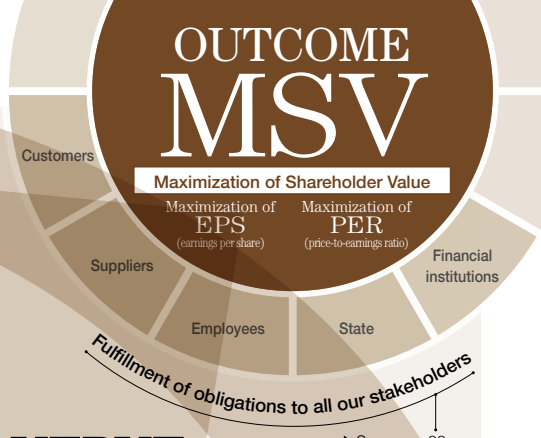


Deepening trust Further accumulating assets



# 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 ▶ See page 39.

**Human resources/ organizations**

- Create workplaces that encourage active participation by people with diverse backgrounds and characteristics
- Embrace reforms and changing work styles
- Firmly establish the Purpose and the Global Code of Conduct
- Increase the effectiveness of risk management

**Technologies**

- Cultivate engineering talent
- Step up R&D activities
- Maintain and reinforce production facilities
- Develop sustainable products

**External partners**

- Open innovation with universities and research institutions
- Joint research with automobile manufacturers
- Increase engagement with investors and other stakeholders
- Strengthen and deepen partnerships with Wuthelam Group

**Customer base**

- Build distribution networks that will allow us to supply products to consumers around the world
- More strategic partnerships with real estate developers
- Build strong relationships based on trust with automobile manufacturers and other customers

**Brands**

- Advertising and marketing activities
- Increase visibility among consumers
- Hold the AYDA Awards international architectural and interior design competition
- Social contribution activities

**Financial base**

- Rigorous financial discipline
- Prioritize debt financing and maintaining leverage capacity
- Engagement with financial institutions and credit rating agencies
- Build a global investor base

**Nature/environment**

- Actions to combat global warming
- Responsible water use
- Reduce environmental impacts by developing water-based paints

## Our Business Model

Medium- to long-term growth model as an Asset

Assembler ▶ See page 35.

### 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 ▶ See page 37.

- 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

Medium to Long-Term Management Strategy ▶ See page 49.

Medium-Term Management Plan (FY2021-2023) ▶ See page 51.

- Strategy by Asset ▶ See page 85.
- Finance Strategy ▶ See page 55.
- M&A Strategy ▶ See page 59.

Sustainability Strategy ▶ See page 41.

Basic Policy on Sustainability  
Materiality

## OUTPUT

Building up/strengthening financial and non-financial resources

**Human resources/ organizations**

- Consolidated number of employees (ratio outside Japan) **33,763** (89.2%)
- Employee satisfaction level **81%** (Japan Group)
- Ratio of women in managerial positions (global) **24.8%**

**Technologies**

- Engineering talent (global) **3,895** persons
- New Product Sales Index (NPSI) **20%** (Total of NIPSEA Group and Japan Group)

**External partner**

- Joint development with the University of Tokyo New anti-viral materials
- Transferred to Wuthelam Group European automotive coatings business and India businesses

**Customer base**

- Number of sales locations in China **104,000** stores
- Number of countries/regions where Nippon Paint Group has the No. 1 market share in decorative paints **13** countries/regions

**Brands**

- Brand award from a Chinese brand evaluation institution Awarded the Gold Brand for seven consecutive years (Wall Paint Category)
- Brand award in Australia Recognized as Most Trusted Brands (Several DuluxGroup brands)

**Financial base**

- Net D/E ratio **0.50** times
- R&I rating **A**
- Total shareholder return (TSR) **152.5%**

**Nature/environment**

- GHG emissions (Scope 1 and 2, Global) **55.6kg-CO<sub>2</sub>/production volume (ton)**
- ESG indexes adopted by GPIF Selected as a constituent in all six indexes

Foundation of value creation

Corporate Governance ▶ See page 99.

Risk Management ▶ See page 121.

Global Code of Conduct ▶ See page 124.