FY2023 4Q Financial Results Conference Call Presentation Summary
February 14, 2024

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 the financial results for the fourth quarter and full FY2023 and the financial guidance for FY2024.

Attending our conference calls for both the second quarter (2Q) and fourth quarter (4Q) are investors and analysts, as well as members of the press.

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Supplementary Information

Analysis of operational results

In this document, we present our operational results in two formats: the reported basis ("Tanshin") and the adjusted basis ("Non-GAAP").
The analysis of factors contributing to changes primarily utilize Non-GAAP data, except for QoQ analysis

- The Tanshin basis reflects financial metrics that are identical or consistent with those in the consolidated financial statements, matching the figures disclosed in our financial reports
- The Non-GAAP basis presents Tanshin figures adjusted for FX impact and excludes one-off factors (subsidies, etc., M&A-related expenses, new consolidation, etc.) to accurately depict the YoY changes in earnings

	Tanshin	Non-GAAP
Exchange rates applied	FX for the corresponding quarter	Prior quarter FX for both current/previous reporting period
One-off factors (Subsidies, etc., M&A-related expenses, new consolidation, etc.)	Included	Excluded

FX rates used

	P/L: average rate									F/P: closing rate	
	FY2022				FY2023				FY2024	FY2022	FY2023
	3M	6M	9M	F/Y	3M	6M	9M	F/Y	Guidance	As of Dec. 31	As of Dec. 31
JPY/USD	117.8	124.5	129.5	132.1	133.4	136.5	139.6	141.2	141.2	132.7	141.8
JPY/RMB	18.6	19.1	19.5	19.5	19.4	19.6	19.7	19.9	19.9	19.0	19.9
JPY/AUD	85.2	88.9	90.7	91.2	91.2	91.6	92.7	93.6	93.6	89.6	96.9
JPY/EUR	131.6	135.2	136.6	138.5	144.0	147.9	151.2	153.2	153.2	141.4	157.1
JPY/TRY*	8.4	8.3	7.8	7.1	7.0	5.6	5.5	4.8	4.8	7.1	4.8
JPY/IDR	0.0082	0.0086	0.0088	0.0088	0.0089	0.0091	0.0092	0.0093	0.0093	0.0085	0.0092

*Closing rates are used following the application of hyperinflationary accounting

(For reference) Estimates of FX sensitivity

	Impact per 1 yen change (FY2023 full-year impact)	
	Revenue	Operating profit
USD	c. ¥0.7 bn	c. ¥0.1 bn
RMB	c. ¥27.5 bn	c. ¥3.3 bn
AUD	c. ¥2.4 bn	c. ¥0.3 bn

Terminology

- RMCC : Raw Material Cost Contribution
- CCM : Computerized Color Matching
- ETICS : External Thermal Insulation Composite System
- SAF : Sealants, Adhesives & Fillers
- CC : Construction Chemicals
- NPCS : Nippon Paint Corporate Solutions
- c. : Circa (approximately)

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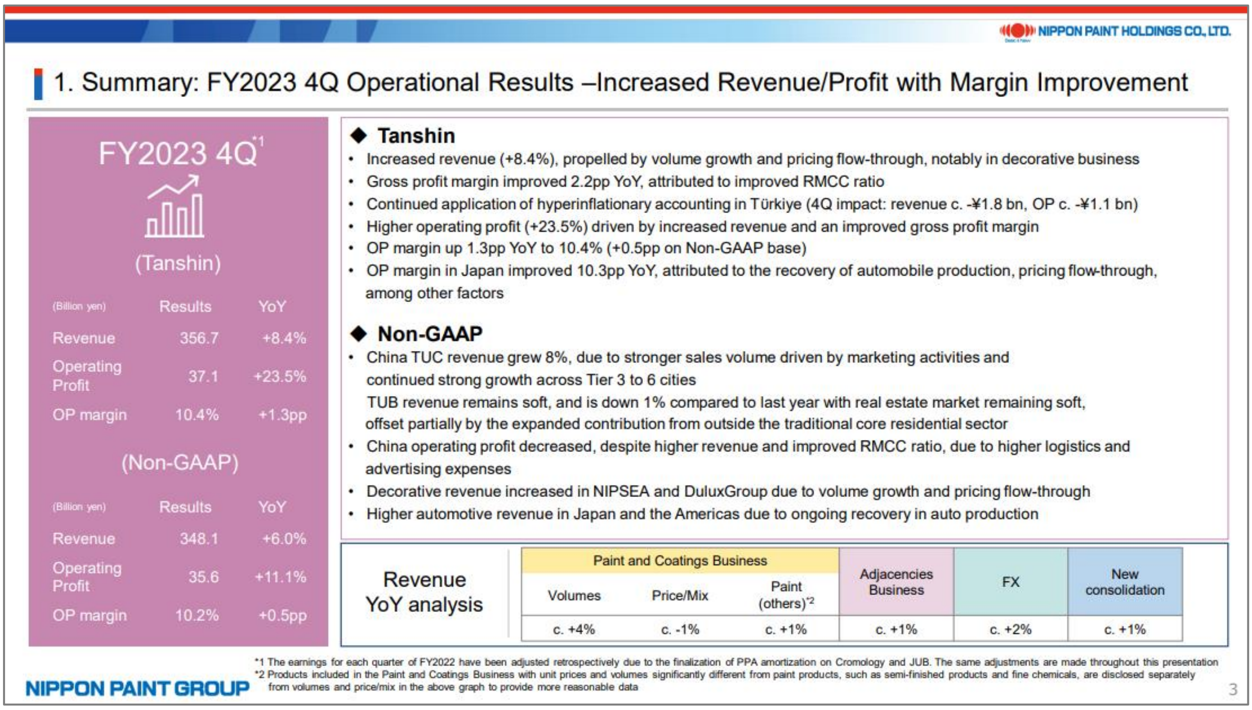
I'd like to start by offering additional details about the data presented here, aiming to clarify questions commonly raised by investors.

There is no change in the definition of the "Tanshin" basis and "Non-GAAP" basis financial figures.

I'd like to highlight two important aspects concerning exchange rates. First, the exchange rates applied in formulating our FY2024 guidance are based on the closing rates for FY2023. Therefore, a weaker yen relative to the anticipated level will enhance our Tanshin basis outcomes for FY2024, while a stronger yen will produce a contrary effect. Second, we have offered an FX sensitivity analysis using the operational results of FY2023 as a reference. I trust this will be informative for you.



I will move on to summarize the financial results for the fourth quarter of FY2023.

On a Tanshin basis, we experienced notable growth in both revenue and operating profit. Our revenue saw an 8.4% increase from the previous year, reaching 356.7 billion yen, while our operating profit surged by 23.5% to 37.1 billion yen. The year-over-year revenue analysis on page 3 highlights several key growth drivers: expansion in our paints and coatings business, advances in adjacent market, beneficial effects from foreign exchange rates, and contributions from newly consolidated entities. However, the price/mix showed a slight decline overall, primarily due to some challenges in Asia, including in markets like China and Indonesia. This was somewhat mitigated by improvements in other regions.

On a Non-GAAP basis, revenue increased by 6.0% year-on-year, and operating profit rose by 11.1% year-on-year. In NIPSEA China's decorative paints business, revenue in the TUC segment saw an 8% increase, while revenue in the TUB segment experienced a 1% decline. Despite higher revenue and an improved raw material cost contribution (RMCC) ratio, operating profit in NIPSEA China as a whole decreased from the previous year, owing to rising logistics costs and advertising expenses

In the automotive coatings business, revenue increased in Japan and the Americas due to the ongoing rebound in automobile production. However, revenue in NIPSEA China decreased slightly due to the fall in automobile production among Japanese and European automobile manufacturers.

2. Summary: FY2023 Operational Results –Record Revenue and Operating Profit

FY2023

(Tanshin)

(Billion yen)	Results	YoY
Revenue	1,442.6	+10.2%
Operating Profit	168.7	+50.8%
OP margin	11.7%	+3.2pp
Profit*1	118.5	+49.2%
EPS	¥50.45	+49.2%

(Non-GAAP)

(Billion yen)	Results	YoY
Revenue	1,418.3	+8.4%
Operating Profit	157.7	+29.7%
OP margin	11.1%	+1.8pp

◆ **Tanshin**

- [Record revenue] Achieved through volume growth and pricing flow-through, primarily in decorative business, new consolidation, and favorable FX; approximately meeting ¥1,450 bn as per November revenue guidance
- [Record operating profit] Realized through increased revenue and improved gross profit margin, despite hyperinflationary accounting effects in Türkiye; meeting ¥168.0 bn as per November guidance
- [Profit/EPS] Both profit and EPS surpassed November guidance of ¥115.0 bn and ¥48.97, respectively due to higher revenue and profit

◆ **Non-GAAP**

- Increased revenue and operating profit, even after excluding one-off factors like new consolidation, subsidies, M&A-related expenses

<Key factors>

↑ NIPSEA China TUC revenue increased by 13% due to pricing flow-through and robust sales in Tier 3-6 cities
↑ Betek Boya revenue increased mainly due to pricing flow-through aligned with inflation and successful roll-out of brand strategy
↑ DuluxGroup revenue increased due to pricing flow-through and strong trade paint volumes
↑ Increased automotive revenue in Japan and the Americas due to ongoing auto production rebound
↓ Revenue decreased by 7% in NIPSEA China TUB due to the persistent soft real estate market

Revenue YoY analysis	Paint and Coatings Business			Adjacencies Business	FX	New consolidation
	Volumes	Price/Mix	Paint (others)*2			
	c. +5%	c. +1%	c. +1%	c. +2%	c. +1%	c. +1%

*1 Profit attributable to owners of parent
*2 Products included in the Paint and Coatings Business with unit prices and volumes significantly different from paint products, such as semi-finished products and fine chemicals, are disclosed separately from volumes and price/mix in the above graph to provide more reasonable data

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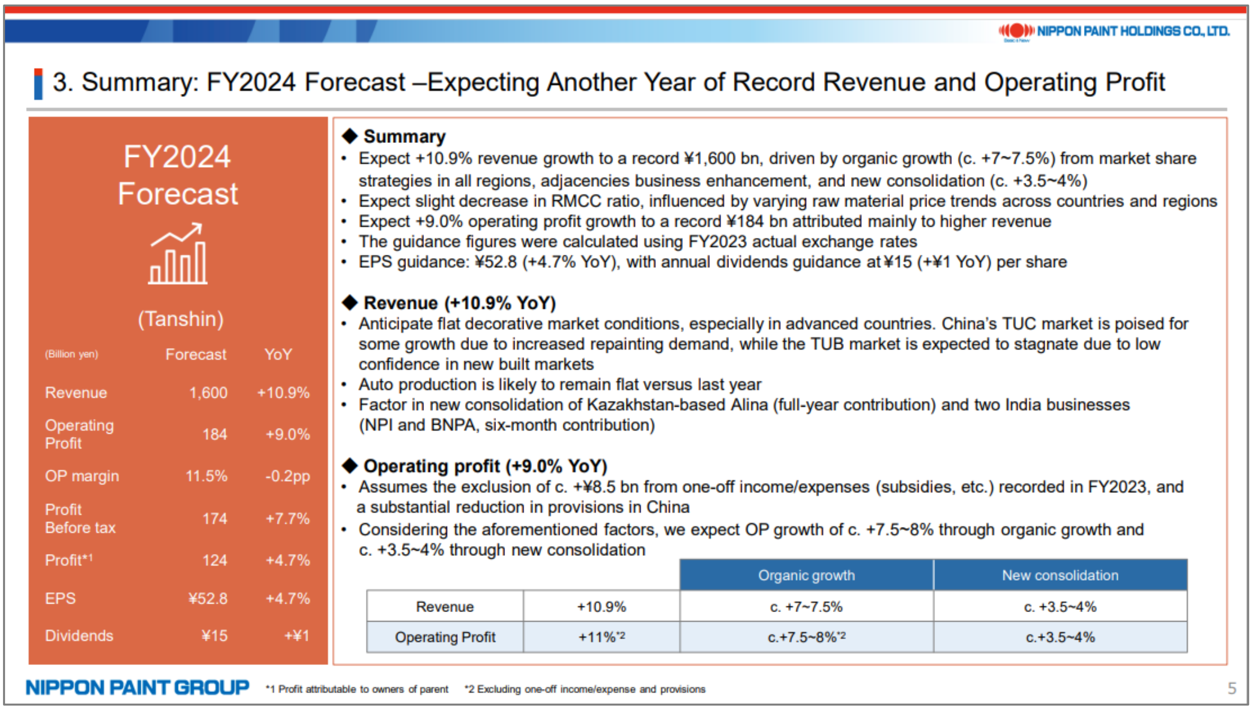
Next, I will review our full-year results for FY2023.

On Tanshin basis, our financial results have closely aligned with the upwardly revised guidance provided in November 2023. Our revenue saw a growth of 10.2%, while both operating profit and net profit experienced an approximate 50% increase, achieving record highs in both revenue and operating profit.

On Non-GAAP basis, which excludes the impact of foreign exchange fluctuations, new consolidations, and other one-off items, our revenue expanded by 8.4%, and our operating profit increased by around 30%. Our partner companies across various regions are performing exceptionally well despite the challenging operating conditions. Furthermore, we observed consistent growth in our adjacencies business, thanks to our improved delivery of total solutions to distribution channels in all regions.

For FY2023, our operating profit, calculated using both Tanshin and Non-GAAP basis, included provisions in China of just under 6.0 billion yen and the impact of hyperinflationary accounting in Türkiye amounted to approximately 5.0 billion yen for the year. We plan to carry on with hyperinflationary accounting in Türkiye for FY2024, but do not anticipate significant provisions in China at this time. Furthermore, with the expectation that inflation in Türkiye will eventually begin to decrease, I am confident that our Group's true potential surpasses what is currently reflected in these financial figures.



I will move on to the FY2024 guidance.

Based on the assumption of stable exchange rates compared to FY2023, as mentioned previously, we anticipate revenue to rise by about 11% to a record 1,600 billion yen. This growth is expected to comprise an increase of roughly 7-7.5% in our existing businesses, fueled by strategic efforts to capture more market share and improvements in the adjacencies business. Additionally, new consolidations are projected to contribute about 3.5-4% to this growth, thanks to a full year's inclusion of Alina in Kazakhstan and a six-month inclusion of two businesses in India. The acquisition of Alina has been closed, while the acquisition of the India businesses is subject to the approval by the relevant authorities. As our results show, our accumulation of assets as an Asset Assembler has certainly been bearing fruits. Although our financial guidance for FY2024 does not include any potential M&A transactions, we will continue to pursue strategic M&A activities this year.

Operating profit is projected to increase approximately 9% to 184.0 billion yen, while operating profit margin is expected to remain steady at 11.5% and roughly unchanged from FY2023 even on Non-GAAP basis that excludes one-off items and other adjustments. Our guidance numbers are based on a scenario where the prices of raw materials remain largely stable compared to FY2023, coupled with strategic initiatives aimed at expanding our market share. These efforts are expected to boost our operating profit margin through improved operating leverage. Additionally, gains from the increased margins will be reinvested into sales promotion and various other initiatives to further drive our business forward.

Regarding the newly consolidated subsidiaries, we anticipate that the operating profit margins for Alina in Kazakhstan will be approximately 20%, while the margins for the two subsidiaries in India are expected to be about 5%, based on unaudited financial data for FY2023. For FY2024, the combined operating profit margin across these regions is expected to mirror that of our consolidated operations.

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4. Assumptions for FY2024 Forecast (1)

		Revenue		OP margin		Overview
		FY2023 Results (Tanshin/bn yen)	FY2024 Forecast (In LCY[*1])	FY2023 Results (Tanshin/%)	FY2024 Forecast (In LCY)[*2]	
Japan	Segment total	201.5	+0~5%	9.5%	→	
	Automotive	42.1	c. -5%			Slightly lower revenue reflecting a flat outlook for auto production
	Decorative	48.5	+5~10%			Revenue is surpassing market growth, driven by customer development and sales expansion achieved through digital transformation, and the development and sales expansion of high-performance and differentiated products
	Industrial	39.7	c. +5%			Higher revenue driven by market recovery, customer development, and development and sales expansion of high-performance products
NIPSEA China	Segment total	482.7	+5~10%	12.5%	→	
	Decorative (TUC)	408.2	c. +15%			Expanding and consolidating channels and customers' network, aiming for higher growth and increasing share especially in the Tier 3 to 6 cities
	Decorative (TUB)		+0~5%			Enhancing our share in the repainting segment and diversifying contributions from infrastructure, affordable housing, and government related projects
	Automotive	50.4	c. +5%			Expanding Automotive part business and our business in EV (electric vehicle) key components. Strengthening relationship with strategic key accounts
NIPSEA Except China	Segment total	288.8	+10~15%	17.4%	→	
	Malaysia Grp. Singapore Grp. Thailand Grp.		+5~10%		→	Driving total coating and construction solutions, building brand thought leadership and capitalizing distribution network strength to accelerate adjacencies business expansion and growth
	PT Nipsea (Indonesia)	60.9	+5~10%	32.9%	→	Driving stronger distribution of CCM machines, increasing product penetration, expanding distribution points across Indonesia, offering new product lines to complete total coating solutions ranging from tools and accessories to SAF
	Betek Boya (Türkiye)	75.2	c. +15%	10.9%	→	Accelerating adjacencies business expansion, including in tools and accessories and reinforcing the brand image and portfolio to maintain premium positioning among customers

NIPPON PAINT GROUP *1 In Local currency *2 ↑ : ≧+2%、↗ : +1~2%、→ : -1~+1%、↘ : -1~-2%、↓ : ≦-2% 6

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4. Assumptions for FY2024 Forecast (2)

		Revenue		OP margin		Overview
		FY2023 Results (Tanshin/bn yen)	FY2024 Forecast (In LCY)	FY2023 Results (Tanshin/%)	FY2024 Forecast (In LCY)*	
DuluxGroup	Segment total	360.4	c. +10%	9.6%	→	
	DGL (Pacific)	222.5	c. +10%	12.8%	→	Organic growth of mid-single digits, despite flat markets, complemented by small-scale acquisitions of local businesses in 2023
	DGL (Europe)	137.9	c. +10%	4.4%	↗	Organic growth of mid-single digits, complemented by the 2023 acquisition of NPT. OP margin increases, mainly due to GM% improvements
Americas	Segment total	109.2	c. +5%	6.5%	→	
	Automotive	40.9	+0~5%			Higher revenue driven by auto production recovery and flow through of pricing
	Decorative	66.4	+5~10%			Higher revenue due to normalized weather and improving US economy and housing market

New consolidation *FY2022 and FY2023 results are both pro-forma and unaudited figures. FY2024 forecast assumes 12-month contribution from NPI and BNPA. Exchange rates used for both FY2022 and FY2023 figures are 1INR=1.74 JPY and 1KZT=0.31 JPY

	Revenue			OP margin			Overview
	FY2022 Results (¥ bn)	FY2023 Results (¥ bn)	FY2024 Forecast (In LCY)	FY2022 Results (%)	FY2023 Results (%)	FY2024 Forecast (In LCY)*	
Alina (Kazakhstan)	18.2	22.9	+5~10%	22.8%	20.2%	→	Pursuing more growth in the paint and coatings business by supplying brands with wide ranging price points in line with Betek Boya's strategy
NPI (India)	37.0	38.1	+10~15%	0.3%	4.5%	→	Strong focus on brand building activities and expanding the channel networks to penetrate all tier towns in the current focused states
BNPA (India)	4.5	5.8	+0~5%	2.7%	6.4%	→	Expanding existing businesses in OEM business and focusing on the EV market

NIPPON PAINT GROUP * ↑ : ≧+2%、↗ : +1~2%、→ : -1~+1%、↘ : -1~-2%、↓ : ≦-2% 7

Pages 6 and 7 outline the assumptions behind our FY2024 forecasts for each key segment. While I will delve into the specifics during the Q&A session, let me offer a brief overview of each segment now.

1. The Japan segment witnessed a significant rebound in FY2023. For FY2024, we anticipate a slight decline in automotive revenue from FY2023 levels, with automobile production forecasted to remain stable. In the decorative and industrial sectors, we expect to achieve market share growth in the context of a slight market improvement. The marine business is expected to continue to see strong demand. Overall, for the Japan segment, we expect a modest increase in total revenue, with the

operating profit margin staying relatively unchanged from FY2023, after taking these factors into consideration.

2. NIPSEA China is set to persist with its growth strategy, especially within the TUC segment, while considering the economic deceleration in China. In the TUB segment, our focus will be on aggressively expanding our market presence, targeting not just paints for new construction but also exterior paints for residential and public buildings, to broaden our revenue streams and aim for higher growth and earnings. We also anticipate an increase in automotive revenue by expanding our customer base beyond traditional Japanese automobile manufacturers to include local Chinese carmakers. With these factors in mind, we forecast NIPSEA China to achieve a revenue growth of 5-10% and maintain an operating profit margin consistent with FY2023 levels.

3. For NIPSEA excluding China, we anticipate an overall revenue growth of 10-15%. However, when excluding Betek Boya, the expected revenue growth narrows to 5-10%. Despite the ongoing impact of hyperinflationary accounting practices in Türkiye, the operating profit margin in this region is expected to stay consistent with the previous year's levels.

4. In DuluxGroup, we anticipate revenue growth to be just under 10% in both the Pacific and Europe regions. The operating profit margin is projected to stay consistent in the Pacific, while we expect an enhancement in Europe. Specifically, DGL (Europe) is forecasting organic growth of approximately 5%, along with a full-year contribution from NPT. For DGL (Pacific), organic growth is expected to be slightly above 5%, and the total growth, including the impact of small-scale acquisitions made in FY2023, will be slightly short of 10%.

5. Regarding our performance in the Americas, the automotive revenue is projected to grow 0-5%, while the decorative revenue is expected to increase 5-10%.

6. To conclude, I'd like to discuss recent consolidations. Our FY2024 guidance accounts for a full year's contribution from Alina in Kazakhstan and a six-month contribution from our two subsidiaries in India. It's important to highlight that the year-on-year comparisons in our presentation also consider full-year results for the Indian entities. Even though these newly acquired subsidiaries have yet to finalize their Purchase Price Allocation (PPA), we anticipate that each of these entities will begin contributing to our Earnings Per Share (EPS) growth starting from their first year in FY2024.

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5. Raw Material Market Conditions and Impact on Our Operations

Anticipate a slight decrease in RMCC ratio, while monitoring market trends closely

FY2023 4Q

- Crude oil prices have declined by 20% since September, due to the failure of OPEC+ to agree on production cuts, fading expectations for demand growth resulting from prolonged economic slowdown in China and Europe, and concerns about recession in the U.S. economy. Naphtha spot prices followed suit
- Japanese chemical manufacturers are prioritizing profitability, leading to price increases or stability amid poor performance
- The RMCC ratio fell across the Group, except for Dunn-Edwards in the Americas
- Consequently, gross profit margin increased 2.2pp YoY and 0.9pp QoQ

FY2024 1Q and beyond

- With the recent downturn in crude oil prices in FY2023 4Q, it was expected that Japan's naphtha price would dip below ¥70,000 in FY2024 1Q. However, the price has rebounded to the ¥70,000 range due to renewed risks in the Middle East
- The global economic outlook remains uncertain, with expectations of sluggish demand for both crude oil and naphtha
- We anticipate a minor decline in the RMCC ratio and will closely monitor market trends accordingly

◆Gross profit margin

FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q			FY2022
37.6%	36.1%	37.0%	38.4%			37.2%
FY2023 1Q	**FY2023 2Q**	**FY2023 3Q**	**FY2023 4Q**	**YoY**	**QoQ**	**FY2023**
39.3%	40.0%	39.7%	40.6%	+2.2pp	+0.9pp	39.9%

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Moving on to an examination of raw material market dynamics, the price/mix continued to show regional variations in the fourth quarter of FY2023. We observed an enhancement in gross profit margin both on a year-on-year and quarter-on-quarter basis. Looking ahead to FY2024, we anticipate a minor reduction in the RMCC ratio. Globally, raw material costs are showing a downward trend, affected by decreasing demand, challenging economic environments, and the impact of foreign exchange fluctuations in certain regions. Given these factors, it becomes challenging to articulate generalized trends.

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7. Summary of Operating Results in Major Segments

(Billion yen)		Tanshin		Non-GAAP		Overview
		FY2023 4Q	YoY	FY2023 4Q	YoY	
Japan	Revenue	54.5	+6.1%	54.3	+5.8%	Higher revenue, despite decorative and industrial revenue holding steady, driven mainly by strong automotive revenue
	OP	6.7	+577.7%	6.6	+108.8%	Higher profit on higher automotive revenue, combined with improved RMCC ratio and SG&A reduction efforts
NIPSEA China	Revenue	109.7	+7.4%	105.1	+3.5%	Higher revenue as higher TUC sales, driven by strong growth in Tier 3-6 cities, more than offset lower TUB sales on soft property market
	OP	9.8	+0.9%	7.3	-22.5%	Lower profit from higher logistics and advertising expenses despite higher revenue and better RMCC ratio
NIPSEA Except China	Revenue	70.0	+3.8%	75.3	+11.7%	Higher revenue, benefitting from pricing flow-through in Malaysia Group, Indonesia, and Türkiye despite softness in Vietnam and Thailand Automotive business
	OP	13.5	+4.6%	13.4	+4.2%	Higher profit on higher revenue and better RMCC ratio due to pricing flow-through
DGL (Pacific)	Revenue	60.2	+8.2%	57.7	+3.8%	Higher revenue from small-scale acquisitions of local businesses, with organic growth impacted by soft markets
	OP	7.1	+5.8%	7.5	+9.1%	Profit higher due to normalized GM%, together with timing of marketing spend (ie. higher in H1)
DGL (Europe)	Revenue	34.0	+22.7%	28.7	+3.4%	Higher revenue from volume growth in Southern and Central Europe, partly offset by softer retail market volumes in France and the UK
	OP	-0.8	-	-0.0	-	Seasonal operating loss (European winter), with improvement versus last year due to normalization of GM%
Americas	Revenue	28.4	+14.0%	27.0	+8.6%	Higher revenue driven mainly by strong automotive sales
	OP	1.6	+95.0%	1.5	+89.9%	Higher profit on higher automotive revenue, improved RMCC ratio resulting from pricing flow-through, and SG&A reduction efforts in the decorative business

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Page 10 of this presentation provides the summary of operating results in major segments in the 4Q of FY2023. I will go into details in the Q&A session.

Our Group’s overall performance aligned with our financial guidance. Specifically, the Japan segment exceeded our expectations, driven by robust performance in both the automotive and marine businesses.

In NIPSEA China, revenue, when measured on a Non-GAAP basis, showed a decrease compared to the previous year. The fourth quarter, typically the period with the lowest demand, saw revenue in the TUC segment fall slightly short of our guidance, whereas the TUB business exceeded our expectations. Additionally, with a focus on future growth in FY2024, NIPSEA China has been active in deploying CCM (Computerized Color Matching) systems and has raised its investment in advertising and other fixed expenses. Considering all of these factors, we are confident that their performance has indeed met our expectations. In fact, when comparing the second half of FY2023—specifically, the third and fourth quarters—NIPSEA China has demonstrated growth in operating profit after excluding the impact of subsidies, provisions, and other one-off items recorded in FY2023. As I mentioned earlier, we anticipate growth in both revenue and operating profit for FY2024.

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8. Major Topics

Completed Acquisition of Alina, a Kazakhstani Paint and Dry-Mix Mortars (adjacencies) Manufacturer (Announced on January 18)

- Acquired 75% of the share capital of Alina through NIPSEA Group.
  We are entitled to purchase the remaining 25% of the share capital in three years or earlier, subject to agreement with the seller
- We will aim to leverage the expertise of Alina and synergies with our partner companies, such as Betek Boya, to increase our market share in Central Asia markets, particularly in Kazakhstan, and in the CC area

Integrated Report 2023 Briefing (Held on January 19)

- The first briefing held on Integrated Report 2023, which was released on September 30, 2023
- During the briefing, the key components of the Report were explained to communicate our strategic initiatives in pursuit of Maximization of Shareholder Value (MSV)
- The objective is to incorporate the feedback and requests obtained during the briefing and other investor engagement activities into our efforts to maximize PER and plan and produce the 2024 edition of the Report

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Turning our attention to significant topics, I'm pleased to share that the M&A transaction with Alina in Kazakhstan has been successfully completed, as previously announced. It's worth noting that Alina is expected to contribute to our EPS growth for the entire fiscal year of 2024.

We recently conducted the briefing for our integrated report and are thankful for the insightful feedback provided by our investors. The timing of this briefing occurred a bit later than the report's initial release. We plan to move forward the release of the 2024 edition and ensure the briefing takes place shortly after the report is published.

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2-9. Quarterly Financial Performance Trends in Major Segments

(For reference) Basic seasonal factors *Market-based

		High demand						Low demand	
Japan	Decorative	4Q	>	2Q	>	3Q	>	1Q	Demand tends to be lower in 1Q due to the deepening cold and in 3Q due to more intensely hot days that will slow construction projects
NIPSEA China	TUC	3Q	>	2Q	>	1Q	>	4Q	Demand tends to be lower in 1Q (due to CNY festive holidays) and 4Q (colder weather in winter)
	TUB	3Q	≒	2Q	>	4Q	>	1Q	Demand tends to be lower in 1Q (due to CNY festive holidays) and 4Q (colder weather in winter)
NIPSEA Except China	PT Nipsea (Indonesia)	1Q	>	4Q	>	3Q	>	2Q	Demand tends to be lower in 2Q due to Hari Raya Idul Fitri (New Year holidays) in May, which causes some demand surge in 1Q
	Betek Boya (Türkiye)	3Q	>	2Q	>	4Q	>	1Q	Demand tends to be higher in 2Q and 3Q due to favorable weather
DGL (Pacific)	Decorative	3Q	≒	4Q	>	1Q	≒	2Q	Demand tends to be higher in 3Q and 4Q due to spring/summer season
DGL (Europe)	Decorative	2Q	>	3Q	>	1Q	>	4Q	Demand tends to be lower in 1Q and 4Q due to winter season
Americas	Decorative	2Q	>	3Q	>	4Q	or	1Q	Demand is highest in 2Q and 3Q due to favorable weather. 4Q and 1Q often have the most rain impact

Quarterly financial performance trend (Tanshin)/QoQ analysis *Please refer to the (Appendix) Reference Data for the revenue and OP trend by segment

	FY2022 3Q		FY2022 4Q		FY2023 3Q		FY2023 4Q		Major reasons for changes (vs. FY2023 3Q)
(Billion yen)	Revenue	OP	Revenue	OP	Revenue	OP	Revenue	OP	
Japan	47.2	1.8	51.3	1.0	49.7	4.5	54.5	6.7	Higher profit on higher revenue due to seasonal factors
NIPSEA China	130.7	19.0	102.2	9.7	135.8	18.5	109.7	9.8	Lower revenue and lower profit due to seasonal factors
NIPSEA Except China	68.2	8.7	67.4	12.9	83.1	13.7	70.0	13.5	Lower revenue and lower profit due to seasonal factors
PT Nipsea (Indonesia)	13.6	3.9	13.7	5.4	14.7	4.7	16.1	5.5	Higher profit due to growth in overall business and an improved RMCC ratio
Betek Boya (Türkiye)	20.1	1.1	16.8	2.8	29.5	3.2	12.2	0.9	Lower profit due to lower 4Q sales. 3Q sales were much higher as a result of pending orders which could not be delivered till late 2Q (affected by earthquake and elections), hence the flow-over and higher sales in 3Q
DGL (Pacific)	55.0	7.8	55.6	6.7	59.2	7.3	60.2	7.1	Lower profit, mainly due to one-off expenses relating to local acquisitions
DGL (Europe)	29.5	1.5	27.7	-0.3	36.3	2.6	34.0	-0.8	Seasonal operating loss (European winter) and impairment of Craig & Rose
Americas	27.3	2.2	24.9	0.8	28.8	2.1	28.4	1.6	Lower profit due to seasonal factors mainly in the decorative paints

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Finally, page 25 provides a concise overview of seasonal influences across each region, responding to a query commonly raised by investors.

Considering our businesses in all regions show quarterly growth, actual demand may not be consistent with the order shown in the top table of this page. The table simply shows the demand levels assuming the same economic environment. I trust you will find this information beneficial.

We have also implemented modifications on other pages to enhance investors' comprehension. Your feedback and recommendations are highly valued and welcomed.

I am convinced that our FY2023 results and the FY2024 guidance highlight the capabilities of each partner company and validate the effectiveness of our Asset Assembler model. We are dedicated to enhancing EPS while maintaining careful oversight.

I'd like to announce that our New Medium-Term Plan briefing is scheduled for Thursday, April 4. We warmly invite you to join us for this important event.

With that, I wrap up my presentation. Thank you all for your attentive participation.