



Financial Results for the Second Quarter of FY2024

November 8, 2024

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1. Summary of Financial Results for 2Q FY2024

Key Points for Financial Results of 2Q FY2024

Sales and profit increased in the first-half despite struggles in India, Europe and Asia (excluding ordinary income)

Full-year forecasts remain unchanged although the environment remains challenging, and we will do our utmost to commit to self-help efforts

- ✓ Although 2Q business environment was challenging, secured increase in sales and profit due to the buildup in 1Q and the efforts in Japan, Africa, and North America
- ✓ India secured sales growth with strong Auto and Industrial sector offsetting the deco sector, but profit slightly decreased
- ✓ In Europe, sales increased due to steady industrial demand and new consolidation of Weilburger. Profit decreased significantly due to hyperinflation in Turkey
- ✓ Progress on initiative of capital efficiency improvement and shareholder return
Acquisition and cancellation of treasury stock 60 billion yen (End of 2Q)

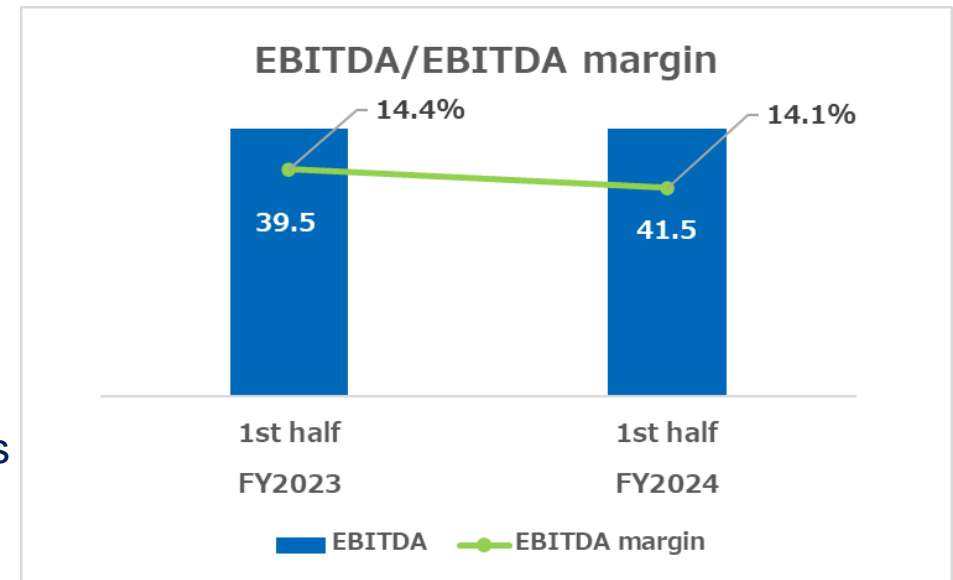
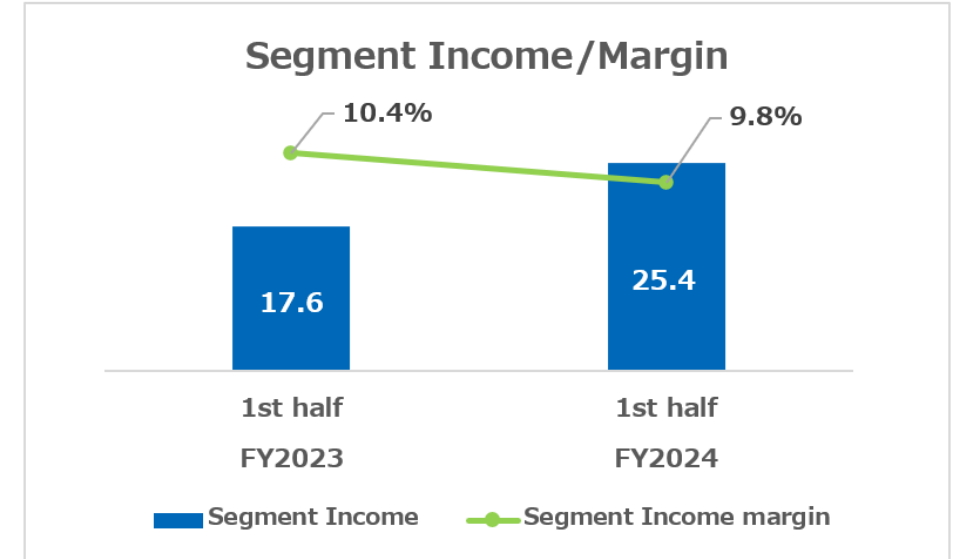
Consolidated results 1st half FY2024

(JPY billion)

	1st half FY2023	1st half FY2024	YOY	YOY(%)
Net sales	274.0	294.1	20.1	7.3%
Operating income	25.7	26.3	0.6	2.3%
Segment Income	28.6	28.9	0.3	1.2%
Ordinary income	32.1	26.0	-6.1	-19.0%
EBITDA	39.5	41.5	2.1	5.3%
EBITDA margin	14.4%	14.1%	-0.3pt	-
Net income	46.5	15.7	-30.8	-66.2%

- ✓ Increased sales driven by marine in Japan and Auto in india
- ✓ Operating income and EBITDA continued to improve due to higher fixed costs were offset by lower raw material prices and cost reduction efforts, and the effect of price revisions also contributed
- ✓ Ordinary income decreased slightly due to a slight decrease in equity-method affiliates, currency exchange losses, and the impact of hyperinflation
- ✓ Net income in 1H FY2023 includes large one-time gains(sales of fixed assets and cross-share holdings)

(JPY billion, %)



Consolidated Financial Results (Progress against announced figures)

(JPY billion, %)

	FY2024 Guidance as of May	1st half FY2024 Result	Progress against FY 2024 guidance
Net sales	610	294	48%
Operating income	56	26	47%
Segment Income	61	29	47%
Ordinary income	60	26	43%
EBITDA	89	42	47%
EBITDA margin (%)	14.6%	14.1%	-0.5pt
Net income	40	16	39%

✓ Make every effort in the second half of the year to achieve the plan

Main figures related to the consolidated balance sheets

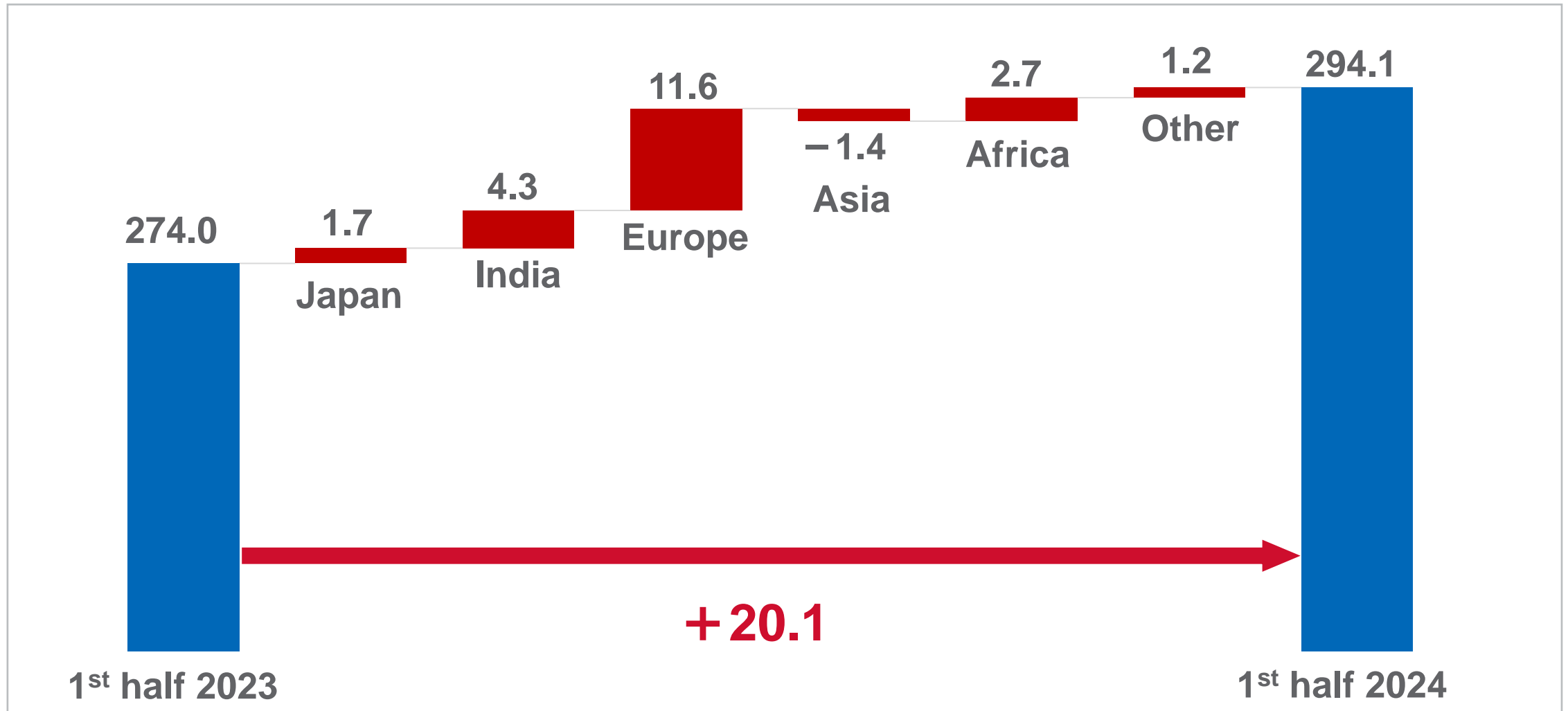
(JPY billion)

	FY 2023		FY 2024	Difference
	End of 2Q	End of 4Q	End of 2Q	YoY
Total assets	673.5	689.7	752.4	63
Cash & Deposit	64.5	76.6	67.4	-9
Trade notes and A/C receivables	128.3	113.2	134.0	21
Inventory	108.9	104.3	115.6	11
Non-current assets	342.0	361.0	400.9	40
Goodwill	36.6	34.1	40.4	6
Interest-bearing debts	99.1	126.2	212.7	86
Shareholders' equity	321.7	310.0	278.0	-32
Treasury stock	▲ 22.9	▲ 2.1	▲ 2.1	+1
Shareholders' equity ratio (%)	47.8%	44.9%	36.9%	-8.0pt
NetDebt/EBITDA(times) <small>※Annualized figures</small>			1.5times	
NetDebt/Equity(%)			44.8%	

- ✓ The optimal capital structure has been achieved
- ✓ The increase in Interest-bearing debts was due to the acquisition of Weilburger and the issuance of straight bonds

Change in Net sales by region (YoY)

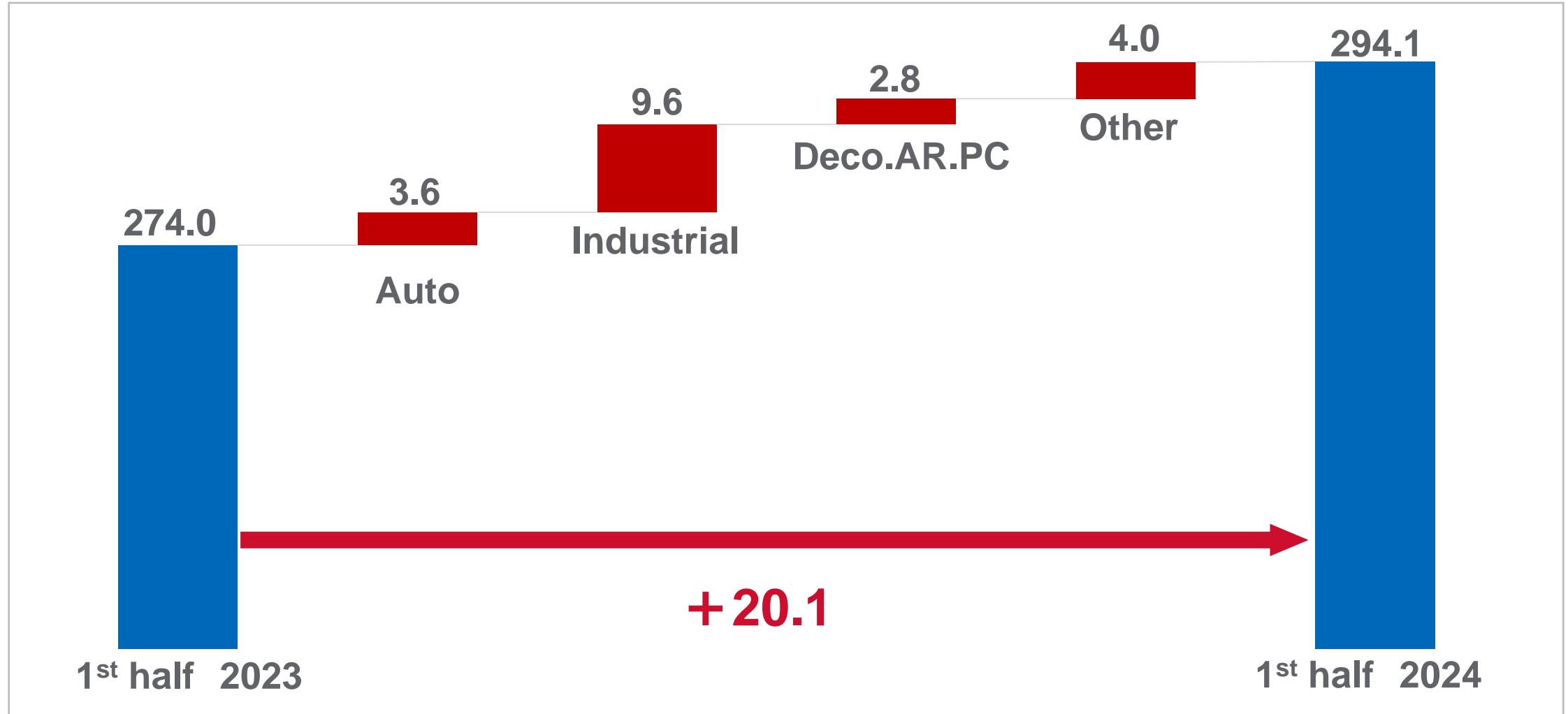
(JPY billion)



- ✓ Sales increased except in Asia. Sales in Europe increased (New consolidation effect of Weilburger 4.3 billion yen)

Change in Net Sales by sector (YoY)

(JPY billion)

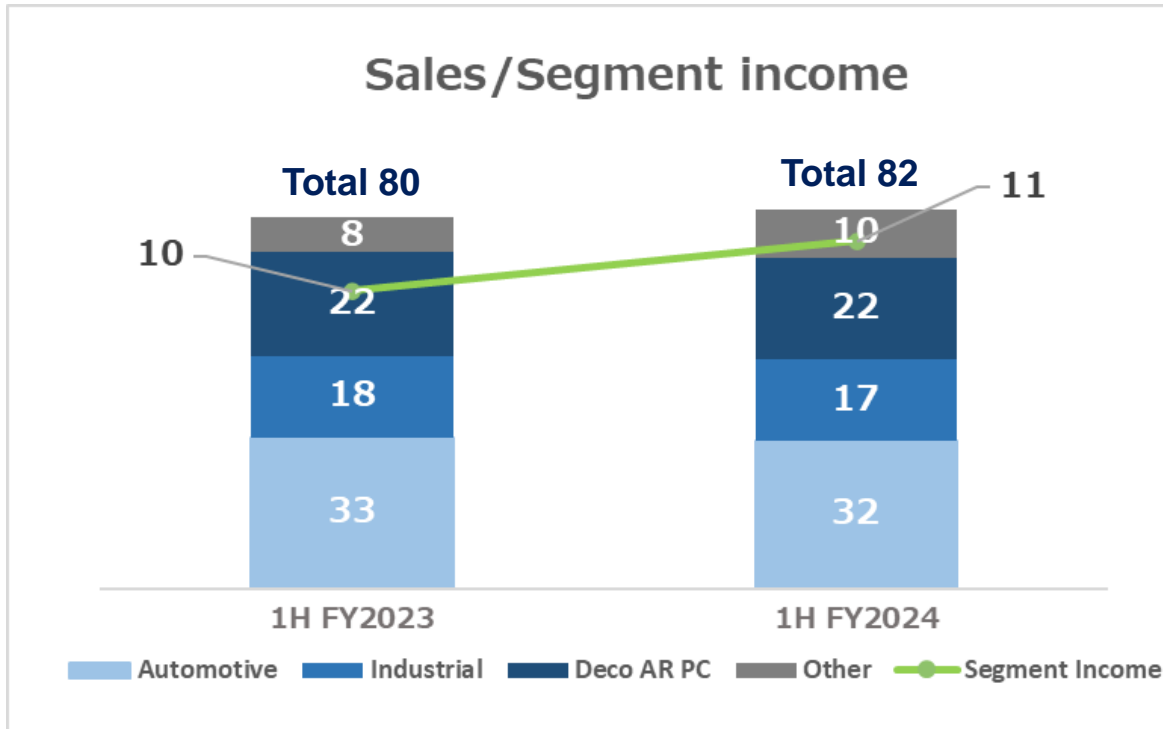


- ✓ Increase in sales of all businesses, including consolidation of Weilburger(4.3 billion yen) in the industrial sector

2 . Summary of Financial Results by Segment

Results by Region [Japan]

(JPY billion)



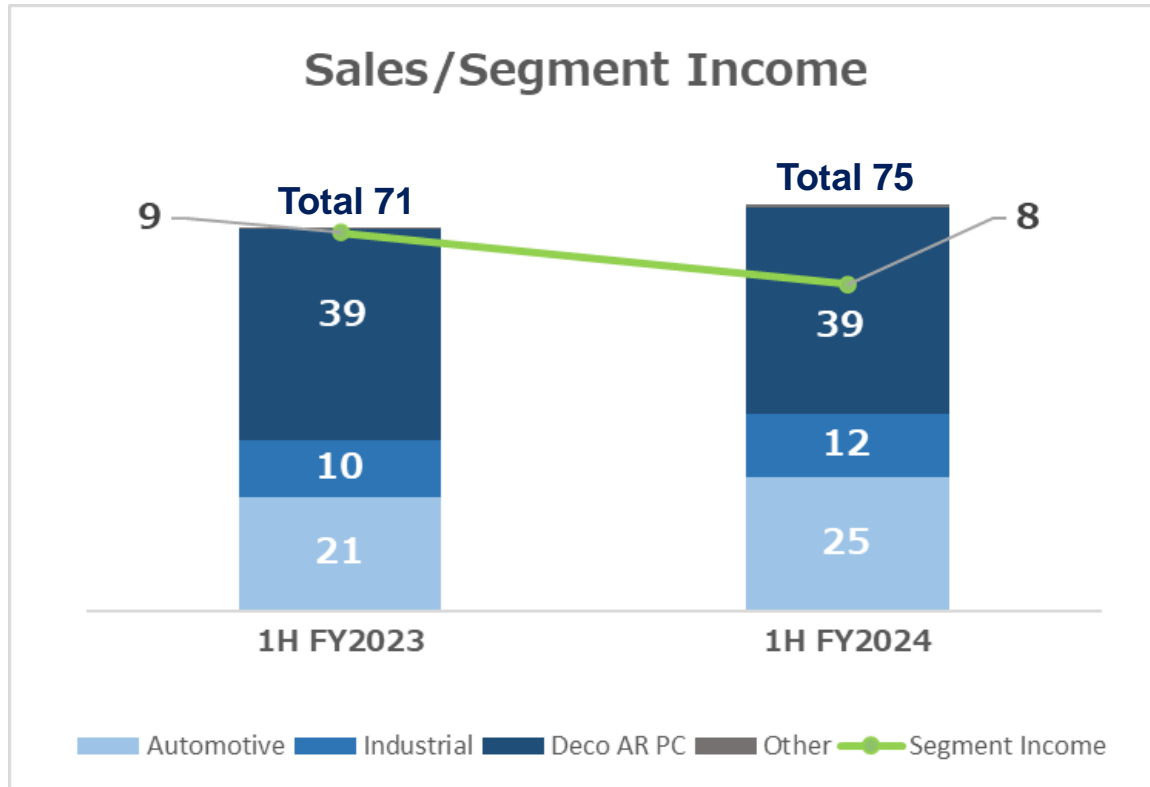
Segment summary

Achieved an increase in sales and profit
Segment income margin increased from 12% to 13%

- Auto minimized the impact of production decrease due to the suspension of production and shipments at some customers and the typhoon.
- Industrial sector remained flat YoY due to increase of market share, price increase, improvement effort of product mix to offset volume declines caused by weak market conditions.
- Deco and PC sales were decreased slightly by market conditions, but overall sales remained flat YOY due to growth in the AR sector.
- Marine saw a significant increase due to strong demand for ocean-going repairs.
- Segment income increased due to price improvement and Increase in Marine sales.

Results by Region [India]

(JPY billion)



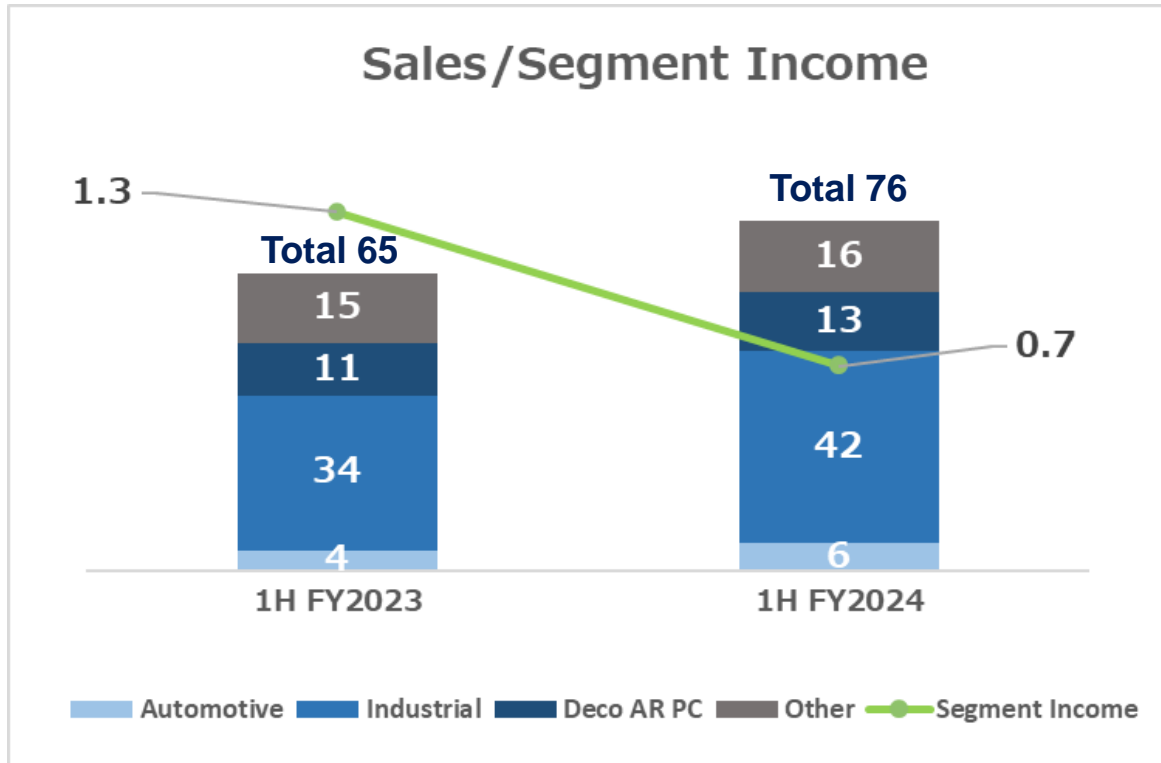
Segment summary

Competition in the Deco sector is intensifying, and market condition is getting slower
Maintain sales growth driven by Auto and industrial

- Sales of auto increased significantly due to stable automobile production volume.
- Sales of Industrial increased due to increased demand for PC and Powder coatings.
- Steady growth in Project, Construction Chemicals, Wood and others contributed to slight decrease in sales despite the market slow down and intensification of competition in the Deco sector
- Despite positive factors such as increase in volume and price improvement in the automotive sector, in addition to the impact of FX, segment income decreased due to increased SG&A expenses.
- As a coating manufacturer with diversified segments, we will leverage Auto, Deco, and Industrial portfolio for growth.

Results by Region 【Europe】

(JPY billion)



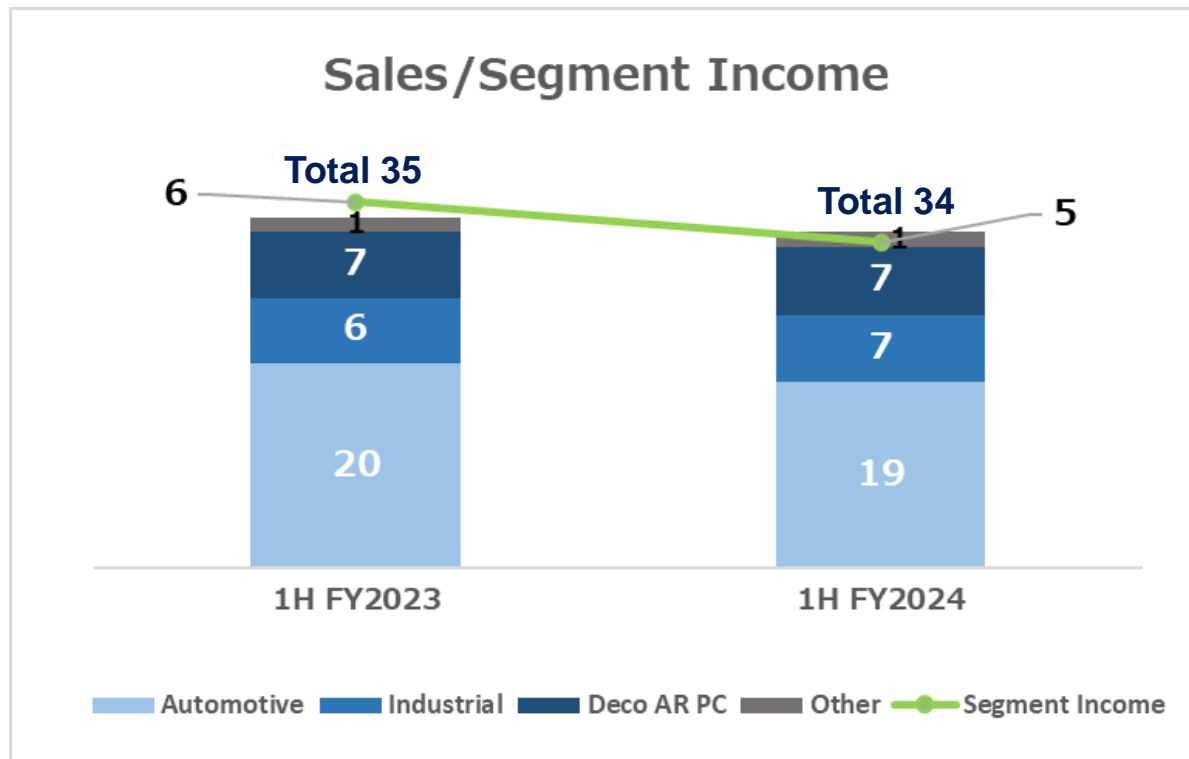
Segment summary

Sales increased and income decreased. Most difficult period due to external environment of economic slowdown, tougher sanctions, and hyperinflation, as well as before the PMI effect of acquired subsidiaries are realized

- Europe started consolidation of Weilburger's PL from Q2
- Automotive sales increased due to price improvement, despite lower production in Turkey
- Segment income decreased due to hyperinflation in Turkey
- PMI effects will be realized gradually starting in 2025

Results by Region [Asia]

(JPY billion)

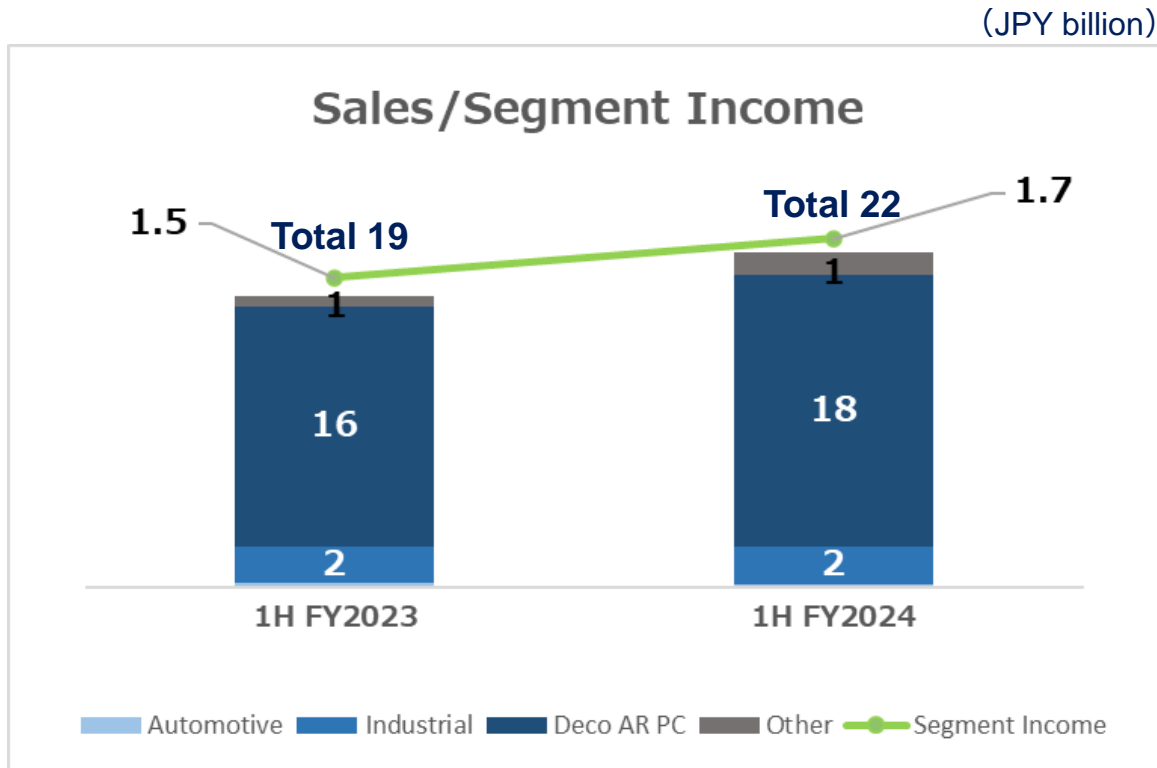


Segment summary

Decrease in sales due to lower automobile production in Thailand and Indonesia. On the other hand, sales of the automotive sector in Malaysia and at the equity-method affiliate in China were strong

- Despite increased market share and volume growth in Malaysia and price improvement in all regions, sales decreased due to significant decrease in automobile production in Thailand and Indonesia.
- Automobile production in China increased, but production of major Japanese OEMs customers is low.
- Sales of industrial and Deco remained stable, especially in Malaysia.
- Segment income decreased due to the decrease in automobile production.
- Focused on entry of Chinese OEM in ASEAN and sales expansion of two wheels and automotive Parts.

Results by Region [Africa]

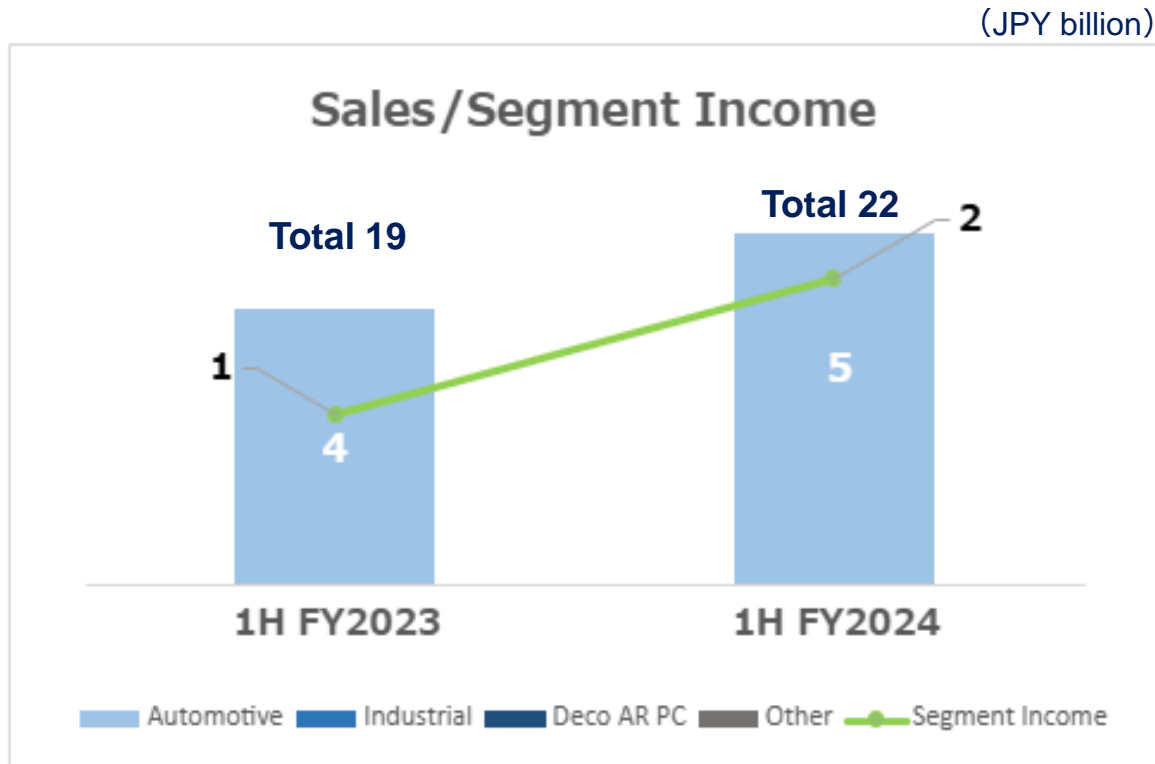


Segment summary

Despite the impact of sluggish consumption, sales in South Africa increased year on year. East Africa also performed well, contributing to improved profitability.

- East Africa achieved sales increase due to volume increase, despite the impact of repeated protests and unfavorable weather conditions, etc.
- In South Africa, despite sluggish market conditions due to inflationary pressures and pre-general election reluctance to buy, sales increased due to aggressive sales promotion activities focused on the Mid-tier segment.
- Segment income increased due to improved product mix and cost reduction efforts
- The house brand products in big box in South Africa soon to be available for sale.

Results by Region 【North America】



Segment summary

Achieved significant increase in sales and profit due to strong automobile production and steady demand in power sports

- Sales and profits increased for automotive parts due to strong automobile production.
- Strong automobile production contributed to increased profits at the equity method affiliate
- Strong sales in powersports, one of our major customers

3. Progress in Capital Efficiency Improvement and Shareholder Return

Progress in Capital Efficiency Improvement and Shareholder Return

■ Establish an optimal capital structure

Net Debt/EBITDA	1.5times <small>※Annualized figures</small>
Net Debt/Equity	44.8%

■ Execution of progressive dividend

(JPY)

	FY 2020	FY 2021	FY2022	FY2023	FY2024 (forecast)
Annual dividend per share	30	30	30	40	44

✓ Started progressive dividend and continue

■ Execute acquisition of treasury stock intermittently Status of acquisitions by Oct. 31

Items	Contents
Total number of shares acquired	25,157,100 shares
Acquisition amount	Approx. 64billion yen
Percentage of treasury stock held	1.8%

✓ All 60 billion yen worth of treasury stock acquired has been cancelled (23,482,500 shares)



Thank you

Forecasts of financial results stated in this document are forecasts based on currently available information that includes potential risks and uncertain elements. Therefore, actual financial results may differ from the forecast figures

FY2024 Second Quarter Reference Material for Financial Results

Consolidated results

(JPY billion, %)

	FY2023					FY2024				
	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year forecast
	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)
Net sales	136.4	137.6	148.3	140.0	562.3	145.4	148.7			610.0
	+13.3%	+5.6%	+12.1%	+11.0%	+10.5%	+6.6%	+8.1%			+8.5%
Operating income	12.1	13.6	15.7	10.2	51.6	15.1	11.2			56.0
	+42.6%	+87.3%	+86.3%	+29.0%	+60.8%	+24.9%	-17.7%			+8.5%
Ordinary income	17.0	15.1	12.1	13.5	57.7	19.9	6.1			60.0
	+28.6%	+92.7%	+55.9%	+18.3%	+43.4%	+17.4%	-59.8%			+4.0%
EBITDA	18.9	20.6	24.0	18.7	82.2	23.1	18.5			89.0
	+29.3%	+61.8%	+61.2%	+20.3%	+42.3%	+22.1%	-10.2%			+8.3%
EBITDA margin	13.8%	14.9%	16.2%	13.4%	14.6%	15.9%	12.4%			14.6%
	+1.7pt	+5.2pt	+4.9pt	+1.0pt	+3.3pt	+2.0pt	-2.5pt			-0.0pt
Net income	37.6	8.8	7.5	13.2	67.1	11.9	3.8			40.0
	+483.1%	+49.4%	+69.6%	+56.6%	+166.4%	-68.4%	-56.9%			-40.4%
EPS(JPY)	164.67	39.10	33.12	60.40	299.15	57.45	19.78			207.44
	+554.0%	+59.8%	+74.3%	+66.6%	+186.0%	-65.1%	-49.4%			-30.7%

Net sales by regional segment

(JPY billion, %)

	Net sales									
	FY2021					FY2022				
	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q	3 Q	4 Q	Full year (outlook)
	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)	YoY(%)
Japan	38.8	41.3	42.9	42.3	165.3	41.3	40.6			165.0
	+9.8%	+8.3%	+8.1%	+7.6%	+8.4%	+6.3%	-1.7%			-0.2%
India	36.6	34.5	34.2	31.4	136.6	40.3	35.0			152.0
	+5.7%	+2.8%	+8.5%	+12.7%	+7.1%	+10.1%	+1.7%			+11.2%
Europe	30.9	33.8	38.1	33.1	135.9	33.6	42.7			166.0
	+31.2%	+9.3%	+28.6%	+18.4%	+21.3%	+8.8%	+26.4%			+22.1%
Asia	18.1	16.9	18.4	18.5	71.9	17.3	16.2			72.5
	+12.7%	+4.7%	+1.3%	+4.4%	+5.6%	-4.5%	-3.6%			+0.9%
Africa	9.9	8.9	12.2	12.3	43.3	10.2	11.3			45.0
	+7.4%	-9.2%	+7.0%	+8.3%	+3.6%	+3.0%	+26.6%			+3.8%
North America	2.1	2.2	2.5	2.4	9.2	2.7	2.8			9.5
	+31.7%	+31.0%	+31.7%	+28.7%	+30.7%	+29.4%	+24.7%			+3.1%
Total	136.4	137.6	148.3	140.0	562.3	145.4	148.7			610.0
	+13.3%	+5.6%	+12.1%	+11.0%	+10.5%	+6.6%	+8.1%			+8.5%

Segment Income by regional segment

(JPY billion, %)

	Segment Income										
	FY 2023					FY 2024					
	1Q	2Q	3Q	4Q	FY 2022	1Q	2Q	3Q	4Q	FY_2023	Fullyear Plan
	yoy	yoy	yoy	yoy	yoy	yoy	yoy	yoy	yoy	yoy	yoy
Japan	4	6	6	5	22	6	5	0	0	11	22
	+68.4%	+150.9%	+83.7%	-0.2%	+61.5%	+54.4%	-20.7%	-	-	-49.5%	+2.6%
India	5	4	4	2	15	5	3	0	0	8	16
	+33.7%	+45.4%	+34.6%	+21.5%	+34.8%	+11.1%	-26.6%	-	-	-43.2%	+4.7%
Europe	1	1	3	1	5	1	-0.2	0	0	1	5
	-54.5%	+82.3%	+1,769.0%	+399.1%	+154.5%	+62.5%	-	-	-	-85.3%	-1.3%
Asia	3	2	3	2	11	3	2	0	0	5	11
	+49.8%	+142.6%	+46.5%	-13.6%	+43.6%	-10.1%	-5.1%	-	-	-51.1%	-0.5%
Africa	1	1	1	1	4	1	1	0	0	2	5
	+41.0%	+34.6%	+27.0%	+116.0%	+49.7%	+14.9%	+9.0%	-	-	-57.8%	+10.4%
North America	0	1	1	1	3	1	1	0	0	2	4
	+138.1%	+154.1%	+125.5%	+143.9%	+139.9%	+202.9%	+16.4%	-	-	-36.8%	+6.1%
Total	14	15	18	13	59	17	12	0	0	29	61
	+36.4%	+96.7%	+80.4%	+23.0%	+56.6%	+25.8%	-21.1%	-	-	-51.1%	+3.0%

Analysis of YoY Sales Increase/Decrease by Factor 1st half FY2024

	FX impact	Volume	Price fluctuations and others	total
Japan	0%	-4%	6%	2%
India	6%	3%	-3%	6%
Europe	0%	3%	14%	18%
Asia	6%	-10%	-1%	-4%
Africa	9%	1%	3%	14%
North America	11%	9%	7%	27%
Total	3%	2%	2%	7%

Equity in earnings of unconsolidated subsidiaries and affiliates

(JPY billion, %)

	FY2023					FY2024	
	1 Q	2 Q	3 Q	4 Q	Full year	1 Q	2 Q
Japan	0.5	0.3	0.4	0.3	1.4	0.4	0.3
India	-0	-0	-0	-0	-0	-0	-0
Europe	-0.3	-0.2	0.1	1.3	0.8	-0.0	-1
Asia	1.0	0.8	1.2	0.2	3.3	1.0	1.0
Africa	-0	0.0	0	-0	0	0	0
North America	0.3	1	0.6	0.7	2.1	0.6	0.5
Total	1.5	1.4	2.4	2.4	7.6	2.0	0.6

Key numbers related to Balance Sheet(B/S)

(JPY billion, %)

		FY2023				FY2024	
		The end of 1Q	The end of 2Q	The end of 3Q	The end of 4Q	The end of 1Q	The end of 2Q
Total assets		647.3	673.5	683.3	689.7	782.7	752.4
	Cash & deposits	61.1	64.5	70.2	76.6	90.6	67.4
	Trade notes and A/C receivables	119.8	128.3	129.0	113.2	136.1	134.0
	Inventory	106.9	108.9	106.8	104.3	112.0	115.6
	Non-current assets	329.7	342.0	346.1	361.0	398.5	400.9
	Goodwill	34.7	36.6	35.7	34.1	38.4	40.4
Interest-bearing debts		98.3	99.1	102.7	126.2	187.4	212.7
Net assets per share (JPY)		-	-	-	1,485.52	-	-
Shareholders' equity ratio (%)		46.5	47.8	48.1	44.9	39.9	36.9

Operating cash flows and other indicators

(JPY billion)

	FY2023		FY2024
	1H	Full Year	1H
Operating cash flows	22.7	67.1	3.4
Depreciation	8.5	18	9.6
Goodwill amortization	2.2	4.6	2.5
Capital expenditures	9.8	21.3	10.6
R&D expenses	4.8	9.1	5.6

Japanese naphtha price (own estimation)

(JPY/KL)

	FY2023		FY2024
	1H	2H	1H
Japanese naphtha price	65,500	72,600	78,000

Japanese car production

(million)

	FY2023			FY2024 (Forecast)		
	1H	2H	Full year	1H	2H	Full year
Car production	4.36	4.32	8.68	4.10	4.44	8.54

Car production

(million)

	FY2023					FY2024	
	1 Q	2 Q	3Q	4 Q	Full year	1 Q	2 Q
Japan	2.10	2.26	2.42	1.91	8.68	1.99	2.11
India	1.39	1.55	1.39	1.63	5.97	1.63	1.45
China	6.21	7.03	7.83	9.10	30.16	6.60	7.29
Thailand	0.51	0.41	0.46	0.45	1.83	0.41	0.35
Indonesia	0.39	0.31	0.36	0.33	1.40	0.30	0.27
Malaysia	0.20	0.16	0.20	0.21	0.77	0.21	0.18
Turkey	0.30	0.32	0.26	0.27	1.14	0.28	0.26

Japan and India: 1Q(April to June), 2Q(July to Sept.), 3Q (Oct. to Dec.), 4Q (Jan. to March) Others: 1Q (Jan. to March), 2Q(April to June), 3Q (July to Sept.), 4Q (Oct. to Dec.) Source: Japan car association, MarkLines, 2Q FY2024 car data for Japan is our estimation

Currency translation rates

(JPY/Local currency)

	2023				2024		
	Jan.-Mar.	April-Jun.	July-Sep.	Oct.-Dec.	Jan.-Mar.	April-Jun.	July-Sep.
U.S.Dollar	132.71	138.54	145.57	147.74	148.00	156.91	149.96
Euro	142.32	150.18	157.49	159.19	160.27	168.68	164.07
Indian Rupee	1.62	1.70	1.77	1.79	1.79	1.89	1.80
Chinese Yuan	19.30	19.63	20.07	20.44	20.54	21.58	20.97
Thai Baht	3.89	3.99	4.13	4.15	4.16	4.26	4.33
Malaysian Ringgit	30.28	30.56	31.37	31.60	31.48	33.18	33.90
Indonesian Rupiah	0.0088	0.0093	0.0096	0.0095	0.0095	0.0097	0.0095
Turkish Lira	6.97	5.58	5.47	4.82	4.68	4.90	4.18
South African Rand	7.53	7.43	7.81	7.88	7.85	8.39	8.42



Forecasts of financial results stated in this document are forecasts based on currently available information that includes potential risks and uncertain elements. Therefore, actual financial results may differ from the forecast figures.