Index

◇ Morningstar Japan ex-REIT Gender Diversity Tilt Index
GenDi J is an index designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. NPHD was categorized as "Group 1," the highest rating on a five-star scale, signifying the highest Gender Equality Scores

Selected as a constituent stock of JPX Prime 150 index (announced on May 30)

- Became a constituent of the JPX Prime 150 Index, a new index launched by JPX Market Innovation & Research, Inc. Selection of NPHD stock for inclusion was based on the PBR criteria

◇JPX Prime 150 Index
This index was developed as a new stock index that will be composed of stocks selected to represent Japanese companies well positioned to create value from among the top-ranked stocks listed on TSE Prime Market by market capitalization based on two measures of value creation: 1) equity spread (the difference between return on equity (ROE) and cost of equity and 2) PBR criteria (a market valuation that factors in future information and non-financial information).

NIPPON PAINT GROUP *Government Pension Investment Fund 9

As previously communicated through press releases, we have been chosen as a constituent stock in several stock indexes. Our commitment to sustainability remains unwavering, as we perceive recognition of our sustainability initiatives to be instrumental in further expanding our investor base.

3-1. FY2023 Guidance

(Billion yen)	Tanshin: FY2022 Results	Tanshin: FY2023 Feb. Guidance	Tanshin: FY2023 Aug. Guidance (Revised)	Tanshin: FY2022 Results vs. Aug. Guidance	Tanshin: Feb. Guidance vs. Aug. Guidance	Tanshin (For reference): FY2022 2H Results	Tanshin (For reference): FY2023 2H Guidance (Calculated backward from Aug. Guidance)	Tanshin (For reference): YoY (%)
Revenue	1,309.0	1,400.0	1,450.0	10.8%	3.6%	687.0	757.1	10.2%
Operating profit	111.9	140.0	158.0	41.2%	12.9%	69.8	74.3	6.4%
OP margin	8.5%	10.0%	10.9%	2.3pt	0.9pt	10.2%	9.8%	-0.3pt
Profit before tax	104.5	134.0	151.0	44.5%	12.7%	64.6	69.0	6.9%
Profit*1	79.4	98.0	110.0	38.5%	12.2%	52.4	49.1	-6.4%

	FY2022 Results	FY2023 Guidance (as of Feb.)	FY2023 Guidance (as of Aug.)
JPY/USD	132.1	125.0	137.8
JPY/RMB	19.5	19.0	19.4
JPY/AUD	91.2	90.0	93.3
JPY/EUR	138.5	140.7	152.3
JPY/TRY*2	7.1	6.6	5.2
JPY/IDR	0.0088	0.0083	0.0092

August Guidance (vs. February Guidance)

■ Revenue : Higher revenue due to volume growth and market share gains in each business, contributing to revenue growth of c. +¥17 bn
When coupled with the effects of FX and new consolidation, we are revising our FY2023 revenue guidance upwardly by +¥50 bn

□ OP : Higher revenue and improved RMCC ratio will lift operating profit growth of c. +¥9 bn
In conjunction with the FX impact, we are revising our FY2023 operating profit guidance upwardly by +¥18 bn
Additionally, expect further one-off costs (c. -¥1.5 bn) to fully offset the insurance proceeds associated with flooding at DuluxGroup in the 2H of FY2023

◆ FX impact : Higher overseas earnings due to weaker yen vs. Feb. 2023 assumptions: Revenue c. +¥28 bn, Operating profit c. +¥9 bn

◆ New consolidation : Contribution from NPT's new consolidation: Revenue c. +¥5 bn; Expect NPT to make a neutral operating profit in Year 1, with initial costs (e.g. M&A expenses) offsetting trading profit

NIPPON PAINT GROUP *1 Profit attributable to owners of parent *2 Exchange rate at the end of the period

Before wrapping up this call, I would like to provide additional information regarding the revision of our FY2023 guidance, which is outlined on page 24.

In response to requests from certain analysts, we have initiated the practice of furnishing the FY2023 2H guidance purely for reference purposes. This guidance is computed by subtracting the 1H results from the overall FY2023 guidance.

In the 1H of FY2023, our operating profit margin stood at 12.1% on a Tanshin basis, while on a Non-GAAP basis that excludes one-off items (please see page 28 for details), it was 11%.

The operating profit margin guidance for the 2H, which was calculated retroactively, is expected to reach 9.8%. This 2H guidance encompasses one-off expenses of approximately 1.5 billion yen caused by the flooding incident at DuluxGroup. Discounting these factors, the projected operating profit margin for the 2H, according to our full year guidance, is estimated to hover around 10%. This means that while we anticipate a 10% revenue growth for the 2H, similar to the 1H revenue growth, the operating profit margin is likely to be 1 percentage point lower than that of the 1H. Moreover, it is expected to remain approximately level with the 2H of FY2022. This revision accounts for a certain degree of margin decline in the 2H compared to the 1H, primarily due to factors like the impact of the economic slowdown in China and hyperinflationary accounting in Turkey, among others. This underscores our unwavering commitment to gaining market share even amidst a decelerating economy. In fact, we view this scenario as an opportunity rather than a hindrance. It's important to mention that alongside our market share growth objectives, we are also focused on improving margins. It's worth emphasizing that each partner company will naturally endeavor to surpass the provided guidance.

Thank you for your kind attention.