

February 14, 2022

FY2021 4Q Financial Results Presentation Material



Contents

1. Summary/Topics	... P.3
2. FY2021 4Q Highlights	... P.14
3. FY2021 4Q Results (by Region)	... P.17
4. FY2022 Forecast	... P.27
5. FY2021 Results	... P.35
–Highlights	... P.35
–Results (by Region)	... P.39
(Appendix) Reference	

Disclosure policy for this document:

- Both reported base (‘Tanshin’) and adjusted base (‘Non-GAAP’) financials are disclosed
- Non-GAAP adjusts for effects of new consolidation through M&A and one-time gains/losses in order to clarify continuing operating trends year on year
- Qualitative comments in this presentation primarily refers to Non-GAAP unless stated otherwise
- Non-GAAP incorporates adjustments mainly for the following items:
FX, subsidy, M&A related expenses, new acquisitions, etc.
- Please see the appendix for more information
- Quarterly earnings trends of DuluxGroup, Betek Boya, and PT Nipsea (Indonesia) are provided in Appendix Reference

1-1. Summary (1): FY2021 4Q Operating Results

FY2021 4Q YoY Growth Rate



(Tanshin)

Revenue: +21.3%

Operating profit: -8.6%

(Non-GAAP)

Revenue: +8.1%

Operating profit: -23.6%

- Revenue* increased on a Tanshin basis due to strong growth of decorative business, new consolidation of the Indonesia business, and exchange rate changes. Operating profit* declined due to higher prices of raw materials and recording a provision at NIPSEA China (c. ¥0.6 bn)

(The analysis below is based on Non-GAAP figures.)

- NIPSEA China achieved decorative revenue growth due to continuing market strength, despite the impact of logistics disruptions and lockdowns. DIY revenue increased by 22% and Project revenue by 16% driven by higher volumes due to marketing efforts and progress in acceptance of selling price increases
- Decorative business other than in China also delivered robust performance and achieved revenue growth in all regions
- Lower automotive revenue in Japan, China, and the Americas because of lower automobile production worldwide due to semiconductor chip shortage and disruptions in parts supply due to COVID impact
- Higher prices of raw materials continued to impact all regions as in the 3Q. Selling price increases, procurement of alternative raw materials, a review of SG&A expenses and other actions did not fully offset the high cost of raw materials, and we will continue to take actions to offset the raw material inflation

1-1. Summary (2) : FY2021 Operating Results

FY2021 YoY Growth Rate



(Tanshin)

Revenue: +29.2%

Operating profit: +0.0%

(Non-GAAP)

Revenue: +16.6%

Operating profit: -9.9%

- Revenue reached record high on Tanshin basis due to strong growth of decorative business, new consolidation of the Indonesia business, and exchange rate changes. Operating profit was flat from a year earlier on higher revenue and fixed cost savings, despite the impact of higher prices of raw materials, a provision at NIPSEA China, and one-off expenses such as stamp tax and PPA step up depreciation related to the full consolidation of Asian JVs and acquisition of the Indonesia business
- Revenue increased and operating profit decreased on Non-GAAP basis due to exclusion of the effects of new consolidation of the Indonesia business and one-off factors such as subsidies and M&A expenses, etc.

<Primary reasons>

- ↑ Higher revenue at NIPSEA China, driven by robust market growth and selling price increases
- ↑ Higher revenue at Betek Boya due to selling price increases and successful marketing activities
- ↑ Higher revenue at DuluxGroup, driven by increased prices (in response to higher raw material costs) and recovery in Trade DIFM* markets (following COVID restrictions in 2020)
- ↑ Higher revenue in Japan due to recovery from COVID impact and aggressive marketing proposals
- ↓ Consistent increases in raw material prices impacted all regions

- Net profit increased by 53.8% to ¥67.6 bn and EPS by 7.4% to ¥29.41 (Tanshin basis) due to the effects of the full consolidation of the Asian JVs and new consolidation

1-1. Summary (3) : FY2022 Forecast※1

FY2022 Consolidated Earnings Forecast



(Tanshin basis)

Revenue: ¥1,200 bn

Operating profit: ¥115 bn

Profit: ¥81 bn

- Both FY2022 revenue and operating profit are expected to reach record highs due to the strong decorative business performance and recovery of the automotive market worldwide, although raw material prices are expected to continue to increase at least through 1H. We expect c. 20% revenue growth and c. 30% operating profit growth in FY2022, taking into account contribution from the new consolidation of Cromology following its acquisition in January 2022

(Revenue)

- Consolidated revenue from existing businesses is expected to increase by more than 10% from previous year
- Contribution expected from continuing growth of decorative business in all regions including NIPSEA and DuluxGroup, combined with recovery from the pandemic and rebound in the automotive market
- Expect Cromology to achieve around 0-5% growth in the first year following acquisition due mainly to selling price increases

(Expenses)

- Expect operating profit margin in 1Q 2022 to be flat from 4Q 2021 based on our assumption that raw material price inflation will continue at least through 1H of 2022. However, expect the margin to start improving slowly in 2Q by continuing to raise prices and reviewing SG&A
- Expect higher revenue in Japan due to market recovery and aggressive marketing proposals but lower segment operating profit margin due to higher raw material prices and reallocation of HD expenses (See page 8). Accelerate measures aimed to improve margins such as selling price increases, cost savings, and productivity improvement

FY2022 EPS Forecast

¥34.49



- EPS forecast is ¥34.49 (+¥5.08 from FY2021)

- Annual dividend forecast is ¥11 per share (+¥2※2 per share from FY2021)

1-1. Summary (4) : FY2022 Forecast (Cromology)

(Billion yen) ^{※1}	FY2020 Results ^{※2}	FY2021 Results ^{※2}	FY2022 Forecast
Revenue	83.3	91.9	+0-5%
Operating Profit (ex IFRS16)	5.8	8.2	※3
OP margin	6.9%	8.9%	
EBITDA (ex IFRS16)	8.3	10.4	
EBITDA margin	10.0%	11.4%	10.0~11.0%

※1 Exchange rate applied: EUR 1=JPY 132.79

※2 FY2020 and FY2021 results are unaudited pro forma figures

※3 Operating profit margin for FY2022 excludes the impact, etc. of one-off factors related to acquisition, such as amortization of intangible assets

FY2021 results (for reference)

- Higher revenue driven by recovery in Trade DIFM markets (following COVID restrictions in 2020) and increased prices (in response to higher raw material costs)
- Higher operating profit driven by sales and cost benefits following 2020 restructuring activity

FY2022 projections

- Higher revenue driven by increased prices (in response to higher raw material prices). European market expected to remain flat post COVID
- The calculation of Purchase Price Amortization (PPA) is currently in progress
- Contribution to consolidated operating profit of c. ¥5 bn is expected including the impact, etc. of one-off factors related to acquisition

1-1. Summary (5) : Raw material market conditions and impact on our operations

Raw material market conditions and impact on our operations in 4Q 2021

- Raw material prices continued to increase following the 3Q and remained high in all regions due to continuing disruptions in international logistics and problems at some factories
- In China, control measures for Beijing Winter Olympics such as production restrictions and zero COVID policy, coupled with ongoing electricity shortages, continued to impact production of raw materials and logistics network
- The price of TiO₂ increased further as a result of consistent increase in titanium ore prices and logistics disruptions, and the deterioration of supply and demand balance
- Raised selling prices in the decorative business in major operating regions
- Gross profit margin declined YoY. RMCC ratio increased, in particular in China and Asia

	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021	YoY	QoQ
Gross profit margin	41.4%	40.9%	37.6%	36.4%	37.2%	-4.3pt	+0.8pt

Raw material market conditions and our responses beginning with 1Q 2022

- Our assumptions for the price of naphtha made in Japan remain to be above ¥60,000 through 1H 2022
- We assume prices of raw materials will continue to increase at least through 1H 2022 and will continue to raise selling prices to offset the higher cost of raw materials
- RMCC ratio in 2Q is expected to increase, but operating profit margin is expected to start improving slowly in 2Q, coupled with the effects of acceptance of selling price increases

1-2. Major Topics After Announcement of FY2021 3Q Results①

Company Split Involving NPHD (holding company) and NPCS※¹ (functional company in Japan) (Jan. 2022)

April 28, 2021

Announced the Co-President structure

Started reviewing expenses

September 21, 2021

Started considering a new operating structure in Japan

January 1, 2022

Launched the new NPHD/NPCS operating structure

Beginning with May 2022

Realign reporting segment

- Reexamined priorities and timing of investments and expenses based on current market conditions

- Reduced Head Office-related expenses by c. ¥7 bn in FY2021 compared to the initial plans

- Canceled plan to build the Tokyo Head Office building and decided to establish the Research Institute instead

- Clarify NPHD's functions as a holding company and aim to maximize the autonomy of partner companies※² around the world

- NPCS will provide highly specialized and efficient support functions for partner companies in Japan

- Clarify the profitability of our businesses in Japan and support their autonomous initiatives

- Downsized NPHD to focus on holding company functions (staff size: c. 500 as of Dec. 31, 2020; c. 80 as of Jan. 2022);

- NPCS has a staff size of slightly more than 400

- Adopted NIPSEA's Lean For Growth (LFG) action guidelines to the Nippon Paint Group companies in Japan

- Plan to realign reporting segments that reflect the change in management structure following the launch of NPCS and acquisition of Cromology

- Plan to realign reporting segments beginning with 1Q 2022

1-2. Major Topics After Announcement of FY2021 3Q Results② – (1)

Secondary Offering of Shares (announced on January 7, 2022)

Determination of offer price and other terms (announced on January 17, 2022)

■ Overview and Main Objectives

- One of our management issues is to improve the liquidity^{※1} of our common stock, which we believe is relatively low based on our current market value, to meet our ultimate objective of Maximization of Shareholder Value (MSV)
- After confirming the intention of six financial institutions to reduce their strategic holdings, we decided to conduct a secondary offering on the international market in order to provide an ample opportunity for these financial institutions to sell their shares, as well as to improve the liquidity of our common stock to build a global base of investors who understand our growth strategies with a long-term perspective. Also, the offering was aimed to reduce concerns involving the potential sale of our common stock held as strategic holdings
- NPHD meets the requirements for maintaining listing on the Prime Market of Tokyo Stock Exchange in April 2022. This secondary offering has significantly reduced the possibility that NPHD will fail to meet the liquidity ratio requirements^{※2} in the future

■ Results

- NPHD's stock price fell by 24.2% in the period between launch to pricing (the Nikkei average fell by 0.5% in the same period)
- Bookbuilding was oversubscribed by multiple times, with more than 100 orders received
- Allocated more than 50% of shares to the top five subscribers, with more than 50% of the offering to long-term investors and government-linked funds, etc.

※1 Based on the comparison of market cap and stock turnover ratio between NPHD and Japanese companies with market cap worth ¥500 bn or more as of November 30, 2021

※2 NPHD meets the liquidity ratio requirements for maintaining listing on the Prime Market of Tokyo Stock Exchange (TSE) as of the fiscal year ended December 31, 2020. TSE has announced that NPHD will shift to the Prime Market on April 4, 2022.

1-2. Major Topics After Announcement of FY2021 3Q Results② – (2)

■Offering summary

Offering structure	International offering	
Offering size (including Over-allotment)	157,766,300 shares of common stock	
Over-allotment	17,632,500 shares of common stock	
Selling shareholders and number of shares offered	Sumitomo Mitsui Banking Corporation:	49,998,300 shares
	MUFG Bank, Ltd.:	35,667,400 shares
	Mitsubishi UFJ Trust and Banking Corporation:	19,030,000 shares
	Sumitomo Mitsui Trust Bank, Limited:	17,632,500 shares
	Aioi Nissay Dowa Insurance Co., Ltd.:	10,819,600 shares
	Sompo Japan Insurance Inc.:	6,986,000 shares

■Determination of offer price, etc.

Terms of offering (international secondary offering)

Offer price	¥922 per share
Total offer price	¥129,203,363,600
Subscription price	¥888.71 per share
Total subscription price	¥124,538,309,398
Settlement date	Wednesday, January 19, 2022

Terms of offering (over-allotment)

Offer price	¥922 per share
Total offer price	¥16,257,165,000
Settlement date	Wednesday, January 19, 2022

1-2. Major Topics After Announcement of FY2021 3Q Results③

Our IR website won the Grand Prize of Daiwa IR 2021 Internet IR Awards and the Gold Title of Gomez IR Site Ranking 2021 (announced in December 2021)

■ Daiwa IR 2021 Internet IR Awards (selected by Daiwa Investor Relations Co. Ltd.)

- This award recognizes companies that have created and effectively utilize excellent websites for information disclosure and investor engagement based on the concept of “5T&C”※, which positions the Internet as an integral element of corporate investor relations programs
- We won the Grand Prize, ranked 3rd out of 3,944 listed companies in Japan as of June 1, 2021

■ Gomez IR Site Ranking 2021 (selected by BroadBand Security, Inc.)

- This ranking evaluates the user-friendliness and depth of information provided by 3,745 listed companies in Japan as of October 1, 2021
- We won the Gold Title (ranked the 6th overall)



1-2. Major Topics After Announcement of FY2021 3Q Results ④

Awarded the Gold Brand in the FY2021 China Brand Index (C-NPS)

(announced on January 11, 2022)

- Chnbrand, a brand evaluation institution in China, published the 8th China Customer Recommendation Index
- Nippon Paint was ranked as the top paint manufacturer in two categories (wall paint and wood paint) and is winning this award the fourth time
- Nippon Paint scored 15.3 points in the wall paint category (the industry average: 10.9 points) and 22.7 points in the wood paint category (the industry average: 17.0 points)



1-2. Major Topics After Announcement of FY2021 3Q Results ⑤

Selected Director Candidates (announced on February 7, 2022)

- The Nominating Committee selected director candidates to be submitted at the 197th Annual General Meeting of Shareholders scheduled for March 29, 2022
- Proposing 4 new directors and reelection of 7 directors; 1 director will retire
- 8 Independent Directors out of 11 Directors
- Incorporate diverse perspectives and viewpoints in the running of the Board of Directors to pursue Maximization of Shareholder Value (MSV)

New director candidates

Kirby, Peter M	Independent Director
Lim, Hwee Hua	Independent Director
Wakatsuki Yuichiro	Currently Representative Executive Officer & Co-President
Wee, Siew Kim	Currently Representative Executive Officer & Co-President

Kirby, Peter M



Reason for selection:

Global business experience mainly in the paint and coatings industry and extensive experience and insights as a director

Profile:

Sep. 1989	Dulux Australia Limited CEO
Feb. 1992	Imperial Chemical Industries PLC (currently Akzo Nobel N.V.) ICI Paints Asia Pacific CEO
Sep. 1995	ICI Paints Worldwide Chairman and CEO
Mar. 1997	Member of Executive Board
Mar. 1998	CSR Limited CEO and Managing Director
Jul. 2003	Medibank Private Limited Independent Director, Board Chairman Macquarie Bank Limited (currently Macquarie Group Limited) Independent Director
	Orica Limited Independent Director
Jun. 2008	DuluxGroup Limited Independent Director, Board Chairman

Lim, Hwee Hua



Reason for selection:

Extensive experience and insights gained as a Parliament Member and serving in important cabinet positions, Investment banking services and corporate management

Profile:

Aug. 1989	Joined Swiss Bank Corporation (Currently UBS Investment Bank)
Dec. 1996	Parliament of Singapore
Aug. 2000	Temasek Holdings (Private) Limited Managing Director
Apr. 2002	Parliament of Singapore, Deputy Speaker Public Accounts Committee, Chairman
Aug. 2004	Minister of State for Finance, Minister of State for Transport
Apr. 2008	Senior Minister of State for Finance Senior Minister of State for Transport
Apr. 2009	Minister in the Prime Minister's Office Second Minister for Finance Second Minister for Transport
Jul. 2011	Jardine Cycle & Carriage Limited Independent Director (present)
Oct. 2011	Kohlberg Kravis Roberts & Co. L.P. Senior Advisor (present)
Jul. 2014	United Overseas Bank Limited Independent Director



2. FY2021 4Q Highlights

2-1. FY2021 4Q Highlights

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020 4Q ^{※1}	FY2021 4Q	YoY (%)	FY2020 4Q ^{※1}	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	216.0	262.0	21.3%	216.1	233.5	17.5	8.1%
Operating profit	23.5	21.5	-8.6%	21.7	16.6	-5.1	-23.6%
OP margin	10.9%	8.2%	-2.7pt	10.1%	7.1%	-	-2.9pt
EBITDA	31.6	30.3	-4.0%	-	-	-	-
EBITDA margin	14.6%	11.6%	-3.1pt	-	-	-	-
Profit before tax	25.1	21.1	-15.8%	23.3	15.8	-7.5	-32.1%
Profit ^{※2}	13.3	17.9	34.3%	12.6	9.9	-2.7	-21.6%

Revenue

- Revenue increased +21.3% YoY (Tanshin basis) and +8.1% YoY (Non-GAAP basis)
- Tanshin and Non-GAAP revenue difference was attributable to new consolidation of the Indonesia business and exchange rate changes
- Decorative revenue increased due to contribution from higher selling prices and volumes in major operating regions

Operating profit

- Operating profit declined -8.6% YoY (Tanshin basis) and -23.6% YoY (Non-GAAP basis)
- Operating profit margin declined despite higher revenue and actions taken to optimize and reduce costs in all regions, due to higher RMCC ratio and other factors. Recorded a provision, etc. on a Tanshin basis

2-2. FY2021 4Q Highlights (Revenue & Operating Profit by Region)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Japan	Revenue	44.7	42.1	-5.9%	44.7	42.1	-2.6	-5.9%
	OP profit ^{※1}	5.2	1.6	-69.8%	5.2	1.6	-3.6	-69.6%
Asia	Revenue	102.1	139.9	37.0%	102.2	113.5	11.3	11.0%
	OP profit	16.6	16.3	-1.7%	14.6	10.5	-4.1	-28.1%
Oceania	Revenue	41.2	48.5	17.7%	41.2	44.3	3.1	7.5%
	OP profit	2.2	2.9	31.9%	2.2	3.1	0.9	41.7%
Americas	Revenue	17.9	18.8	4.7%	17.9	17.0	-0.9	-5.0%
	OP profit	1.1	-0.3	-	1.1	-0.4	-1.5	-
Other	Revenue	10.0	12.8	27.9%	10.0	16.6	6.6	66.3%
	OP profit	1.5	3.0	101.6%	1.5	3.8	2.3	153.4%
Adjustments ^{※2}	Revenue	-	-	-	-	-	-	-
	OP profit	-3.1	-1.9	-	-2.9	-2.0	0.9	-
Total	Revenue	216.0	262.0	21.3%	216.1	233.5	17.5	8.1%
	OP profit	23.5	21.5	-8.6%	21.7	16.6	-5.1	-23.6%

※1 Excluding dividends from overseas group companies (4Q 2020: ¥23.5 bn; 4Q 2021: ¥2.4 bn) and HD expenses previously charged to the Japan segment

※2 New disclosure item added from 1Q 2021 that includes HD expenses incurred in the Group's overall operations



3. FY2021 4Q Results (by Region)

3-1. Market & Business Environment (4Q)

	Japan	Asia (NIPSEA China)		Oceania	Americas
Automotive					
Decorative		DIY	Project		

■ Market (YoY)



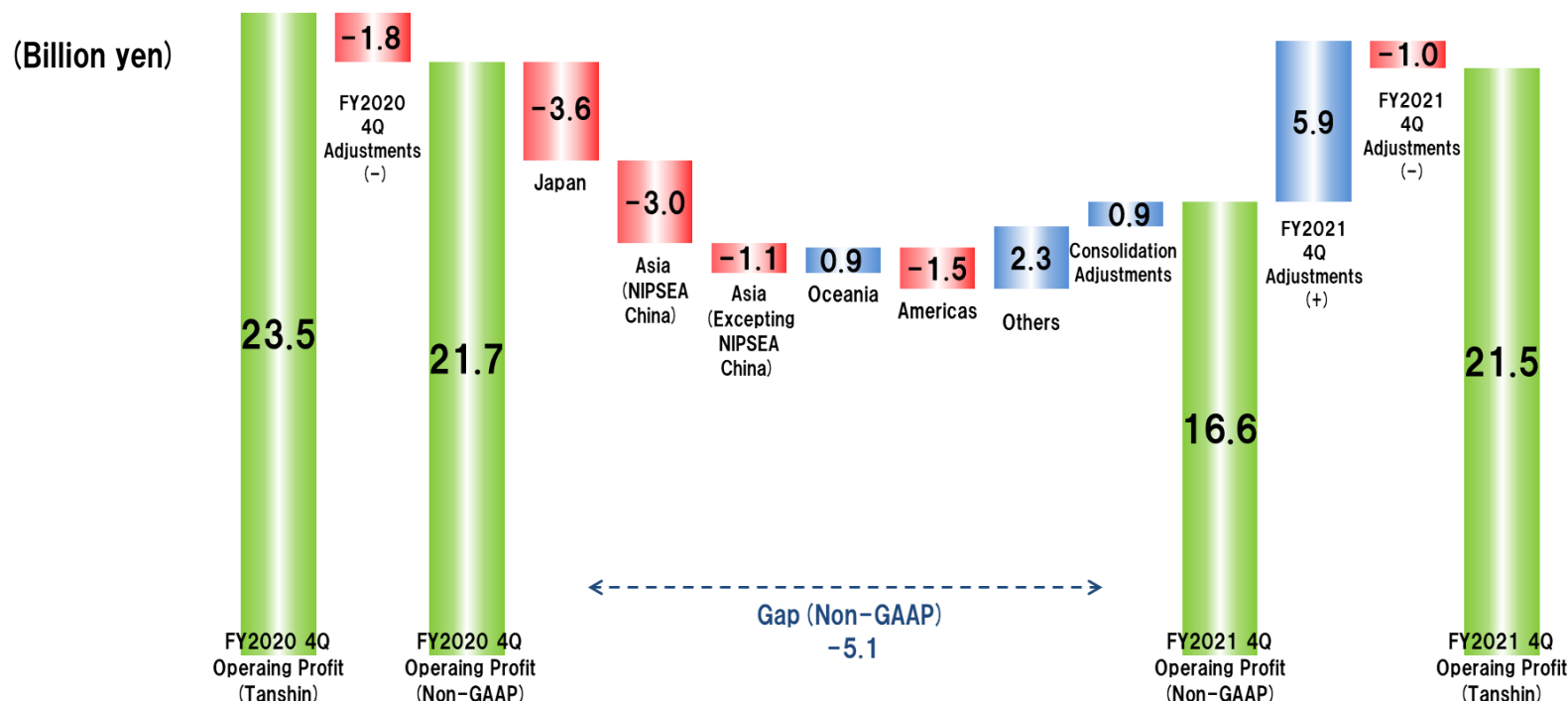
■ Business (vs. Market) ※



Market analysis

- ✓ Automotive: In Japan and Americas, weaker market conditions due to the impact of production cutbacks because of semiconductor shortages and disruptions in parts supplies caused by the pandemic, compared to 4Q of 2020, when the market was recovering from the pandemic
In China, automobile production declined from the prior-year level due to semiconductor chip shortages
- ✓ Decorative: In Japan, the market was flat compared to 4Q of 2020 as a result of restrictions in marketing activities due to the pandemic
In China, DIY market growth remained firm in all cities, with stronger sales in exterior paint products, substrate products and accessories while market conditions for the Project market remained firm due to healthy demand and price increases
In Oceania, overall Decorative market was marginally lower than 4Q 2020 abnormal peak. Strong Trade DIFM market following relaxing of COVID restrictions was offset by reduced Retail DIY volumes as consumer demand reduced from prior year highs
In the Americas, the strength of the new and existing housing markets continued with the support of the U.S. government's low interest rate policy. Disruptions in the supply chain of raw materials resulted in product shortages across the industry and higher pricing compared to 4Q of 2020

3-2. Operating Profit Gap Analysis for FY2021 4Q

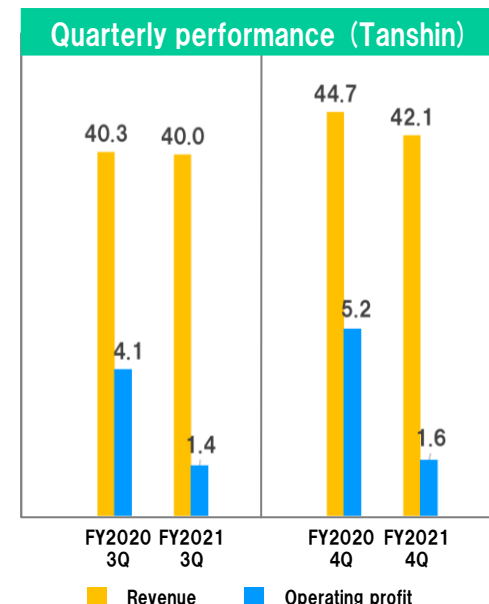


Major reasons for changes

- ✓ NIPSEA China : Lower profit due to an increase in RMCC ratio, driven mainly by higher prices of raw materials
- ✓ Asia Excepting NIPSEA China : Lower profit due to an overall increase in RMCC ratio, although the degree of COVID impact differs from country to country, region to region
- ✓ Japan/Americas : Lower profit due to lower automotive revenue and higher prices of raw materials
- ✓ FY2021 4Q Adjustments (+) (-) : (+) Impact of subsidy in China, new consolidation of the Indonesia business and a weaker exchange rate for the yen
 (-) Impact of M&A related expenses in Oceania and a provision, etc. in the Chinese business

3-3. Analysis of Regional Performance (Japan)

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue							
Automotive coatings	10.1	8.9	-11.4%	10.1	8.9	-1.2	-11.4%
Decorative paints	11.7	12.1	3.4%	11.7	12.1	0.4	3.4%
Industrial coatings	9.4	10.0	5.9%	9.4	10.0	0.6	5.9%
Fine chemicals	2.4	1.8	-27.0%	2.4	1.8	-0.7	-27.0%
Others ^{※1}	11.1	9.3	-16.1%	11.1	9.3	-1.8	-16.1%
Total	44.7	42.1	-5.9%	44.7	42.1	-2.6	-5.9%
Operating profit	5.2	1.6	-69.8%	5.2	1.6	-3.6	-69.6%
OP margin	11.6%	3.7%	-7.9pt	11.6%	3.7%	-	-7.8pt

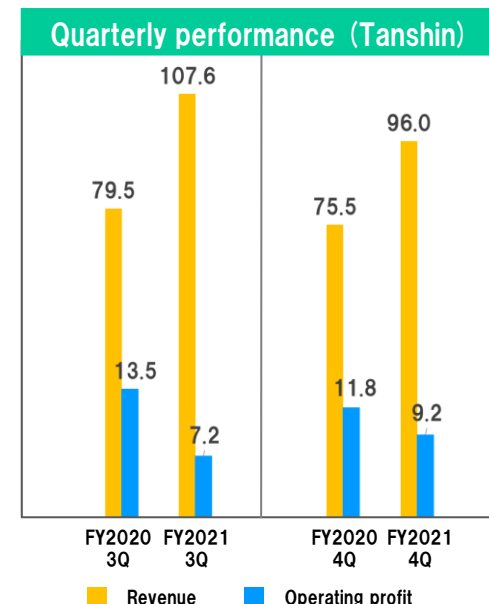


Major reasons for changes

- Automotive : Lower revenue due to a decrease in automobile production from the prior-year (-12%^{※2} YoY) because of semiconductor chip shortages and disruptions in parts supplies
- Decorative : Higher revenue due to our unique sales promotion activities that leverage our distributor network and aggressive marketing proposals to capture demand recovery mainly in building market
- Industrial : Higher revenue due to rebound in market conditions in the housing, construction machinery, and agricultural machinery sectors
- Operating profit : Lower profit due to higher prices of raw materials and other factors
- ◇ vs. 3Q 2021 : Higher revenue due to market recovery in decorative paints and industrial coatings, coupled with recovery of automobile production in the automotive market

3-4. Analysis of Regional Performance (NIPSEA China)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	10.2	10.7	4.7%	10.3	9.5	-0.8	-7.5%
	Decorative paints	59.5	78.1	31.2%	59.6	68.9	9.2	15.5%
	Industrial coatings	5.1	6.5	28.4%	5.1	5.7	0.7	13.0%
	Others ^{※1}	0.7	0.7	3.8%	0.7	0.6	-0.1	-8.5%
	Total	75.5	96.0	27.2%	75.6	84.7	9.1	12.0%
Operating profit		11.8	9.2	-21.6%	9.9	6.9	-3.0	-30.5%
OP margin		15.6%	9.6%	-6.0pt	13.1%	8.1%	-	-5.0pt



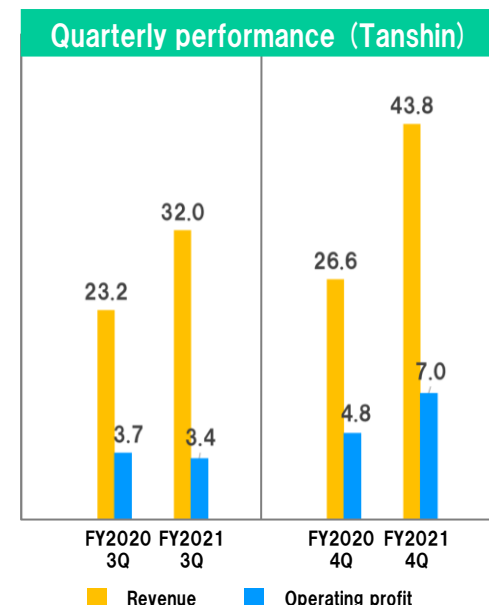
Major reasons for changes

- Automotive : Lower revenue due to lower automobile production (-13%^{※2} YoY) as a result of semiconductor chip shortages and disruptions in parts supply due to COVID impact
- Decorative : Higher DIY revenue (+22% YoY) and higher Project revenue (+16% YoY) due to consistent market strengths and selling price increases
- Industrial : Higher revenue due to stronger demand in general industrial and powder coatings
- Operating profit : Lower profit on higher revenue, due to higher RMCC ratio
 ※ Operating profit (Tanshin basis) is after impact of a provision of ¥0.6 bn
- ◇ vs. 3Q 2021 : Higher profit compared to 3Q 2021 when a provision of c. ¥2.7 bn was recorded, despite lower revenue due to seasonality and higher prices of raw materials

3-5. Analysis of Regional Performance (Asia Excepting NIPSEA China)

(Billion yen)	Results (Tanshin) ※			Results (Non-GAAP)			
	FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	26.6	43.8	64.6%	26.6	28.8	2.2	8.2%
Operating profit	4.8	7.0	47.5%	4.7	3.6	-1.1	-23.0%
OP margin	17.9%	16.1%	-1.9pt	17.5%	12.5%	-	-5.0pt

※Including earnings of the newly consolidated Indonesia business (See the next page for more information)

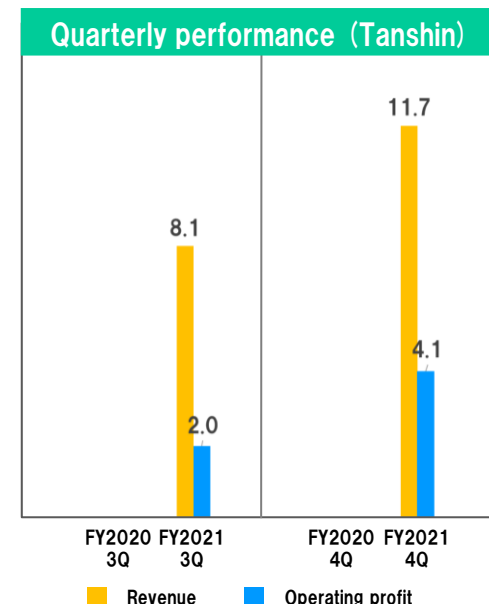


Major reasons for changes

- Malaysia Group : Higher revenue due to stronger growth in Pakistan and selling price increases in Malaysia and other areas
- Singapore Group : Higher revenue due to stronger sales in Singapore, Vietnam and Sri Lanka coupled with selling price increases
- Thailand Group : Lower revenue in general as automotive revenue was impacted by semiconductor chip shortages and disruptions in parts supply due to COVID impact
- Operating profit : Lower profit on higher revenue due to higher RMCC ratio
- ◇ vs. 3Q 2021 : Higher revenue due to stronger sales and impact from selling price increase

3-6. Analysis of Regional Performance (Asia: Indonesia)

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	-	11.7	-	-	-	-	-
Operating profit	-	4.1	-	-	-	-	-
OP margin	-	35.4%	-	-	-	-	-
OP margin ^{※1}	-	36.0%	-	-	-	-	-

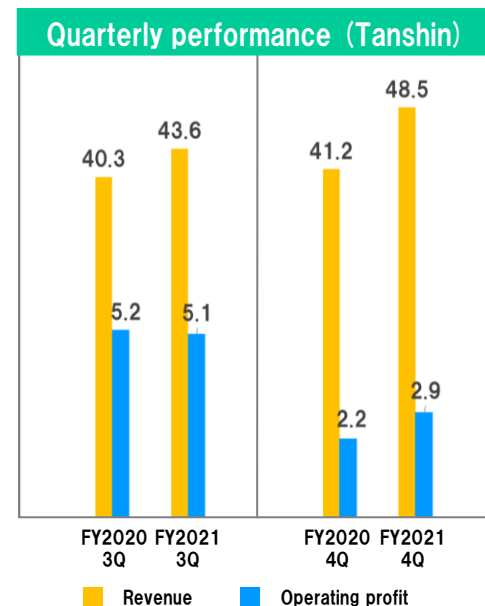


Main reasons for changes (For reference: Revenue +32% YoY/rough estimates in local currency)

- Revenue : Higher revenue despite COVID restrictions and lockdowns, due to selling price increases, expansion of distribution channel, increase of distributors, more CCM^{※2} systems installed and growth in Industrial segment
- Operating profit : Higher profit on higher revenue, despite the impact of higher prices of raw materials and higher sales promotion and related cost
- ◇ vs. 3Q 2021 : Higher revenue as a result of price increase and weaker 3Q due to the lockdown and social distancing restrictions

3-7. Analysis of Regional Performance (Oceania)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	Decorative paints	21.1	25.3	19.6%	21.1	23.1	1.9	9.2%
	Industrial coatings	1.5	2.0	30.2%	1.5	1.8	0.3	19.0%
	Paint related business	18.5	21.2	14.5%	18.5	19.4	0.9	4.6%
	Total	41.2	48.5	17.7%	41.2	44.3	3.1	7.5%
Operating profit		2.2	2.9	31.9%	2.2	3.1	0.9	41.7%
OP margin		5.4%	6.0%	0.6pt	5.4%	7.1%	-	1.7pt
OP margin*		6.1%	6.7%	0.6pt	6.1%	7.7%	-	1.7pt

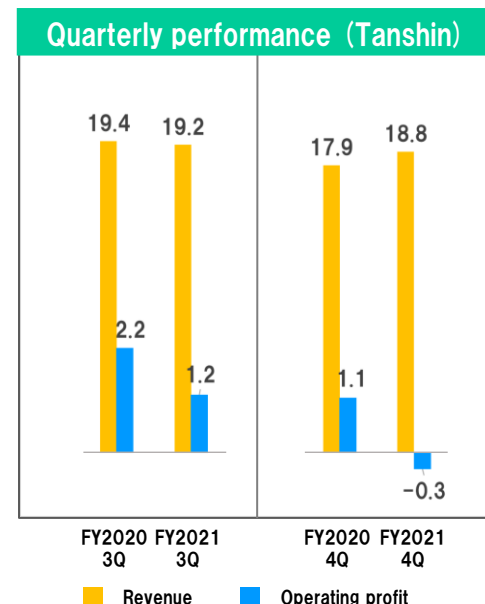


Major reasons for changes

- Decorative : Higher revenue due to price increases in response to higher raw material costs. Overall volumes were flat, however Q4 2020 was significantly elevated due to COVID enhanced demand
- Paint related business : Higher revenue due to price increases in response to higher raw material costs
- Operating profit : Higher profit as a result of good margin discipline, given raw material cost pressures (Posted one-off M&A expenses on a Tanshin basis)
- ◇ vs. 3Q 2021 : Lower profit due to higher marketing and innovation expenses for future growth

3-8. Analysis of Regional Performance (Americas)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	6.2	5.5	-11.0%	6.2	5.0	-1.2	-19.2%
	Decorative paints	11.3	12.9	14.2%	11.3	11.7	0.4	3.7%
	Fine chemicals	0.4	0.4	-13.3%	0.4	0.3	-0.1	-20.2%
	Others*	0.0	-	-	0.0	-	-0.0	-
	Total	17.9	18.8	4.7%	17.9	17.0	-0.9	-5.0%
Operating profit		1.1	-0.3	-	1.1	-0.4	-1.5	-
OP margin		6.4%	-1.8%	-8.2pt	6.4%	-2.2%	-	-8.6pt

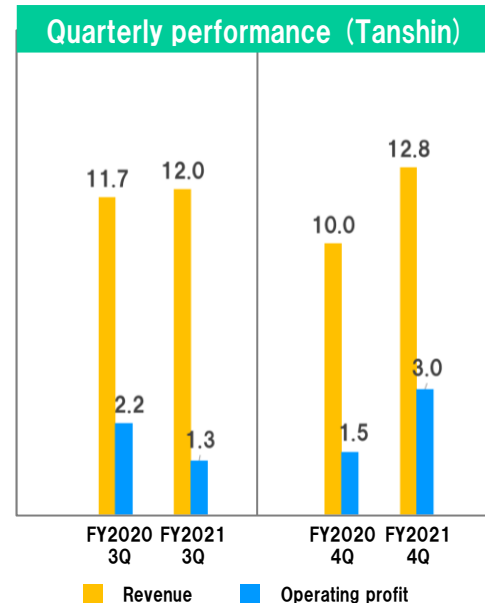


Major reasons for changes

- Automotive : Lower revenue due to lower automobile production because automakers adjusted production due to semiconductor chip shortages and disruptions in parts supplies because of the pandemic
- Decorative : Higher revenue due to solid demand and successful pricing actions in response to supply chain disruptions and increased input costs
- Operating profit : Operating loss due to lower automotive revenue and higher cost of logistics resulting from labor shortage in the US, as well as higher cost of raw materials, despite actions in decorative business such as reducing advertising expenses and suspending new store openings
- ◇ vs. 3Q 2021 : Smaller loss due to lower decorative revenue resulting from normal business seasonality and lower automotive revenue due to automobile production adjustments at customers

3-9. Analysis of Regional Performance (Other)

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020 4Q	FY2021 4Q	YoY (%)	FY2020 4Q	FY2021 4Q	YoY (Amount)	YoY (%)
Revenue							
Automotive coatings ^{※1}	0.5	0.5	-11.3%	0.5	0.6	0.1	13.9%
Decorative paints	4.8	6.2	28.6%	4.8	8.2	3.3	68.5%
Industrial coatings	1.1	1.4	21.2%	1.1	1.8	0.6	56.7%
Others ^{※2}	0.1	-	-	0.1	-	-0.1	-
Paint related business	3.4	4.7	39.2%	3.4	6.1	2.7	79.6%
Total	10.0	12.8	27.9%	10.0	16.6	6.6	66.3%
Operating profit	1.5	3.0	101.6%	1.5	3.8	2.3	153.4%
OP margin	14.9%	23.4%	8.6pt	14.9%	22.7%	-	7.8pt



Major reasons for changes

- Betek Boya : Higher revenue due to continuing strong market conditions for decorative, industrial and ETICS, coupled with selling price increases
(For reference: Revenue: ¥12.3 bn; Operating profit: ¥2.8 bn in 4Q 2021 (Tanshin basis))
- Operating profit : Higher profit due to higher revenue at Betek Boya
- ◇ vs. 3Q 2021 : Higher revenue due to stronger sales and selling price increases



4. FY2022 Forecast

4-1. FY2022 Forecast

(Billion yen)

Tanshin

	FY2021 Results	FY2022 Forecast	YoY (Amount)	YoY (%)
Revenue	998.3	1,200.0	201.7	20.2%
Operating profit	87.6	115.0	27.4	31.3%
OP margin	8.8%	9.6%	0.8pt	–
Profit before tax	86.5	113.0	26.5	30.7%
Profit ^{※1}	66.6	81.0	14.4	21.6%

※1 Profit from continuing operations attributable to owners of parent

※2 JUB is not included in the FY2022 forecast because its acquisition has not closed

(https://www.nipponpaint-holdings.com/en/news_release/20211029ir01/)

Overview of FY2022

- Revenue and operating profit from existing businesses is expected to reach record highs due to continuing growth in decorative business and recovery of automotive market globally
- Contribution from new consolidation of Cromology^{※2}

<Exchange rate for P/L (average rate) >

	FY2021 Full Year	FY2022 Full Year
JPY/USD	110.4	114.0
JPY/RMB	17.1	17.8
JPY/AUD	82.7	84.0
JPY/TRY	12.5	8.1
JPY/IDR	0.0077	0.0080

Revenue

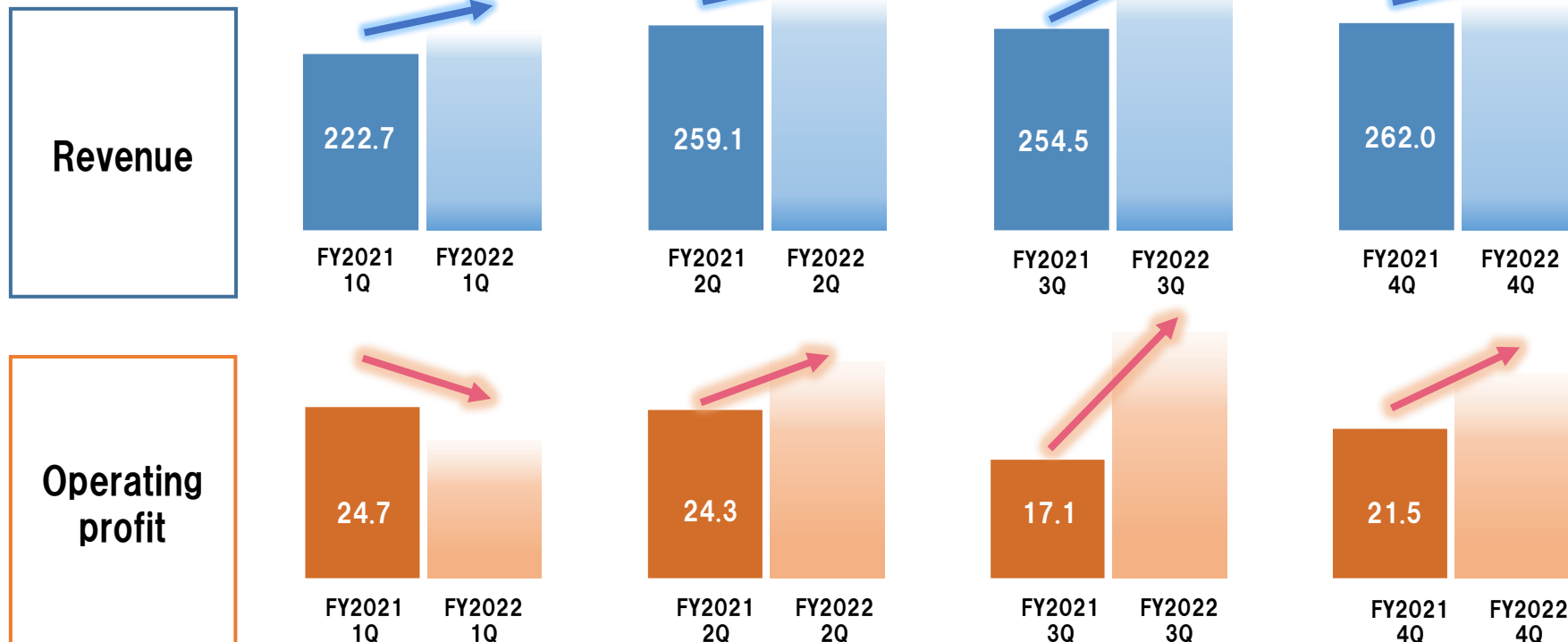
- Expect c.10% growth from existing businesses and c.20% growth including new consolidation
- Expect consistent growth in decorative business in all regions including NIPSEA and DuluxGroup and a recovery from the pandemic downturn and rebound in the automotive market globally
- Expect Cromology to deliver 0~5% growth mainly in DIFM market by leveraging its powerful brands and product portfolio

Expenses

- Expect RMCC ratio to increase in 1Q 2022 based on assumption that raw material prices will continue to increase at least through 1H. However, expect RMCC ratio to start improving in the 2Q. Continue selling price increases and review of SG&A to improve margins
- Expect higher revenue in Japan due to market recovery and aggressive marketing proposals but lower segment operating profit margin due to higher cost of raw materials and reallocation of HD expenses (see page 8). Accelerate measures to improve margins such as selling price increases, cost savings, and profitability improvement
- Plan to spend c. ¥50 bn in capital expenditure including at the newly consolidated Cromology

4-1. FY2022 Forecast: Quarterly Revenue and Earnings Growth Image

(Billion yen)



Major reasons for changes

- Expect raw material prices to continue to increase at least through 1H of 2022 but to settle down in 2H
- Challenging environment anticipated in 1Q 2022 such as fewer business days at NIPSEA China due to Beijing Winter Olympics and further increase expected for raw material prices in all region, but focusing on offsetting the impact of higher costs by continuing to increase selling prices
- Expect robust revenue but lower operating profit in 1Q 2022 compared to 1Q 2021, when we were able to use inventory of low-cost raw materials before raw material price inflation started
- Expect margins to recover gradually from 2Q 2022 as the impact of selling price increases will offset the higher cost of raw materials, coupled with settling down of raw material prices

4-2. Market & Business Environment (FY2022)

	Japan	Asia (NIPSEA China)		Oceania	Americas
Automotive					
Decorative		DIY	Project		



Market analysis

- ✓ Automotive : In Japan and Americas, expect automobile production to increase significantly from 2021 due to progress in elimination of semiconductor chips and parts shortages
 In China, expect to see some relief and recovery in the supply chain disruption and chip shortage situation, which will aid and increase automotive car production, thereby resulting in better automotive market in general
- ✓ Decorative : In Japan, expect recovery from COVID impact to continue across the market
 In China, expect firm growth to continue in all cities for DIY market driven mainly by renovation demand, while Project market is expected to see sluggish growth as regulators, developers and buyers have in general turned more cautious even though there are some monetary easing policies in place
 In Oceania, expect DIFM market to grow due to relaxing of COVID restrictions on accessing worksites. However, this will be offset by declining DIY market volumes as COVID enhanced demand softens from peak levels in 2020 and 2021
 In Americas, expect market to remain stable given the growing economy as the U.S. government balances interest rate policy with inflation while the housing market continues to remain steady

4-3. Assumptions for FY2022 Forecast (1)

Japan

	FY2022 Forecast	Qualitative Information
Revenue	+10~15%	
Automotive	+10~15%	Expect revenue growth assuming progress with ending semiconductor chip and parts shortages and a rebound in automobile production
Decorative	c. +10%	Expect revenue growth that outpaces market growth due to acquisition of new customers and higher sales of high functionality products
Industrial	+10~15%	Expect revenue growth by taking actions, such as increasing selling prices and capturing market share, assuming a recovery in markets for steel coils, agricultural machinery, and construction machinery

NIPSEA China

Revenue	+10~15%	
Decorative (DIY)	+10~15%	Expect revenue growth by taking actions such as expanding product lineups, strengthening brands and advancing selling price increases based on assumption that consistent market growth will continue in all cities
Decorative (Project)	+10~15%	Expect steady revenue growth by continuing to focus on strategic customers, improving shares with customers, and enhancing product lineups although new building market for Project segment is expected to soften
Automotive	+5~10%	Expect revenue growth assuming progress in elimination of semiconductor chips and parts shortages and rebound in automobile production

4-3. Assumptions for FY2022 Forecast (2)

Asia Excepting NIPSEA China

	FY2022 Forecast	Qualitative Information
Asia Excepting NIPSEA China	+5~10%	Expect revenue growth in automotive coatings due to progress in elimination of semiconductor and chip shortages and rebound in automobile production. Expect revenue growth in decorative paints due to recovery from COVID impact and by implementing selling price increases, continuing to push into adjacencies expansion – SAF segment growth via Selleys and Vital, dry mix products from CMI offering to the Group
Indonesia: PT Nipsea	+5~10%	Expect revenue growth due to recovery from COVID impact and actions such as selling price increases, expansion of distribution network, increase of distributors, and more CCM installed. Continued investment into advertising and branding to grow top of mind and push into accessories and SAF segment

Oceania

DuluxGroup	c. +5%	Revenue growth driven by price increases (in response to higher raw material costs) and growth in Trade DIFM markets, partly offset by reduced Retail DIY volumes (i.e. COVID enhanced DIY demand experienced in 2020 & 2021 not anticipated to repeat)
(For reference) Cromology	(For reference) +0~5%	Higher revenue driven by increased prices (in response to higher raw material costs). European market expected to remain flat post COVID

4-3. Assumptions for FY2022 Forecast (3)

Americas

	FY2022 Forecast	Qualitative Information
Revenue	c. +10%	
Automotive	+15~20%	Expect revenue growth due to progress in ending semiconductor chip and parts shortages and a rebound in automobile production
Decorative	c. +5%	Expect revenue growth due to steady demand driven by continued stable housing demand, coupled with customer acceptance of selling price increases

Other

Betek Boya	+10~15%	Expect to see overall market size to increase sharply in local terms due to the price inflation but overall market volume wise to see some contraction in 2022 due to the weak Turkish lira resulting in a hyper inflation situation. Expect to see revenue growth and share of market growth via our multi brand strategy, converting competitor sales point and increasing our existing shop share
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Raw Material Cost

Raw material cost	Expect raw material prices to continue to increase at least through 1H of 2022 and to continue selling price increases to respond to this situation. Expect RMCC ratio to increase QoQ but to stop rising in 2Q and improve gradually through 4Q 2022
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4-3. Assumptions for FY2022 Forecast (4)

	FY2022 Forecast	FY2021 Results
Revenue	Full Year Growth Rate ^{※1} (YoY)	Full Year (Billion yen)
Japan	+10~15%	164.6
Automotive	+10~15%	35.3
Decorative	c. +10%	45.4
Industrial	+10~15%	38.1
NIPSEA China	+10~15%	379.1
Decorative (DIY)	+10~15%	312.4
Decorative (Project)	+10~15%	
Automotive	+5~10%	38.4
Asia Excepting NIPSEA China	+5~10%	151.1
Indonesia: PT Nipsea	+5~10%	39.5
Oceania: DuluxGroup	c. +5%	176.2
(For reference) Cromology	(For reference) +0~5%	(For reference) 91.9 ^{※2}
Americas	c. +10%	76.4
Automotive	+15~20%	23.3
Decorative	c. +5%	51.8
Other: Betek Boya	+10~15%	49.2

5– (1)

Reference:

FY2021 Results

– Highlights

5- (1) -1. FY2021 Highlights

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020 ^{※1}	FY2021	YoY (%)	FY2020 ^{※1}	FY2021	YoY (Amount)	YoY (%)
Revenue	772.6	998.3	29.2%	772.4	900.2	127.9	16.6%
Operating profit	87.6	87.6	0.0%	84.7	76.2	-8.4	-9.9%
OP margin	11.3%	8.8%	-2.6pt	11.0%	8.5%	-	-2.5pt
EBITDA	117.3	120.4	2.7%	-	-	-	-
EBITDA margin	15.2%	12.1%	-3.1pt	-	-	-	-
Profit before tax	89.4	86.5	-3.3%	86.5	76.1	-10.4	-12.0%
Profit ^{※2}	45.7	66.6	45.7%	44.6	42.6	-2.1	-4.6%

Revenue

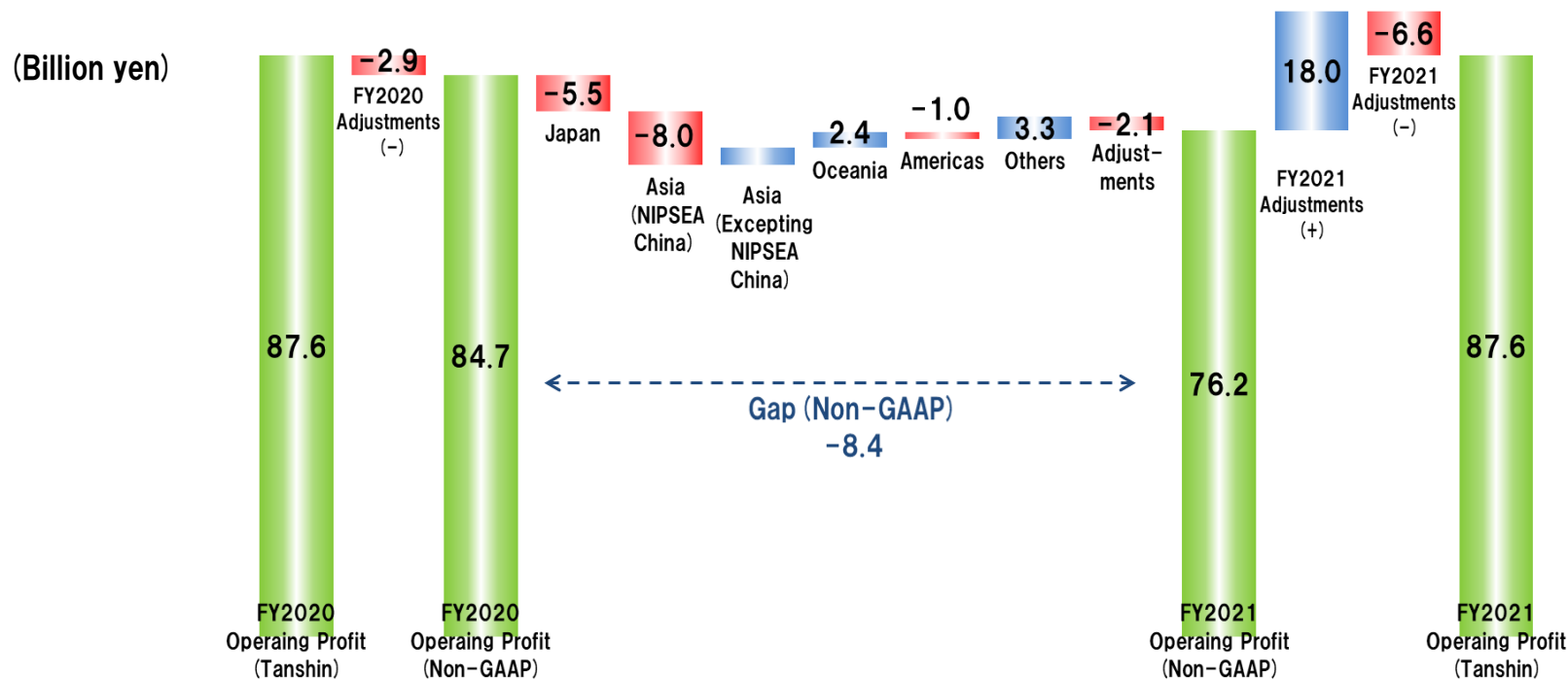
- Revenue (Tanshin): +29.2% YoY; Revenue (Non-GAAP): +16.6% YoY
- Tanshin and Non-GAAP revenue difference was attributable to new consolidation of the Indonesia business and exchange rate changes
- Higher revenue due to recovery from the COVID downturn in FY2020, coupled with higher decorative sales volumes at NIPSEA China and Betek Boya and acceptance of price increases

Operating profit

- Operating profit (Tanshin): +0.0% YoY; Operating profit (Non-GAAP): -9.9% YoY
- Operating profit margin declined due to higher RMCC ratio resulting from raw material price inflation and a provision, despite higher decorative revenue at NIPSEA China and DuluxGroup and actions taken to optimize and reduce costs in all regions. Recorded a provision on a Tanshin basis

※1 As noted in the footnote on page 3, figures for FY2020 have been adjusted retrospectively. After adjusting operating profit before retrospective adjustment of ¥86.9 bn for classification of discontinued operations (+¥1.5 bn) and change in accounting policy (-¥0.9 bn), operating profit after retrospective adjustment is ¥87.6 bn (+¥0.7 bn). ※2 Profit attributable to owners of parent from continuing operations

5- (1) -2. Operating Profit Gap Analysis for FY2021



Major reasons for changes

- ✓ NIPSEA China : Lower profit due to higher RMCC ratio mainly attributable to higher cost of raw materials, despite recovery from COVID downturn in FY2020 and consistent market strengths
- ✓ Asia Excepting NIPSEA China : Higher profit due to recovery mainly of decorative business, although the degree of COVID impact differed from country to country, region to region, despite higher overall RMCC ratio
- ✓ Japan/Americas : Lower profit due to higher prices of raw materials and other factors despite higher revenue
- ✓ FY2021 Adjustments (+) (-) : (+) Impact of new consolidation of the Indonesia business and weaker exchange rate for the yen
 (-) Impact of M&A related expenses in Oceania and a provision, etc. in the Chinese business

5- (1) -3. FY2021 Highlights (Revenue & Operating Profit by Region)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Japan	Revenue	162.0	164.6	1.6%	162.0	164.6	2.6	1.6%
	OP profit ^{※1}	16.1	10.3	-36.2%	15.9	10.4	-5.5	-34.5%
Asia	Revenue	354.5	530.2	49.6%	354.3	443.0	88.7	25.0%
	OP profit	55.3	60.9	10.1%	52.1	46.6	-5.5	-10.6%
Oceania	Revenue	148.3	176.2	18.8%	148.3	157.1	8.8	5.9%
	OP profit	15.4	19.0	23.7%	15.4	17.8	2.4	15.7%
Americas	Revenue	70.1	76.4	9.0%	70.1	73.5	3.5	4.9%
	OP profit	4.5	3.6	-20.1%	4.5	3.5	-1.0	-22.6%
Other	Revenue	37.6	50.8	35.0%	37.6	61.9	24.3	64.6%
	OP profit	5.4	7.1	31.5%	5.4	8.7	3.3	60.4%
Adjustments ^{※2}	Revenue	-	-	-	-	-	-	-
	OP profit	-9.2	-13.3	-	-8.7	-10.8	-2.1	-
Total	Revenue	772.6	998.3	29.2%	772.4	900.2	127.9	16.6%
	OP profit	87.6	87.6	0.0%	84.7	76.2	-8.4	-9.9%

※1 Excluding dividends from overseas group companies (FY2020: ¥26.1 bn; FY2021: ¥4.1 bn) and HD expenses previously charged to the Japan segment

※2 New disclosure item added from 1Q 2021 that includes HD expenses incurred in the Group's overall operations

5– (2)

Reference:

FY2021 Results

– By Region

5- (2) -1. FY2021 Analysis of Regional Performance (Japan)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)		
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount) (%)
Revenue	Automotive coatings	34.7	35.3	1.8%	34.7	35.3	0.6 1.8%
	Decorative paints	43.7	45.4	3.9%	43.7	45.4	1.7 3.9%
	Industrial coatings	35.3	38.1	8.0%	35.3	38.1	2.8 8.0%
	Fine chemicals	7.9	8.4	6.4%	7.9	8.4	0.5 6.4%
	Others ^{※1}	40.5	37.4	-7.5%	40.5	37.4	-3.0 -7.5%
	Total	162.0	164.6	1.6%	162.0	164.6	2.6 1.6%
Operating profit		16.1	10.3	-36.2%	15.9	10.4	-5.5 -34.5%
OP margin		9.9%	6.3%	-3.7pt	9.8%	6.3%	- -3.5pt

Major reasons for changes

- Automotive : Higher revenue due to selling price increase in response to the raw material price inflation, although automobile production fell below the prior-year level (-4%^{※2} YoY) due to semiconductor chip shortage and disruptions in parts supplies due to the pandemic
- Decorative : Higher revenue in all segments mainly in decorative business due to our unique sales promotion activities by leveraging our distributor network and aggressive marketing proposals
- Industrial : Higher revenue due to recovery from the pandemic downturn in the housing, construction machinery, and agricultural machinery markets
- Operating profit : Lower profit due to raw material price inflation in 2H, despite higher revenue in 1H due to recovery from the pandemic downturn

5- (2) -2. FY2021 Analysis of Regional Performance (NIPSEA China)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	31.8	38.4	20.8%	31.7	34.5	2.8	8.7%
	Decorative paints	216.0	312.4	44.7%	215.8	281.2	65.4	30.3%
	Industrial coatings	18.1	25.7	41.8%	18.1	23.1	5.0	27.7%
	Others ^{※1}	2.3	2.6	12.9%	2.3	2.3	0.0	1.7%
	Total	268.1	379.1	41.4%	267.9	341.1	73.2	27.3%
Operating profit		43.9	35.9	-18.3%	41.0	33.0	-8.0	-19.6%
OP margin		16.4%	9.5%	-6.9pt	15.3%	9.7%	-	-5.6pt

Major reasons for changes

- Automotive : Higher revenue driven by selling price increase to pass on the higher raw material prices while car production continued to remain flat from the previous year (+1%^{※2} YoY) as a result of semiconductor chip shortages and disruptions in parts supply due to COVID impact
- Decorative : Higher DIY revenue (+35% YoY) and higher Project revenue (+29% YoY) due to the market strength in 2H that continued from 1H, when the market bounced back significantly from the COVID downturn in the previous year, coupled with selling price increases
- Industrial : Higher revenue due to stronger demand in general industrial and powder coatings, combined with robust coatings demand
- Operating profit : Lower profit on higher revenue, due to a higher RMCC ratio
 ※Operating profit (Tanshin basis) is after a provision, etc. of c. ¥3.2 bn

5- (2) -3. FY2021 Analysis of Regional Performance (Asia Excepting NIPSEA China)

(Billion yen)	Results (Tanshin) ※			Results (Non-GAAP)			
	FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Revenue	86.4	151.1	74.9%	86.4	101.9	15.5	17.9%
Operating profit	11.4	25.0	119.2%	11.1	13.6	2.5	22.8%
OP margin	13.2%	16.5%	3.3pt	12.8%	13.4%	-	0.5pt

※Including earnings of the newly consolidated Indonesia business (See the next page for more information)

Major reasons for changes

- Malaysia Group : Higher revenue due to consistent strong growth in Bangladesh and Pakistan and selling price increases in Malaysia and other areas, despite temporary slowdown in economic activities due to lockdowns
- Singapore Group : Higher revenue due to progress in acceptance of selling price increases in all areas and strength in DIY and construction material businesses in Singapore, despite COVID impact in Vietnam
- Thailand Group : Higher revenue because automobile production in Thailand surpassed the prior-year level, when the economy was severely impacted by COVID
- Operating profit : Higher profit on higher revenue and improved product mix at all three Groups, despite a higher RMCC ratio

5- (2) -4. FY2021 Analysis of Regional Performance (Asia: Indonesia)

(Billion yen)	Results (Tanshin)			Results (Non-GAAP)			
	FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Revenue	-	39.5	-	-	-	-	-
Operating profit	-	11.8	-	-	-	-	-
OP margin	-	29.7%	-	-	-	-	-
OP margin*	-	33.9%	-	-	-	-	-

Main reasons for changes (For reference: Revenue +25% YoY/rough estimates in local currency)

- Revenue** : Higher revenue due to stronger growth, contributed by selling price increases, expansion of distribution channel, increase of distributors and more CCM systems installed, despite temporary economic slowdown due to COVID restrictions and lockdowns
- Operating profit** : Higher profit on higher revenue and improved product mix, despite the impact of higher prices of raw materials and higher sales promotion and related cost

5- (2) -5. FY2021 Analysis of Regional Performance (Oceania)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)		
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount) (%)
Revenue	Decorative paints	77.1	90.4	17.2%	77.1	80.6	3.5 4.5%
	Industrial coatings	5.7	7.4	30.0%	5.7	6.6	0.9 15.9%
	Paint related business	65.5	78.4	19.8%	65.5	69.9	4.4 6.8%
	Total	148.3	176.2	18.8%	148.3	157.1	8.8 5.9%
Operating profit		15.4	19.0	23.7%	15.4	17.8	2.4 15.7%
OP margin		10.4%	10.8%	0.4pt	10.4%	11.3%	- 1.0pt
OP margin [※]		11.1%	11.5%	0.4pt	11.1%	12.0%	- 0.9pt

Major reasons for changes

- Decorative : Higher revenue due recovery in Trade DIFM markets and increased prices (in response to higher raw material costs) , partly offset by reduced Retail DIY volumes (2020 was peak COVID enhanced DIY consumer demand)
- Paint related business : Higher revenue due to recovery in Trade DIFM markets (following COVID restrictions and lockdowns in 2020. Also complemented by Selleys acquisition of Admil silicone sealants
- Operating profit : Higher profit due to strong Trade revenue and good margin discipline, given raw material cost pressures. (Posted one-off M&A expenses on a Tanshin basis)

5- (2) -6. FY2021 Analysis of Regional Performance (Americas)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Revenue	Automotive coatings	21.1	23.3	10.8%	21.1	22.4	1.3	6.2%
	Decorative paints	46.5	51.8	11.5%	46.5	50.0	3.5	7.5%
	Fine chemicals	2.4	1.3	-47.3%	2.4	1.2	-1.2	-49.2%
	Others [※]	0.2	-	-	0.2	-	-0.2	-
	Total	70.1	76.4	9.0%	70.1	73.5	3.5	4.9%
Operating profit		4.5	3.6	-20.1%	4.5	3.5	-1.0	-22.6%
OP margin		6.4%	4.7%	-1.7pt	6.4%	4.7%	-	-1.7pt

Major reasons for changes

- Automotive : Higher revenue due to market share gains, although automobile production remained flat from previous year due to production adjustments at customers because of semiconductor chip shortages and disruptions in parts supplies due to the pandemic
- Decorative : Higher revenue due to robust demand and several selling price increases to help offset rising inflation input costs
- Operating profit : Lower profit due to the impact of higher prices of raw materials, despite higher decorative revenue achieved as a result of pricing actions to offset the impact of higher raw material prices and increases in personnel expenses and logistics expenses, coupled with higher automotive revenue

5- (2) -7. FY2021 Analysis of Regional Performance (Other)

(Billion yen)		Results (Tanshin)			Results (Non-GAAP)			
		FY2020	FY2021	YoY (%)	FY2020	FY2021	YoY (Amount)	YoY (%)
Revenue	Automotive coatings ^{※1}	1.4	1.6	11.9%	1.4	2.0	0.5	36.5%
	Decorative paints	21.0	27.1	29.1%	21.0	33.0	12.1	57.5%
	Industrial coatings	3.7	5.0	37.5%	3.7	6.1	2.5	67.7%
	Others ^{※2}	0.3	-	-	0.3	-	-0.3	-
	Paint related business	11.2	17.1	52.3%	11.2	20.8	9.6	85.7%
	Total	37.6	50.8	35.0%	37.6	61.9	24.3	64.6%
Operating profit		5.4	7.1	31.5%	5.4	8.7	3.3	60.4%
OP margin		14.4%	14.1%	-0.4pt	14.4%	14.1%	-	-0.4pt

Major reasons for changes

- **Betek Boya** : Higher revenue due to increase in dealers and higher shares with distributors due to aggressive sales and marketing efforts and acceptance of selling price increases
(For reference: Revenue: ¥49.2 bn; Operating profit: ¥6.6 bn in FY2021 (Tanshin basis))
- **Operating profit** : Higher profit due to consistent strong growth and revenue growth of Betek Boya throughout the year, despite the impact of higher price of raw materials



NIPPON PAINT HOLDINGS CO., LTD.

Investor Relations

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FY2021 4Q Financial Results Presentation Material Reference

February 14, 2022
Nippon Paint Holdings Co. Ltd.

–Contents–

1. Revenue & Operating Profit Transition by Region	2
2. Revenue and Operating Profit Contribution from DuluxGroup, Betek Boya and PT Nipsea	4
3. Breakdown of Adjustments (FY2020 4Q vs. FY2021 4Q)	5
4. Breakdown of Adjustments (FY2020 vs. FY2021)	7
5. Statement of Financial Position	9
6. Key Financial Data	10
7. Market Conditions	11

1. Revenue & Operating Profit Transition by Region

(Billion yen)

		FY2018					FY2019					FY2020 ^{※1}					FY2021 ^{※1}				
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Japan	Automotive	11.5	11.1	10.6	12.1	45.3	11.9	11.4	11.3	10.2	44.9	10.2	5.5	8.9	10.1	34.7	10.2	8.5	7.6	8.9	35.3
	Decorative	10.6	12.0	11.2	13.0	46.8	11.0	12.8	12.6	11.8	48.2	10.3	11.1	10.6	11.7	43.7	9.9	11.9	11.4	12.1	45.4
	Industrial	9.5	10.0	10.0	11.2	40.6	10.0	10.2	10.1	10.4	40.7	9.1	8.4	8.5	9.4	35.3	9.0	9.6	9.6	10.0	38.1
	Fine chemicals	2.2	2.2	2.1	2.4	8.9	2.2	2.2	2.2	2.1	8.7	2.0	1.7	1.8	2.4	7.9	2.3	2.4	2.0	1.8	8.4
	Others ^{※2}	9.1	10.6	10.7	10.7	41.2	8.8	9.6	10.1	11.6	40.1	9.2	9.5	10.7	11.1	40.5	9.6	9.1	9.4	9.3	37.4
	Revenue	43.0	45.9	44.7	49.3	182.8	43.8	46.3	46.4	46.1	182.6	40.8	36.2	40.3	44.7	162.0	41.0	41.5	40.0	42.1	164.6
	Operating profit ^{※3}	8.7	7.3	5.9	7.6	29.6	8.1	6.0	5.2	4.2	23.4	5.1	1.8	4.1	5.2	16.1	4.4	3.0	1.4	1.6	10.3
	OP margin	20.3%	15.9%	13.3%	15.5%	16.2%	18.4%	12.9%	11.3%	9.1%	12.8%	12.5%	4.9%	10.1%	11.6%	9.9%	10.7%	7.1%	3.4%	3.7%	6.3%
	One-time factor ^{※4}	2.3	-	-	-	2.3	2.0	-0.9	-1.1	-1.1	-1.0	-	-	0.2	0.0	0.2	-	-	-0.1	-0.0	-0.1
Oceania	Decorative	-	-	-	-	-	-	-	6.6	18.0	24.6	17.0	18.9	20.0	21.1	77.1	21.5	21.6	22.0	25.3	90.4
	Industrial	-	-	-	-	-	-	-	0.5	1.5	2.0	1.3	1.2	1.6	1.5	5.7	1.6	1.9	1.9	2.0	7.4
	Paint related business	-	-	-	-	-	-	-	6.1	14.9	21.0	13.5	14.9	18.6	18.5	65.5	18.4	19.2	19.7	21.2	78.4
	Revenue	-	-	-	-	-	-	-	13.1	34.4	47.6	31.8	35.0	40.3	41.2	148.3	41.5	42.7	43.6	48.5	176.2
	Operating profit	-	-	-	-	-	-	-	2.8	3.1	5.9	3.3	4.6	5.2	2.2	15.4	5.7	5.3	5.1	2.9	19.0
	OP margin	-	-	-	-	-	-	-	21.4%	8.9%	12.3%	10.5%	13.2%	13.0%	5.4%	10.4%	13.8%	12.4%	11.7%	6.0%	10.8%
	One-time factor ^{※4}	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-0.4	-0.4	-0.8
Americas	Automotive	7.2	7.0	6.5	6.7	27.3	6.7	6.7	6.3	6.2	25.9	6.0	2.5	6.4	6.2	21.1	6.2	6.1	5.5	5.5	23.3
	Decorative	10.0	12.0	11.7	10.9	44.6	9.9	12.7	12.1	10.7	45.4	10.9	12.0	12.4	11.3	46.5	11.2	14.3	13.4	12.9	51.8
	Fine chemicals	0.7	0.8	0.8	0.8	3.1	0.8	0.8	0.7	0.8	3.1	0.7	0.6	0.6	0.4	2.4	0.3	0.3	0.2	0.4	1.3
	Others ^{※2}	0.0	0.1	0.0	0.0	0.2	0.0	0.1	0.1	0.0	0.2	0.0	0.1	0.0	0.0	0.2	-	-	-	-	-
	Revenue	17.9	19.8	19.0	18.5	75.2	17.5	20.3	19.1	17.7	74.6	17.7	15.1	19.4	17.9	70.1	17.7	20.7	19.2	18.8	76.4
	Operating profit	0.9	2.0	1.3	0.7	5.0	0.6	2.1	1.3	1.0	5.0	0.8	0.4	2.2	1.1	4.5	0.9	1.8	1.2	-0.3	3.6
	OP margin	5.2%	10.2%	7.1%	3.8%	6.6%	3.6%	10.2%	6.7%	5.9%	6.7%	4.7%	2.4%	11.2%	6.4%	6.4%	5.2%	8.8%	6.2%	-1.8%	4.7%
Other	Automotive ^{※5}	3.6	3.2	2.8	3.3	12.8	3.2	3.0	2.6	3.0	11.8	0.4	0.1	0.4	0.5	1.4	0.5	0.4	0.3	0.5	1.6
	Decorative	-	-	-	-	-	-	-	4.7	4.2	8.8	5.2	4.1	6.8	4.8	21.0	6.7	7.5	6.6	6.2	27.1
	Industrial	0.1	0.1	0.0	0.1	0.3	0.1	0.0	0.8	0.9	1.8	0.8	0.7	1.0	1.1	3.7	1.1	1.2	1.4	1.4	5.0
	Fine chemicals	0.2	0.1	0.2	0.2	0.8	0.2	0.3	0.3	0.3	1.0	-	-	-	-	-	-	-	-	-	-
	Others ^{※2}	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.3	-	-	-	-	-
	Paint related business	-	-	-	-	-	-	-	2.3	2.2	4.6	2.0	2.5	3.3	3.4	11.2	3.6	5.0	3.7	4.7	17.1
	Revenue	3.9	3.4	3.0	3.6	13.9	3.5	3.3	10.7	10.5	28.0	8.4	7.5	11.7	10.0	37.6	11.9	14.1	12.0	12.8	50.8
	Operating profit	0.1	0.1	-0.2	-0.6	-0.5	-0.1	-0.3	0.8	-7.3	-7.0	1.1	0.7	2.2	1.5	5.4	1.5	1.4	1.3	3.0	7.1
	OP margin	3.4%	2.3%	-6.0%	-15.5%	-3.8%	-2.6%	-10.4%	7.1%	-69.4%	-24.9%	13.3%	8.7%	18.6%	14.9%	14.4%	12.4%	9.8%	10.7%	23.4%	14.1%
	One-time factor ^{※4}	-	-	-	-	-	-	-	-	-7.8	-7.8	-	-	-	-	-	-	-	-	-	-

※1 The earnings for FY2020 and thereafter have been adjusted retrospectively following the classification of the European automotive coatings business and the India business after they were transferred to the Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreement beginning with 4Q FY2021. Figures for 1Q, 2Q 2020 and 1Q, 2Q 2021 are unaudited pro forma figures

※2 The "Others" business includes marine, auto refinishing, etc.

※3 The earnings figures for FY2019 are before the classification of NPHD's expenses which were previously charged to the Japan segment to Adjustments and Figures from FY2020 are after the application of this classification.

※4 One-time factor is the total amount of subsidy/insurance (subsidy income, insurance income, gain on sale of non-current assets, expenses for production facility restructuring projects in Japan), M&A related expenses, impairment loss and provision for bad debt included in adjustments, which have been disclosed in the reference page of the financial results presentation material.
Excluding PPA step-up from inventory related to the acquisition of the Indonesia business (c.¥ 1.5 bn)

※5 Automotive coatings business of Nippon Paint Turkey

1. Revenue & Operating Profit Transition by Region

(Billion yen)

		FY2018					FY2019					FY2020 ^{※1}					FY2021 ^{※1}				
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Asia	Automotive	18.5	19.6	17.6	18.5	74.2	16.5	17.2	15.9	17.5	67.1	11.7	11.3	15.0	18.2	56.3	18.2	18.0	15.8	20.5	72.5
	Decorative	54.6	62.2	64.0	50.2	231.1	54.3	65.6	65.3	58.5	243.7	40.5	66.0	75.3	70.8	252.6	78.8	104.7	107.8	101.2	392.4
	Industrial	6.4	7.6	7.5	6.3	27.9	6.5	6.8	6.6	5.7	25.6	5.1	5.8	6.7	6.8	24.4	7.8	9.2	8.5	8.7	34.2
	Fine chemicals	1.6	1.8	1.7	1.5	6.6	1.5	1.6	1.5	1.6	6.0	1.2	1.1	1.4	1.7	5.4	1.6	1.7	1.6	1.9	6.8
	Others ^{※2}	3.3	3.7	3.8	5.3	16.0	3.7	3.9	4.2	4.9	16.8	3.2	3.7	4.2	4.6	15.7	4.2	5.2	5.0	6.4	20.8
	Paint related business	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.3	1.1	1.1	3.4
	Revenue	84.4	94.9	94.7	81.8	355.7	82.5	95.2	93.4	88.1	359.2	61.7	88.0	102.7	102.1	354.5	110.6	140.1	139.7	139.9	530.2
	Operating profit	12.1	13.6	14.8	11.9	52.4	11.5	14.2	14.4	10.7	50.8	7.1	14.5	17.2	16.6	55.3	17.8	16.1	10.6	16.3	60.9
	OP margin	14.3%	14.3%	15.7%	14.6%	14.7%	13.9%	14.9%	15.4%	12.2%	14.1%	11.5%	16.4%	16.7%	16.2%	15.6%	16.1%	11.5%	7.6%	11.6%	11.5%
	One-time factor ^{※3}	1.9	1.0	2.5	1.8	7.1	0.1	0.7	1.9	-2.5	0.2	0.1	0.8	0.3	2.0	3.2	0.2	0.4	-2.5	1.3	-0.6

■ Breakdown of Asia

NIPSEA China	Automotive	10.2	11.0	8.8	9.4	39.4	8.2	9.0	7.5	9.1	33.8	5.5	7.5	8.5	10.2	31.8	9.3	9.8	8.6	10.7	38.4
	Decorative	43.4	52.2	53.2	40.3	189.2	44.3	55.4	55.3	47.7	202.7	31.5	59.8	65.2	59.5	216.0	57.3	85.0	92.1	78.1	312.4
	Industrial	4.6	5.8	5.8	4.6	20.9	4.6	5.0	4.8	4.0	18.4	3.3	4.7	5.1	5.1	18.1	5.7	7.1	6.4	6.5	25.7
	Others ^{※2}	0.4	0.4	0.5	1.0	2.3	0.8	0.7	0.7	0.5	2.6	0.4	0.6	0.7	0.7	2.3	0.6	0.7	0.5	0.7	2.6
	Revenue	58.6	69.4	68.3	55.4	251.7	57.9	70.2	68.3	61.2	257.5	40.6	72.5	79.5	75.5	268.1	72.9	102.5	107.6	96.0	379.1
	Operating profit	8.7	10.6	11.3	7.8	38.4	9.1	11.4	11.3	8.3	40.1	4.7	13.9	13.5	11.8	43.9	9.4	10.0	7.2	9.2	35.9
	OP margin	14.9%	15.2%	16.6%	14.1%	15.3%	15.7%	16.2%	16.6%	13.6%	15.6%	11.5%	19.2%	17.0%	15.6%	16.4%	12.8%	9.8%	6.7%	9.6%	9.5%
	One-time factor ^{※3}	1.9	1.0	2.5	1.8	7.1	0.1	0.7	1.9	0.1	2.8	0.1	0.7	0.3	1.9	2.9	0.2	0.4	-2.5	1.3	-0.6
Excepting NIPSEA China	Revenue	25.9	25.5	26.3	26.4	104.1	24.6	25.1	25.1	27.0	101.7	21.1	15.5	23.2	26.6	86.4	37.6	37.6	32.0	43.8	151.1
	Operating profit	3.3	3.0	3.5	4.1	14.0	2.4	2.8	3.0	2.4	10.7	2.4	0.6	3.7	4.8	11.4	8.5	6.1	3.4	7.0	25.0
	OP margin	13.0%	11.8%	13.4%	15.7%	13.5%	9.8%	11.3%	12.2%	9.0%	10.5%	11.4%	3.6%	15.8%	17.9%	13.2%	22.5%	16.2%	10.6%	16.1%	16.5%
	One-time factor ^{※3}	-	-	-	-	-	-	-	-	-2.6	-2.6	-	0.1	0.1	0.1	0.3	-	-	-	-	-
Adjustments ^{※3}	Revenue	Not disclosed					Not disclosed					-	-	-	-	-	-	-	-	-	-
	Operating profit	Not disclosed					Not disclosed					-2.0	-1.9	-2.2	-3.1	-9.2	-5.6	-3.3	-2.5	-1.9	-13.3
	One-time factor ^{※3}	Not disclosed					Not disclosed					-	-	-0.3	-0.2	-0.5	-2.6	-1.0	-	-0.2	-3.9
Total	Revenue	149.2	164.0	161.3	153.2	627.7	147.4	165.1	182.7	196.9	692.0	160.4	181.8	214.4	216.0	772.6	222.7	259.1	254.5	262.0	998.3
	Operating profit	21.9	23.0	21.9	19.7	86.5	20.1	21.8	24.4	11.7	78.1	15.4	20.0	28.6	23.5	87.6	24.7	24.3	17.1	21.5	87.6
	OP margin	14.7%	14.0%	13.6%	12.9%	13.8%	13.6%	13.2%	13.4%	5.9%	11.3%	9.6%	11.0%	13.4%	10.9%	11.3%	11.1%	9.4%	6.7%	8.2%	8.8%
	One-time factor ^{※3}	4.2	1.0	2.5	1.8	9.4	2.1	-0.2	0.8	-11.4	-8.7	0.1	0.8	0.2	1.8	2.9	-2.3	-0.7	-3.0	0.6	-5.4

※1 The earnings for FY2020 and thereafter have been adjusted retrospectively following the classification of the European automotive coatings business and the India business after they were transferred to the Wuthelam Group (announced on August 10, 2021) and a change in accounting policy regarding cloud computing agreement beginning with 4Q FY2021. Figures for 1Q, 2Q, 3Q 2020 and 1Q, 2Q, 3Q 2021 are unaudited pro forma figures

※2 The "Others" business includes marine, auto refinish, etc.

※4 One-time factor is the total amount of subsidy/insurance (subsidy income, insurance income, gain on sale of non-current assets, expenses for production facility restructuring projects in Japan), M&A related expenses, impairment loss and provision for bad debt included in adjustments, which have been disclosed in the reference page of the financial results presentation material.
Excluding PPA step-up from inventory related to the acquisition of the Indonesia business (c.¥ 1.5 bn)

2.Revenue and Operating Profit Contribution from DuluxGroup, Betek Boya and PT Nipsea

(Billion yen)

		FY2019 ^{※1}					FY2020 ^{※1}					FY2021 ^{※1}				
		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
DuluxGroup (Oceania)	Revenue	Before consolidation		13.1	34.4	47.6	31.8	35.0	40.3	41.2	148.3	41.5	42.7	43.6	48.5	176.2
	Operating profit			2.8	3.1	5.9	3.3	4.6	5.2	2.2	15.4	5.7	5.3	5.1	2.9	19.0
	OP margin			21.4%	8.9%	12.3%	10.5%	13.2%	13.0%	5.4%	10.4%	13.8%	12.4%	11.7%	6.0%	10.8%
Betek Boya (Turkey)	Revenue	Before consolidation		7.8	7.3	15.1	8.0	7.4	11.3	9.5	36.2	11.4	13.7	11.7	12.3	49.2
	Operating profit			1.0	1.2	2.2	1.0	0.6	2.0	1.3	4.9	1.3	1.2	1.2	2.8	6.6
	OP margin			13.1%	16.1%	14.6%	12.4%	8.3%	18.0%	13.6%	13.6%	11.4%	9.0%	10.4%	23.0%	13.4%
PT Nipsea (Indonesia)	Revenue	Before consolidation					Before consolidation					9.9	9.7	8.1	11.7	39.5
	Operating profit											2.5	3.2	2.0	4.1	11.8
	OP margin											25.2%	32.3%	24.1%	35.4%	29.7%
Exchange rate (average rate)		1Q	1H	9 month		Full Year	1Q	1H	9 month		Full Year	1Q	1H	9 month		Full Year
	JPY/USD	110.3	110.0	109.2		109.2	109.1	108.2	107.2		106.4	107.1	108.5	109.1		110.4
	JPY/RMB	16.5	16.2	15.9		15.8	15.5	15.3	15.3		15.4	16.5	16.8	16.9		17.1
	JPY/AUD	-	-	72.9		74.7	70.5	71.1	72.8		73.7	82.6	83.4	82.4		82.7
	JPY/TRY	-	-	19.0		18.9	17.5	16.6	15.8		15.2	14.0	13.5	13.3		12.5
	JPY/IDR	-	-	-		-	-	-	-		-	0.0075	0.0076	0.0076		0.0077

※1 The earnings figures for the above companies are after the elimination of internal transactions and after PPA.

DuluxGroup was consolidated to the Group's earnings from September 2019 and Betek Boya from July 2019, and PT Nipsea from January 2021.

※2 DuluxGroup's earnings correspond to the earnings of the Oceania segment.

3. Breakdown of Adjustments (FY2020 4Q vs. FY2021 4Q)

(Billion yen)

		FY2020 4Q					FY2021 4Q					
		FX	Subsidy	M&A related expenses	New acquisitions	Total	FX	Subsidy, etc.※1	M&A related expenses	Provision for bad debt	New acquisitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	0.0	-	-	0.0	-	-0.0	-	-	-	-0.0
Oceania	Decorative	-	-	-	-	-	2.2	-	-	-	-	2.2
	Industrial	-	-	-	-	-	0.2	-	-	-	-	0.2
	Paint related business	-	-	-	-	-	1.8	-	-	-	-	1.8
	Revenue	-	-	-	-	-	4.2	-	-	-	-	4.2
	Operating profit	-	-	-	-	-	0.2	-	-0.4	-	-	-0.2
Americas	Automotive	-	-	-	-	-	0.5	-	-	-	-	0.5
	Decorative	-	-	-	-	-	1.2	-	-	-	-	1.2
	Fine chemicals	-	-	-	-	-	0.0	-	-	-	-	0.0
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	1.7	-	-	-	-	1.7
	Operating profit	-	-	-	-	-	0.0	-	-	-	-	0.0
Other	Automotive	-	-	-	-	-	-0.1	-	-	-	-	-0.1
	Decorative	-	-	-	-	-	-1.9	-	-	-	-	-1.9
	Industrial	-	-	-	-	-	-0.4	-	-	-	-	-0.4
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Paint related business	-	-	-	-	-	-1.4	-	-	-	-	-1.4
	Revenue	-	-	-	-	-	-3.8	-	-	-	-	-3.8
	Operating profit	-	-	-	-	-	-0.8	-	-	-	-	-0.8

※1 Subsidy, etc. includes subsidy income and expenses for production facility restructuring projects in Japan

※2 The “Others” business includes marine, auto refinish, etc.

3. Breakdown of Adjustments (FY2020 4Q vs. FY2021 4Q)

(Billion yen)

		FY2020 4Q					FY2021 4Q					
		FX	Subsidy	M&A related expenses	New acquisitions	Total	FX	Subsidy, etc.※1	M&A related expenses	Provision for bad debt	New acquisitions	Total
Asia	Automotive	-0.0	-	-	-	-0.0	1.8	-	-	-	1.8	3.6
	Decorative	-0.1	-	-	-	-0.1	10.2	-	-	-	9.6	19.8
	Industrial	-0.0	-	-	-	-0.0	0.8	-	-	-	0.2	1.1
	Fine Chemicals	-	-	-	-	-	0.1	-	-	-	0.0	0.1
	Others※2	-0.0	-	-	-	-0.0	0.5	-	-	-	0.3	0.8
	Paint related business	-	-	-	-	-	-	-	-	-	1.1	1.1
	Revenue	-0.1	-	-	-	-0.1	13.4	-	-	-	13.0	26.4
	Operating profit	-	2.0	-	-	2.0	1.1	1.9	-	-0.6	3.5	5.8

■ Breakdown of Asia

NIPSEA China	Automotive	-0.0	-	-	-	-0.0	1.2	-	-	-	-	1.2
	Decorative	-0.1	-	-	-	-0.1	9.3	-	-	-	-	9.3
	Industrial	-0.0	-	-	-	-0.0	0.8	-	-	-	-	0.8
	Others※2	-0.0	-	-	-	-0.0	0.1	-	-	-	-	0.1
	Revenue	-0.1	-	-	-	-0.1	11.4	-	-	-	-	11.4
	Operating profit	-	1.9	-	-	1.9	1.1	1.9	-	-0.6	-	2.3
Excepting NIPSEA China	Revenue	-	-	-	-	-	2.0	-	-	-	13.0	15.0
	Operating profit	-	0.1	-	-	0.1	-0.0	-	-	-	3.5	3.5
Adjustments	Revenue	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	-	-0.2	-	-0.2	0.1	-0.2	-	-	0.2	0.1
Total	Revenue	-0.1	-	-	-	-0.1	15.5	-	-	-	13.0	28.5
	Operating profit	-	2.0	-0.2	-	1.8	0.6	1.6	-0.4	-0.6	3.7	4.9

※1 Subsidy, etc. includes subsidy income and expenses for production facility restructuring projects in Japan

※2 The "Others" business includes marine, auto refinish, etc.

4. Breakdown of Adjustments (FY2020 vs. FY2021)

(Billion yen)

		FY2020					FY2021					
		FX	Subsidy	M&A related expenses	New acquisitions	Total	FX	Subsidy, etc.※1	M&A related expenses	Provision for bad debt	New acquisitions	Total
Japan	Automotive	-	-	-	-	-	-	-	-	-	-	-
	Decorative	-	-	-	-	-	-	-	-	-	-	-
	Industrial	-	-	-	-	-	-	-	-	-	-	-
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	0.2	-	-	0.2	-	-0.1	-	-	-	-0.1
Oceania	Decorative	-	-	-	-	-	9.8	-	-	-	-	9.8
	Industrial	-	-	-	-	-	0.8	-	-	-	-	0.8
	Paint related business	-	-	-	-	-	8.5	-	-	-	-	8.5
	Revenue	-	-	-	-	-	19.1	-	-	-	-	19.1
	Operating profit	-	-	-	-	-	2.1	-	-0.8	-	-	1.2
Americas	Automotive	-	-	-	-	-	1.0	-	-	-	-	1.0
	Decorative	-	-	-	-	-	1.9	-	-	-	-	1.9
	Fine chemicals	-	-	-	-	-	0.0	-	-	-	-	0.0
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Revenue	-	-	-	-	-	2.9	-	-	-	-	2.9
	Operating profit	-	-	-	-	-	0.1	-	-	-	-	0.1
Other	Automotive	-	-	-	-	-	-0.4	-	-	-	-	-0.4
	Decorative	-	-	-	-	-	-5.9	-	-	-	-	-5.9
	Industrial	-	-	-	-	-	-1.1	-	-	-	-	-1.1
	Fine chemicals	-	-	-	-	-	-	-	-	-	-	-
	Others※2	-	-	-	-	-	-	-	-	-	-	-
	Paint related business	-	-	-	-	-	-3.7	-	-	-	-	-3.7
	Revenue	-	-	-	-	-	-11.2	-	-	-	-	-11.2
	Operating profit	-	-	-	-	-	-1.6	-	-	-	-	-1.6

※1 Subsidy, etc. includes subsidy income and expenses for production facility restructuring projects in Japan

※2 The “Others” business includes marine, auto refinish, etc.

4. Breakdown of Adjustments (FY2020 vs. FY2021)

(Billion yen)

		FY2020					FY2021					
		FX	Subsidy	M&A related expenses	New acquisitions	Total	FX	Subsidy, etc. ※1	M&A related expenses	Provision for bad debt	New acquisitions	Total
Asia	Automotive	0.0	-	-	-	0.0	5.4	-	-	-	5.7	11.1
	Decorative	0.2	-	-	-	0.2	33.7	-	-	-	32.8	66.5
	Industrial	0.0	-	-	-	0.0	2.8	-	-	-	0.8	3.7
	Fine Chemicals	-	-	-	-	-	0.4	-	-	-	0.0	0.4
	Others ※2	0.0	-	-	-	0.0	1.3	-	-	-	0.8	2.1
	Paint related business	-	-	-	-	-	-	-	-	-	3.4	3.4
	Revenue	0.2	-	-	-	0.2	43.6	-	-	-	43.6	87.2
	Operating profit	-	3.2	-	-	3.2	3.6	2.6	-	-3.2	11.3	14.3

■ Breakdown of Asia

NIPSEA China	Automotive	0.0	-	-	-	0.0	3.8	-	-	-	-	3.8
	Decorative	0.2	-	-	-	0.2	31.3	-	-	-	-	31.3
	Industrial	0.0	-	-	-	0.0	2.6	-	-	-	-	2.6
	Others ※2	0.0	-	-	-	0.0	0.3	-	-	-	-	0.3
	Revenue	0.2	-	-	-	0.2	38.0	-	-	-	-	38.0
	Operating profit	-	2.9	-	-	2.9	3.5	2.6	-	-3.2	-	2.9

Excepting NIPSEA China	Revenue	-	-	-	-	-	5.7	-	-	-	43.6	49.3
	Operating profit	-	0.3	-	-	0.3	0.1	-	-	-	11.3	11.4

Adjustments	Revenue	-	-	-	-	-	-	-	-	-	-	-
	Operating profit	-	-	-0.5	-	-0.5	0.2	-1.3 ※3	-2.6	-	1.1	-2.6

Total	Revenue	0.2	-	-	-	0.2	54.5	-	-	-	43.6	98.1
	Operating profit	-	3.4	-0.5	-	2.9	4.4	1.2	-3.4	-3.2	12.4	11.4

※1 Subsidy, etc. includes subsidy income and expenses for production facility restructuring projects in Japan

※2 The "Others" business includes marine, auto refinish, etc.

※3 Expenses for production facility restructuring projects in Japan, etc.

5. Statement of Financial Position

(Billion yen)

Assets	As of Dec. 31, 2020	As of Dec. 31, 2021	Increase / Decrease	Liabilities and equity	As of Dec. 31, 2020	As of Dec. 31, 2021	Increase / Decrease
Total current assets	643.5	600.7	-42.8	Total liabilities	915.6	986.4	70.8
Cash and cash equivalents	232.1	138.8	-93.3	Total current liabilities	315.5	372.6	57.1
Others	411.4	461.9	50.6	Total non-current liabilities	600.0	613.8	13.7
Total non-current assets	971.1	1,354.3	383.3	Total equity	699.0	968.7	269.7
Goodwill	424.2	652.7	228.5	Total equity attributable to owners of parent	567.6	959.5	391.9
Others	546.9	701.7	154.7	Share capital	78.9	671.4	592.6
				Capital surplus	63.3	-	-63.3
				Retained earnings	443.9	228.0	-215.9
				Others	-18.5	60.1	78.5
				Non-controlling interests	131.4	9.2	-122.2
Total assets	1,614.6	1,955.1	340.5	Total liabilities and equity	1,614.6	1,955.1	340.5

【Major reasons for changes】

- The acquisition of 100% ownership of the Asia JVs and the Indonesia business by the Company that closed on January 25, 2021 has allowed the Group to increase its capital and enhance its financial base through a third-party allotment without impairing equity capital
- ✓ Goodwill: Increased following the new consolidation of the Indonesia business
- ✓ Share capital: Increased through a third-party allotment for acquisition
- ✓ Capital surplus & Retained earnings: Both capital surplus and retained earnings decreased after deducting the difference between additionally acquired equity interests and additional investments from capital surplus with any excess deducted from retained earnings, despite the increase in capital surplus through the third-party allotment of shares
- ✓ Non-controlling interests: Decreased following the acquisition of 100% ownership of the Asian JVs, which previously accounted for most of the non-controlling interests held by the Company

6. Key Financial Data

<Capital Expenditure, Depreciation, R&D Expenses>

(Billion yen)		FY2020 4Q	FY2020 Full Year	FY2021 4Q	FY2021 Full Year
Capital expenditure	Property, plant and equipment	7.6	35.3	13.8	45.5
	Intangible assets	1.1	2.7	2.6	4.7
	Total	8.7	38.0	16.4	50.2
Depreciation	Property, plant and equipment	6.3	23.2	7.1	27.4
	Intangible assets	1.6	6.3	1.6	6.7
	Total	7.9	29.5	8.7	34.1
R&D expenses		5.2	18.4	7.7	24.8

<Major indicator>

	As of Dec. 31, 2020	As of Dec. 31, 2021
Equity attributable to owners of parent to total assets (%)	35.2	49.1
Net debt ^{※1} (billion yen)	309.2	422.5
EPS (yen)	136.91	29.4
EPS ^{※2} (yen)	27.38	

※1 Net debt = Bonds and borrowings (current and non-current) + Other financial liabilities (current and non-current) - Cash and cash equivalents - Other financial assets (current)

※2 Reference value assuming that the 5-for-1 stock split was implemented at the beginning of the fiscal year ended December 31, 2020

<Exchange rate for P/L (average rate) >

	FY2020 Full Year	FY2021 Full Year	FY2022 Full Year
JPY/USD	106.4	110.4	114.0
JPY/RMB	15.4	17.1	17.8
JPY/AUD	73.7	82.7	84.0
JPY/TRY	15.2	12.5	8.1
JPY/IDR	-	0.0077	0.0080

<Exchange rate for F/P (closing rate) >

	As of Dec. 31, 2020	As of Dec. 31, 2021
JPY/USD	103.5	115.0
JPY/RMB	15.9	18.1
JPY/AUD	78.9	83.4
JPY/TRY	14.0	9.1

7. Market Conditions

<Paint sales volume>

	FY2018					FY2019					FY2020					FY2021				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Japan ^{※1} (10,000t)	44	43	44	47	178	43	43	43	43	172	40	36	38	42	156	40	40	40	28	148

※1 Source: Japan Paint Manufacturers Association: FY2021 4Q covers October and November

<Automobile production^{※2}>

(10,000unit)		1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Japan		241	220	218	244	924	243	230	229	220	922	225	120	201	228	774	215	186	155	188	744
China		702	703	640	732	2,777	634	579	602	757	2,572	321	603	638	774	2,335	579	572	545	671	2,368
North America	USA	288	282	259	274	1,103	287	285	266	255	1,093	247	93	270	253	862	247	215	204	222	888
	Mexico	97	100	100	96	393	99	99	95	82	375	93	28	91	91	304	82	78	69	72	301
	Canada	53	54	44	49	200	48	51	46	47	192	38	17	41	41	136	32	25	22	26	105
	Total	438	436	403	419	1,696	435	435	407	384	1,660	378	138	402	385	1,302	361	318	295	320	1,294

※2 Source: Japan: MarkLines until FY2019 and IHS Markit from 2020: China: Association of Automobile Manufacturers until 2019 and IHS Markit from 2020: North America: IHS Markit

<Others (Japan market) >

(10,000unit)	FY2018					FY2019					FY2020					FY2021				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Housing starts ^{※3}	20.5	24.5	24.6	24.6	94.2	21.6	23.4	23.3	22.3	90.5	19.4	20.5	21.0	20.7	81.5	19.1	22.1	22.5	22.0	85.6
Construction machinery productions ^{※4}	9.7	9.9	10.0	11.1	40.7	10.5	10.5	10.1	8.1	39.2	9.6	8.4	8.4	9.9	36.3	10.3	11.2	10.6	7.6	39.7
Machine tool production ^{※5}	2.7	2.0	1.9	1.8	8.5	1.8	1.6	1.5	1.3	6.2	1.2	1.0	1.1	1.3	4.6	1.6	1.9	1.6	1.0	6.1

※3 Source: Ministry of land, infrastructure, transport and tourism

※4 Source: Japan Construction Equipment Manufacturers Association: FY2021 4Q covers October and November

※5 Source: Japan Machine Tool Builders' Association: FY2021 4Q covers October and November

<Naphtha price (own estimation) >

(JPY/KL)	FY2018					FY2019					FY2020					FY2021				
	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	4Q	Full Year
Japan produced naphtha price	47,900	48,700	53,500	54,200	51,200	41,200	45,400	40,200	41,300	42,000	44,800	25,000	30,200	31,300	32,900	38,800	47,700	53,500	62,800	50,100