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For immediate release

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Notice of Revision of Consolidated Earnings Forecast (IFRS)

Nippon Paint Holdings Co., Ltd. announces that its Board of Directors approved a resolution today to revise the consolidated earnings forecast for the fiscal year ending December 31, 2022 (January 1, 2022 to December 31, 2022) released on February 14, 2022, taking into account factors including our recent earnings trends.

1. Revision of the Consolidated Earnings Forecast for the Fiscal Year Ending December 31, 2022
 (January 1, 2022 to December 31, 2022)

(Billion yen)

| | Revenue | Operating profit | Profit before tax | Profit attributable to owners of parent |
|---|---------|------------------|-------------------|---|
| Previously announced forecast (A) | 1,200.0 | 115.0 | 113.0 | 81.0 |
| Revised forecast (B) | 1,320.0 | 105.0 | 100.0 | 72.0 |
| Amount of change (B – A) | 120.0 | -10.0 | -13.0 | -9.0 |
| Percentage change (%) | 10.0% | -8.7% | -11.5% | -11.1% |
| (For reference) Consolidated earnings results for FY2021 | 998.3 | 87.6 | 86.5 | 67.6 |

2. Reason for the revision

We have decided to increase our revenue forecast for FY2022, taking into consideration continuous selling price increases in each business, mainly in our core decorative paints business, the weaker yen against major currencies compared to the exchange rate assumed at the beginning of the current year, new consolidation effects expected following the completion of acquisition of shares of European paint manufacturer DP JUB delniška družba pooblaščenka d.d. on May 31, 2022.

Regarding profit items, we expect to offset the impact of higher-than-expected raw material prices by selling price increases and reduced SG&A expenses, coupled with an earnings boost from the weaker yen. In the meantime, we disclosed a possibility of recording a provision for potential credit loss in China on May 13, 2022. In this regard, we have factored in recording an additional provision, on top of the 13.0 billion yen recorded in the 2Q 2022, assuming a case where our credit risk will increase due to further changes in the Chinese real estate market conditions, financial positions of real estate developers and other factors.

Inflation in Turkey is running at an accelerated pace, and the cumulative inflation rate in Turkey over three years based on the consumer price index has exceeded 100%. As a result, we have determined that our Turkish subsidiaries, which uses Turkish lira as its functional currency, is conducting sales activities in a hyperinflationary economy. Accordingly, we have made accounting adjustments on its financial statements in accordance with the requirements provided for in IAS 29 “Financial Reporting in Hyperinflationary Economies”.

Based on the above factors, we have decided to slightly reduce our forecast for operating profit, profit before tax and profit attributable to owners of parent for the fiscal year ending December 31, 2022 from the previous forecast.

End