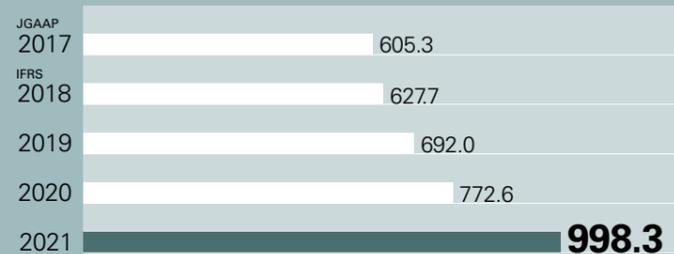


Financial highlights

Figures for FY2017 are based on JGAAP and figures for FY2018 to FY2021 are based on IFRS.

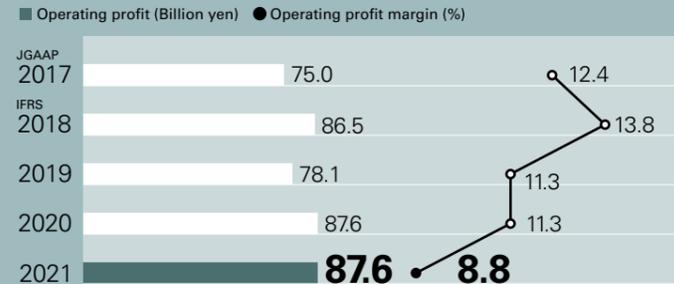


Revenue



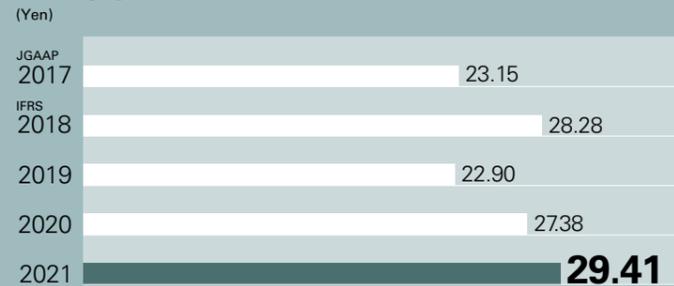
Nippon Paint Group has grown steadily through the acquisitions of paint manufacturers in the United States in FY2017 and in Australia and Türkiye in FY2019 along with the successful growth of the decorative paints business in China and other Asian countries. In FY2021, we achieved revenue growth for the fifth consecutive year and a record revenue due to the acquisition of the Indonesia business, selling price increases in every region, and the weaker yen.

Operating profit / Operating profit margin



Group operating profit reached a record high in FY2020 due to the benefits of acquisitions and growth of the Chinese business. Group operating profit remained at the same level in FY2021 due to higher revenue and the reduction of fixed costs, despite raw material price increases and a provision for a potential credit loss in China. The operating profit margin in FY2021 decreased from the previous year due to an increase in the raw material cost contribution ratio.

Earnings per share (EPS)*



Earnings per share (EPS) rises or falls roughly in proportion to changes in earnings, such as operating profit. EPS increased in FY2021 due to a significant increase in net profit and despite the issuance of new shares through a third-party allotment to procure funds for the full integration of the Asian JVs and the acquisition of the Indonesia business.

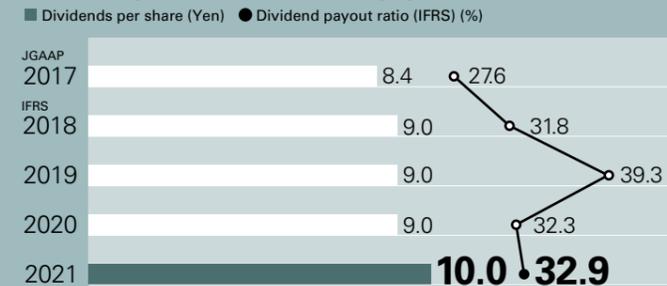
Free cash flow



Capital investments in the paint industry are relatively low and positive cash flow is the norm. Free cash flow in FY2017, FY2019, and FY2021 were negative due to the acquisitions of overseas paint manufacturers. However, our operating cash flow has increased consistently every year.



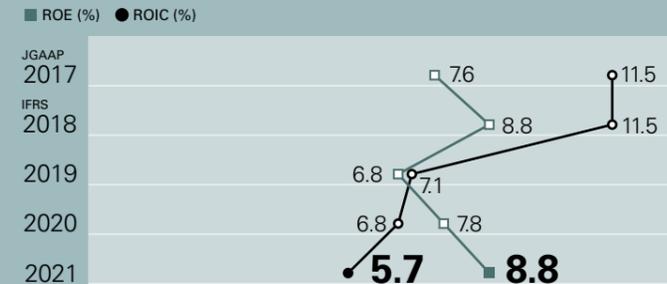
Dividends per share*1 / Dividend payout ratio (IFRS)*2



Our basic policy is to pay stable and consistent dividends and maintain a dividend payout ratio of 30%. Our dividend payout ratio has been above 30% since FY2018. In FY2021, we paid an annual dividend of ¥10 per share including a commemorative dividend of ¥1 per share for the 140th anniversary of the company's founding. As a result, our dividend payout ratio was 32.9%.

*1 Calculated assuming that the five-for-one stock split on April 1, 2021 was conducted in January 2017.
*2 Dividend payout ratio in FY2017 is JGAAP-based figures calculated after adjusting for amortization of goodwill.

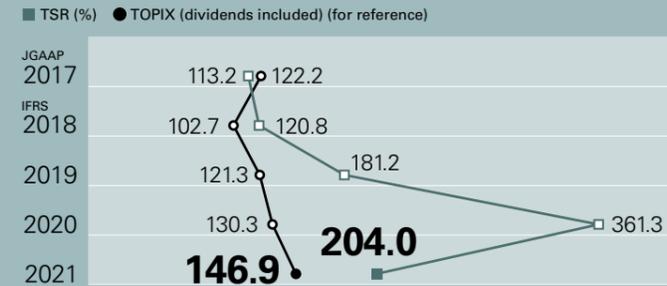
Return on equity (ROE) / Return on invested capital (ROIC)*



ROE has remained around 8% in recent years after declining in FY2019 because net profit decreased. ROIC has been declining since FY2019 because of lower turnover of invested capital caused by increases in interest-bearing debt and shareholders' equity. These increases were due to M&A activity in FY2019, FY2020, and FY2021 and the full integration of the Asian JVs in FY2021.

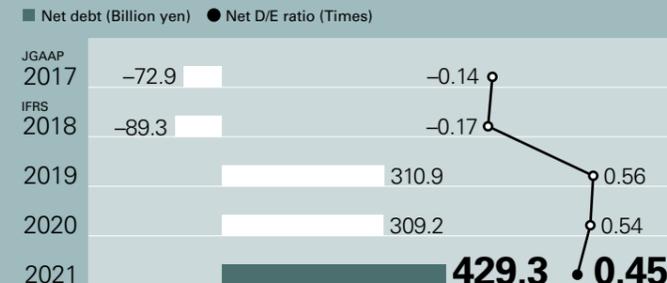
* ROIC (JGAAP): Operating profit after tax / (net debt + total net assets) ROIC (IFRS): Operating profit after tax / (net debt + total equity)

Total shareholder return (TSR)



The total shareholder return (TSR) has exceeded TOPIX (dividends included), a comparative benchmark, since FY2019 in line with the increase in dividends and the share price. TSR in FY2021 reached 204.0% due to a dividend increase.

Net debt* / Net D/E ratio



Due to relatively low capital investments in the paint industry, positive cash flow is the norm and our net debt has been consistently negative. However, net debt has been positive since FY2019 due to the loans from financial institutions to finance M&A. The net D/E ratio decreased in FY2021 because of the increase in equity capital as a result of the issuance of new shares through a third-party allotment.

* 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))

Non-financial highlights



Employees / Ratio of overseas employees



* The number of employees of NPHD, which was previously included in the Japan segment, has been included in the Consolidated total (common) since FY2021.

The ratio of employees at the Group's overseas operations has been increasing due to aggressive M&A, such as the acquisition of a US paint manufacturer in FY2017, the acquisition of Australian and Turkish paint manufacturers in FY2019, and the acquisition of the Indonesia business in FY2021. The ratio of overseas employees has increased by 4 pt. from 85.1% in FY2017 to 89.1% in FY2021. We are taking actions to reinforce and increase our workforce for further growth in Asia and Oceania.

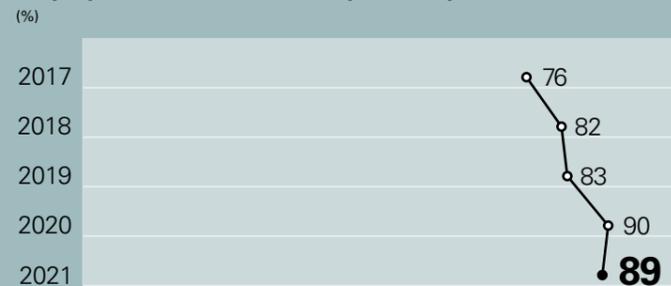


Awarded the Gold Brand from a Chinese brand evaluation institution



The ongoing sales growth of our high-quality LiBang brand products since we entered the China market in 1992 has made it the top brand in China. The LiBang brand has won the Gold Brand for six consecutive years in the wall paint category of the C-BPI (China Brand Strength Index).

Employee satisfaction level (Japan Group)*

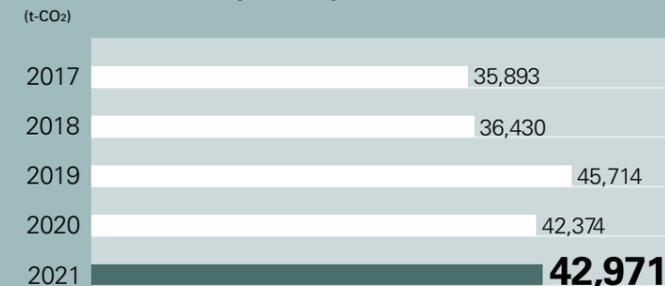


* Surveys by Nippon Paint Labor Union

Nippon Paint Group's employee satisfaction has been increasing in Japan since FY2017. Employee satisfaction reached a record high in FY2020 and stayed at a high level in FY2021. Surveys show that employee satisfaction slightly decreased in the areas of understanding of the Group's vision and policies as well as trust and sense of comfort in their companies amid significant changes in the business environment. However, employee satisfaction improved in the area of comfortable workplace environments, which was identified as an area requiring improvement in FY2020.



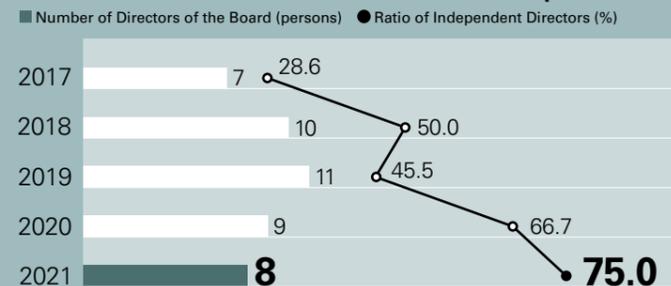
CO2 emissions in Japan (Scope 1 and 2)*



* The survey coverage was six companies until FY2017: Nippon Paint Holdings (NPHD), Nippon Paint (NPTU), Nippon Paint Automotive Coatings (NPAC), Nippon Paint Industrial Coatings (NPIU), Nippon Paint Surf Chemicals (NPSU), and Nippon Paint Marine Coatings (NPMC). The survey coverage from FY2018 is seven companies: NPHD, NPTU, NPAC, NPIU, NPSU, NPMC, and Nippon Paint Materials (NPMJ).

The Group is steadily reducing CO2 emissions in Japan by taking actions, such as conducting energy-saving activities and introducing renewable energy towards the goal of reducing CO2 emissions by 37% in FY2030 compared to the FY2019 level. The Group's CO2 emissions in Japan (Scope 1 and 2) in FY2021 was roughly unchanged from the previous year despite the recovery of production volume.

Number of Directors of the Board* / Ratio of Independent Directors on the Board*



* Number of the Directors who were elected at the Ordinary General Meeting of Shareholders held in March 2021. The FY2021 figure is the number of the Directors in office on or after April 28, 2021.

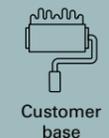
The Group is building an advanced corporate governance structure based on Asset Assembler model in order to achieve growth over the medium and long term and protect the interests of minority shareholders. We shifted to a Company with a Nominating Committee, etc. governance structure in March 2020. Also, we established a structure in FY2021 where the Lead Independent Director serves as the Board Chair and six of the eight Directors are Independent Directors.

Water use in Japan*

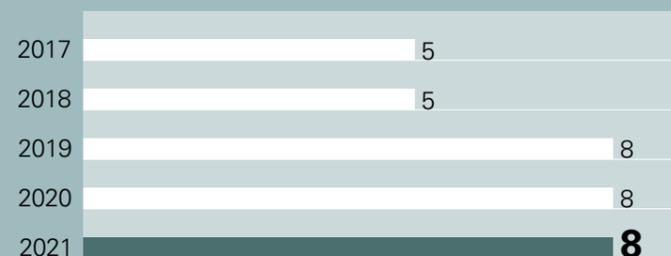


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The Group identified the efficient use of water as an item of Materiality under resources and environment, and is taking actions such as efficiently using water for raw materials as well as reducing water use and using recycled water in manufacturing processes. As a result of these actions, the water use in Japan decreased in FY2021 from the previous year.

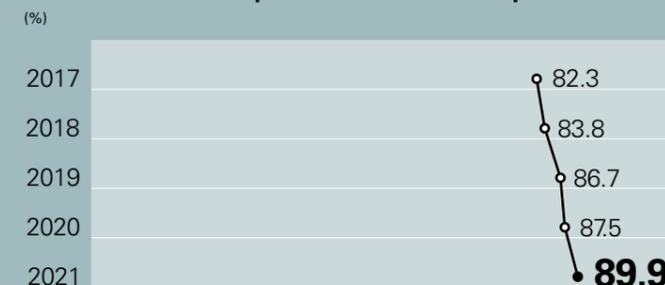


Number of countries/regions where Nippon Paint Group has the No. 1 market share in decorative paints



Nippon Paint Group has held the top market position in Japan for many years. The aggressive expansion of the ASEAN business since 1967 has also steadily increased the number of countries and regions where the Group has the largest market share. The acquisitions of DuluxGroup and Betek Boya has also established us as the leader in the paint markets of Australia and Türkiye since FY2019.

Ratio of water-based paints in the decorative paints business (Global)*



* Calculated as water-based paint shipments divided by total paint shipments in units of 10,000 tons. Data for four companies: Nippon Paint (NPTU) and NIPSEA (beginning in FY2016), Dunn-Edwards (beginning in FY2017), and DuluxGroup (beginning in FY2019)

Demand for water-based paints is rising in line with growing environmental awareness and tighter environmental regulations around the world. The Group is using its technological strengths to develop highly competitive water-based paint products. The shipment ratio of water-based paints is increasing every year as a result.