

The 196th Annual General Meeting of Shareholders

Q&A Summary

March 26, 2021

Q1	How is Nippon Paint Holdings going to respond to the current rapidly changing business environment, such as the IoT and digital transformation, while upholding its history and traditions?
A1	The Nippon Paint Group's business environment is definitely challenging. However, our Group is planning to increase productivity by using AI, the IoT and other new technologies in our production facilities, logistics centers and other infrastructure. Using these cutting-edge technologies to for more progress is a very important issue for us. We are determined to achieve sustainable growth by taking into consideration the points raised by our shareholders.

Q2	Nippon Paint Holding's financial plan assumption for the Japanese yen/U.S. dollar exchange rate is 106 yen to the dollar. However, the yen has weakened against the dollar to the 108-109 yen level. Does the weaker yen have a positive or negative impact on the Nippon Paint Group's earnings?
A2	Basically, the weaker yen has a positive impact on our consolidated earnings in yen. The exchange rate that influences our Group's earnings most of all is the Chinese yuan/yen rate. Our financial plan assumes an exchange rate of 15.7 yen to the yuan. The current yuan/yen exchange rate is in the 16 yen range. The weakening of the Japanese yen against the Chinese yuan also has a positive impact on our consolidated earnings in yen. Please be advised that our Group procures raw materials around the world. Therefore, a weaker yen does not always have a positive impact nor does a stronger yen always have a negative impact on our consolidated earnings.

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