



Aica Kogyo Co., Ltd.
Financial Results for the Fiscal Year
Ended March 31, 2023



VALUE CREATION
3000 & 300



May 25, 2023
Stock code: 4206

1. FY2022 Results Overview

2. FY2022 Results by Segment

3. FY2023 Forecast Overview

4. FY2023 Forecast by Segment

1-1. Consolidated Financial Results



[JPY million]

	FY2021		FY2022				
	Results	Profit Margin	Forecast	Results	Profit Margin	YoY	vs Fcst.
Net Sales	214,514	—	237,000	242,055	—	12.8%	102.1%
Operating Profit	20,348	9.5%	21,500	20,557	8.5%	1.0%	95.6%
Ordinary Profit	21,840	10.2%	22,000	22,088	9.1%	1.1%	100.4%
Net Income*	13,117	6.1%	13,300	10,059	4.2%	(23.3%)	75.6%

*Profit attributable to owners of parent

[Unit per share: JPY]

ROE	9.4%	—	9% or more	6.9%	—	—	76.7%
Earnings per share	200.90	—	207.95	157.27	—	—	75.6%
Net assets per share	2,223.98	—	2,300.00	2,270.08	—	—	98.7%

- Consolidated results: Record highs in net sales and ordinary profit, gain in operating profit
- Domestic business: Growth achieved in the Chemical Products and Laminates & Building Materials segments, driven by price adjustments and recovery of non-residential markets
- Overseas business: Growth in Chemical Products achieved by AAP*
Laminates & Building Materials (sales of HPL) have stagnated in China, but grew substantially in other Asian regions

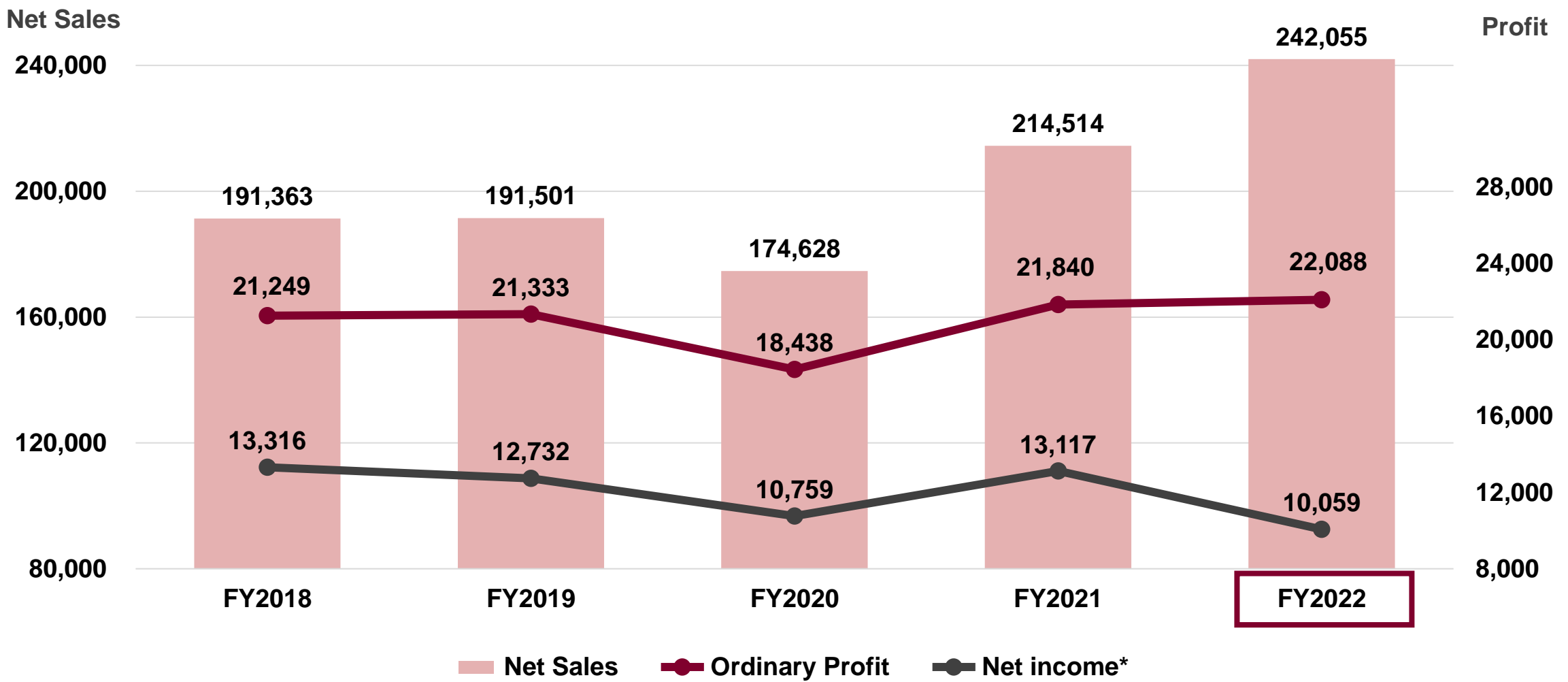
*AAP: AICA Asia Pacific Group

1-2. Historical Consolidated Results



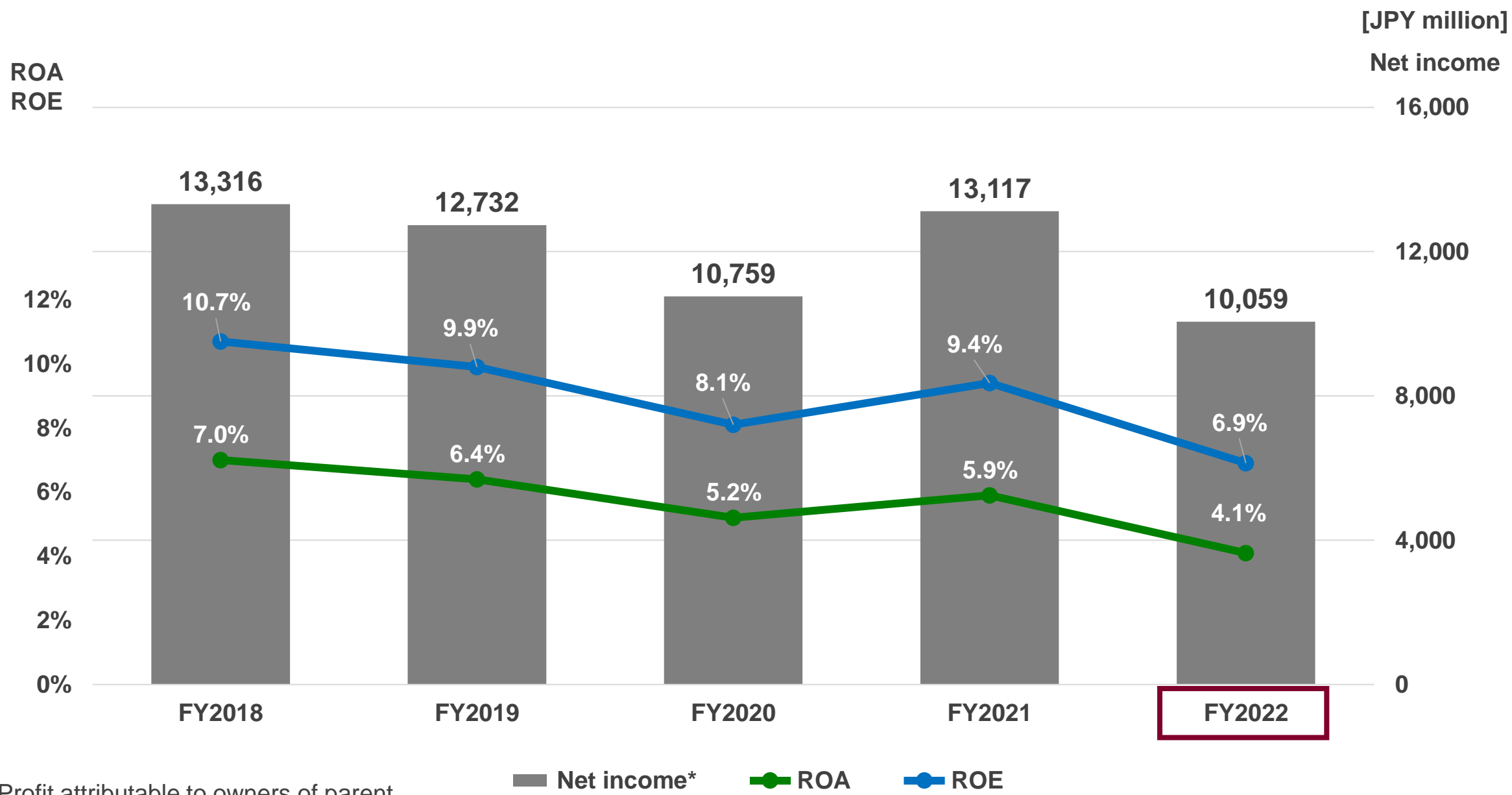
[JPY million]

Record highs in net sales and ordinary profit



*Profit attributable to owners of parent

1-3. Trends of ROA and ROE



1-4. Key Data

	FY2020 Consolidated	FY2021 Consolidated	FY2022 Consolidated
R&D Expenditure	JPY 3.32 billion	JPY 3.45 billion	JPY 3.99 billion
Depreciation	JPY 5.68 billion	JPY 6.41 billion	JPY 6.79 billion
Capital Investment	JPY 6.11 billion	JPY 7.11 billion	JPY 8.69 billion
Outstanding Debts	JPY 7.67 billion	JPY 17.05 billion	JPY 12.52 billion
Employees at FY End	4,796	4,949	4,963
(Domestic Business)	1,607	1,579	1,590
(Overseas Business)	3,189	3,370	3,373

1-5. Results by Segment

[JPY million]

	Net Sales			Operating Profit			
	FY2021 Results	FY2022 Forecast	FY2022 Results	FY2021 Results	FY2022 Forecast	FY2022 Results	
Chemical Products	122,323	139,000	141,312	7,376 6.0%	8,200 5.9%	7,494 5.3%	Amount Profit Margin
Laminates & Building Materials	92,191	98,000	100,743	16,379 17.8%	17,000 17.3%	16,740 16.6%	Amount Profit Margin
			(Adjustments)	(3,407)	(3,700)	(3,678)	Amount
Total	214,514	237,000	242,055	20,348 9.5%	21,500 9.1%	20,557 8.5%	Amount Profit Margin

1-6. Overseas Sales by Segment



[JPY billion]

	FY2021 Results		FY2022 Results		
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	YoY	Overseas Sales Ratio
Chemical Products	88.46	72.3%	105.06	18.8%	74.4%
Laminates & Building Materials	17.16	18.6%	18.88	10.0%	18.7%
Total	105.63	49.2%	123.95	17.3%	51.2%

1. FY2022 Results Overview

2. FY2022 Results by Segment

3. FY2023 Forecast Overview

4. FY2023 Forecast by Segment

2-1. Sales Breakdown for Chemical Products



[JPY billion]

	FY2021	FY2022			
	Results	Forecast	Results	vs Fcst.	YoY
Adhesives	78.56	93.30	96.18	103.1%	22.4%
(Of which, AAP*)	(64.32)	(77.44)	(79.47)	(102.6%)	(23.5%)
Construction Resins	9.22	9.72	9.92	102.1%	7.6%
Specialty & Performance Materials	21.70	23.69	22.11	93.4%	1.9%
Other Products	12.83	12.29	13.08	106.5%	2.0%
Total	122.32	139.00	141.31	101.7%	15.5%

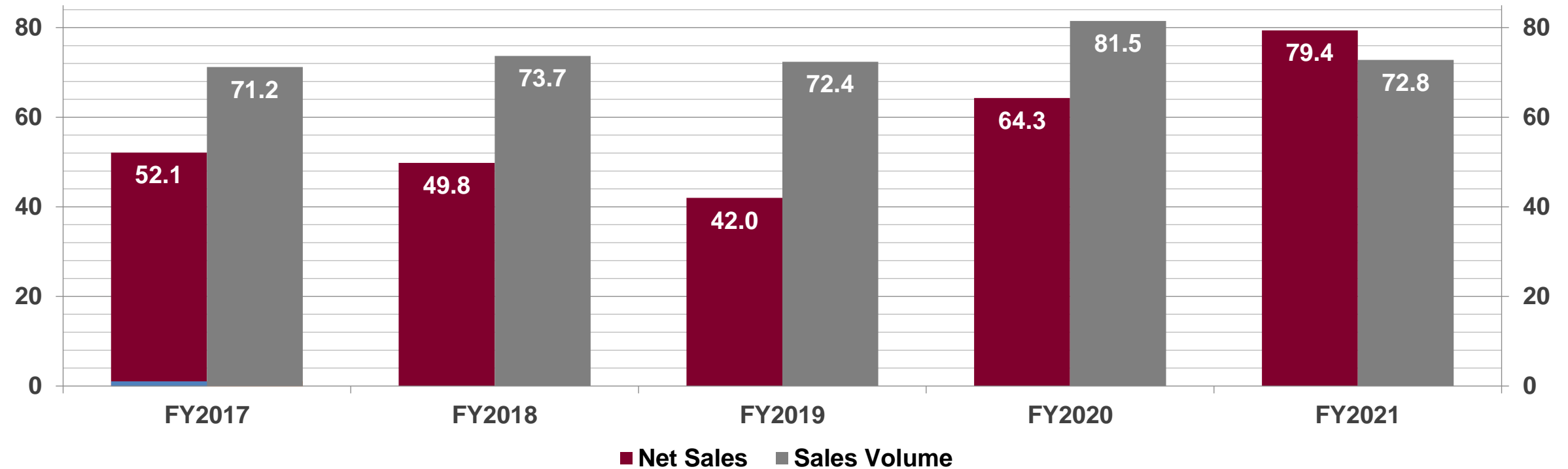
*AAP: AICA Asia Pacific Group

2-2. Sales Results for Chemical Products (AAP*)



Net Sales
[JPY billion]

Sales Volume
[Thousand of tons]



AAP* : Net Sales +24%, Volume (10.6%)

Revenues increased due to price adjustments and currency effects
Sales volume increased in Indonesia, New Zealand, Malaysia, etc.,
but decreased in Thailand and Vietnam

Phenol formaldehyde resins for bamboo material in China showed favorable performance

*AAP: AICA Asia Pacific Group

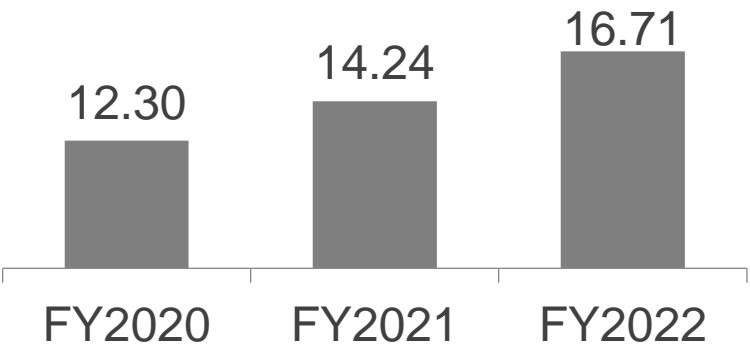
2-3. Sales Results for Chemical Products (Other than AAP*)



[JPY billion]

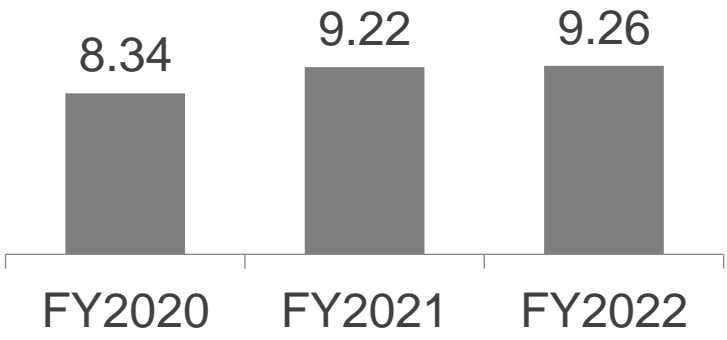
Adhesives (Other than AAP*)

Various adhesives, Phenol formaldehyde resins, etc.



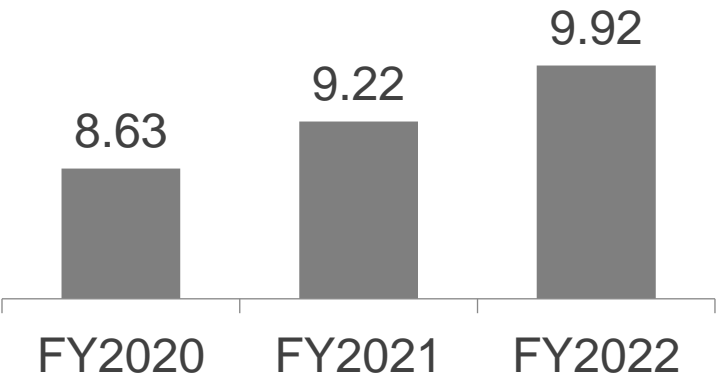
Specialty & Performance Materials (Domestic Business)

Hot melts, UV-curable resins, Functional spherical polymer beads, etc.



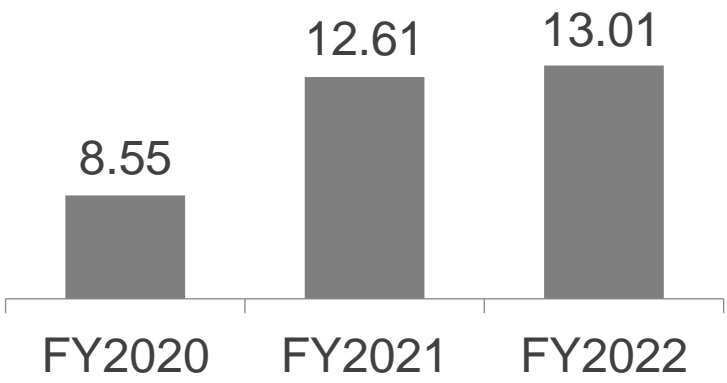
Construction Resins

Wall/floor coating materials, Repair/reinforcing materials



EMC*

Polyurethane resins, UV-curable resins resins, etc.



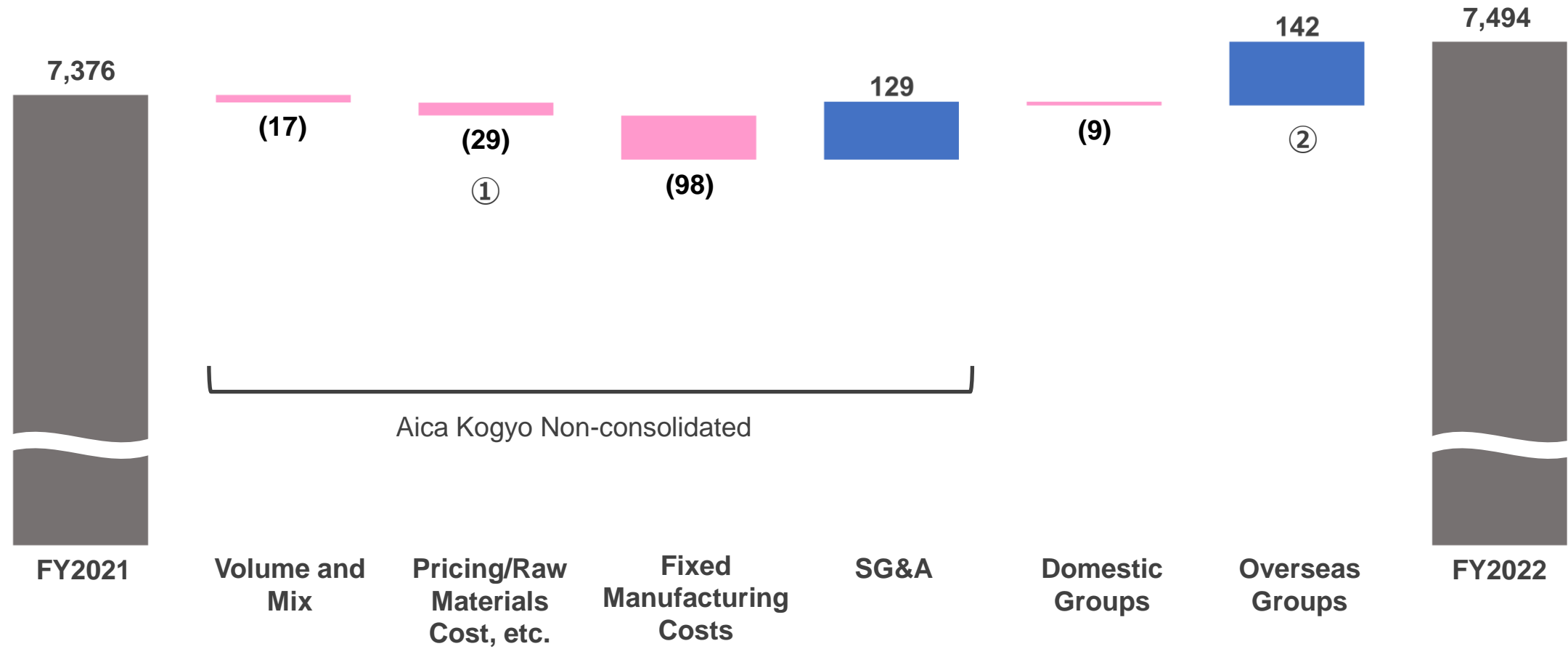
*AAP: AICA Asia Pacific Group

*EMC: EVERMORE CHEMIAL INDUSTRY Group

2-4. Operating Profit Results for Chemical Products



[JPY million]



①Pricing/raw materials cost, etc.		
Raw materials cost, etc.	:	(3,466)
Price adjustments/cost reduction	:	+3,437

②Overseas Groups	
AAP*	+334
EMC*	(144)

*Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group
*EMC: EVERMORE CHEMIAL INDUSTRY Group

2-5. Sales Breakdown for Laminates & Building Materials



[JPY billion]

	FY2021	FY2022			
	Results	Forecast	Results	vs Fcst.	YoY
High Pressure Laminates (HPL)	28.93	31.41	32.20	102.5%	11.3%
Decorative Polyester Boards, Decorative Films	11.45	12.00	12.50	104.2%	9.2%
Melamine Fire Retardant Decorative Panels “CERARL”	20.91	21.88	21.74	99.4%	4.0%
Noncombustible Decorative Panels	7.90	8.10	7.80	96.3%	(1.3%)
Countertops, Postforming Products	18.21	20.05	21.30	106.3%	16.9%
Fittings, Interior Housing Materials	4.75	4.56	5.18	113.7%	9.0%
Total	92.19	98.00	100.74	102.8%	9.3%

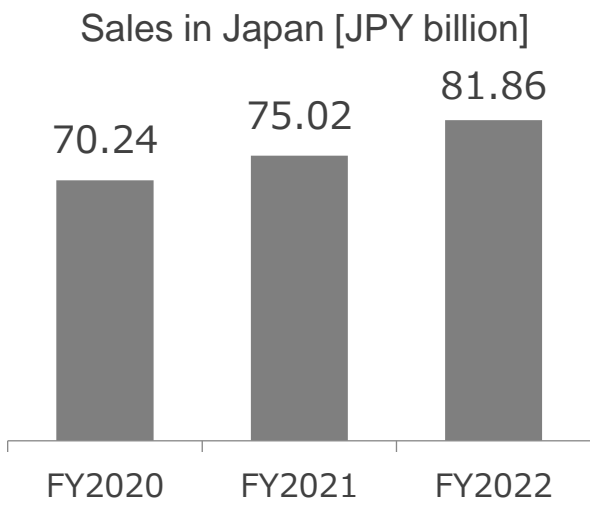
Residential market was generally flat, with sharp rebound in nonresidential market

■ Domestic Construction Market Trends (FY2022)

[Original Forecast] Residential: (2.4%), Non-residential: +8.4%

[Results] Residential: (0.8%), Non-residential: +8.1%

*Time lag with AICA products' demand period has been adjusted



■ Products with Strong Sales (FY2022)

Engineered stone (quarts): **Fiore Stone**



The Tower Model Room, Omiya Sky & Square
Design Supervision by ZA DESIGN Inc. Nozomi Zama

Antiviral building materials: **Virutect**



Takenaka Corporation, Hokkaido Branch, Sapporo Area FM Center
Design and construction by Takenaka Corporation

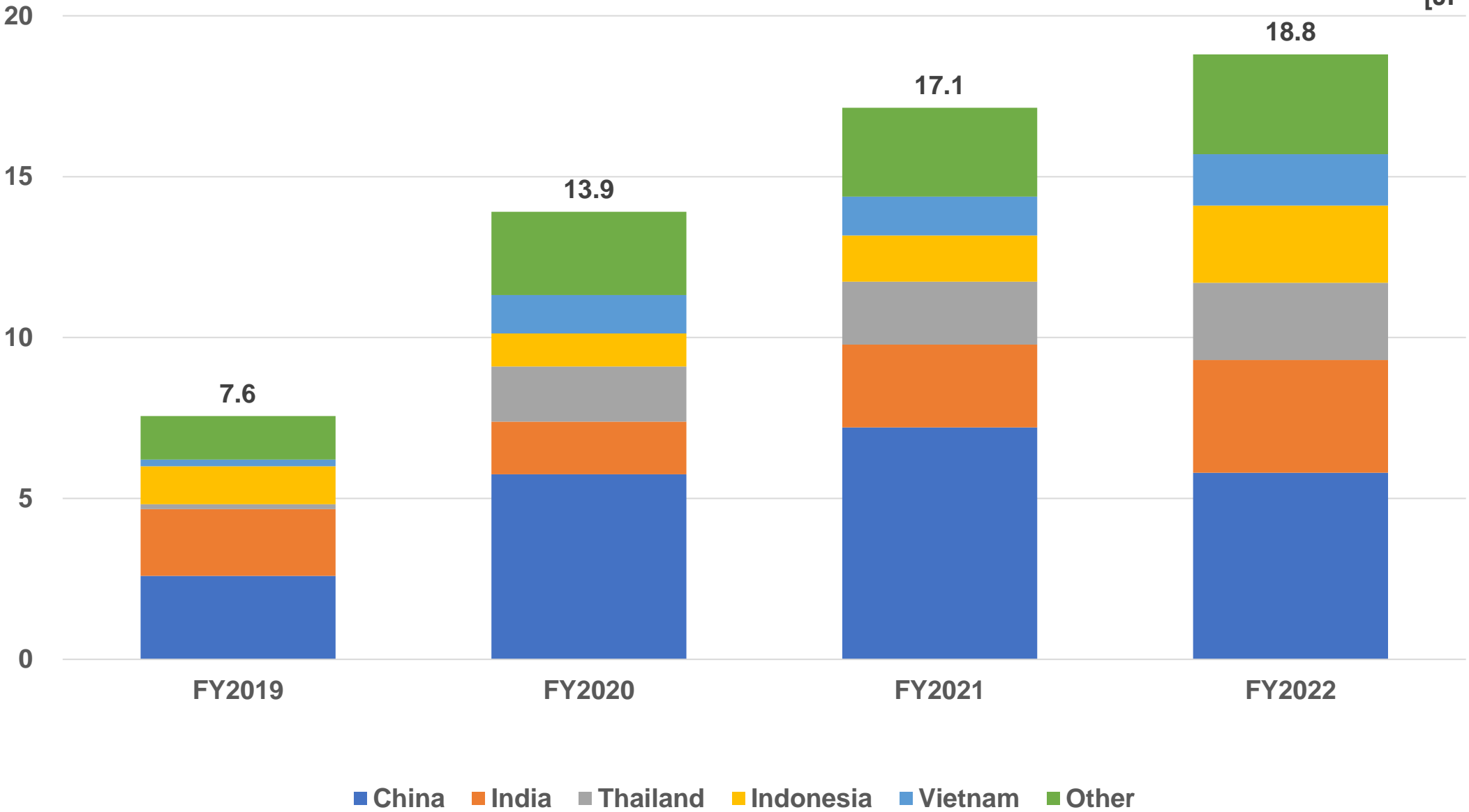
Bathroom vanity set: **Smart Sanitary**



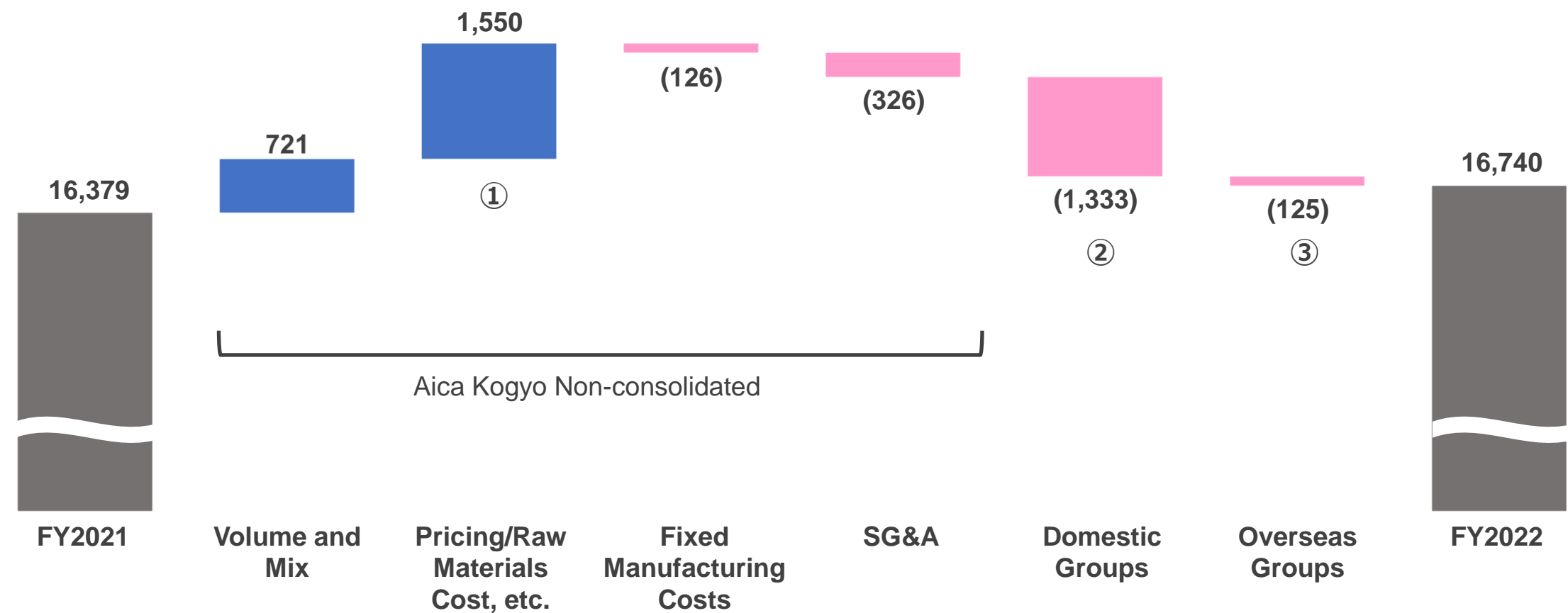
Design by QUMA Co., Ltd.

Steady growth in markets including India, Thailand, Indonesia, and Vietnam

[JPY billion]



2-8. Operating Profit Results for Laminates & Building Materials



① Pricing/raw materials cost, etc.		
Raw materials cost, etc.	:	(1,748)
Price adjustments/cost reduction	:	+3,298

② Domestic Groups	
ATK*	: (1,180)

③ Overseas Groups	
Aica China*	: (787)
Wilsonart (Thailand) Company Limited	: +207
P.T. Aica Indonesia	: +202

*Operating profit before deducting adjustments

*AICA TECH Kenzai Co., Ltd.

* Aica China: Wilsonart (Shanghai) Co., Ltd. and
Sois Mendinni Industrial Technology (Shanghai) Co., Ltd.

1. FY2022 Results Overview
2. FY2022 Results by Segment
- 3. FY2023 Forecast Overview**
4. FY2023 Forecast by Segment

3-1. Business Outlook Forecast for FY2023



Domestic Construction Market

*Time lag with AICA products' demand period has been adjusted

	Residential	Non-Residential
FY2022 (Results)	(0.8%)	+8.1%
FY2023 (Forecast)	(0.7%)	(3.9%)

Overseas Market

Uncertainty due to the Russia/Ukraine situation, economic slowdown in Europe and the U.S., and China's real estate market

Exchange Rate

*Since transactions are denominated in local currencies, only a few subsidiaries use US dollars

FY2022 (Results)	1USD = JPY130.77
FY2023 (Forecast)	1USD = JPY125.00

Domestic Naphtha Prices

*Not all raw materials are tied to the cost of naphtha

FY2022 (Results)	JPY 76,250/kl
FY2023 (Forecast)	JPY 66,000/kl

3-2. FY2023 Full Year Forecast



[JPY million]						
	FY2022 Results		FY2023 Forecast			YoY
	Amount	Profit Margin	Amount	Profit Margin	YoY	YoY(Amount)
Net Sales	242,055	—	250,000	—	3.3%	7,945
Operating Profit	20,557	8.5%	21,500	8.6%	4.6%	943
Ordinary Profit	22,088	9.1%	22,500	9.0%	1.9%	412
Net Income*	10,059	4.2%	13,200	5.3%	31.2%	3,141
R O E	6.9%	—	9.0%	—	—	—
R O A	4.1%	—	5.2%	—	—	—
Earning Per Share	JPY 157.27	—	JPY 206.37	—	—	—
Net assets per share	JPY 2,270.08	—	JPY 2,366.45	—	—	—
R&D Expenditure	JPY 3.99 billion	—	JPY 4.20 billion	—	—	—
Depreciation	JPY 6.79 billion	—	JPY 7.50 billion	—	—	—
Capital Investment	JPY 8.69 billion	—	JPY 10.00 billion	—	—	—

*Profit attributable to owners of parent

3-3. FY2023 Forecast by Segment

[JPY million]

	Net Sales			Operating Profit			
	FY2022 Results	FY2023 Forecast	YoY	FY2022 Results	FY2023 Forecast	YoY	
Chemical Products	141,312	145,000	2.6%	7,494	7,600	1.4%	Amount
				5.3%	5.2%	—	Profit Margin
Laminates & Building Materials	100,743	105,000	4.2%	16,740	17,900	6.9%	Amount
				16.6%	17.0%	—	Profit Margin
(Adjustments)				(3,678)	(4,000)	—	Amount
Total	242,055	250,000	3.3%	20,557	21,500	4.6%	Amount
				8.5%	8.6%	—	Profit Margin

3-4. FY2023 H1 Forecast by Segment



[JPY million]

	Net Sales			Operating Profit			
	FY2022 H1 Results	FY2023 H1 Forecast	YoY	FY2022 H1 Results	FY2023 H1 Forecast	YoY	
Chemical Products	71,654	72,000	0.5%	3,783	3,800	0.4%	Amount
				5.3%	5.3%	—	Profit Margin
Laminates & Building Materials	46,050	47,000	2.1%	7,459	8,100	8.6%	Amount
				16.2%	17.2%	—	Profit Margin
(Adjustments)				(1,804)	(1,900)	—	Amount
Total	117,704	119,000	1.1%	9,437	10,000	6.0%	Amount
				8.0%	8.4%	—	Profit Margin

1. FY2022 Results Overview
2. FY2022 Results by Segment
3. FY2023 Forecast Overview
- 4. FY2023 Forecast by Segment**

4-1. Sales Results and Forecast Breakdown for Chemical Products

AICA

[JPY billion]

	FY2022 (Results)				FY2023 (Forecast)			
	Category (former)		Category (new)*1		Category (new)*1			
	H1	Full Year	H1	Full Year	H1	YoY	Full Year	YoY
Adhesives*1	48.55	96.18	51.11	101.50	51.35	0.5%	104.40	2.9%
(Of which, AAP)*1, *2	(40.43)	(79.47)	(41.22)	(81.07)	(41.40)	(0.4%)	(83.50)	(3.0%)
Construction Resins*1	4.79	9.92	4.74	9.81	4.80	1.2%	10.10	2.9%
Specialty & Performance Materials*1	11.59	22.11	9.49	17.70	9.50	0.1%	18.15	2.5%
Other Products*1	6.71	13.08	6.30	12.28	6.35	0.8%	12.35	0.5%
Total	71.65	141.31	71.65	141.31	72.00	0.5%	145.00	2.6%

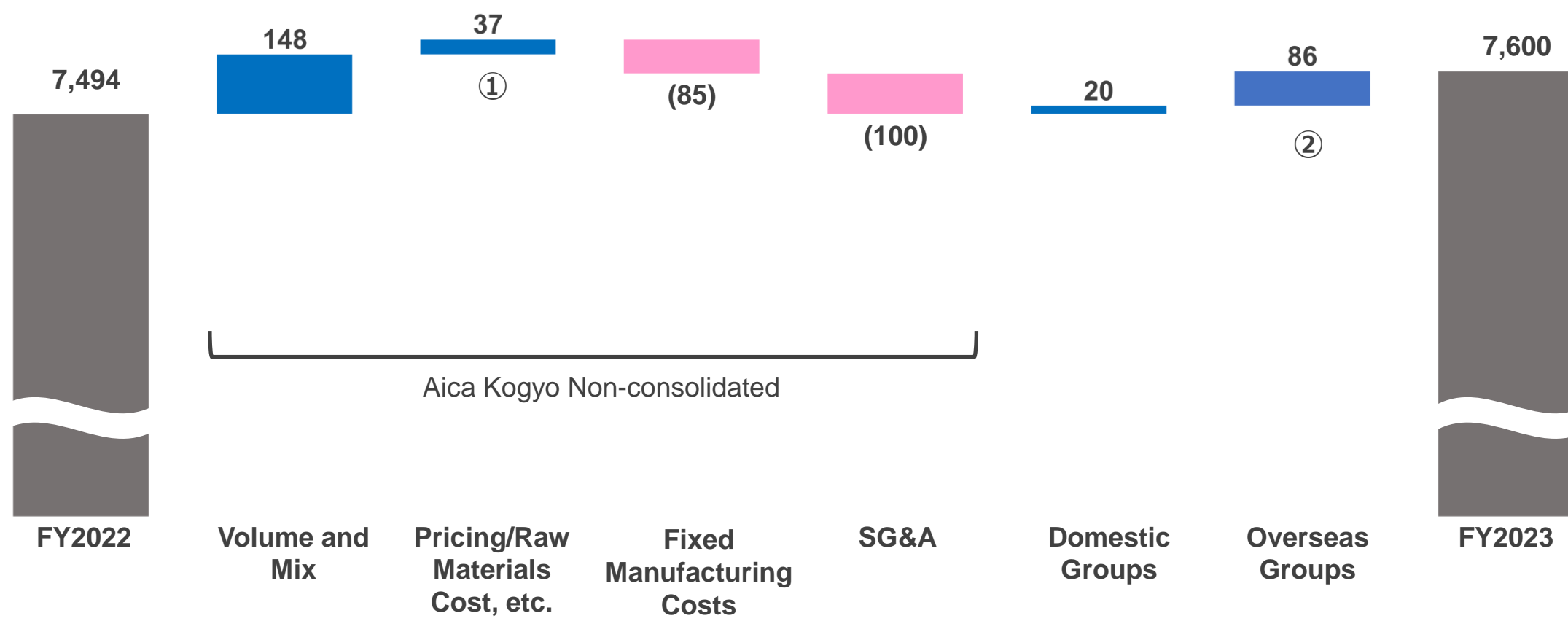
*1. Changes in product group classification: Hot melts and acrylic compounds, which had been classified in the Specialty & Performance Materials / Other product groups, are now classified into the Adhesives category from this fiscal year onward.
 Sales of KUNSHAN AICA KOGYO CO., LTD. and Shenyang AICA-HOPE Kogyo Co., Ltd., which had been classified directly under the Adhesives, Construction Resins, and Specialty & Performance Materials product groups, are now classified as AAP sales from this fiscal year onward.

*2. AAP: AICA Asia Pacific Group

4-2. Operating Profit Forecast for Chemical Products



[JPY million]



① Pricing/raw materials cost, etc.
Raw materials cost, etc. : (1,400)
Price adjustments/cost reduction : +1,437

② Overseas Groups
AAP* : +55

*Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group

4-3. Plans for Chemical Products (AAP*)

AAP*

■ Advancement of three large-scale projects in China

- ① Relocation and new factory construction for Aica Guangdong Co., Ltd.
- Increase in production capacity of phenolic resins for plywood and composite board
 - Scheduled to start operation in October 2023



- ② New factory construction for Aica Fujian Co. Ltd.
- Capturing demand for phenolic resins for bamboo
 - Scheduled to start operation in December 2023



- ③ New factory construction for Aica Nanjing Co., Ltd.
- New industrial phenolic resin factory construction
 - Scheduled to start operation in October-December 2024



■ AICA Dong Nai Co., Ltd. begins new facility operation

- Start of production of phenolic resins for plywood
- Start of operations in April 2023
- To become the No. 1 manufacturer in Vietnam in the future

Capture the growing Asian demand for phenolic resins
AAP sales forecast for FY2023 : JPY 83.50 billion (+3.0% YoY)

*AAP: AICA Asia Pacific Group

4-4. Plans for Chemical Products (Adhesives/Construction Resins)

Adhesives (Domestic)

- Expand sales in growth markets and strengthen offerings to companies engaged in SDG and decarbonization initiatives
- Sales expansion/actualization of hot melts for packing (Synergy with Aica Adtek), expand sales of elastic hot melts for headlamps
- Improve profit margins by price revision and making well-controlled investment in selected resin categories



Adhesive for plywood and LVL
using lignin phenolic resin



Hot melt for headlamps

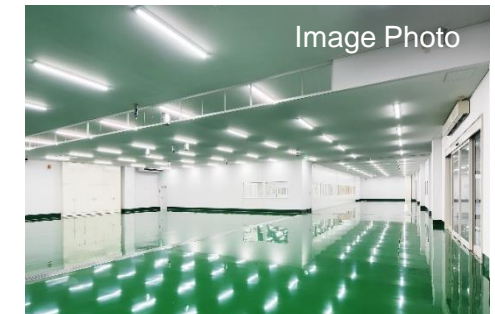
Adhesives (domestic business) Sales forecast for FY2023 : JPY 20.90 billion (+2.3% YoY)

Construction Resins

- Enhance sales promotion of wet external insulation system and wall coating materials for renovations
- Enhance sales activities to developers, contractors, and architects for floor coating materials and promote sales of easier construction products
- Enhance brands in the building renovation and civil engineering repair markets
- Increase profits by price revision and expanding sales of high value-added products



“Passive Wall” wet external
insulation system



Jolyace E Conductive Flow NCP
Construction Method

Construction resins sales forecast for FY2023 : JPY 10.10 billion (+2.9% YoY)

4-5. Plans for Chemical Products (Specialty & Performance Materials)

Specialty & Performance Materials (Domestic Business)

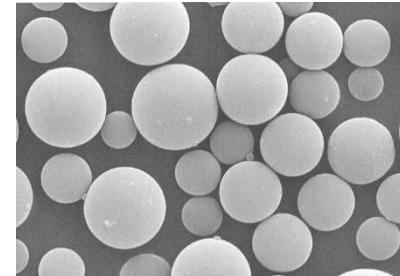
- Expanding results for automotive 3D decorative hard-coating films and increasing adoption of anti-reflective films
- (In the functional spherical polymer beads market), capture the growing demand associated with recovery from COVID-19 pandemic, enhance environmentally friendly product offerings

EMC*

- Creation of synergies with VIET NAM SUN YAD TECHNOLOGY LIMITED
 - Installation of a small-lot production unit with a plan for conversion to urethane resin production for shoes
 - Start local production of PUS for shoe manufacturers in Vietnam to replace imports from our factories in Taiwan and China
- 3rd production line established for UV-curable monomer at Nantou Plant (Taiwan)
 - This monomer is also used as raw material for UV-curable coating agent produced at Dayuan Plant
 - Expansion of production capacity by 1.6 times to meet increasing customer demand
 - Volume production scheduled to begin in January 2024



Automotive decorative hard-coating films



Functional spherical polymer beads



VIET NAM SUN YAD TECHNOLOGY LIMITED



EMC*



Example of UV-curable coating agent use (for labels)

Specialty & performance materials sales forecast for FY2023 : JPY 18.15 billion (+2.5% YoY)

*EMC: EVERMORE CHEMICAL INDUSTRY Group

4-6. Sales Results and Forecast Breakdown for Laminates & Building Materials



[JPY billion]

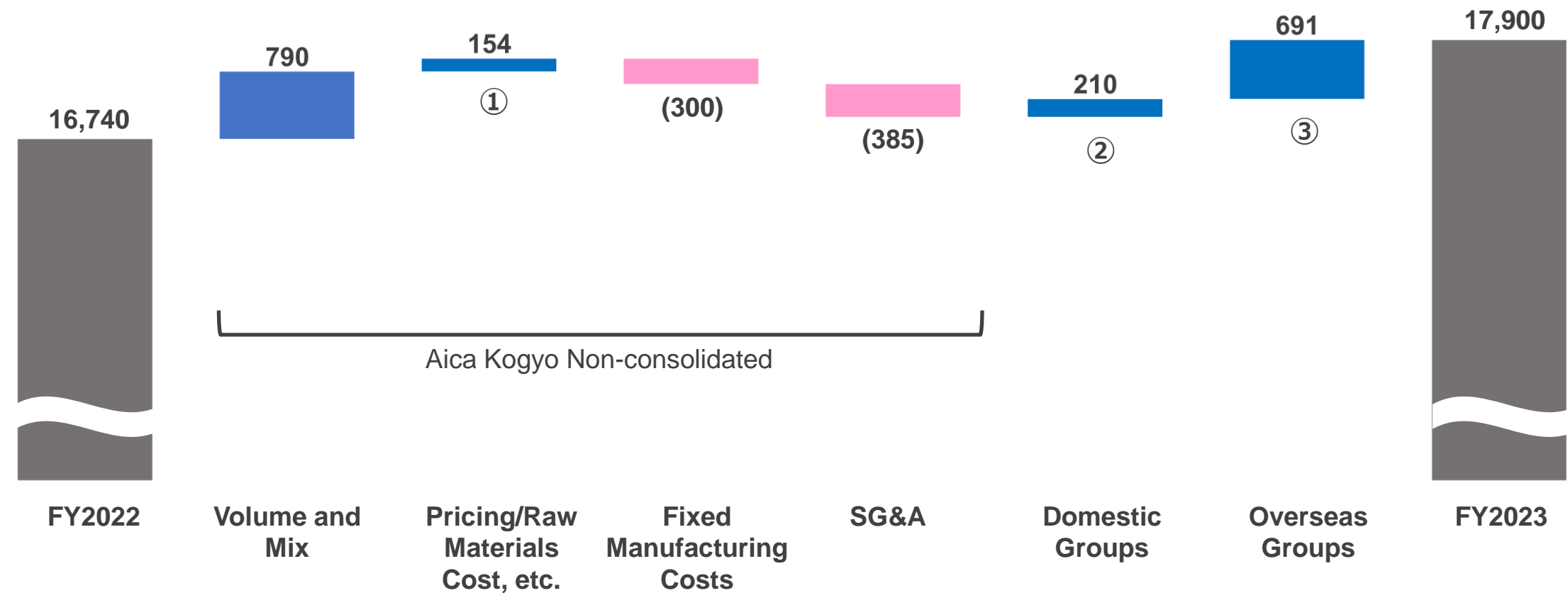
		FY2022 (Results)				FY2023 (Forecast)			
		Category (former)		Category (new)*		Category (new)*			
		H1	Full Year	H1	Full Year	H1	YoY	Full Year	YoY
High Pressure Laminates (HPL)		14.10	32.20	14.10	32.20	14.80	4.9%	34.50	7.1%
Decorative Polyester Boards, Decorative Films		5.83	12.50	5.83	12.50	5.85	0.3%	12.65	1.2%
Melamine Fire Retardant Decorative Panels “CERARL”		10.14	21.74	10.14	21.74	10.20	0.5%	22.30	2.5%
Noncombustible Decorative Panels		3.85	7.80	3.85	7.80	3.86	0.2%	7.86	0.8%
Countertops, Postforming Products	Building and Housing Materials	9.83	21.30	12.10	26.48	12.29	1.5%	27.69	4.5%
Fittings, Interior Housing Materials		2.27	5.18						
Total		46.05	100.74	46.05	100.74	47.00	2.1%	105.00	4.2%

* Changes in product group classification: The former Countertops, Postforming Products and Fittings, Interior Housing Materials product groups are now integrated into the Building and Housing Materials category from this fiscal year onward.

4-7. Operating Profit Forecast for Laminates & Building Materials



[JPY million]



① Pricing/raw materials cost, etc.
Raw materials cost, etc. : (1,126)
Price adjustments/cost reduction : +1,280

② Domestic Groups
ATK* : +200

③ Overseas Groups
Aica China* : +600

*Operating profit before deducting adjustments

*AICA TECH Kenzai Co., Ltd.

*Aica China: Wilsonart (Shanghai) Co., Ltd. and Sois Mendinni Industrial Technology (Shanghai) Co., Ltd.

4-8. Plans for Laminates & Building Materials (Domestic Business)

Sales Expansion of AS products

■ Antiviral building materials: **Virutect**

- Sales forecast: approx. JPY 1.5 billion (+15% YoY)
- Pursuit of cleanliness and comfort with deodorant function (Virutect Plus)

■ Engineered stone (quarts): **Fiore Stone**

- Sales forecast: approx. JPY 4 billion (+14% YoY)
- Strengthen sales activities to developers, contractors, and architects, expand applications

■ Bathroom vanity set: **Smart Sanitary**

- Sales forecast: approx. JPY 1.5 billion (+30% YoY)
- Acquire new users through expansion of product line

■ Melamine fire retardant decorative panel for sophisticated design: **CERARL CELLENT**

- Sales forecast: approx. JPY 0.5 billion (+50% YoY)
- Strengthen sales activities to developers, contractors, and architects, capture housing demand

Antiviral building materials: **Virutect**



Fixture-style vanity washstand for restroom space:
Smart Sanitary Muse



Engineered stone (quarts): **Fiore Stone**



Table produced by Kawaguchi Kagu Factory

Melamine fire retardant decorative panel for sophisticated design:

CERARL CELLENT



allée

Design by KAMITOPEN Architecture-Design Office, Ltd.
Photography by Keisuke Miyamoto. LODGE Corp.

* "AS Product" stands for Aica Solution Product. Product that resolves social issues.

4-8. Plans for Laminates & Building Materials (Domestic Business)

Full-scale entry into the ceiling market

- Launch of KABITECT, a ceiling material with mold-resistant performance
- **Mold** growing on store ceilings in supermarkets and convenience stores
 - ⇒ The store operator was annoyed by both its appearance and sanitation implications

カビテクト

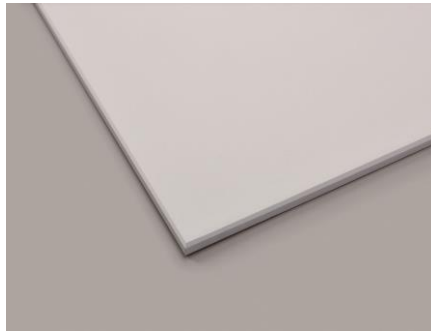
Uniquely developed calcium silicate panel base material × Mold-resistant paint coating

⇒ High mold resistance due to synergistic effect

- **Excellent mold-resistance performance:** Inhibits mold growth and improves aesthetics and hygiene
- **Excellent economy:** No cleaning required, reducing maintenance costs



Moldy store ceiling



KABITECT



KABITECT installation

■ Development of “CERARL FP”, a new CERARL ceiling installation method

- Through joint research with JR East and its affiliates, we developed a new construction method to install CERARL melamine fire retardant decorative panels on ceilings.
- Sales launch scheduled for July 2023
 - Enables deep joint fitting with dry installation
 - Development of a fixing mechanism that does not compromise visual quality
 - Excellent fire retardancy, heat resistance and durability
 - Wide range of design variations



Photo: JR East

Example of CERARL FP construction: Gransta Yaekita

4-8. Plans for Laminates & Building Materials (Domestic Business)

Application development

Ceiling	KABITECT	CERARL FP construction method	Net sales target in 5 years: JPY 1 billion	2023 Full-scale entry
	+			
Floor	High pressure laminate floor (MELAMINE TILE)			2019 New entry
Wall	Decorative film (Altyno) Net Sales: JPY 2.1 billion	Melamine fire retardant decorative panel No. 1 market share in Japan Net Sales: JPY 21.7 billion	Calcium silicate panel Extruded cement panel Net Sales: JPY 7.8 billion	AICA's traditional business domains
Furniture	Decorative panels Net Sales: JPY 8.7 billion	High Pressure Laminates (HPL) No. 1 market share in Japan Net Sales: JPY 32.2 billion	Counters (high pressure laminate / stone) Net Sales: JPY 21.3 billion	
Fittings	Restroom booths Net Sales: JPY 0.6 billion	Fittings Net Sales: JPY 1.7 billion		
			*Net Sales FY2022 Results	

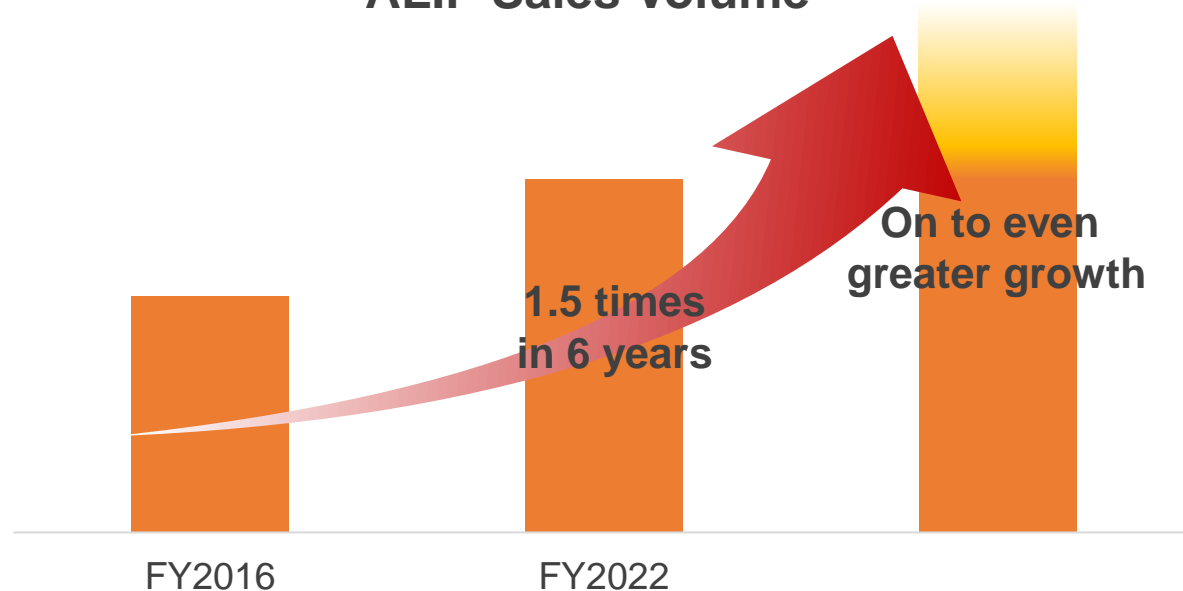
Laminates & Building Materials (domestic business) sales forecast for FY2023: JPY 84.00 billion (+2.6% YoY)

4-9. Plans for Laminates & Building Materials (Overseas Business)

Capital investments of Aica Laminates India Pvt. Ltd. (ALIP)

- Expansion of high pressure laminate (HPL) manufacturing facilities, upgrade of existing facilities
- Further growth in sales volume in India, which has increased 1.5-fold over the past six years
- Increase production capacity by 1.6 times by FY2025
- Capital investment: Approx. JPY 0.37 billion

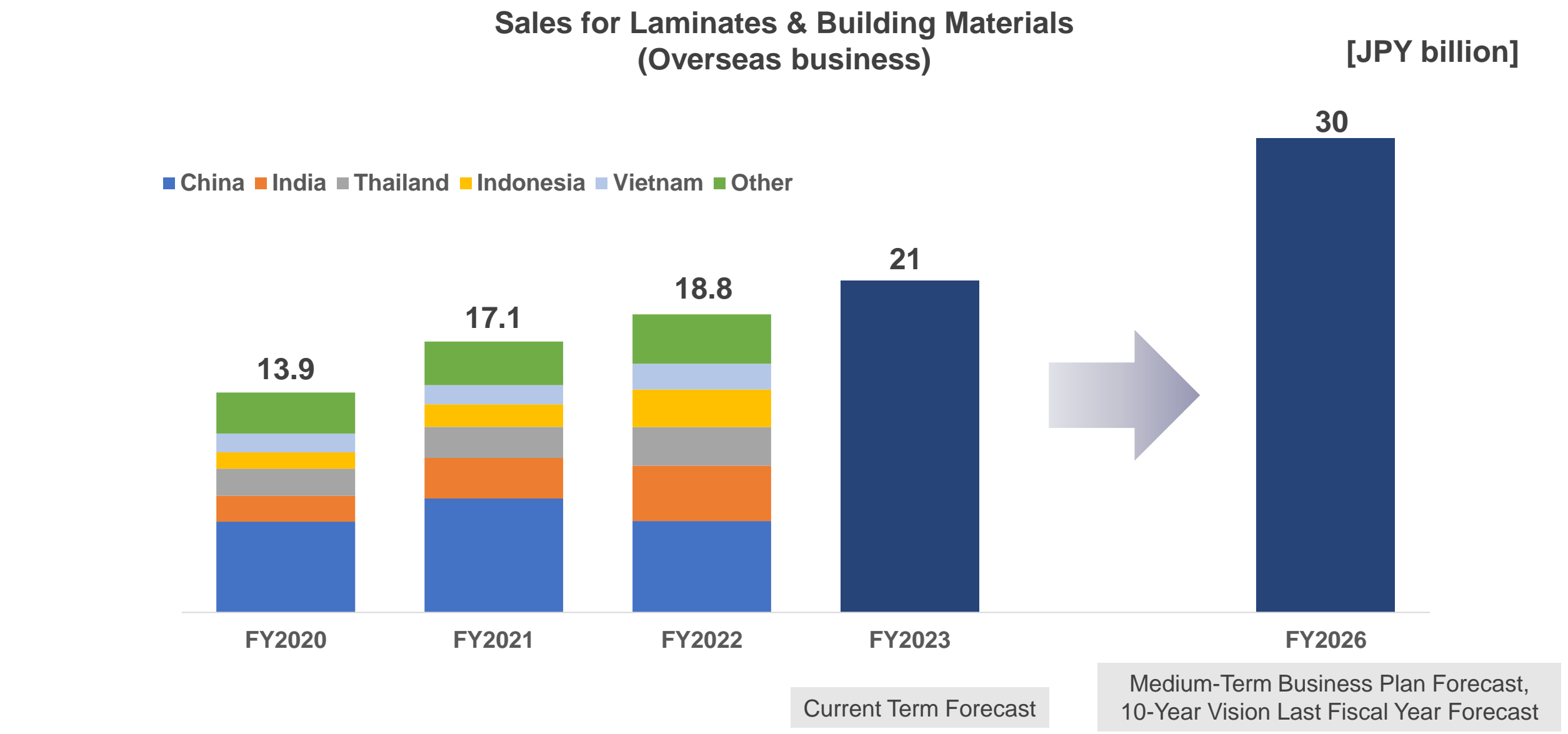
ALIP Sales Volume



Capital Investment of Aica Laminates Vietnam Co., Ltd. (ALV)



- Expansion of high pressure laminate (HPL) manufacturing facilities
- Double the productive capacity
- Respond increasing demand in Asia region
- Capital investment : Approx. JPY 1.2 billion
- To be operated in January 2024





Aica Kogyo Co., Ltd.

“FY” in this report indicates the fiscal year ending March 31 of the succeeding year.

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The matters such as current plan, prospect, strategy, or conviction which indicated in this report, but not historical fact are only the expectation of the future achievement, and there are the risks or unexpected factors.

This information has been made based on the judgment of the manager of Aica Kogyo Co., Ltd. using current available information. The actual results may be different from the current forecast because of various important elements, so please avoid depending entirely on this forecast.

This document is not designed to induce investment. We request that decisions about investment be made on the basis of each user’s own judgment.

New Medium-Term Business Plan

Value Creation 3000 & 300

Aica Kogyo Co.,Ltd.

May 25, 2023

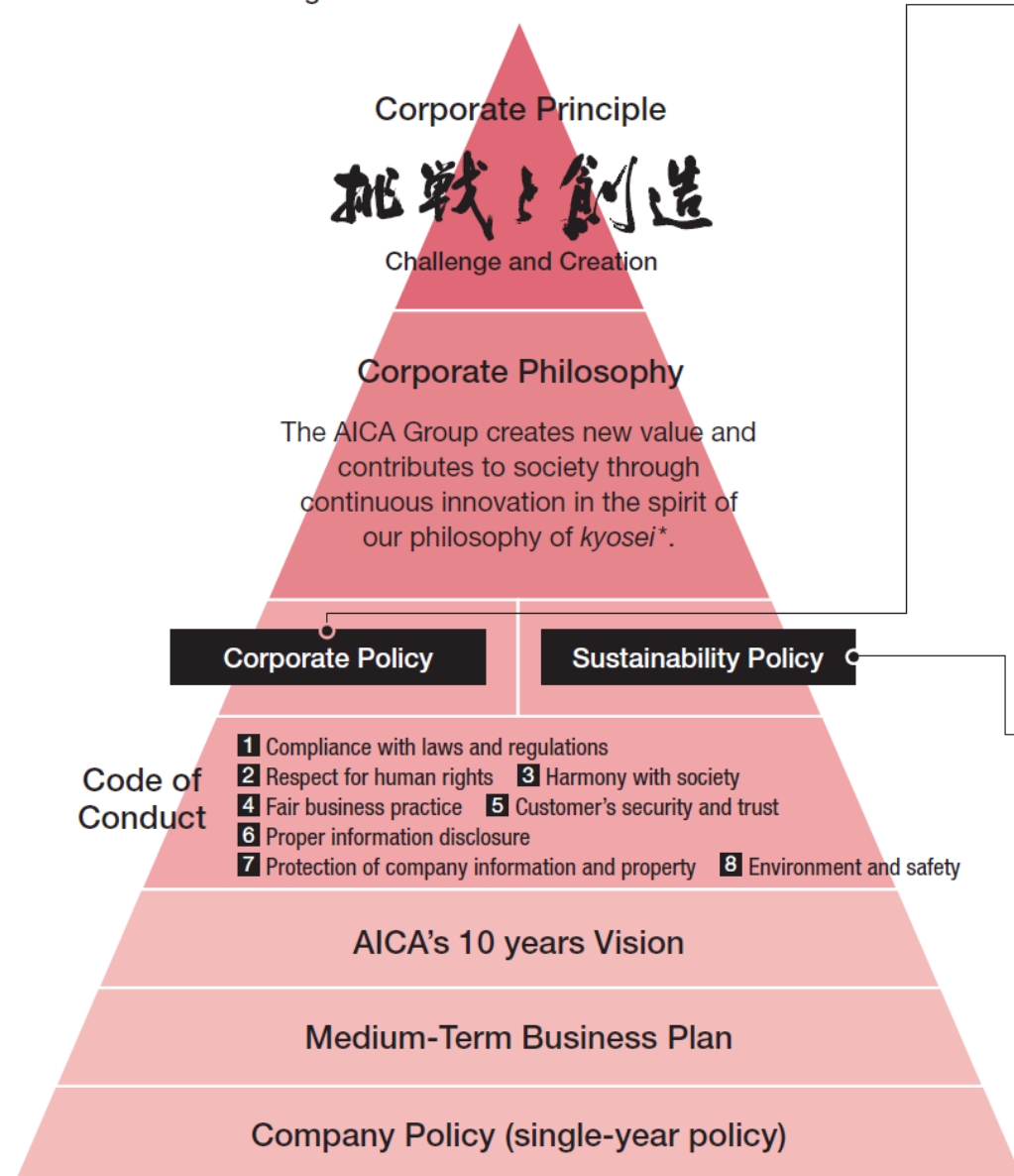
AICA's Goals

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New Medium-Term Business Plan (MTBP) "Value Creation 3000 & 300"

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Overall Image of AICA Policies



Corporate Policy

1. Chemistry and Design

We create uniquely original products through the power of chemistry and design, to contribute to the achievement of a prosperous society.

2. Group Synergies

We create group synergy through collaboration in technologies and market network.

3. Leading Products

Throughout the specific domains and regions of our business, we enhance and expand our market-leading products.

4. Global Presence

We strive to achieve sustainable growth in global markets by enhancing the capabilities of our overseas operations and participating in the higher growth sectors.

5. Human Resources and Organizations

Viewing human resources as the most vital resource of our company, we nurture motivated human resources and organizations through mutual understanding and development.

6. Compliance Management

We practice fair and transparent management in accordance with all relevant laws, regulations, and social order.

7. Commitment to Safety and Security

We ensure trusted quality and engage in environmentally considerate business activities by focusing on our communication with stakeholders.

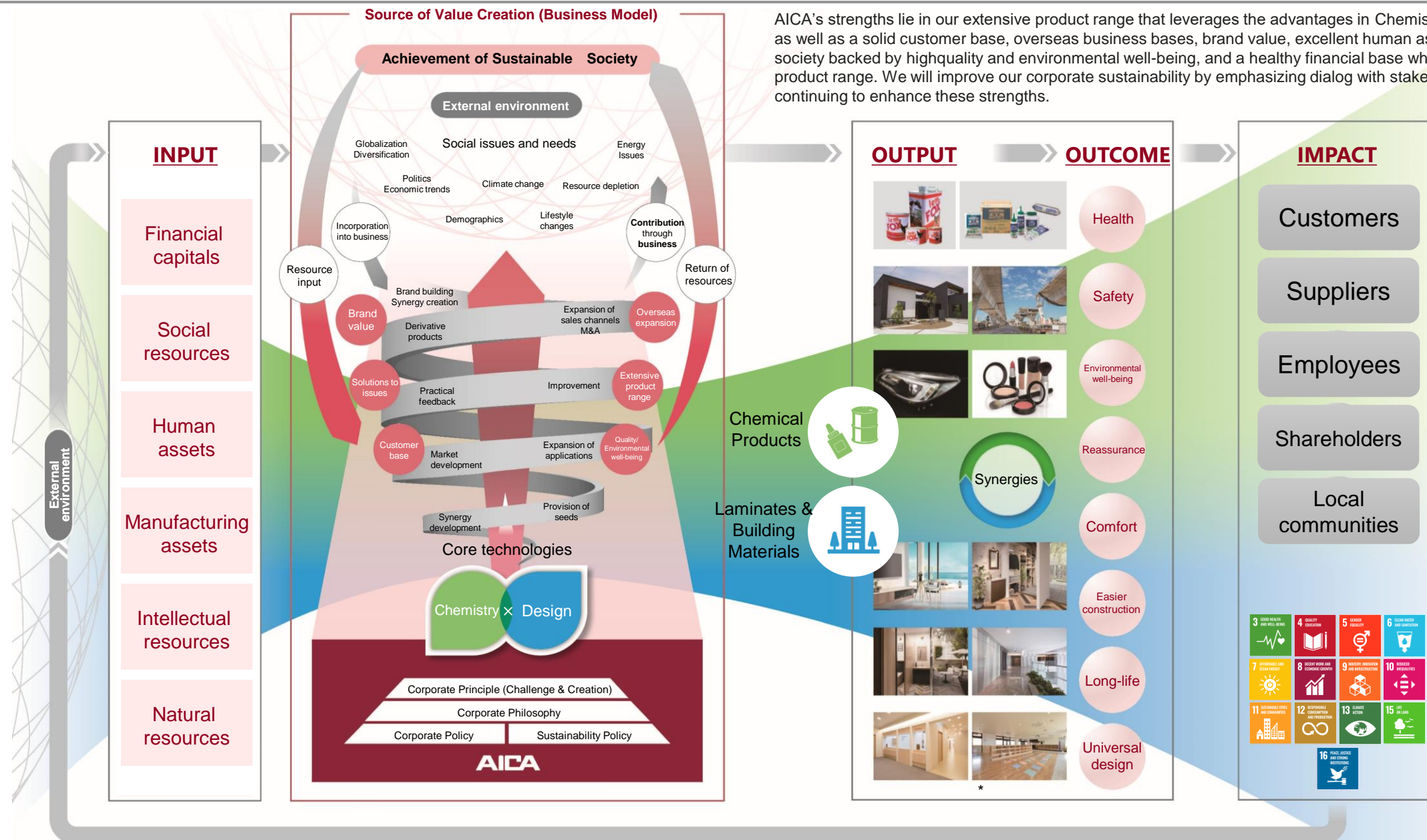
Sustainability Policy

1 We address social issues through our business activities to contribute to the creation of a better society.

2 We have established "Compliance with laws and regulations," "Respect for human rights," "Harmony with society," "Fair business practice," "Customer's security and trust," "Proper information disclosure," "Protection of company information and property," and "Environment and safety" as the basic principles of the Code of Conduct, and we base our actions on these principles as shared values for all employees.

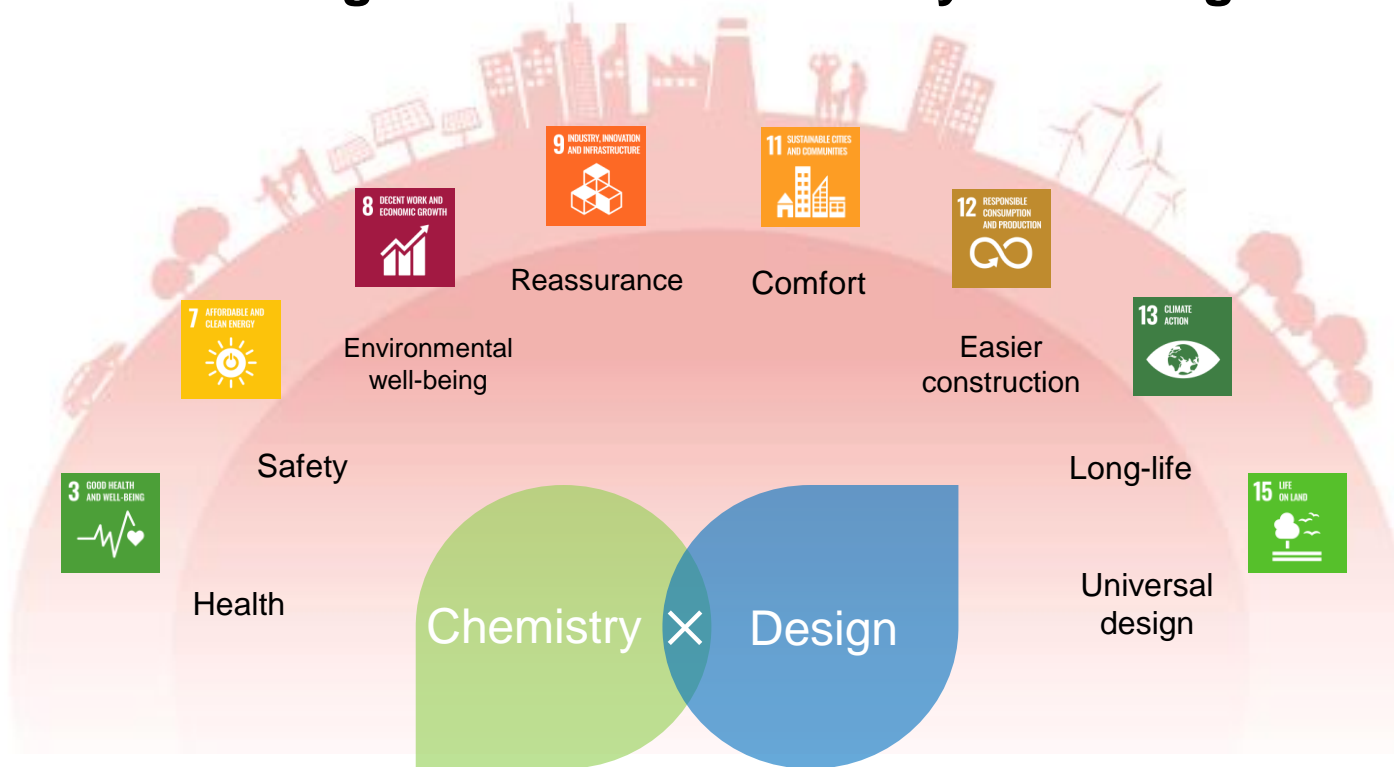
3 We emphasize dialog with stakeholders, including customers, employees, shareholders, suppliers, business partners, local communities, and local governments, and respond promptly to social needs and changes.

4 We identify material issues from the perspectives of both corporate management and stakeholders, address those issues alongside our business activities, and disclose our progress in addressing them.



AICA's strengths lie in our extensive product range that leverages the advantages in Chemistry and Design, as well as a solid customer base, overseas business bases, brand value, excellent human assets, the trust of society backed by high quality and environmental well-being, and a healthy financial base which support that product range. We will improve our corporate sustainability by emphasizing dialog with stakeholders and continuing to enhance these strengths.

We aim to provide new value to society and continuously improve our corporate value by helping solve social issues through a fusion of Chemistry and Design.



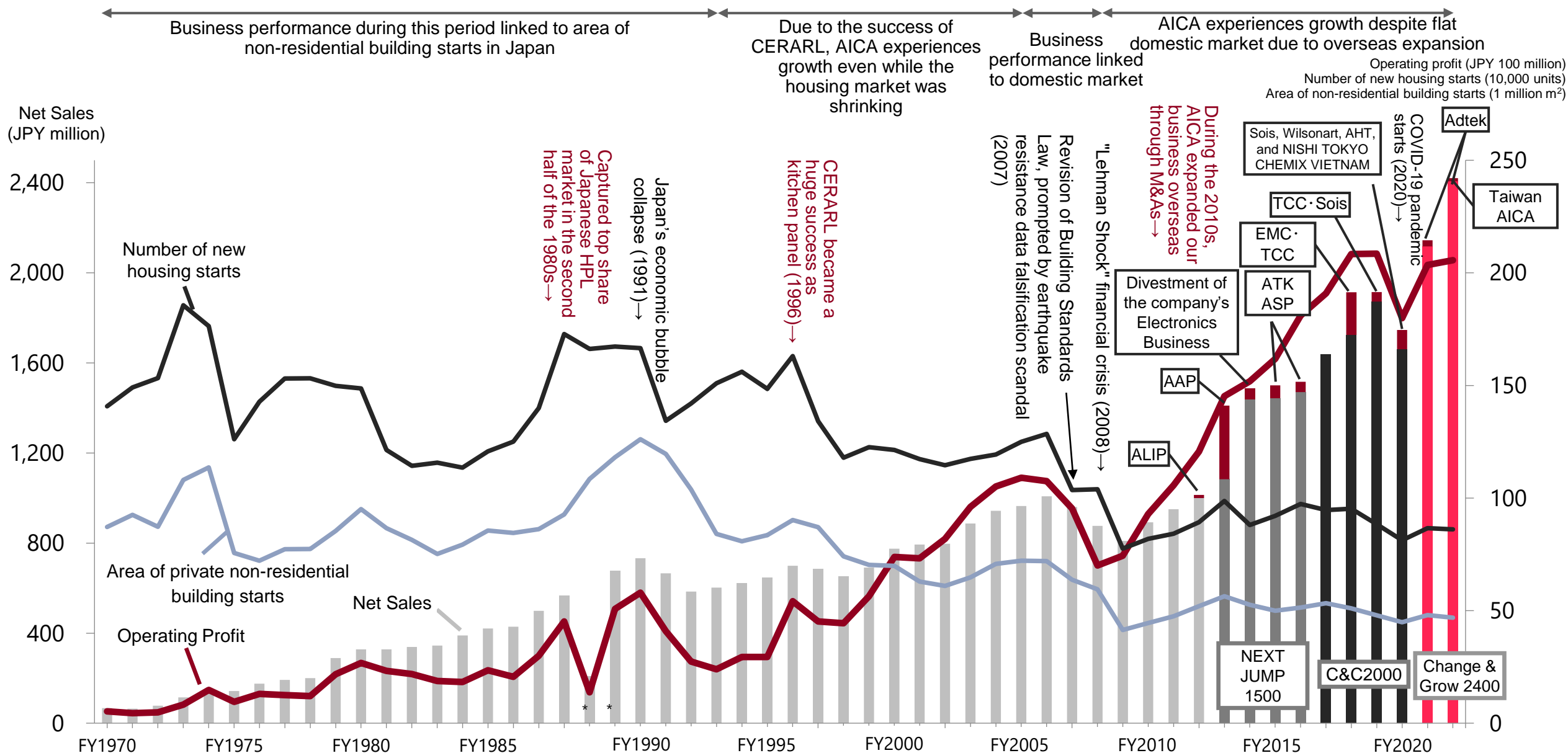
Chemical Products

While promoting high value-added resins in the construction sector to support people's lives and social infrastructure, we will grow our business in non-construction sectors, including automotive/household goods/electronic materials.

Laminates & Building Materials

We will expand our business market in the wooden furniture as well as our domains in wall, floor, ceiling, and fabricated products with enhancing our ability to propose innovative solutions in the whole space structure in Japan, while promoting the Japan Technology to overseas markets.

Historical Consolidated Results



* Due to a change in the months comprising the fiscal year, FY1989 is divided into two components: December 1988 to March 1989 and April 1989 to March 1990.

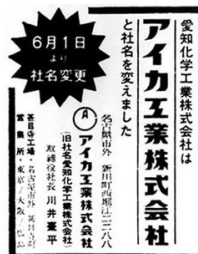
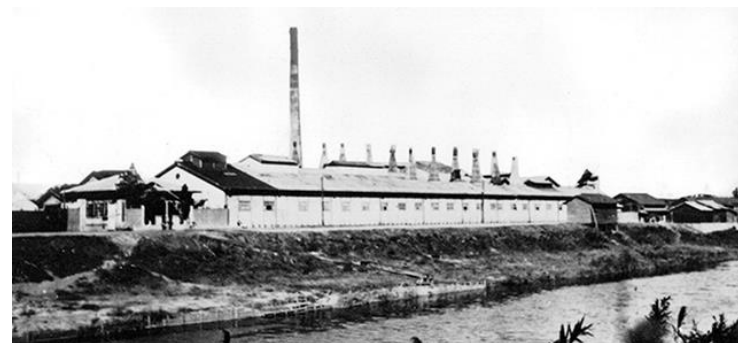
Note: Consolidated accounting began from FY1979. All accounting years prior to that are non-consolidated.

In October 2026, Aica Kogyo will celebrate our 90th anniversary.

In accordance with our Corporate Principle of “Challenge and Creation,” the AICA Group has established a unique position as a chemical manufacturer by continuously creating new added value through the power of “Chemistry” and “Design.”

In the final year of the new Medium-Term Business Plan, we will celebrate the 90th anniversary of our founding.

AICA will take on the challenge of “Value Creation,” creating more value, and aim for sustainable development.



Medium-Term Business Plan (MTBP)

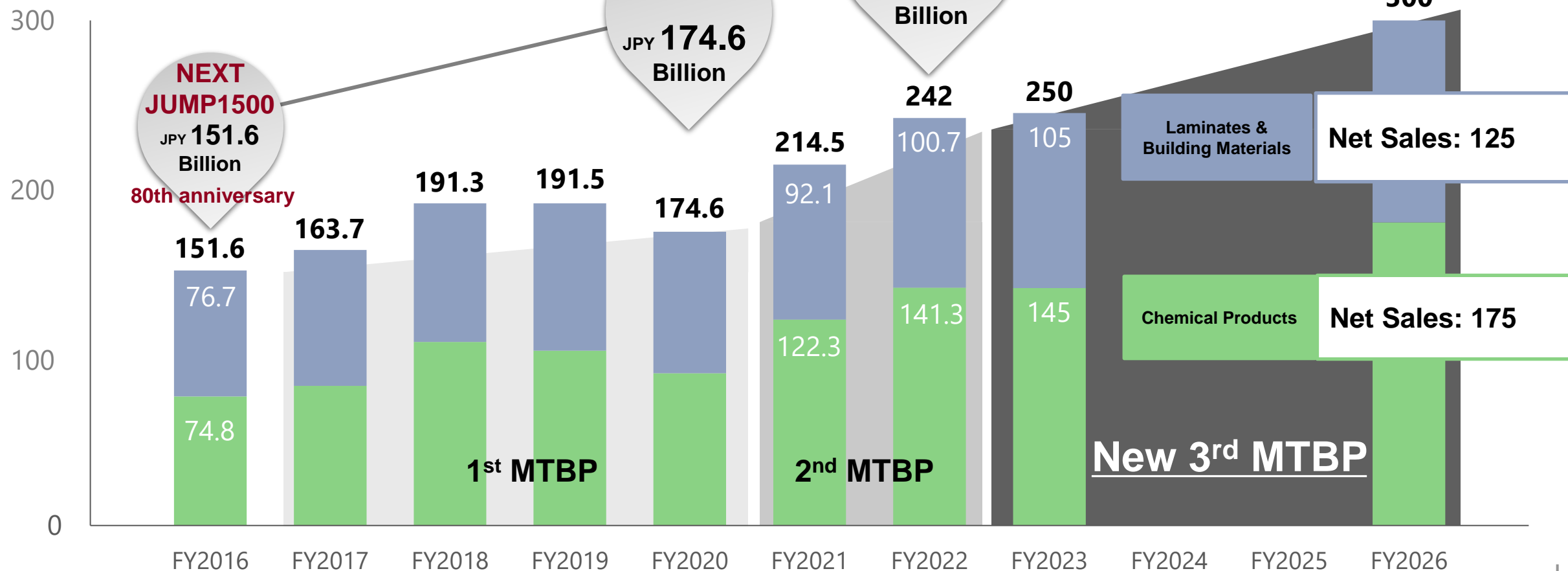


VALUE CREATION
3000 & 300

FY2023 to FY2026

As original sales target (JPY240 billion of 2nd MTBP) has been achieved one year ahead of schedule, we step up to a new MTBP this year.

Consolidated Net Sales
[JPY billion]



Growth in overseas market and other factors brought one-year-ahead achievement of our Sales target. On the other hand, due to hikes on raw material prices, profitability declined. Also, due to large impairment loss, capital efficiency declined.

Key words	Indicator	FY2020A	FY2021A	FY2022A	FY2023 Original Plan	Evaluation
Capital Efficiency	ROE	8.1%	9.4%	6.9%	Approx.10%	Poor
Sales on Promising Market	Overseas + Functional materials sales*1	JPY 81.2 billion	JPY 114.7 billion	JPY 135.2 billion	JPY 115 billion	Very Good
Solving Social Issues	AS product sales*1*2	JPY 15.5 billion	JPY 16.9 billion	JPY 19.3 billion	JPY 21 billion	Fair
Added Value	Ordinary profit	JPY 18.4 billion	JPY 21.8 billion	JPY 22 billion	JPY 24 billion	Fair
Business Size	Net sales	JPY 174.6 billion	JPY 214.5 billion	JPY 242 billion	JPY 240 billion	Very Good

*1: Sales amount before consolidated elimination

*2: "AS Product" stands for Aica Solution Product that resolves social issues

Chemical Products: Overseas market contributed, but Exchange rate fluctuation & Raw Materials' hike impacted severely, resulting in lower profitability.

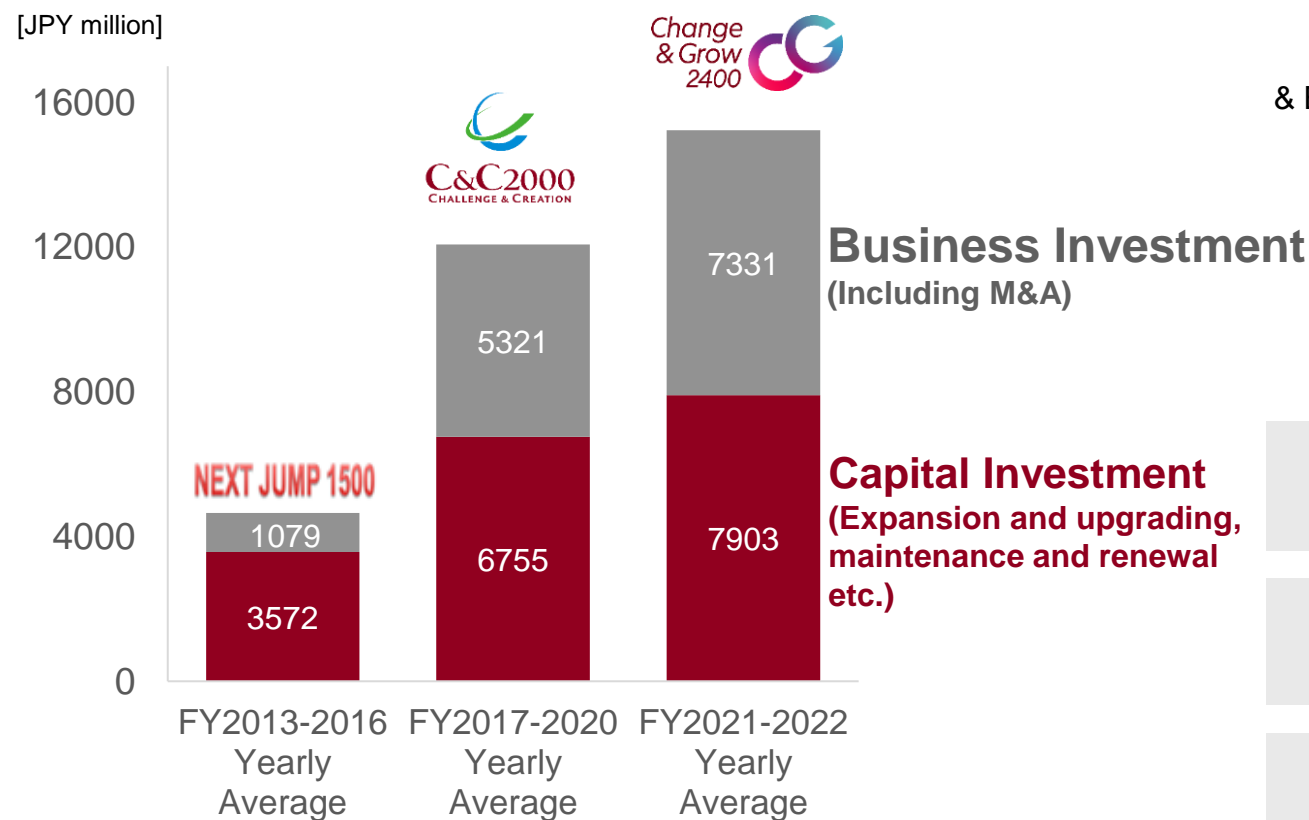
Laminates & Building Materials: Both Domestic and overseas sales equally grew, but still needs improvement to achieve FY2023 original plan.

[JPY million]		FY2020A	FY2021A	FY2022A	CAGR FY2020-2022	FY2023 Original Plan (reference)
Chemical Products	Net sales	90,446	122,323	<u>141,312</u>	25.0%	<u>125,000</u>
	Operating Profit	7,109	7,376	7,494	2.7%	-
	% vs Net Sales	<u>7.9%</u>	6.0%	<u>5.3%</u>	-	-
	EBITDA	10,247	10,759	10,946	3.4%	-
	% vs Net Sales	11.3%	8.8%	7.8%	-	-
Laminates & Building Materials	Net sales	84,182	92,191	<u>100,743</u>	9.4%	<u>115,000</u>
	Operating Profit	13,751	16,379	16,740	10.3%	-
	% vs Net Sales	<u>16.3%</u>	17.8%	<u>16.6%</u>	-	-
	EBITDA	16,129	18,945	19,560	10.1%	-
	% vs Net Sales	19.2%	20.6%	19.4%	-	-

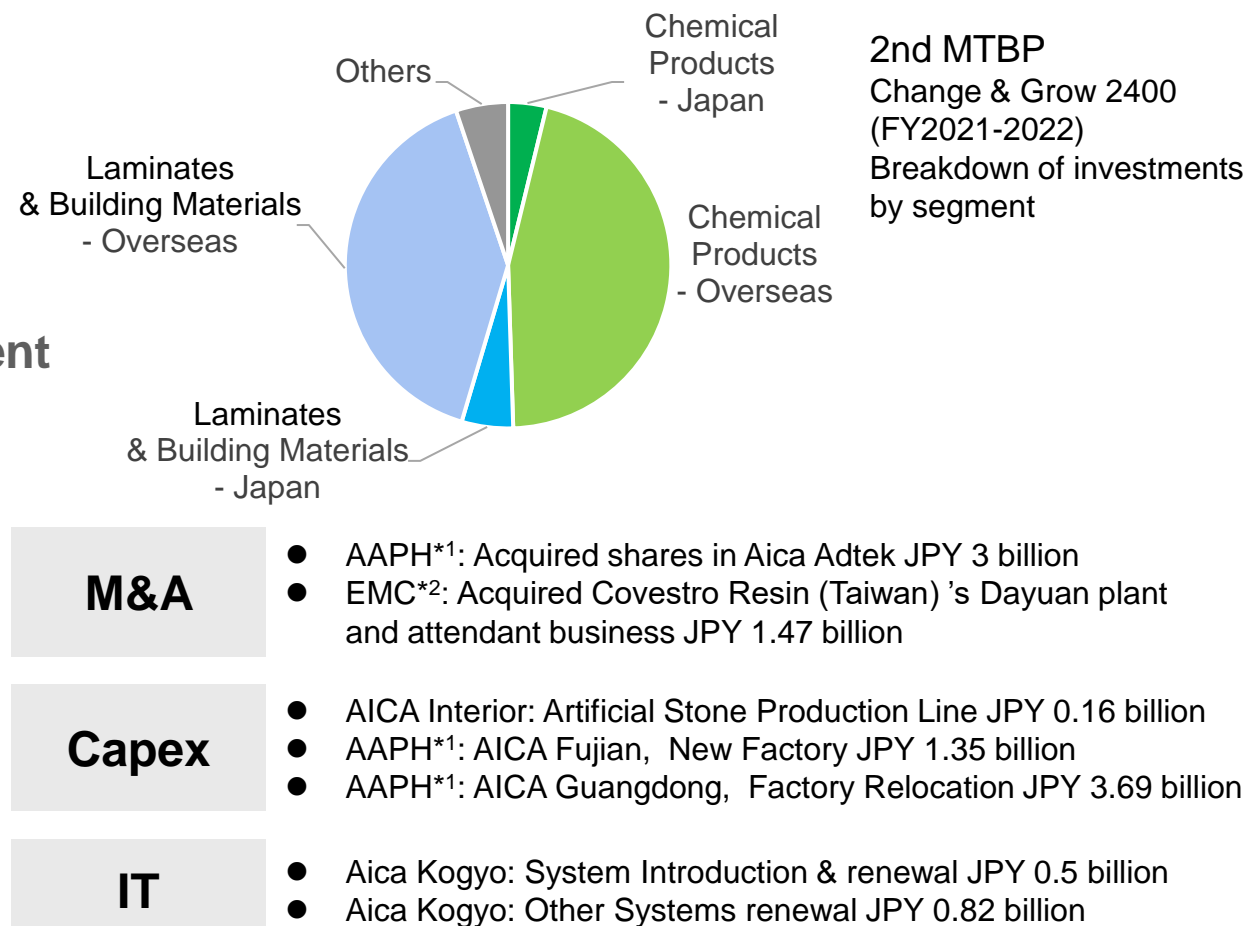
We generated cash in Japan, and actively reinvested the cash in the overseas growth market, and made steady investments in a well-balanced manner in both capital investment and business investment.

Investment Volume

“Average Annual Investment” by past MTBPs



Analysis on latest year Investments in FY2021-2022



AICA identified and addressed seven key issues to build a foundation to enhance the soundness of the entire Group.

Financial	(1) Provide economic value	See pages 10 and 11 for details. Sales and growth market development targets were achieved one year ahead of schedule. Although ordinary profit and sales of products designed to solve social issues were as planned, efficiency declined due to the impact of soaring raw material prices and impairment losses on subsidiaries. Dividends were paid at a higher payout ratio than planned.
	(2) Solving social issues with products	FY2022 AS product*2 sales : JPY 19.3 billion (sales were in accordance with plans) Defined SDG-oriented products and set targets.
Non-financial	(3) Human resources and organizational development	Established a Group-wide system to monitor education, training costs, and training hours on a per-person basis as well as employee satisfaction. Updated succession plans at overseas group companies and created skill lists by division and hierarchy on a stand-alone basis. Built a foundation for the restructuring of the education and training system that makes use of those factors.
	(4) DX*1 implementation	Capital investment and digitization investment that contribute to automation and labor-saving: 390 million yen (for 2 years in total) The per-person labor productivity of Aica Kogyo increased by 8.7% on a non-consolidated basis (FY2022 actual result compared to FY2020).
	(5) Responding to climate change	Although GHG*3 emissions revenue intensity were expected to be reduced by 22% from the FY2020 target of 10%, total GHG emissions are expected to increase slightly. Industrial waste emissions revenue intensity are expected to fall short of the target with a 9% reduction compared to FY2020 instead of a 10% reduction. Note: All estimates are approximate since calculations are still being performed.
	(6) Strengthen governance	AICA conducts BCP training at all production sites on an annual basis. We also issued an AICA Compliance Casebook. In addition, restructuring of the overseas internal whistleblowing system was completed. Informatization investment that contribute to strengthening of security: 820 million yen (for 2 years in total)
	(7) Quality assurance and occupational safety	Quality improvements were made based on customer satisfaction surveys. AICA also developed and implemented departmental quality training plans. Increased in the number of lost-time accidents (from 19 in FY2020 to 20 in FY2022)

Segment	Region	Achievement	Key words
Chemical Products	Japan	Partial Business Transfer from DIC Corporation (Phenolic Resin Business)	New Market
		Development of three-dimensional decorative hard-coat film as an alternative to painting automotive exteriors	New Market Climate Change
		Expansion of biomass-grade products, recycled products, and social problem-solving products, including adhesives, construction resins, phenolic resins, and organic fine particles	Climate Change
	Overseas	AAPH*1 acquired shares of Adtek*2 (Malaysia), and made it a subsidiary	Facility Expansion Widening Sales Channel
		EMC*3 acquired Dayuan factory and associated businesses from Cobestro Resin (Taiwan)	Facility Expansion New Market
Laminates & Building Materials	Japan	Launch of “Three Major Projects” in China (Nanjing, Guangdong and Fujian) by AAPH*1	Facility Expansion
	Japan	Development of HPL using Plant-based Phenolic Resin	Climate Change
		Development and launch of new products for a Ceiling market	New Market
		Investment in strengthening of manufacturing capacity for Fiore Stone processed products	Facility Expansion
	Overseas	Start of Construction for the second HPL line at ALV*4	Facility Expansion
		Acquiring of shares in Taiwan AICA*5, which became wholly owned subsidiary	Widening Sales Channel
		Completed the fourth press machine for HPL of ALIP*6	Facility Expansion

*1: AICA Asia Pacific Holding Co., Ltd.

*2: Aica Adtek Sdn. Bhd.

*3: EVERMORE CHEMICAL INDSTRY CO., LTD.

*4: Aica Laminates Vietnam Co., Ltd.

*5: Taiwan Aica Kogyo Co., Ltd.

*6: Aica Laminates India Pvt. Ltd.

Internal resources and assets

Intellectual resources

- Launch next-generation large-scale core products
- Create brand value second only to domestic HPL
- Accumulate knowledge
- Quality / Safety

Manufacturing assets

- Aging plants
- Delay in automation
- Optimization of production systems
- DX* Implementation

Human assets

- Recruit and develop leaders, globally competent human resources, and professional human resources
- Improve engagement
- Promote D&I

Financial capitals

- Deterioration of capital efficiency
- Investment impairment loss risk
- Foreign exchange risk

External resources and assets

Social resources

- Shrinking of the domestic wooden furniture market
- Higher raw materials, energy, and logistics costs
- Expanding/Changing environmental regulations and tax systems
- Worsening skilled workers shortage
- Decline in number of new housing starts in Japan (800,000 units)

Natural resources

- Transition to low-carbon society
- Increased risk of natural disasters
- Shift to biomass products and low-carbon emission products

AICA recognizes that issues related to human assets and natural resources in particular should be given urgent focus

Financial

1. To Improve Profitability



In our “Four Segment” ; Chemical Products – JAPAN / OVERSEAS, Laminates & Building Materials– JAPAN / OVERSEAS, we will improve profitability by widening added value and optimizing capital allocation. We aim to stretch profit margin in line with market characteristics and balancing to allocate capital.

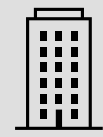
2. To Create and Nurture Growth Businesses



In both Chemical Products and Laminates & Building Materials, we will actively invest in promising market where we can leverage our strength. Looking ahead to our 100th anniversary, we will formulate and develop new profit generating pillars that can drive sustainable growth.

Non-financial

3. To Build robust Management Base



We aim to be a sustainable corporate entity by focusing seven key themes (“Materiality”). 1. Providing Economical Value, 2. Solving Social Issues with Products, 3. Responding to Climate Change, 4. Human Resources and Organizational Development, 5. DX Implementation, 6. Strengthening Governance, 7. Quality Assurance & Occupational Safety. Amongst these, “Human Resources” and “Climate Change” are our core focuses.

To Responding to Climate Change



Responding to climate change is essential element for our purpose. We have decided to dedicate ourself more in this area. We declare “Carbon Neutrality” by 2050 and reduce GHG* emissions by 30% from FY2022 consumption level by FY 2030.

To Strengthen Human Capital and Organization



With recognizing “human capital is the principal” for AICA’s sustainable growth, we will develop organization through strengthening existing resource and new hirings. Through strong engagement by those resource, we will lead innovation.

Profitability

Growth

Climate Change

Human Resource

Financial Target		Non-Financial Target	
Consolidated Net Sales	Consolidated Ordinary Profit	Climate Change	
JPY 300 billion	JPY 30 billion	GHG*2 Emission Reduction (Scope1+2)	(14%) (compared with 2022)
AS Product Sales *1	Overseas Sales Ratio	Environmental Investment	JPY 2 billion (4 years cumulative)
JPY 28 billion	50% or more	Human Resource	
ROE	ROIC	HR Investments *1	JPY 4 billion (4 years cumulative)
Approx. 10%	Approx. 8%	Engagement Score	4.0 points or more (3.9 points in 2022 (full score: 5 points))

		FY2022A	FY2023P	YoY		FY2026P	CAGR FY2022-2026
	[JPY million]						

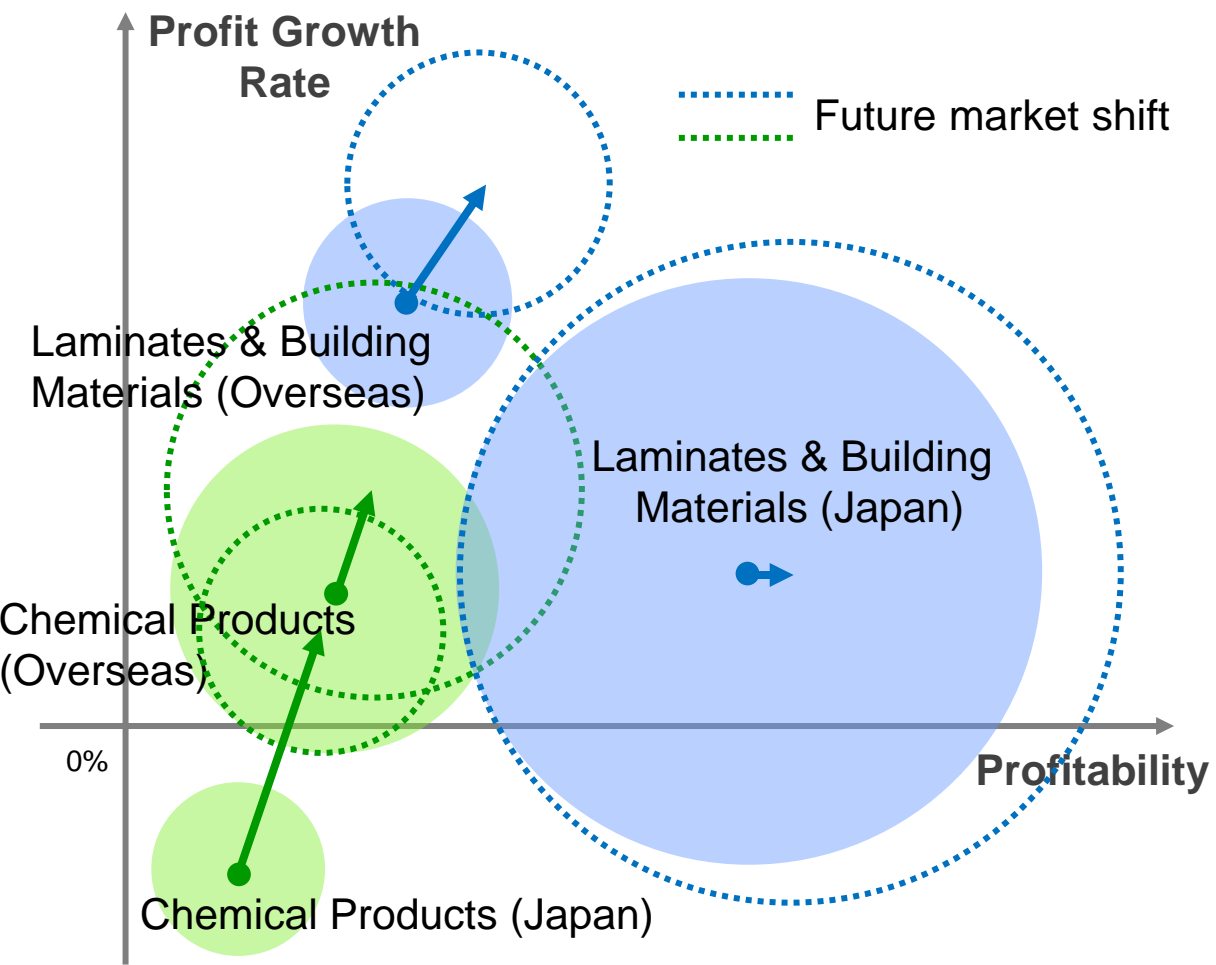
Chemical Products

Sales	141,312	145,000	102.6%		175,000	5.5%
Operating Profit	7,494	7,600	101.4%		<u>12,000</u>	<u>12.5%</u>
% vs Net Sales	5.3%	5.2%			6.9%	
EBITDA	10,946	11,700	106.9%		<u>17,300</u>	<u>12.1%</u>
% vs Net Sales	7.8%	8.0%			9.9%	

Laminates & Building Materials

Sales	100,743	105,000	104.2%		125,000	5.5%
Operating Profit	16,740	17,900	106.9%		<u>22,500</u>	<u>7.7%</u>
% vs Net Sales	16.6%	17.1%			18.0%	
EBITDA	19,560	20,500	104.8%		<u>26,400</u>	<u>7.8%</u>
% vs Net Sales	19.4%	19.5%			21.1%	

AICA will focus on improving profitability in the domestic Chemical Products business and overseas business for both Laminates & Building Materials and Chemical Products. For Laminates & Building Materials business in Japan, we expand the scale while maintaining our current position.



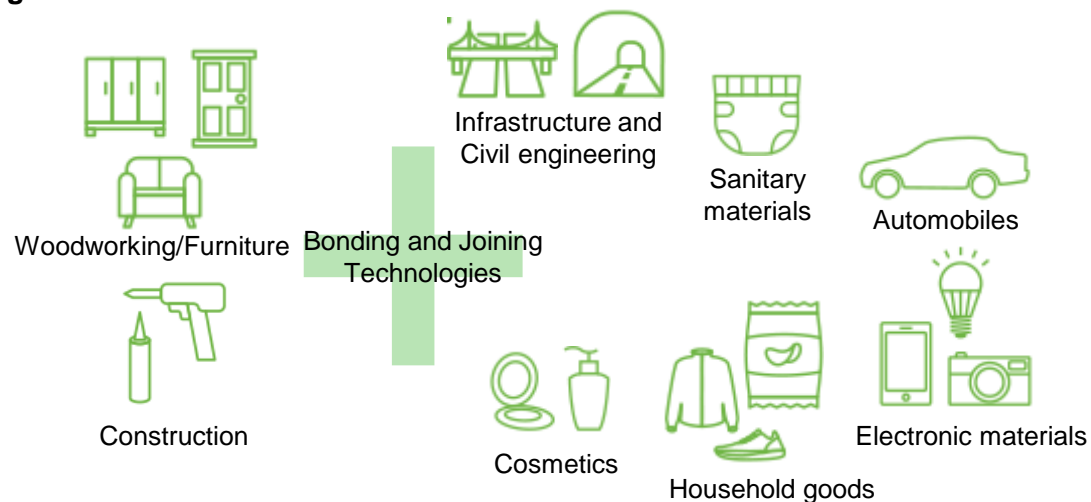
- Profitability: Operating profit before consolidation and elimination
- Circle size indicates size of operating profit
- Profit Growth Rate: The average annual growth rate of operating profit over an eight-year period

Segment	Policy
Chemical Products (Japan)	Thorough management of profitability by resin and structural reform through selection and concentration We will concentrate our management resources on value-added adhesives and construction resins that can solve social issues as well as products for non-construction sectors.
Chemical Products (Overseas)	Increase production capacity to capture demand in the Asian region We will expand our manufacturing capacity in China, Vietnam, Thailand, Malaysia and other Asian countries to introduce high value-added products that meet customer needs through local production for local consumption.
Laminates & Building Materials (Japan)	Pursue enhancing added value by helping to solve social issues By identifying the needs of customers who face social issues, we will differentiate ourselves by developing functional products that add value to existing products and by proposing construction methods to expand our highly profitable business model.
Laminates & Building Materials (Overseas)	Accelerate the deployment of Japan Technology to overseas group companies We will optimize our production bases in Japan, China, Thailand, Indonesia, Vietnam, and India to achieve a strategy of differentiation in high-end markets.

By focusing on solving social issues and entering/cultivating untapped markets, we will create growth businesses in a well-balanced manner both in Japan and overseas for both Chemical Products and Laminates & Building Materials to build a foundation for sustainable growth.

Chemical Products

Applying the bonding and joining technologies that we have cultivated in the wooden furniture and construction fields, we will grow in non-construction fields, including automotive/household goods/electronic materials, while simultaneously deepening synergies among group companies, and aiming for making remarkable growth in overseas market.



Note: Accumulated net sales prior to consolidation elimination

Laminates & Building Materials

AICA will continue to grow by adjusting our business portfolio appropriately in line with market needs. In Japan, we are focusing on the business market of wall, floor, ceiling, and fabricated products. Overseas, we will promote the expansion of Japan Technology and grow in a balanced manner both domestically and internationally.

		FY2012	FY2022	FY2026
Mainly for furniture, fixtures, and walls	High Pressure Laminates (HPL)	Sales increased 2.5 times over the past 10 years JPY 13 billion → JPY 32.2 billion	Expand application to floors, a new market for this product. Aim for JPY 30 billion in overseas markets.	
	Decorative boards, architectural films, etc.	Decreased 20% over the past 10 years JPY 15.1 billion → JPY 12.5 billion	The decorative plywood board market is shrinking. We will cultivate the PVC film market.	
Mainly for wall market	CERARL	Sales increased 1.4 times over the past 10 years JPY 15.8 billion → JPY 21.7 billion	Deepening of non-housing and renovation applications. Develop new ceiling market for CERARL. Technology will be transferred overseas for full scale launching.	
	Non-Combustible Building Materials	Sales increased 7.4 times over the past 10 years JPY 1.1 billion → JPY 7.8 billion	Continue to capture the needs of non-residential properties pertaining to safety. Develop new "ceiling" market.	
HPL fabricated products	Postform Counters	Sales increased 1.9 times over the past 10 years JPY 11.3 billion → JPY 21.3 billion	Expand by capturing the need to reduce on-site processing labor..	
	Fittings & Interior Housing Materials	Sales decreased 20% over the past 10 years JPY 6.4 billion → JPY 5.2 billion		

Addressing the seven material issues passed on from the previous Medium-Term Business Plan, we will focus on addressing “climate change” and “building a foundation for human capital management”.

Financial	(1) Provide economic value	Net sales: JPY 300 billion*2, Ordinary profit: JPY 30 billion*2, Overseas sales ratio: More than 50%*2, ROE: 10% *2, ROIC: 8% *2, Continue progressive dividends without reducing dividends
	(2) Solving social issues with products	AS products *3 sales target: JPY 28 billion*1. Develop technologies that contribute to the reduction of industrial waste over entire life cycle and visualize amount of contribution.
Non-financial	(3) Responding to climate change	Reduce total GHG *4 emissions by 14%*2 from the FY2022 level by FY2026 to achieve carbon neutrality by 2050. Set Scope 3 emission reduction targets and formulate reduction measures. Disclose carbon footprint (CFP) for each main product. Develop products with a reduced CFP.
	(4) Build a foundation for human capital management	Invest more than JPY 4 billion*1 (cumulative total) in human capital over a four-year period to develop human resources to drive business growth, acquire an organization and diverse human resources that will generate innovation, and create a work environment that will improve productivity. See page 24 for details on target values.
	(5) DX *5 implementation	Capital Investment and informatization investment that will contribute to automation and labor-saving: More than JPY 1 billion (total over a 4 years)*1
	(6) Strengthen governance	Conduct BCP training at all production sites at least once a year*2. Strengthen the management and auditing of policies, regulations, and systems related to Group governance. Regularly conduct sustainability surveys for suppliers and address issues. Deepen information security measures and expand them to all Group companies.
	(7) Quality assurance and occupational safety	Achieve the quality defect reduction target set at each site. Serious occupational accidents: 0*2 Number of lost-time accidents: Reduce by half compared to FY2022 level (10 or less*2).

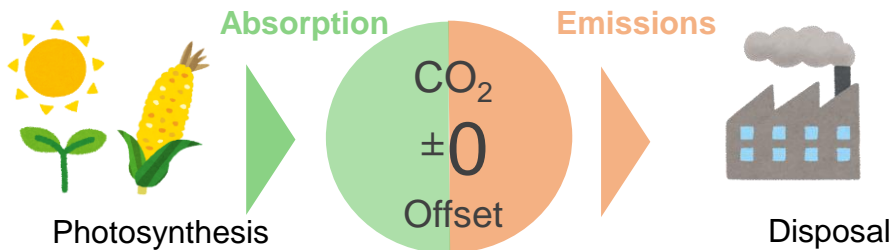
(1) Responding to Climate Change Through Our Products

Based on AICA's resin synthesis technology and material utilization technology, we will develop and expand sales of products that respond to the climate change issues.

This will allow us to transform into a corporate group that achieves sustainable growth even in a rapidly changing world.

Biomass

Utilize carbon-neutral materials

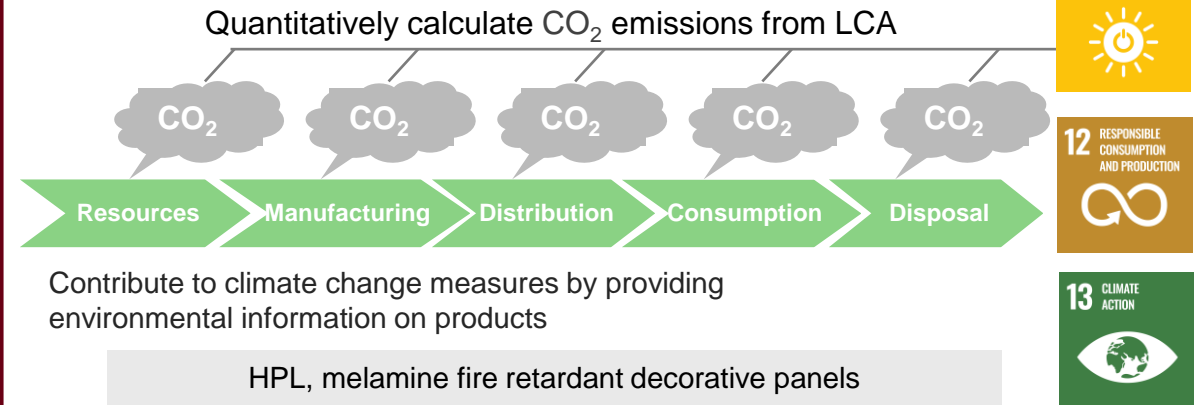


Reduce CO₂ emissions from raw materials by actively utilizing biomass materials

HPL, decorative boards, floor coating materials, adhesives, electronic materials

**LCA**

Provide quantitative environmental information



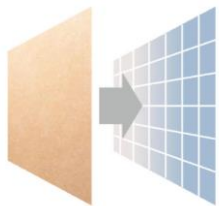
Contribute to climate change measures by providing environmental information on products

HPL, melamine fire retardant decorative panels

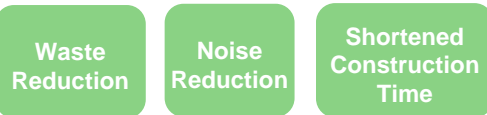
**Waste reduction**

Propose recycling and renovation methods for products

On tile construction method



Reduce demolition work by utilizing existing foundation



Contributes to the creation of a recycling-oriented society by reducing waste

Melamine fire retardant decorative panels (for repairs), multifunctional calcium silicate panels

**Easier construction**

Simplify construction methods and shorten construction periods



Resin to prevent concrete chips from falling

- The construction method, which used to take several days, can be shortened to **as little as one day** by simplifying the process
- Reinforcement of concrete contributes to improved safety

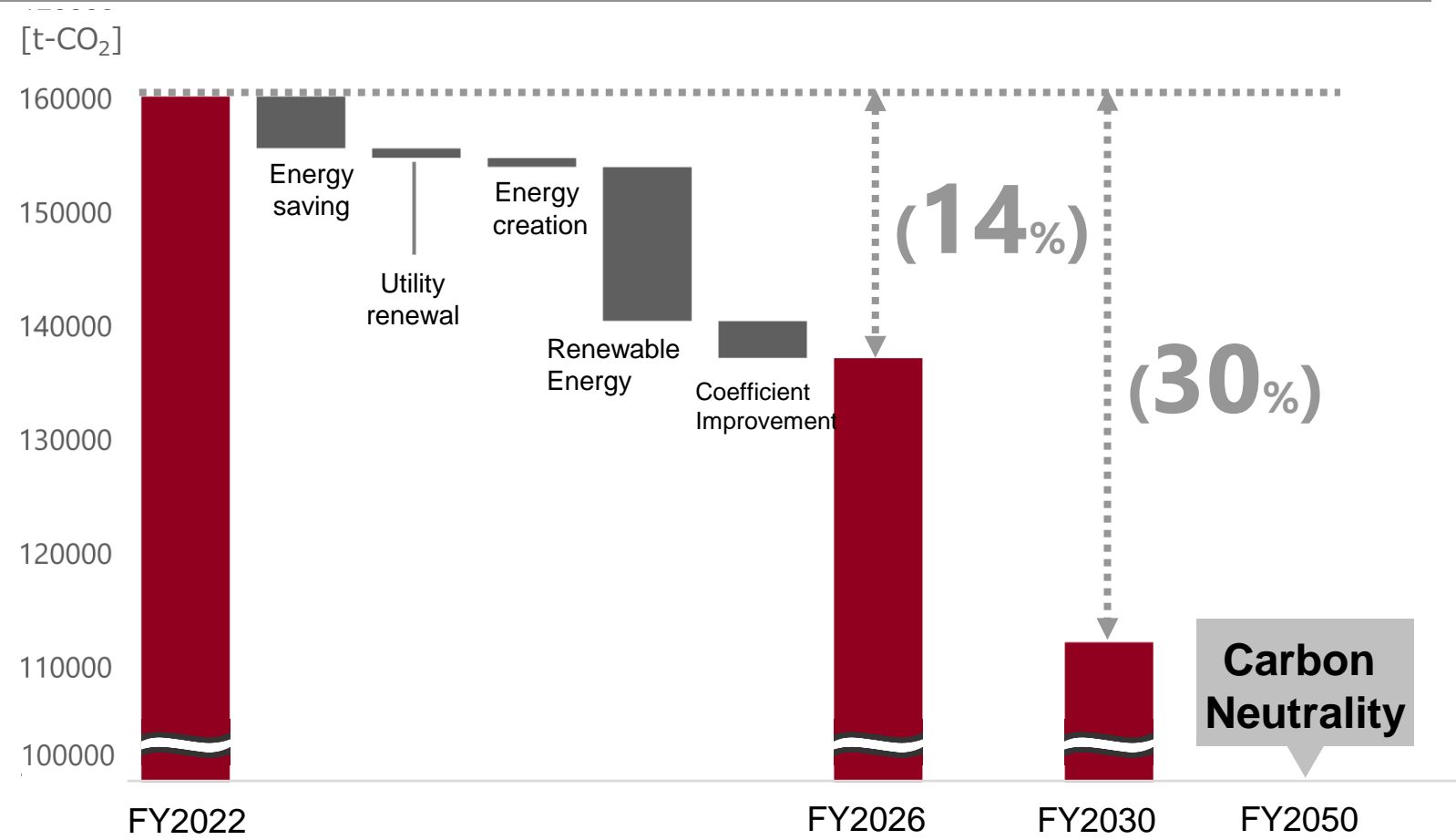
Contributes to the reduction of CO₂ emissions during construction and also responds to the problem of the shortage of labor at sites

Wall coverings, wall/floor coating materials, floor coating materials, repair/reinforcing materials



Reduce GHG* emissions by 14% in FY2026 and by 30% in FY2030 (Scope 1 & 2, compared to FY2022) with the aim of achieving carbon neutrality in FY2050.

AICA Group GHG* emissions reduction plan (Scope 1 & 2)

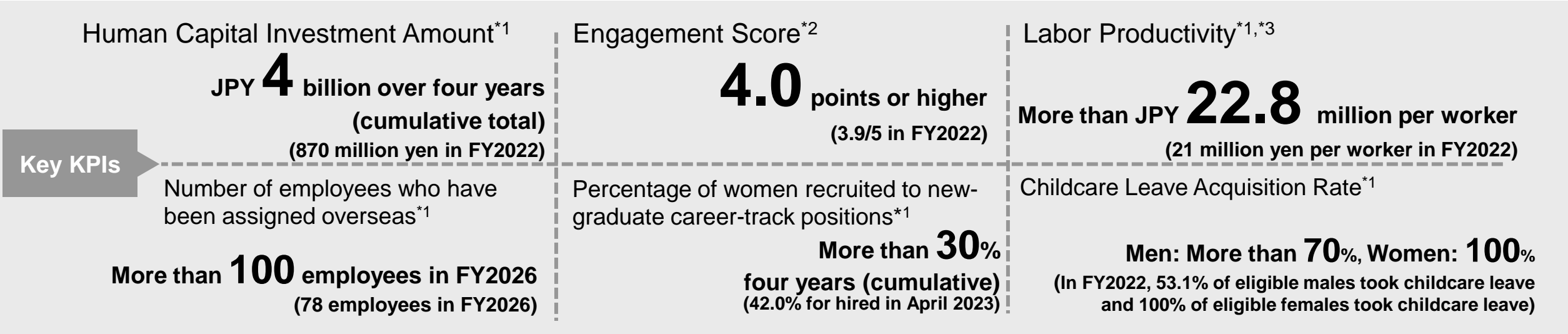
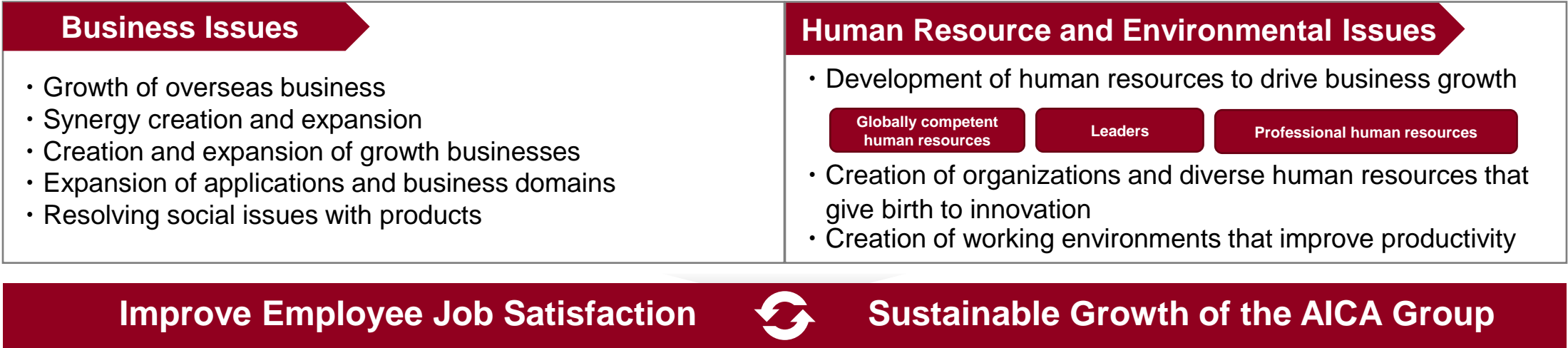


Measures to reduce GHG* emissions

- Promotion of energy saving activities
 - Process Improvement
 - Renewal Utility
- Creation of energy
 - Installation of Solar Panels
- Purchase of renewable energy
 - Switching the Power Menu
 - Purchase of Renewable Energy Power Certificates
- Radical review of manufacturing methods
 - Use of ICP (internal carbon pricing) program for these measures

Environmental Investment
Total of JPY 2 billion for 4 years

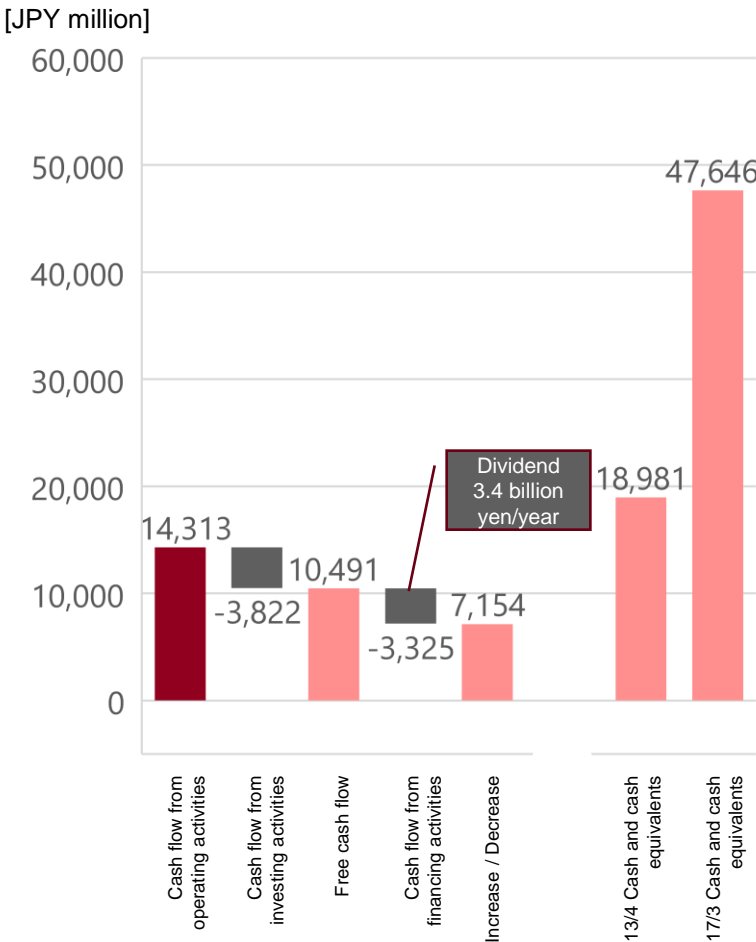
With the aim of maximizing the value of human capital, AICA will proceed human resource development and environmental improvement in line with business issues to achieve sustainable growth.



Cash Allocation

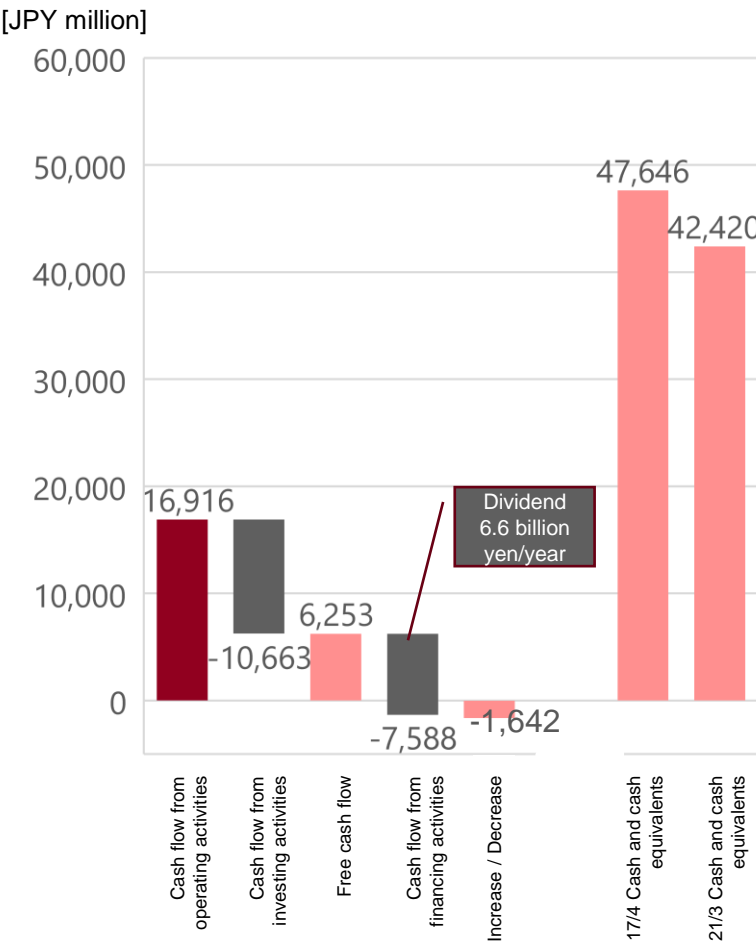
NEXT JUMP 1500 annual average CF
(FY2013-FY2016)

Stable financial base



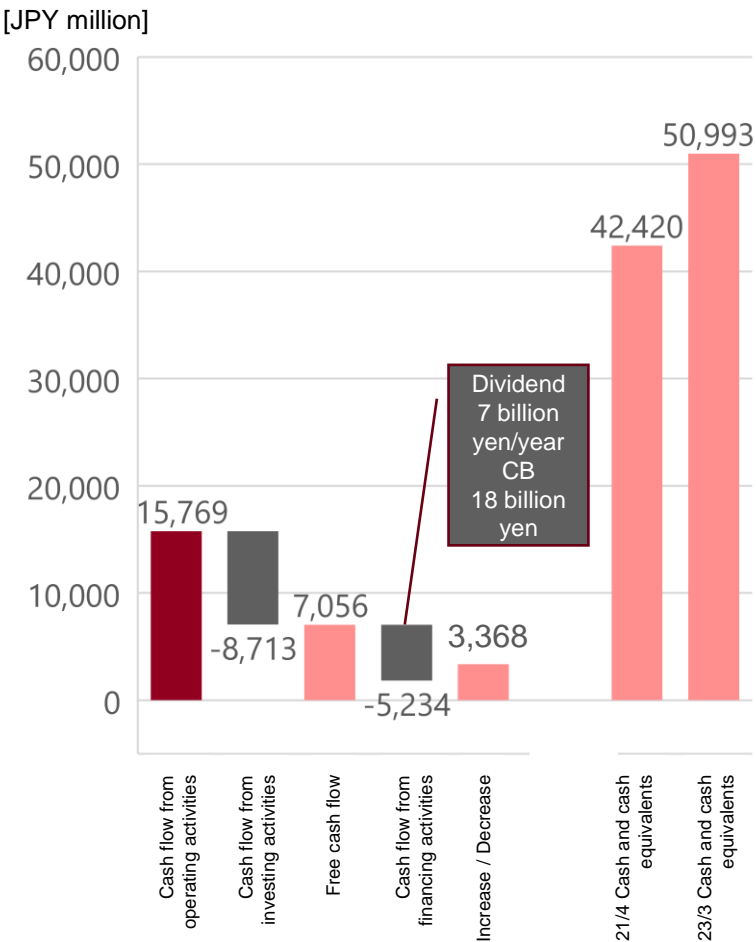
C&C 2000 annual average CF
(FY2017-FY2020)

Active investment and enhancement of shareholder returns



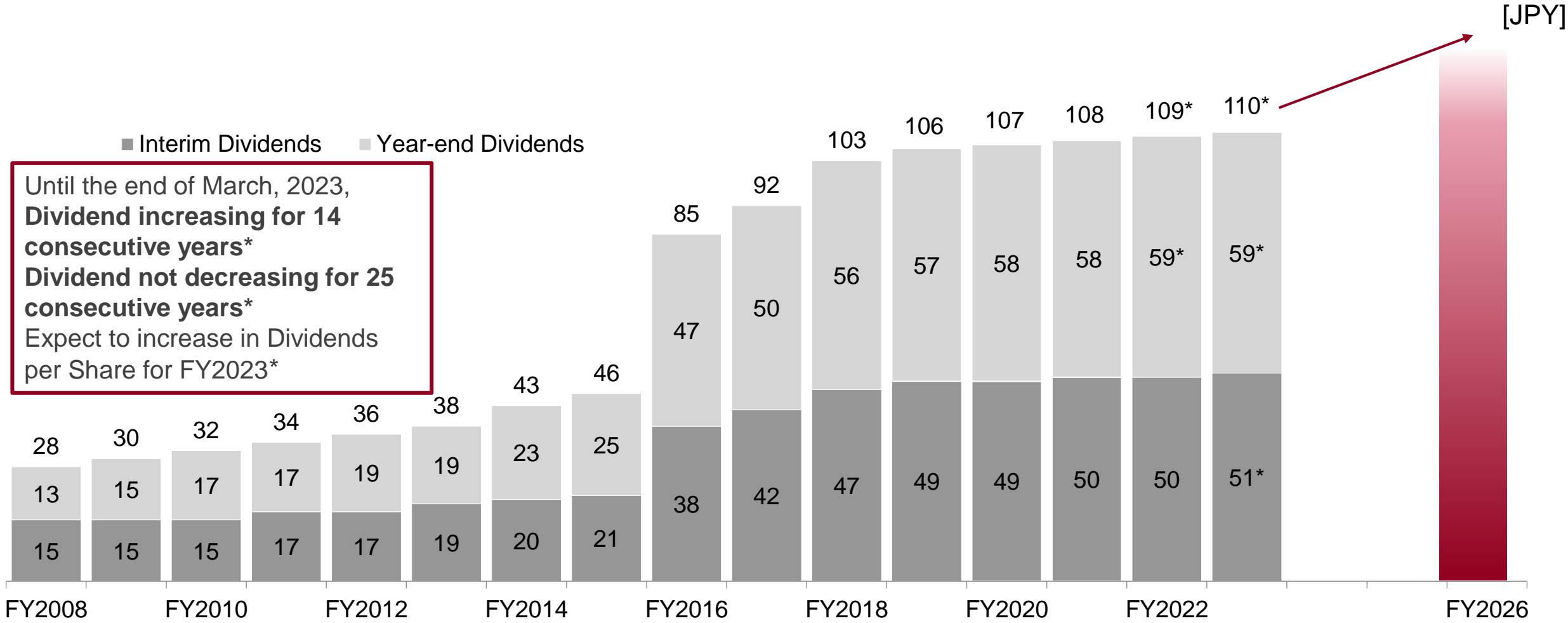
Change & Grow 2400 annual average CF
(FY2021-FY2022)

Continuing to make active investments, enhancing shareholder returns, and strengthening the financial base through the issuance of convertible bonds.



		Previous Medium-Term Business Plan Results	New Medium-Term Business Plan Policies			
Maintain financial soundness	Cash equivalents	JPY 50.993 billion (as of end Mar. 2023)	Secure liquidity for about two to three months of monthly sales to strengthen our risk tolerance			
	Equity ratio	58.1% (as of end Mar. 2023)	Maintain an appropriate rating and an equity ratio of 50% or more			
Improvement of capital efficiency	ROE ROIC	ROE6.9% ROIC8.1% (FY2022)	ROE > ROIC > WACC structure Create ROE and ROIC that exceed the cost of capital and gain equity spreads to increase shareholder value ROE target of about 10% (current cost of equity is approximately 6.3%) ROIC target of about 8% (current WACC is approximately 5.5%)			
	FCF	JPY7.056 billion (two fiscal year average)	Secure FCF to support aggressive investment in growth and increased shareholder returns			
	Investment discipline	-	Focus on investment projects that generate returns that exceed cost of capital			
	Portfolio management	-	Promote portfolio optimization using ROIC by business/company			
Focus on shareholder returns	Dividends	No dividend reduction for 25 consecutive years Increase in dividends for 14 consecutive years	Emphasize the continuity of stable dividends that have not been reduced for the past 25 consecutive years Basic policy: Maintain progressive dividends without reducing dividends			
	Share buybacks	Acquired approx. JPY 4 billion worth of treasury shares	Consider flexible share buybacks			
New Medium-Term Business Plan Four-year investment targets (cumulative)*		Capital Investment JPY 40 billion	Business Investment JPY 20 billion	R&D Investment JPY 17.5 billion	Environmental Investment JPY 2 billion	Human Capital Investment JPY 4 billion

In order to return profits to shareholders and to realize sustainable corporate growth, our fundamental policy is to pay dividends after comprehensively considering the consolidated results for each term, the dividend payout ratio, and internal reserves. Under "Value Creation 3000 & 300“, our new Medium-term Business Plan, we continue our basic policy of a progressive dividend, avoiding a dividend reduction, and we will also consider flexible share buybacks.



*Dividends per Share for FY2022 will be decided at the General Meeting of Shareholders held in June 2023.

*Dividends for FY2023 is current projections.

[Appendix] New Medium-Term Business Plan -Materiality (1)

Item	Scope of Coverage	FY2022A	FY2023-FY2026
(1) Provide Economical Value	AICA Group	Net sales: JPY 242 billion Ordinary profit: JPY 22.0 billion	Net sales: JPY 300 billion Ordinary profit: JPY 30 billion
		ROE:6.9% ROIC:8.1%	ROE: Approx. 10%, ROIC: Approx. 8%
		Plan to pay a dividend of JPY 109 (Without 25 consecutive years' dividend reductions, 14 consecutive years' dividend increases, Dividend payout ratio of 69.3%)	Progressive dividend distribution to be continued
(2) Solving Social Issues with Products	Aica Kogyo	Sales of AS(AICA Solution) products: JPY 19.3 billion	Sales of AS (AICA Solution) products: JPY 28 billion
	AICA Group	Launch of products using biomass raw material Expanding construction methods that reduce waste (Cerarl-on-Tile Method)	Development of new recycling methods for mainstay products
(3) Responding to Climate Change	AICA Group	Greenhouse gas emissions: 160,000 t-CO ₂	Reduce greenhouse gas emissions by 14% (compared to FY2022)
		Obtaining 3rd-party guarantees for certain categories of Establishment Scope 3 of calculation standards in Japan and overseas	Setting Scope 3 reduction targets and setting the strategy
	Aica Kogyo	Development of products with reduced carbon footprint (CFP)	Disclosure of CFP information on major products and development of CFP reduction products

[Appendix] New Medium-Term Business Plan -Materiality (2)

Item	Scope of Coverage	FY2022A	FY2023-FY2026
(4) Build a Foundation for Human Capital Management	Aica Kogyo	Labor productivity (added value ÷ number of employees): JPY 21.0 million /person	Labor productivity: JPY 22.8 million /person
		Human capital investment: JPY 0.87 billion	Human capital investment: More than JPY 4 billion (4 years total)
		78 employees with expat experiences	Expat experiences: 100 or more
		Ratio of new graduates hired as women in major carrier path: 42.0% (hired in April 2023)	Ratio of new graduates hired as women in major carrier path: 30% or more (4 years total)
		Ratio of taking childcare leave: 53.1% (males) 100% (females)	Ratio of taking childcare leave: 70% or more (males) 100% (females)
	AICA Group	Engagement score: 3.9 points	Engagement score: 4.0 points or more
(5) DX* implementation	Aica Kogyo	Investment for Automation, labor-saving, and Informatization 2-year cumulative JPY 390 million	Investment for Automation, labor-saving, and Informatization 4-year cumulative JPY 1.0 billion
(6) Strengthening Governance	AICA Group	Strengthening group governance rules	Expansion and supervision of policies, rules, and systems related to group corporate governance including promotion of initiatives for respect of human rights
		BCP Drills in all consolidated production bases (1 time/year)	BCP Drills for Disasters at all consolidated production bases (1 time/year)
	Aica Kogyo	Revision and publication of the AICA Group Sustainability Procurement Guidelines	Conducting sustainability surveys of suppliers on a regular basis and addressing issues
	AICA Group	Investment for strengthening Information Security: JPY 410 million (for 2 years in total)	Expand and strengthen information security throughout the Group
(7) Quality Assurance & Occupational Safety	AICA Group	Quality improvements through customer satisfaction surveys	Achievement of “Defect reduction targets” at all sites
		Lost-time Injury: 20 cases	Serious labor accidents: Zero Lost-time Injury: 10 or lower



VALUE CREATION 3000 & 300

“FY” in this report indicates the fiscal year ending March 31 of the succeeding year.

This document has been translated from the Japanese original for reference purpose only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The matters such as current plan, prospect, strategy, or conviction which indicated in this report, but not historical fact are only the expectation of the future achievement, and there are the risks or unexpected factors.

This information has been made based on the judgment of the manager of Aica Kogyo Co., Ltd. using current available information. The actual results may be different from the current forecast because of various important elements, so please avoid depending entirely on this forecast.

This document is not designed to induce investment. We request that decisions about investment be made on the basis of each user's own judgment.