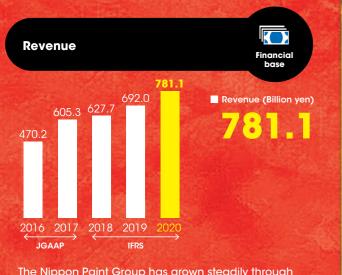
Financial Highlights

Figures for FY2016 and FY2017 based on JGAAP Figures for FY2018 to FY2020 based on IFRS

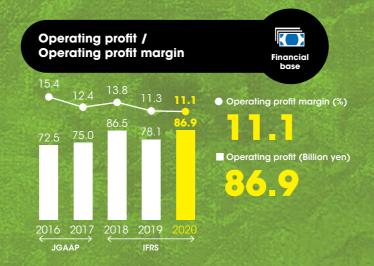


The Nippon Paint Group has grown steadily through the acquisitions of a paint manufacturer in the United States in FY2017 and in Australia and Turkey in FY2019 along with the successful growth of the decorative paints business in China and other Asia. This rapid growth has enabled us to increase revenue for four straight years and, despite the impact of COVID-19, reached a record high for revenue in FY2020.

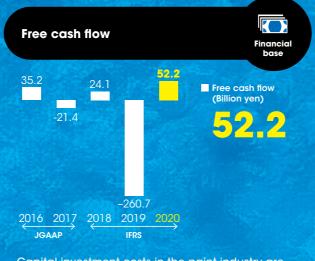


FY2020 as operating profit increased despite the

COVID-19 conditions.



Group operating profit decreased in FY2019 due to one-time factors, including recognition of impairment loss, but rose to a record high in FY2020 supported by contributions from acquisitions and the growth of the Chinese business. While operating profit increased, the operating profit margin remained flat compared with the previous fiscal year due to a higher ratio of SG&A expenses to sales due mainly to higher personnel expenses associated with the accelerating global growth.



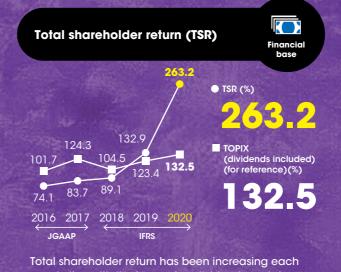
Capital investment costs in the paint industry are relatively low, and positive cash flow is the norm. Free cash flow FY2017 and FY2019 declined to negative territory due to acquisitions of overseas paint manufacturers. However, our operating cash flow continues to steadily grow each year and returned to a positive cash flow in fiscal 2020.

Dividends per share / Dividend payout ratio (IFRS)*1 39.3 29.1 27.6 31.8 32.3 Dividend payout ratio (%) 40.0 42.0 45.0 45.0 45.0 Dividends per share (yen) 4.5 0

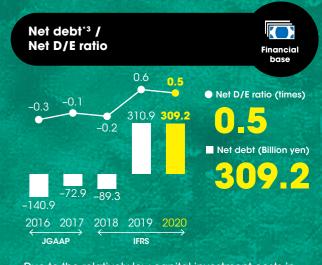
Our basic policy is to distribute stable and consistent dividend amounts and aim to maintain a dividend payout ratio of 30%. Following this policy, we maintained our dividends per share distribution at ¥45 in FY2019 despite the decline in operating profit for the year. In FY2020, the dividend payout ratio was 32.3%.

Return on equity (ROE) / Return on invested capital (ROIC) '2 Financial ROE (%) ROE (%) ROIC (%) ROIC (%) JGAAP IFRS

ROE increased to 8% in FY2020 after having declined in FY2019 with the decline in net profit, and we have reestablished ROE in the 7-8% range. ROIC declined in both FY2019 and FY2020 owing to lower turnover of invested capital from increases in interest-bearing debts and shareholders' equity due to M&A activity and the acquisition of 100% ownership of the Asian JVs.



Total shareholder return has been increasing each year in line with the increasing dividends and share prices. Although the dividend amount did not change in FY2019 and FY2020, the solid rise in the share price lifted TSR to around two times higher than TOPIX (including dividends).



Due to the relatively low capital investment costs in the paint industry, positive cash flow is the norm, and we continued to have negative net debt. In FY2019, net debt decreased significantly to a positive figure due to the borrowings of funds from financial institutions to finance M&A. The increase in net debt raised the net D/E ratio in FY2019.

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^{*1} Dividend payout ratio from FY2016 to 2017 is JGAAP-based figures calculated after adjusting for amortization of goodwill. *2 ROIC (JGAAP): Operating profit after tax / (net debt + total net assets) ROIC (IFRS): Operating profit after tax / (net debt + total equity) *3 Net debt: Interest-bearing debt (bonds and borrowings (current/non-current) + other financial liabilities (current/non-current)) - liquidity on hand (cash and cash equivalents + other financial assets (current)