

**Consolidated Financial Results**  
**for the Fiscal Year Ended December 31, 2023**  
**[IFRS]**



February 14, 2024

Company name: Nippon Paint Holdings Co., Ltd.

Stock exchange listing: Tokyo Stock Exchange

Code number: 4612

URL: <https://www.nipponpaint-holdings.com/en/>

Representative: Yuichiro Wakatsuki, Director, Representative Executive Officer & Co-President

Wee Siew Kim, Director, Representative Executive Officer & Co-President

Contact: Ryosuke Tanaka, Executive General Manager, Investor Relations, Sustainability and Public Relations

Phone: +81-50-3131-7419

Scheduled date of annual general meeting of shareholders: March 27, 2024

Scheduled date of commencing dividend payments: March 28, 2024

Scheduled date of filing the securities report: March 28, 2024

Availability of supplementary briefing material on consolidated financial results: Yes

Schedule of consolidated financial results briefing session: Yes

(Amounts of less than one million yen are rounded down)

**1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2023 (January 1, 2023 to December 31, 2023)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
December 31, 2023	1,442,574	10.2	168,745	50.8	161,500	54.6	118,997	49.8
December 31, 2022	1,309,021	31.1	111,882	27.7	104,495	20.9	79,452	16.6

	Profit attributable to owners of parent		Comprehensive income	
	Million yen	%	Million yen	%
Fiscal year ended				
December 31, 2023	118,476	49.2	250,001	6.7
December 31, 2022	79,418	17.5	234,247	49.6

	Basic earnings per share	Diluted earnings per share	Return on equity	Profit before tax to total assets	Operating profit to revenue
	Yen	Yen	%	%	%
Fiscal year ended					
December 31, 2023	50.45	50.44	9.5	6.3	11.7
December 31, 2022	33.82	33.82	7.5	4.8	8.5

Reference: Share of profit of investments accounted for using equity method:

Fiscal year ended December 31, 2023: ¥201 million

Fiscal year ended December 31, 2022: ¥(577) million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets	Equity per share attributable to owners of parent
	Million yen	Million yen	Million yen	%	Yen
As of December 31, 2023	2,713,341	1,368,104	1,358,310	50.1	578.35
As of December 31, 2022	2,442,340	1,155,358	1,148,824	47.0	489.19

### (3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2023	189,755	(115,975)	(38,664)	289,647
December 31, 2022	112,351	(165,107)	145,767	242,598

### 2. Dividends

	Annual dividends					Total dividends paid	Consolidated dividend payout ratio	Consolidated dividend on equity attributable to owners of parent
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
December 31, 2022	—	5.00	—	6.00	11.00	25,832	32.5	2.5
December 31, 2023	—	6.00	—	8.00	14.00	32,880	27.8	2.6
December 31, 2024 (forecast)	—	7.00	—	8.00	15.00		28.4	

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2024

(January 1, 2024 to December 31, 2024)

(% indicates changes from the previous corresponding period)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	1,600,000	10.9	184,000	9.0	174,000	7.7	124,000	4.7	52.80

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: No  
(Changes in specified subsidiaries resulting in changes in the scope of consolidation)

Newly consolidated	-	Excluded	-
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- (2) Changes in accounting policies and changes in accounting estimates

- 1) Changes in accounting policies required by IFRS: Yes
- 2) Changes in accounting policies other than 1) above: No
- 3) Changes in accounting estimates: No

Note: For more information, please refer to “(5) Notes to Consolidated Financial Statements ‘Changes in Accounting Policies’ in 3. Consolidated Financial Statements and Primary Notes” on page 11 of the attached document.

- (3) Total number of issued shares (common shares)

- 1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 2,370,512,215 shares

December 31, 2022: 2,370,512,215 shares

- 2) Total number of treasury shares at the end of the period:

December 31, 2023: 21,905,017 shares

December 31, 2022: 22,078,717 shares

- 3) Average number of shares during the period:

Fiscal year ended December 31, 2023: 2,348,531,692 shares

Fiscal year ended December 31, 2022: 2,348,322,430 shares

\*These consolidated financial results are outside the scope of audit by Certified Public Accountants or auditing corporations.

\*Explanation of the proper use of financial results forecast and other notes

(Caution concerning forward-looking statements)

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that are deemed rational and contain risks and uncertainties. Actual results, etc. may differ greatly from the forecast figures depending on various factors.

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## 1. Overview of Operating Results

### (1) Overview of Operating Results for the Period under Review

During the fiscal year ended December 31, 2023, Nippon Paint Group saw a 10.2% rise in consolidated revenue from the previous year to ¥1,442,574 million. This increase primarily resulted from the normalization of economic activities in the decorative paints business in China, a principal area of business for Nippon Paint Group, subsequent to the lifting of lockdowns and pandemic-related limitations. Additionally, consolidated operating profit surged by 50.8% to ¥168,745 million. This increase was mainly due to the enhanced gross profit margin, propelled by the positive effects of the flow-through of price increases and the absence of credit loss provision in China, which was recorded in the previous year. Consolidated profit before tax saw a 54.6% increase to ¥161,500 million. Furthermore, profit attributable to owners of parent surged by 49.2% to ¥118,476 million.

\*DuluxGroup Limited is an Australian company that owns the Dulux® trademark only in Australia, New Zealand, Papua New Guinea, Samoa and Fiji. DuluxGroup Limited is not associated with, and has no connection to, the owners of the Dulux® trademark in any other countries, nor does it sell Dulux® products in any other countries.

Results by business segment are as follows.

#### **Japan**

Revenue for automotive coatings increased from the previous year, mainly attributed to the continued recovery in automobile production. Revenue for industrial coatings remained steady despite the flow-through of price increases, owing to softer market conditions compared to a year ago. Revenue for decorative paints increased from the previous year due to the flow-through of price increases. This growth occurred despite the impact of consumer spending restraint and the shift in demand to economy products in reaction to inflation.

Consequently, there was an 8.3% increase in consolidated revenue from the previous year to ¥201,493 million, while consolidated operating profit increased by 261.9% to ¥19,165 million.

#### **NIPSEA**

Revenue for automotive coatings increased from the previous year, attributed partly to the market share gains at automobile manufacturers and automotive parts manufacturers, which partially offset the sluggish automobile production, particularly among Japanese automobile manufacturers amid the expanding electric vehicle market. Decorative paints revenue saw an increase driven by the normalization of economic activities in China post-lockdowns, sustained demand for repainting interiors of existing homes in China, and the flow-through of price increases in key markets such as Singapore, Malaysia, and Indonesia.

Consequently, consolidated revenue increased by 8.9% from the previous year to ¥771,518 million, and consolidated operating profit rose by 51.8% to ¥110,385 million.

#### **DuluxGroup**

The earnings of DP JUB delniska druzba pooblasenka d.d. have begun contributing to the full-year results. The increase in revenue from decorative paints was driven by the flow-through of price increases in the Pacific and Europe, overcoming weaker consumer demand influenced by interest rate hikes. Moreover, revenue in the adjacencies business exceeded last year's figures, propelled by the flow-through of price hikes in the Pacific region, even amid slow ETICS (External Thermal Insulation Composite Systems) sales due to decreased government incentives in Europe.

Consequently, consolidated revenue saw a 14.4% rise from the previous year, reaching ¥360,398 million, while consolidated operating profit climbed by 16.7% to ¥34,619 million.

#### **Americas**

Automotive coatings revenue saw a rise over the last year, fueled by a rebound in car manufacturing in the United States, a key area for the automotive coatings industry, particularly among Japanese automobile manufacturers and the flow-through of price increases. Revenue for decorative paints remained unchanged, attributed to the economic slowdown and housing market deceleration in the United States, as well as adverse weather conditions in California.

As a result, consolidated revenue increased by 9.7% from the previous year to ¥109,164 million. Consolidated operating profit decreased by 11.5% to ¥7,149 million, primarily due to the absence of a gain on the sale of fixed assets recorded in the previous

year.

## (2) Overview of Financial Position for the Period under Review

Total assets at the end of the fiscal year ended December 31, 2023 increased by ¥271,001 million from the end of the previous fiscal year to ¥2,713,341 million.

Current assets increased by ¥123,922 million mainly due to an increase in other financial assets. Non-current assets increased by ¥147,078 million mainly because of an increase in goodwill.

Liabilities increased by ¥58,255 million to ¥1,345,237 million mainly due to an increase in bonds and borrowings.

Equity increased by ¥212,745 million to ¥1,368,104 million. This was mainly attributable to an increase in foreign currency translation adjustments.

As a result, the percentage of equity attributable to owners of parent to total assets increased from 47.0% at the end of the previous fiscal year to 50.1%.

## (3) Overview of Cash Flows for the Period under Review

In the fiscal year ended December 31, 2023, cash flows from operating activities resulted in an inflow of ¥189,755 million, while investing activities led to an outflow of ¥115,975 million. Financing activities also saw an outflow of ¥38,664 million. As a result, cash and cash equivalents balance (“funds”) was ¥289,647 million, marking a rise of ¥47,048 million from the previous year’s end.

### (Cash flows from operating activities)

Net cash provided by operating activities increased by ¥77,403 million from the previous year to ¥189,755 million. Primary factors include a cash inflow (excluding increases and decreases in operating capital) of ¥216,182 million, reflecting mainly non-cash expenses such as depreciation and amortization on profit before tax, a decrease in funds of ¥10,102 million due to a decrease in operating capital, and income taxes paid of ¥36,529 million.

### (Cash flows from investing activities)

Net cash used in investing activities decreased by ¥49,132 million from the previous year to ¥115,975 million. This was mainly attributable to an outflow of ¥35,652 million from the acquisition of property, plant, and equipment, an outflow of ¥55,331 million from an increase in marketable securities, and an outflow of ¥13,042 million due to an increase in term deposits.

### (Cash flows from financing activities)

Net cash used in financing activities was ¥38,664 million (compared to a net cash provided of ¥145,767 million in the previous year). Key factors include an inflow of ¥16,238 million due to increased borrowings, an outflow of ¥40,595 million due to dividends payments, and an outflow of ¥14,275 million due to lease liability repayments.

## (4) Future Outlook

In the fiscal year ending December 31, 2024, the global automotive market is expected to stay relatively stable, showing no significant variation from the previous year. Meanwhile, a notable expansion is forecasted for the decorative paints market supported by solid demand.

Nippon Paint Group will aim to reinforce the growth base of our existing operations while enhancing profitability. This will be achieved by acquiring excellent talent and powerful brands through strategic M&A activities, ultimately cementing our path towards sustainable growth. To realize these objectives, we plan to intensify our marketing efforts across various regions to sustain growth in the decorative paints business and bolster the adjacencies business including adhesives. Additionally, we will strive for further market share gains in every region and business area by promoting autonomous management at our Group partner companies around the world.

Based on this outlook, we forecast consolidated revenue of ¥1,600,000 million, operating profit of ¥184,000 million, profit before tax of ¥174,000 million and profit attributable to owners of the parent of ¥124,000 million.

Based on this earnings forecast, we plan to pay dividends of ¥15 per share for the fiscal year ending December 31, 2024.

## 2. Basic Approach to Selection of Accounting Standards

In order to further strengthen global management, improve the comparability of financial information, and enhance disclosure by standardizing accounting procedures among group companies, the Nippon Paint Group has been voluntarily using International Financial Reporting Standards (IFRS) for consolidated financial statements in its annual securities reports since the fiscal year ended December 31, 2018.

### 3. Consolidated Financial Statements and Primary Notes

#### (1) Consolidated Statements of Profit or Loss and Comprehensive Income

##### Consolidated Statement of Profit or Loss

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Revenue	1,309,021	1,442,574
Cost of sales	(821,487)	(866,449)
<b>Gross profit</b>	487,534	576,124
Selling, general and administrative expenses	(383,367)	(420,247)
Other income	12,875	16,668
Other expenses	(5,159)	(3,800)
<b>Operating profit</b>	111,882	168,745
Finance income	4,997	6,950
Finance costs	(11,806)	(14,397)
Share of profit (loss) of investments accounted for using equity method	(577)	201
<b>Profit before tax</b>	104,495	161,500
Income taxes	(25,042)	(42,502)
<b>Profit</b>	79,452	118,997
<b>Profit attributable to</b>		
Owners of parent	79,418	118,476
Non-controlling interests	33	521
<b>Profit</b>	79,452	118,997
<b>Earnings per share</b>		
Basic earnings (loss) per share (yen)	33.82	50.45
Diluted earnings (loss) per share (yen)	33.82	50.44



Consolidated Statement of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
<b>Profit</b>	79,452	118,997
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,632)	1,810
Remeasurements of defined benefit plans	3,242	(122)
Share of other comprehensive income of investments accounted for using the equity methods	(99)	(84)
Total of items that will not be reclassified to profit or loss	1,510	1,603
Items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	155,366	129,522
Cash flow hedges	(862)	(48)
Share of other comprehensive income of investments accounted for using equity method	(1,218)	(74)
Total of items that may be reclassified to profit or loss	153,284	129,399
<b>Total other comprehensive income</b>	154,795	131,003
<b>Comprehensive income</b>	234,247	250,001
<b>Comprehensive income attributable to</b>		
Owners of parent	233,204	249,078
Non-controlling interests	1,043	922
<b>Comprehensive income</b>	234,247	250,001

## (2) Consolidated Statement of Financial Position

(Million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	242,598	289,647
Inventories	176,049	175,617
Trade and other receivables	311,305	317,940
Other financial assets	17,254	84,146
Other current assets	18,125	22,005
<b>Subtotal</b>	765,333	889,357
Assets held for sale	301	199
<b>Total current assets</b>	765,634	889,557
<b>Non-current assets</b>		
Property, plant and equipment	376,835	409,984
Goodwill	825,525	897,751
Other intangible assets	400,052	430,763
Investments accounted for using equity method	31,390	28,198
Other financial assets	26,063	35,161
Other non-current assets	9,558	14,381
Deferred tax assets	7,279	7,543
<b>Total non-current assets</b>	1,676,706	1,823,784
<b>Total assets</b>	2,442,340	2,713,341

(Million yen)

	As of December 31, 2022	As of December 31, 2023
<b>Liabilities and equity</b>		
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	256,835	262,152
Bonds and borrowings	95,970	55,995
Other financial liabilities	34,153	21,908
Income taxes payable	8,192	14,770
Provisions	3,436	4,310
Other current liabilities	69,622	78,564
<b>Total current liabilities</b>	468,211	437,701
<b>Non-current liabilities</b>		
Bonds and borrowings	626,087	683,771
Other financial liabilities	78,027	96,480
Retirement benefit liability	16,355	17,130
Provisions	1,164	1,366
Other non-current liabilities	5,555	6,073
Deferred tax liabilities	91,580	102,714
<b>Total non-current liabilities</b>	818,770	907,536
<b>Total liabilities</b>	1,286,982	1,345,237
<b>Equity</b>		
Share capital	671,432	671,432
Treasury shares	(6,096)	(6,049)
Retained earnings	272,527	351,205
Other components of equity	210,961	341,721
<b>Total equity attributable to owners of parent</b>	1,148,824	1,358,310
<b>Non-controlling interests</b>	6,533	9,793
<b>Total equity</b>	1,155,358	1,368,104
<b>Total liabilities and equity</b>	2,442,340	2,713,341

## (3) Consolidated Statement of Changes in Equity

(Million yen)

	Equity attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital surplus	Treasury shares	Retained earnings	Other components of equity	Total		
Balance as of January 1, 2022	671,432	—	(6,153)	228,009	66,230	959,518	9,176	968,694
Hyperinflationary accounting adjustments	—	—	—	(21,021)	—	(21,021)	—	(21,021)
Beginning balance reflecting hyperinflationary accounting adjustments	671,432	—	(6,153)	206,988	66,230	938,497	9,176	947,673
Profit	—	—	—	79,418	—	79,418	33	79,452
Other comprehensive income	—	—	—	—	153,785	153,785	1,009	154,795
Comprehensive income	—	—	—	79,418	153,785	233,204	1,043	234,247
Purchase of treasury shares	—	—	(0)	—	—	(0)	—	(0)
Disposal of treasury shares	—	135	57	—	(37)	155	—	155
Dividends	—	—	—	(23,483)	—	(23,483)	(109)	(23,592)
Changes in ownership interest in subsidiaries	—	(3,892)	—	—	675	(3,216)	(3,638)	(6,855)
Transfer from retained earnings to capital surplus	—	4,300	—	(4,300)	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	36	36
Transfer from other components of equity to retained earnings	—	—	—	13,904	(13,904)	—	—	—
Transfer from other components of equity to non-financial assets and other items	—	—	—	—	4,212	4,212	—	4,212
Put option liabilities over non-controlling interests	—	(543)	—	—	—	(543)	—	(543)
Other	—	—	—	—	—	—	25	25
Total transactions with owners	—	—	56	(13,879)	(9,053)	(22,876)	(3,686)	(26,562)
Balance as of December 31, 2022	671,432	—	(6,096)	272,527	210,961	1,148,824	6,533	1,155,358
Profit	—	—	—	118,476	—	118,476	521	118,997
Other comprehensive income	—	—	—	—	130,601	130,601	401	131,003
Comprehensive income	—	—	—	118,476	130,601	249,078	922	250,001
Purchase of treasury shares	—	—	(0)	—	—	(0)	—	(0)
Disposal of treasury shares	—	124	48	—	(35)	137	—	137
Dividends	—	—	—	(28,182)	—	(28,182)	(305)	(28,488)
Changes in ownership interest in subsidiaries	—	27	—	—	—	27	(63)	(36)
Transfer from retained earnings to capital surplus	—	11,421	—	(11,421)	—	—	—	—
Change in scope of consolidation	—	—	—	—	—	—	2,688	2,688
Transfer from other components of equity to retained earnings	—	—	—	(194)	194	—	—	—
Capital increase of consolidated subsidiaries	—	—	—	—	—	—	48	48
Put option liabilities over non-controlling interests	—	(11,574)	—	—	—	(11,574)	—	(11,574)
Other	—	—	—	—	—	—	(29)	(29)
Total transactions with owners	—	—	47	(39,798)	158	(39,593)	2,337	(37,255)
Balance as of December 31, 2023	671,432	—	(6,049)	351,205	341,721	1,358,310	9,793	1,368,104

## (4) Consolidated Statement of Cash Flows

(Million yen)

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
<b>Cash flows from operating activities</b>		
Profit before tax	104,495	161,500
Depreciation and amortization	47,116	52,275
Interest and dividend income	(4,235)	(6,142)
Interest expenses	8,363	8,838
Share of loss (profit) of investments accounted for using equity method	577	(201)
Decrease (increase) in inventories	(12,717)	15,855
Decrease (increase) in trade and other receivables	3,016	8,858
Increase (decrease) in trade and other payables	2,641	(14,611)
Increase (decrease) in allowance for doubtful accounts	12,021	4,908
Increase (decrease) in other current liabilities	(2,380)	3,957
Other	(11,011)	(7,153)
<b>Subtotal</b>	<b>147,886</b>	<b>228,084</b>
Interest received	3,280	5,221
Dividends received	2,590	1,825
Interest paid	(8,548)	(8,846)
Income taxes paid	(32,857)	(36,529)
<b>Net cash provided by (used in) operating activities</b>	<b>112,351</b>	<b>189,755</b>
<b>Cash flows from investing activities</b>		
Net decrease (increase) in time deposits	(273)	(13,042)
Net decrease (increase) in short-term investment securities	16,682	(55,331)
Proceeds from sales of investment securities	25,440	85
Purchase of property, plant and equipment	(37,442)	(35,652)
Proceeds from sales of property, plant and equipment	5,132	4,043
Purchase of intangible assets	(3,575)	(2,458)
Purchase of shares of subsidiaries	(171,752)	(7,063)
Proceeds from redemption of shares in investment accounted for using the equity method	—	3,587
Payments for acquisition of businesses	(928)	(8,921)
Payments for loans receivable	(2,047)	(2,140)
Collection of loans receivable	5,509	2,179
Other	(1,852)	(1,261)
<b>Net cash provided by (used in) investing activities</b>	<b>(165,107)</b>	<b>(115,975)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(5,715)	(10,526)
Proceeds from long-term borrowings	270,070	113,002
Repayments of long-term borrowings	(60,781)	(86,237)
Redemption of bonds	(14,776)	—
Repayments of lease obligations	(12,586)	(14,275)
Dividends paid	(23,483)	(28,177)
Dividends paid to former shareholders of newly consolidated subsidiaries	—	(12,106)
Payments for additional investments in subsidiaries	(6,854)	(36)
Other	(106)	(306)
<b>Net cash provided by (used in) financing activities</b>	<b>145,767</b>	<b>(38,664)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>9,989</b>	<b>11,453</b>
<b>Adjustments for hyperinflation</b>	<b>784</b>	<b>479</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>103,785</b>	<b>47,048</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>138,813</b>	<b>242,598</b>
<b>Cash and cash equivalents at end of period</b>	<b>242,598</b>	<b>289,647</b>

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Changes in accounting policies)

Beginning with the current fiscal year, our Group has adopted the following accounting standards.

IFRS		Summary of amendments
IAS No.12	Income taxes	This includes amendments mandating companies to disclose their exposure to corporate income taxes under taxation systems (hereinafter, the “global minimum tax system”) that are established or substantively enacted to implement the Pillar Two model rules released by the Organisation for Economic Cooperation and Development (OECD).

There is no impact from the application of the above accounting standards on the Group’s consolidated financial statements. Please note that the Group has retrospectively applied the temporary exception to the requirements in IAS No.12 Income Taxes beginning with the fiscal year under review. Therefore, we neither recognize nor disclose information about deferred tax assets and deferred tax liabilities arising from the global minimum tax system.

(Changes in Presentation)

(Consolidated statements of cash flows)

Starting with the fiscal year that ended on December 31, 2023, the gain on bargain purchase, previously recorded under cash flows from operating activities, has now been restated under “other” due to its diminished importance. The consolidated financial statements for the previous fiscal year have been restated to reflect this change. As a result, the gain on bargain purchase of -¥21 million in cash flows from operating activities, as reported in the consolidated statements of cash flows in the previous year, has been in “other” with a total of -¥11,011 million.

Starting with the fiscal year ended December 31, 2023, dividends paid to non-controlling interests, which were separately posted under cash flows from financing activities in the previous year, have been included in “other” due to their decreased significance. The consolidated financial statements for the previous year have been restated to reflect this change. As a result, dividends paid to non-controlling interests of -¥50 million in the cash flows from financing activities have been restated as “other” with a total of -¥106 million.

(Segment information)

(1) Summary of reportable segments

Nippon Paint Group’s operations are classified into reportable segments for which separate financial information is available and are subject to periodic evaluations by the Board of Directors, which is the highest decision-making body, in order to make decisions regarding management resource allocation and performance assessments. The Nippon Paint Group’s primary businesses are the paint and coatings business, which manufactures and sells automotive coatings, decorative paints, industrial coatings, fine chemicals, and other paints, and the adjacencies business which manufactures and sells adjacencies products, such as adhesives. An independent company in Japan and companies overseen by this company are responsible for business activities in Japan, and independent companies, led by NIPSEA and DuluxGroup, are responsible for the Asia, Oceania, and other overseas regions. Other independent companies are responsible for Americas. Each company constitutes an individual management unit which makes decisions about products to manufacture and sell and comprehensive regional strategies for business growth.

As a result, the Nippon Paint Group consists of four reportable segments divided by management unit or region with a manufacturing and sales structure as a base: Japan, NIPSEA, DuluxGroup, and Americas. The Japan segment includes the overseas marine coatings business.

## (2) Information on reportable segments

For the fiscal year ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Reportable segment					Adjustments (Note 1)	Amounts in consolidated financial statements
	Japan	NIPSEA	DuluxGroup	Americas	Total		
Revenue							
Revenue from external customers	186,062	708,515	314,902	99,540	1,309,021	—	1,309,021
Intersegment revenue	17,556	4,412	500	62	22,532	(22,532)	—
Total	203,619	712,927	315,403	99,603	1,331,553	(22,532)	1,309,021
Segment profit (loss)	5,296	72,695	29,673	8,077	115,742	(3,859)	111,882
Finance income							4,997
Finance costs							(11,806)
Share of profit of investments accounted for using equity method							(577)
Profit before tax							104,495
Other items							
Depreciation and amortization	4,820	19,283	17,114	5,633	46,851	264	47,116
Impairment loss	29	70	—	—	100	—	100
Capital expenditures (Note 2)	6,936	17,367	15,289	10,217	49,811	8	49,820

Note 1: Adjustments for segment profit are headquarters expenses that do not belong to any reportable segment and intersegment eliminations.

Note 2: These mainly consist of expenditures for property, plant and equipment and intangible assets.

For the fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Reportable segment					Adjustments (Note 1)	Amounts in consolidated financial statements
	Japan	NIPSEA	DuluxGroup	Americas	Total		
Revenue							
Revenue from external customers	201,493	771,518	360,398	109,164	1,442,574	—	1,442,574
Intersegment revenue	17,345	5,614	498	28	23,487	(23,487)	—
Total	218,839	777,133	360,896	109,193	1,466,062	(23,487)	1,442,574
Segment profit (loss)	19,165	110,385	34,619	7,149	171,319	(2,574)	168,745
Finance income							6,950
Finance costs							(14,397)
Share of profit of investments accounted for using equity method							201
Profit before tax							161,500
Other items							
Depreciation and amortization	5,037	20,874	19,782	6,315	52,010	265	52,275
Impairment loss	140	245	600	—	987	—	987
Capital expenditures (Note 2)	6,657	20,184	18,881	4,129	49,852	11	49,864

Note 1: Adjustments for segment profit are headquarters expenses that do not belong to any reportable segment and intersegment eliminations.

Note 2: These mainly consist of expenditures for property, plant and equipment and intangible assets.

## (3) Information on products and services

For the fiscal year ended December 31, 2022 (From January 1, 2022 to December 31, 2022)

(Million yen)

	Japan	NIPSEA	DuluxGroup	Americas	Total
Paint and coatings business					
Automotive coatings	35,089	96,455	—	32,291	163,837
Decorative paints	47,824	514,044	199,946	65,707	827,524
Industrial coatings	40,027	46,277	9,120	—	95,425
Fine chemicals	8,636	8,741	—	1,541	18,919
Other paints	54,485	13,762	—	—	68,247
	186,062	679,282	209,067	99,540	1,173,954
Adjacencies business	—	29,232	105,834	—	135,067
Total	186,062	708,515	314,902	99,540	1,309,021

For the fiscal year ended December 31, 2023 (From January 1, 2023 to December 31, 2023)

(Million yen)

	Japan	NIPSEA	DuluxGroup	Americas	Total
Paint and coatings business					
Automotive coatings	42,149	99,335	—	40,926	182,411
Decorative paints	48,545	568,375	226,323	66,433	909,678
Industrial coatings	39,688	40,909	9,598	—	90,196
Fine chemicals	8,942	9,505	—	1,803	20,251
Other paints	62,168	18,796	—	—	80,964
	201,493	736,922	235,922	109,164	1,283,502
Adjacencies business	—	34,596	124,475	—	159,072
Total	201,493	771,518	360,398	109,164	1,442,574



(Business combinations)

For the fiscal year ended December 31, 2022 (January 1, 2022 to December 31, 2022)

(Acquisition of shares of Cromology Holding SAS)

#### Primary Drivers for the Business Combination

The global paint market, with Europe as the second-largest contributor after China, demonstrates promising potential for steady growth. Cromology Holding SAS (Cromology) stands as the fourth-largest architectural paint manufacturer in Europe. Positioned as a frontrunner in the architectural paint sector, Cromology has an extensive presence across multiple European countries, boasting a substantial market share. Specifically, it ranks among the top three in key markets such as France, Italy, Spain, and Portugal.

Under the ownership of Nippon Paint Group, the integration of the group's financial resources and expertise in brand management, marketing, and innovation, combined with Cromology's renowned brands and robust trade and retail relationships, is expected to drive growth in France, Spain, Italy, and Portugal, along with other European markets, including Eastern Europe. Cromology's significant scale, volume, and manufacturing capabilities will serve as a strategic foundation for establishing a decorative paint and coatings business in Europe, offering a platform for additional acquisitions. Cromology's wholly-owned integrated network of company-operated stores in France, Portugal, and Switzerland offers a chance to harness DuluxGroup's operational expertise in managing trade centers. Additionally, this network serves as a robust foundation to capitalize on DuluxGroup's strengths in catering to do-it-yourself (DIY) consumers through retail channels, including major home improvement stores and independent hardware outlets. Furthermore, Cromology's store network offers a prospect to introduce new brands into the DuluxGroup's portfolio, encompassing brands focused on woodcare, texture coatings, as well as sealants, adhesives, and fillers.

\* Source: Global Market Analysis for the Paint & Coatings Industry (2019-2024) published by American Coatings Association:  
<https://paint.org/market>

#### (1) Overview of business combination

##### (i) Name and business activities of the acquired company

Name: Cromology Holding SAS

Business activities: Manufacture and sale of paints and adjacencies products

##### (ii) Date of acquisition: January 20, 2022

##### (iii) Percentage of equity interests with voting rights acquired: 99.8%

##### (iv) Method of acquisition of control: By acquisition of shares

#### (2) Fair value of assets acquired and liabilities assumed at the date of business combination

	(Million yen)
	Fair value
Cash and cash equivalents	9,530
Property, plant and equipment	23,413
Intangible assets (Note 2)	65,317
Other assets	32,927
Fair value of liabilities assumed	(76,869)
Fair value of assets acquired and liabilities assumed, net	54,318

## Trade and other receivables

	(Million yen)	
	Contractual amount due	Fair value
Trade and other receivables	8,454	7,719
Accounts receivable-other	5,313	5,256
Total	13,767	12,975
Best estimate of contractual cash flows not expected to be collected	(791)	—
Net total	12,975	12,975

Note 1: The purchase price was allocated to assets and liabilities based on their estimated fair value at the acquisition date. The purchase price allocation was completed in the fiscal year ended December 31, 2022. The subsequent adjustments from the initial provisional amounts are outlined below.

Property, plant and equipment	¥1,591 million increase
Intangible assets	¥43,170 million increase
Other assets	¥2,503 million increase
Fair value of liabilities assumed	¥12,543 million increase
Goodwill	¥34,722 million decrease

Note 2: Intangible assets primarily comprise ¥36,415 million of trademark rights and ¥27,449 million of customer-related assets. Fair market value of trademark rights is determined using the royalty exemption method and customer-related assets using the excess earnings method in order to allocate the acquisition price.

## (3) Consideration transferred and goodwill

		(Million yen)
		Amount
Consideration transferred (Cash and other assets)	A	149,556
Basis adjustments	B	4,212
Fair value of assets acquired and liabilities assumed, net	C	54,318
Goodwill (Note)	A+B-C	99,450

Note: Goodwill primarily reflects the ability to generate excess earnings in the future and synergies with existing businesses. The goodwill stated above does not include any amount which is expected to be deductible for tax purposes.

## (4) Acquisition-related expenses

Account item: Selling, general and administrative expenses  
Amount: ¥1,486 million

## (5) Effects on the condensed consolidated quarterly statement of profit or loss

Financial results of the acquired company on and after the date of acquisition recognized in the condensed consolidated quarterly statement of profit or loss

	(Million yen)
	Amount
Revenue	97,467
Profit	2,629

(6) Effects of business combination on cash flows

	(Million yen)
	Amount
Consideration paid for acquisition	150,600
Cash and cash equivalents	(9,530)
Purchase of shares of subsidiaries	141,070

For the fiscal year ended December 31, 2023 (January 1, 2023 to December 31, 2023)

There was no significant business combination.

(Per-share information)

The basis of calculation of basic earnings (loss) per share and diluted earnings (loss) per share is as below.

	For the fiscal year ended December 31, 2022	For the fiscal year ended December 31, 2023
Profit attributable to owners of parent (million yen)	79,418	118,476
Adjustment to profit used in the calculation of diluted earnings per share (million yen)	—	—
Diluted earnings (million yen)	79,418	118,476
Weighted-average number of common shares issued (thousand shares)	2,348,322	2,348,531
Increase in the number of common shares used in the calculation of diluted earnings per share (thousand shares)	211	138
Increase due to exercise of stock options (thousand shares)	169	112
Increase due to restricted share compensation plan (thousand shares)	42	25
Weighted-average number of common shares used in the calculation of diluted earnings per share (thousand shares)	2,348,534	2,348,669
Basic earnings (loss) per share (yen)	33.82	50.45
Diluted earnings (loss) per share (yen)	33.82	50.44

(Significant subsequent events)

There was no applicable item.