



June 1, 2022.

To whom it may concern,

Company name: Kansai Paint Co., Ltd
Representative: MORI Kunishi,
Representative Director of the Board, President
(Tokyo Stock Exchange Prime Market, Code No.4613)
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Notice about the Transfer (Share Transfer, etc.) of Our Consolidated Subsidiary

Kansai Paint Co., Ltd. (“Kansai Paint”) has announced that the Kansai Paint Board of Directors meeting held on June 1, 2022 approved a resolution to sell Kansai Plascon Africa Ltd. (“KPAL”), and Kansai Plascon East Africa (Pty) Ltd. (“KPEA”), subsidiaries of Kansai Paint, to Akzo Nobel Coatings International B.V., a subsidiary of Akzo Nobel N.V. (“AkzoNobel”). With the transfer of shares, KPAL and KPEA will be excluded from the scope of consolidation. The transaction is subject to the regulatory approvals of the relevant authorities and expected to be completed in the course of 2023.

1. Reason for the Share Transfer.

Kansai Paint has operated a paint business in Africa, mainly focusing on decorative paints since the acquisition of Freeworld Coatings Ltd. (currently KPAL) which was a listed South African company. Subsequently, through the acquisition of Sadolin Group (currently KPEA) in 2017, Kansai Paint expanded its business not only to South Africa but also to East Africa. Kansai Paint has contributed to the realization of comfortable and affluent lives in African communities through the supply of high-performance paint products, etc.

However, Kansai Paint's Africa business has been facing an increasingly volatile business environment, mainly due to economic slowdown and currency depreciation in Africa starting from the late 2010s, which translated into decreasing results. In order to overcome this situation, Kansai Paint implemented uncompromising structural reforms including the sale of low-profit assets, the consolidation of logistics bases, etc., which led Kansai Paint to successfully record ordinary profit in the business in the fiscal year ending March 2022, with a clear plan for future operations and improvement of the profitability, which Kansai Paint continues to implement.

The recent business environment surrounding Kansai Paint is increasingly complex due to the spread of Covid-19, an increase in geopolitical risks attributed to the invasion of Ukraine by Russia, a decrease in automobile production volume due to supply chain constraints, historically high raw material prices, and an active industry restructuring including large M&A. Even in this situation, Kansai Paint aims to transition to a new growth stage where we enhance Kansai Paint’s strengths such as the B to B business, Europe, India, etc. stated in the 17th mid-term plan “Good to Great” announced in November 2021.

Kansai Paint has entered into a share transfer agreement today as Kansai Paint has determined that AkzoNobel is the best owner of Kansai Paint's Africa business, taking into account the growth potential from acceleration of the decorative paints business and expansion of operating countries, etc. AkzoNobel is one of the leading global major paints companies, with a long history of operations in Africa, focusing on the decorative paints business as one of its strategically significant businesses. AkzoNobel has ambition to be the leading decorative paints company not only in Europe but also in Africa. Kansai Paint believes that this Africa business will be able to create strategic synergies and further expand operating regions including North Africa as well by combining the Africa business with the platforms of AkzoNobel.

As a result of this transaction, six subsidiaries of KPEA, 15 subsidiaries and 2 affiliates of KPAL will be excluded from the scope of consolidation.

2. Summary of the Transferred Subsidiary

(1)	Company name	Kansai Plascon Africa Ltd.		
(2)	Location	10 Frederick Cooper Drive, Factoria, Krugersdorp, 1739, South Africa		
(3)	Name and title of representative	Chief Executive Officer, Prejay R. Lalla		
(4)	Description of business	Holding company for manufacturing and sales of paint and coating products		
(5)	Share capital	3,000,117 thousand ZAR (24,690 million yen)		
(6)	Date of incorporation	September 30, 2007		
(7)	Major Shareholders and holding ratio	Kansai Paint 83.31%		
(8)	Relationship with Kansai Paint	Capital relationship	Kansai Paint holds 83.31% of the shares and make KPAL consolidated subsidiary	
		Personnel relationship	Kansai Paint's director or employee concurrently serves as a director of KPAL	
		Business relationship	Kansai Paint provides a loan and guarantee of debt	
(9)	Operating results and financial condition of the target business for the three most recent fiscal years			
	Fiscal Year	December 31, 2019	December 31, 2020	December 31, 2021
	Consolidated net assets	1,709 million ZAR (14,068 million yen)	1,249 million ZAR (10,286 million yen)	1,238 million ZAR (10,191 million yen)
	Consolidated total assets	3,623 million ZAR (29,818 million yen)	3,115 million ZAR (25,641 million yen)	3,221 million ZAR (26,509 million yen)
	Consolidated net assets per share	7.2 ZAR (58.99 yen)	5.2 ZAR (43.13 yen)	5.2 ZAR (42.73 yen)

Consolidated net sales	3,445 million ZAR (28,354 million yen)	2,775 million ZAR (22,839 million yen)	3,257 million ZAR (26,806 million yen)
Consolidated operating income	34 million ZAR (287 million yen)	22 million ZAR (185 million yen)	176 million ZAR (1,453 million yen)
Consolidated ordinary income	△134 million ZAR (△1,104 million yen)	△198 million ZAR (△1,635 million yen)	22 million ZAR (187 million yen)
Net income attributable to owners of the parent	△196 million ZAR (△1,613 million yen)	△493 million ZAR (△4,058 million yen)	△45 million ZAR (△375 million yen)
Consolidated net income per share	△0.8 ZAR (△6.8 yen)	△2.1 ZAR (△17.0 yen)	△0.2 ZAR (△1.6 yen)
Dividend per share	—	—	—

※ ZAR is the South African Rand, the currency issued by the Republic of South Africa

※ 1ZAR=8.23 yen (Internal rate as of May, 2022)

(1) Company name	Kansai Plascon East Africa(Pty) Ltd.		
(2) Location	10th Floor Standard Chartered Tower, 19 Cybercity, Ebene, Republic of Mauritius		
(3) Name and title of representative	Chief Executive Officer, Arvind Shekhawat		
(4) Description of business	Holding company for manufacturing and sales of paint and coating products		
(5) Share capital	155,990 thousand USD (20,294 million yen)		
(6) Date of incorporation	January 5, 2017		
(7) Major Shareholders and holding ratio	Kansai Paint 100%		
(8) Relationship with Kansai Paint	Capital relationship	Kansai Paint holds 100% of the shares and make KPEA a consolidated subsidiary	
	Personnel relationship	Kansai Paint's director or employee concurrently serves as a director of KPEA	
	Business relationship	Kansai Paint provides a loan	
(9) Operating results and financial condition of the target business for the three most recent fiscal years			
Fiscal Year	December 31, 2019	December 31, 2020	December 31, 2021
Consolidated net assets	141 million USD (18,375 million yen)	135 million USD (17,669 million yen)	147 million USD (19,254 million yen)
Consolidated total assets	190 million USD (24,826 million yen)	205 million USD (26,783 million yen)	198 million USD (25,887 million yen)
Consolidated net assets per	0.92 USD	0.87 USD	0.95 USD

share	(119.46 yen)	(113.27 yen)	(123.44 yen)
Consolidated net sales	93 million USD (12,157 million yen)	95 million USD (12,373 million yen)	111 million USD (14,463 million yen)
Consolidated operating income	5 million USD (722 million yen)	16 million USD (2,168 million yen)	17 million USD (2,230 million yen)
Consolidated ordinary income	4 million USD (624 million yen)	16 million USD (2,094 million yen)	18 million USD (2,347 million yen)
Net income attributable to owners of the parent	△1 million USD (△206 million yen)	△2 million USD (△303 million yen)	12 million USD (1,655 million yen)
Consolidated net income per share	△0.010 USD (△1.3 yen)	△0.015 USD (△1.9 yen)	0.082 USD (10.6 yen)
Dividend per share	—	—	—

※ 1USD=130.10 yen (Internal rate as of May, 2022)

3. Summary of the counterparty to the Share Transfer

(1)	Company name	Akzo Nobel Coatings International B.V.	
(2)	Location	Christian Neefestraat 2, 1077WW Amsterdam, the Netherlands	
(3)	Name and title of representative	Director, Sven Huyben and Okke Suurenbroek	
(4)	Description of business	Holding company for manufacturing and sales of paint and coating products	
(5)	Share capital	EUR 1,812,453.00 (248 million yen)	
(6)	Date of incorporation	December 14, 1955	
(7)	Consolidated net assets	4,051 million EUR (555 billion yen) as of December 31, 2021	
(8)	Consolidated total assets	4,146 million EUR (568 billion yen) as of December 31, 2021	
(9)	Major shareholders and holding ratio	Akzo Nobel N.V. 100%	
(10)	Relationship with Kansai Paint	Capital relationship	N/A
		Personnel relationship	N/A
		Business relationship	N/A
		Applicability to related parties	N/A

※ The transaction will be implemented through Akzo Nobel Coatings International B.V., an intermediate holding company of Akzo Nobel N.V.

※ 1EUR=137.02 yen (Internal rate as of May, 2022)

4. Number of transferred shares, transfer price, and ownership of the shares before and after the transfer

(KPAL)

(1)	Number of shares owned before the transfer	198,692,095 shares (Number of voting rights: 198,692,095)
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		(Ownership ratio of voting right: 83.31%)
(2)	Number of shares to be transferred	198,692,095 shares (Number of voting rights: 198,692,095)
(3)	Transfer price	Approximately 450 million USD (58.5 billion yen) including the transfer price of KPEA (Actual transfer price will be determined based on balance of cash and cash equivalents, borrowings, etc. and increase / decrease in working capital as of the closing)
(4)	Number of shares owned after transfer	0 shares (Number of voting rights: 0) (Ownership ratio of voting right: 0.0%)

(KPEA)

(1)	Number of shares owned before the transfer	155,990,500 shares (Number of voting rights: 155,990,500) (Ownership ratio of voting right: 100.0%)
(2)	Number of shares to be transferred	155,990,500 shares (Number of voting rights: 155,990,500)
(3)	Transfer price	Approximately 450 million USD (58.5 billion yen) including the transfer price of KPAL (Actual transfer price is subject to adjustment based on balance of cash and cash equivalents, borrowings, etc. and increase / decrease in working capital as of the closing)
(4)	Number of shares owned after transfer	0 shares (Number of voting rights: 0) (Ownership ratio of voting right: 0.0%)

5. Schedule

(1)	Date of board resolution	June 1, 2022
(2)	Date of execution of the Sale and Purchase Agreement	June 1, 2022
(3)	Closing date for the Transactions	In the course of 2023 (scheduled)

※ The transaction is subject to the antitrust approval of the relevant authorities and the general conditions.

6. Outlook

The impact of the transaction on Kansai Paint's consolidated financial result is currently being evaluated. As the transaction is expected to be completed in around 1 year and under many uncertainties, we will disclose the appropriate information as soon as possible if the information to be disclosed occurs.