

Consolidated Financial Results [Japanese GAAP]
for the Second Quarter of the Fiscal Year Ending March 31, 2025
(April 1, 2024 — September 30, 2024)



November 8, 2024

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
 URL: <https://www.kansai.co.jp/>
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 Scheduled date of the filing of Semi-annual Securities Report: November 11, 2024
 Scheduled date of dividend payment: December 3, 2024
 Supplemental information: Yes
 Financial results briefing: Yes

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the Second Quarter Fiscal Year Ending March 31, 2025 (April 1, 2024 — September 30, 2024)

(1) Consolidated operating results

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2024	294,057	7.3	26,336	2.3	25,996	(19.0)	15,685	(66.2)
Six months ended September 30, 2023	274,005	9.3	25,734	63.3	32,084	52.5	46,452	275.5

(Note) Comprehensive income:

Six months ended September 30, 2024: 36,002 million yen (28.3)%
 Six months ended September 30, 2023: 50,179 million yen 28.8%

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended September 30, 2024	78.68	66.41
Six months ended September 30, 2023	204.25	—

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2024	752,419	355,033	36.9
As of March 31, 2024	689,703	380,248	44.9

(Reference) Shareholders' equity: As of September 30, 2024: 277,990 million yen
 As of March 31, 2024: 309,956 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2024	—	18.00	—	22.00	40.00
Fiscal Year ending March 31, 2025	—	22.00	—	—	—
Fiscal Year ending March 31, 2025 (Forecast)	—	—	—	22.00	44.00

(Note) Revisions to the latest dividend forecast announced : No

3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024 — March 31, 2025)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full Year	610,000	8.5	56,000	8.5	60,000	4.0	40,000	(40.4)	207.44

(Note) Revisions to the latest consolidated financial forecast announced: No

***Notes**

(1) Significant changes in the scope of consolidation during the period	Yes
Added: 12 companies (Weilburger Coatings GmbH, Weilburger Asia Ltd. and 10 others)	
(2) Application of accounting treatment specific to preparation of semi-annual consolidated financial statements:	Yes
(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement	
1. Changes in accounting policies in accordance with revision of accounting standards:	None
2. Changes in accounting policies other than 1. above:	None
3. Changes in accounting estimates:	None
4. Retrospective restatement:	None
(4) Number of shares of common stock issued	
1. Number of shares of common stock issued at period-end (including treasury stock):	
As of September 30, 2024:	186,938,970 shares
As of March 31, 2024:	210,421,470 shares
2. Number of shares of treasury stock at period-end:	
As of September 30, 2024:	1,730,985 shares
As of March 31, 2024:	1,769,631 shares
3. Average number of shares during the period:	
Six months ended September 30, 2024:	199,365,124 shares
Six months ended September 30, 2023:	227,434,526 shares

***Status of the implementation of audit procedures**

Semi-annual financial statements are not subject to review procedure of certified public accountant or an audit firm.

***Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this document are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However, it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons.

Overview of financial results

In the fiscal year under review, the outlook for the global economy remained uncertain due to foreign exchange fluctuations associated with changes in policy interest rates by the U.S. and European countries and the Bank of Japan, as well as the impact of heightened geopolitical risks. Under these circumstances, in China, despite signs of an economic recovery, there are concerns about a downturn in the economy due to the stagnant real estate market. In Europe, the economy showed signs of recovery as interest rates were lowered in response to moderate easing of inflationary pressure. In other regions, the economy showed signs of recovery or picking up. The Japanese economy is recovering moderately, but the outlook for the economy remained in need of close attention due to rising interest rates, problems in Ukraine and the Middle East, and exchange rate fluctuations, while being affected by sustained price increases.

The Group's net sales for the period under review were 294,057 million yen (up 7.3% year on year). Operating income was 26,336 million yen (up 2.3% year on year) as a result of efforts to improve profits, including cost reductions, despite an increase in fixed costs. Ordinary income was 25,996 million yen (down 19.0% year on year), mainly due to the recording of foreign exchange losses and an increase in monetary losses due to hyperinflation accounting. Profit attributable to owners of the parent decreased to 15,685 million yen (down 66.2% year on year), partly due to the absence of the impact of one-time extraordinary income recorded in the previous fiscal year.

Segment overviews are as follows.

<Japan>

In the automotive coatings sector, although the number of automobiles produced fell below the previous year due to the suspension of production and shipments by some automobile manufacturers and the impact of typhoons, net sales declined only slightly from the previous year because of efforts to improve selling prices. In the industrial coatings, decorative coatings, automotive (for refinishing) and protective coatings sector, sales were unable to expand due to sluggish market conditions and other factors. As a result, total sales were on a par with the previous year. In the marine sector, net sales increased year on year due to favorable market conditions for ocean-going vessels. Profit increased from the previous year due to a decline in certain raw material prices and the contribution of increased revenues in the marine sector.

As a result of those factors, the segment's net sales and segment income were 81,890 million yen (up 2.2% year on year) and 10,838 million yen (up 8.3% year on year), respectively.

<India>

In the decorative coatings sector, although we are promoting sales promotion activities, intensified market competition and the shift to low-priced products also progressed, and sales fell below the previous year. Meanwhile, the number of automobiles produced in India has remained stable, and sales in the automotive sector have significantly exceeded the previous year's level. Overall sales in India increased from the previous year, partly due to the impact of the depreciation of the yen on foreign exchange conversion. Profit fell below the previous year due to an increase in fixed costs such as personnel expenses, despite continued efforts to improve selling prices.

As a result of those factors, the segment's net sales and segment income were 75,325 million yen (up 6.0% year on year) and 8,407 million yen (down 6.0% year on year), respectively.

<Europe>

In Turkey, despite a decline in automobile production, net sales increased from the previous year driven by increased sales

volume and initiatives to improve selling prices. Sales in other European countries also increased from the previous year due to firm demand mainly in the industrial coatings sector and the impact of newly consolidated subsidiaries. On the other hand, profits declined from the previous year due to an increase in fixed costs caused by inflation and an increase in equity in losses of affiliates, despite stable raw material prices.

As a result of those factors, the segment's net sales and segment income were 76,311 million yen (up 18.0% year on year) and 742 million yen (down 43.0% year on year), respectively.

<Asia>

In China, automobile production volume increased from the previous year, but demand from major customers was sluggish, resulting in a year-on-year decline in net sales. In Thailand and Indonesia, net sales decreased from the previous year due to a decrease in automobile production. In Malaysia, sales increased from the previous year due to steady automobile production volume, growth in sales volume, and efforts to improve selling prices. Profit declined from the previous year due to the impact of lower sales in the automotive coatings sector.

As a result of those factors, the segment's net sales and segment income were 33,530 million yen (down 4.1% year on year) and 5,157 million yen (down 8.0% year on year), respectively.

<Africa>

In South Africa and neighboring countries, Sales increased year on year due to efforts to promote sales activities amid sluggish consumption caused by chronic power shortages and inflationary pressures. In East Africa, sales were firm despite repeated demonstrations and unseasonable weather. Profit increased year on year due to an improved product mix and cost-cutting initiatives.

As a result of those factors, the segment's net sales and segment income were 21,541 million yen (up 14.2% year on year) and 1,722 million yen (up 11.7% year on year), respectively.

<Others>

In North America, the number of automobiles manufactured increased from the previous year, and net sales significantly increased from the previous year. Profit significantly exceeded the previous year's level, mainly due to an increase in sales and an increase in equity in earnings of affiliates.

As a result of those factors, the segment's net sales and segment income were 5,457 million yen (up 27.0% year on year) and 2,084 million yen (up 73.8% year on year), respectively.

Semi-annual Consolidated financial statements

(1) Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Assets		
Current assets		
Cash and deposits	76,587	67,417
Trade notes and accounts receivable, and contract assets	113,202	133,996
Securities	24,209	20,625
Finished goods	56,765	59,397
Work-in-process	8,917	9,376
Raw materials and supplies	38,641	46,782
Other	15,234	19,745
Allowance for doubtful receivables	(4,838)	(5,854)
Total current assets	328,720	351,486
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,517	77,582
Other, net	90,444	102,608
Total property, plant and equipment	158,961	180,191
Intangible assets		
Goodwill	34,051	40,402
Other	32,109	45,213
Total intangible assets	66,160	85,615
Investments and other assets		
Investment securities	70,937	65,077
Other	70,502	75,452
Allowance for doubtful receivables	(5,579)	(5,404)
Total investments and other assets	135,860	135,126
Total non-current assets	360,982	400,932
Total assets	689,703	752,419

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	86,707	90,616
Short-term borrowings	9,653	12,890
Short-term bonds payable	—	20,995
Income and enterprise taxes payable	17,571	6,415
Provision for bonuses	5,854	6,446
Other	33,062	34,996
Total current liabilities	152,849	172,362
Non-current liabilities		
Bonds payable	—	60,000
Convertible bonds with stock acquisition rights	100,592	100,532
Long-term debt	6,108	8,277
Net defined benefit liability	7,759	8,676
Other	42,145	47,537
Total non-current liabilities	156,605	225,024
Total liabilities	309,455	397,386
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	19,953	19,968
Retained earnings	234,131	186,744
Treasury stock, at cost	(2,128)	(2,052)
Total shareholders' equity	277,614	230,319
Accumulated other comprehensive income		
Net unrealized holding gains on securities	22,141	15,059
Deferred gains on derivatives under hedge accounting	3	2
Foreign currency translation adjustments	1,537	24,419
Remeasurements of defined benefit plans	8,659	8,188
Total accumulated other comprehensive income	32,341	47,671
Share acquisition rights	—	406
Non-controlling interests	70,291	76,636
Total net assets	380,248	355,033
Total liabilities and net assets	689,703	752,419

(2) Semi-annual Consolidated Statements of Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net sales	274,005	294,057
Cost of sales	190,574	200,945
Gross profit	83,431	93,111
Selling, general and administrative expenses	57,697	66,774
Operating income	25,734	26,336
Non-operating income		
Interest income	433	846
Dividend income	956	385
Equity in earnings of unconsolidated subsidiaries and affiliates	2,863	2,609
Foreign currency exchange gain	3,328	—
Miscellaneous income	1,049	1,616
Total non-operating income	8,631	5,457
Non-operating expenses		
Interest expense	783	1,464
Loss on disposal of inventories	126	92
Foreign currency exchange loss	—	2,310
Loss on net monetary position	504	1,403
Miscellaneous expenses	866	526
Total non-operating expenses	2,281	5,798
Ordinary income	32,084	25,996
Extraordinary income		
Gain on sale of property, plant and equipment	11,311	96
Reversal of impairment loss	—	188
Gain on sale of investment securities	32,571	1,940
Gain on sale of shares of subsidiaries and affiliates	41	—
Gain on liquidation of subsidiaries	22	—
Total extraordinary income	43,947	2,225
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	202	19
Loss on sale of investment securities	41	—
Write-down of securities and investment securities	7	0
Loss on liquidation of subsidiaries	101	—
Early extra retirement payments	8	4
Total extraordinary losses	361	24
Income before income taxes and non-controlling interests	75,669	28,197
Total income taxes	23,800	9,893
Net income	51,868	18,304
Net income attributable to non-controlling interests	5,416	2,619
Net income attributable to owners of the parent	46,452	15,685

(3) Semi-annual Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Net income	51,868	18,304
Other comprehensive income		
Net unrealized holding losses on securities	(19,429)	(2,608)
Deferred losses on derivatives under hedge accounting	(1,425)	(0)
Foreign currency translation adjustments	14,683	18,335
Remeasurements of defined benefit plans	(295)	(470)
Shares in other comprehensive income of equity method affiliates	4,776	2,442
Total other comprehensive income	(1,689)	17,697
Comprehensive income	50,179	36,002
Comprehensive income attributable to:		
Owners of the parent	40,473	31,014
Non-controlling interests	9,705	4,988

(4) Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended September 30, 2023	Six months ended September 30, 2024
Cash flows from operating activities		
Income before income taxes and non-controlling interests	75,669	28,197
Depreciation and amortization	8,529	9,648
Reversal of impairment loss	—	(188)
Amortization of goodwill	2,179	2,543
Increase in allowance for doubtful receivables	305	31
Decrease in net defined benefit liability	(590)	(1,020)
Interest and dividend income	(1,390)	(1,232)
Interest expense	783	1,464
Equity in earnings of unconsolidated subsidiaries and affiliates	(2,863)	(2,609)
Gain on sale of investment securities	(32,571)	(1,940)
Write-down of investment securities	7	0
Gain on sale or disposal of property, plant and equipment, net	(11,109)	(77)
Increase in trade notes and accounts receivable	(16,194)	(12,729)
Decrease (increase) in inventories	4,860	(786)
Increase in trade notes and accounts payable	6,612	242
Other, net	(3,692)	(1,099)
Subtotal	30,535	20,447
Interest and dividends received	4,951	5,359
Interest paid	(364)	(1,587)
Income taxes paid	(12,423)	(20,844)
Net cash provided by operating activities	22,698	3,375
Cash flows from investing activities		
Payments into time deposits	(1,938)	(5,153)
Proceeds from withdrawal of time deposits	1,722	3,224
Net decrease (increase) in securities	(7,579)	2,830
Purchase of property, plant and equipment	(7,022)	(9,607)
Proceeds from sale of property, plant and equipment	11,314	175
Purchase of intangible assets	(2,443)	(2,927)
Purchase of investment securities	(11)	(11)
Proceeds from sale of investment securities	36,639	1,782
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(16,734)	(19,400)
Payments of loans receivable	(51)	(28)
Collection of loans receivable	281	33
Payments for settlement of derivative, net	(11,699)	—
Payments for acquisition of businesses	(429)	—
Other, net	(428)	(268)
Net cash provided by (used in) investing activities	1,619	(29,351)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(37,183)	1,187
Proceeds from long-term debt	3,760	1,518
Repayments of long-term debt	(200)	(8,376)
Proceeds from issuance of bonds	95,000	231,981
Redemption of bonds	(94,999)	(150,986)
Purchase of treasury stock	(9,022)	(60,005)
Cash dividends paid	(3,483)	(4,629)
Cash dividends paid to non-controlling interests	(3,094)	(4,110)
Proceeds from share issuance to non-controlling shareholders	—	4,313
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(234)	(74)
Other, net	(810)	(1,072)
Net cash provided by (used in) financing activities	(50,271)	9,746
Effect of exchange rate changes on cash and cash equivalents	2,889	4,841
Decrease in cash and cash equivalents	(23,064)	(11,387)
Cash and cash equivalents at beginning of period	83,263	70,952
Cash and cash equivalents at end of period	60,199	59,564

Segment information

(1) Six months ended September 30, 2023 (April 1, 2023 - September 30, 2023)

Information about sales, profit and loss by reportable segment

(Millions of yen)

	Reportable segments						Other *1	Total	Adjustment *2	Consolidated *3
	Japan	India	Europe	Asia	Africa	Total				
Net sales										
(1) Sales to customers	80,147	71,040	64,685	34,967	18,869	269,709	4,296	274,005	—	274,005
(2) Intersegment sales and transfers	8,452	39	5	1,773	163	10,434	—	10,434	(10,434)	—
Total sales	88,599	71,079	64,691	36,741	19,033	280,144	4,296	284,440	(10,434)	274,005
Operating income	9,264	8,969	1,852	3,823	1,515	25,426	317	25,743	(9)	25,734
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	742	(21)	(550)	1,783	27	1,981	882	2,863	—	2,863
Segment income	10,006	8,948	1,302	5,607	1,542	27,407	1,199	28,607	(9)	28,597

Notes:

- *1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- *2 Adjustments for segment income represent the elimination of intersegment transactions.
- *3 Segment income is adjusted to reflect operating income recorded in the Semi-annual Consolidated Statements of Income which is adjusted by equity in earnings (losses) of unconsolidated subsidiaries and affiliates.
- *4 Reportable segments other than Japan include the following countries:
 India: India, Bangladesh, Nepal and other locations.
 Europe: Slovenia, Turkey, Austria and other locations.
 Asia: Indonesia, Thailand, China and other locations.
 Africa: South Africa, Uganda, Zimbabwe and other locations.

(2) Six months ended September 30, 2024 (April 1, 2024 - September 30, 2024)

Information about sales, profit and loss by reportable segment

(Millions of yen)

	Reportable segments						Other *1	Total	Adjustment *2	Consolidated *3
	Japan	India	Europe	Asia	Africa	Total				
Net sales										
(1) Sales to customers	81,890	75,325	76,311	33,530	21,541	288,599	5,457	294,057	—	294,057
(2) Intersegment sales and transfers	7,524	64	110	1,397	103	9,200	—	9,200	(9,200)	—
Total sales	89,414	75,389	76,421	34,928	21,645	297,799	5,457	303,257	(9,200)	294,057
Operating income	10,148	8,464	1,981	3,132	1,617	25,343	1,000	26,343	(7)	26,336
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	690	(56)	(1,238)	2,024	105	1,525	1,084	2,609	—	2,609
Segment income	10,838	8,407	742	5,157	1,722	26,868	2,084	28,953	(7)	28,946

Notes:

- *1 The "Other" category includes business activities of subsidiaries and affiliates in the U.S., Mexico and other locations.
- *2 Adjustments for segment income represent the elimination of intersegment transactions.
- *3 Segment income is adjusted to reflect operating income recorded in the Semi-annual Consolidated Statements of Income which is adjusted by equity in earnings (losses) of unconsolidated subsidiaries and affiliates.
- *4 Reportable segments other than Japan include the following countries:
 India: India, Bangladesh, Nepal and other locations.
 Europe: Slovenia, Turkey, Austria and other locations.
 Asia: Indonesia, Thailand, China and other locations.
 Africa: South Africa, Uganda, Zimbabwe and other locations.