



# We're resolved to make rapid progress in the second year of the 18th Medium Term Plan

The Kansai Paint Group stands on the verge of dramatic reforms. This Integrated Report describes our current position and how we plan to create value for the next stage of growth.

## Guideposts for the next stage of growth as a truly global enterprise

The 18th Medium Term Plan describes Kansai Paint's dramatic transformation into a truly global enterprise with roots in Japan. Today, as we prepare for the plan's second year, we're promoting efforts to transform our company into one capable of sustained value creation, not just short-term results. Even in a dramatically changing business environment, we plan to advance to the next stage of growth with a positive attitude to change, and we're making steady progress on laying the foundations for this.

## About this Integrated Report

This Integrated Report describes the value created by the Group and how the Group interacts with society in terms of the axis of the thinking underlying the 18th Medium Term Plan and the axis of our progress on this plan. We hope this look at our current status on the path of reform will communicate to readers a sense of our current position and the directions in which we are aiming.

## Management to support ONE KANSAI

While its business units generate value in their own markets, the Group's head office is responsible for drafting strategies and strengthening the management foundations based on an organization-wide approach. We plan to make optimal decisions on behalf of the Group while allowing our employees to make the most of their unique strengths. By sharing this concept through the ONE KANSAI vision, we're building a structure in which multiple growth engines operate in parallel.

### MORI Kunishi

Representative Director of the Board, President Kansai Paint Co., Ltd.



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## Editorial Policy

The overall structure of Integrated Report 2026 reflects the International Integrated Reporting Framework of the International Financial Reporting Standards (IFRS) Foundation with regard to the Group's value creation model, which is intended to realize the sustained growth of the Group over the medium to long term. It also summarizes the Kansai Paint Group's basic concepts and management vision to share information concerning future plans and prospects, chiefly under the 18th Medium-term Management Plan launched in FY2025.

## Improvements from Integrated Report 2025

- Specific initiatives under the ONE KANSAI strategy intended to realize our Vision
- More fine-grained descriptions of how management's aims connect with concrete measures, through dialogue with key personnel in Japan and around the world
- Clearer accounts of the relationships between value creation and business operation created by incorporating business processes into value creation processes

## Key initiatives referenced

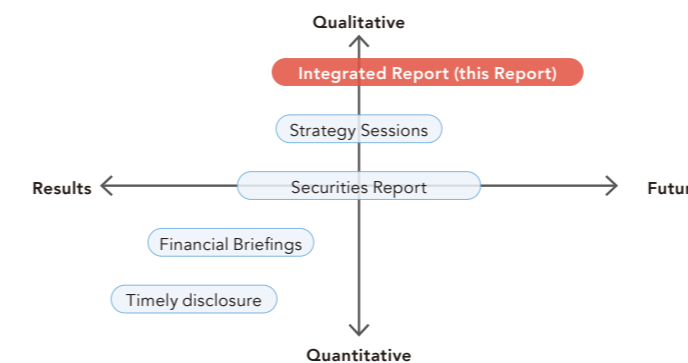
- IFRS Foundation, International Integrated Reporting Framework
- Task Force on Climate-related Financial Disclosures (TCFD) recommendations
- Global Reporting Initiative, GRI Standards
- IFRS Foundation, SASB Standards

More information: See our GRI Standards matrix and SASB matrix.

<https://www.kansai.co.jp/sustainability/library/>



## Disclosure structure



## Period and scope covered by this Report

This Report covers FY2025 (April 1, 2025 – March 31, 2026) and includes some information from before and after this period. Scope of Report: Kansai Paint Co., Ltd. and the Kansai Paint Group (consolidated subsidiaries). Items for which the scope of reporting differs are clearly indicated.

This Integrated Report does not contain the following financial and nonfinancial information. See the sources indicated below for disclosures concerning such information.

- Full-year financial results for FY2025: Full-year financial results to be disclosed in early May 2026 (Kansai Paint website)
- Quantitative ESG information for FY2025: ESG data to be disclosed in summer 2026 (Kansai Paint website)
- Information on the Board of Directors in FY2026: Results of the 162nd Regular General Meeting of Shareholders to be held at the end of June 2026

Kansai Paint publishes its Integrated Report in April. The Integrated Report is intended to rapidly communicate, to shareholders and other stakeholders, strategic policies and action plans concerning Kansai Paint's goals and how we will proceed with the Medium Term Plan; and to mark a milestone timed to coincide with the start of a new Medium Term Plan to remind all those within the Kansai Paint Group to work as a team to achieve growth. We invite you to learn more about our unchanging outlook on taking challenges and our commitment to solid and steady growth.

# History and Value of Paints and Coatings

By improving protection, appearance, and function, paints and coatings serve as essential basic materials for social progress and economic growth.



Paints and coatings improve our quality of life and contribute to sustainability. They create value throughout society.

## BCE

### Ancient Egypt

Paints and coatings were used to make the Altamira cave paintings and in ancient Egyptian and Mesopotamian civilizations. These technologies have developed alongside human culture.

## 1300-

### Renaissance

With the emergence of oil painting in Europe, paints and coatings advanced and supported Renaissance art. In Japan, lacquer work advanced as part of the Momoyama Culture, forming the basis for paint and coating technologies that combine beauty with practicality.

## 1780s


### Industrial Revolution

Use of iron spread as ironmaking practices took hold and with the progress of mechanization. Paints and coatings grew rapidly in importance as a way to prevent corrosion.

## 1885

### The Kansai Paint Group secures Japan's first patent

In 1885, Nippon Kako (now the Kansai Paint Group) secured Japan's first patent for a coating material intended to prevent hull corrosion on ships.



Japan's first patent: a rustproof paint and coating method invented by Hotta

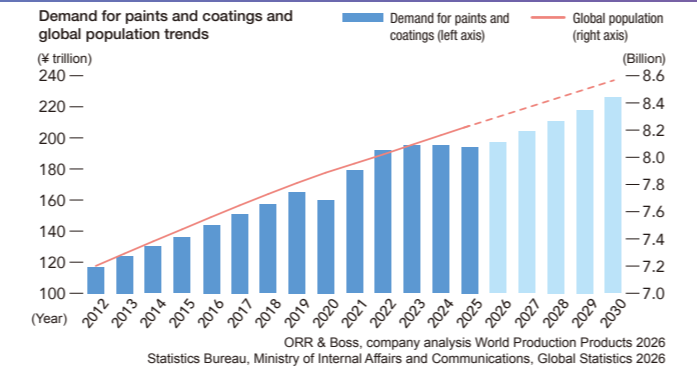
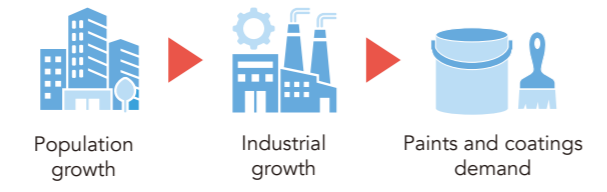
## 1918

### Paints and coatings support industry and growth

The Kansai Paint Group's history is the history of the paints and coatings that have supported industrialization. Paints and coatings continue to evolve, protecting articles for extended periods.

## The global paints and coatings market expands with economic growth.

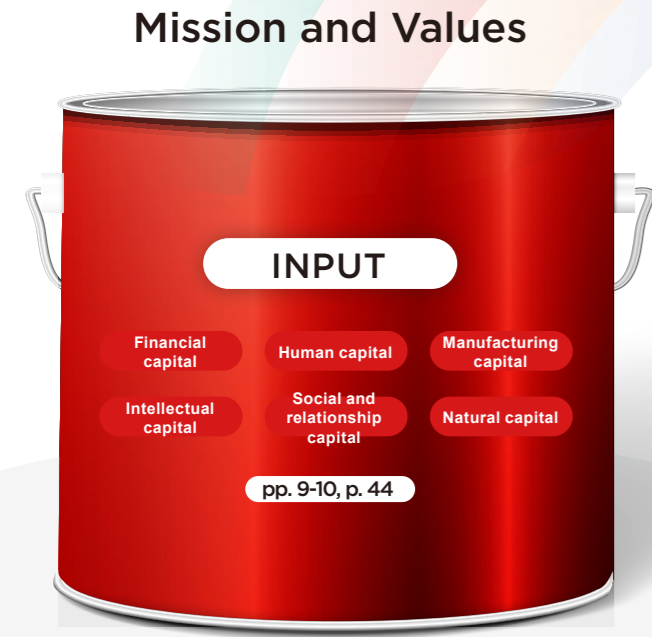
The paints and coatings business promises sustained growth with industrialization accompanying population growth. Paints and coatings, which can be described as essential to various elements of the social infrastructure, including homes, cars and trucks, bridges, ships, and industrial products, enjoy a stable demand structure. Projections indicate the global population will continue to grow, and we expect the paints and coatings market to continue to grow in parallel.



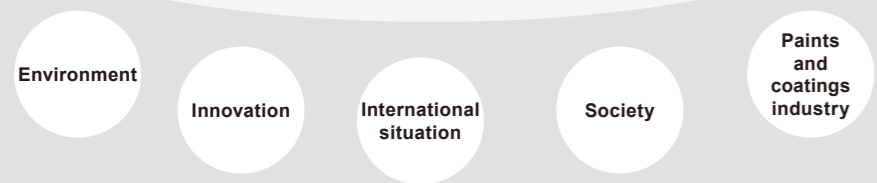
Continuing to beautify the future alongside industrial growth

# The Value Creation Process

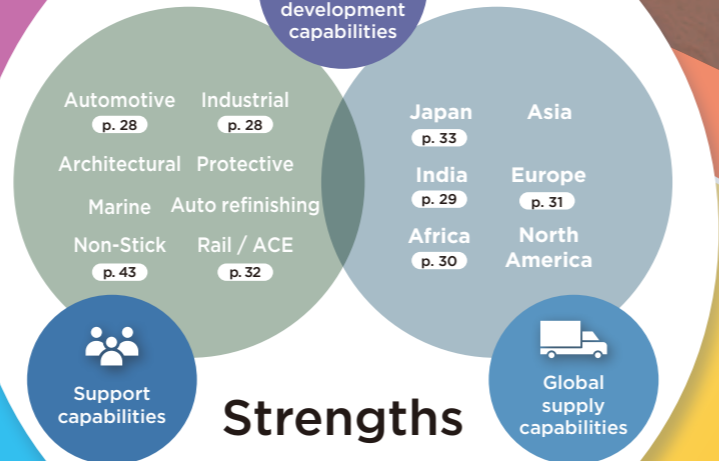
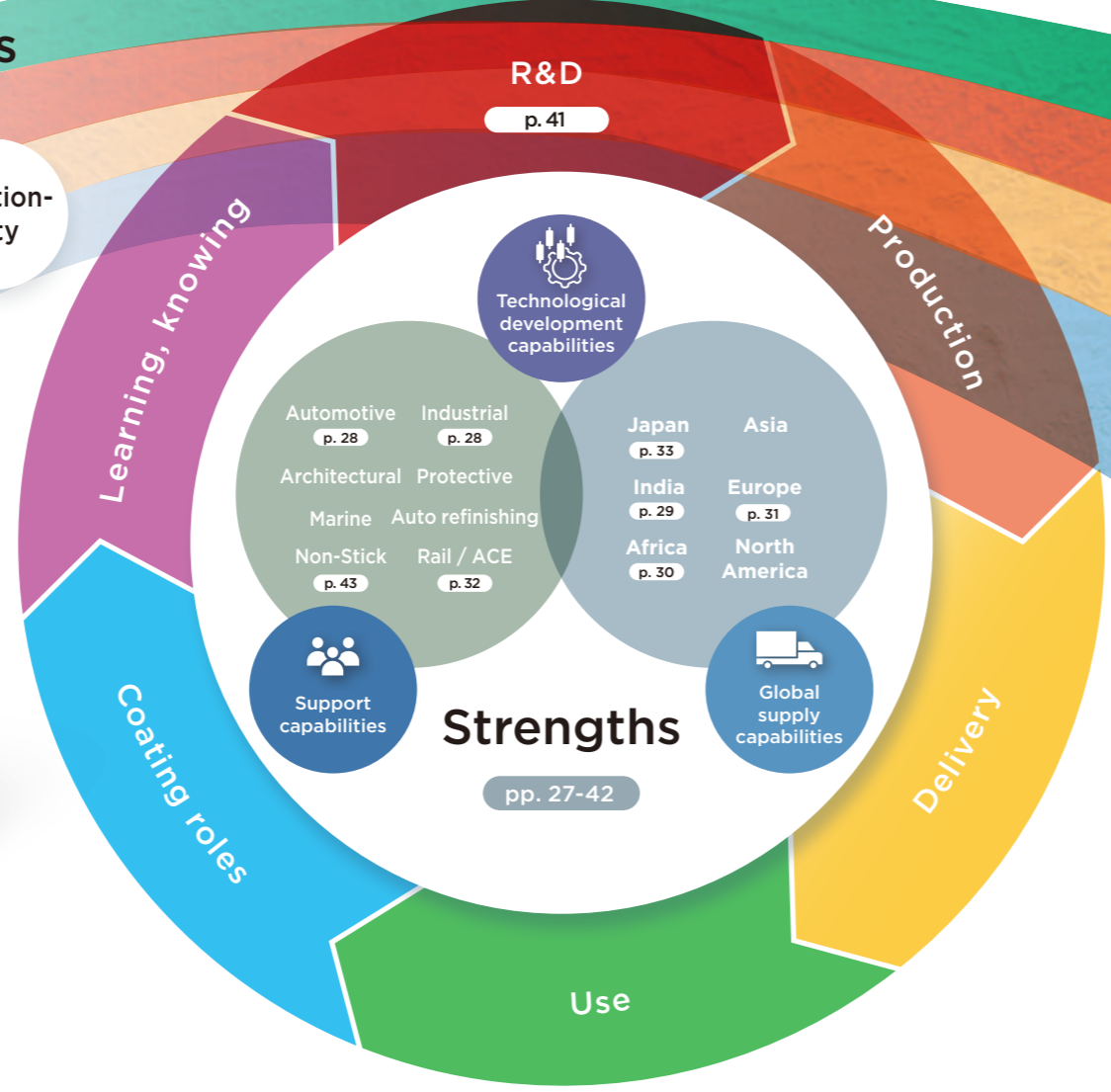
Paints and coatings are basic technologies that support our lives and society. Through fair business activities we create value, and broaden the potential of paints and coatings by investing in the future to lead the world in a brighter and more prosperous direction.



## The external global environment



## Value of paints and coatings



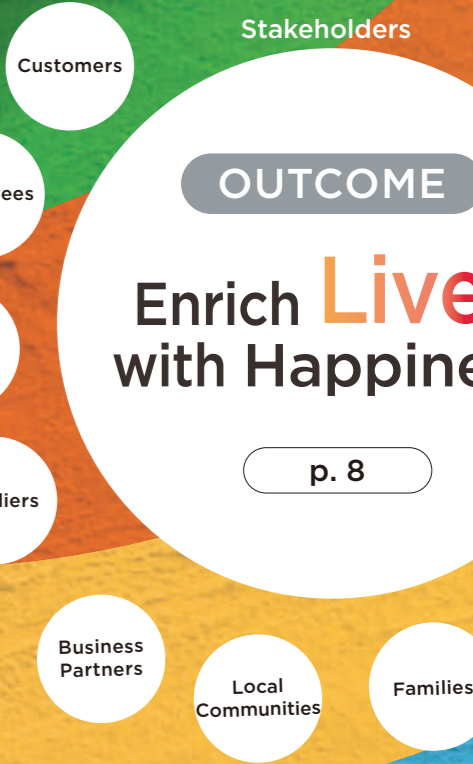
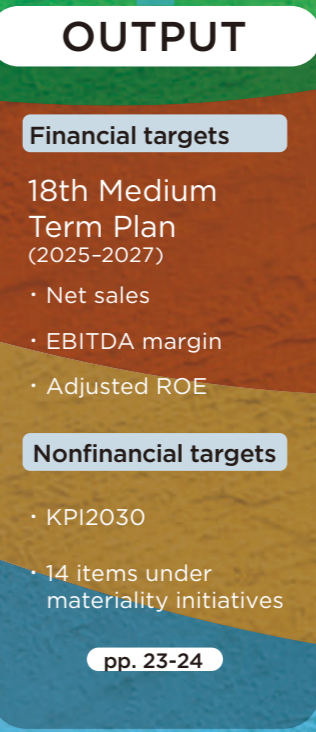
## 18th Medium Term Plan



## Materiality initiatives

- Realizing decarbonization p. 47
- Improving Quality of Life (QOL)
- Enhancement of achieving resource and economic circulation
- Transform into a Group where diverse people play active roles

Human resources p. 36, p. 39



Governance pp. 49-52

# Kansai Paint's History and MVV



Our founder  
Katsujiro Iwai

## Taking on the challenge of bringing our vision to life: Kansai Paint's founding spirit

History tells how our founder Katsujiro Iwai, born in Kyoto near the end of the Edo Period in 1863, secured the opportunity to build equipotential relationships with various countries by taking on the challenge of trading directly with Britain during the mid-Meiji Period, considered a difficult challenge at the time. Rather than merely going with the flow, he chose to take on the challenge of realizing his own vision. The actions needed at the time, amid such great change, remain the same today. Based on this management philosophy, Mr. Iwai founded a number of world-leading companies—not just Kansai Paint, but Sojitz Corporation, Daicel Corporation, and Fujifilm Holdings Corporation. Kansai Paint is proud to be the standard bearer for his tradition.



### JAPANITE: The origins of our emphasis on quality

Kansai Paint's first patented product, JAPANITE, was a paint born from the goal to succeed through quality amid intense price competition. Based on technologies quickly brought home from a tour of Europe, the product delivered durability that far exceeded that of existing products at the time. This successful experience in developing a new market based on technological strengths was the starting point of Kansai Paint's technological orientation.



### From promoting domestic paints and coatings to a global standard

Kansai Paint launched domestic production of CELVA, Japan's first quick-drying lacquer. As paints and coatings evolved into chemical products, the company continued to pursue technological progress, developing paints and coatings for challenging applications, including automotive and rail use. Our activities also expanded from domestic to global markets, and our products and services continue to evolve today.



### Creating value through paints and coatings around the world

Our technologies play a familiar role in supporting people's lives around the world—from sightseeing attractions such as the giant Ferris wheel in Vienna, Austria, to India's Varanasi and the Fatih Sultan Mehmet Bridge, a symbol of friendship between Japan and Turkey. We help to add to and preserve the beauty of unforgettable landmarks and social infrastructures and protect them from the elements.



In addition to defining the Mission and Values to reflect our business approaches that have remained unchanged since our early years, we have established our Vision to Enrich Lives with Happiness.

## MISSION What We Will Do

- Value the Trust with Customer, Develop Products that Satisfy Social Needs
- Strive for Growth with Innovation
- Unite as "ONE KANSAI"

## VISION What We Aim to Be

# Enrich Lives with Happiness

Coating Lives Worldwide

## VALUE Core Values

### Profession and Integrity

By doing what's right, we will generate the funds needed to invest in the future and drive the growth cycle to increase our contributions to the society.

## People Involved with Kansai Paint



We seek to deliver satisfaction to all our stakeholders—not just customers, but shareholders, communities, employees, and their families.

## Fulfilling Lives [ Transforming Value into Legacies ]

### Psychological Value

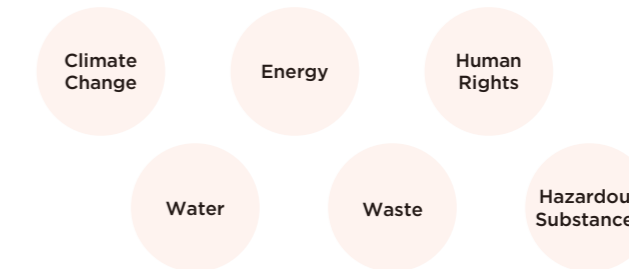
- Proud to be involved with Kansai Paint
- Satisfy through Beautiful Design

### Material Value

- Extending the Lifespan of Materials
- Better Features
- Enhance Economic Well-Being

Through our core product of paints and coatings, we plan to create a brighter and more prosperous society in both spiritual and material value.

## Providing Solutions



We retain our commitment to pursuing solutions to various social challenges—solutions related to the environment, health, and quality of life (QOL)—in addition to economic growth.

# Demonstrating Our Strengths Around the World

## Europe

We're demonstrating our solid presence in both main and niche fields. As a global leader in industrial paints and coatings, our Europe business drives innovation in Group technologies.



World-leading rail paints and coatings | Non-stick coatings compliant with food hygiene laws | Industrial paints and coatings for construction machinery and other products

**Top market share for rail paints and coatings, core plate varnish, and heat-residential paints and coatings**

## Africa

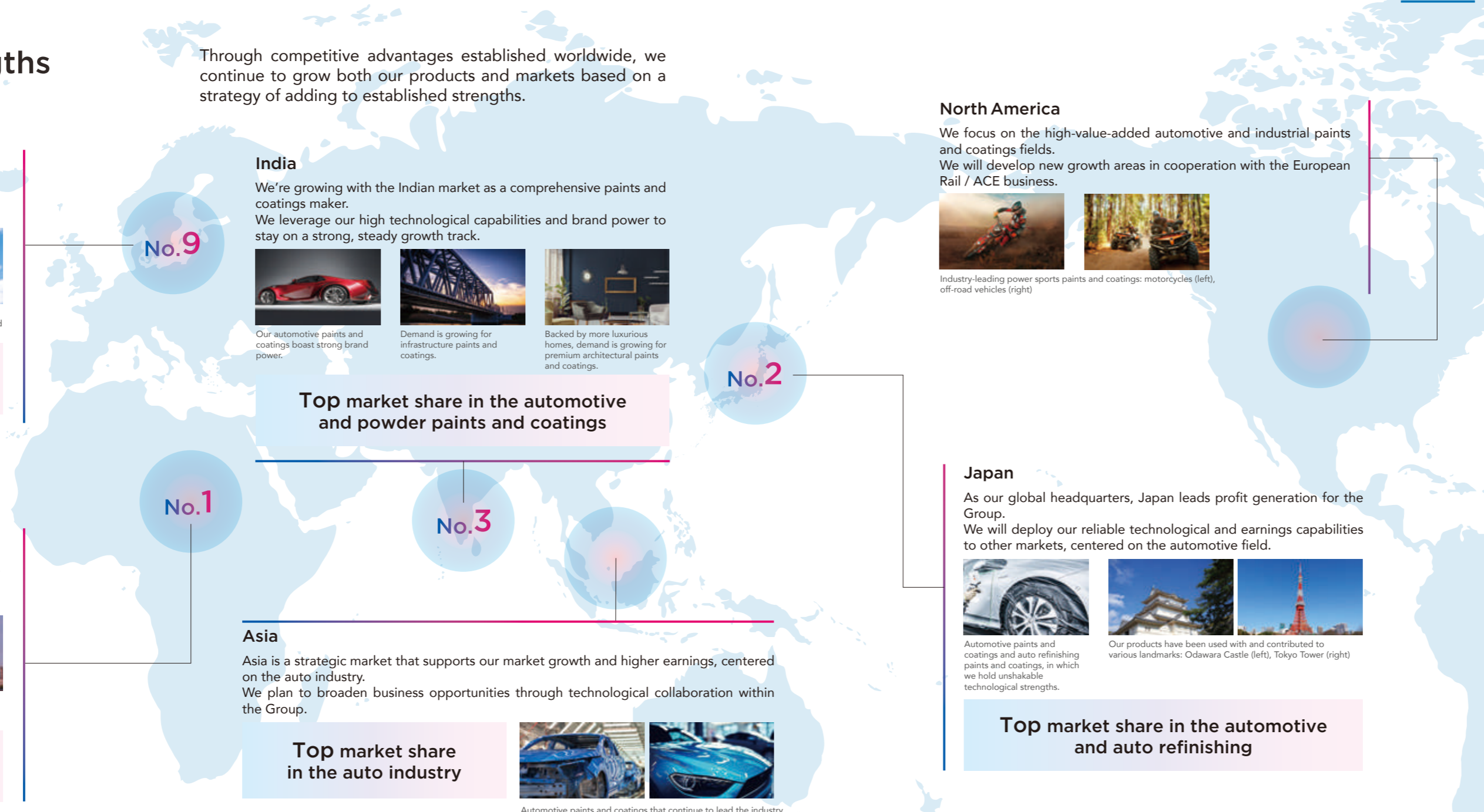
Africa is our growth engine, a market that combines growth and profitability. We plan to leverage our leading share in the architectural paints and coatings market to capture market growth driven by growing populations.



PLASCON's brand power | Demand for architectural paints and coatings grows with urbanization. | Demand for industrial paints and coatings grows alongside economic growth.

**Top market share in the architectural paints and coatings**

Through competitive advantages established worldwide, we continue to grow both our products and markets based on a strategy of adding to established strengths.



## India

We're growing with the Indian market as a comprehensive paints and coatings maker. We leverage our high technological capabilities and brand power to stay on a strong, steady growth track.



Our automotive paints and coatings boast strong brand power. | Demand is growing for infrastructure paints and coatings. | Backed by more luxurious homes, demand is growing for premium architectural paints and coatings.

**Top market share in the automotive and powder paints and coatings**

## Asia

## Asia

Asia is a strategic market that supports our market growth and higher earnings, centered on the auto industry. We plan to broaden business opportunities through technological collaboration within the Group.

**Top market share in the auto industry**



Automotive paints and coatings that continue to lead the industry

## North America

We focus on the high-value-added automotive and industrial paints and coatings fields. We will develop new growth areas in cooperation with the European Rail / ACE business.



Industry-leading power sports paints and coatings: motorcycles (left), off-road vehicles (right)

## Japan

As our global headquarters, Japan leads profit generation for the Group. We will deploy our reliable technological and earnings capabilities to other markets, centered on the automotive field.

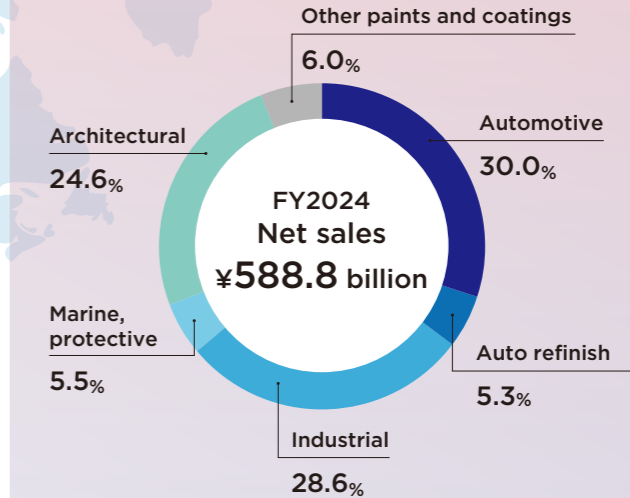


Automotive paints and coatings and auto refinishing paints and coatings, in which we hold unshakable technological strengths. | Our products have been used with and contributed to various landmarks: Odawara Castle (left), Tokyo Tower (right)

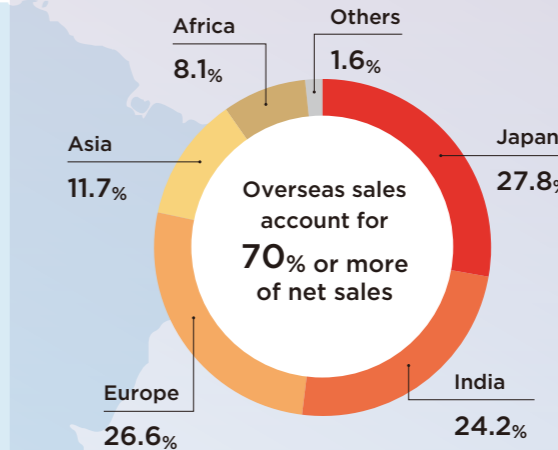
**Top market share in the automotive and auto refinishing**

## Sales Eighth in the world

Balanced coverage of various fields



Optimization of diversification among developed and growth markets



Since our founding 107 years



Employees 17,414



83% of employees are outside Japan

Operating in 107 countries



Affiliate companies 143



Manufacturing facilities 88



R&D costs ¥10.0 billion



(As of March 31, 2025)

# ONE KANSAI

## Moving toward a true global ONE KANSAI whose whole exceeds the sum of individual companies

Under the 18th Medium Term Plan, Kansai Paint is promoting comprehensive reforms as a leading global paints and coatings manufacturer in global markets.

In FY2025, we formulated our new Mission, Vision, and Values (MVV) as guideposts for the entire Group. The ONE KANSAI concept and MVV express our outlook on integrated value creation around the world. By maximizing Group synergies, we plan to pursue even greater opportunities for growth than can be achieved by each country and area alone. The KP way, which systematically describes Groupwide policies and codes of conduct, will guide practical action based on this idea. With employees around the world sharing common decision-making standards and forming a single team above and beyond regional and cultural differences, the Kansai Paint Group will pursue a growth path characterized by multiplication, not mere addition.

Through these initiatives, we will contribute to a more enriched society by delivering paints and coatings that offer value to even more people around the world.



### MORI Kunishi

Representative Director of the Board, President

#### 17,000 people resolved to build a better future

Drawing on the strengths of each region to accelerate the systems that power Group growth, we will transform into a global enterprise characterized by powerful growth achieved by lifting each facility to global standards.



### Prejay R. Lalla

Managing Executive Officer, Head of EMEA Business Segment  
Chief Executive Officer of Kansai Plascon Africa Ltd.

ONE KANSAI is our commitment to global teamwork and shared learning. By connecting our people and ideas across borders, we will drive faster innovation and build a world-class team ready for the future.



### TOKU Kiyohide

Managing Executive Officer

We will create new value by sharing action through closer cooperation with all our partners.



### MAEKAWA Katsuhiko

Managing Executive Officer, Head of Automotive and Industrial Business Segment

By accelerating technological innovation and value creation, we will contribute to solutions and happiness for people around the world through paints and coatings.



### TONOMURA Hironori

Executive Officer, Deputy Head of Automotive and Industrial Business Segment

Seeking to advance from sectional to overall optimization, we plan to continue meeting the world's needs with optimal quality.



### TANAKA Takeshi

Executive Officer, General Manager of Global EHS Div.

We will take on the challenge of continually delivering value to even more people while growing our global presence.



### YOKOTA Gen

Executive Officer, General Manager of Global R&D / Procurement Div.

We will realize industry-leading Group synergies by aligning our diverse strengths.



### KUWAHARA Ko

Executive Officer, Head of Japan Business Segment  
Representative Director of the Board, President of Kansai Paint Sales Co., Ltd.

Based on the trust that we have established, we plan to generate reliable results by creating value rooted in market feedback.



### TOMIOKA Takashi

Director of the Board, Managing Executive Officer, Chief Financial Officer, and Head of Business Unit

#### Integrating business execution and finance based on capital efficiency

Our employees, technologies, and passion create value that contributes to sustained global progress. We create systems to convert this value into commercial success.



### TAKATA Yoichi

Director of the Board, Managing Executive Officer, Head of Head Office, and General Manager of Administrative Div.

#### Connecting the world based on the power of our employees

Aiming to achieve an environment in which employees around the world can take on challenges while sharing the same values, we plan to support strong sustained growth by building systems to connect the world and fostering a culture of ceaseless reform.



### Pravin D. Chaudhari

Director of the Board, Managing Executive Officer, Head of Asia Business Segment  
Managing Director of Kansai Nerolac Paints Ltd.

#### Respect local intent and leverage on-the-ground expertise as part of our global strategy

By fostering transparency, sharing best practices, and empowering teams through collaborative governance, we lay the foundation for sustainable growth and collective success across our organization.

## Message from the President

Building a global ONE KANSAI based on our stakeholder ties

— We are resolved to make rapid progress in the second year of the 18th Medium Term Plan

**MORI Kunishi**  
Representative Director of the Board  
President

**Looking back on the first year of the 18th Medium Term Plan:**

### Back to basics in a time of challenges

Today, as we stand at the start line of the second year of the 18th Medium Term Plan after completing its first year, even more than a response to last year's financial results my feelings are of deep gratitude to all stakeholders.

In the first year of the 18th Medium Term Plan, we made considerable progress in markets around the world and tackled difficult challenges in the process of doing so. In January, we began to take on one of the Group's most difficult challenges: updating our enterprise resource planning (ERP)\*1 system. While the adoption of the ERP system itself was successful, we encountered unexpected difficulties in linking it to existing related systems. This led to considerable inconvenience and concerns among our customers, distributors, suppliers, and logistics partners in aspects like product supply and logistics. I want to take this opportunity to express our heartfelt apologies once again to our stakeholders, as well as our gratitude for their support.

This experience showed me Kansai Paint's true colors, if you will, as an enterprise. The employees who rushed to the field, even beyond their own job responsibilities, in order to find solutions and, above all, our business partners, who encouraged and supported us in what they recognized to be a time when Kansai Paint needed their support. This showed us anew how our businesses involve more than just manufacturing and selling paints and coatings. They're based on the ties of trust that we've built with our stakeholders.

We managed to overcome the difficulties encountered on adopting the new system thanks to the support of all the distributors and logistics companies who allocated their own resources to cover in areas where we faced challenges and suppliers who worked so hard to maintain supplies.

I'm confident this demonstrates in both name and deed to society our ideal vision of ONE KANSAI. I'm certain the experience of meeting this challenge will further strengthen our sense of solidarity.

\*1 Integrated backbone business system

### Promoting a global organization with four bases: Parallel growth engines

While the Japan segment faced the trials of internal reforms, our global regions led Group business results or launched reforms to powerfully accelerate the strategies of the 18th Medium Term Plan. We finished building a dynamic business portfolio in which the four bases around the world move in parallel while sharing knowledge as equal partners. This is in contrast to the preceding paradigm, in which Japan merely supported overseas facilities.

In particular, the Four Party Meetings launched in FY2025, in which top management from Japan, India, Europe, and Africa seek to find solutions to global challenges, generated greater than expected results. We made significant progress toward realizing the ONE KANSAI ideal.

#### Japan Demonstrating digital transformation (DX) and Group leadership based on ERP adoption

As noted above, we updated the backbone system we had been using for 40 years and adopted a new ERP system. We had repeatedly planned to update the legacy system in the past, but kept putting it off. I had long hoped to transform this negative legacy into an asset for the future as part of my mission as Company President.

Above all, as a manager, I realized that fulfilling our responsibilities as a supplier means avoiding the major risks associated with the lack of human resources capable of recovering from any failure of or attacks on the former backbone system. These reforms also lay the foundations for resilience and



data management over the coming decades.

For the participants in the first year of the Digital Leadership Academy (DLA) 100, the centerpiece of the human resource investment launched under the 18th Medium Term Plan, it was a challenging year. We plan to rise to the challenge of developing a second-generation Global Digital Platform (GDP) based on the state-of-the-art ERP system, which will link the Group through data. The head office will demonstrate leadership to drive Group growth by transforming what was once a weakness in IT into a strength.

#### India Maintaining a course of orderly growth

While the Indian market continues its strong growth, rather than growing merely in scale, we plan to prepare for the next phase of growth. We

## Message from the President

plan to strengthen our unique presence in the Indian market based on the three businesses of automotive paints and coatings, industrial paints and coatings, and architectural paints and coatings. In this way, we'll realize stable, sustained growth to boost stable earnings while continuing to ensure transparency in investment decision-making.

In particular, in automotive paints and coatings, where we hold a more than 60% market share, India has entered a phase of full-scale growth as an automobile exporter alongside the booming domestic demand. We're securing clear advantages to meet the full range of mobility needs—not just automobiles, but motorcycles, tricycles, and EVs. Backed by our technological leadership in automotive paints and

coatings, we're also focusing on the rapidly growing industrial paints and coatings field. To ensure that we build a high-quality business, we're maintaining a course marked by steady growth while selectively targeting business opportunities in this growing market. In the increasingly competitive architectural paints and coatings business, we're promoting a strategy of differentiation by focusing on our strengths. In this way we hope to establish a position a step above the fierce competition for market share driven by new entrants.

Furthermore, from the ONE KANSAI perspective, we've begun promoting activities as a leading player in the Group, including the deployment of architectural chemicals products in Europe and Africa.



### Europe Implementing True Color structural reforms

In January, the Europe business launched the True Color campaign through a structural reforms project. This aggressive plan seeks to achieve EBITDA margins of 15% in two years and 18% in 2030 by selecting highly profitable businesses on which we plan to focus resources and by optimizing production plants. Completing these structural reforms in two years is the Group's most important task right now, and the last in a series of major challenges. We will rise to the challenge of this major project while taking the Group to the next stage by continuing to build on the results of the True Color reforms.

Other initiatives currently underway include the global deployment of rail paints and coatings, a focus of the WEILBURGER business, and the aggressive deployment of non-stick technologies around the world, including in Japan. The Europe business has begun to demonstrate its independence as a technological leader within the Group.

### Africa Structural reforms and pioneer efforts in emerging markets

The success of structural reforms has enabled the Africa business to break out of years of losses to achieve Group-leading profitability. Furthermore, we're promoting the fusion and integration of the Southern Africa and Eastern Africa businesses, which had been pursuing optimization individually. In a sense, we're finding success in realizing our ideal vision in this region more quickly than in other regions. A look at the external environment shows that Africa, whose population is growing to account for about 25% of the world's population,\* has the potential to become our second largest territory after India. As we prepare to pursue these possibilities, the Group has begun to address the challenge of geographical growth based on a solid foundation. Although we have an overwhelming lead in market share on the African continent, the areas in which we do business

are limited. We consider this to be an important time to lay firm foundations in the region before African economic growth fully takes off.

Africa also plays an important role in supporting the True Color structural reforms project launched this year in Europe. We can raise the chance of success of True Color reforms by providing concrete support based on communicating to the Europe team the experience and knowledge gained from Africa's successful structural reforms.

Africa's contributions to the Group are also growing rapidly in terms of financial results. It aims to achieve an EBITDA margin of 18%.

\* Source: United Nations, Department of Economic and Social Affairs, Population Division

### Human capital management: Generating synergies from the efforts of 17,000 people

The most powerful force in promoting the 18th Medium Term Plan is the Group's people. The energy of individual employees in the field that makes it possible to overcome the challenges of ERP system adoption and achieve global growth.

We regard human capital investments to be the top priority for growth investment, and we are increasing the exchange of human resources and knowledge sharing on a global scale. This fiscal year, we plan to implement a full-scale design of a global HR system and to build a structure to enable its execution during the period covered by the 18th Medium Term Plan. As we did last year, we will do what we can as soon as possible, rather than waiting for the completion of design work on this system.

Organizationally, we've consolidated the previously decentralized regional business units into the Asia Business Segment and the EMEA Business Segment, led respectively by Pravin D. Chaudhari and Prejay R. Lalla. We've established a simplified but strong governance structure on which we will bring the Group's potential to the forefront by promoting the

optimized allocation of capable human resources from each region on a global scale. The Rail / ACE Business Segment, which we launched after a year-long preparatory phase, represents a major challenge and the potential to lead the Group into the future. We plan to make the most of our multinational human resources in this segment as we deploy our successful business model from automotive paints and coatings in other global businesses.

These investments in human capital will require financial strength and resources. The message from CFO Tomioka describes in detail the strong financial foundation to support our growth aims and our sincere commitment to the capital markets. We will carry out reforms that combine both offensive and defensive strategies.

### Resolutions for the second year of the 18th Medium Term Plan

The Group is breaking free from its previous position as a global firm based in Japan, and is making every effort to become a truly global enterprise. I consider this second year of the 18th Medium Term Plan to be the turning point of this transformation. This year's Integrated Report communicates to readers that we have actually reached the moment of transformation. I hope readers will use it to learn more about Kansai Paint as it is now. I hope it will strengthen their expectations for our future progress.

I'm reminded that taking on challenges always entails difficulties and failures, and I take full responsibility for moving the Group forward. I believe what matters most at this time is for all members of the organization to express our gratitude to our stakeholders, without whose support we would not be able to take on these challenges.

I'm resolved to repay our debts to stakeholders by contributing to a sustainable society and dramatically boosting our corporate value.



# Message from the CFO

## Aiming to be a global leader as a Japanese firm Building a virtuous cycle of increasing capital efficiency, growth, and returns

The Kansai Paint Group is approaching the greatest turning point in its history. Since its founding in 1918, the Group has consistently sought to contribute to economic and social progress while pursuing earnings. In the current era of uncertainty, there is no future in simply continuing to do things as we have in the past. We're in the midst of the most difficult and yet most exciting challenge to achieve this goal by realizing the vision of the 18th Medium Term Plan: Enrich Lives with Happiness.

In April 2025, in addition to my role of overseeing financial strategy as CFO, I was assigned executive responsibility as Business Unit Head. This embodies the vision of the CFO in demand in today's business corporations of a manager who keeps financial theory and business execution in sync. With returns on invested capital (ROIC) as the common denominator, I plan to integrate business execution and finance by linking the front lines, including sales and manufacturing, to the expectations of the capital markets, and by showing how each effort in the field promotes business results and boosts corporate value.

### Creating resilience and value beyond the cost of capital

We're sticking to our policy of returning 100% of free cash flow, except for M&A funding, and paying steadily increasing dividends. Based on this policy, in last year's Integrated Report, I reported that we would constantly consider optimizing the balance between dividends and buybacks. Since then, through repeated dialogue with investors and discussions in the Board of Directors and the Executive Committee we resolved in August of last year to increase annual dividends sharply to 110 yen,

for a dividend payout ratio of more than 50%. This is an expression of our resolve to make rapid progress as a world-leading company and a statement that we have reached the stage of being able to balance disciplined investment in growth and outstanding cash generation capabilities at a high level.

Under the 18th Medium Term Plan, we will promote a transformation to dynamic assets by continuing to reduce cross-shareholdings, replacing low-earning assets, and improving CCC, determined to achieve an ROE of 15% as the minimum condition for succeeding in global competition. We consider cash flow to be something that must be in constant circulation to continue to generate value, rather than leaving it dormant on the balance sheet.

In today's world of chronic uncertainty, it's also vital to have the resilience to bounce back from unforeseen circumstances. Updating the backbone computer system in Japan, which had been the most delayed in the Group, has enabled us to build a structure capable of controlling the cost structure dynamically while making the supply chain more visible. Backed by our robust financial foundations, we plan to secure the flexibility to continue to invest in growth even amid rising external environmental pressure.

### Proving our value through our businesses

We make clear the roles and future scenarios of the Japan, Asia, EMEA, and North America regions and be good to our word in each of them. In Japan, we plan to evolve the Japanese business to be an even stronger revenue source. And despite concerns about a shrinking

market due to Japan's shrinking population, I see this as an excellent opportunity to improve profitability. Through means such as value engineering using digital transformation (DX) technologies and revising supply chains, we plan to create 10 billion yen in profit during the period covered by the 18th Medium Term Plan.

In Europe, we plan to ensure the success of the True Color structural reforms and to build a structure to maintain high profitability. In India, we plan to promote our own unique strategies for steady, continuous growth. In Africa, we plan to promote the ONE AFRICA vision to lay the foundations for maintaining the clear top position in the market. The business measures we will implement under the 18th Medium Term Plan are clear, and we made excellent progress on each of these in the first year of the plan. This year, I will work with each business department to do all that we can to maximize the likelihood of achieving the Medium Term Plan's targets. This is a vital year for the success of the plan.

## Aiming to be a global top-tier company

Through the 18th Medium Term Plan, we plan to take on the challenge of fully balancing growth and returns. On the business side, we plan to increase profitability while continuing to grow the paints and coatings business as knowledgeable pros in the field, while at the same time improving CCC and strengthening our cash generation capabilities. On the financial side, while protecting the optimal capital structure we will use debt to pursue disciplined capital efficiency. We will strategically reallocate the funds generated in these ways to investment in growth as well as share buybacks and retirement. By combining these efforts with steadily increasing dividends, we will establish a model for discontinuous growth in EPS and gradually increasing returns, and maximize returns to long-term shareholders, including employee shareholders.

We also will continue to improve our IR initiatives while striving to earn an even higher level of trust from the markets, to gradually decrease the cost of capital. We will bring this cycle to full fruition during the period covered by the 18th Medium Term Plan.

The 18th Medium Term Plan is a transit point toward our subsequent aims of an ROE level of 20% and achieving the maximum possible spread between ROIC and WACC.

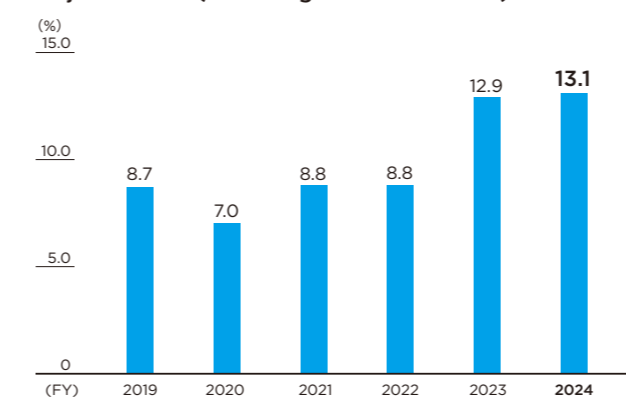
Kansai Paint's history is highlighted by its pursuit of challenges, but I clearly recognize that past successes may sometimes serve to bring new challenges to a halt.

The issue that we and many Japanese firms face is clear: the need to transform the static assets of technologies and trust built up over the years into dynamic, highly efficient value.

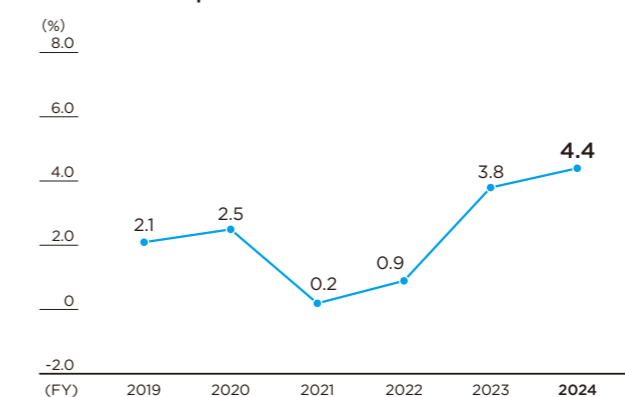
I believe our passion underlines all our financial figures, but it is only coolheaded objectivity and strategy that can relight this passion. While our reforms still have a way to go, I want to build our vision for our future together with all members of the Group.

**TOMIOKA Takashi**  
Director of the Board,  
Managing Executive Officer,  
Chief Financial Officer, and  
Head of Business Unit

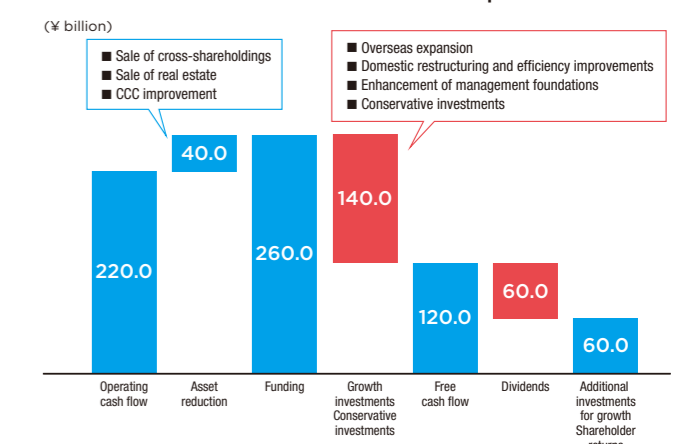
Adjusted ROE (excluding transient factors)



ROIC-WACC spread trend



18th Medium Term Plan cash allocation update



Outside Directors' Roundtable

# Outside Directors' views on the current status of ONE KANSAI reforms and HR strategies



**Asli M. Colpan**  
Outside Director of the Board

**YOMO Yukari**  
Outside Director of the Board

**OMORI Shinichiro**  
Outside Director of the Board

**YAMAMOTO Tokuo**  
Outside Director of the Board, Audit and Supervisory Committee Member

**NAKAI Hiroe**  
Outside Director of the Board, Audit and Supervisory Committee Member

The Kansai Paint Group is approaching a major turning point toward realization of its ONE KANSAI vision of globally integrated management. In this roundtable discussion, Outside Directors of the Board freely exchanged opinions from their external perspectives on the results of and issues in the first year of the 18th Medium Term Plan and human resources strategies for the future.

## Making the Vision higher resolution as a narrative for taking a personal stake in business

**OMORI Shinichiro**  
Outside Director of the Board

The 18th Medium Term Plan got off to an excellent start as a phase for refining the organization for the future. In addition to optimizing cash allocation, the way each business and section was able to make steady progress on improving its autonomous governance capabilities, including those from

strategizing through making decisions on the validity of business execution, was a substantial achievement. The organization is evolving beyond individual optimization by region into a robust organizational structure. What matters for the future isn't just numerical results, but the rapid growth in the degree to which the Vision is shared globally. I want to see management and employees engage in robust dialogue beyond organizational levels to link the Vision to Enrich Lives with Happiness to practical business activities in the field. It's also essential to increase the resolution of strategy so that each and every individual can speak of it as a personal narrative that weaves together how individual jobs contribute to society and provide value. This is linked to the Group's ability to envision competitive strategies on a global scale based in regions such as India and Europe, for domains such as the Rail / ACE and Non-Stick businesses. I look forward to seeing the organization go beyond simple regional optimization to a vision for success throughout the Group, as members of the organization, while fulfilling their individual missions, take on the challenges of reforms from a global perspective and build up experience with success as human resources capable of delivering strong, effective leadership for future growth.

## A global perspective and even loftier goals: Toward a company chosen by human resources around the world

**YOMO Yukari**  
Outside Director of the Board

The 18th Medium Term Plan appears to embody the Group's strong desire to make further rapid progress,



as well as a sincere effort to communicate this goal to those both inside and outside the organization. I look forward to seeing the deployment of the ONE KANSAI spirit through practical measures and execution. There is a pressing need to fuse strengths across regions and accelerate synergy effects. In



## Message from Outside Directors

rebuilding the European business, in which it has made considerable investment, I'm focusing on its profit contribution to the company as a whole.

Only the Group's people are currently in position to strengthen the organization and carry out reforms. The HR strategy and management mindset doesn't extend beyond domestic Japanese norms, and global perspectives aren't reflected well enough in areas like planning and experience. I want to see the Company accelerate efforts to make key human resources visible around the world and assign the right people to the right posts throughout the world.

Preparing systems to seriously consider whether employees working in the Kansai Paint Group around

the world are truly experiencing the value of working for the Company and the environment enables them to take on the challenges of work they want to do, based on their own abilities and aspirations, is essential to attracting capable human resources.

In this era of dramatic changes, employees won't be inspired by past patterns of success. It's vital that not only younger employees but all generations be able to build up their own learning while ceaselessly updating their abilities. I want to see them allocate a portion of their own time to learning as an investment in the future. The difference is sure to be apparent a few years in the future.

### Intentionally developing global leaders by bridging cultures

**Asli M. Colpan**  
Outside Director of the Board

How ONE KANSAI is actually implemented is of the utmost importance in ensuring that it is more than just a slogan. The numbers of human resources with international experience and diverse points of view cannot be said to be sufficient at the head office at this time. The participation of those who have diverse backgrounds in decision-making makes it possible to create high value on a global basis. The Company needs to be determined to take a deliberate, thought out approach to creating the next generation of leaders by firmly establishing international job rotations and systematic training programs, through which talented human resources from overseas facilities can play active roles in Japan and those from Japan can spread their wings around the world. I believe the head office should participate actively in building platforms to share best practices across



### The Japan business will play a leading role by honing business activities with uncompromising objectivity

**YAMAMOTO Tokuo**

Outside Director of the Board, Audit and Supervisory Committee Member

As an Outside Director and Audit and Supervisory Committee Member, I see my role as reviewing management objectively while offering insights to make decision-making even more precise. Identifying risks from a coolheaded, neutral perspective and asking questions as to whether executive processes are too lax and numerical forecasts are rational and probable will lead to projects with higher feasibility and provide maximum support for the Group. In addition, repeating these checks will improve internal controls systems through the accumulation of internal expertise. I'm confident this will lead to effective global governance. While there are no limits to the domains that hold promise for the future, I hope that Japan will continue to lead the Group. We must, of course, target growth in India, where populations are expected to grow further, and in North America and Africa. But, ultimately, the Kansai Paint Group's background is in its birthplace of Japan. There is a pressing need to establish another pillar for our businesses beyond automotive paints and coatings. For example, I have great expectations for fields where we already have strengths, such as maritime products, in which growth is expected. I'm focusing on the ability for Japan to take the technological lead in driving the Group around the world. I want younger employees to develop the strength to withstand challenging overseas assignments. Based on this solid grounding, I want them to develop the specialized knowledge needed to hold their own against anybody in the organization while also having

regions. As an international Director, I want to serve as a bridge across cultural and communication gaps. Development of an environment in which overseas managers can express opinions confidently will result in higher-quality governance. I want the younger generation to master international perspectives by learning from different values, without being bound by existing frameworks. In particular, I want management to emphasize the importance of gender equality. An environment in which women can demonstrate their strengths as leaders is essential to sustained corporate growth. It is my heartfelt hope that they will be a presence that supports an inclusive organization.

their own strengths in which they can take pride even off the job. This is sure to be an irreplaceable support as you compete in international business.

### Pursuing true integrated management from a thoroughly global perspective

**NAKAI Hiroe**

Outside Director of the Board, Audit and Supervisory Committee Member

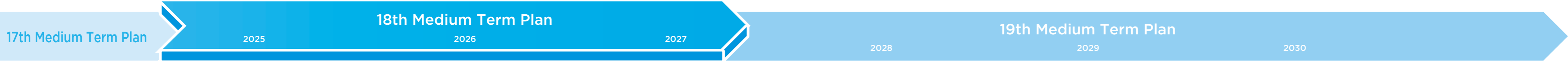
With the launch of the 18th Medium Term Plan, the Group is drawing attention across multiple regions under its ONE KANSAI slogan. Active exchange of opinions at a practical level is one clear result. But from the perspective of an Audit and Supervisory Committee Member, such exchange of opinions needs to evolve from the level of simple face-to-face discussions to one of frank and open discussions. In global management that entails physical distance, such mutual trust and immediate exchange of information is the ultimate weapon for ensuring soundness and preventing improprieties. A truly functional ONE KANSAI approach would allow constant sharing of information on situations in other regions as a subject of personal interest, rather than simply waiting for annual reports. The idea is to enable swift consultations when problems come up and to leave little room for unclear reports. The success or failure of reforms depends ultimately on the people implementing them. In addition to laying the foundations for accepting diverse points of view regardless of nationality and gender, the Company should establish clear HR evaluation standards connected directly to employee motivation. It is essential to communicate throughout the organization the kinds of human resources needed and how they will be evaluated, and for management to refresh its



consciousness in order to manage human resources impartially across different sections. Kansai Paint can be expected to become truly one when all employees alike take pride in its unchanging vision of Enriching Lives with Happiness. I encourage younger employees to take on the challenge of raising their hands and tackling new tasks. Surely the first step is to make people's work and lives truly enjoyable and interesting.

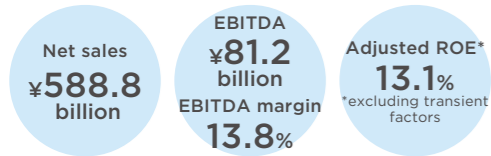
# Medium Term Plan

The 18th Medium Term Plan is positioned as a Medium Term Plan to build further on our businesses and human resources to realize our vision to Enrich Lives with Happiness for growth through 2030. Through this Medium Term Plan, we plan to increase the quality of our business activities, including nonfinancial aspects, and implement structural reforms to lead the way to the next Medium Term Plan and further sustained growth.



## Financial metrics

### 17th Medium Term Plan results



### 18th Medium Term Plan priorities

- Enhance Profitability and Efficiency through Structural Reforming
- Grow Business through New Product Development and DX
- Optimize Talent Allocation and Development
- Bold Investments and Returns Based on Robust Capital Structure

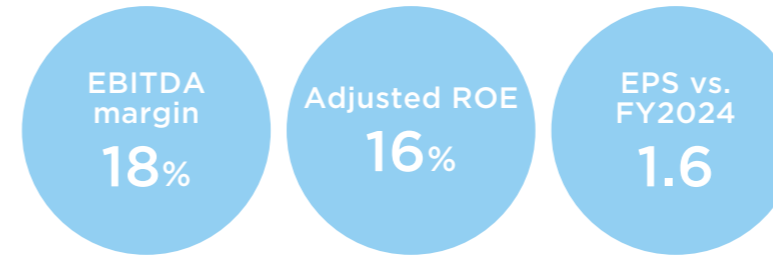
## Envisioning the ideal

### 18th Medium Term Plan



## Realizing the vision

### Goals to be achieved by 2030



# Enrich Lives with Happiness

Coating Lives Worldwide



## Nonfinancial metrics

2024 result	2027 target	2024 result	2027 target	2024 result	2027 target	2024 result	2027 target
4.8% reduction	20% reduction	13.8%	15%	4.5% increase	10% reduction		
16%	20%	Promotion planning underway	60%	2.1	1.7	224	500 or more
4.3% reduction	15% reduction	14.4% increase	15% reduction	60.3%	60% (revised upward)*2		
27.2% 14.4%	30% 25%	Promotion planning underway	75%	66%	75%	60%	85%

2024 result	2027 target	2024 result	2027 target	2024 result	2027 target	2024 result	2027 target
30% reduction (vs. FY2021)	15% or more	20% reduction (vs. FY2021)					
30% or more	80%	1.5 or lower	1,000 or more				
20% reduction (vs. FY2021)	30% reduction (vs. FY2021)	50% or more					
30% and 30%	100%	100%	100%				

## Materiality

- Realizing decarbonization
- Improvement of Quality of Life (QOL)
- Enhancement of achieving resource and economic circulation
- Transform into a Group where diverse people play active roles

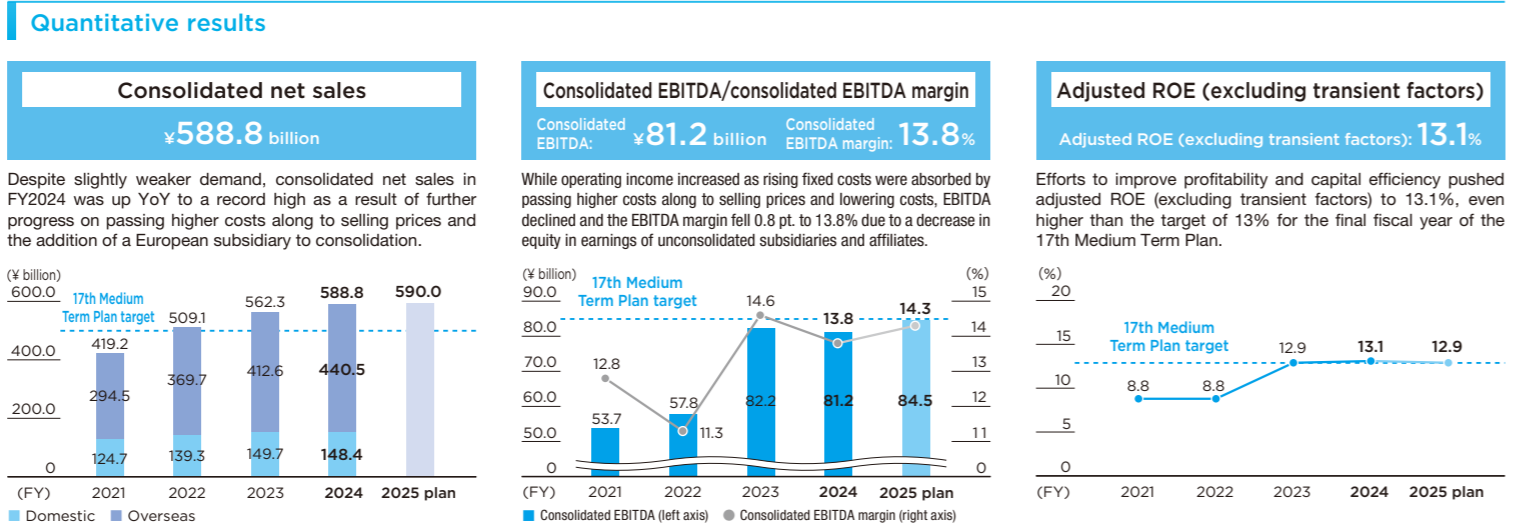
\*1 Connecting to the Future Program \*2 Established November 2024

# Review of the 17th and 18th Medium Term Plans and their progress

From FY2022 through FY2024, we implemented the 17th Medium Term Plan to align with a new growth track as a period of transitioning to a sustained growth cycle. Under the Good to Great slogan, we sought to be a great company that will balance both pursuit of profits and contributions to social progress. We achieved our three priority policies of “Cash Generation by Enhancing Profitability,” “Bold Investment in Growing Markets,” and “Strengthening the Management Infrastructure,” before moving on to the 18th Medium Term Plan.

## Results of 17th Medium Term Plan

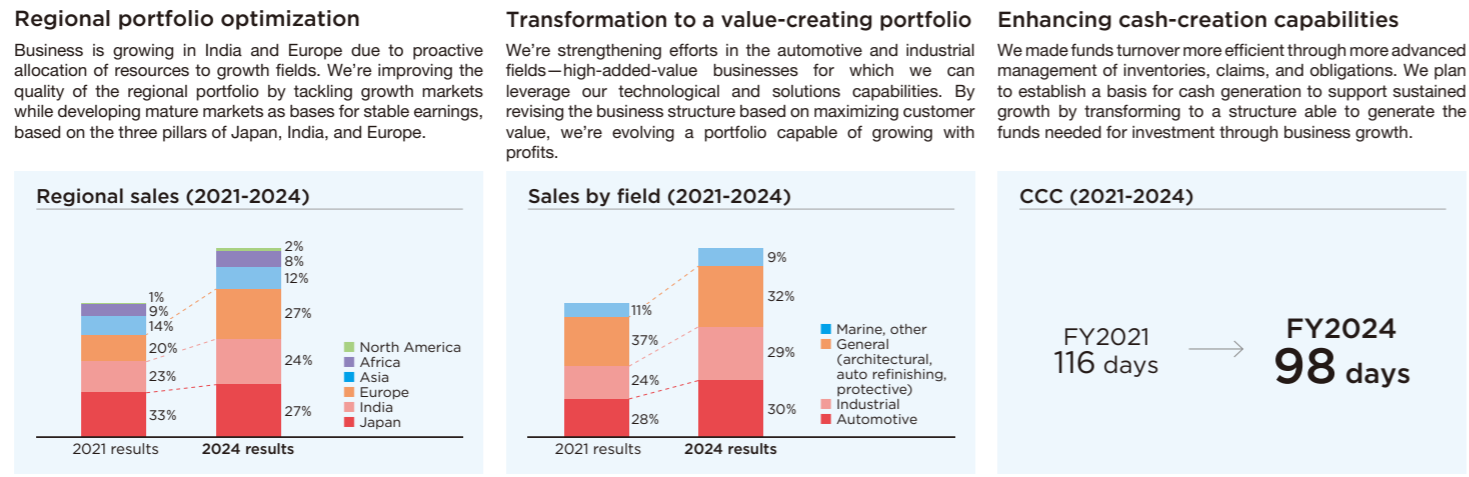
In the plan's final fiscal year of FY2024, both net sales and operating income set new record highs. We also achieved the targeted qualitative measures. As a result, we completed a structure to support Groupwide growth through a portfolio that functions properly and through interregional complementation. As a result, net sales and ROE targets were reached and the Group was able to achieve stable growth. A major result of the 17th Medium Term Plan was the generation of a cycle of sustained growth in a dramatically changing external environment. We will aim to increase our adaptability to the external environment by addressing the next issue of profitability.



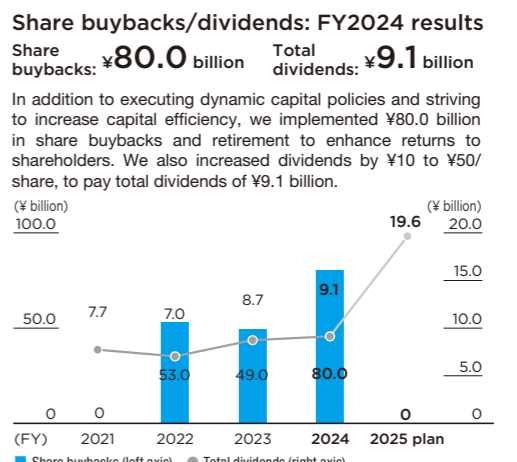
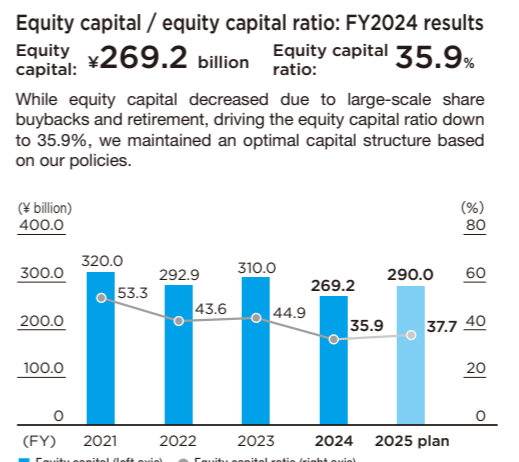
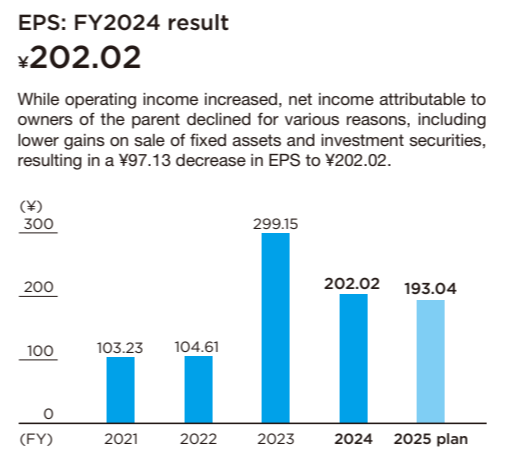
## Qualitative results

Priority policy	Progress
<b>Cash Generation by Enhancing Profitability</b>	<ul style="list-style-type: none"> <li>Improved profitability</li> <li>Sale of real estate</li> <li>Improved cash conversion cycle (CCC)</li> <li>Sale of cross-shareholdings</li> <li>Structural reforms in Southern Africa</li> </ul>
<b>Bold Investment in Growing Markets</b>	<ul style="list-style-type: none"> <li>Portfolio improvement</li> <li>Focus on industrial field in India</li> <li>Capital partnership with Spiber</li> <li>European bolt-on M&amp;A</li> <li>Growth in architectural field in Eastern Africa</li> <li>Development of e-commerce channels</li> </ul>
<b>Strengthening the Management Infrastructure</b>	<ul style="list-style-type: none"> <li>Organizational structure and operation suited to business properties</li> <li>Promotion of global management human resources</li> <li>Increasing the IT level</li> <li>Enhanced governance (reduction of cross-shareholdings, transition to a company with an audit and supervisory committee)</li> <li>Updating the HR system in Japan</li> <li>Enhancing sustainability activities</li> </ul>

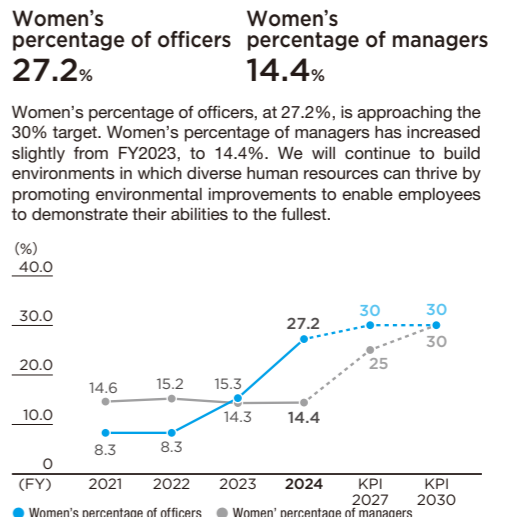
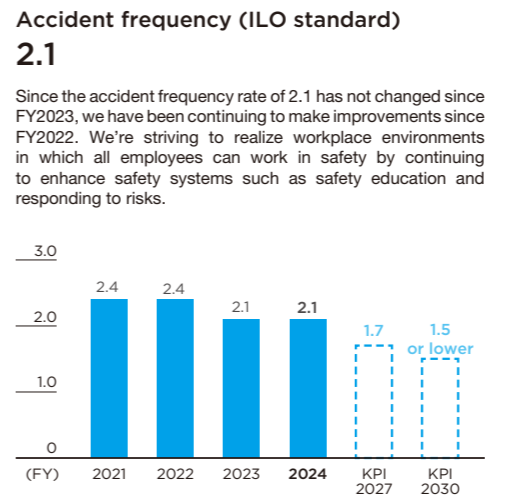
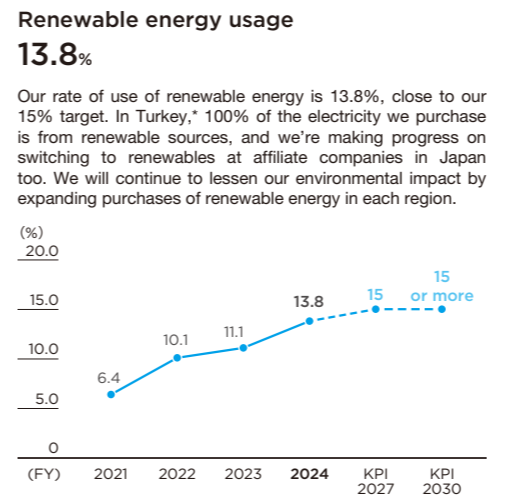
## Steady progress on enhancement of the management foundations toward a new growth track



## Financial highlights

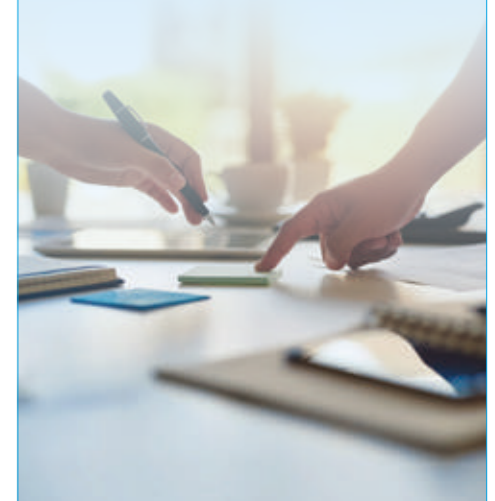


## Nonfinancial highlights



## Future focal points

- We will establish a stable, high level of earnings power by further strengthening our business foundations and increasing operational efficiency.
- We will realize capital efficiency at a global leading level by strengthening the financial foundations and thoroughly optimizing capital allocation.
- We will promote diverse global human resources and optimal assignments to increase Groupwide strengths in business promotion and reforms.
- Since the markets do not fully recognize the Group's growth potential, we plan to describe a clear medium- to long-term growth narrative to contribute to fair evaluation of our corporate value.



\* Kansai Altan Boya Sanayi Ve Ticaret A.S. (Turkey)

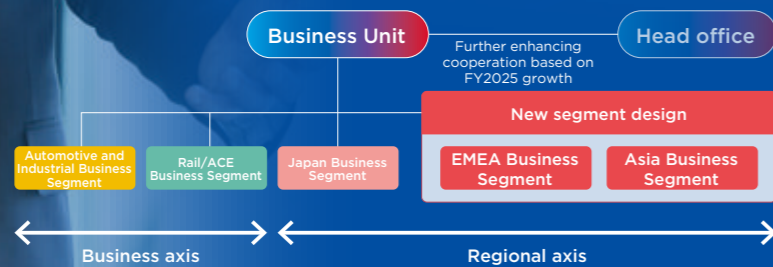
# As the first year gave us a feel for the results of ONE KANSAI, our global team of paint and coating professionals will work together toward the 18th Medium Term Plan targets in the second year as well

## Organizational progress toward the next stage of growth based on results from the first year of the 18th Medium Term Plan

In the first fiscal year of the 18th Medium Term Plan, we transformed to a state in which we have the power to move forward on a course of action for reforms. As our global colleagues aim for the same goals, we have begun to take action above and beyond business and regional boundaries to steadily increase our execution abilities as an organization and evolve from an organization that depends on individual experience to a collection of knowledge in which we all work together while sharing organizational knowledge. The change in decision-making speed in the field is a clear sign that we have started to change.

At the same time, we remain in the preparatory stage. To realize our aim of world-leading management, we need to broaden the technologies and trust that we have built up in various regions to countries around the world, through Group companies. The concept of transforming static into dynamic value that I mentioned in the Message from the CFO is needed not only for assets on the balance sheet but also in the field of doing business in conditions that change from day to day. Implementing this concept in the business field is dependent on a heartfelt solidarity in which Group companies recognize that they are part of the same organization. This is the spirit of the ONE KANSAI concept.

This is why we will reorganize our business structure into a new lineup that brings together our regional strengths. Based on the numerous lessons learned in the first year of reforms, we're launching a new, powerful structure in which leaders of individual facilities engage in dialogue to contribute directly to solutions to global issues. We will maximize our ability to promote the 18th Medium Term Plan by bringing together our capabilities under shared ambitions. We in the Business Unit will continue to make rapid progress toward the next growth stage.



### TOMIOKA Takashi

Director of the Board,  
Managing Executive Officer,  
Chief Financial Officer, and  
Head of Business Unit

## Combining regional strengths to transform to horizontal governance

With the recent organizational reforms, we have shifted course toward horizontal governance that combines the strengths of individual regions while respecting their idiosyncrasies. Through the new EMEA (Europe, the Middle East and Africa) Business Segment, we plan to take on the challenge of contributing to both business and sustainability by linking the technological capabilities honed in highly environmentally conscious Europe to the growth potential of Africa, which is facing waves of urbanization. At the same time, the Africa segment that has successfully carried out structural reforms will support the European segment as it takes on its own reforms to increase promptness and success rates. In addition, in the Asia Business Segment, India, which has independently evolved its own autonomous management style, has played a leading role in developing a system for seamless support of the entire region, including Southeast Asia.

Japan will remain the Group leader as an independent business segment that will build further on our businesses under Japan's unique market conditions. Leaders well versed in their own markets will make the best decisions for the Group as a whole. Through the Four Party Meetings established in FY2025, in which top management from Japan, India, Europe, and Africa come together to work toward global solutions, we have established a system for continued growth in all four global regions.

## Talent management to enable human resources to demonstrate their abilities to the fullest: evolution of global HR linked to strategic execution abilities

It is not computer systems or numbers that give form to strategy. Rather, it is the hard work of people in the field, and we consider organizational design to be a vital part of this. The Global Human Resources Dept. was made a part of the Business Unit in these reforms because we consider HR development to be the most important type of investment in order to create businesses together, instead of approaching it from a management perspective alone.

We will use the Global Digital Platform (GDP) to visualize the diverse experience and specializations of our 17,000 colleagues worldwide, to help them thrive in the best workplaces across national and sectional boundaries. Through this system, we plan to achieve an environment in which diverse human resources, including young people, can play active roles in business.

Through this dynamism, we have begun transforming into an organization in which each and every employee can work with pride as a professional, getting a feel for how individual jobs make people happy. On the following pages, leaders in the Business Unit describe with enthusiasm how these reforms are taking place. I hope you will enjoy reading their stories with a sense that the Kansai Paint Group is at this moment transforming into a leading global company.

## Business Unit Automotive and Industrial Business Segment

# The Automotive and Industrial Business Segment makes steady progress toward the world's top market share



**TONOMURA Hironori**  
Executive Officer, Deputy Head of Automotive and Industrial Business Segment



Market shares in Japan, India, and Asia **No.1**

**RYOKI Takayuki**  
No.2 Technical Development Dept., Technology Development Div. Automotive and Industrial Business Segment

Our Automotive Business Segment has maintained the top share of the Japanese market for more than 30 years. Today, our paints and coatings are used for about two out of every three cars on Japan's roads. We have steadily built up a presence in global markets as well, based on our strengths of quality and environmental performance. Currently we have the third largest share of the global market, chiefly through sales to Japanese automakers.

Going forward, we plan to achieve the top global market share by working with even more non-Japanese automakers.

## Market environment and growth opportunities with potential for securing the top global market share

**Tonomura:** There is considerable growth potential in the Japanese market, centered on the domain of automotive parts and accessories. In addition, as the process of automaking undergoes massive transformations, there is an increasing movement among automakers to revise how they choose paints and coatings.

Thanks to our high technological capabilities, these changes will provide us with new opportunities to grow our market share, including targeting non-Japanese automakers that have been difficult to approach until now. We will steadily take advantage of these opportunities to realize the world's top market share.

## From solutions to issues in the field to global expansion

**Ryoki:** The automakers I work with are making progress on development of paints and coatings for introduction of new technologies such as modular manufacturing and controlling scattering in the paint and coating processes. These efforts will contribute to more efficient processes overall while also reducing volumes of materials used.

Through these efforts to develop paint and coating systems, we're aiming to increase our presence further by building further on the factor technologies and knowledge we have amassed and deploying solutions broadly to automakers in Japan and around the world.

## Using digital transformation (DX) and AI to evolve our own unique development processes

**Tonomura:** Even as increasing safety and quality requirements mean longer development periods, the global market requires speedy development. To bridge this gap and create revolutionary technologies in a short timeframe, we're actively promoting digital transformation (DX). Organizing in a database the vast knowledge we have built up over the decades has created an important asset that supports our unique solutions. We have begun using these assets in trial operation of AI paint and coating design. We plan to make this a standard development process in the future.

## Blazing a trail to the future by fusing our most important competitive strength of people with digital technologies

**Tonomura:** The greatest reason for our strong reputation in the automotive field is our human resources who possess high levels of discernment and judgment. The source of our competitive strength is our large number of highly experienced personnel able accurately to identify the situation and decide on responses to deliver solutions to any problems that arise.

We're making progress on development of solutions to draw out the power of our people to the fullest by cross-functionally verbalizing this tacit knowledge and converting it to data and building on it further in combination with AI.

**Business Unit**  
Asia Business Segment: India

## Governance under local leadership to secure the top share of the automotive market



Market share **No.3**

**Pravin D. Chaudhari**  
Director of the Board,  
Managing Executive Officer,  
Head of Asia Business Segment,  
Managing Director of Kansai Nerolac  
Paints Ltd.

Kansai Paint's business in India has developed a structure that adapts locally to the country's diverse market characteristics through early market entry and decades of relationship building. Rather than relying on excessive control by the parent company, governance is deliberately limited to key strategic issues at headquarters, while day-to-day operations are entrusted to local management. This clear role allocation—local leadership supported by headquarters—has become firmly established.

India is not a single, uniform market, but rather a collection of "many Indias," each state having its own culture and business practices. Based on the principle that global standards should not simply be replicated, but tailored to local realities, the organization has fostered transparent dialogue and candid information sharing, including challenges. Through this process, the relationship between headquarters and local operations is steadily maturing into a sustainable partnership.

### ● Half a century of accumulated strength and non-stop production lines

**Chaudhari:** In the automotive segment, Kansai Paint has established a top-tier presence in India, while also maintaining a leading position in the architectural coatings in several geographic markets. This foundation is supported by several key strengths: long-standing relationship assets with global customers through group collaboration; non-stop production line operations enabled by more than 200 local R&D professionals and approximately 200 on-site line service engineers; and a nationwide, distributed manufacturing and supply network that ensures stable supply and effective cost control. Clear role allocation further underpins execution capability. In automotive coatings, where global requirements are paramount, technologies, processes, and supply chains are operated in strict alignment with group standards. In architectural coatings, where market characteristics are highly local, decision-making authority is respected at the local level, with headquarters involvement generally limited to management oversight. The industrial segment is positioned between these two, and is being actively expanded as a priority area for investment.

### ● A high-confidence growth market supported by demographics and industrial growth

**Chaudhari:** Supported by favorable demographics, ongoing urbanization, manufacturing promotion, and accelerating infrastructure investment, India is a strategic market with a high degree of confidence in medium- to long-term growth. Leveraging an established customer base and supply infrastructure, the Group will focus on strengthening key growth areas: high value-added segments in automotive and two-wheelers; high-durability, low-maintenance coatings for ACE; and expansion in industrial coatings, particularly performance and powder systems.

By operating approvals, launches, and quality assurance through an integrated framework that combines common specifications with local adaptation, the Group is refining a structure that allows successful models developed in India to be horizontally deployed to other regions. By sustaining an improvement cycle that outpaces competitors, Kansai Paint aims to maintain and further strengthen its competitive advantage.

### ● Transforming India-origin capabilities (AI and DX) into Group-wide growth

**Tomioaka:** Backed by the depth of India's IT talent pool and its rapid digital adaptability, the implementation of AI and DX initiatives is progressing in a field-driven manner. From enhancing customer touchpoints to improving operational efficiency, numerous proof-of-concept initiatives and pilot projects are underway.

Centered on the Global CIO Forum, a collaborative framework has been established in which IT leaders from India, Japan, Europe, Turkey, and Africa work in continuous coordination. This has accelerated improvements in cybersecurity and the standardization of data utilization. As learning speed and accuracy improve, redundant relearning is reduced, advancing both standardization and local optimization.

By swiftly leveraging practical knowledge developed on the ground across the entire Group, Kansai Paint is transforming India-origin capabilities into a source of global competitiveness.



**Business Unit**  
EMEA Business Segment: Africa

## Strengthening the foundations for sustained growth in Africa, where populations are growing and urbanization is advancing



**Prejay R. Lalla**  
Managing Executive Officer,  
Head of EMEA Business Segment,  
Chief Executive Officer of Kansai  
Plascon Africa Ltd.



Market share **No.1**

**ENAMI Kota**  
Managing Director of Kansai  
Plascon Kenya Ltd.

Population growth and progressive urbanization through 2050 are expected to lead to considerable demand over the long term in Africa. While our business has been centered on architectural paints and coatings, to adapt to the increasingly diverse market environment we're promoting efforts to strengthen the business foundations and optimize the organizational structure, grounded in the local market.

We also will integrate strategy and management under the ONE AFRICA structure, build further on existing markets and enter new markets, steadily expand our business portfolio, and seize medium- to long-term growth opportunities.

### ● Integrated organizational management and swifter decision-making under the ONE AFRICA structure

**Lalla:** We reorganized business operations in the two regions of Eastern Africa and Southern Africa under the ONE AFRICA structure, to unify regional strategies and visions. Integration of core management has enabled unified decision-making across individual regions, as we promote measures to improve operating efficiency and optimize resource allocation.

In this way, developing an integrated business organization in Africa's diverse markets will help to propel our businesses forward more strongly.

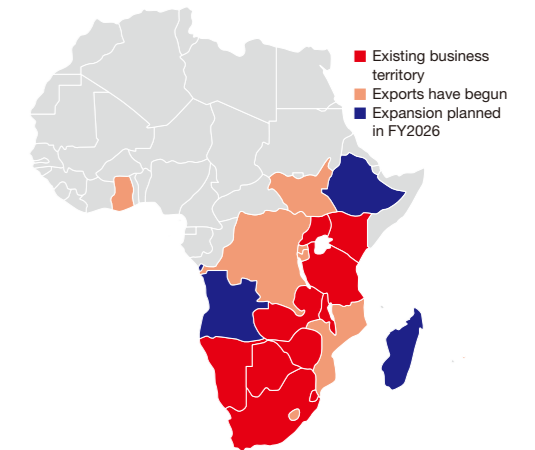
### ● Building on existing businesses, expanding the business portfolio, and entering high-growth markets in stages

**Lalla:** In the Africa region, where we already hold a certain share of the market for architectural paints and coatings, we're trying to grow market share by enhancing our marketing and introducing new products.

We're also laying the foundations for medium- to long-term growth by broadening our business portfolio through promoting growth in industrial paints and coatings and by venturing into market segments for which we've identified needs adjacent to architectural

paints and coatings. Beyond strengthening our business foundations in existing markets, we're trying to grow our presence throughout the region by promoting, in stages, entry into high-growth markets like Angola, Madagascar, Ghana, Rwanda, and Ethiopia.

In addition to enhancing our brand competitiveness in Southern and Eastern Africa, we're considering entering the Western and Northern African markets. Overall, we're making steady progress in growing our businesses across Africa.



### ● Generating reinvigoration rooted in local markets and organizational momentum for the future

**Enami:** We're seeking to reinvigorate business through structural reforms, and we have started to see results driven by financial improvements and revisions to the management base. The results of these efforts are also visible in Kenya. Local team members are increasingly enthusiastic about further future growth. As these examples show, the organization is regaining its momentum.

We'll continue to build a structure capable of achieving sustained business growth in Africa's diverse markets. At the same time, we plan to focus on accelerating execution and decision-making grounded in local markets.

**Business Unit**  
EMEA Business Segment: Europe (Kansai Helios)

## The Next Growth Trajectory Shaped by True Color — The Kansai Helios Challenge



**Bastian Krauss**  
Chief Executive Officer of  
Kansai Helios Coatings GmbH

**Industrial market share No.1**

Kansai Helios currently ranks ninth in the European coatings market and has established a strong presence in highly specialized fields such as powder coatings, industrial coatings, and coatings for railway vehicles. Over the past decade, the company has been recognized as one of the fastest-growing coatings manufacturers in Europe—clear evidence of its ability to consistently meet the region’s demanding technical standards and rapid pace of change.

As Europe continues to set global benchmarks in areas such as sustainability, digitalization, and industrial transformation, Kansai Helios plays a vital role within the Kansai Paint Group as a hub for technological innovation.



Coatings for railway vehicles



Powder coatings



CPV\*

\* Core plate varnish: A thin film coating for insulation use

### ● Turning Europe’s Unique Complexity into a Source of Competitive Advantage

**Krauss:** Europe is characterized by extremely stringent environmental regulations and some of the world’s highest customer expectations for quality. To compete successfully in this environment requires not only advanced technological capabilities, but also a strong commitment to sustainability, as well as speed and flexibility in responding closely to customer needs. Our mission is to leverage the knowledge and technologies cultivated at the forefront of the European market and feed them back into the entire Kansai Paint Group—particularly to drive growth in the industrial coatings segment.

### ● “True Color”: Transforming into a Simple, Change-Resilient Organization

**Krauss:** Following the renewal of our management structure in 2025, Kansai Helios formulated “True Color” to maximize competitiveness in Europe. True Color represents a return to our essential form: simplifying organizational structures and transforming into a resilient organization capable of adapting to change.

To achieve this, we have clarified decision-making criteria across business units and sites, aligning organizational actions while accelerating both decision-making and execution. In parallel, we are promoting cross-functional standardization in areas such as manufacturing, procurement, IT, and quality, integrating processes across Europe. This approach enables us to simultaneously enhance efficiency and elevate overall operational quality. In addition, we are strengthening our product portfolio, including expanding our environmentally conscious product offerings.

**Tomioka:** These initiatives in Europe aren’t intended for optimization in Europe alone. They’re part of Kansai Paint’s groupwide strategy. We plan to share the lessons learned and success stories that emerge from the structural reforms made in Africa. Japan and India will support the implementation of these initiatives. Through inter-regional cooperation, we believe True Color will grow to generate larger-scale results for the Group. We have great expectations for your efforts as you take the lead on reforms based on these joint efforts.

### ● A Blueprint for Becoming a Top-Tier Player—Beyond Efficiency

**Krauss:** These reforms are not pursued merely for the sake of efficiency. They are designed to unlock the true drivers of growth that will enable Kansai Helios to rise from its current ninth-place position in Europe to become a top-tier industry leader.

By ensuring the success of True Color, we aim to build an organization capable of leading the industry.



**Business Unit**  
Rail / ACE Business Segment

## The Rail / ACE business embodies ONE KANSAI. Combining knowledge from the field through global cooperation to generate value across facilities



**Dietmar Jost**  
Head of Rail / ACE  
Business Segment



**TANAKA Yoshihiro**  
General Manager of Rail / ACE  
Business Dept.

**Rail market share in Europe No.1** **ACE market share in Europe No.5**

Kansai Paint’s Rail and ACE businesses—Rail for railway applications, and ACE for agricultural, construction, and industrial machinery—are positioned as core domains that support global infrastructure and serve as key growth drivers symbolizing the Group’s transformation.

Leveraging a unique business platform that offers a full lineup of major coating technologies—electrodeposition, liquid, and powder coatings—we have continuously provided solutions tailored to diverse needs across applications and regions.

### ● Rail: A major business opportunity driven by urbanization and market expansion based on ESG

**Jost:** The Rail market is expected to grow steadily over the medium to long term, supported by population growth, urbanization, and increasing demand for efficient transportation. Market analysis has revealed that while the railway business may appear to be centered on newbuild (OEM) projects, where Kansai Paint group has already established a global leading position, approximately 60% of actual demand comes from maintenance and refinishing.

This is precisely the field where Kansai Paint can clearly demonstrate its strengths, built over many years in the automotive refinish business. By delivering value across both newbuild and maintenance segments, we can raise our competitiveness in the Rail market to a higher level. By combining a globally connected supply network with on-site expertise, we aim to convert latent opportunities into tangible results.

### ● A full-line coating portfolio that balances durability and aesthetics

**Jost:** One of Kansai Paint’s defining strengths is our ability to offer all key technologies required in the ACE domain—electrodeposition, liquid, and powder coatings—developed and owned in-house. Taking raw materials into consideration, we select optimal combinations tailored to each application and substrate.

Our solutions achieve both durability under harsh operating conditions and aesthetic qualities—such as color, gloss, and texture—that express a customer’s brand identity. Beyond individual coatings, our capability lies in designing the entire process and final appearance in an integrated manner. This comprehensive strength—integrating materials, processes, and aesthetics—is the reason Kansai

Paint is chosen in the ACE domain as one of the top 5 suppliers globally. Equally important is our ability to design processes that deliver consistent performance worldwide, while maintaining deep local expertise at each site. This combination represents one of Kansai Paint’s enduring values.

### ● Delivering “consistent quality” to meet global customer standards

**Jost:** Customers in the Rail and ACE domains are predominantly global companies operating multi-site production and international division of labor. Kansai Paint is steadily establishing the ONE KANSAI model, which integrates local on-site understanding with the planning capabilities of global segments.

From defining common specifications and approval processes to supporting local launches, we provide end-to-end solutions. This enables the same quality and processes to be reproduced anywhere in the world, contributing to stable production and assured quality for our customers. Our approach is highly valued for improving efficiency in multi-site operations, accelerating product changeovers, and optimizing supply chains—positioning coatings as a platform independent of production location.

### ● Unlocking the Group’s full potential as a “driving force that connects the world”

**Tanaka:** Launched in fiscal year 2025, the Rail and ACE division is an essential initiative in Kansai Paint’s journey toward becoming a true global leader. While the Group possesses outstanding technologies and sites worldwide, there have been situations where its full global potential was not fully realized, as each market pursued local optimization.

This division challenges that status quo by consciously removing national and organizational boundaries and integrating the Group’s collective wisdom into a single, unified stream. Fiscal year 2025 was positioned as a year of focusing on thorough research and preparation. By visiting sites around the world and consolidating on-the-ground insights, we aim to integrate two distinct strengths—the Kansai Paint tradition of “reliable execution capability” and the “proactive mindset to seize opportunities” of our affiliates—under the shared objective of Rail and ACE. Through this integration, we seek to create new businesses that will become pillars of future growth.

Business Unit  
Japan Business Segment

Overseeing non-automotive business domains in Japan, the Japan Business Segment will create new growth from Japan by honing our comprehensive capabilities and succeeding in the field.



Market share **No.2**

**KUWAHARA Ko**  
Executive Officer,  
Head of Japan Business Segment  
Representative Director of the Board,  
President of Kansai Paint Sales Co., Ltd.

The Japan Business Segment is responsible for the broadest range of business domains in the Kansai Paint Group, supporting Japanese industries through architectural, protective, auto refinishing, and industrial paints and coatings. In a market that is changing dramatically with stronger environmental regulations, a labor shortage, and technological innovation, this segment seeks to secure the top market share by developing and expanding growth domains based on the technology and solution capabilities it has built up through now.

● Value unique to Japan, based on the extensiveness of our business domains and depth of our contacts in the field.

**Kuwahara:** Kansai Paint Sales plays an important role as a contact point with the markets for architectural, protective, and general-purpose paints and coatings. Through its nationwide sales network and distributors, it not only delivers optimal products and processing solutions to customers but also quickly ascertains issues and needs in the field and communicates them to the R&D, production, and business sections, as a hub on the value cycle.

● Approaching the Japanese market through enhancing and growing our strengths

**Kuwahara:** Kansai Paint has secured the top share of the Japanese market for auto refinishing paints, a market that demands high-level technological capabilities. Another of our strengths is the overall power of our full lineup of products for various fields. This can be described as a strength unique to Kansai Paint, which is able to propose solutions to meet the needs in the field. At the same time, we still have room to grow in the general-purpose paints market, where the cost environment is fierce, and we need to leverage our existing strengths to grow our share further in this market.

● Competitive strengths in the powdered coatings field, characterized by increasing fusion of B2B and B2C businesses

**Kuwahara:** The powdered coatings field is seeing growth in demand not only in Japan but worldwide. Our merger with Kuboko Paint (in April 2026) is an important first step in meeting this opportunity. It will increase our competitive strength in the powdered coatings field by complementing Kansai Paint's B2B business with Kuboko Paint's B2C business and sales network. The new plant planned to begin operation in 2026 will apply optimal processes and the latest technologies in accordance with product characteristics, to meet diverse needs and growing demand.

● Opportunity in change: Linking our strengths to growth

**Tomioka:** Against the backdrop of a labor shortage and stronger environmental regulations, the Japanese market is shifting to a stage that will require advanced paint and coating technologies such as water-based materials. We have taken the lead over the competition in development of high-performance water-based painting systems, centered on the auto refinishing field, and steadily increased our presence in this segment. These structural changes in the market clearly are tailwinds for the Kansai Paint Group. We're certain we can achieve the top share in the Japanese market by continuing to meet increasingly advanced needs head on and provide reliable value.

The Japan Business Segment's markets



Business Unit  
Kansai Paint Burano

Using the power of digital technologies to broaden the limitless possibilities of color: Kansai Paint Burano's online business generates the highest growth rate in the Group.



Three-year net sales growth **175 times**

**ONO Ikumi**  
President  
Kansai Paint Burano Co., Ltd.

Kansai Paint Burano got its start in 2022, taking on the challenge, considered difficult at the time, of establishing a successful e-commerce business model in the paint business. Its mission is to use digital technologies to deliver the joy of color and the value of paints and coatings to the DIY and small business segments that had been difficult to approach through existing channels. Today, four years after its founding, its sense of urgency as an online business and its management focused on customer feedback are generating business results that include a gross profit margin in excess of the Group average in some months. The real-time data and insights gained through this business are valuable assets for moving toward more customer-centric marketing across the entire Group.

Kansai Paint Burano's growth history

FY2022	¥6 million	Preparatory period
FY2023	¥150 million	Starting centered on direct sales
FY2024	¥570 million	Enhanced sales by selling through e-commerce platforms
FY2025	¥1,050 million	Projected to reach ¥1.0 billion one year after the initial target of three years

● A challenge that began by taking on a domain overlooked by others

**Tomioka:** Starting with a small staff, Kansai Paint Burano's business progressed step by step thanks to swift decision-making and turnaround. Its consistent aim has been to deliver the joy of color and the value of paints and coatings directly to the DIY and small business segments that had been difficult to approach through existing channels. This approach it has maintained since its founding has started to generate results today.

● Three years of visible growth with the speed of a small team

**Ono:** Since our start, we have leveraged our small team and swift turnaround to choose products suited to e-commerce and find suitable ways to present product information and color variations and optimal prices. We amassed knowledge of online operations in areas such as Web advertising, order receipt, shipment, and replenishing inventories. By running swiftly through the cycle of hypothesizing, implementation, verification, and improvement, we have improved the precision of our initiatives and seen how this leads to improved earnings. Team management premised on taking on the challenges of unfamiliar domains has generated a company culture with a positive attitude to changes in course and developed the basic strength to turn learning into growth.

● New value and possibilities from e-commerce

**Ono:** As we focus steadily on bringing the business into the black, we plan to enhance our business foundations by broadening the domains we handle through e-commerce. We also will increase brand value by polishing the user experience to lower the hurdles to online purchase of paints. Furthermore, we also will consider ways to achieve high profitability in the future by taking on the challenges of service domains such as communication programs based on color and art. By repeatedly taking on such challenges, we want to establish, online, value as the company that values color the most. We aim to contribute to business growth through marketing and HR development across the entire Kansai Paint Group based on these lessons.

**Business Unit  
New Business Development Department**

**Aiming to create a new ¥10 billion market in 2030 by expanding beyond the frameworks of sales, technology, and production**

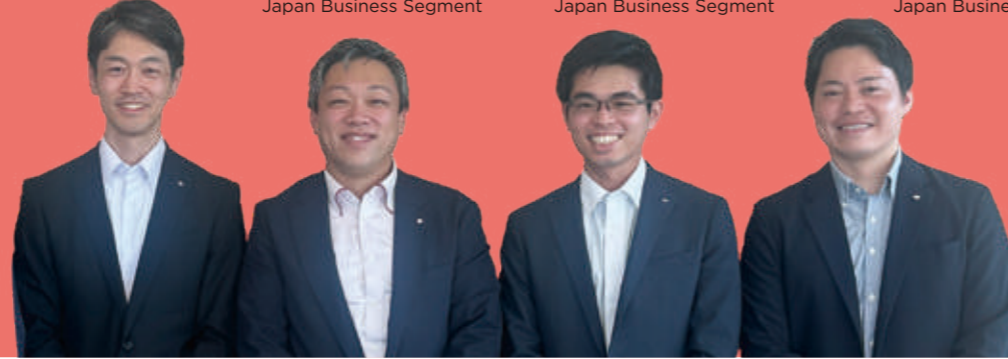


**SUGAMOTO Keiji**  
New Business Development Dept., Industrial and Corrosion Protection Coatings Div., Japan Business Segment

**YAMADEYA Kensuke**  
Director of Sales Dept., Industrial and Corrosion Protection Coatings Div., Japan Business Segment

**MATSUYAMA Daichi**  
New Business Development Dept., Industrial and Corrosion Protection Coatings Div., Japan Business Segment

**MIZUNO Toshiki**  
New Business Development Dept., Industrial and Corrosion Protection Coatings Div., Japan Business Segment



The New Business Development Department was established in April of this year with the aim of developing the ability to develop new markets ourselves by expanding beyond existing frameworks. Under its slogan "30% thinking, 70% work in the field," it has begun to take on the challenge of creating new value based on customer feedback.

**● Taking on the challenge of a ¥10 billion market in 2030 through an approach based on a culture that does not deny potential and "70% work in the field."**

**Yamadeya:** The New Business Development Department was launched in FY2025 under the shared-action principle of not denying potential. At that time, our focus was on refraining from assuming the correct answer from the start. In our first initiative, human resources with varying backgrounds generated 160-170 ideas through an ideation process focused on quantity. While also using business matching opportunities provided by financial institutions and others, we're seeking out customer needs beyond existing channels. The common base of our activities is an approach of spending 30% of our time thinking and the remaining 70% meeting with customers. Instead of reaching conclusions at our desks, we aim to improve the precision of hypotheses through contact with feedback from the field. This approach is the basic stance of the New Business Development Department.

At present, our structure is divided by the three perspectives of the short term (horizontal deployment of existing materials), medium term (proposing new value), and long term (seeking out future markets), under the leadership of a relatively young generation. At the same time as we create new businesses, developing the next generation of management is another important aim.

**● From hypothesis-led technology to customer-based value creation**

**Sugamoto:** For human resources experienced in research and technology domains, a major change in the New Business Development Department is the starting point of its ideas. Previously, development generally proceeded from product-output hypotheses such as "this kind of technology is likely to sell well," but today the concept of listening to customers' concerns and backcasting from them is the fundamental approach. Through repeated trial and error in an environment of free exchange of ideas, we consider how to convert technology

to value, and through involvement in business development from a B2C perspective focused on experiential value, or customer feedback on their issues and experiences, we're expanding the way we use technology itself.

**● Utilizing knowledge of sales of heavy protective coatings to open up windows on existing resources and new fields**

**Mizuno:** Knowledge from my experience working in sales of heavy protective coatings serves as an important foundation for my work in the New Business Development Department as well. Getting out of existing channels to meet with customers has given me a new feel for the market. Currently I am working on the theme of aiming for short-term results in development of new applications for the Rubigoal water-based rust-preventive coating. The approach of expanding from traditional products for uses such as plants and bridges to ones focused on maintenance of highly liquid asset value such as rental construction and agricultural machinery and containers materialized through discussions within the organization. It has already earned a strong evaluation from customers. Currently, we're in the final stage of ensuring profitability through means such as development of proposal materials, internal and external consensus building, and comparison of the costs of outsourced repairs and internal work. This shows how new growth opportunities can be developed even for existing products by changing our point of view.

**● Encouraging new perspectives through quantitative ideas and actions in the second year with the Company**

**Matsuyama:** The New Business Development Department focuses on an approach of actively taking our own ideas outside of the organization regardless of the amount of individual knowledge or experience. This is rooted in the idea that unhesitating communication of ideas in large volumes will lead to future ideas. The idea of introducing Rubigoal to the rental industry started with noticing the large amount of rust visible in everyday work. Looking at the field and our lifestyles can lead to new hints that can be converted to business opportunities. From a medium-term perspective, we're considering paints that will give a softer feel to caps on PET bottles and other containers, to make them easier for seniors to open. Following expert evaluation, we're proceeding with efforts toward practical implementation. Based on an environment that does not deny potential, we're steadily building an organization that will take on the challenge of creating value from ideas, regardless of individual age or experience.

**Business Unit  
Global Human Resources Department**

**Building the foundations for HR exchange as a pillar of organizational strategy that will allow any employee around the world to shine in optimal workplace settings**

A competitive strength generated by **17,000 people**

**Symanthia M. Batohi**  
HR/Communications Director of Kansai Plascon Africa Ltd.



**YOSHIMATSU Yudai**  
Global Human Resources Dept.



For many years, as part of efforts to enhance organizational strengths, the Kansai Paint Group has identified human resource development as a management theme of the utmost importance. The 18th Medium Term Plan builds on this policy by establishing a clear vision for the global human resource development to support sustained growth in corporate value. The Global Human Resources Dept. was launched last year to realize this vision. Its role is to help ONE KANSAI make the most of its human resources by developing environments in which all employees can demonstrate their abilities to the fullest across national borders.

**● Clean slate evaluation metrics in Japan and overseas**

**Yoshimatsu:** Yoshimatsu: The aim of the global HR system is to develop systems that let human resources demonstrate their abilities in appropriate workplaces and roles across national borders. Global transfers have become standard at the management level, with leaders from India and Europe serving as executive officers at the head office in Japan. We plan to boost cooperation across the organization by expanding this approach to other levels. We'll complete system design during the period covered by the 18th Medium Term Plan and introduce it on a preliminary basis in the plan's final year. Full-scale migration to the new system will take place during the period of the 19th Medium Term Plan.

**● The relationship and collaborative outcomes between "ONE AFRICA" and "ONE KANSAI" in terms of HR**

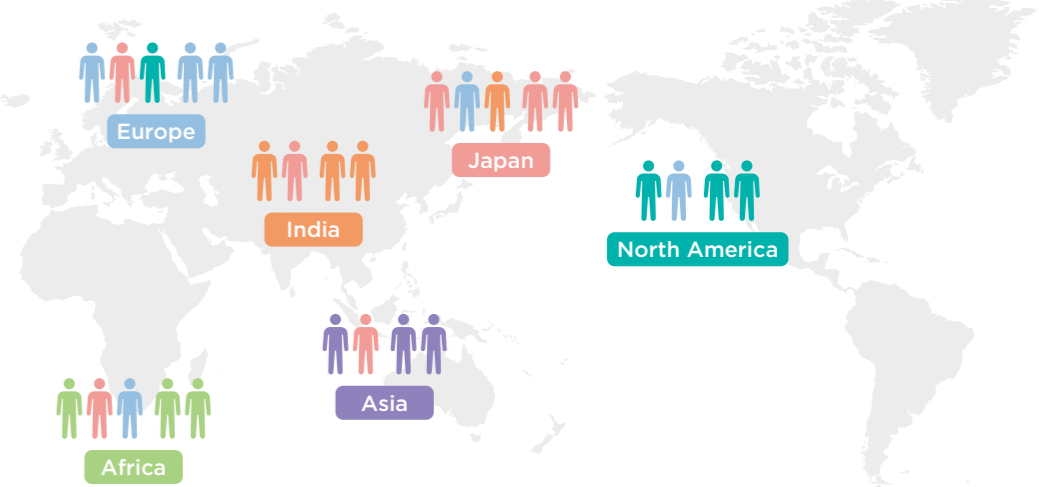
**Batohi:** It's an exciting time for HR as we partner with KPJ to build a global HR system that strengthens alignment between ONE AFRICA and the ONE KANSAI vision. ONE KANSAI is about creating one unified global way of working, and ONE AFRICA plays a key role in shaping and living this shared culture. Our collaboration continues to grow as we align policies, practices, and ways of working to improve governance and enable future talent mobility. Strategic talent management is central to this alignment. By applying shared talent standards, competency frameworks, and leadership expectations, we can develop future fit talent that supports both Africa's priorities and Kansai's global goals. This ensures Africa is fully integrated into the global people strategy—building

capability, deepening collaboration, and contributing to a truly unified ONE KANSAI culture. Our contribution formed an important part of the momentum the business now carries.

**● Advancing the global HR strategy through system reforms and data utilization**

**Tomioka:** We're making progress on designing a grade system to serve as the system foundation. This includes choosing the grade structure, choosing an appropriate number of grades, and defining competencies. We also plan to use the Global Digital Platform (GDP) to build a system for choosing the ideal talent for each position from around the world to advance HR strategies and place the right people in the right posts at the global level.

**Targeting an organization in which individuals can thrive across borders**



## After getting a feel for value creation and capital efficiency in the first year, moving on to improve management systems in the second year to achieve the goals of the 18th Medium Term Plan

### Building Head Office foundations to support value creation and capital efficiency

The Head Office's role is to support the Business Unit by promoting the reforms needed to grow business and maintaining environments in which the Business Unit can devote itself to business operations. The 18th Medium Term Plan establishes the four priority policies of "Enhance Profitability and Efficiency through Structural Reforming," "Grow Business through New Product Development and DX," "Optimize Talent Allocation and Development," and "Bold Investments and Returns Based on Robust Capital Structure." In FY2025, the first year of the plan, we launched activities under five global divisions in the fields of finance, IT, human resources, supply chain, and development/procurement, to support the growth of operating companies overseas and connect them based on the trust and stable supply capabilities we have built up in Japan. In FY2026, to firmly establish practical systems to move in the directions of reform envisioned in the 18th Medium Term Plan we will practically modify the Head Office's organization and structure to build a foundation for advancement and strengthening of each function in Japan and worldwide. Considerable room remains for value creation, which the Head Office should address, centered on transformation to management conscious of capital efficiency. We need to consider where to allocate limited management resources, and what kinds of investments will increase ROIC and corporate value. Developing data and managerial accounting systems, as well as human resource literacy, to support sustained value creation and improvements in capital efficiency are important themes on which we still have room to grow and will need to make further improvements in the future.

### Head Office reforms to energize people and processes

The Head Office is taking on the challenges of advancing digital technologies, business processes, and administration while coordinating individual functions.



Digital technologies are more than just ways for improving business efficiency—we consider them to be foundations for enabling each individual to generate new value. The Global IT Division has introduced the Digital Leadership Academy (DLA100) program intended to develop 100 digital human resources in three years. The first class completed the program last year and has entered the phase of DX implementation. In addition, the Supply Chain Transformation (SCX) project continues to reform business processes overall, from design and procurement through production and sales, to maximize the profit generated by the Business Unit from a structural perspective. With the adoption of an ERP system, we're taking action to renew business processes themselves to achieve an environment in which employees can concentrate on more creative, high-value-added work. As the Head Office itself continues to transform through initiatives such as these, we plan to promote Groupwide reforms to enhance our management foundations to meet stakeholder expectations.

### Evolution of the Head Office structure to support ONE KANSAI

To fulfill these roles, the Head Office has reassigned and enhanced its functions through eight divisions: the Corporate Planning Division, Global Finance Division, Global IT Division, Global R&D / Procurement Division, R&D / Procurement Division, Administrative Division, Global EHS Division, and Supply Chain Division. The new Global EHS Division will work to incorporate steadily into our businesses the systems needed to fulfill our responsibilities as a global enterprise by lessening environmental impact, considering health, and pursuing safety. The role of the Head Office is to support the Business Unit's growth through capital and systems, to support Groupwide value creation. ONE KANSAI is the basis for management to create value beyond regional and organizational frameworks, through which we will build a management model that integrates businesses and functions from Japan and around the world. We will continue further evolution to realize our Vision to "Enrich Lives with Happiness" around the world by bringing together the power of diverse businesses and regions. On the following pages, leaders in the Head Office introduce their understanding of the issues along with the systems and reforms they are implementing, to support value creation and improved efficiency. We encourage readers to read these accounts of efforts to achieve future growth based on an understanding of the current evolution of our management foundations.

**TAKATA Yoichi**  
 Managing Executive Officer,  
 Head of Head Office, and  
 General Manager of Administrative Div.

Head Office  
 Global IT Division

## IT strategies to support the next stages of management and site growth through infrastructure improvements



**KASAMATSU Hiroshi**  
 General Manager of  
 Global IT Div.



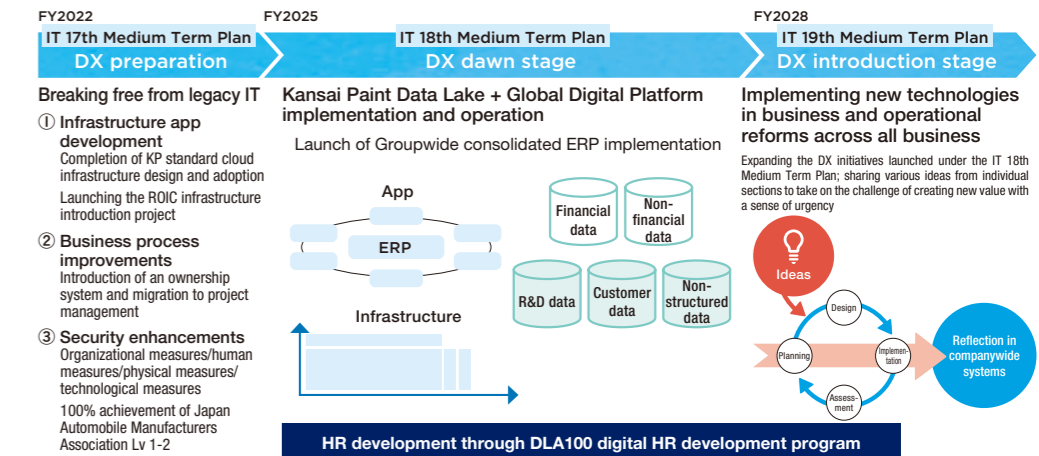
Our theme in the Global IT Division is to rewrite Kansai Paint's operating system. After achieving all of the IT-related goals established in the 17th Medium Term Plan, we have entered a phase of solidifying our defense and switching to offense. Our cloud migration and dramatic security improvements have been regarded highly by a major automaker customer as marked improvements. We will contribute to reforms through steady progress on plans in areas such as promoting digitalization of business processes and embodying horizontal cooperation with IT leaders for major overseas sections.

### 18th Medium Term Plan: Business acceleration through five digital reforms

- Completion of backbone system (ERP) adoption and data management  
 Completing the backbone system update begun under the 17th Medium Term Plan and using data as a basis for management decision-making.
- Enhancement of global IT collaboration  
 Solidifying networks of trust to raise levels at overseas facilities while assisting each other above and beyond the management framework.
- Creating added value through aggressive DX  
 Injecting IT into R&D and manufacturing workplaces  
 Maximizing development speed and quality using simulation and other means.
- IT HR development and organizational autonomy  
 Continuing the evolution to a team of independent IT professionals able to lead reforms.
- Speed and flexibility to support business  
 Completing a robust organizational infrastructure able to adapt to change immediately by using DX to eliminate stagnation in business.

### Transformation to an autonomous digital organization and confidence in the current Medium Term Plan

**Kasamatsu:** The IT section experienced dramatic evolution over the three years of the previous Medium Term Plan, breaking free from the phase of maintaining the status quo to lead autonomous reforms. In addition, through repeated global dialogue we began DX from a global perspective incorporating the strengths of individual organizations. Bringing the Big Data dispersed across the company together in a data lake will enable advanced decision-making independent of intuition and experience, from a centralized management structure. In the R&D domain, we plan to promote infrastructure development to make full use of materials informatics and AI and to strengthen implementation. By dramatically reducing numbers of prototypes, we plan to substantially improve development speed. By putting DX to full use and developing an environment in which engineers can concentrate on more creative work, we plan to evolve into an organization able to succeed in global competition.



Head Office  
DLA100 Project

People are the essence of digital transformation (DX). DLA100 seeks to develop autonomous human resources to transform knowledge from the field into profit.



**KASAMATSU Hiroshi**  
General Manager of Global IT Division



**ISHIDA Daisuke**  
DLA100 Project

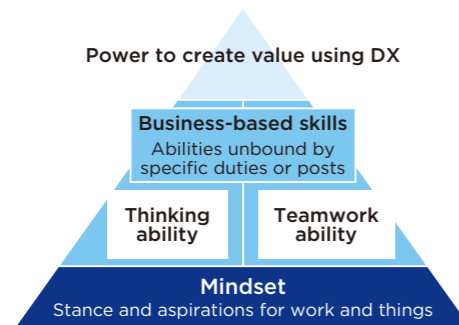
Based on the IT infrastructure and data platform (GDP) built up under the 17th Medium Term Plan, as the next step Kansai Paint will implement full-fledged initiatives to develop human resources in the organization to utilize these. The DLA100 Project launched in 2025 is a symbol of this approach. In three years, DLA100 seeks to develop about 100 human resources internally who will have practical implementation skills for promoting cross-sectional projects connecting management with the field.

● **Reasons for DLA100 initiatives, and HR development to promote DX**

**Takata, Kasamatsu:** A distinguishing feature of DLA100 is its focus on developing a base of human resources rather than focusing on IT skills. The program seeks to foster an attitude of taking on challenges across sections and standpoints with the courage and preparedness for reforms.

On this basis, it will strengthen basic business capabilities for logical thinking, facilitation, and promoting discussion while bringing stakeholders on board. It focuses on the fact that IT and digital technologies are means of solving problems and should not be objectives in themselves. Through this approach, members of DLA100 will grow to be DX leaders capable of thinking and deciding what is optimal for the Company based on dialogue with management and those in the field.

**DLA100 development design**



● **Broadening organizational reforms and human-centered change through DLA100**

**Kasamatsu:** Through DLA100 activities, members of the program are starting to show changes in how they take on their work. They are better able to coordinate discussions in meetings conscious of the flow of deliberation and how to ask questions, and they are able to explain their own proposals and responses to management. They also are participating in more discussions.

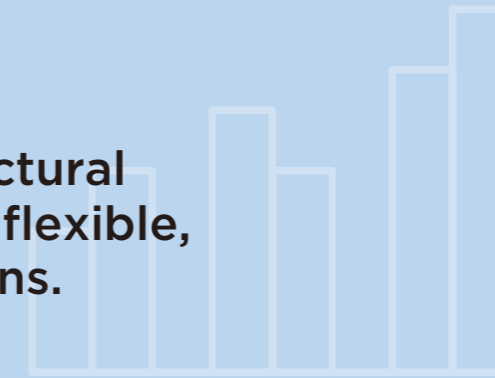
In addition, they have begun sharing their ways of thinking, including using the thinking methods they learned in DLA100 in some HR development measures such as management training.



**Ishida:** Through participation in DLA100, I feel that even more than learning about IT knowledge my way of approaching work has changed. I used to think about how we could improve things within predetermined frameworks. Now I think about the original goal and what needs to be changed. Since returning to the workplace, I have strived to speak up in meetings while being conscious of objectives and goals. I want to make steady forward progress, even if major changes cannot be made right away.

Head Office  
SCX Project

The SCX Project's structural reforms target strong, flexible, borderless supply chains.



**MIZUTANI Yusuke**  
Director of SCX Project



The Kansai Paint Group is pursuing steadfast global structural reforms across the regions in which we do business. Since last year in Japan, we've promoted the Profit Creation Project to generate profits by improving the efficiency of existing equipment and business processes and the Supply Chain Renovation Project to strengthen competitiveness over the medium to long term, with the latter expected to lead to comprehensive reforms in production plant design and manufacturing methods.

Launched this year, the new Supply Chain Transformation (SCX) Project will integrate both the above projects to increase the effective momentum and reliability of these structural reforms. We will build systems to simultaneously achieve speed, cost savings, and high quality by promoting a series of reforms across the entire supply chain, encompassing manufacturing, logistics, and procurement.

● **Addressing supply chain stagnation**

**Mizutani:** Despite progress in optimizing each of the domains of procurement, production, logistics, and sales, a detailed analysis of the supply chain showed this information is not being fully shared. Despite the best efforts of individual sites, failure to share information between sections led to stagnation, which contributed to rising costs and work burdens.

● **From point optimization to linear optimization: Movement on reforms has begun.**

**Mizutani:** We're currently enhancing cooperation across sections to achieve the shared goals of optimal procurement volumes, forecast-based production, and effective logistics in line with demand and supply, with a special focus on procurement, production, and logistics. This has made it possible to view the entire supply chain from a single perspective and to promote the development of systems in which individual processes support one another. Additionally, in line with the characteristics of individual customers and product fields, we've broadened discussions to encompass the optimal placement of the production facilities themselves.

● **Strength through connections: The SCX Project's vision for the future**

**Takata, Mizutani:** The SCX Project's vision for the future is one of strong, flexible, borderless supply chains. We're targeting a state in which information on demand, supply, inventories, and costs is shared in real time and used in the flow of processes ranging from procurement to sales. Cooperation and decision-making across sectional boundaries will significantly improve our competitive strengths. In addition, by seamlessly connecting short-term efficiency improvements with medium- to long-term structural reforms, these linear reforms will lead to systems that allow for ongoing improvements. This project will establish a cycle of autonomous improvements that improve operations in the field.



Head Office  
Global R&D / Procurement Division

**YOKOTA Gen**

Executive Officer,  
General Manger of  
Global R&D / Procurement  
Division

**Avijit Kumar**

SCPC(Supply Chain and Procurement)  
Head of Supply Chain and  
Procurement of Kansai Nerolac  
Paints Ltd.

**Nikam Laxman**

Technical, Quality Assurance &  
Quality Control  
Chief Technology Officer (CTO)  
of Kansai Nerolac Paints Ltd.

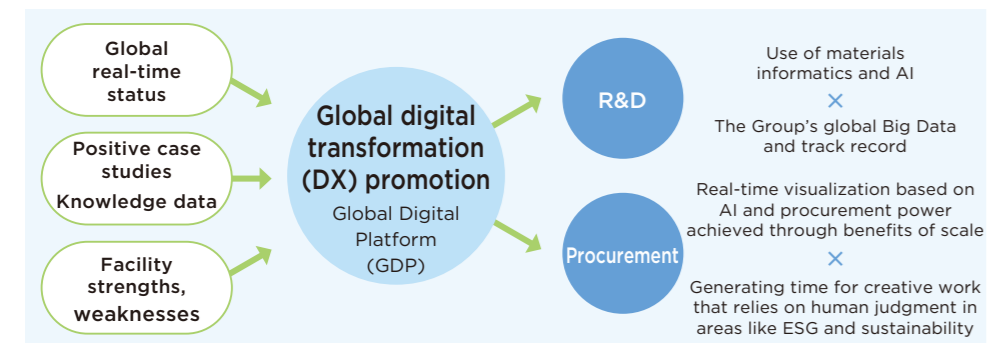
## Harnessing data to dramatically accelerate both development and procurement From optimization by individual facilities to shared Group assets



Under its 18th Medium Term Plan, the Kansai Paint Group is strengthening its global R&D and procurement framework by bringing together the Group's collective knowledge and resources under the concept of ONE KANSAI. In the market environment, rising sustainability requirements, the increasing visibility of geopolitical risks, and the growing sophistication of customer needs are driving a fundamental shift in how technology development and procurement should be structured. Amid these changes, the Group is enhancing global collaboration and seeking to integrate core technologies with procurement capabilities at a higher level. Through this approach, Kansai Paint aims to establish sustainable competitiveness by reinforcing the linkage between innovation and supply capabilities.

### ● Connecting the world and building a resilient supply network through integrated forecasting and procurement databases

**Yokota:** In both R&D and procurement, information management and technology development have traditionally been conducted on a site-by-site basis, making it easy for knowledge to become fragmented. In response to this challenge, the global R&D and procurement functions are advancing the development of a centralized management framework that integrates technology development and procurement information using GDP, the Group's common digital platform. By connecting the strengths of each site as shared assets, the Group is building a structure that enables optimal development and procurement decisions at a global level. This integrated approach enhances visibility, improves coordination, and supports the creation of a more resilient and efficient supply network.



### ● Toward data-driven development (MI/AI): Digitally accelerating expert know-how

**Nikam:** Across regions and business domains, Kansai Paint demonstrates strong competitiveness, with globally deployable technologies accumulated in areas such as Japan's automotive coatings, Kansai Helios' ACE and rail coatings, and KNPL's decorative and powder coating technologies. At the same time, challenges remain, including insufficient cross-border collaboration, the tendency for experience to become highly individualized, and long development lead times that make it difficult to respond quickly to changes in demand. To address these issues, the Group is accelerating the use of AI and Materials Informatics (MI) in areas such as formulation simulation and high-speed color matching. This shift is enabling a transition away from experience-dependent development toward reproducible, data-driven development processes that shorten lead times and improve responsiveness.

### ● Automation and optimization that balance cost, supply stability, and sustainability

**Avijit:** In procurement, the Group benefits from strong purchasing power supported by a broad market network that includes India and Africa. Through initiatives led by the Global Procurement Center (GPC), the global procurement ratio has increased from single-digit levels to approximately 26–27%, delivering clear results in reducing raw material costs. However, challenges remain, including insufficient sharing of raw material information, which has limited the ability to fully optimize procurement activities that have historically been managed independently by region. In addition, procurement operations are increasingly exposed to external factors such as geopolitical risks, currency fluctuations, and country-specific compliance requirements. In response, Kansai Paint is advancing the integration of data based on GDP, strengthening category management, and introducing AI-driven demand forecasting and automated stable sourcing. Through these initiatives, the Group is working to build a more resilient and sustainable procurement framework that balances cost efficiency, supply stability, and sustainability.



Upper left: Yokota; upper right: Nikam (India)  
Lower left: Avijit (India); lower right: Takata

## Boldly taking on the challenge of improving the systems and infrastructure essential to the next stage of growth with our eyes on FY2030

To realize our vision—Enrich Lives with Happiness—we're steadily improving and strengthening our world-leading management infrastructures.

The Kansai Paint Group has set a course beyond mere consistent growth; our goal is to secure the power needed for the next stage of large-scale growth. Previously, each company in the Group had chosen its own optimal methods, but today we're seeking to transition to a global management approach based on information sharing across businesses and areas. Under the 18th Medium Term Plan, we've begun to build the systems and infrastructure necessary to ensure future growth while taking into account the possibility that these efforts might not lead to immediate improvements in performance. We're promoting infrastructure optimization across the Group and establishing foundations to support future growth.



### Building global management infrastructure by organizing meetings to support cooperation across the Group

To create value through based on cooperation across the Group, we're enhancing cooperative efforts among leading countries and regions (Japan, India, Europe, and Africa) and enhancing dialogue and partnership in domains ranging from strategy formulation to execution.

#### Management-level meetings involving four major countries and regions to achieve ONE KANSAI

We hold meetings between management from the four bases of Japan, India, Europe, and Africa and Group management to make decisions that will realize the ONE KANSAI vision. These meetings establish the basic frameworks needed and promote cooperative efforts between countries to achieve the ONE KANSAI vision. The goal is to integrate our goals as a single organization—the Kansai Paint Group—in ways that transcend regional, national, and company boundaries. This marks the first step toward the Enrich Lives with Happiness vision. We will also pursue growth for the Kansai Paint Group based on joint efforts involving regions beyond these four.

#### Global IT Conferences to promote digital transformation (DX)

These periodic meetings bring together IT leaders from each country to share their understanding of the issues and to confirm courses of action related to IT strategy. In addition to generating solutions and synergies through Groupwide knowledge-sharing, aligning courses of action based on a shared vision, and strengthening cooperation other ways, these meetings built ties and strengthen relationships among Group members.



#### Sustainability Conferences to achieve nonfinancial goals

To achieve nonfinancial goals, we held these meetings to allow concrete discussions of matters such as current issues and the specific roles played by individual companies. We're promoting cooperation among Group companies through Groupwide information-sharing on the status of various initiatives and by coordinating courses of action.



Priority topics: Business Unit

Non-stick/Kansai Paint Marine

While the products made by these businesses (everyday goods and products for marine applications) are made for different markets, they are associated with similar functions and requirements, including compatibility with environmental regulations and suitability for harsh environments. Here we introduce two technological innovations: non-stock technologies that meet PFAS regulations and maritime hull coatings aimed at carbon neutrality.

Non-stick

Ranging from cookware to home appliances, various products incorporate and rely on non-stick coating technologies. The adoption of rigorous regulations governing perfluoroalkyl and polyfluoroalkyl substances (PFAS) has brought this field to its current juncture.

In 2024, under these circumstances, we welcomed WEILBURGER of Germany to the Group. WEILBURGER brings a strong track record and technological base, particularly in the area of non-stick coatings.

We've begun to pursue the challenge of growing these non-stick coating technologies into new pillars for the Industrial Business by integrating them with our sales network and technological capabilities.



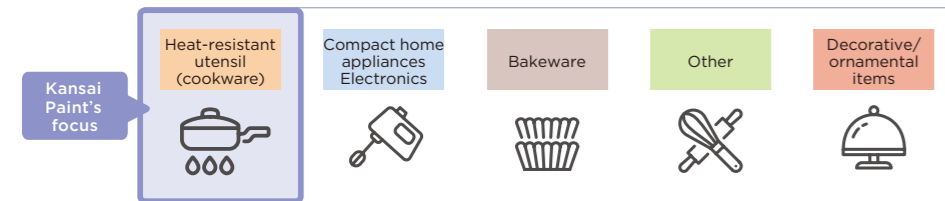
**OKUGAITO Kento**  
New Business Development  
Dept., Industrial and Corrosion  
Protection Coatings Div.,  
Japan Business Segment

About WEILBURGER: A coating manufacturer trusted worldwide

Founded in 1900 in Germany, WEILBURGER has a long history of performance in domains that require high specialization, including defense, heat resistance, and railway rolling stock. In the non-stick coatings field, it holds leading market shares in India and Brazil and has built a solid presence in the European market. It has also rapidly developed PFAS-free products for the European market, where PFAS regulations are growing increasingly strict. Adoption by multiple major users has led to a strong position in this segment.



**Jürgen Losacker**  
Managing Director of  
WEILBURGER Coatings GmbH



The potential of the non-stick business in Japan and recent efforts

**Okugaito:** The global non-stick market is attractive. Currently valued at roughly 100 billion yen, it continues to grow at an annual rate of about 5%. The scale of the Japanese market is about 3 billion yen, which is relatively large for the Asia region. The Japanese market is one in which PFAS-free products have had virtually no track record. We started with basic market research on topics like market scale, key players, and usage for each sector. We're currently proceeding with evaluations and joint efforts to identify broader applications for our products through means including providing product samples to companies that produce cooking utensils and everyday home products.

Expanding our business fields into familiar living spaces

**Okugaito:** For the next step, we've set growth targets for 10 years into the future, with the idea of making this segment a new pillar to support Kansai Paint's businesses. This year, in the non-stick segment, we want to achieve outstanding results like those in automotive paints and coatings, where two of every three vehicles use our products. We continue to pursue the challenge of a future in which employees can speak of our technologies with pride to their families as they see them in use around town.

Kansai Paint Marine

Providing value through energy conservation and decarbonization in the marine segment by meeting growing shipbuilding demand with proprietary world-leading technologies

The maritime shipping industry is a major sector that emits 2-3% of the world's greenhouse gases, and faces a pressing need to move toward decarbonization. We're leaders in this market, and we led the world in developing the TAKATA QUANTUM X-mile Series of silyl polymer-based hydrolytic coatings, a technology that delivers continuous antifouling performance. The coating self-polishes in transit inhibiting the attachment of marine organisms to keep ship surfaces smooth, significantly reducing water resistance for dramatic improvements in fuel efficiency and CO<sub>2</sub> emissions.

In response to expanding shipbuilding investments in Japan, we plan to develop the Paint Sommelier system to support reduced CO<sub>2</sub> emissions. This innovative solution has been certified by an independent agency. We plan to solidify the Group's earnings base by contributing to maritime shipping through advanced solutions for a broad range of customers that combine paint and coating technologies with analytical technologies.

Priority topics: Human capital

Based on an approach to management that values people, we're generating a virtuous cycle of promotion of reforms in each company as courses of action for reforms identified by top management permeate down through dialogue, and carrying out efforts to improve employee engagement.

Accelerating reforms within the Group as top management identifies courses of action

To solidify our management foundations and share courses of action for reform throughout the Group, the President visits major facilities in Europe, Africa, and elsewhere to directly convey the importance of structural reforms and the ONE KANSAI vision. By demonstrating the commitment of top management, these visits make clear the priorities that each company should address and help to accelerate reforms.



Kansai Plascon Africa Ltd. (Africa) A model for growth in coexistence with regional communities

The vast distances involved in Africa result in significant differences in cultures and traditions. Mutual understanding and dialogue are of the utmost importance in advancing growth strategies. To be able to greatly enhance our competitive strengths in this area, we're accelerating efforts to strengthen cooperation with the head office.

Kansai Helios Coatings GmbH (Europe) Groupwide management based on the new "True Color" strategy

Kansai Helios, the core of our European business, launched the new "True Color" strategy in the second year of the 18th Medium Term Plan. It is making progress on rebuilding its earnings ability and growth power by revising its business portfolio and concentrating management resources on areas where it has strengths. We've launched efforts to implement strategy based on joint efforts involving Japan, Africa, and India and using knowledge gained from reform initiatives in Africa to support growth in business performance Groupwide.



Promoting human capital management

Having established policies and basic concepts of human capital management, the Group regards employees as its most important capital. While promoting HR strategies to support growth and improve engagement, we're moving forward with practical initiatives in each country.

Kansai Nerolac Paints Ltd. (India) Strengthening engagement through HR reforms

Kansai Nerolac strives to improve workplace environments while incorporating employee feedback into management structures and revising its HR system. Through these reforms, we're building a transparent organization and fostering a culture of mutual trust to build an organization in which employees can demonstrate their unique strengths and add to the sense of solidarity with the company. Due to these efforts, our total engagement survey score in FY2025 was up about 29% from the FY2023 survey.

Key initiatives

- 1. Strengthening Internal Communication**  
Through participatory programs such as management dialogues and town hall meetings, as well as an increase in opportunities for information sharing within the company, we enhanced the quality of communication and strengthened transparency in decision-making and two-way communication.
- 2. Fostering a Culture of Mutual Respect**  
By introducing initiatives such as training, recognition, and opportunities for dialogue related to key measures in each department, we are promoting capability development while also contributing to cultivating a culture of mutual respect.
- 3. Creating a Comfortable Work Environment**  
Through the enhancement of employee benefits and policies, as well as the expansion of wellness initiatives, we are promoting the development of a workplace environment where families and individuals are respected, and diverse lifestyles are supported, enabling employees to work with peace of mind.



We promoted initiatives that place employees as a priority and made efforts to ensure that these initiatives are meaningful not only for the company but also for individuals. Going forward, we will continue to promote the design of employee-oriented measures—such as internal job rotations, the expansion of career paths, and the strengthening of capabilities—as well as the enhancement of systems that accommodate individual working styles. As a result, we aim to create a company in which employees are inspired, take the initiative, and feel a strong connection to their work.

**Sudhir Rane**  
Chief Human Resource Officer (CHRO) of  
Kansai Nerolac Paints Ltd.

Priority topics: Nonfinancial activities

We believe enhancing value creation in nonfinancial domains, including social, environment, and human resource domains, is essential to realizing sustained growth. Under the 18th Medium Term Plan, we're accelerating our ability to supply value globally to target the medium-term goals of KPI2030.

Connecting to the Future Program (CFP): Social contribution activities

Toward the Group's Vision to Enrich Lives with Happiness, we're deploying the Connecting to the Future Program (CFP) in various regions as a social contribution program intended to move us closer to our nonfinancial targets. While seeking to improve quality of life alongside our communities, we're enhancing health management measures to support employee health and safety and expanding our lines of sustainable products to contribute to the environment and safety. These efforts are intended to help realize a sustainable society.

Kansai Paint Vietnam Co., Ltd. (Vietnam)

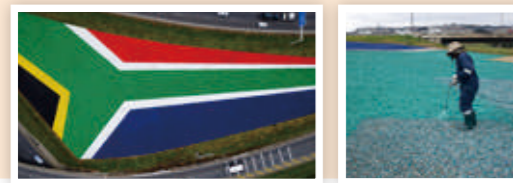
To contribute to learning opportunities for children through paints, Kansai Paint Vietnam donates paints to Bon Jun Juh Kindergarten in Lam Dong Province and to several other schools.



Coloring Lives  
Coloring people's lives

Drawing on our track record in paints and coatings to enrich people's lives with color

Paint donations, volunteer painting activities, and other measures



Kansai Plascon Africa Ltd. (Africa)

As part of the South African Flag Project in Johannesburg, South Africa, in preparation for hosting the G20 Summit in 2025, we contributed to solidarity and helped brighten urban communities by painting the South African flag on the streets.

Kansai Altan Boya Sanayi ve Ticaret A.Ş. (Turkey)

This company held various internship programs for students, where participants learned practical business skills through their duties. Their resulting new perspectives have a positive effect on company business processes and contribute to growth on both sides.



Future generation  
Education

Supporting human resource development for the paints and coatings business

Providing scholarships, holding classes, and other measures



PT Kansai Paint Indonesia (Indonesia)

KPIN helps build comfortable learning environments by donating desks and chairs, experimental equipment, and other supplies, as well as helps to fund multiple schools, including local occupational schools and elementary schools.

Kansai Paint Philippines, Inc. (Philippines)

Kansai Paint Philippines contributed to local environmental protection by participating in an International Coastal Cleanup 2025 activities in Barangay Lingga, Calamba City on the theme Clean Seas Against Climate Crisis, organized by Calamba CENRO and AARACCI.



Prospering Community

Coexistence and shared prosperity with the community

Supporting individual, organizational, and community initiatives related to the Kansai Paint Group  
Deepening relations and strengthening ties among people.

Community environmental protection, conservation activities, and other measures



Thai Kansai Paint Co., Ltd. (Thailand)

Thai Kansai Paint participated in tree-planting activities with partner firms at the Kao Cha Ngum soil rehabilitation center in Ratchaburi Province. These activities contribute to rehabilitating damaged soil and enhance cooperative ties between partner firms and the community.

Health management

The Kansai Paint Group recognizes health management as a foundation supporting our HR strategies, and promotes activities that address the four quadrants of physical health, mental health, satisfaction with work, and safety.



Chongqing Kansai Paint Co., Ltd. (China)

Soccer matches with other companies encourage athletic activity among employees to help improve physical health and establish exercise routines.



Iris Green srl (Italy)

Internal team building helps to strengthen relationships among employees, make work more rewarding, and improve employee satisfaction.



Kansai Helios Coatings GmbH (Europe)

To improve employee retention and strengthen a sense of accomplishment, special awards are presented to employees who have worked continually for a specified base number of years.



Taiwan Kansai Paint Co., Ltd. (Taiwan)

Held twice in compliance with laws and regulations on volunteer fire squads, fire drills strengthen fire response skills.



Sustainability products

Paints and coatings are sustainable materials that protect metals, plastics, building materials, and other property. Since 2021, drawing on the Group's B2B strengths, we've boosted product value while addressing issues in the field alongside our customers and expanding our lineup of products to help make the world more sustainable. We promote initiatives to broaden the possibilities of paints and coatings to realize a sustainable future.

The Group's sustainability products

In cooperation with customers, we're developing technologies to conserve energy in the painting process by saving energy in air conditioning painting booths, lowering drying furnace temperatures, and striving to make painting production processes more efficient. We're also promoting multifaceted value-creation measures such as using biomass materials, reducing use of harmful substances, and adding antibacterial and antiviral features.

To assess and expand these initiatives properly, we're formulating evaluation standards for the Group's sustainability products.

- Eliminating harmful chemicals
- Health and safety contributions
- Using sustainable raw materials
- Using sustainable containers
- Reducing VOCs
- Reducing energy consumption and CO<sub>2</sub> emissions throughout the supply chain
- Contributing to longer lifespans



In Europe, we supply coating resins that contain bio materials. With features like low-temperature hardening and high solidity, these products deliver high durability while meeting Europe's stringent environmental requirements, and are used across a wide range of industries, including railways.



Africa Japan India

Sales share for sustainability products

FY2024 result

16%

FY2027 target

20%

# A Future Based on a Sustained Business History of over 100 Years: Kansai Paint Group's Sustainability Management

Our vision incorporates our resolve to contribute to social sustainability through our business activities. Society today faces a wide range of challenges, including climate change and the need for sustainability and recycling in raw materials procurement. Rather than pursuing short-term profits alone, we strive to identify solutions while considering our social impact over the long term, and develop products and services to improve quality of life (QOL) and enrich lives through features and color. To promote decarbonization and recycling, we're studying economic models that prioritize health and safety. As the Group continues to improve and evolve as a presence truly needed by the world, we're working to create a better society through the activities of diverse human resources.

## Our materiality issues

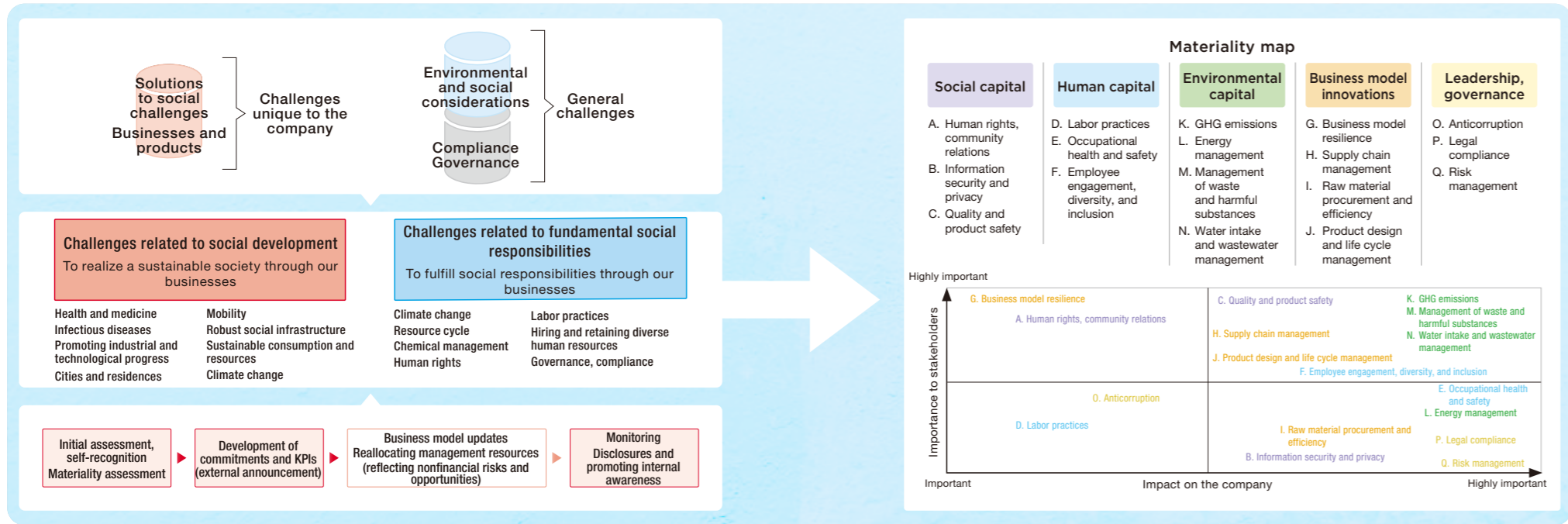
**Realizing decarbonization**  
Commitment (To-be society and our role)  
Achieve carbon neutral as a whole Group by 2050

**Enhancement of achieving resource and economic circulation**  
Commitment (To-be society and our role)  
Review the whole lifecycle of paint, effectively utilize resources, and sophisticate the circular economy

**Improvement of Quality of Life (QOL)**  
Commitment (To-be society and our role)  
Improve QOL of all stakeholders (society, users, suppliers, employees)

**Transform into a Group where diverse people play active roles**  
Commitment (To-be society and our role)  
Accept any difference (gender, nationality, race, religion, background, age, disability, sexual orientation), and promote the diversity of people

Materiality details  
<https://www.kansai.co.jp/sustainability/materiality/>



# The Kansai Paint Group's Management Policies (Group Policies)

Implementing the ONE KANSAI vision will require all Group employees to work toward the same targets and standards. We must also clearly identify our position as a responsible company in response to social demands and environmental changes. Centered on sustainability, our Group policies include important domains for retaining societal trust, including information security. We will build transparent and ethical foundations by promoting these policies. By enhancing environmental, social, and governance (ESG) initiatives and working in partnership with stakeholders, we will strike an ideal balance of efforts to establish a sustainable society, achieve sustained business growth, and strengthen corporate value.

Kansai Paint Group policies	
Basic sustainability policy	
Environment	Climate change
	Water resources
	Reducing environmental impact
Society	Biodiversity
	Procurement
	Human rights
	Human capital management
	HR development
	Diversity, equity, and inclusion
	Health management
	Occupational health and safety
	Social contribution activities
	Supplier code of conduct
Governance	Corporate governance
	Risk management
	Compliance
	Anticorruption
	Taxation
	Information security

Group policy details  
<https://www.kansai.co.jp/company/policies/>

## Promoting responsible procurement to achieve sustainable supply chain development

Amid growing demand for enhanced governance, human rights, and environmental initiatives in the supply chain, the Group has established new procurement policies and a supplier code of conduct intended to further increase fairness and transparency, manage risks appropriately, and create sustainable value. Based on these policies, we're promoting fair, transparent procurement with consideration for human rights and the environment.

### Supplier Code of Conduct

Our basic policy is to build sustainable, responsible transaction relationships with suppliers involved in supplying raw materials for paints and coatings. This code of conduct establishes matters essential to realizing a sustainable supply chain, including legal and regulatory compliance, prohibition of forced labor and child labor, chemical management, GHG reductions, anticorruption, and measures governing conflict minerals.

### Structures and systems

The Kansai Paint Group procures raw materials from suppliers around the world. To reduce risks in the supply chain and optimize procurement, the Global R&D/Procurement Division has established procurement policies, including the Supplier Code of Conduct. Procurement sections at individual facilities implement these policies. The Global R&D/Procurement Division oversees global procurement activities, enforces policies, and manages risks.

Group Procurement Policy  
<https://www.kansai.co.jp/sustainability/environment/procurement/>

Kansai Paint Group Supplier Code of Conduct  
<https://www.kansai.co.jp/sustainability/social/supplier-code-of-conduct/>

## Respect for human rights

### Initiatives based on the Human Rights Policy

**Kansai Paint Group Human Rights Policy** (For more information, see: <https://www.kansai.com/sustainability/social/humanrights/>.)

### Establishment of the Human Rights Subcommittee

In April 2025, we established the Human Rights Subcommittee under the Sustainability Promotion Committee. With membership representing a wide range of related sections, this subcommittee promotes measures related to human rights, including human rights due diligence. Measures to promote respect for human rights and related results are reported to the Sustainability Promotion Committee for management oversight.



### Human rights due diligence

In FY2025, we assessed human rights risks within the Group and undertook written surveys of Group companies chosen based on the results. Any issues identified in the survey were addressed by investigating the facts and other background information and promoting preventive and corrective initiatives as needed.

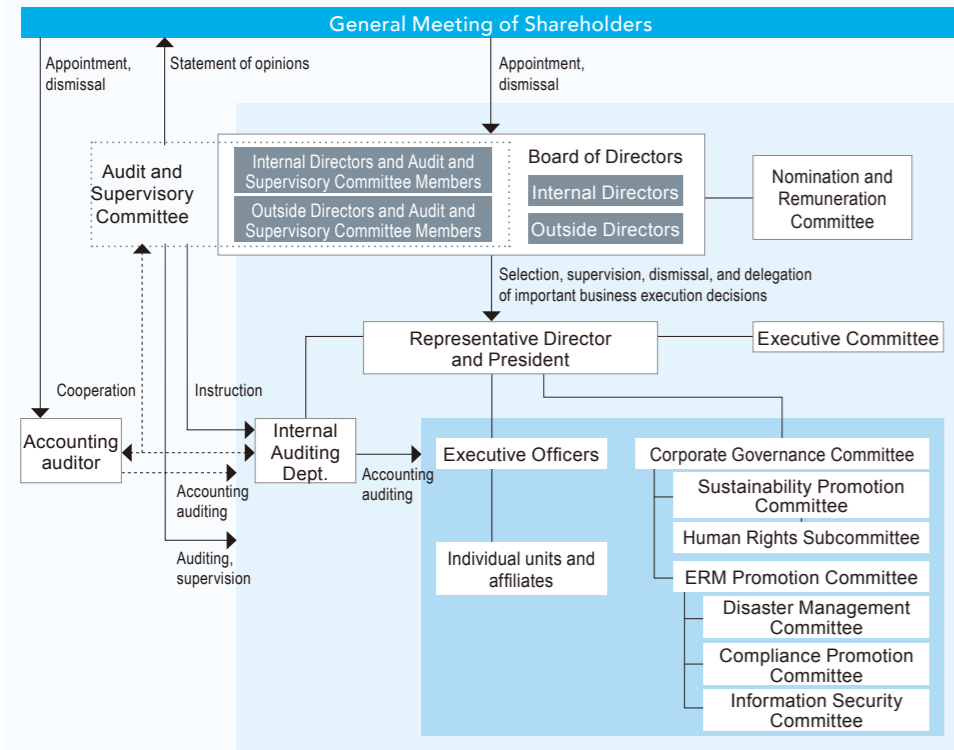
# Corporate Governance

## Policies, basic approach

The Kansai Paint Group seeks to increase corporate value over the medium to long term based on our Vision to Enrich Lives with Happiness. We recognize enhancing corporate governance to be a key management priority. Through the corporate governance system described below, we strive to build a sound, transparent, and efficient management system by fulfilling management responsibilities based on an attitude of accountability toward shareholders and other stakeholders.

## Corporate governance organizational diagram (as of April 2026)

We strive to be a truly global enterprise that adapts swiftly and flexibly to a business environment in constant flux and continues to gain corporate value. Toward this end, we've evolved to the formal status of a company with an audit and supervisory committee, reflecting the management themes of enhancements of the Board of Directors' oversight functions, more nimble decision-making and business execution, and more transparent management.



## Management and business execution structures

### Board of Directors

In addition to quarterly reviews of business results, the status of business execution, and progress on the Medium-term Management Plan, the Board deliberates on management policies and important topics as stipulated in laws, regulations, the Articles of Incorporation, and the Board of Directors Regulations. The Board is characterized by a balanced organization that reflects the insights and abilities essential to fulfilling its duties, as well as diversity in gender and international origins. Directors are appointed to one-year terms in annual General Meetings of Shareholders.

### Audit and Supervisory Committee

- In addition to participating in deliberations and exercising voting rights in the Board of Directors, Audit and Supervisory Committee members audit the Board's execution of duties and prepare audit reports.
- The Audit and Supervisory Committee formulates opinions on the appointment, dismissal, and decisions not to reappoint Directors (excluding those who are Audit and Supervisory Committee members) and on matters such as compensation for Directors.
- The Audit and Supervisory Committee determines the specifics of regulations concerning the appointment, dismissal, and non-reappointment of the accounting auditor.

## Optional advisory committees

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee strives to make the Board more effective by deliberating on matters such as self-evaluations of the operations of the Board, evaluations of the performance of Directors and Executive Officers, and approach to Director compensation. Candidate Directors submitted for consideration by the annual General Meeting of Shareholders are selected by the Board following deliberation by this committee.

### Executive Committee

The Executive Committee, whose membership consists primarily of Executive Officers of the rank of the President and below, deliberates on various matters related to management strategies and on important matters concerning business execution and related policies. The matters then determined by the Board before being put into execution. The system is intended to enhance the separation of oversight and executive functions.

## History of the corporate governance structure

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Organization												
Officer structure												
Remuneration systems												

Key events from the timeline:

- 2014: Policy formulated on the Corporate Governance Code
- 2015: Two Outside Directors appointed
- 2016: Evaluation Committee met
- 2017: Director term of office shortened to one year
- 2018: Performance-linked remuneration system established
- 2019: Nomination Committee met
- 2020: Performance-linked share-based remuneration system established
- 2021: Sustainability and Compliance Promotion Committees established
- 2022: Officer remuneration system revised
- 2023: Migration to formal status of company with an audit and supervisory committee
- 2024: Four Outside Directors appointed
- 2025: ERM Promotion Committee established

## Corporate Governance

## Composition of the Board of Directors and Directors' experience and skills (as of April 2026)

### Composition of the Board of Directors and Director expertise

Listed below is the expertise regarded as necessary in the execution of Company management and expected for individual Directors, aside from the Global and Sustainability categories.

		Management	Sales and marketing	Finance	R&D, SCM, DX	Personnel, HR development	Legal affairs and risk management
Directors	MORI Kunishi	●	●	●	●	●	●
	TOMIOKA Takashi	●	●	●	●	●	●
	TAKATA Yoichi	●	●	●			
	Pravin D. Chaudhari	●	●		●		
	OMORI Shinichiro Independent	●		●	●		●
	YOMO Yukari Independent	●				●	
Directors and Audit and Supervisory Committee Members	Asli M. Colpan Independent	●		●		●	●
	HASEBE Hideshi			●			●
	YAMAMOTO Tokuo Independent			●			●
	NAKAI Hiroe Independent						●

## Definitions of expected skills and reasons for selection

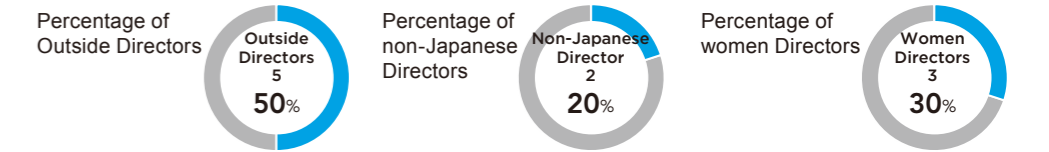
Management	Since outstanding management judgement is essential for sustained improvements in corporate value and to realize the Company's vision to Enrich Lives with Happiness, the Company has selected as the skills required of officers a broad range of management experience and experience and insight related to management and strategy formulation for sustained growth.
Sales and marketing	The Company has selected experience and insight related to sales and marketing in Japan and worldwide as the skills required of officers because extensive and profound knowledge and experience related to sales and marketing are essential to identifying and evaluating market trends and customer needs in Japan and abroad; to plan and execute strategies; and to increase profits.
Finance	The Company has selected as the required officer skills experience and insight related to financial accounting and M&As, or experience and insight related to dialogue with capital markets, because accurate financial reporting, effective supervision, and the effective development of a robust financial base are essential to achieving the financial targets of the Medium Term Plan, improving capital efficiency, and boosting shareholder returns and shareholder value.
R&D, SCM, DX	The Company has selected as the required officer skills experience and insight related to R&D, production, procurement, logistics, IT, and digital transformation (DX) because R&D capabilities reflecting technology trends and customer needs, the development of robust supply chains, supply chain data links, and digital transformation (DX) to strengthen productivity are essential to developing useful paints and coatings, to delivering them to people all over the world, and to Enriching Lives with Happiness.
Personnel, HR development	The Company has selected as the required officer skills experience and insight related to HR strategy and development, diversity and inclusion, and personnel decision-making from a management perspective because the effective promotion of diversity, HR development, and optimal HR placement are essential for a Group seeking to be a place where diverse people play active roles, as called for in our materiality issues.
Legal affairs and risk management	The Company has selected as the required officer skills experience and insight related to corporate law, risk management, and compliance because compliance with laws and regulations and effective governance are the foundations for business activities that reward stakeholder trust and increase corporate value in the face of increasingly complex and diverse risks.

## Nomination of Directors and Audit and Supervisory Committee Members

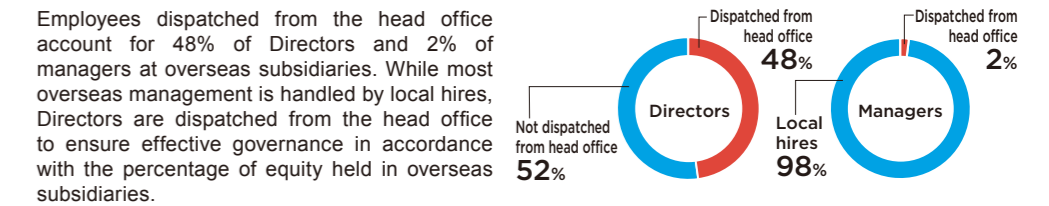
Candidates for Director are nominated in consultation with the Nomination and Remuneration Committee, with an emphasis on the following matters:

- Candidates for internal Director: Nominated to achieve a well-balanced Board of Directors with due consideration of gender and international diversity and the insights and capabilities needed to fulfill the duties of the Board of Directors
- Candidates for Outside Director: Nominated from among those with management experience, attorneys, accountants, and others who possess high levels of insight and expertise, in addition to a wealth of experience, in accordance with our standards for Director independence
- Nominated with an emphasis on experience in financial accounting and administrative sections; candidates for Outside Audit and Supervisory Committee Members, in particular, are nominated with an emphasis on knowledge, expertise, and experience, in the same way as with Outside Directors, in accordance with our standards for Director independence and with the consent of the Audit and Supervisory Committee.

## Corporate governance structure (as of April 2026)



## Percentage of key positions overseas filled by national staff (as of April 2026)



## Details of major deliberations by the Board of Directors in FY2025

In addition to periodic resolutions, Board deliberations focused on the following matters related to management strategy and business promotion:

- Business investment and growth/efficiency investment strategies
- Indian, African, and European business strategies
- IR strategy
- HR strategy
- Reorganization of domestic production and nonproduction facilities
- Digital investments and digital transformation (DX) strategy progress reports

## Initiatives to make the Board more effective

The Nomination and Remuneration Committee annually evaluates the efficacy of the Board of Directors to verify that the Board of Directors is functioning effectively and to improve its functions. Any issues identified and improvements proposed are shared with the Board of Directors, which develops and implements concrete improvement and specific responses on that basis. The results are then subjected to further evaluation and ongoing review by the Nomination and Remuneration Committee, which is chaired by an Outside Director, and subjected to a plan-do-check-act (PDCA) cycle. Evaluations are undertaken through a self-assessment survey\* containing detailed questions on major topics of all Directors and Audit and Supervisory Committee Members other than Representative Directors.



October 30, 2024  
Outside Directors tour the Nagoya Site

\* Self-assessment survey: Consists of 27 quantitative multiple-choice questions graded on a scale of 1-5, with room for freeform comments.

## FY2025 initiatives

Details	FY2024	FY2025
Prior briefings for the Board	9 times	12 times
Exchange with section heads	Twice/section	Once
Nomination and Remuneration Committee meetings	11	10

Corporate Governance

Executive compensation

To put the Group's Corporate Philosophy into practice, we have adopted the following basic policy for the executive compensation system:

- The system is intended to create motivation to achieve the long-term growth strategy vision to Enrich Lives with Happiness and to achieve continuing growth in corporate value.
- Decisions regarding compensation are made to secure outstanding human resources for the management team from Japan and around the world, as befits a truly global company.
- The remuneration decision-making process is highly transparent and objective.

Executive compensation structure



\* To ensure that officers fulfill their medium- to long-term responsibilities, approximately 5% of their total compensation is subject to accumulation for payment upon resignation.  
 \* The performance-linked compensation portion varies from 0 to 200%, depending on achievement and other factors.  
 \* Performance indicators for performance-linked compensation (portion linked to company performance) are weighted as follows: 50% EBITDA and 50% ROE.  
 \* Individual evaluations are based on the achievement of assigned business targets and other considerations.  
 \* To ensure independence, compensation for Outside Directors and Audit and Supervisory Committee Members is not linked to performance.  
 \* Targets for performance-linked compensation (portion linked to individual performance) paid to Internal Directors and Executive Officers include targets related to sustainability.

Executive compensation process and decision-making authority

Individual executive compensation decisions are made by the Board of Directors following deliberation by the Nomination and Remuneration Committee on performance-linked remuneration and performance-linked share-based remuneration.

(Decisions on the establishment of initial target values for each business year and evaluations of achievement at the end of the year for individual officers are based on interviews conducted by the Representative Director and President with the individual Directors and Executive Officers themselves. The Nomination and Remuneration Committee reviews the rationality and appropriateness of such decisions. The Board determines executive remuneration for each officer after receiving the resulting report from the Nomination and Remuneration Committee.)

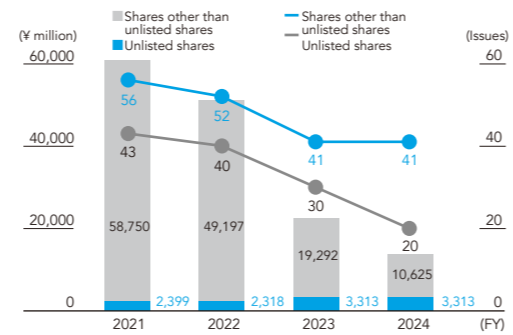
Remuneration governance system

We have established the following system to enhance objectivity and transparency in the executive compensation system and to ensure that stakeholders will find it persuasive.

- ① Nomination and Remuneration Committee
- ② Establishment of malus and clawback measures  
 Under the performance-linked, share-based remuneration system, we have established provisions that provide for confiscation of points awarded to eligible Directors or seeking indemnification equivalent to the value of shares paid in the event that the Directors are found to have engaged in serious fraud or criminal actions.

Reducing cross-shareholdings

To determine whether to acquire or keep cross-shareholdings, we assess the economic rationality of these shareholdings on an annual basis, including evaluating whether they improve corporate value over the medium to long term, not just the short term. Currently, we're making progress on reducing cross-shareholdings based on appropriate decisions from a capital efficiency perspective. Our standards for exercising voting rights call for comprehensive decisions based on a careful examination of each resolution to determine whether they increase the corporate value of various investments and help maintain our current business relationships. We will continue to sell cross-shareholdings in FY2025 to generate funds for investing in growth by reducing total assets.



List of Officers (As of April, 2026) \* See the webpage at right for executives' career histories: <https://www.kansai.co.jp/company/officer-list/>

Directors



**MORI Kunishi**  
 Representative Director of the Board  
 President



**TOMIOKA Takashi**  
 Director of the Board, Managing Executive Officer, Chief Financial Officer and Head of Head Office



**TAKATA Yoichi**  
 Director of the Board, Managing Executive Officer, Head of Head Office, General Manager of Administrative Div.



**Pravin D. Chaudhari**  
 Director of the Board, Managing Executive Officer, Head of Asia Business Segment  
 Managing Director of Kansai Nerolac Paints Ltd.



**OMORI Shinichiro**  
 Outside Director of the Board



**YOMO Yukari**  
 Outside Director of the Board



**Asli M. Colpan**  
 Outside Director of the Board

Audit and Supervisory Board Members



**HASEBE Hideshi**  
 Director of the Board, Audit & Supervisory Committee Member



**YAMAMOTO Tokuo**  
 Outside Director of the Board, Audit and Supervisory Committee Member



**NAKAI Hiroe**  
 Outside Director of the Board, Audit and Supervisory Committee Member

Executive Officers

(Not including three Directors serving concurrently as Executive Officers)

We have established an executive officer system whereby duties and responsibilities are clarified by separating executive functions from management decision-making and supervisory functions. The system allows fast and flexible management execution in response to changes in the business environment. The number of executive officers is 10, of whom three serve concurrently as Directors.

**Prejay R. Lalla**  
 Managing Executive Officer, Head of EMEA Business Segment  
 Chief Executive Officer of Kansai Plascon Africa Ltd.

**TOKU Kiyohide**  
 Managing Executive Officer

**MAEKAWA Katsuhiko**  
 Managing Executive Officer, Head of Automotive and Industrial Business Segment

**TONOMURA Hironori**  
 Executive Officer, Deputy Head of Automotive and Industrial Business Segment

**TANAKA Takeshi**  
 Executive Officer, General Manager of Global EHS Div.

**YOKOTA Gen**  
 Executive Officer, General Manager of Global R&D/Procurement Div.

**KUWAHARA Ko**  
 Executive Officer, Head of Japan Business Segment  
 Representative Director of the Board, President of Kansai Paint Sales Co., Ltd.

# Risk Management

## Policies, basic concepts

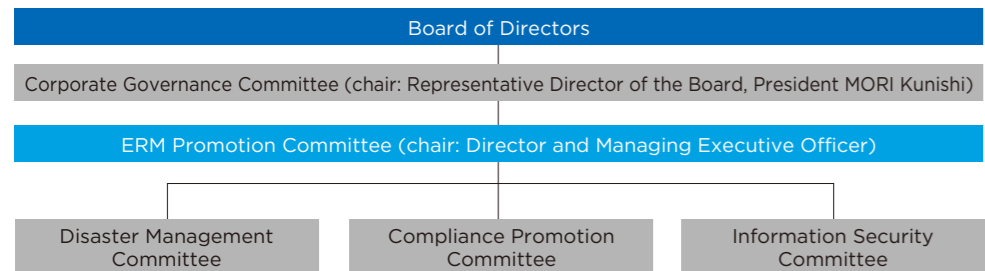
The Groupwide basic policy on risk management activities is set forth below.

- (1) The Kansai Paint Group considers risk management to be an important management task through which it strives to minimize human, economic, and societal damage; to facilitate rapid recovery and prevent recurrence; and to support human and societal progress by delivering new value and resolving social issues through ESG and SDG initiatives, among others.
- (2) The ERM Promotion Committee leads Group efforts to continuously identify, analyze, evaluate, and monitor risks in cooperation with each unit and carries out continuing review and improvement.
- (3) The Group promotes business continuity management activities to be ready for crises and responds swiftly and thoroughly to minimize damage in the event of an emergency through responsible measures in accordance with laws, regulations, and social norms, putting the highest priority on human safety.
- (4) The Group discloses information concerning the details of the risks it faces and initiatives to address them in a timely and appropriate manner to customers, shareholders, and other stakeholders while building and maintaining strong relationships with stakeholders.
- (5) The Group provides all employees with opportunities to learn from one another through regular training and education, in order to strengthen their ability to respond to risks and enable them to take appropriate actions as members of society.

## System

The ERM Promotion Committee is established under the Corporate Governance Committee. We've established a cross-functional risk management system by preparing various rules, regulations, and manuals to enable effective response to crises and to avert potential threats to business continuity.

- ERM Promotion Committee: Chaired by a Director and Managing Executive Officer, this committee shares information on internal risks, evaluates risks, identifies priority risks, and discusses response policies. It reports and proposes to the Board of Directors on matters such as responsible policies and preventive measures. The committee strives to improve awareness of risk management within each business unit through the deployment in individual business units of established policies and other measures, ascertaining the states of their implementation, and education.



## Example of measures

### Quality assurance initiatives

Recognizing quality defects or improprieties as important risks to customer value and corporate trust, we work to improve the efficacy of our quality assurance systems. In FY2025, alongside confirmation of full performance of the terms and conditions of contracts with customers, we ascertained operational weaknesses through site interviews and promoted improvements by enhancing procedures and clarifying management perspectives. After discovering discrepancies in JIS mark indication for certain products, we promptly identified the cause, took corrective measures, reviewed related procedures, and enhanced management structures. To build an environment resistant to improprieties, we're enhancing education related to quality assurance and strengthening awareness of quality among all personnel. Through these initiatives, we're enhancing trust in the Group.

### Risks and responses

	Category	Response status
Market risks	① Country/regional economic risks	Analyzing business characteristics in each region and market area, evaluating profitability, and realigning low-profit assets
	② Raw material procurement risks	Considering alternative raw materials and integrating other raw materials
	③ Foreign exchange/interest rate risks	Reporting on results and balances of derivatives transactions and monitoring these and other off-balance-sheet transactions
	④ Retirement payments risks	Retaining an external institution to support management of funds
Legal and Regulatory Risks	① Changing laws and geopolitical risks	Gathering information on international conditions, including nation-specific risks
	② Litigation risks	Expanding specialized support systems and maintaining close coordination
	③ Intellectual property litigation risks	Checking for potential infringement of rights owned by other parties before market introduction; investigating the potential for infringement when setting up R&D themes
	④ Compliance risks	Systematically promoting internal training and education, led primarily by the Compliance Promotion Committee
Product quality risks		Maintaining a quality assurance system
Infectious disease risks		Establishing a task force or dedicated subcommittee, considering timely and effective countermeasures, and communicating the results through notifications, manuals, etc.
Environmental and climate change risks		Establishing company policies on the global environment and promoting actions as determined by top management for mitigation of the negative environmental impacts of products, ensuring product safety, providing information to customers, and other goals Conducting scenario analysis on climate change in line with TCFD recommendations through industry-academia collaboration with Kyoto University
Natural disasters and accidental disaster risks		Implementing measures such as education and awareness, measures for facilities and equipment, inspection and maintenance, and decentralization of production bases based on business continuity plans
Other risks	① Group company risks	Clarifying responsibilities of Group companies and strengthening coordination
	② Information security risks	Establishing a system to promote training, education, and measures that strengthen awareness of and improve safeguards against various incidents and attacks; adopting surveillance systems under the supervision of the unit head
	③ Media and social-media communication risks	Maintenance of operation structures, guidelines, and checking structures for websites, social media, etc.
	④ Talent attrition risks	Improving the HR system and promoting activities to increase engagement

# Compliance

## Policies, basic concepts

The Kansai Paint Group's Mission calls for us to Value the Trust with Customer, Develop Products that Satisfy Social Needs. We emphasize doing what is right based on our unchanging core values of profession and integrity, passed down since our founding to guide us in all our actions. Thorough compliance is essential to fulfilling our responsibilities as a trusted enterprise. The Group strives to be a truly global company trusted by society, one that contributes to the world not just by complying with laws, regulations, and social norms, but by engaging in doing business with integrity and high ethical standards.

## Structure

The Compliance Promotion Committee, under the ERM Promotion Committee has been established as a committee specializing in compliance. Its responsibilities include checking on the Group's compliance promotion structures, discussing policies and activities in detail, and reviewing the state of awareness and educational efforts.

## Activity results

### Training and awareness-raising activities

The company formerly distributed the compliance handbook (revised in April 2022) to Group employees as a tool for promoting awareness of compliance matters. Since then we've revised its contents and incorporated it under the compliance component of the KP way—our action standards for sustained growth. The KP way is used throughout the Group. We plan to use the KP way as a tool in workplace training, as with the compliance handbook, to ensure a thorough understanding of compliance issues.

We also carry out regular compliance training and education activities on various topics to promote understanding and awareness of compliance issues among employees.

### FY2025 compliance initiatives

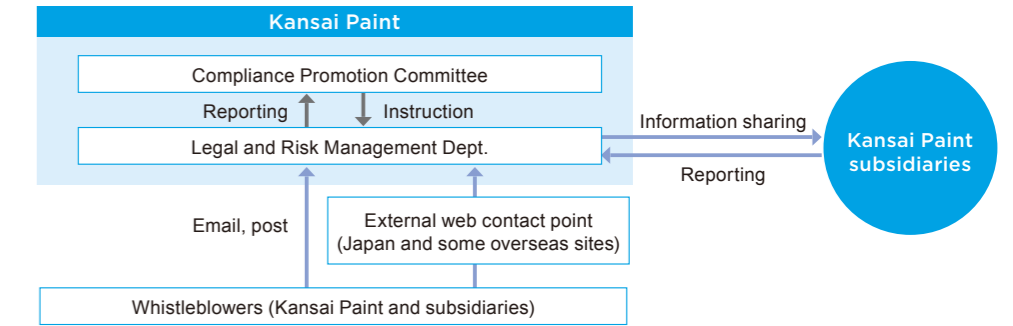
- ① **Education** e-Learning, training by outside instructors for employees assigned overseas, etc.
- ② **Information sharing** Regular communication through email newsletters and the internal portal, distribution of posters
- ③ **Working group activities** Builds organization-wide systems for compliance risk management and addresses themes chosen by the Compliance Promotion Committee, in quality and other areas.

### Export controls

Some of our products and technologies are subject to the provisions of Japan's Foreign Exchange and Foreign Trade Control Act. We have established rules for security trade controls based on the principles of proper management and compliance with export and import laws and regulations. We have also established an Export Controls Subcommittee as a cross-functional Companywide organization to manage these controls. We have organized a controls structure to reliably identify subjects of controls, review transactions, and manage shipping accordingly.

### Internal whistleblowing system

The company has established an internal whistleblowing system that employees can use to report violations of laws and regulations, including bribes or attempted bribes and other instances of corruption, as well as other inappropriate actions, such as violations of in-house rules and harassment. In-house rules on whistleblowing establish basic provisions concerning consultations and reporting. They clearly state that the confidentiality of whistleblowers' identity is to be protected and that whistleblowers are to be protected from disadvantageous treatment. In addition, the external contact point was changed in April 2022 to ensure that whistleblowers can report directly to fair and neutral outside experts.



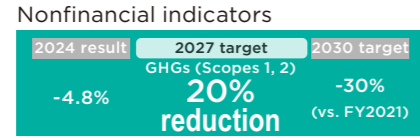
# Information security measures

The Information Security Committee was established in April 2022 to strengthen information management and security companywide.

Under the leadership of the Information Security Committee, information security measures are comprehensively improved through organizational, technological, physical, and human measures. For example, both tangible and intangible response capabilities are being improved through yearlong employee education, including e-learning, and systematic drills on responding to targeted attacks.

# Environment

## Our policy and basic position on climate change



### Climate change

#### Policies, basic concepts

Today, climate change affects the entire planet and threatens the safety of everyone. Understanding climate change to be one of its most important topics, the Group is committed to reducing GHG emissions, properly controlling and reducing substances that are detrimental to the environment, and using energy more efficiently. Under our basic position on climate change below, we have a comprehensive awareness of matters such as the impacts of climate change, dependencies on environmental resources, and risks that may arise due to environmental changes and promote activities to reduce GHG emissions and lessen the burden on environmental resources.

#### Basic position on climate change

1. Responding to climate change is a top priority. We will strive to achieve carbon neutrality by 2050 through aggressive GHG emissions reductions.
2. We support the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and disclose information in line with them.
3. We strive to reduce emissions not just in house but across the supply chain as well.

### Kansai Paint's domestic Group policy

#### Kansai Paint's policy and basic position on climate change

We support the Carbon Neutrality Action Plan proposed by the Japan Chemical Industry Association (JCIA) and are addressing related actions as a member. The JCIA participates in Keidanren's Carbon Neutrality Action Plan and aims to achieve chemical industry policy targets to realize carbon neutrality in 2050.

Kansai Paint has addressed environmental issues through means that include responsible care, based on the Corporate Policy on the Global Environment.

#### Corporate Policy on the Global Environment

1. We provide products that reflect consideration for their impacts on people and the environment.
2. We seek to predict impacts on people and the environment and respond to them in advance.
3. We contribute to society by promoting awareness of the environment, safety, and health.
4. We disclose and provide information on the environment, safety, and health.

CO <sub>2</sub> emissions reduction trends*		2021	2022	2023	2024	2027	2030
Nonconsolidated	Result (t-CO <sub>2</sub> eq)	39,052	38,906	37,734	34,380	—	—
	Actual reduction rate [target reduction rate]	Base value	-0.4%	-3.4%	-12.0%	[-20%]	[-30%]
Consolidated	Result (t-CO <sub>2</sub> eq)	210,932	208,105	210,401	200,709	—	—
	Actual reduction rate [target reduction rate]	Base value	-1.3%	-0.3%	-4.8%	[-20%]	[-30%]

\* For details, see: Sustainability Library > ESG Data → <https://www.kansai.co.jp/sustainability/library/>

## Efforts to address environmental issues

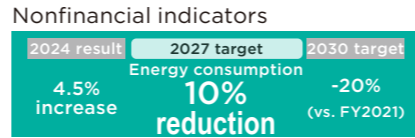
### Reducing GHG emissions through lower energy consumption and adoption of renewable energy

	Japan Segment		KPI2027	KPI2030
	FY2021	FY2024		
Energy consumption (KWh)	133	124	—	—
Energy consumption (vs. base year)	Base year	Reduced 7.0%	Reduced 10.0% (consolidated)	Reduced 20.0% (consolidated)
Energy consumption intensity (MWh/t)	0.76	0.71	—	—

The Group recognizes that energy intensity varies from facility to facility due to business activities, manufacturing process structures, and manufacturing scale. Based on this assumption, we've identified key facilities with major effects on energy conservation, set suitable targets for each, and are promoting improvements focused on these. One of these priority facilities, the Japan Segment, is pursuing ongoing improvements based on the plan-do-check-act (PDCA) cycle, centered on measures to conserve energy. We also plan to pursue various intermittent measures, including global supply chain updates and facility footprint optimization, to control energy costs and cut energy consumption over the medium to long term.

### Renewable energy initiatives

To achieve carbon neutrality by 2050, we're striving to increase the rate of use of renewable energy. In FY2024, Kansai Altan Boya Sanayi Ve Ticaret A.S. (Turkey) purchased IREC certificates equivalent to 26,000 MWh of renewable energy. As a result, 100% of its power purchases are from renewable energy. In addition, in FY2024 we promoted the transition to renewable energy at affiliate companies in Japan. We plan to maintain our efforts to reduce GHG emissions.



### Evaluations by external agencies

Together with promoting initiatives toward a sustainable society in environmental, social, and governance (ESG) domains, the Kansai Paint Group uses international external evaluations to increase the transparency and reliability of such efforts.

As it did last year, the Kansai Paint Group earned a B score on the climate change and water security evaluations of the international environmental disclosure platform CDP. Kansai Nerolac (India) also earned its first B score this year. These are results of deepening our understanding of the impacts, risks, and opportunities of climate change and promoting disclosure and initiatives, and they show that our ability to address climate-related issues is improving.

For the second consecutive year, Kansai Helios (Slovenia) has earned a Gold (top 5%) score and Kansai Nerolac (India) has earned a Bronze (top 35%) score in EcoVadis sustainability evaluations. The Group continues striving to realize sustainable business operations while enhancing cooperation with suppliers and partners, targeting improvements in these external evaluations.



# Disclosure Based on TCFD Recommendations

## Disclosure based on TCFD recommendations

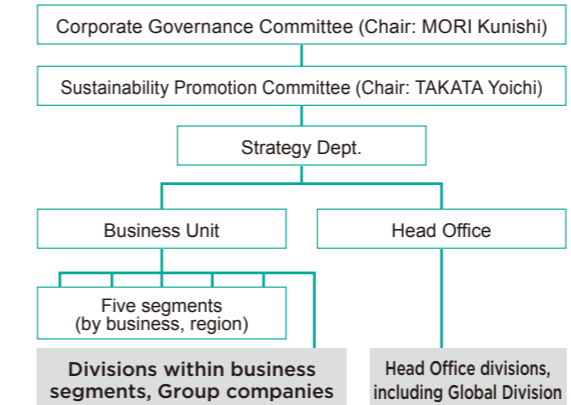
The Group is making progress on efforts to disclose information on the 11 items recommended by the Task Force on Climate-Related Financial Disclosures (TCFD) in due course. (See the Kansai Paint website for more information.)

Climate change is a threat to humanity that cannot be disregarded. The Group considers it to be a top management priority; following internal discussions and interviews with experts in various fields, it has issued a statement on Groupwide efforts. In November 2021, it announced new materiality initiatives extending beyond the framework of these activities. These include the efforts to address climate change, decarbonization efforts, and recycling and the circular economy. In November 2021, we declared our support for the TCFD recommendations. Alongside efforts to address climate change, we will disclose information in accordance with TCFD recommendations and identify and disclose risks and opportunities through scenario analysis. In promoting these measures, we're also studying various matters including the impact of climate change in our markets, global regulations, and technologies, in addition to the management issues that the Group faces.

We will consider various impacts corresponding to the 1.5°C scenario, which assumes measures are taken to address climate change, and the 4°C scenario, which assumes things will proceed on the present course. We will anticipate changing market conditions based on the results. Then, we will reassess the risks and opportunities these changes pose for individual businesses.

## Governance

Since April 2022, the Sustainability Promotion Committee has been positioned under the Corporate Governance Committee. The resulting structure is intended to help clarify and monitor related policies. The organization currently includes a Director responsible for sustainability and the Strategy Department, a dedicated sustainability section. The Strategy Department is responsible for Companywide strategic planning to embody sustainability management and working with subsidiaries and sections to collect and analyze information, propose practical measures, and support their promotion. It will work together with business units to increase corporate value over the long term. In addition, plans for and progress in achieving KPIs are reported quarterly to the Executive Committee and to the Board of Directors. The Board provides thoroughgoing oversight of all related activities.

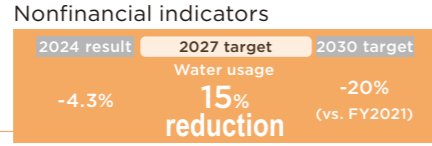


## Identifying risks and opportunities

In the process of identifying our materiality issues, we held management-level workshops with support from outside experts to assess the importance of various related initiatives. In cooperation with management, the Sustainability Promotion Committee, established by a resolution of the Board of Directors, identified company topics and considered courses of action on materiality through dialogue with outside advisors, shareholders, investors, and sustainability rating agencies. As part of this process, we ascertained topics that may lead to opportunities to devise or identify solutions to social challenges involving our businesses and products, as well as environmental and social impacts. We undertook assessments, analyses, and verifications in light of various risks to mitigate the resulting potential burdens on stakeholders.

	Category	Specific example	Term of impact		
			Short	Medium	Long
Transition risks	Policies and laws	• Cost of carbon taxation and climate change countermeasures		●	●
	Technology	• Restrictions on the use of chemicals in general		●	●
		• Costs and raw material supply issues associated with materials conversion • Cost of investments in carbon-negative technologies		●	
	Markets	• Changes in the business environment that affect our ties to existing customers		●	●
Physical risks	Reputation	• Reputation of chemical companies • Damage to corporate reputation due to delays in addressing climate change		●	●
	Acute	• Impact on the company and supply chain due to abnormal weather or wind and water damage	●	●	
Opportunities	Chronic	• Risks to business continuity planning due to warmer temperatures and rising sea levels			●
	More efficient use of resources	• Increased opportunities for sales of products and services that strengthen durability	●	●	
	Energy sources	• New products and services to help conserve energy in customer production processes	●	●	
	Products and services	• Emerging needs related to climate change countermeasures and recycling		●	●
	Markets	• Emergence of new businesses due to industrial structural changes		●	●
Resilience	• Business needs related to promoting environmental resilience			●	

## Resource and Economic Cycles



### Water use policy and basic approach

Water is an essential resource for Group businesses. High quality water is a raw material for water-based paints and coatings. High quality water plays a role in production processes for synthetic resin, pigment dispersion, etc. To conserve and make more effective use of valuable water resources, we have developed a basic approach to our water resources based on our Corporate Policy on the Environment.

#### Basic approach to water resources

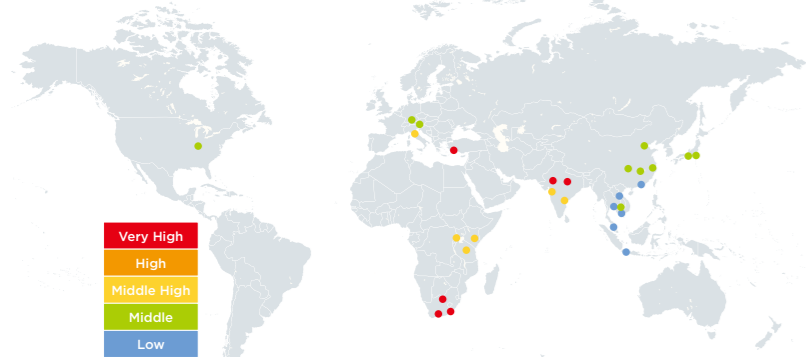
1. Water is a precious resource. We will strive to conserve water and encourage efforts to conserve water across the supply chain.
2. High quality water is essential to our businesses. We will strive to make effective and efficient use of water by managing water consumption and water quality.
3. We will identify the regional (and thus seasonal) characteristics from which we source water and apply the suitable management.

### Advancing responses in regions subject to water stress and water resource management

The Group is assessing water risk and advancing water use management at major facilities, to use water resources sustainably. We assess water stress at each facility based on various sources, including the Water Risk Filter, Aqueduct, and annual precipitation, as well as local interviews. Prioritizing sites at which water risk has been identified as very high, we're promoting priority improvement measures suited to regional attributes with reference to lessons learned from the earlier case of India.

Results of analysis of the global state of water use have shown that we use more water in cooling and other processes of manufacturing than we use directly in water-based paints. Going forward, we will identify facilities that have high levels of water consumption intensity and priority facilities with high reduction effects, while also ascertaining management levels based on regional properties and enhancing the Groupwide management base.

We've also begun examining our impact on the water cycle by enhancing water risk and impact analysis across the supply chain, in addition to business facilities, as we work to improve water resource management across the entire value chain.



\* For detailed data, see: Sustainability Library > ESG Data → <https://www.kansai.co.jp/sustainability/library/>

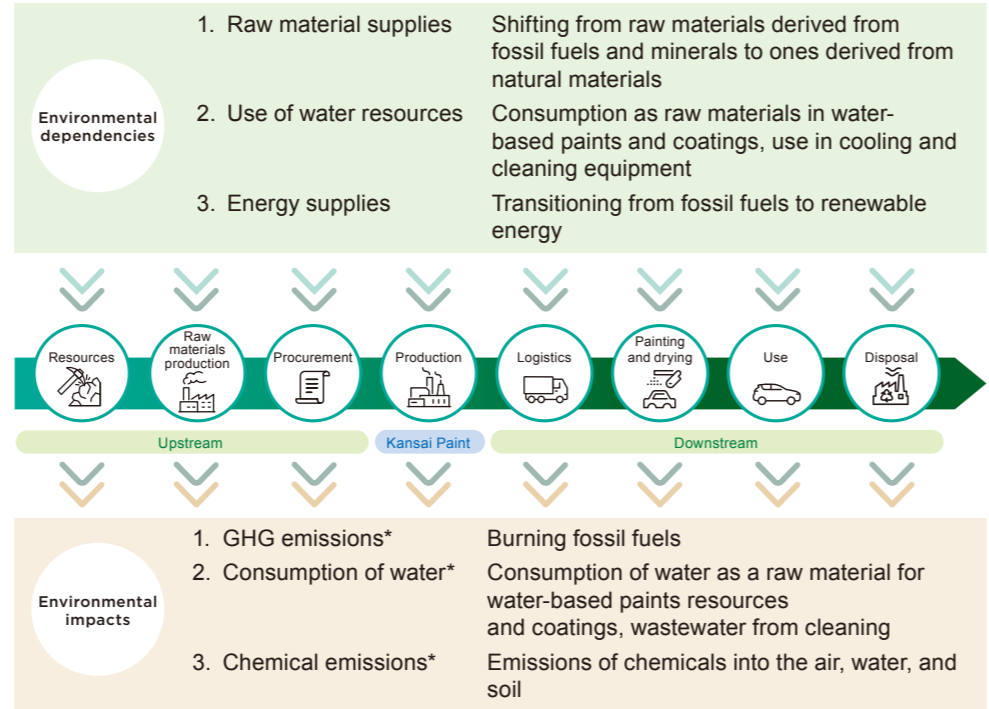
### Our relationship to the environment across the supply chain

It is vital to accurately grasp the relationships (dependencies, impacts) between Group business activities and the environment across the supply chain. These relationships go beyond the sites operated by Group companies, and involve the locations of primary and secondary raw materials suppliers (upstream). GHG emissions and the risk of chemical release, in particular, can affect areas in which customer production plants are located (downstream).

Based on this approach, the Group is preparing to collect and disclose important global environmental data in domains such as air, water quality, and control of chemical substances, to properly ascertain and lessen its environmental impact.

- Atmospheric emissions: Atmospheric emissions of SOx, NOx, VOCs, etc.
- Control of chemical substances: Ascertaining substances subject to various laws and regulations around the world, such as ozone-depleting substances and those subject to the PRTR Act
- Water quality: Important water quality metrics such as chemical oxygen demand (COD)
- Specific harmful substances contained in products: Product content of lead, hexavalent chromium, etc.

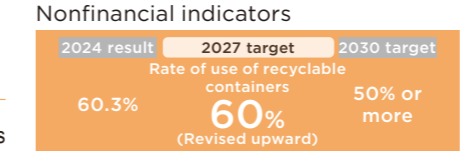
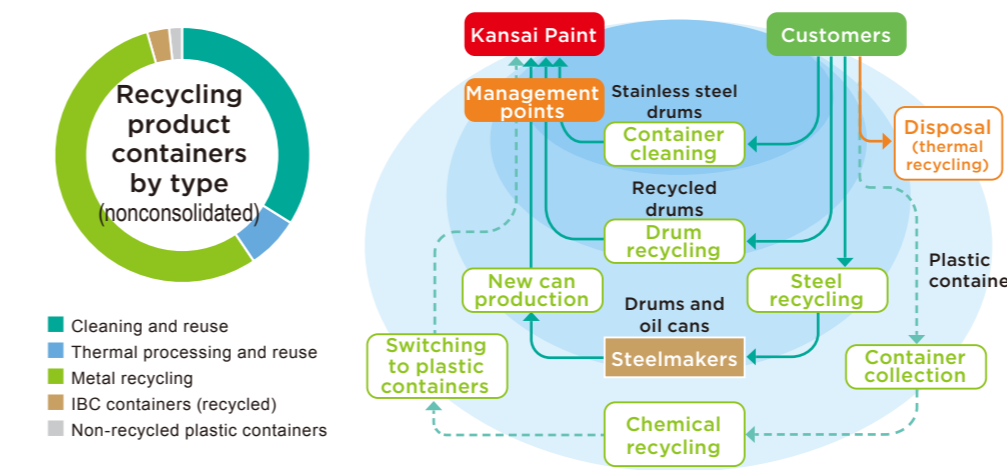
We use this data to assess dependencies and impacts from multiple approaches, including GHG emissions, use of water resources, biodiversity, and control of chemical substances. Based on international regulatory trends, industry trends, and the progress of evaluation, we will continue to expand the subject of data and improve precision while also revising subjects of management as necessary, to maintain highly transparent disclosure.



### Resource and Economic Cycles

### Container recycling

We're promoting container recycling both to recycle resources and for economic reasons. Considering recycling of product containers to be an important measure, we reached a recycling rate of 50% in FY2023 and raised the target for FY2024 to 60% or higher. In the Japanese market, where most product containers are metal, the recycling rate for product containers can be as high as 99.1%, thanks to Japan's advanced environment for recycling metallic waste. Amid various recycling channels such as cleaning and reuse, thermal treatment and reuse, and materials recycling, we will continue to expand use of recycled containers while choosing eco-friendly and economical methods in consideration of the energy consumption, GHG emissions, and costs associated with recycling processes. In the overseas construction business, where plastic containers represent the mainstream and container recovery presents various difficulties, particularly in the B2C business, we plan to improve recycling in line with the nature of our businesses by considering various measures, including use of recycled materials and biomass materials.



### Waste reductions\*

Proper waste handling is critical not just for recycling and the circular economy, but for effective control of chemicals. In addition to handling waste in accordance with local laws and regulations, the Kansai Paint Group will strive to manage and improve waste treatment in line with our KPIs for recycling and waste reduction. In FY2024, we totaled these metrics on a global basis for the first time.

Waste categories and handling requirements vary by region and affiliate company, and we are currently ascertaining all the related details, starting with checking the state of response at each facility. Next, we will study totalization methods suited to the Group and build systems to visualize waste data and put such to use in improvement activities. In addition to efforts to convert waste to valuable resources, some global facilities have begun separation and reuse of waste solvents and similar materials. Through these efforts, we will strive to strengthen further our waste reduction

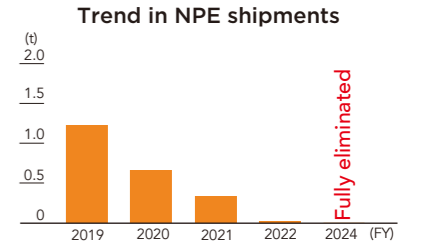


and recycling efforts.

\* For detailed data, see: Sustainability Library > ESG Data → <https://www.kansai.co.jp/sustainability/library/>

### Basic approach to biodiversity and initiatives

The Group considers the conservation of biodiversity to be a sustainability priority. Throughout our business activities, whether raw materials procurement, research and development, production, or supply of products and services, we identify the impacts on natural capital and focus on ensuring a natural environment in which diverse organisms can sustainably coexist. In addition to our materiality activities that include decarbonization, recycling, and the circular economy as part of our climate change initiatives, we promote the effective control of chemical substances. For example, based on consideration of the environment and for ecosystems, we explored possible alternatives to endocrine disruptor poly (oxyethylene) nonylphenyl ether (NPE) prior to its designation as a class II chemical substance under the Act on the Regulation of Manufacture and Evaluation of Chemical Substances. In FY2024, Kansai Paint (Japan) eliminated all use of NPE. Together with decarbonization and recycling initiatives, we continue striving to reduce the impact of our business activities on natural capital and conserve ecosystems.



### Basic approach to biodiversity

1. We strive to preserve biodiversity, a vital aspect of environmental conservation, and improve quality of life (QOL).
2. We strive to achieve coexistence with biodiversity. We consider biodiversity impacts across the supply chain, not just in company activities with clear and obvious biodiversity implications.
3. By reaching an understanding of the regional and temporal properties of biodiversity, we will deploy the management needed for each region.

### Global efforts to control chemical substances

International frameworks and policies are being developed in response to growing awareness of environmental protection and human health around the world. The corporate response to these conditions must meet ever higher standards. Our essential social responsibilities include identifying the risks posed by chemical substances, ensuring safety, and reducing environmental impact.

In response to these changes in the external environment, we've begun efforts to strengthen control of chemical substances not just at facilities in Japan, but at Kansai Paint Group member companies, including group companies in other countries. Based on global standards, we're identifying substances that could lead to serious health harm, whether or not they are regulated in the country in question. In FY2025, we established a common Group list of substances for which use will be prohibited and are promoting activities to eliminate their use.

Our mission is to improve employee and customer satisfaction by expanding and intensifying efforts to control chemical substances, provide products people can use with peace of mind, and contribute to good health. We plan to continue promoting the Groupwide initiatives in pursuit of a sustainable society.

## Summary of Consolidated Financial Indicators

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Net sales (¥ million)	349,333	328,118	330,235	401,977	427,425	406,886	364,620	419,190	509,070	562,277	<b>588,825</b>
Sales by business segment (¥ million)											
Automotive	111,015	103,256	103,431	111,235	112,985	104,981	90,036	119,089*	149,434	172,898	<b>176,894</b>
Auto Refinish	21,054	19,640	19,372	23,262	24,097	21,735	18,751	21,568	26,293	29,404	<b>30,945</b>
Industrial	87,309	81,888	83,448	111,887	122,193	114,782	102,285	102,215	126,244	147,761	<b>168,133</b>
Architectural	93,532	83,221	86,670	103,550	112,310	109,374	101,122	119,797	141,291	143,708	<b>144,639</b>
Marine and Protective	19,893	22,440	20,793	22,586	22,081	22,462	21,388	22,510	27,803	33,468	<b>32,239</b>
Other	16,528	17,670	16,519	29,455	33,758	33,550	31,034	34,007	38,003	35,036	<b>35,973</b>
Sales by region (¥ million)											
Japan	154,004	155,367	151,416	155,552	159,339	155,078	142,999	138,620	152,508	165,301	<b>163,896</b>
India	69,521	65,800	74,694	83,432	86,922	81,697	73,084	97,133	127,544	136,648	<b>142,335</b>
Europe	—	17,772	16,830	59,098	71,934	68,168	66,002	84,320	112,070	135,902	<b>156,469</b>
Asia	66,232	58,897	56,623	63,300	63,828	60,176	49,504	57,631	68,070	71,876	<b>68,670</b>
Africa	39,543	29,251	28,026	35,132	39,446	35,742	27,917	36,131	41,831	43,338	<b>47,423</b>
Other	20,031	1,029	2,643	5,461	5,954	6,021	5,112	5,352	7,045	9,210	<b>10,031</b>
Ratio of overseas net sales (%)	59.6	57.6	58.9	65.3	66.1	65.0	64.1	70.3	72.6	73.4	<b>74.8</b>
Operating income (¥ million)	31,580	34,772	35,310	35,802	32,306	31,510	31,228	30,096	32,077	51,595	<b>52,050</b>
Operating income to net sales ratio (%)	9.0	10.6	10.7	8.9	7.6	7.7	8.6	7.2	6.3	9.2	<b>8.8</b>
Ordinary income (¥ million)	37,725	39,714	40,025	33,241	34,838	34,874	35,880	37,611	40,216	57,685	<b>49,103</b>
Segment income (loss) by region (¥ million)											
Japan	16,278	20,756	22,336	19,265	17,820	16,793	13,884	11,600	13,285	21,451	<b>23,919</b>
India	7,306	8,798	10,860	12,625	10,576	10,343	10,162	7,444	10,987	14,807	<b>14,193</b>
Europe	—	1,115	1,371	5,074	3,261	3,115	5,571	5,679	1,991	5,068	<b>(979)</b>
Asia	7,952	7,454	6,675	89	5,426	5,461	4,693	6,826	7,344	10,548	<b>9,188</b>
Africa	1,638	(587)	(2,744)	(3,609)	(2,477)	(1,486)	526	2,394	2,724	4,077	<b>4,350</b>
Other	2,559	1,289	986	966	467	1,254	1,161	1,519	1,374	3,297	<b>3,204</b>
Ratio of segment income to net sales (%)	10.2	11.8	12.0	8.6	8.2	8.7	9.9	8.5	7.4	10.5	<b>9.2</b>
Net income attributable to owners of the parent (¥ million)	20,409	28,343	24,168	17,701	17,405	18,477	20,027	26,525	25,195	67,109	<b>38,306</b>
Earnings per share (EPS) (¥)	76.61	106.41	93.16	68.80	67.68	71.87	77.91	103.23	104.61	299.15	<b>202.02</b>
Return on equity (ROE) (%)	8.3	10.9	9.5	6.7	6.4	6.9	7.2	8.7	8.2	22.3	<b>13.2</b>
Dividend payout ratio (%)	19.6	17.9	23.6	39.2	44.3	41.7	38.5	29.1	28.7	13.4	<b>24.8</b>
Dividend per share (¥)	15.00	19.00	22.00	27.00	30.00	30.00	30.00	30.00	30.00	40.00	<b>50.00</b>
Capital investment (¥ million)	13,034	11,443	13,617	16,782	23,018	13,949	11,547	14,536	12,204	21,344	<b>26,037</b>
R&D expenses (¥ million)	5,323	5,046	5,297	6,592	6,547	6,582	6,400	6,776	7,621	9,098	<b>10,037</b>
Depreciation and amortization (¥ million)	10,289	9,742	10,153	13,176	13,917	14,482	14,319	14,291	15,771	17,962	<b>20,703</b>
Cash flows from operating activities (¥ million)	31,957	31,470	29,146	33,509	35,632	40,324	42,647	15,524	50,231	67,084	<b>34,966</b>
Cash flows from investment activities (¥ million)	(19,544)	(14,789)	(97,020)	(33,756)	(17,461)	(22,045)	(507)	(2,087)	(10,643)	(9,043)	<b>(39,200)</b>
Cash flows from financing activities (¥ million)	(9,632)	(14,834)	60,264	8,059	(6,964)	(37,403)	16,828	(64,100)	(18,296)	(72,856)	<b>(8,006)</b>

\* Coatings for automotive parts, which had been classified under industrial coatings until FY2020, have been classified under automotive coatings since FY2021.

## Consolidated Balance Sheet

	As of March 31, 2024		As of March 31, 2025	
<b>&lt;Assets&gt;</b>				
<b>Current assets</b>				
Cash and deposits	76,587	<b>76,656</b>		
Trade notes and accounts receivable, and contract assets	113,202	<b>120,858</b>		
Securities	24,209	<b>32,489</b>		
Finished goods	56,765	<b>59,053</b>		
Work-in-process	8,917	<b>8,642</b>		
Raw materials and supplies	38,641	<b>44,233</b>		
Other	15,234	<b>19,588</b>		
Allowance for doubtful receivables	(4,838)	<b>(5,992)</b>		
Total current assets	328,720	<b>355,530</b>		
<b>Non-current assets</b>				
<b>Property, plant, and equipment</b>				
Buildings and structures, net	68,517	<b>76,498</b>		
Machinery, equipment and vehicles, net	41,688	<b>44,699</b>		
Tools, furniture, and fixtures, net	9,883	<b>12,758</b>		
Land	27,759	<b>31,800</b>		
Construction in progress	11,111	<b>18,041</b>		
Total property, plant, and equipment	158,961	<b>183,798</b>		
<b>Intangible assets</b>				
Leasehold right	3,206	<b>3,203</b>		
Software	3,221	<b>3,362</b>		
Software in progress	3,712	<b>8,193</b>		
Goodwill	34,051	<b>35,711</b>		
Other	21,969	<b>30,051</b>		
Total intangible assets	66,160	<b>80,522</b>		
<b>Investments and other assets</b>				
Investment securities	70,937	<b>57,907</b>		
Investments in capital	26,939	<b>31,401</b>		
Loans receivable	2,781	<b>2,748</b>		
Net defined benefit asset	25,081	<b>26,962</b>		
Deferred tax assets	5,784	<b>6,791</b>		
Other	9,914	<b>10,303</b>		
Allowance for doubtful receivables	(5,579)	<b>(5,267)</b>		
Total investments and other assets	135,860	<b>130,847</b>		
Total non-current assets	360,982	<b>395,168</b>		
<b>Total assets</b>	689,703	<b>750,699</b>		

	As of March 31, 2024		As of March 31, 2025	
<b>&lt;Liabilities&gt;</b>				
<b>Current liabilities</b>				
Trade notes and accounts payable	86,707	<b>85,218</b>		
Short-term borrowings	9,653	<b>11,895</b>		
Short-term borrowings from unconsolidated subsidiaries and affiliates	20	<b>72</b>		
Current portion of long-term debt	258	<b>132</b>		
Short-term bonds payable	—	<b>31,985</b>		
Lease obligations	1,511	<b>1,677</b>		
Accrued expenses	11,901	<b>14,483</b>		
Income and enterprise taxes payable	17,571	<b>5,348</b>		
Provision for bonuses	5,854	<b>5,932</b>		
Other	19,370	<b>20,301</b>		
Total current liabilities	152,849	<b>177,049</b>		
<b>Non-current liabilities</b>				
Corporate bonds	—	<b>60,000</b>		
Convertible bonds with stock acquisition rights	100,592	<b>100,472</b>		
Long-term debt	6,108	<b>7,595</b>		
Lease obligations	4,418	<b>4,589</b>		
Deferred tax liabilities	35,589	<b>41,248</b>		
Net defined benefit liability	7,759	<b>7,331</b>		
Retirement benefits for directors and corporate auditors	477	<b>456</b>		
Provision for management board incentive plan trust	278	<b>331</b>		
Other	1,381	<b>1,614</b>		
Total non-current liabilities	156,605	<b>223,639</b>		
<b>Total liabilities</b>	309,455	<b>400,689</b>		
<b>&lt;Net assets&gt;</b>				
<b>Shareholder equity</b>				
Capital stock	25,658	<b>25,658</b>		
Capital surplus	19,953	<b>18,343</b>		
Retained earnings	234,131	<b>186,659</b>		
Treasury stock, at cost	(2,128)	<b>(2,101)</b>		
Total shareholder equity	277,614	<b>228,560</b>		
<b>Accumulated other comprehensive income</b>				
Net unrealized holding gains on securities	22,141	<b>12,451</b>		
Deferred losses on derivatives under hedge accounting	3	<b>(0)</b>		
Foreign currency translation adjustments	1,537	<b>19,615</b>		
Remeasurements of defined benefit plans	8,659	<b>8,562</b>		
Total accumulated other comprehensive income	32,341	<b>40,628</b>		
<b>Stock acquisition rights</b>	—	<b>224</b>		
<b>Non-controlling interests</b>	70,291	<b>80,595</b>		
<b>Total net assets</b>	380,248	<b>350,009</b>		
<b>Total liabilities and net assets</b>	689,703	<b>750,699</b>		

## Consolidated Statement of Income/Consolidated Statement of Comprehensive Income

	Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)		Fiscal year ended March 31, 2025 (April 1, 2024–March 31, 2025)	
Net sales	562,277	<b>588,825</b>		
Cost of sales	388,917	<b>403,117</b>		
Gross profit	173,359	<b>185,708</b>		
Selling, general and administrative expenses	121,764	<b>133,657</b>		
Operating income	51,595	<b>52,050</b>		
<b>Non-operating income</b>				
Interest income	991	<b>1,900</b>		
Dividend income	1,226	<b>667</b>		
Gain on valuation of securities	434	<b>980</b>		
Equity in earnings of unconsolidated subsidiaries and affiliates	7,643	<b>1,829</b>		
Foreign currency exchange gain	1,837	<b>—</b>		
Miscellaneous income	1,502	<b>2,000</b>		
Total non-operating income	13,636	<b>7,378</b>		
<b>Non-operating expenses</b>				
Interest expense	2,091	<b>3,239</b>		
Loss on disposal of inventories	391	<b>412</b>		
Foreign exchange losses	—	<b>1,556</b>		
Loss on net monetary position	3,718	<b>3,268</b>		
Miscellaneous expenses	1,345	<b>1,848</b>		
Total non-operating expenses	7,547	<b>10,325</b>		
Ordinary income	57,685	<b>49,103</b>		
<b>Extraordinary income</b>				
Gain on sale of property, plant, and equipment	17,355	<b>12,197</b>		
Gain on reversal of impairment loss	—	<b>188</b>		
Gain on sale of investment securities	33,863	<b>7,023</b>		
Gain on sale of shares of subsidiaries and affiliates	41	<b>—</b>		
Gain on sale of investments in capital of subsidiaries and affiliates	—	<b>—</b>		
Gain on liquidation of subsidiaries and affiliates	31	<b>—</b>		
Total extraordinary income	51,291	<b>19,409</b>		
<b>Extraordinary losses</b>				
Loss on sale or disposal of property, plant, and equipment	369	<b>350</b>		
Impairment loss	69	<b>106</b>		
Loss on sale of investment securities	41	<b>—</b>		
Write-down of securities and investment securities	9	<b>0</b>		
Loss on sale of shares of subsidiaries and affiliates	—	<b>56</b>		
Loss on liquidation of subsidiaries	101	<b>—</b>		
Loss on business withdrawal	—	<b>1,094</b>		
Early extra retirement payments	8	<b>1,636</b>		
Total extraordinary losses	600	<b>3,244</b>		

## Consolidated Statement of Cash Flows

(¥ million)

	Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024–March 31, 2025)
<b>Cash flows from operating activities</b>		
Income before income taxes and non-controlling interests	108,376	65,268
Depreciation and amortization	17,962	20,703
Impairment loss	69	106
Gain on reversal of impairment loss	—	(188)
Loss on business withdrawal	—	1,094
Amortization of goodwill	4,573	5,138
Increase (decrease) in allowance for doubtful receivables	418	46
Increase (decrease) in net defined benefit liability	(1,329)	(2,989)
Interest and dividend income	(2,218)	(2,568)
Interest expense	2,091	3,239
Loss (gain) in equity in earnings of unconsolidated subsidiaries and affiliates	(7,643)	(1,829)
Loss (gain) on sale of investment securities	(33,821)	(7,023)
Loss (gain) on valuation of investment securities	9	0
Loss (gain) on sales of shares of subsidiaries and associates	(41)	56
Loss (gain) on investments in capital of subsidiaries and associates	—	—
Loss (gain) on sale or disposal of property, plant, and equipment, net	(16,985)	(11,847)
Decrease (increase) in trade notes and accounts receivable	(1,915)	(249)
Decrease (increase) in inventories	10,856	3,614
Increase (decrease) in trade notes and accounts payable	3,176	(5,108)
Other, net	757	(5,244)
Subtotal	84,336	62,219
Interest and dividends received	6,047	6,834
Interest paid	(1,451)	(2,795)
Income taxes paid	(21,847)	(31,292)
Net cash provided by operating activities	67,084	34,966
<b>Cash flows from investment activities</b>		
Payments into time deposits	(5,925)	(15,081)
Proceeds from withdrawal of time deposits	4,226	8,115
Net decrease (increase) in securities	(13,203)	(7,514)
Purchase of property, plant, and equipment	(15,965)	(20,105)
Proceeds from sales of property, plant, and equipment	19,738	13,238
Purchase of intangible assets	(4,101)	(5,231)
Purchase of investment securities	(1,017)	(19)
Proceeds from sales of investment securities	37,534	7,107
Purchase of shares of subsidiaries affecting scope of consolidation	(16,734)	(19,400)
Payments of loans receivable	(83)	(49)
Collection of loans receivable	2,068	62
Balance (net) from settlement of derivatives	(14,593)	—
Payments for acquisition of businesses	(429)	—
Other, net	(557)	(322)
Net cash used in investment activities	(9,043)	(39,200)

(¥ million)

	Fiscal year ended March 31, 2024 (April 1, 2023–March 31, 2024)	Fiscal year ended March 31, 2025 (April 1, 2024–March 31, 2025)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(67,589)	361
Proceeds from long-term debt	4,043	1,809
Repayments of long-term debt	(453)	(8,709)
Proceeds from issuance of bonds	195,000	463,907
Redemption of bonds	(239,999)	(371,921)
Proceeds from convertible bonds with stock acquisition rights	100,600	—
Redemption of convertible bonds with stock acquisition rights	—	—
Purchase of treasury stock	(49,027)	(80,008)
Cash dividends paid	(7,585)	(8,741)
Cash dividends paid to non-controlling interests	(3,367)	(4,723)
Proceeds from share issuance to non-controlling shareholders	—	4,313
Purchase of shares of subsidiaries not affecting scope of consolidation	(2,900)	(2,370)
Other, net	(1,574)	(1,924)
Net cash used in financing activities	(72,856)	(8,006)
Effects of exchange rate changes on cash and cash equivalents	2,503	4,435
Increase (decrease) in cash and cash equivalents	(12,311)	(7,805)
Cash and cash equivalents at beginning of period	83,263	70,952
Cash and cash equivalents at end of period	70,952	63,147

## Corporate Information (As of March 31, 2025)

### Corporate overview

<b>Name</b>	Kansai Paint Co., Ltd.
<b>Head Office</b>	28F, Osaka Umeda Twin Towers South 13-1 Umeda 1-chome, Kita-ku, Osaka 530-0001, Japan Tel: +81-6-7178-5531 (main)
<b>Established</b>	May 1918
<b>Representative</b>	MORI Kunishi, Representative Director and President
<b>Capital</b>	¥25.658 billion
<b>Employees (consolidated)</b>	17,414
<b>Fiscal year end</b>	March 31
<b>Main lines of business</b>	<ul style="list-style-type: none"> <li>· Manufacture and sale of paints and coatings</li> <li>· Color design</li> <li>· Manufacture and sale of biotech products and products related to electronic materials</li> </ul>
<b>Net sales (consolidated)</b>	¥588,825 million

### Group Companies

Consolidated subsidiaries	
Kansai Paint Sales Co., Ltd. (Ota-ku, Tokyo)*1	PT. Kansai Prakarsa Coatings (Indonesia)
Kuboko Paint Co., Ltd. (Higashiyodogawa-ku, Osaka)*2	Kansai Paint Asia Pacific Sdn. Bhd. (Malaysia)
Nippon Kako Toryo Co., Ltd. (Koza-gun, Kanagawa Prefecture)	U.S. Paint Corporation (U.S.A.)
Kanpe Hapio Co., Ltd. (Yodogawa-ku, Osaka)	Kansai Altan Boya Sanayi Ve Ticaret A.S. (Turkey)
Kanpe Trading Co., Ltd. (Ota-ku, Tokyo)*1	Kansai Plascon Africa Ltd. (South Africa)
KAT Co., Ltd. (Ota-ku, Tokyo)	Thai Kansai Paint Co., Ltd. (Thailand)
Kansai Paint Marine Co., Ltd. (Minato-ku, Tokyo)	Kansai Resin (Thailand) Co., Ltd. (Thailand)
Kansai Helios Coatings GmbH (Austria)	Taiwan Kansai Co., Ltd. (Taiwan)
Kansai Nerolac Paints Ltd. (India)	P.T. Kansai Paint Indonesia (Indonesia)
Kansai Plascon East Africa (Pty) Ltd. (Mauritius)	Sime Kansai Paints Sdn. Bhd. (Malaysia)
	Kansai Paint (China) Investment Co., Ltd. (China)
	91 other companies

### Equity method unconsolidated subsidiaries and affiliates

Ohgi Shokai Co., Ltd. (Kita-ku, Osaka)	Hunan Xiangjiang Kansai Paint Co., Ltd. (China)
Polisan Kansai Boya Sanayi Ve Ticaret A.S. (Turkey)	Cosco Kansai Paint & Chemicals (Shanghai) Co., Ltd. (China)
	19 other companies

\*1 Relocated to Yokohama, Kanagawa Prefecture as of April 1, 2026

\*2 Absorbed by Kansai Paint Sales Co., Ltd. effective April 1, 2026

## External Assessment

2026 CONSTITUENT MSCI JAPAN  
EMPOWERING WOMEN INDEX (WIN)

2026 CONSTITUENT MSCI JAPAN  
ESG SELECT LEADERS INDEX

2026 CONSTITUENT MSCI NIHONKABU  
ESG SELECT LEADERS INDEX



Kansai Helios (Slovenia)

<https://recognition.ecovadis.com/m0Cgb7m2oOGMRuWARRIT-g>

### Editors' postscript

Thank you for taking the time to read the Integrated Report 2026. This Report summarizes the initiatives promoted throughout the Kansai Paint Group and around the world as ONE KANSAI based on the Mission, Vision, and Values (MVV), along the axis of the 18th Medium-term Management Plan. In addition to financial and nonfinancial initiatives, it presents the Group's value creation process alongside feedback from employees. We hope it will help readers to better understand the Group and provide more opportunities for constructive dialogue.

We will continue striving to boost corporate value through timely and appropriate disclosures while valuing dialogue with all stakeholders.

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