

Aica Kogyo Co., Ltd.

H1 Results for the Fiscal Year
Ended March 31, 2023



November 24, 2022
Stock code: 4206



- 1. H1 Results for the FY2022**
2. FY2022 Full Year Forecast
3. Sales Breakdown and Plans for Chemical Products
4. Sales Breakdown and Plans for Laminates & Building Materials
5. Dividends Per Share
6. Progress of Medium-Term Business Plan
“Change & Grow 2400”

1-1. Consolidated Financial Results

[JPY million]

	H1 FY2021		H1 FY2022				
	Results	Profit Margin	Forecast	Results	Profit Margin	YoY	vs Fcst.
Net Sales	98,650	-	112,000	117,704	-	19.3%	105.1%
Operating Profit	9,425	9.6%	9,500	9,437	8.0%	0.1%	99.3%
Ordinary Profit	10,156	10.3%	9,700	10,294	8.7%	1.4%	106.1%
Net Income*	6,267	6.4%	6,000	6,436	5.5%	2.7%	107.3%

*Profit attributable to owners of parent

[Unit per share: JPY]

Earnings per share	95.98	-	93.81	100.62	-	4.8%	107.3%
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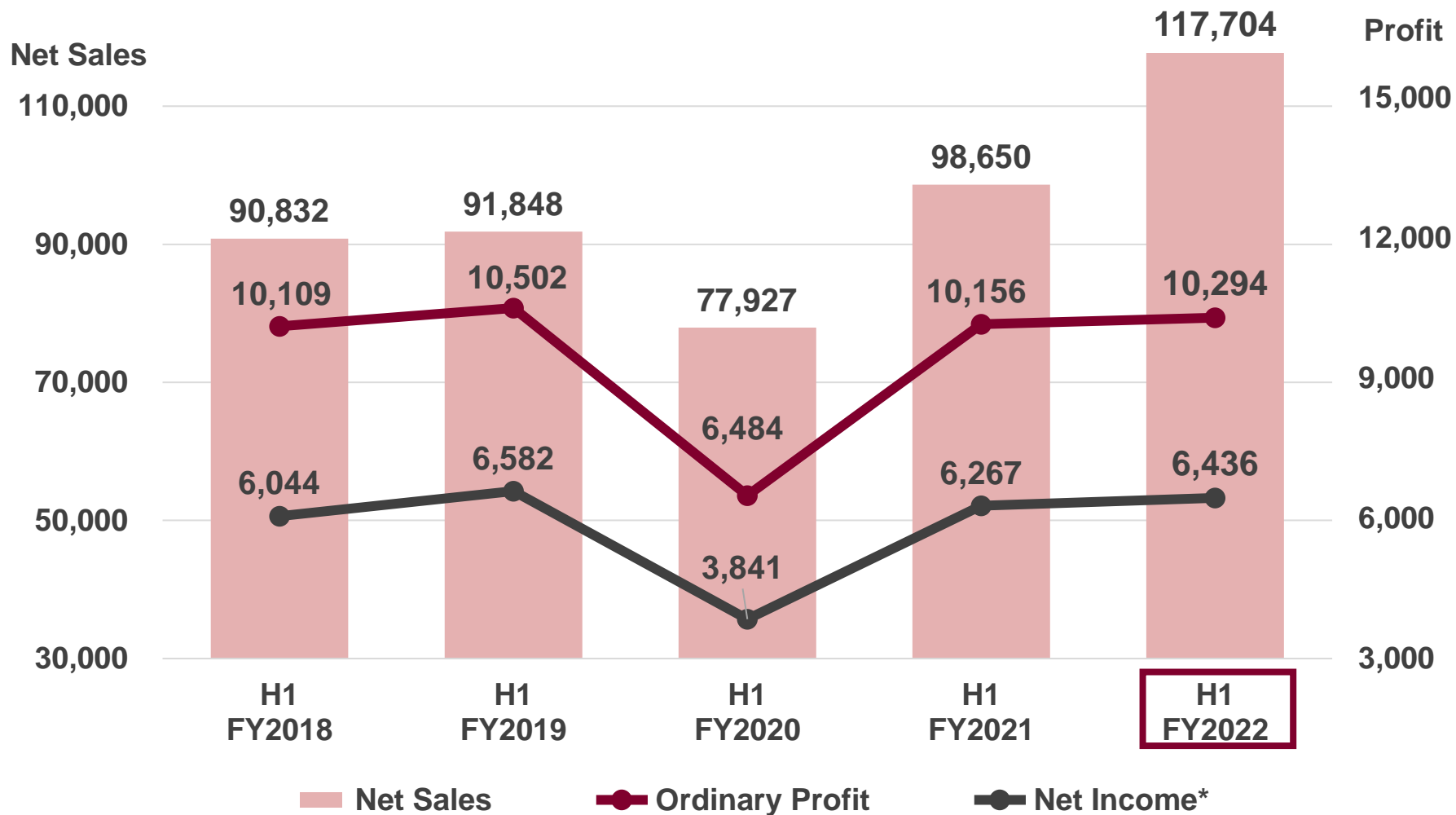
- Consolidated results: Net Sales posted a new record high, with Profit exceeding previous year
- Domestic business: Growth achieved in the Chemical Products and Laminates & Building Materials segments, driven by the recovery of non-residential markets
- Overseas business: Substantial expansion from AAP*, with positive contributions from the newly consolidated Aica Adtek
Despite the impact of China's lockdowns, Laminates & Building Materials showed growth in other regions

*AAP: AICA Asia Pacific Group

1-2. Historical Consolidated Results

- Net Sales : Consecutive increase in 2 periods with record highs
- Ordinary Profit : Consecutive increase in 2 periods
- Net Income* : Consecutive increase in 2 periods

[JPY million]



* Profit attributable to the owners of parent

1-3. Key Data

	H1 FY2020	H1 FY2021	H1 FY2022
R&D Expenditure	JPY 1.57 billion	JPY 1.64 billion	JPY 1.72 billion
Depreciation	JPY 2.43 billion	JPY 2.87 billion	JPY 3.10 billion
Capital Investment	JPY 3.11 billion	JPY 2.22 billion	JPY 4.43 billion
Outstanding Debts	JPY 7.20 billion	JPY 9.31 billion	JPY 14.52 billion
Employees at FY End	4,780	4,954	4,971
(Domestic Business)	1,641	1,610	1,608
(Overseas Business)	3,139	3,344	3,363

[JPY million]

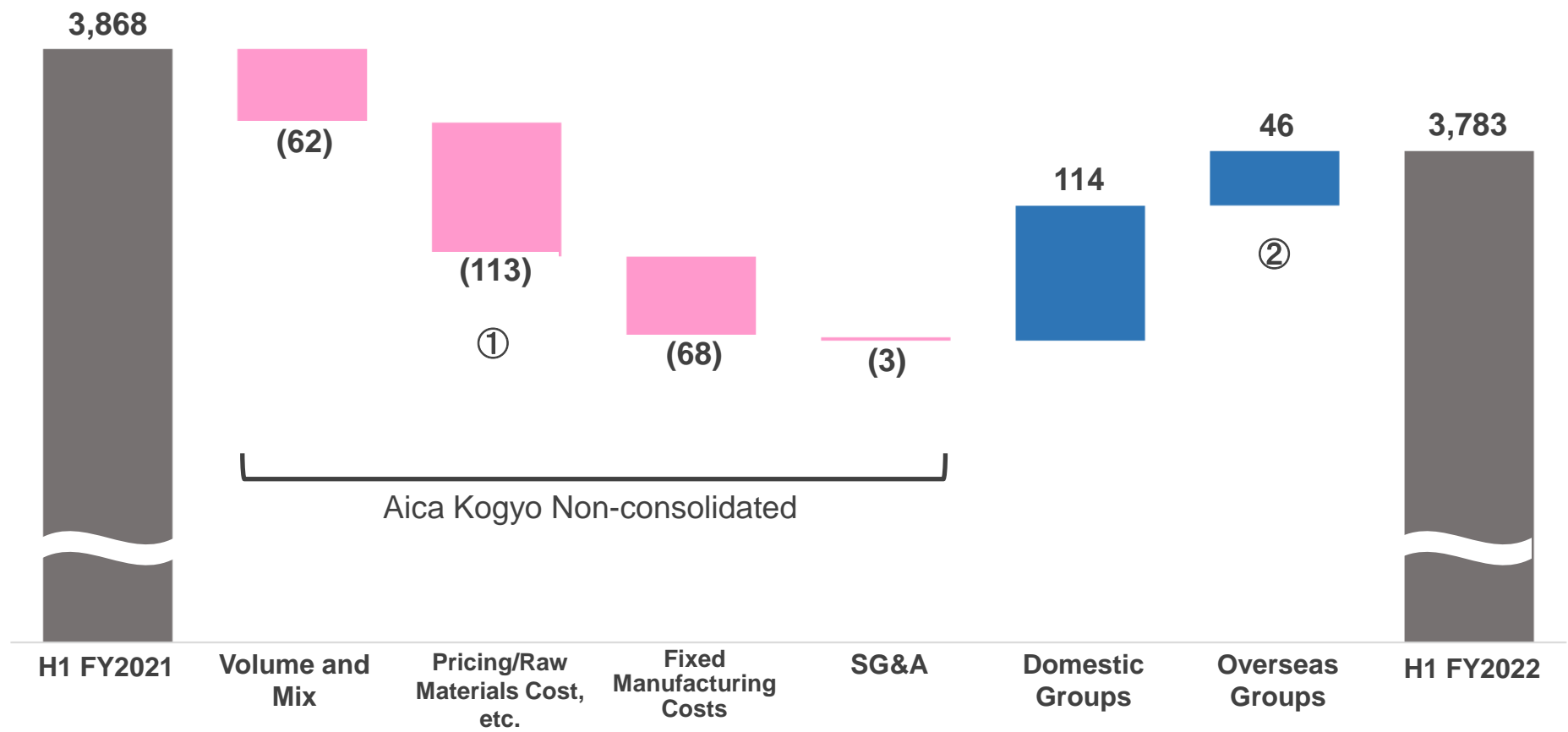
	Net Sales					Operating Profit					
	FY2021 H1 Results	FY2022 H1 Results	YoY	FY2022 H1 Forecast	vs Fcst.	FY2021 1H Results	FY2022 1H Results	YoY	FY2022 1H Forecast	vs Fcst.	
Chemical Products	56,306	71,654	27.3%	67,500	106.2%	3,868	3,783	(2.2%)	3,600	105.1%	Amount
						6.9%	5.3%	-	5.3%	-	Profit Margin
Laminates & Building Materials	42,344	46,050	8.8%	44,500	103.5%	7,170	7,459	4.0%	7,600	98.2%	Amount
						16.9%	16.2%	-	17.1%	-	Profit Margin
					(Adjustments)	(1,612)	(1,804)	11.9%	(1,700)	106.2%	Amount
Total	98,650	117,704	19.3%	112,000	105.1%	9,425	9,437	0.1%	9,500	99.3%	Amount
						9.6%	8.0%	-	8.5%	-	Profit Margin

1-5. Overseas Sales by Segment

[JPY billion]

	FY2021 H1 Results		FY2022 H1 Results		
	Overseas Sales	Overseas Sales Ratio	Overseas Sales	YoY	Overseas Sales Ratio
Chemical Products	40.67	72.2%	53.79	32.2%	75.1%
Laminates & Building Materials	7.68	18.2%	8.35	8.7%	18.1%
Total	48.36	49.0%	62.14	28.5%	52.8%

1-6. Operating Profit Results for Chemical Products



① Pricing/raw materials cost, etc.

Raw materials cost, etc.	: (1,645)
Price adjustments/cost reduction	: +1,426

② Overseas Groups

AAP*	: +234
EMC*	: (161)

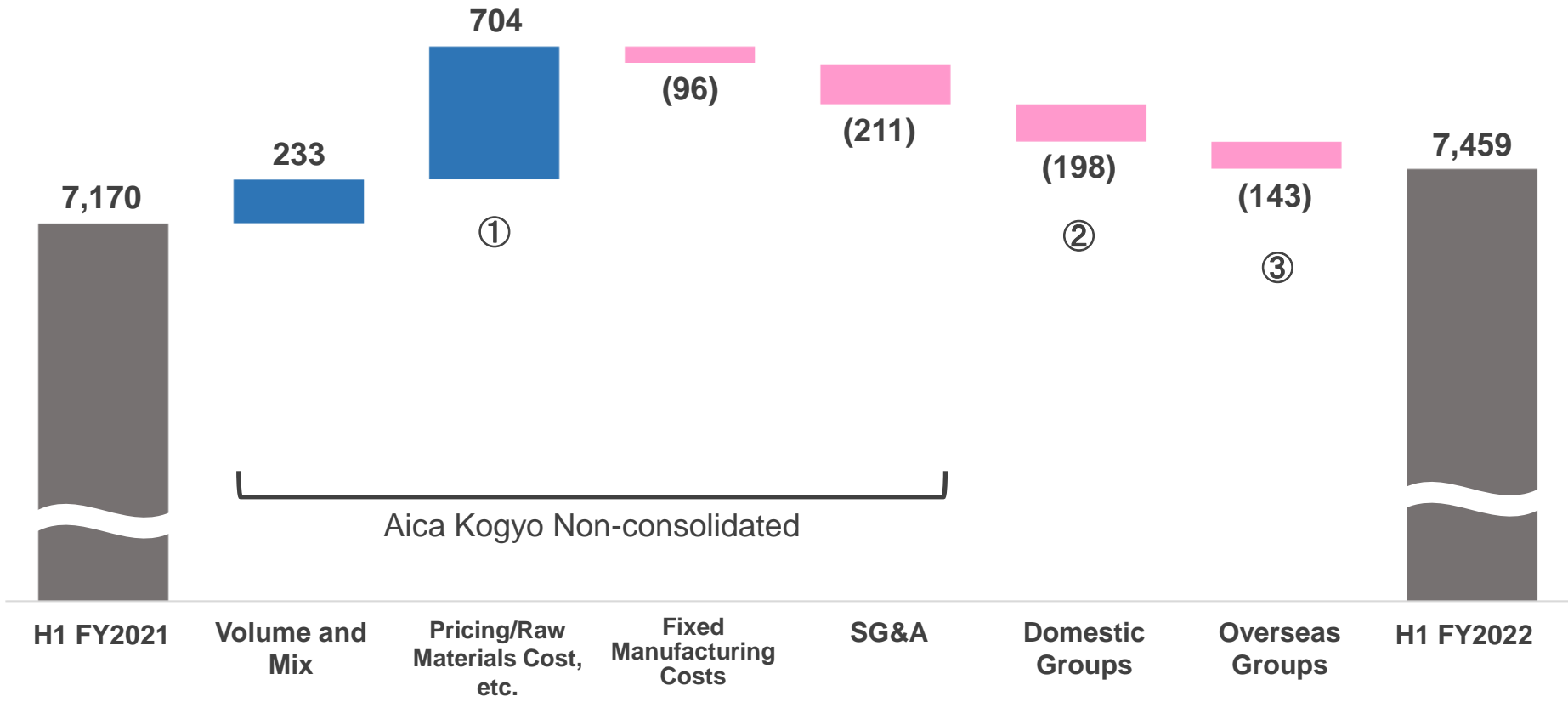
*Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group

*EMC: Evermore Chemical Industry Group

1-7. Operating Profit Results for Laminates & Building Materials

[JPY million]



① Pricing/raw materials cost, etc.
 Raw materials cost, etc. : (684)
 Price adjustments/cost reduction : +1,461

② Domestic Groups
 ATK* : (193)

③ Overseas Groups
 Wilsonart (Thailand) : +131
 ALIP* : +87
 Aica China* : (476)

*Operating profit before deducting adjustments

* AICA-TECH Kenzai Co., Ltd.

*ALIP: Aica Laminates India Pvt. Ltd.

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

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Domestic Construction Market

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

FY2021 (Results)	Residential : +5.2%	Non-Residential : (1.0%)
FY2022 (Initial Forecast)	Residential : (2.4%)	Non-Residential : +8.4%
FY2022 (Latest Forecast)	Residential : (0.6%)	Non-Residential : +8.1%

Overseas Market

While recovery for the economic slump is ongoing, the outlook is uncertain due to China's Zero-COVID policy and other factors

Exchange Rate

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

FY2021 (Results)	1USD = 109.84yen
FY2022 (Initial Forecast)	1USD = 120.00yen
FY2022 (Latest Forecast)	1USD = 130.00yen

Domestic Naphtha Prices

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

	H1	Full Year
FY2021	43,000yen/kl (Results)	50,000yen/kl (Results)
FY2022	75,500yen/kl (Results)	76,750yen/kl (Latest Forecast)

2-2. FY2022 Forecast

[JPY million]

	FY2021 Results		FY2022 Forecast			YoY (Amount)
	Amount	Profit Margin	Amount	Profit Margin	YoY (%)	
Net Sales	214,514	-	237,000	-	10.5%	22,485
Operating Profit	20,348	9.5%	21,500	9.1%	5.7%	1,151
Ordinary Profit	21,840	10.2%	22,000	9.3%	0.7%	159
Net Income*	13,117	6.1%	13,300	5.6%	1.4%	182
ROE	9.4%	-	Over 9%	-	-	-
ROA	5.9%	-	5.4%	-	-	-
Earning Per Share	JPY 200.90	-	JPY 207.95	-	-	-
Shareholder's Equity Per Share	JPY 2,223.98	-	JPY 2,300.00	-	-	-
R&D Expenditure	JPY 3.45 billion	-	JPY 3.70 billion	-	-	-
Depreciation	JPY 6.41 billion	-	JPY 7.00 billion	-	-	-
Capital Investment	JPY 7.11 billion	-	JPY 10.00 billion	-	-	-

*Profit attributable to owners of the parent

2-3. FY2022 Forecast by Segment

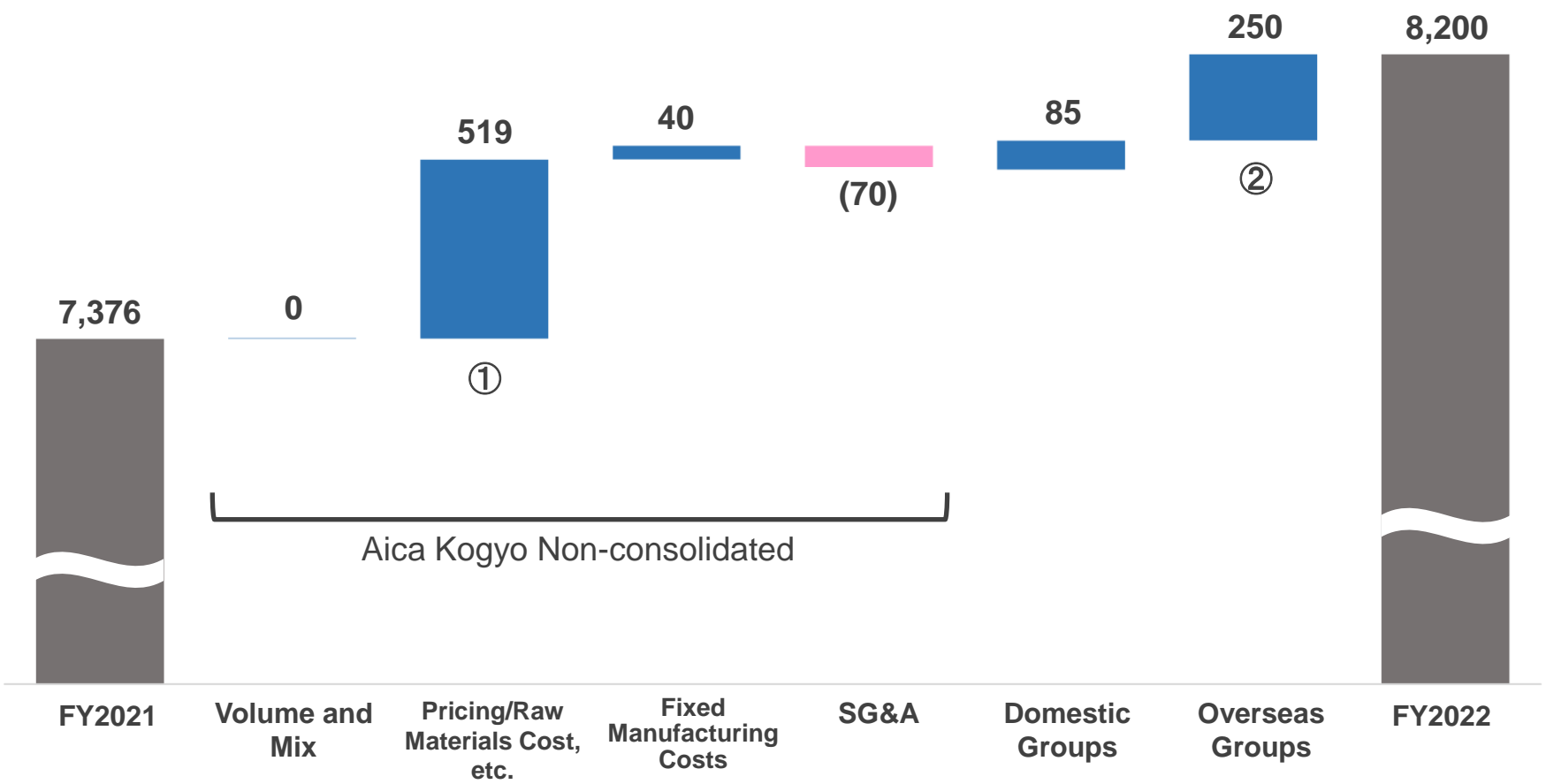
[JPY million]

	Net Sales			Operating profit			
	FY2021 Results	FY2022 Forecast	YoY	FY2021 Results	FY2022 Forecast	YoY	
Chemical Products	122,323	139,000	13.6%	7,376	8,200	11.2%	Amount
				6.0%	5.9%	-	Profit Margin
Laminates & Building Materials	92,191	98,000	6.3%	16,379	17,000	3.8%	Amount
				17.8%	17.3%	-	Profit Margin
			(Adjustments)	(3,407)	(3,700)	8.6%	Amount
Total	214,514	237,000	10.5%	20,348	21,500	5.7%	Amount
				9.5%	9.1%	-	Profit Margin

2-4. Operating Profit Forecast for Chemical Products



[JPY million]



① Pricing/raw materials cost, etc.
 Raw materials cost, etc. : (2,900)
 Price adjustments/cost reduction : +3,369

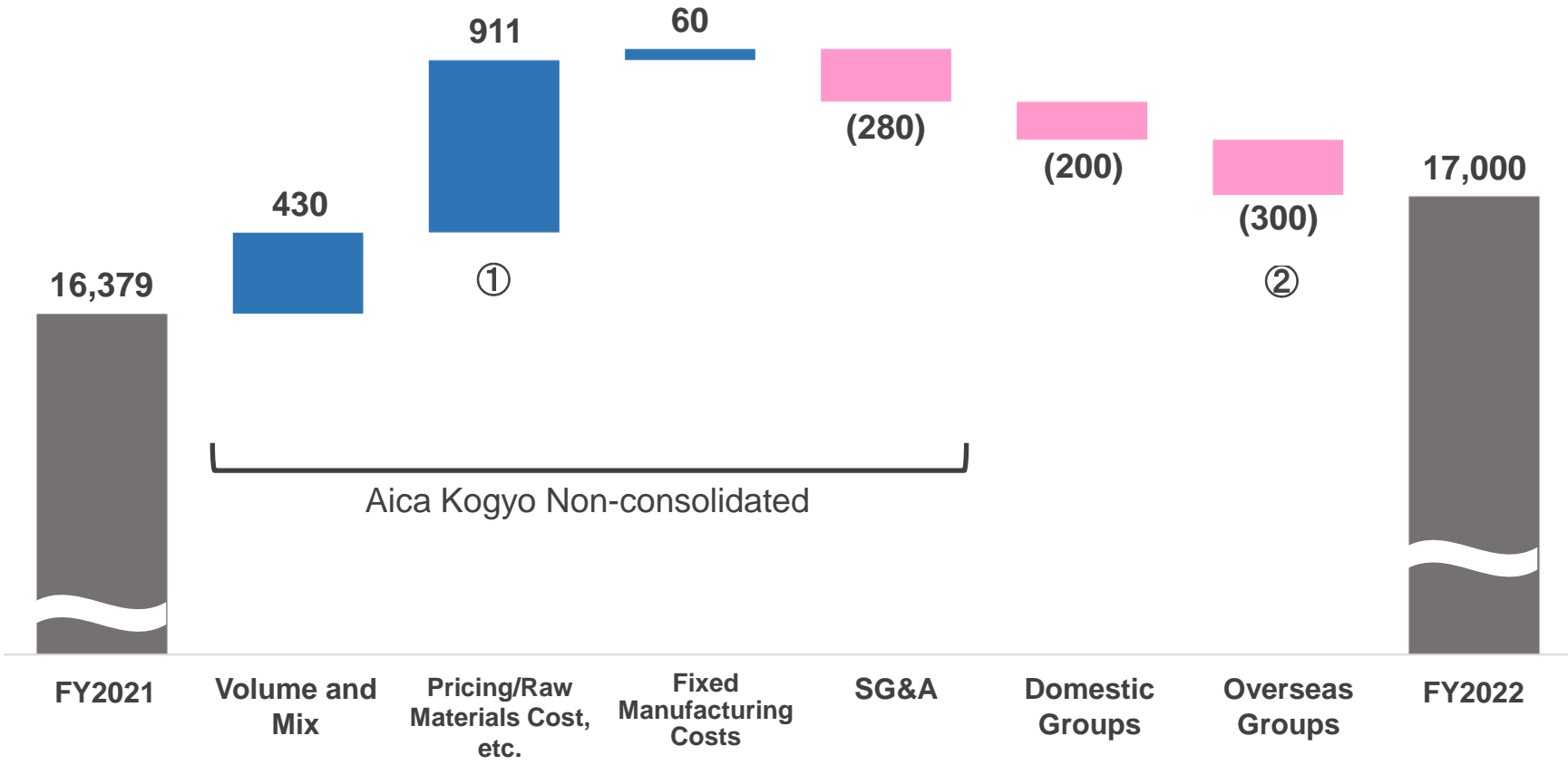
② Overseas Groups
 AAP* : +250

*Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group

2-5. Operating Profit Forecast for Laminates & Building Materials

[JPY million]



① Pricing/raw materials cost, etc.
 Raw materials cost, etc. : (1,100)
 Price adjustments/cost reduction : +2,011

② Overseas Groups
 Wilsonart (Thailand) : +200
 ALIP* : +120
 Aica China* : (775)

*Operating profit before deducting adjustments

*ALIP: Aica Laminates India Pvt. Ltd.

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

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3-1. Sales Results and Forecast Breakdown for Chemical Products

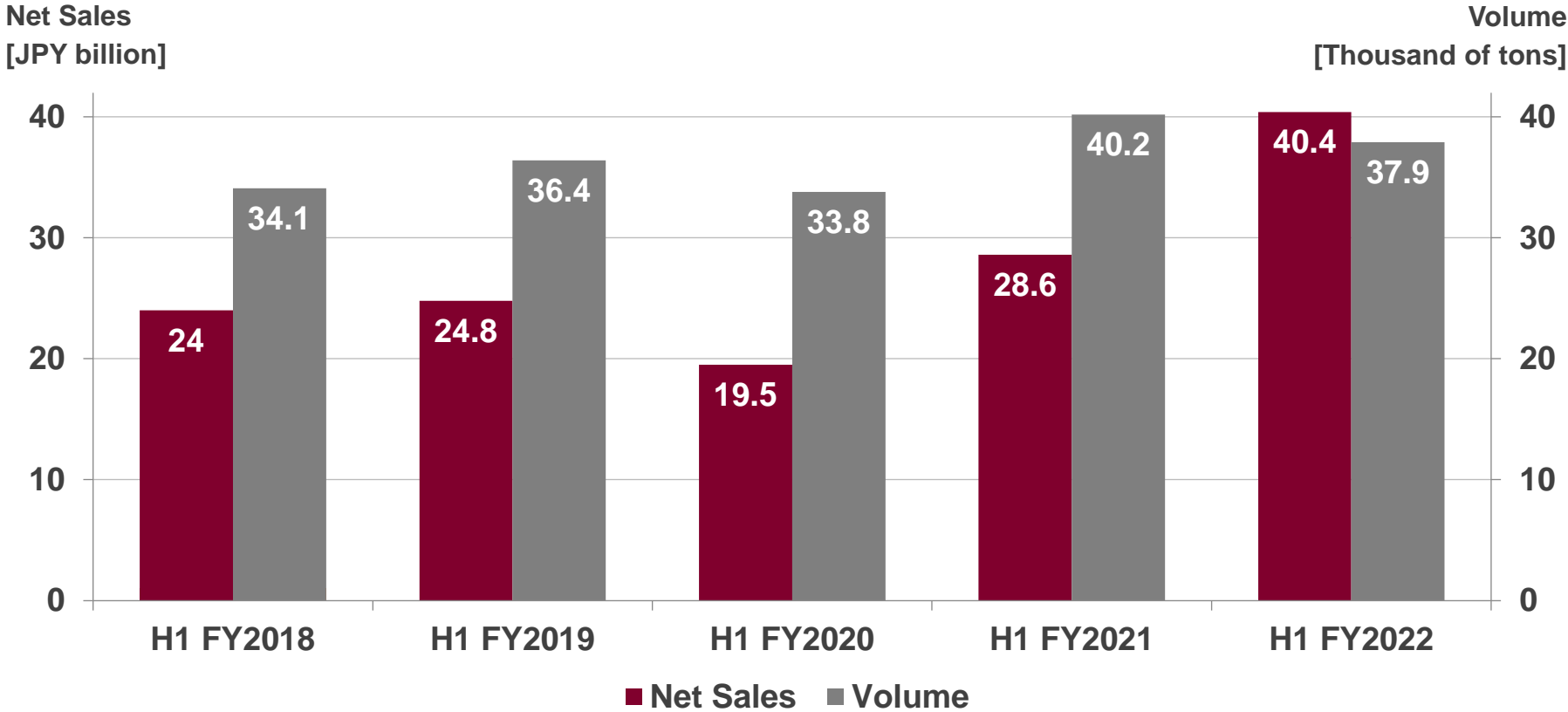


[JPY billion]

	FY2021 (Results)		FY2022 (Results/Forecast)			
	H1	Full Year	H1 Results	YoY	Full Year Forecast	YoY
Adhesives	35.43	78.56	48.55	37.0%	93.30	18.8%
(Of which, AAP*)	(28.63)	(64.32)	(40.43)	(41.2%)	(77.44)	(20.4%)
Construction Resins	4.43	9.22	4.79	8.0%	9.72	5.3%
Specialty & Performance Materials	10.52	21.70	11.59	10.1%	23.69	9.2%
Other Products	5.91	12.83	6.71	13.6%	12.29	(4.2%)
Total	56.30	122.32	71.65	27.3%	139.00	13.6%

*AAP: AICA Asia Pacific Group

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



AAP*: Net Sales +41%, Volume (6%)

Revenues increased due to price adjustments, effect of new consolidation and currency effects
 Sales volume increased in China, Indonesia, Malaysia, etc., while decreased in Thailand and Vietnam
 Phenol formaldehyde resins for bamboo material and Aica Adtek (newly consolidated in 1st half) showed favorable performance

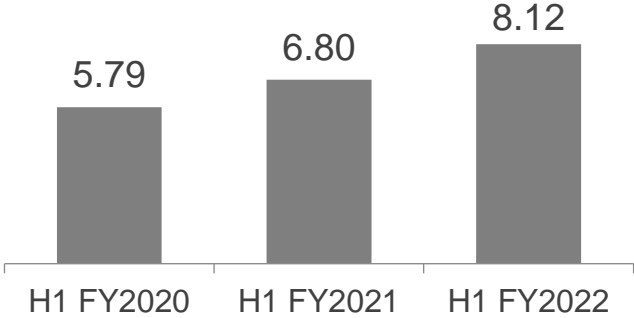
*AAP: AICA Asia Pacific Group

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

[JPY billion]

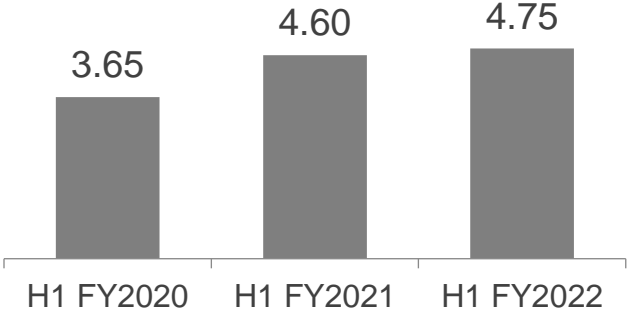
Adhesives (Other than AAP*)

Various adhesives,
Phenol formaldehyde resins, etc.



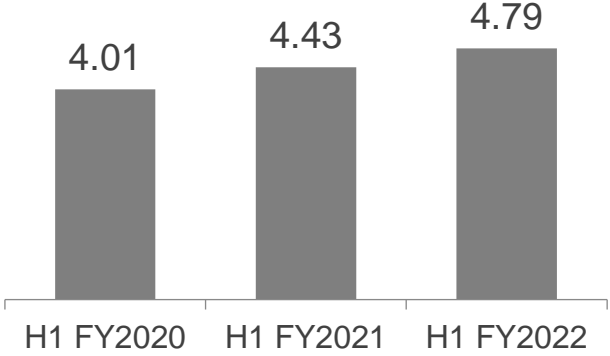
Specialty & Performance Materials (Domestic Business)

Hot melts, Functional acrylic, UV resins,
Organic particles, etc.



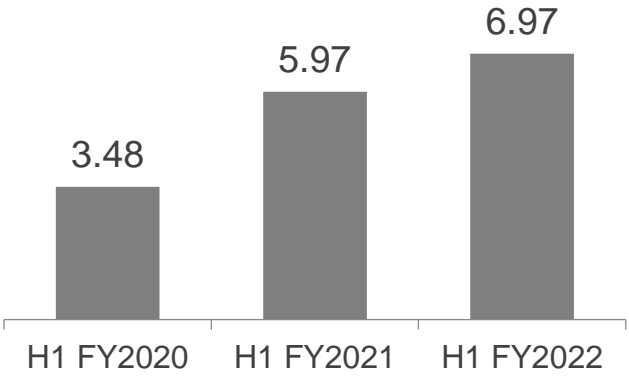
Construction resins

Wall/floor coating materials,
Repair/reinforcing materials



EMC*

Polyurethane resins, UV resins, etc.



*AAP: AICA Asia Pacific Group

*EMC: Evermore Chemical Industry Group

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

AAP*

■ Capital investment in production facilities at AICA Dong Nai

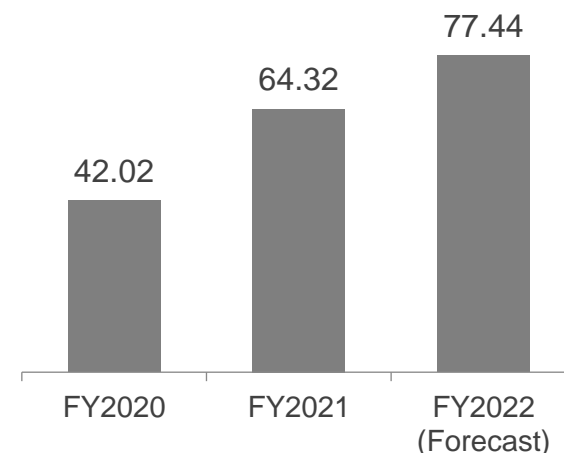
- Launch production of phenolic resins for plywood
- Aiming to be the No.1 manufacturer in Vietnam
- Capital investment : Approx. JPY 300 million
- To be operated in January to March 2023



■ Capital investment in research facilities at AICA HATYAI

- Newly established R&D base of resins for Particle board and MDF
- Acceleration of R&D, improvement of customer responsiveness
- Capital investment : Approx. JPY 300 million
- To be completed in December 2023

AAP* sales [JPY billion]



Aggressive capital investment for future sales volume increase and new customer acquisition

AAP* sales forecast for FY2022: JPY 77.44 billion (+20.4% YoY)

*AAP: AICA Asia Pacific Group

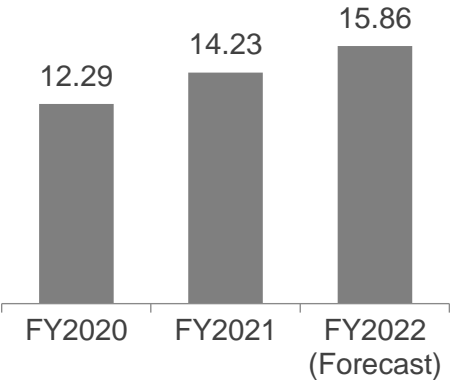
3-5. Plans for Chemical Products (Adhesives/Construction Resins)

Adhesives (Other than AAP*)

- Sales expansion/actualization of hot melts for packing (AAP*, Synergy with Aica Adtek)
- Sales expansion of phenolic resin used in adhesives, friction materials, and sharpening stones (acquired from DIC)
- Generate profit (price optimization, item integration)

*AAP: AICA Asia Pacific Group

Adhesive sales in Japan [JPY billion]

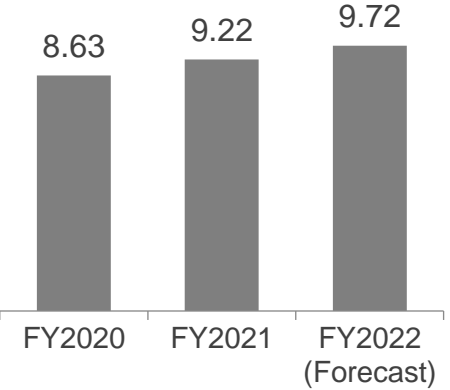


Adhesives sales forecast (other than AAP*) for FY2022 : JPY 15.86 billion (+11.5% YoY)

Construction Resins

- Expand the marketing of wet external insulation system, Passive Wall
- Enhance sales promotion of wall coating materials for repair (JOLYPATE REMURE method, etc.)
- Enhance sales activities to developers, contractors and architects for floor coating materials and repair/reinforcing materials
- Price optimization

Construction resins sales [JPY billion]



Construction resins sales forecast for FY2022 : JPY 9.72 billion (+5.3% YoY)

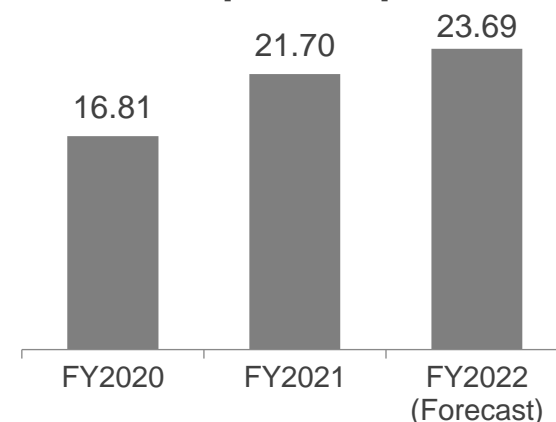
Specialty & Performance Materials (Domestic Business)

- Sales expansion of Hot Melts
(for automobiles and building materials)
- Sales expansion of Hard-Coating Film
(Anti-reflective film for in-vehicle displays,
3D Decorative Hard-Coating Film)

EMC*

- Synergies with Dayuan plant, expansion of UV coating business
 - Sales performing well with business transfer from Covestro Resins (Taiwan) Ltd. in July 2021
- 3rd production line established for UV monomer at Nantou Plant
 - Monomer from Nantou Plant is also used as raw material for UV coating agent produced at Dayuan Plant
 - Expansion of production capacity by 1.6 times to meet increasing customer demand
 - To be operated in January 2024

Specialty & performance material sales [JPY billion]



Example of product using UV-cured coating agent (for labels)

Specialty & performance materials sales forecast for FY2022 : JPY 23.69 billion (+9.2% YoY)

*EMC: EVERMORE CHEMICAL INDUSTRY Group

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4-1. Sales Results and Forecast Breakdown for Laminates & Building Materials

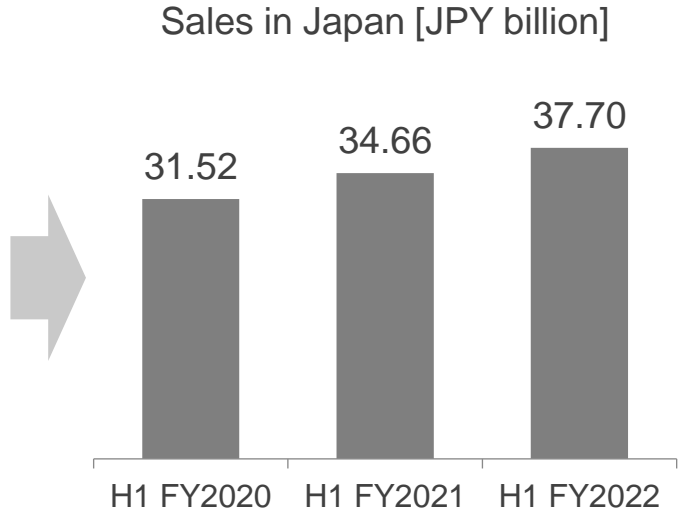
[JPY billion]

	FY2021 (Results)		FY2022 (Results/Forecast)			
	H1	Full Year	H1 Results	YoY	Full Year Forecast	YoY
High Pressure Laminates (HPL)	13.12	28.93	14.10	7.5%	31.41	8.6%
Decorative Polyester Boards, Decorative Films	5.40	11.45	5.83	8.0%	12.00	4.8%
Melamine Noncombustible Decorative Panels "CERARL"	9.55	20.91	10.14	6.2%	21.88	4.6%
Noncombustible Decorative Panels (Except "CERARL")	3.69	7.90	3.85	4.4%	8.10	2.5%
Countertops, Postforming products	8.39	18.21	9.83	17.1%	20.05	10.1%
Fittings, Interior Housing Materials	2.18	4.75	2.27	4.3%	4.56	(4.2%)
Total	42.34	92.19	46.05	8.8%	98.00	6.3%

■ Domestic Construction Market Trends

H1: Residential sales declined due to backlash against the favorable performance in the previous period while Non-Residential sales recovered

H1 Forecast Residential: (1.6%), Non-Residential: +12.9%
H1 Results Residential: (0.3%), Non-Residential: +12.6%
*Time lag with AICA products' demand period has been adjusted



■ Products with Strong Sales in H1 FY2022

Bathroom vanity set: **Smart Sanitary**



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



CUCINA Osaka Showroom
Designed by: CUCINA Osaka, mohly shop

4-3. Plans for Laminates & Building Materials (Domestic Business)

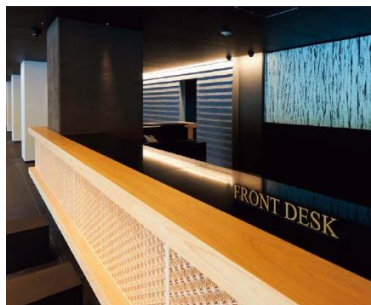
Sales Expansion of AS products

Antiviral building materials:
Virutect



South School Building, Elementary School affiliated with Gunma University Cooperative Faculty of Education
Designed by: Katsuyama Koumuten Co., Ltd.
Constructed by: SANBIC Co., Ltd.

Engineered stone (quartz):
Fiore Stone



■ Expand sales of products using AICA's antiviral building materials, Virutect

- H1 Sales: JPY 0.51 billion (+49% YoY)
- Strengthen sales activities to developers, contractors and architects for offices, healthcare and educational facilities

■ Expand sales of AICA's stone products (engineered stones, artificial marbles and ceramics)

- H1 Sales: JPY 3.22 billion (+22% YoY)
- Strengthen sales activities to general contractor's architects

Enrichment of Residential Products

■ Expand sales of bathroom vanity set, Smart Sanitary

- H1 Sales: JPY 0.46 billion (+85% YoY)
- Acquire new users through expansion of product line

■ Enrichment of high pressure laminate (HPL) edge coating counter, Value Edge Counter

- H1 Sales: JPY 0.76 billion (+7.1% YoY)
- Promote sales through new "Home Plus Kitchen Counter" catalog

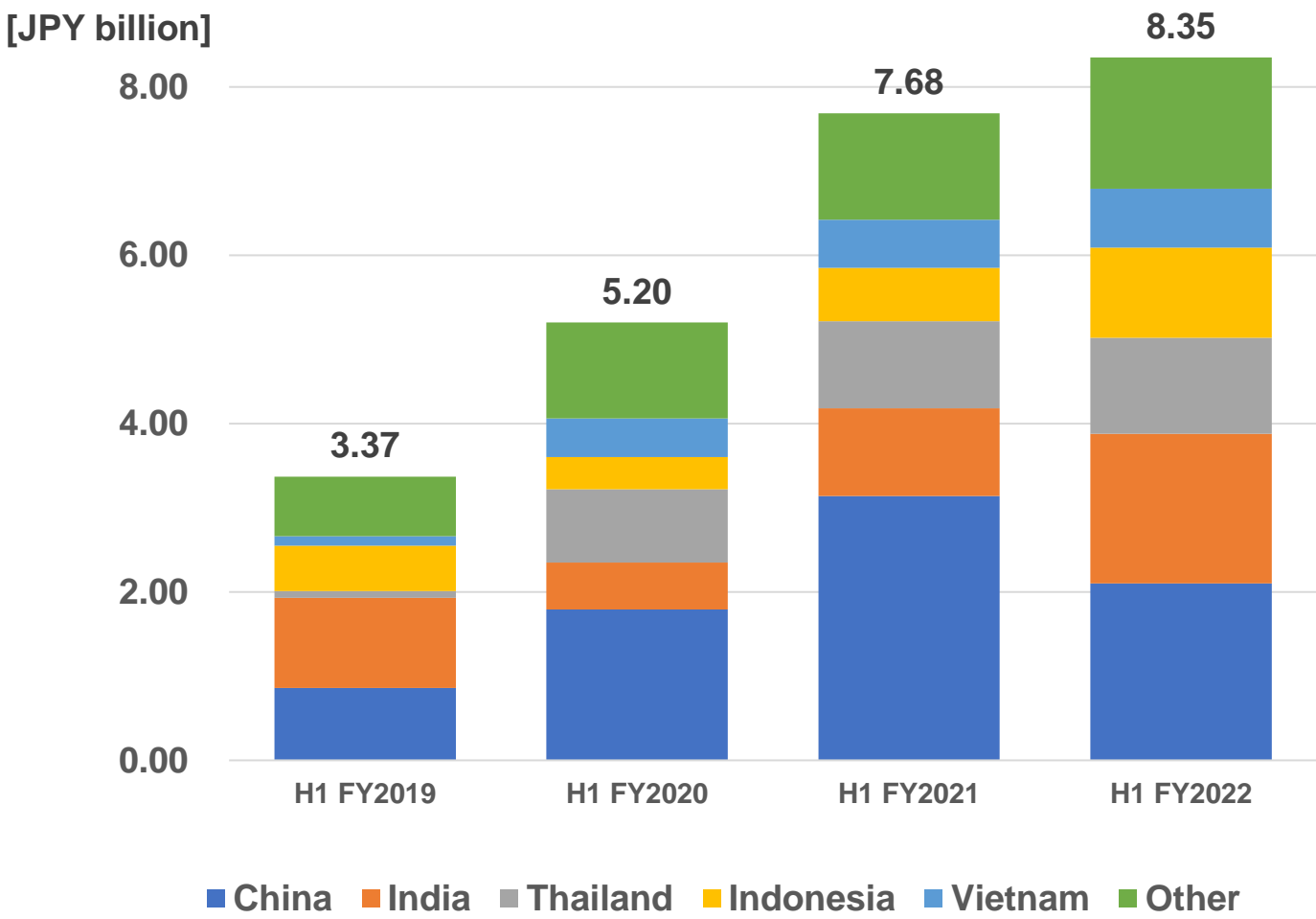


Bathroom vanity set:
Smart Sanitary



High pressure laminate (HPL) edge coating counter:
Value Edge Counter

H1 Sales for Laminates & Building Materials (Overseas Business)



Despite the impact of China's lockdowns,
 high pressure laminate (HPL) sales increased in other regions
 Large gains achieved particularly in India and Indonesia

Acceleration of the Deployment of Japanese Technologies to Overseas Group Companies

- Use of production facilities in China, Thailand, Vietnam, Indonesia, and India to facilitate a business model emphasizing local production of locally-consumed products
- Enhancement/streamlining of production structure in China, India, and Vietnam
- Use of Wilsonart's marketing channels to roll out AICA's high value-added products and enhance the brand's market penetration

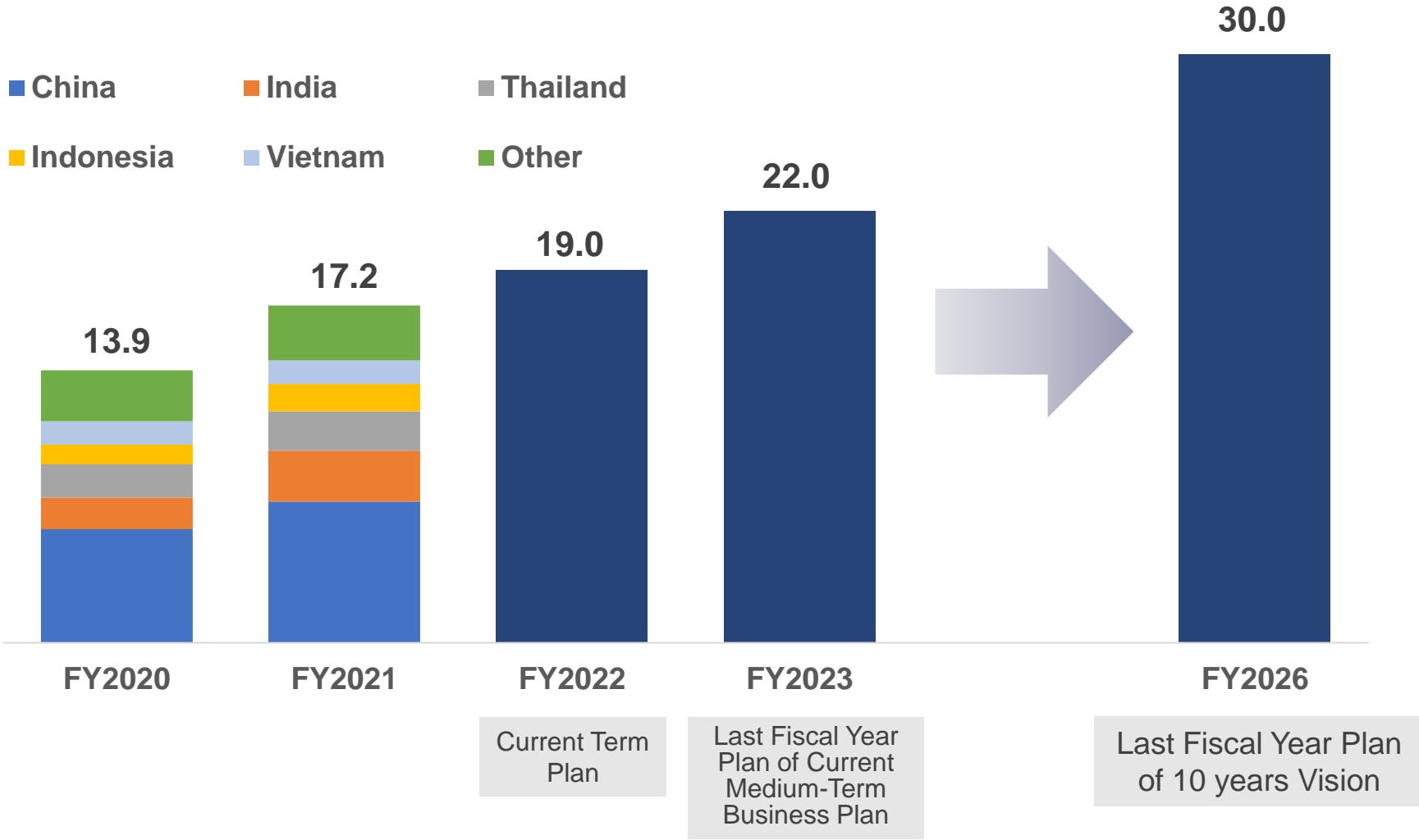
Capital Investment of Aica Laminates Vietnam Co., Ltd.



- 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

Sales for Laminates & Building Materials (Overseas Business)

[JPY billion]



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5. Dividends Per Share

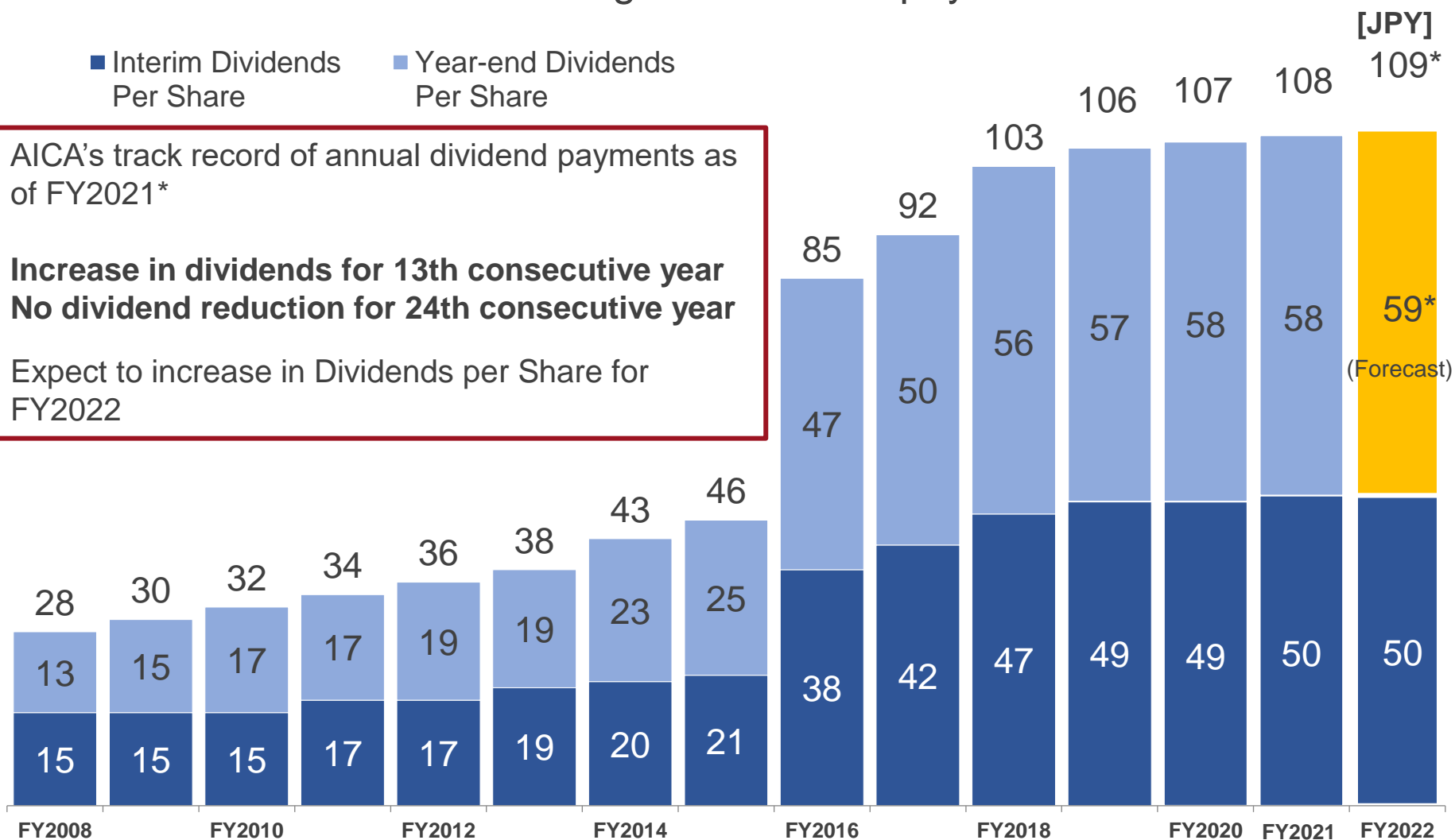
Stable return with targeted dividend payout ratio at 50%

■ Interim Dividends Per Share ■ Year-end Dividends Per Share

AICA's track record of annual dividend payments as of FY2021*

Increase in dividends for 13th consecutive year
No dividend reduction for 24th consecutive year

Expect to increase in Dividends per Share for FY2022



*FY2022 dividends are current forecast values

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6-1. Medium-Term Business Plan (FY2021 to FY2023) - Progress



[JPY billion]

Item	The Last Plan	Year 1	Year 2			Year 3
	FY2020 (Results)	FY2021 (Results)	H1 FY2022 (Results)	FY2022 Full Year (Initial Forecast)	FY2022 Full Year (Latest Forecast)	FY2023 (Original Plan)
ROE	8.1%	9.4%	-	9% or more	9% or more	Targeted at 10%
Overseas/Specialty & Performance Materials Sales*1	81.2	114.7	67.0	125.0	133.0	115.0
AS Product*2 Sales*1	15.5	16.9	8.7	18.0	18.0	21.0
Ordinary Profit	18.4	21.8	10.2	22.0	22.0	24.0
Net Sales	174.6	214.5	117.7	225.0	237.0	240.0

*1 Sales amount before consolidated elimination

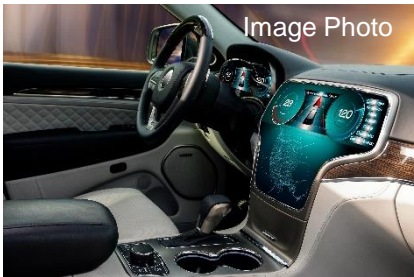
*2 "AS Product" stands for Aica Solution Product that resolves social issues

Human Resources and Organizational Development

- Creation and operation of skills lists by division and by employment grade
 - Completed draft of skills lists for Aica Kogyo. Finalized succession plan for group as a whole.
- Conduct and make use of employee satisfaction surveys at all Group companies
 - Survey implemented by Aica Kogyo and domestic group companies
 - To be implemented by overseas Group companies during this year

Responding to Climate Change

- Work toward expansion of information disclosure based on TCFD recommendations
 - Implemented climate change scenario analysis and completed qualitative assessment
 - Financial impact assessment to be implemented during this fiscal year
- Introduction of Internal Carbon Pricing (ICP) program
 - From April 2022, introduced for capital investment contributing to CO₂ reduction
 - ICP unit price fluctuates depending on timing of facility introduction and service life of introduced facilities



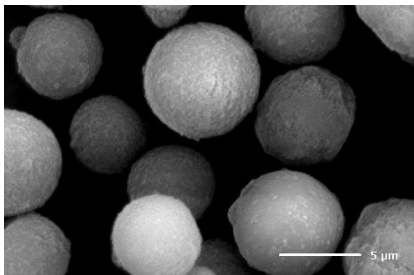
■ Biomass transformation of 3D Decorative Hard-Coating Films for interior of automobiles

- Eco-friendly products, with a biomass content of 30 to 40%
- The use of 3D Decorative Hard-Coating Films as an alternative coating option can lead to CO₂ emission reductions in the automobiles manufacturing process

■ Practical use of adhesive for plywood/LVL* using lignin phenol formaldehyde resins

- The product makes use of lignin, a plant-based non-edible biomass raw material
- Acquired Biomass mark (biomass content 15%). Contributes to sustainable manufacturing

*LVL: Laminated Veneer Lumber



■ Launched new 3 sustainable types of GANZPEARL, organic particulate

- Uses plant-derived and natural product-derived raw materials
- Contributes to production of environmentally friendly cosmetics

■ Development of Hot Melt adhesive using biomass raw materials

- Further evolution of “AICA Melt” series of solvent-free adhesives
- Biomass content 50%. Uses non-edible biomass raw materials



Change & Grow 2400



Aica Kogyo Co., Ltd.

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

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.