

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



February 7, 2025

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
 URL: <https://www.kansai.co.jp/>
 Representative: MORI Kunishi, Representative Director of the Board, President
 Contact: TOMIOKA Takashi, Director of the Board, Managing Executive Officer,
 Chief of Corporate Management and Administration Unit
 Telephone: +81-6-7178-5531
 Scheduled date of dividend payment: —
 Supplemental information: No
 Financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the Third Quarter Fiscal Year Ending March 31, 2025 (April 1, 2024 — December 31, 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	%
Nine months ended December 31, 2024	444,752	5.3	39,247	(5.2)	41,795	(5.4)	32,917	(39.0)
Nine months ended December 31, 2023	422,294	10.3	41,390	71.3	44,189	53.4	53,943	221.3

(Note) Comprehensive income:

Nine months ended December 31, 2024: 42,656 million yen (31.6)%
 Nine months ended December 31, 2023: 62,368 million yen 53.9%

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2024	170.13	143.03
Nine months ended December 31, 2023	237.58	—

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2024	751,307	339,210	34.7
As of March 31, 2024	689,703	380,248	44.9

(Reference) Shareholders' equity: As of December 31, 2024: 260,475 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	580,000	3.2	52,000	0.8	58,000	0.5	40,000	(40.4)	210.70

(Note) Revisions to the latest consolidated financial forecast announced: Yes

***Notes**

(1) Significant changes in the scope of consolidation during the period Added: 12 companies (Weilburger Coatings GmbH, Weilburger Asia Ltd. and 10 others)	Yes
(2) Application of accounting treatment specific to preparation of quarterly 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 December 31, 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 December 31, 2024:	9,251,514 shares
As of March 31, 2024:	1,769,631 shares
3. Average number of shares during the period:	
Nine months ended December 31, 2024:	193,489,562 shares
Nine months ended December 31, 2023:	227,054,616 shares

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

Review procedures on the quarterly consolidated financial statements contained in this report by certified public accountants or an audit firm: No

***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, the Japanese economy is recovering moderately, but the outlook for the economy remains 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. India is expected to continue to see steady growth led by domestic demand, although the pace of growth has been slowing due to rising prices and persistently high interest rates. In Europe, the economy showed signs of recovery as interest rates were lowered in response to moderate easing of inflationary pressures, and the economy showed signs of recovery. In China, despite signs of an economic recovery, there are concerns about a downturn in the economy due to the stagnant real estate market.

The Group's net sales for the period under review were 444,752 million yen (up 5.3% year on year). Operating income was 39,247 million yen (down 5.2% year on year) due to an increase in fixed costs, despite efforts to reduce costs. Ordinary income was 41,795 million (down 5.4% year on year) due to a decrease in equity in earnings of affiliates, despite foreign exchange gains. Profit attributable to owners of the parent decreased to 32,917 million yen (down 39.0% year on year), due to the absence of the impact of one-time extraordinary gains recorded in the previous year.

Segment overviews are as follows.

<Japan>

In the automotive coatings sector, although the number of automobiles manufactured fell below the previous year due to the suspension of production and shipments by some automobile manufacturers, net sales declined only slightly from the previous year as a result 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 fell below the previous year. In the marine sector, net sales increased year on year due to favorable market conditions for ocean-going vessels. Profits increased from the previous year as a result of efforts to improve selling prices and the decline in certain raw material prices, as well as the contribution of increased revenues in the marine sector.

As a result of those factors, the segment's net sales and segment income were 124,358 million yen (up 1.1% year on year) and 17,378 million yen (up 5.9% year on year), respectively.

<India>

In the decorative coatings sector, although sales promotion activities were implemented, 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 field 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. Profits 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 109,887 million yen (up 4.4% year on year) and 11,608 million yen (down 6.9% year on year), respectively.

<Europe>

In Turkey, sales were on par with the previous year due to initiatives to improve selling prices, despite a decline in automobile

production. In other European countries, net sales 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 a significant 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 118,209 million yen (up 15.0% year on year) and 97 million yen (down 97.5% 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 the number of automobiles manufactured. In Malaysia, sales increased from the previous year due to steady automobile production and increased sales volume, along with efforts to improve selling prices. Profits declined from the previous year due to the impact of lower sales in the automotive sector.

As a result of those factors, the segment's net sales and segment income were 50,880 million yen (down 4.7% year on year) and 7,583 million yen (down 13.8% 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, despite demonstrations and adverse weather, efforts to expand sales in the decorative coatings sector led to increased net sales compared to the previous year. Profits declined slightly from the previous year despite cost reductions.

As a result of those factors, the segment's net sales and segment income were 33,568 million yen (up 8.1% year on year) and 2,812 million yen (down 1.7% 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. Profits significantly exceeded the previous year's level, mainly due to an increase in sales and an increase in equity in the earnings of affiliates.

As a result of those factors, the segment's net sales and segment income were 7,847 million yen (up 15.7% year on year) and 2,809 million yen (up 29.7% year on year), respectively.

Consolidated financial statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	76,587	66,106
Trade notes and accounts receivable, and contract assets	113,202	133,074
Securities	24,209	31,991
Finished goods	56,765	59,452
Work-in-process	8,917	8,801
Raw materials and supplies	38,641	45,680
Other	15,234	19,030
Allowance for doubtful receivables	(4,838)	(6,122)
Total current assets	328,720	358,015
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	68,517	75,723
Other, net	90,444	104,683
Total property, plant and equipment	158,961	180,407
Intangible assets		
Goodwill	34,051	35,914
Other	32,109	42,726
Total intangible assets	66,160	78,641
Investments and other assets		
Investment securities	70,937	65,391
Other	70,502	74,288
Allowance for doubtful receivables	(5,579)	(5,436)
Total investments and other assets	135,860	134,244
Total non-current assets	360,982	393,292
Total assets	689,703	751,307

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Trade notes and accounts payable	86,707	91,689
Short-term borrowings	9,653	11,756
Short-term bonds payable	—	36,990
Income and enterprise taxes payable	17,571	6,298
Provision for bonuses	5,854	4,609
Other	33,062	36,194
Total current liabilities	152,849	187,538
Non-current liabilities		
Bonds payable	—	60,000
Convertible bonds with stock acquisition rights	100,592	100,502
Long-term debt	6,108	7,701
Net defined benefit liability	7,759	8,368
Other	42,145	47,986
Total non-current liabilities	156,605	224,558
Total liabilities	309,455	412,097
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	19,953	18,339
Retained earnings	234,131	200,565
Treasury stock, at cost	(2,128)	(18,918)
Total shareholders' equity	277,614	225,645
Accumulated other comprehensive income		
Net unrealized holding gains on securities	22,141	17,343
Deferred gains on derivatives under hedge accounting	3	1
Foreign currency translation adjustments	1,537	9,531
Remeasurements of defined benefit plans	8,659	7,953
Total accumulated other comprehensive income	32,341	34,829
Share acquisition rights	—	251
Non-controlling interests	70,291	78,483
Total net assets	380,248	339,210
Total liabilities and net assets	689,703	751,307

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	422,294	444,752
Cost of sales	292,021	304,417
Gross profit	130,272	140,335
Selling, general and administrative expenses	88,882	101,088
Operating income	41,390	39,247
Non-operating income		
Interest income	556	1,166
Dividend income	1,199	653
Equity in earnings of unconsolidated subsidiaries and affiliates	5,246	3,042
Foreign currency exchange gain	—	1,056
Miscellaneous income	1,527	2,172
Total non-operating income	8,530	8,092
Non-operating expenses		
Interest expense	1,485	2,195
Loss on disposal of inventories	178	156
Foreign currency exchange loss	1,012	—
Loss on net monetary position	2,115	2,020
Miscellaneous expenses	940	1,171
Total non-operating expenses	5,731	5,544
Ordinary income	44,189	41,795
Extraordinary income		
Gain on sale of property, plant and equipment	11,366	12,092
Reversal of impairment loss	—	188
Gain on sale of investment securities	32,771	2,869
Gain on sale of shares of subsidiaries and affiliates	41	—
Gain on liquidation of subsidiaries and affiliates	31	—
Total extraordinary income	44,210	15,150
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	198	54
Impairment loss	69	—
Loss on sale of investment securities	41	—
Write-down of securities and investment securities	7	0
Loss on sale of shares of subsidiaries and affiliates	—	56
Loss on liquidation of subsidiaries	101	—
Early extra retirement payments	8	4
Total extraordinary losses	427	115
Income before income taxes and non-controlling interests	87,972	56,830
Total income taxes	26,333	17,536
Net income	61,638	39,294
Net income attributable to non-controlling interests	7,695	6,376
Net income attributable to owners of the parent	53,943	32,917

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net income	61,638	39,294
Other comprehensive income		
Net unrealized holding losses on securities	(19,990)	(2,620)
Deferred gains (losses) on derivatives under hedge accounting	2,031	(2)
Foreign currency translation adjustments	12,535	5,585
Remeasurements of defined benefit plans	(442)	(706)
Shares in other comprehensive income of equity method affiliates	6,596	1,106
Total other comprehensive income	729	3,362
Comprehensive income	62,368	42,656
Comprehensive income attributable to:		
Owners of the parent	51,133	35,405
Non-controlling interests	11,235	7,250

Segment information

(1) Nine months ended December 31, 2023 (April 1, 2023 - December 31, 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	123,006	105,216	102,825	53,416	31,049	415,514	6,780	422,294	—	422,294
(2) Intersegment sales and transfers	12,006	54	18	2,749	216	15,046	—	15,046	(15,046)	—
Total sales	135,013	105,271	102,843	56,166	31,266	430,561	6,780	437,341	(15,046)	422,294
Operating income	15,277	12,496	4,396	5,772	2,752	40,695	713	41,409	(19)	41,390
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	1,129	(26)	(443)	3,024	109	3,793	1,452	5,246	—	5,246
Segment income	16,407	12,469	3,953	8,796	2,862	44,489	2,166	46,656	(19)	46,636

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 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) Nine months ended December 31, 2024 (April 1, 2024 - December 31, 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	124,358	109,887	118,209	50,880	33,568	436,905	7,847	444,752	—	444,752
(2) Intersegment sales and transfers	11,171	88	174	2,283	144	13,862	—	13,862	(13,862)	—
Total sales	135,530	109,976	118,383	53,164	33,713	450,768	7,847	458,615	(13,862)	444,752
Operating income	16,259	11,732	2,446	4,874	2,663	37,975	1,271	39,247	0	39,247
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates	1,119	(123)	(2,349)	2,709	149	1,504	1,537	3,042	—	3,042
Segment income	17,378	11,608	97	7,583	2,812	39,480	2,809	42,289	0	42,289

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 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.