Our Value Creation Model

Value creation model is based on (1) organic EPS growth, (2) inorganic EPS accretion, and (3) maximization of PER

**INPUT**
- Financial and Non-Financial Resources
- Human resources/organizations
  - Create workplaces that encourage active participation by people with diverse backgrounds and characteristics
  - Promote diversity, equity, and inclusion
- Technologies
  - Cultivate engineering talent
  - Step up R&D activities
- External partners
  - Open innovation with universities and research institutions
  - Joint research with automobile manufacturers
  - Establish partnerships with investors and other stakeholders
- Customer base
  - Build distribution networks that allow us to supply products to consumers around the world
  - Maintain and enhance production facilities
- Brands
  - Advertising and marketing activities
  - Increase visibility among consumers
- Financial base
  - Rigorous financial discipline
  - Priority debt financing and maintaining leverage capacity
  - Engagement with financial institutions
  - Build strong relationships based on trust with automotive manufacturers and other customers
- Nature/environment
  - Actions to combat global warming
  - Reduce environmental impacts by developing water-based paints

**Our Business Model**

Medium- to long-term growth model as an Asset

Relentlessly pursuing growth based on Asset Assembler model

Autonomous and decentralized management

Paint++

Going beyond paint and into adjacencies

Build up M&As

Expand our existing businesses

Competitive advantage

1. Our ability to harness the low-funding cost
2. Our ability to maintain and boost the EPS contribution from assets companies without intervention
3. Our unique appeal to management-class talents who empathize with our modus operandi

**OUTPUT**

Building up/strengthening financial and non-financial resources

Human resources/organizations
  - Consolidated number of employees
  - Employees satisfaction level
  - Ratio of women in managerial positions

Technologies
  - Engineering talent
  - Joint development with research institutions

Customer base
  - Number of sales locations
  - Number of countries/regions

Brands
  - Awarded the Gold Brand
  - Recognized as Most Trusted Brands

Financial base
  - Net D/E ratio

Nature/environment
  - GHG emissions

**Medium to Long-Term Management Strategy**

Strategy by Asset

Finance Strategy

M&A Strategy

Sustainability Strategy

Basic Policy on Sustainability Materiality

Foundation of value creation

Corporate Governance

Risk Management

Global Code of Conduct

See page 38.

See page 40.

See page 46.

See page 49.

See page 53.