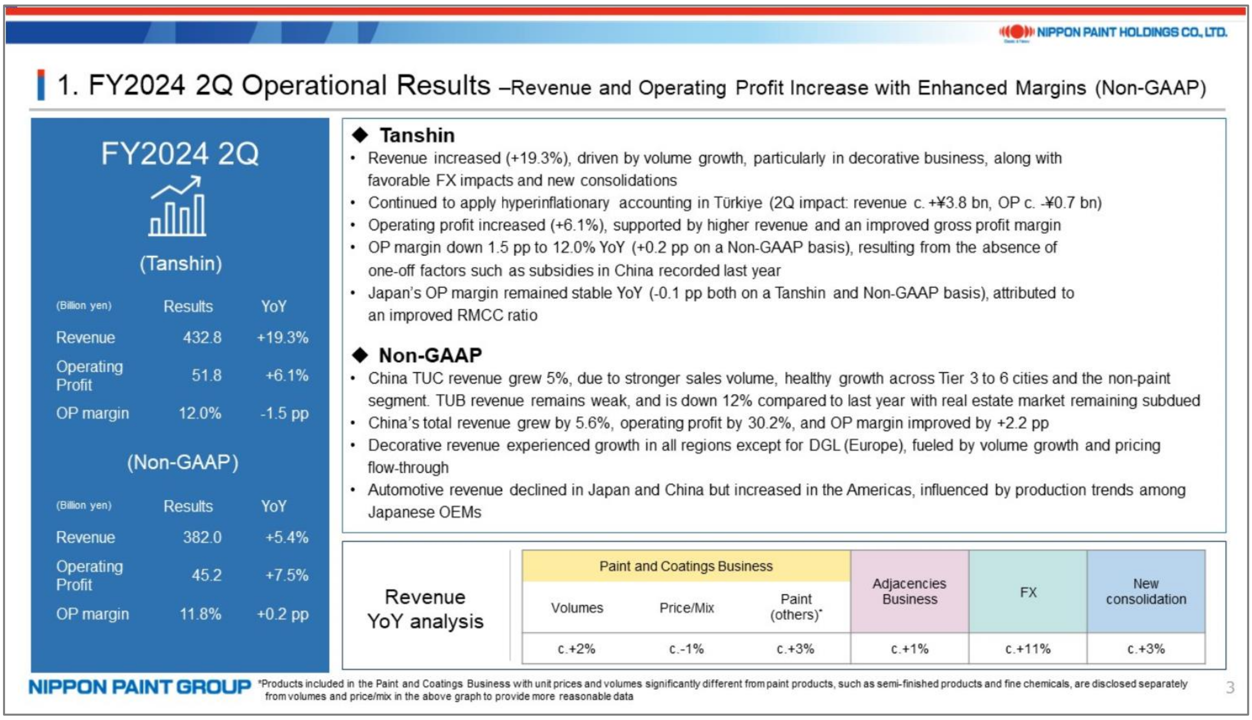
FY2024 2Q Financial Results Conference Call Presentation Summary
August 8, 2024

Good afternoon, everyone. I'm Yuichiro Wakatsuki, Co-President of Nippon Paint Holdings.

Thank you very much for taking the time to join us today as we review our financial results for the second quarter of 2024.

Since this is our quarterly earnings call, we also have members of the press with us today.

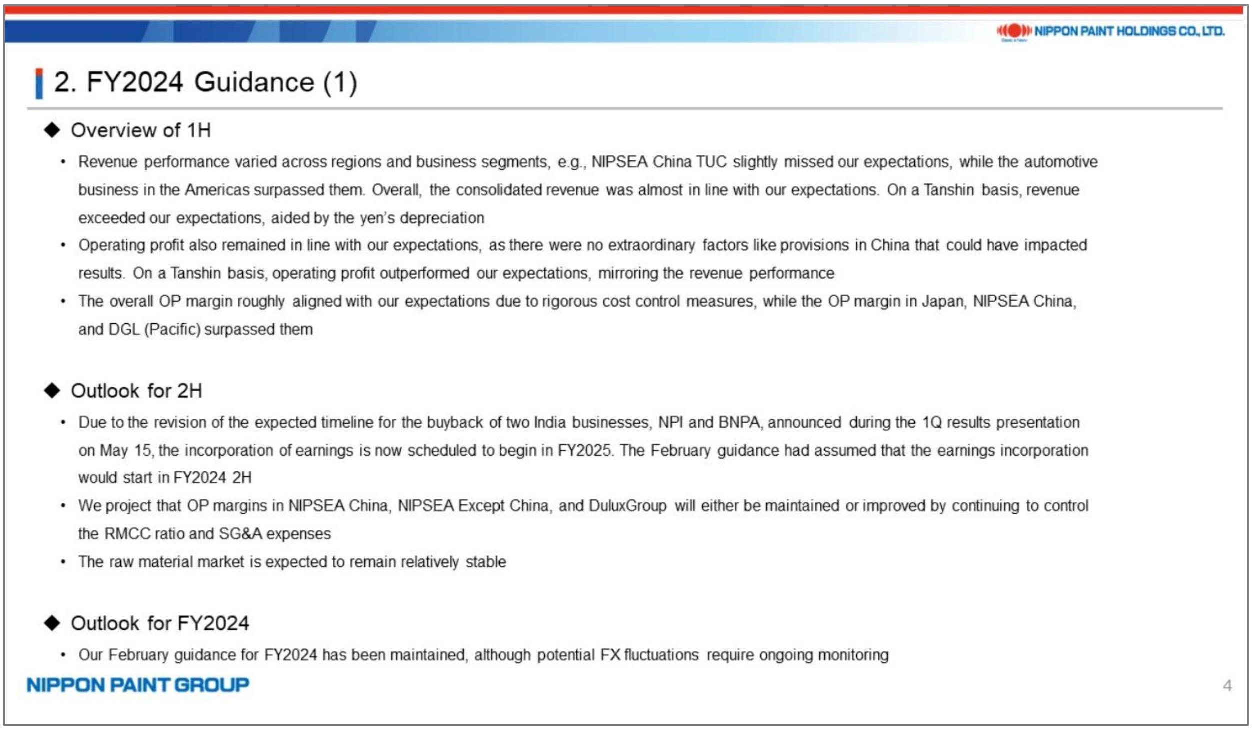


Let me start by providing an overview of our financial performance for the second quarter of 2024.

On a Tanshin basis, we experienced robust growth in both revenue and operating profit. Revenue saw a substantial year-on-year increase of 19.3%, reaching 432.8 billion yen. Operating profit also improved, rising by 6.1% year-on-year to 51.8 billion yen. As highlighted at the bottom of page 3 in our presentation, this positive momentum was largely driven by higher sales volumes in our paint and coatings business, contributions from our adjacencies business, favorable foreign exchange impacts, and the integration of newly consolidated entities. However, the price/mix factor had a slight negative effect on our revenue performance.

On a Non-GAAP basis, we saw a 5.4% increase in revenue and a 7.5% growth in operating profit. These figures exclude contributions from our recent acquisitions—NPT in Italy, acquired in 2023, and Alina in Kazakhstan, acquired in 2024. If we factor in these acquisitions, revenue would have grown by over 8%, excluding the impact of foreign exchange rates. In the decorative paints sector of NIPSEA China, revenue from the TUC segment rose by 5%, despite facing challenging market conditions. However, revenue in the TUB segment declined by 12%. On a positive note, our adjacencies segment also experienced revenue growth. Overall, on a Non-GAAP basis, total revenue for NIPSEA China increased by 5.6%, while operating profit saw a significant rise of 30.2%, accompanied by an improvement in the operating profit margin.

In our first quarter 2024 earnings presentation, I mentioned that our performance was largely in line with, or slightly above, our expectations. I'm pleased to report that this positive trajectory continued into the second quarter. Overall, our performance in the first half of the year has been very strong, further enhanced by favorable foreign exchange impacts.



Up until the last moment, we carefully considered whether to revise our full-year guidance for 2024. However, due to the significant recent fluctuations in foreign exchange rates, we have decided to maintain our initial guidance.

In the first half of the year, we experienced steady business growth and solid improvements in our profit margins, along with a more significant than expected depreciation of the yen. We have thus determined that it is currently challenging to forecast exchange rates for the second half of the year.

We initially expected the yen's depreciation to provide a net positive impact, more than compensating for the negative effects of the delayed closure of our India businesses, as disclosed with our first-quarter financial results. However, the contribution has become somewhat uncertain. Considering all these factors, we have decided to keep our initial guidance unchanged. To clarify, this decision takes into account the expected absence of the India businesses' contribution, which we had initially projected to be slightly under 30 billion yen in revenue and nearly 2 billion yen in operating profit at the start of the fiscal year.

As you may know, our Group operates with a focus on local production for local consumption, rather than being driven by export-oriented activities. This means that while exchange rate fluctuations can affect the cost of certain raw materials, the primary impact is seen in the conversion rates. As a result, analyzing trends in local currency offers a more accurate representation of our business performance.

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2. FY2024 Guidance (2)

(Billion yen)

		FY2023 Results (Tanshin basis)		FY2024 Guidance (In Local Currency)				
				Feb. Guidance		Latest forecast		
		Revenue	OP margin	YoY (Revenue)	YoY *1 (OP margin)	YoY (Revenue)	YoY *1 (OP margin)	YoY (OP margin) vs Feb. Guidance
Japan	Segment total	201.5	9.5%	+0~5%	→	▼ c. ±0%	→	Inline
	Automotive	42.1		c.-5%		▼ c. -10%		
	Decorative	48.5		+5~10%		▼ +0~5%		
	Industrial	39.7		c.+5%		▼ +0~5%		
NIPSEA China	Segment total	482.7	12.5%	+5~10%	→	+5~10%	→	Slightly above
	Decorative (TUC)	408.2 *2		c.+15%		▼ +10~15%		
	Decorative (TUB)			+0~5%		▼ c. -5%		
	Automotive	50.4		c.+5%		▼ +0~5%		
NIPSEA Except China	Segment total	288.8	17.4%	+10~15%	→	+10~15%	→	Slightly above
	Malaysia Grp. Singapore Grp. Thailand Grp.			+5~10%	→	+5~10%	→	Slightly above
	PT Nipsea (Indonesia)	60.9	32.9%	+5~10%	→	▼ +0~5%	→	Slightly below
	Betek Boya (Türkiye)	75.2	10.9%	c.+15%	→	▲ c. +30%	↘	Below
	Alina (Kazakhstan)	22.9 *3	20.2% *3	+5~10%	→	+5~10%	→	Slightly above

NIPPON PAINT GROUP *1 ↑ : ≧ +2%, ↗ : +1~2%, → : -1~+1%, ↘ : -1~-2%, ↓ : ≦ -2% *2 Including "Other" *3 Pro-forma (unaudited) 5

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2. FY2024 Guidance (3)

(Billion yen)

		FY2023 Results (Tanshin basis)		FY2024 Guidance (In Local Currency)				
				Feb. Guidance		Latest forecast		
		Revenue	OP margin	YoY (Revenue)	YoY * (OP margin)	YoY (Revenue)	YoY * (OP margin)	YoY (OP margin) vs Feb. Guidance
DuluxGroup	Segment total	360.4	9.6%	c.+10%	→	▼ +5~10%	→	Slightly above
	DGL (Pacific)	222.5	12.8%	c.+10%	→	▼ +5~10%	→	Slightly above
	DGL (Europe)	137.9	4.4%	c.+10%	↗	▼ +5~10%	↗	Slightly below
Americas	Segment total	109.2	6.5%	c.+5%	→	c.+5%	→	Slightly below
	Automotive	40.9		+0~5%		+0~5%		
	Decorative	66.4		+5~10%		+5~10%		

NIPPON PAINT GROUP *↑ : ≧ +2%, ↗ : +1~2%, → : -1~+1%, ↘ : -1~-2%, ↓ : ≦ -2% 6

Moving forward, please refer to pages 5 and 6 of the presentation for the latest updates on full-year revenue growth and margin trends in local currency terms, as originally projected in February 2024. These updates are specific to our full-year outlook.

In the most recent forecast, you may notice slight downward revisions in the revenue growth projections for many of our business segments, with the exception of Türkiye. However, these adjustments mainly reflect modest changes in growth rates, with the exception of certain segments like NIPSEA China's TUB segment. Despite these revisions, our overall outlook remains largely stable. For the TUC segment in NIPSEA China, we have adjusted the revenue growth forecast from approximately +15% to a range of +10% to +15%. Despite this revision, we still expect a slight improvement in the operating profit margin. As I have emphasized before, our strategy is centered on achieving a balanced approach to both revenue growth and profitability, rather than pursuing market share gains at the expense of profitability.

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3. Raw Material Market Conditions and Operational Impact

No major fluctuations are expected in the RMCC ratio, despite price variations across regions and raw materials

FY2024 2Q

- Spot prices for both crude oil and naphtha have risen by 5% since the end of March 2024. This increase is largely attributable to ongoing geopolitical tensions in the Middle East, expectations of growing crude oil demand due to anticipated U.S. policy rate cuts, and the influx of speculative capital driven by excess liquidity in the market
- In China, raw material prices have remained relatively stable, with some signs of softening in certain segments
- Chemical manufacturers in Japan have increasingly adopted a strategy of raising prices to safeguard their profit margins and offset rising costs. As a result, the upward trend in chemical prices has persisted
- In light of these conditions, our gross profit margin improved by 0.2 pp YoY (-0.6 pp QoQ)

◆Gross profit margin

FY2022 1Q	FY2022 2Q	FY2022 3Q	FY2022 4Q	FY2022
37.6%	36.1%	37.0%	38.4%	37.2%
FY2023 1Q	**FY2023 2Q**	**FY2023 3Q**	**FY2023 4Q**	**FY2023**
39.3%	40.0%	39.7%	40.6%	39.9%
FY2024 1Q	**FY2024 2Q**	**YoY**	**QoQ**	
40.8%	40.2%	+0.2 pp	-0.6 pp	

FY2024 3Q and beyond

- By the end of July, crude oil prices had decreased by 4% compared to the end of June, while naphtha spot prices saw a more significant decline of 10.5% over the same period
- In China, raw material prices are expected to remain stable, influenced by weaker economic data and a drop in consumer confidence
- In Japan, the previous upward trend in naphtha prices has shifted, driven by the decline in crude oil prices and the appreciation of the yen. This situation will require ongoing monitoring
- Despite regional and raw material price fluctuations, we do not anticipate significant changes to the RMCC ratio for the Group as a whole

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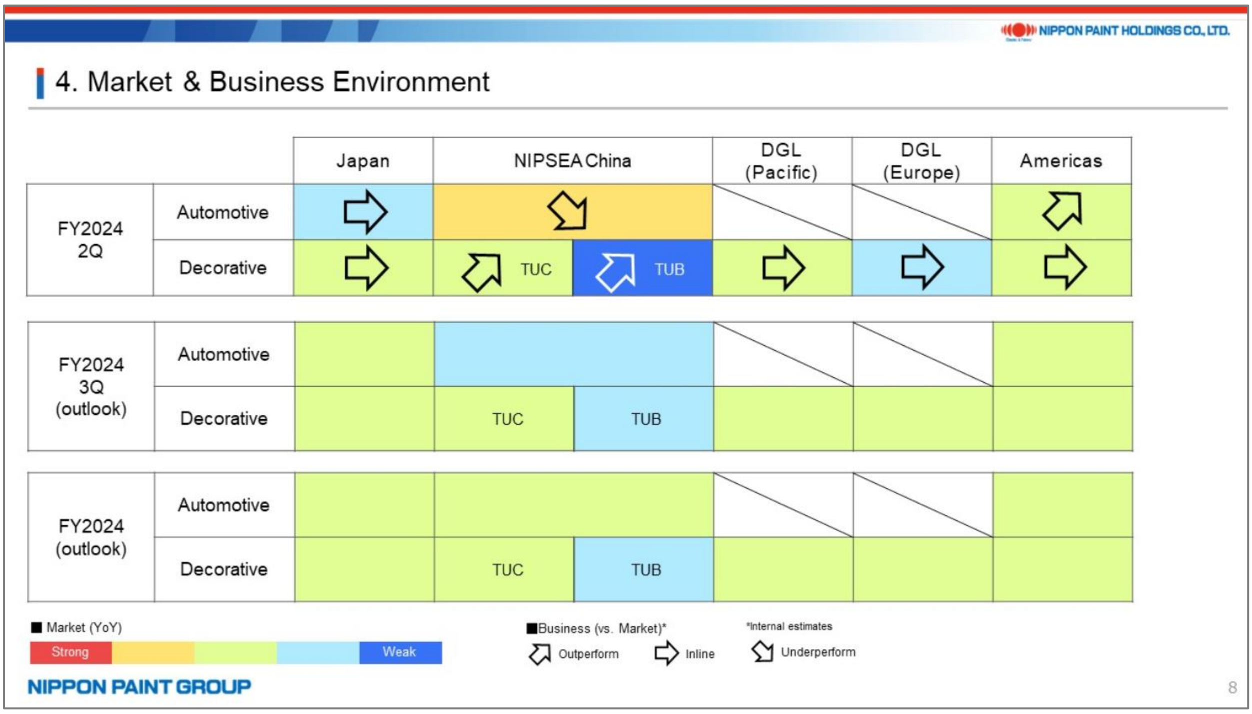

As highlighted on page 7 of the presentation, the raw material market conditions have remained generally stable. The market and business environments are depicted in the heat map on page 8 of the presentation.

In China, our automotive business continues to face challenges, particularly due to weak production trends among Japanese automakers. As a result, we have seen a slight decline in our market share relative to the overall market.

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5. Summary of Operating Results in Major Segments

(Billion yen)		Tanshin		Non-GAAP		Overview
		FY2024 2Q	YoY	FY2024 2Q	YoY	
Japan	Revenue	50.8	+1.0%	50.2	-0.2%	Revenue remained flat, despite impacts of soft market conditions in the automotive, decorative, and industrial segments, largely due to the flow-through of price increases
	OP	5.3	+0.4%	5.2	-1.6%	Profit remained stable, with no significant changes observed in the gross profit margin and the SGA ratio
NIPSEA China	Revenue	150.4	+16.8%	135.6	+5.6%	Higher revenue driven by sales from Tier 3-6 cities and the non-paint segment, which offsets the lower TUB sales resulting from the subdued property market
	OP	18.0	+1.9%	15.7	+30.2%	Higher profit driven by higher revenue and reduced SG&A
NIPSEA Except China	Revenue	91.7	+38.5%	75.0	+13.4%	Higher revenue, benefitting from growth in Malaysia Group, Singapore Group, and Betek Boya, among others
	OP	14.3	+12.8%	11.8	-7.5%	Lower profit because of increased SG&A due to inflation at Betek Boya, despite the contribution from higher revenue
DGL (Pacific)	Revenue	62.1	+18.3%	54.6	+4.0%	Higher revenue despite soft markets mainly due to volume correction, after a slower Q1. Also benefitting from small-scale acquisitions of local businesses
	OP	7.5	-4.3%	6.7	+1.9%	Profit higher from revenue growth, partially offset by inflation of SG&A
DGL (Europe)	Revenue	43.2	+18.5%	36.0	-1.4%	Lower revenue from further market volume decline in France and mix impacts, partially offset by growth in southern and central Europe
	OP	3.9	+16.0%	3.4	+0.7%	Profit flat despite lower revenue and SG&A inflation, from GM% normalization
Americas	Revenue	34.6	+21.3%	30.5	+7.1%	Higher revenue driven by strong sales in automotive and decorative business
	OP	3.6	+34.9%	3.2	+19.0%	Higher profit achieved through higher revenue and an improved RMCC ratio in the automotive business, resulting from flow-through of price increases, despite increased investment* in Northern California in the decorative business

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*Opened 17 new stores by May at locations where a competitor had closed their stores. Although upfront costs were incurred, these new stores are expected to contribute to our earnings from FY2024 2H onwards

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Now, I'd like to provide a brief overview of the performance of our major segments. I'll address any related questions during the Q&A session that will follow.

1. The trends in the Japan segment have remained largely consistent with what we observed in the first quarter. Our automotive business faced challenges due to a decline in automobile production, while both the decorative and industrial sectors continued to operate under difficult market conditions. As a result, the decrease in sales volumes was largely offset by price increases and other factors. On a positive note, our marine business continued to perform strongly. Overall, both revenue and operating profit for the Japan segment remained relatively stable compared to the same period last year.

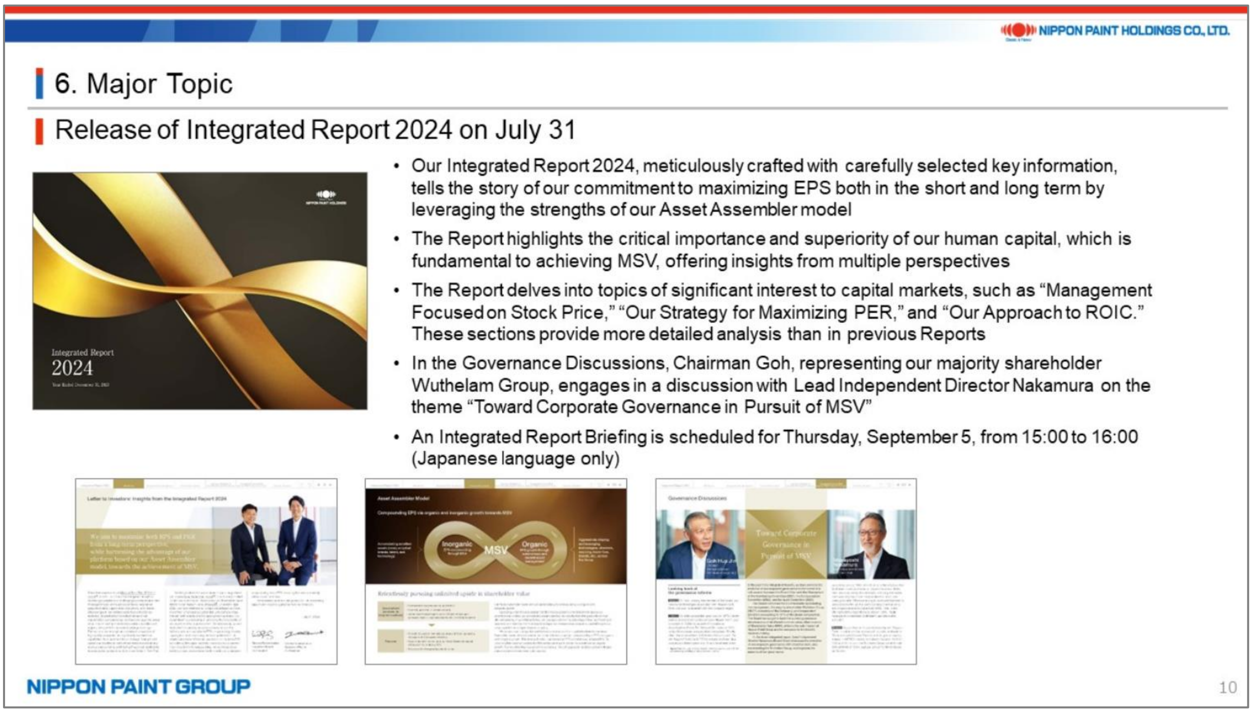
2. As mentioned earlier, NIPSEA China's performance has been positive. The operating profit margin on a Non-GAAP basis improved, even after factoring in the additional provision recorded in 2023. This demonstrates that we have successfully achieved revenue growth while maintaining profitability.

3. NIPSEA Except China continued to show strong revenue growth and maintained a high operating profit margin. However, the financial results were somewhat affected by inflation and hyperinflationary accounting in Türkiye, which contributed to a decline in the overall operating profit margins. When excluding Türkiye, the revenue growth rate for NIPSEA Except China was approximately 6%. Despite some geopolitical uncertainties in various regions, our performance generally aligned with expectations. In Indonesia, although we saw improvements compared to the first quarter, we remain cautious about the economic environment and plan to

implement several recovery strategies in the second half of the year. Additionally, Alina in Kazakhstan made a significant contribution, achieving an operating profit margin of approximately 20%.

4. DuluxGroup faced challenging market conditions in both the Pacific and Europe segments. Despite these headwinds, DGL (Pacific) achieved a 4% revenue growth and maintained a relatively stable operating profit margin, aided by contributions from small-scale acquisitions in the adjacencies area. Looking ahead to the second half of the year, we expect moderate growth, supported by a market recovery and the revitalization of our core brand. In contrast, DGL (Europe) experienced a decline in revenue due to continued market softness in France. However, we believe our market share has slightly increased, and there are early signs that the market may be beginning to bottom out.

5. In the Americas, our automotive segment saw an 8.6% increase in revenue, driven by strong automobile production, particularly among Japanese automakers, even as overall market production remained stable. The decorative segment also experienced positive growth, although market conditions were somewhat challenging. A significant development in this region was the opening of 17 new Dunn-Edwards stores in Northern California by May, capitalizing on locations vacated by a competitor exiting the market. We expect these new stores to gradually contribute to our earnings. It’s important to clarify that these openings are not the result of business succession or acquisitions, but rather new Dunn-Edwards locations established in the sites previously occupied by the competitor.



Moving on to an important update, we are pleased to announce the release of our Integrated Report 2024.

This Report builds on the Medium-Term Strategy that we unveiled on April 4, providing a more in-depth exploration of our management strategy, including our approach to Return on Invested Capital (ROIC). Additionally, the report features a governance discussion between Chairman Goh and Lead Independent Director Nakamura. We are proud to have published this report two months earlier than last year's edition, and we believe it offers valuable insights that are well worth your time. We encourage you to take a moment to review its contents.

In addition, we will be hosting an online briefing on the Integrated Report 2024 on Thursday, September 5, and we warmly invite you to join us for this event.

While our financial results for the second quarter largely met expectations, we are beginning to see positive outcomes from our strategies focused on healthy growth and margin preservation across each region. Although the economic environment remains challenging, there are encouraging signs of improvement in certain areas. We remain committed to achieving our initial guidance and are working diligently to surpass it. We will continue to keep you informed with updates in our third-quarter results.

Thank you for your attention.