








Accumulated Management Resources

Financial and Non-Financial Resources Essential

Six categories of capital	Human capital	Manufactured capital	Social and relationship capital
Financial and non-financial resources essential for Asset Assembler model	 Human resources/organizations	 Technologies	 External partners
Importance of resources from the perspective of Asset Assembler model	<ul style="list-style-type: none"> In the paint market, which is characterized by local production for local consumption as well as a wide variety of uses, excellent management teams, diverse human resources, and strong organizational capabilities that enable us to accurately recognize social issues and customer needs and to promptly provide effective solutions are essential. 	<ul style="list-style-type: none"> Advanced technologies are essential to create innovations that solve social issues and meet customer needs and to enhance our competitive advantage, such as enabling stable product supply 	<ul style="list-style-type: none"> Collaborations with external partners, including industry-academia co-creation and engagement with investors are essential for providing high-quality products and services to customers around the world and creating innovation for a sustainable future
Examples of resources	<ul style="list-style-type: none"> The Group's human resources who are well informed about their local markets (45 countries/regions: 33,763 employees; ratio of overseas employees: 89.2%) Active Diversity & Inclusion initiatives (Ratio of women in managerial positions: 24.8%) High level of employee satisfaction (Japan Group: 81%) ▶ See page 47. Excellent management teams who have a deep understanding both of market features in their respective countries and regions and of MSV Group partner companies around the world with unique corporate culture and expertise, as well as a strong market presence (NIPSEA Group, DuluxGroup, etc.) 	<ul style="list-style-type: none"> Global engineering talents who are innovation enablers (3,895 persons in total) Core technologies, including paint, material synthesis and dispersion, and interface and surface technologies Ability to develop sustainable products that help solve social issues (decorative films meeting the needs of the next-generation automobile industry and a decarbonized society, anti-viral and anti-bacterial paint products, high-durability heat shield coatings for road surfaces, next-generation environmentally friendly antifouling paint, etc.) World-leading production systems, such as those incorporating factory automation (China, Australia, etc.) 	<ul style="list-style-type: none"> Active open innovation activities with universities (The University of Tokyo and others), research institutions, and other academic institutions Joint development with automobile manufacturers (Toyota Motor Corporation, etc.) applying automotive painting technologies Fulfilling obligations to stakeholders and maximizing shareholder value ▶ See page 22. Our 60-plus-year partnership with Wuthelam Group
Utilization of resources based on autonomous and decentralized management, creation of autonomous synergies, and sophistication of management (examples)	<ul style="list-style-type: none"> Sharing success cases and expertise of Group partner companies around the world (such as NIPSEA Group and DuluxGroup's measures to boost market share and advance ESG initiatives) to achieve appropriate human resource allocation and more sophisticated organizational structure and management 	<ul style="list-style-type: none"> Sharing technology through interaction among engineers of the technology and research divisions of Group partner companies around the world Sharing global state-of-the-art production technologies and expertise 	<ul style="list-style-type: none"> Sharing technologies and products developed in Japan through the industry-academia co-creation agreement within the Group and deploying them globally Reducing risk by having Wuthelam Group bear the cost of additional expenses and investments required to turn around the European automotive business and the India businesses ▶ See page 31.
Particularly relevant materiality ▶ See "Materiality" on page 41.	<ul style="list-style-type: none"> Diversity & Inclusion Safe people and operations 	<ul style="list-style-type: none"> Climate change Resources and environment Innovation for a sustainable future 	<ul style="list-style-type: none"> Climate change Resources and environment Safe people and operations Growth with communities Innovation for a sustainable future
Measures to strengthen resources based on our medium to long-term management strategy ▶ For more information, see "Medium to Long-Term Management Strategy" on page 49.	<ul style="list-style-type: none"> Creating a workplace environment that allows diverse people to play an active role Accepting reforms and changing workstyle Instilling Purpose and Global Code of Conduct Improving effectiveness of risk management 	<ul style="list-style-type: none"> Cultivating engineering talent Stepping up R&D activities Maintaining and reinforcing production facilities Developing sustainable products 	<ul style="list-style-type: none"> Promoting open innovation with universities and research institutions Promoting joint research with automobile manufacturers Enhancing engagement with investors and other stakeholders Strengthening and deepening partnerships with Wuthelam Group

for Asset Assembler Model

	Intellectual capital	Financial capital	Natural capital
 Customer base	 Brands	 Financial base	 Nature/environment
<ul style="list-style-type: none"> The strong customer base founded on long-term relationships of trust with customers in each region and business is important for stabilizing earnings and product supply and contributes to improving products and services 	<ul style="list-style-type: none"> Customers and consumers place importance on the reliability of products and services. The power that corporate and product brands carry is a resource that is indispensable to operating a wide range of businesses worldwide 	<ul style="list-style-type: none"> Achieving sustainable growth requires abundant funds to continue investing in M&A, new technologies, and state-of-the-art production facilities, and hence requires increasing the ability to generate cash flow and a sound financial base 	<ul style="list-style-type: none"> Raw materials, electricity, water, and other resources are essential and important from a sustainability perspective to the Group that operates paint and adjacent businesses
<ul style="list-style-type: none"> Extensive distribution channels supporting the growth of the Chinese decorative paints business (104,000 stores) Strategic partnerships with leading Chinese real estate developers and other customers Stable long-term relationships with leading automobile manufacturers and automotive parts manufacturers in Japan, the US, and Europe Strong relationship of trust with customers enabling a high market share worldwide in the B2B businesses, such as industrial coatings and adjacent businesses 	<ul style="list-style-type: none"> The Nippon Paint brand is proof of technological capabilities and high quality (Global) High brand awareness for the LiBang brand (China) High consumer rating as "top of mind" for the decorative paints business in Indonesia DuluxGroup boasts outstanding consumer awareness of its brands, such as Dulux and Selseys (Australia) Conducting the international AYDA Awards competition for architectural and interior design students in 16 countries and regions with a total of more than 50,000 entries to date 	<ul style="list-style-type: none"> Fully leveraging Japan's stable currency and financial markets to secure financing Paint business has low capital expenditure requirements and high cash flow generation (operating cash flow: JPY112.4 bn) Establishing a solid financial base by taking actions including the integration of the Asian operations (net debt to equity ratio: 0.50x, total equity: JPY1,155.4 bn) ▶ See page 46. 	<ul style="list-style-type: none"> Taking actions to tackle global warming such as reducing energy consumption Advanced production systems that reduce environmental footprint (US, Australia, China, etc.) Controlled water usage through proper management following voluntary standards Responsible care activities for proper management of chemical substances (Japan, etc.) Reducing environmental impact by developing highly competitive products, such as water-based and antifouling paints and heat shield coatings
<ul style="list-style-type: none"> Strengthening relationships with customers by providing meticulous support to customers and sharing information throughout the Group about customers with global operations, such as automobile manufacturers 	<ul style="list-style-type: none"> Deploying the Nippon Paint brand overseas, which is proof of technological capabilities and high quality Sharing products with high brand awareness among the Group and deploying them globally (such as deploying Australian Selseys brand products in Asia) 	<ul style="list-style-type: none"> Securing global business growth by actively investing in M&A and state-of-the-art production facilities for Group partner companies around the world due to our solid financial base and financing procurement capabilities ▶ See page 55. 	<ul style="list-style-type: none"> Reducing environmental impact by sharing among the Group the latest technologies and environmental technologies used in paint factories, and sharing among the Group products that help solve social issues and deploying them globally
<ul style="list-style-type: none"> Climate change Resources and environment Safe people and operations Growth with communities Innovation for a sustainable future 	<ul style="list-style-type: none"> Resources and environment Safe people and operations Growth with communities Innovation for a sustainable future 	<ul style="list-style-type: none"> Climate change Resources and environment Growth with communities Innovation for a sustainable future 	<ul style="list-style-type: none"> Climate change Resources and environment Innovation for a sustainable future
<ul style="list-style-type: none"> Developing distribution networks that will allow us to supply products to consumers around the world Increasing strategic partnerships with real estate developers Developing strong trust relationships with automobile manufacturers and other customers 	<ul style="list-style-type: none"> Promoting advertising and marketing activities Increasing visibility among consumers Holding AYDA Awards international architectural and interior design competition Promoting social contribution activities 	<ul style="list-style-type: none"> Ensuring financial disciplines Prioritizing debt finance and maintaining leverage capacity Promoting engagement with financial institutions and credit rating agencies Developing a global base of investors 	<ul style="list-style-type: none"> Actions to combat global warming Proper water use Reducing environmental impacts by developing eco-friendly products