

Review of the 16th Medium-term Management Plan

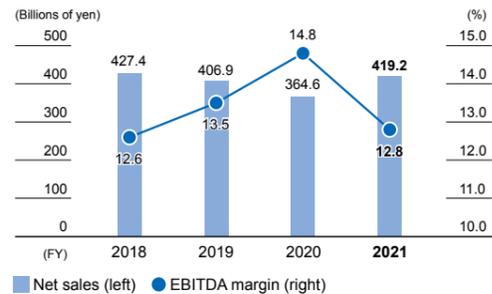
The 16th Medium-term Management Plan started with the goals of net sales of 490 billion yen, an EBITDA margin of 15.5%, an adjusted ROE of more than 10%, and three-year cumulative cash flow of 140 billion yen. Although we made many acquisitions overseas as part of the 14th and 15th Medium-term Management Plans, rapidly expanding the scale of our sales, we were facing the challenge of declining profitability and governance overseas.

In the 16th Medium-term Management Plan, we tackled this issue head-on, establishing a management cycle and working with a sense of urgency to strengthen governance and improve our corporate structure to enhance our earning power.

We made many tough decisions, mainly overseas, such as disposition of low-profit assets, which enabled us to steadily increase profitability.

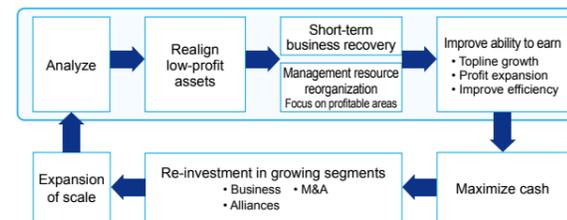
And in November 2020, we formulated our Growth Strategy, Good to Great, setting out the significance of the Group's existence and our growth direction.

In this way, in the three years of the 16th Medium-term Management Plan we have significantly improved our weak infrastructure and profitability, while at the same time preparing for future growth through strategies, sustainability, IT reform, and talent development.



Management Cycle

Rotation speed of the management cycle will determine future growth of the company and corporate value.

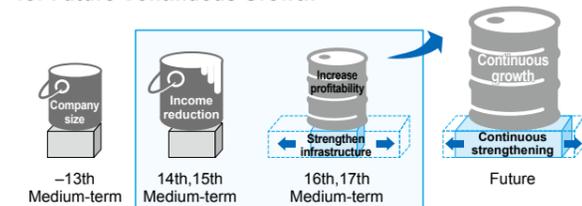


Strengthening Management Infrastructure and Increasing Profitability

As the first step in rotating the management cycle, in addition to efforts to realign low-profit assets to increase profitability, we brought in external experts to conduct a sweeping review of our overseas governance. We determined that the fundamental

cause of the drop in profitability was weak governance. We succeeded in improving profitability within a short time by working to bolster overseas governance in tandem with reviewing business portfolio.

Increasing Profitability and Strengthening Infrastructure for Future Continuous Growth



Strengthening infrastructure

- Disposition of low-profit assets
- Performance Improvement Committee
- Strengthening governance of overseas subsidiaries
- Assessment for next generation leaders
- Training for next generation leaders
- Strengthening the audit function
- Increase of outside directors (foreign/female)
- Foreign auditors
- Reduction of total assets
- Set up a team for the promotion of diversity
- Reorganization based on the characteristics of each business
- Establish Sustainability Promotion Committee
- Expansion of partnerships
- DX-overseas
- Establish M&A team
- Multiple fund-raising methods

Improving Capital Productivity

Kansai Paint has planned and implemented specific improvement measures after clarifying the issues that are important for the company from the perspectives of strategy, governance, and talent development.

At the same time, we made significant progress in improving our balance sheet with an eye toward future growth stages by implementing financial structure reforms, reducing total assets including cutting cross-shareholdings and selling real estate, and diversifying our fund raising methods.

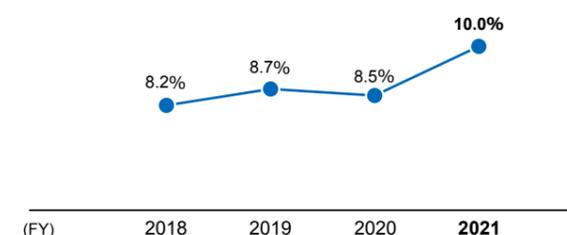
With regard to causes and improvement measures, we optimized our scope and priorities by taking on board as much guidance and advice as possible from outside directors and investors.

Due to the COVID-19 pandemic, soaring costs, and other factors in the final year of the plan, the results left us with quantitative issues. We needed to revise our sales targets during the fiscal year, and undershot the target profit margin for the final year of the plan.

On the other hand, activities that we started with the aim of resolving our own issues proved effective against the worsening business environment, which resulted from changes in the external environment. As such, we were able to tackle environmental changes at an early stage.

Moreover, as a result of financial structural reforms, strategic investments, and an improved balance sheet, we achieved the significant milestone of an adjusted ROE of 10%.

Adjusted ROE



16th Medium-term Management Plan Accomplished Issues and Remaining Issues

Three key principles were set out in the 16th Medium-term Management Plan.

Considerable progress has been made in all of the principles, but in each there are new challenges and remaining issues.

For example, to further enhance our strengths, we need to continue to make improvements to reach higher goals in the years ahead, such as going further to transform our portfolio. We will therefore work to improve these issues in the 17th Medium-term Management Plan.

Key Principles

1 Profit expansion followed by capital productivity and profitability improvement

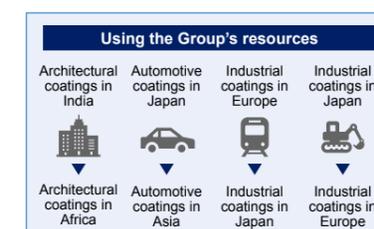
Steadily implement various measures in an optimum manner by concentrating our Group-wide best practices

Financial goals	Performance indicator	Specific measures	
Net sales	ROIC	Earnings growth Share increase Enhance profitability by improving the product mix Cost reduction Develop high value-added technologies and products through Group-wide activities Optimize sales, general and administrative expenses Reduce logistics expenses, etc.	Disposition of low-profit assets Increased profitability BS optimization (Reduction of total assets)
EBITDA margin			
Adjusted ROE			

2 Improve business competitiveness

Analyze the external environment and internal factors to optimize the portfolio and strengthen competitiveness

- Leverage business that needs fundamental actions.
- Optimize the distribution of assets and management resources.
- Promote utilization of know-how and business models within the Group.
- Create and explore business opportunities including inter-business.



- Leveraged business that needs fundamental actions
- Response to structural demand changes has only just begun
Bold portfolio optimization

3 Improve comprehensive strength of the Group

With the spirit of One Kansai we will implement promotion and cultivation of intensive customer-focused global talent

- Promotion of diversity**
 - Abolish boundaries: Nationalities/Gender/Age/Company background/others
- Management of human resources**
 - Business planning based on KPI tree, coupled with highly transparent evaluation
 - Promote global talent
 - Optimum deployment of human resources
- Change our consciousness**
 - Assign the highest priority to providing services and products that enrich customers

- Overseas governance strengthened
Selection/Promotion of talent
Formulated job-type employment system (Japan)
Strengthened collaborations in the Group
- Insufficient awareness change
Implement job-type employment system (Japan)