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* See page 2 for details of the construction examples shown on the cover.

AICA
Report 2025



CHEMISTRY X DESIGN

We create new value through a fusion of
Chemistry and Design.

Toward a sustainable global corporate entity

Even today, AICA's field of activities is still expanding. It includes residential, commercial and public facilities, hospitals, offices, hotels, and other buildings. Our wide-ranging work can also be seen in areas such as automobiles, electronic products, cosmetics, clothing, and shoes. We are active in Japan and around the world. AICA will continue to create new value through the synergy between Chemistry and Design as we enrich the lives of people and societies around the world.



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Editorial Policy

This report is a tool to inform stakeholders (customers, employees, shareholders, suppliers and business partners, local communities and governments, etc.) of the AICA Group's corporate activities regarding sustainability. We have created it with an emphasis on narrative flow and accessible communication so that our sustainability can be understood from both financial and non-financial perspectives. The report explains our business structure, strengths, and strategies based on our 10 Year Vision and Medium-Term Management Plan, as well as the foundations that support them, while relating them to the Materialities (important issues) that we recognize as our priorities.

Reference Guidelines

- ISO26000 ● Environmental Reporting Guidelines (2018 Edition), Ministry of the Environment ● GRI Standards
- IIRC International Integrated Reporting Framework

Target Period

This report is a summary of the activities of the AICA Group in FY2024. It also includes information about some activities from FY2025.

Target Boundaries

This report describes the initiatives undertaken by Aica Kogyo Co., Ltd. and its consolidated subsidiaries in Japan and outside Japan. The individual target boundaries for the data are as follows:

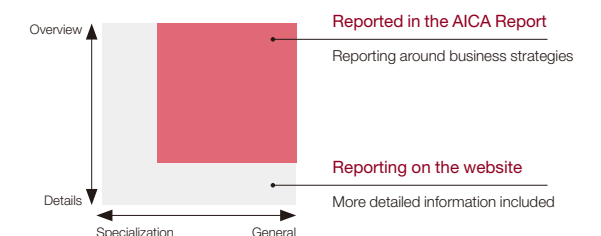
AICA Group: Aica Kogyo Co., Ltd. and consolidated subsidiaries in Japan and outside Japan

Japanese group companies: Aica Kogyo Co., Ltd. and consolidated subsidiaries in Japan

International group companies: Consolidated subsidiaries outside Japan

This report introduces a selection of matters that are important for us to maintain and improve our sustainability. For more detailed data and product information, both financial and non-financial, we invite you to visit our website.

<https://www.aica.co.jp/>



External Evaluation



Details of the Construction Examples Shown on the Cover

- ① Konomi Kindergarten, Minaru Hall; Design: Monosta '70
- ② Nakatsugawa Municipal Fukuoka Elementary School; Design: Ishimoto Architectural & Engineering Firm; Photography: Shota Hiyoshi and Ena Mitsui (Kawasumi-Kobayashi Kenji Photograph Office)
- ③ Kagoshima Konan Square, Design: Daiwa House Industry Co., Ltd.
- ④ Sagawa Printing Co., Ltd. Saitama CSC, Design: Daiwa House Industry Co., Ltd.
- ⑤ AYANNA Miyako, Design Supervision: HOKULEA Inc., Photography: Yoshiaki Ida (Alien Design & Photography)
- ⑥ Dress Curre + Libars Tokyo, Design: SHIRAI ARCHITECTS, Photography: SHIOYA Tokyo

AICA Policies

In April 2017, the AICA Group organized its policies that it has valued to the present and established the Corporate Principle, Corporate Philosophy, and Corporate Policy. In April 2021, we established a Sustainability Policy and revised our Code of Conduct to revamp the AICA Policies framework. In order to realize these policies, the entire AICA Group will work together to develop our business activities, thereby contributing to the creation of a sustainable society and further enhancing our corporate value.

Project: Kakumigahara Plastic Surgery Clinic; Design: UDA Architectural Design; Photography: Reiji Mizuno (Make Photo)

Project: JP Tower Osaka / KITTE Osaka



Project: Le Jade City Senri Fujishirodai;
Facility: Community Lab;
Design: IAO Takeda Architects Associates



Corporate Principle

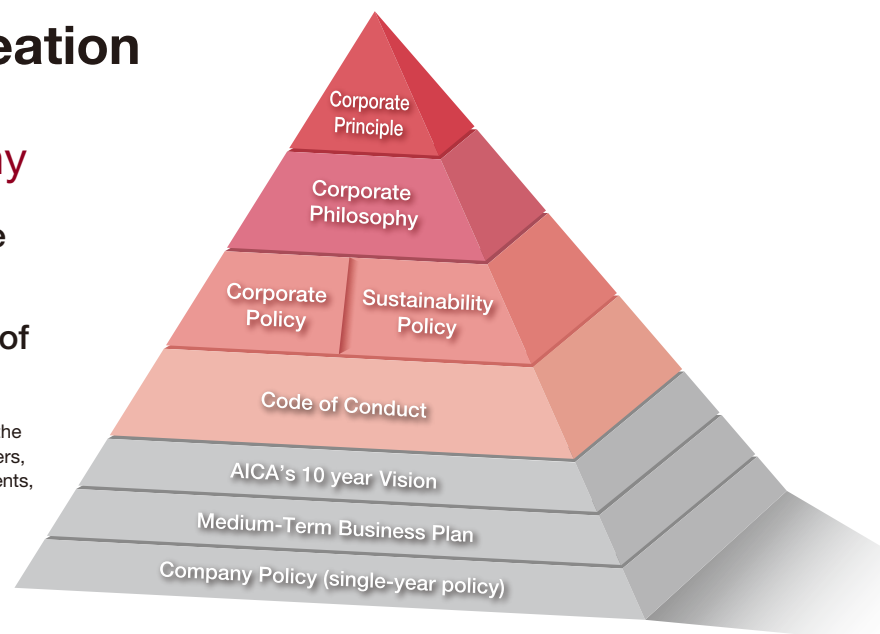
挑戦・創造

Challenge & Creation

Corporate Philosophy

The AICA Group creates new value and contributes to society through continuous innovation in the spirit of our philosophy of *kyosei**.

* The Japanese word *kyosei* stands for active engagement with the AICA Group's stakeholders (customers, employees, shareholders, suppliers, business partners, local communities, local governments, etc.) and the global environment. *Kyosei* represents our approach to minimize the adverse effects of the AICA Group's business activities and products, and to contribute to society through the value we create and build better relationships with surroundings, with aiming for a sustainable existence together with the stakeholders mentioned above.



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 international 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

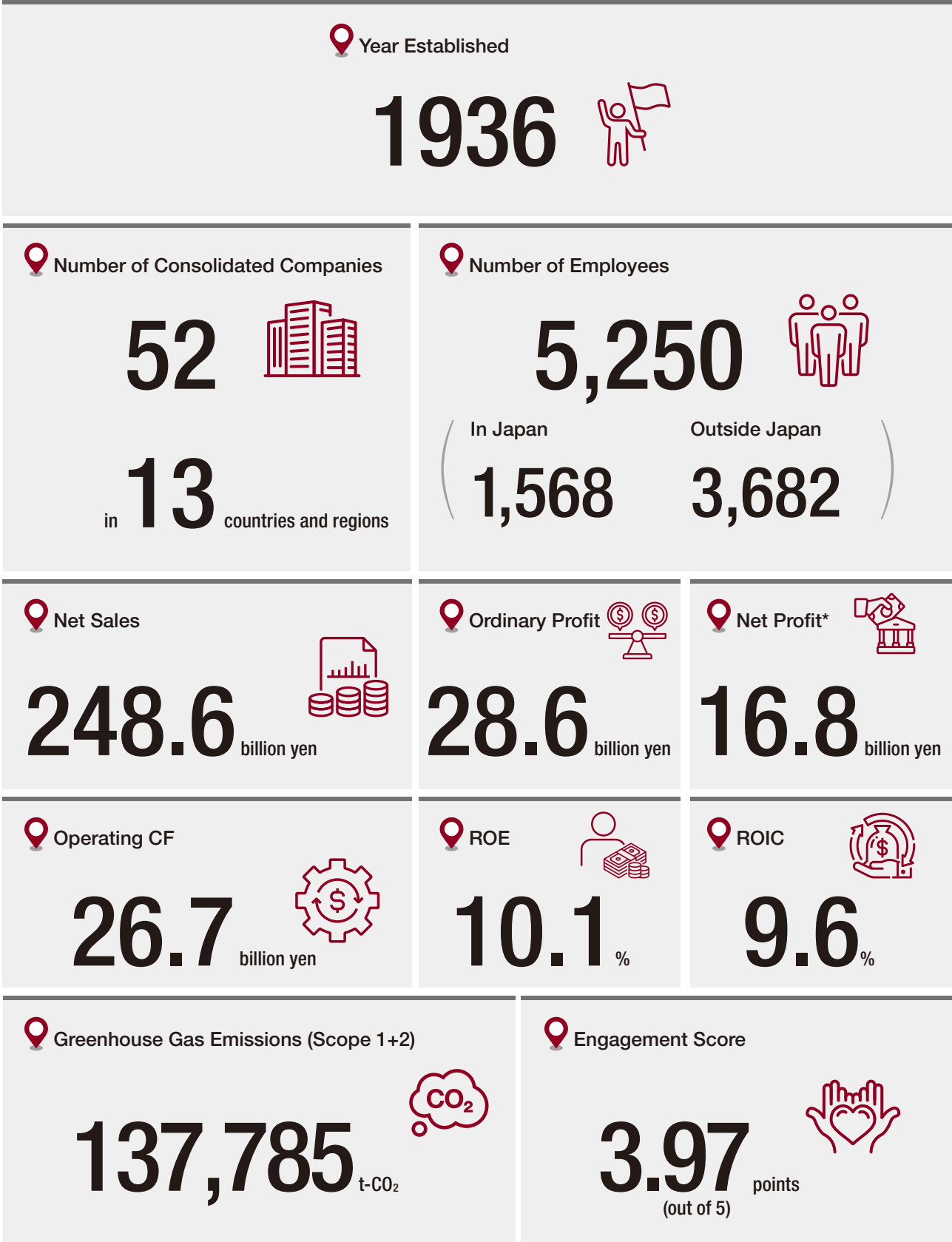
We ensure trusted quality and engage in environmentally considerate business activities by focusing on our communication with stakeholders.

Sustainability Policy [See p. 41.](#)

Code of Conduct [See p. 46.](#)

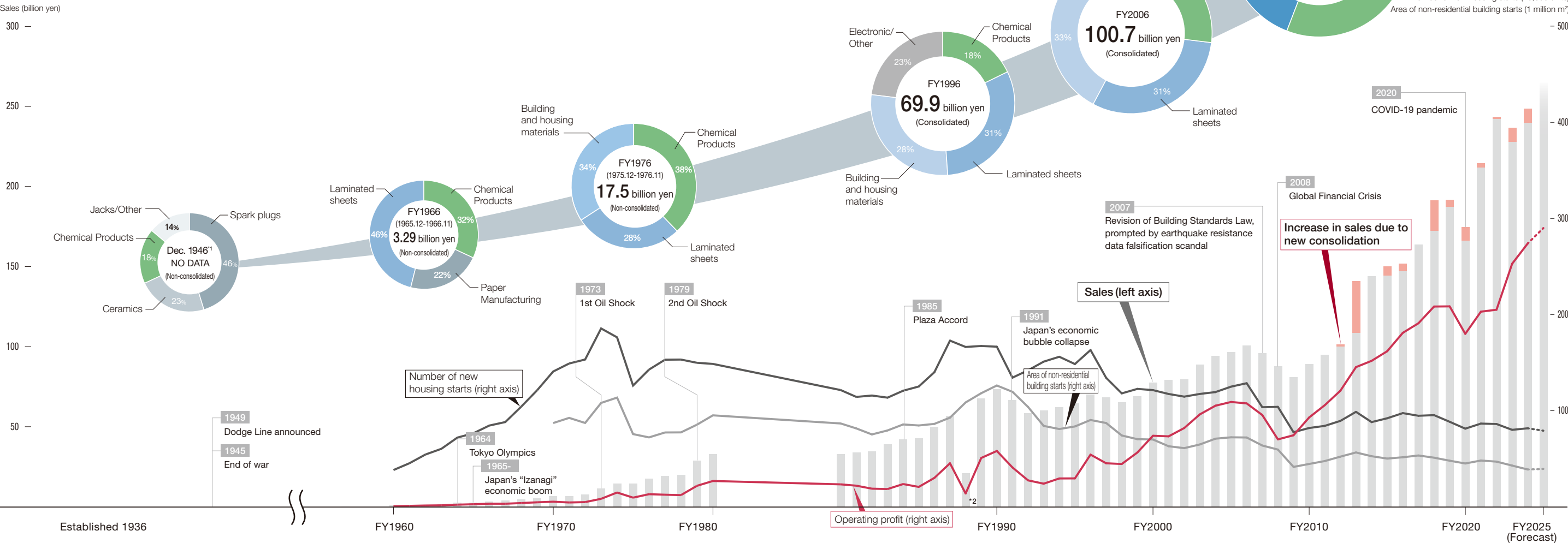
AICA at a Glance

AICA's Current Status (FY2024 results or figures as of March 31, 2025)



Transformation of Value Creation

With the resin synthesis technologies that we have cultivated since our foundation at the core, we have reorganized our portfolio of businesses flexibly in line with the times. Our spirit of “Challenge and Creation,” including challenges in new businesses and the use of synergies, has been passed down from the past to the present.



*1: Complete data is unavailable due to postwar turmoil. Results are for the single month of December 1946. *2: The four-month period from December 1988 to March 1989 due to the change in the closing month.
Note: The Company began consolidated accounting in the fiscal year ended November 30, 1979. Accounting prior to that was non-consolidated.

1936-1950

Started in business as a chemical manufacturer

1939 Launched Japan's first urea-based resin adhesive "AICHI-MUTEKI-NORI"

Expanded ceramics, spark plug, paper manufacturing, and other businesses

1936 Patent application for urea-based resin adhesive

1951-1965

AICA enters the Laminated Sheets business

1951 Launched melamine resin-baked paint

1960 Launched "AICA" high-pressure laminate (HPL)

High-pressure laminate (HPL) plant completed in 1959

1966-1980

Shift to general construction materials manufacturing

1968 Launched "AICA POSTFORM"

1975 Launched wall coating material, "JOLYPATE"

1978 Launched premium wooden door, "EASTERN CHERRY DOOR"

"JOLYPATE" released in 1975
A long-selling product that still has many fans

1981-1995

Becomes the top manufacturer of high-pressure laminate

1984 Launched AICA COLOR SYSTEM 105 high-pressure laminate (HPL)

No. 1 Japanese market share for high-pressure laminate (HPL)

1989 Launched "CERARL" melamine fire retardant decorative panel

"CERARL" became a huge success as kitchen paneling during the second half of the 1990s

AICA COLOR SYSTEM 105, which was launched in 1984, became the cornerstone of the company's top high-pressure laminate (HPL) domestic market share.

1996-2010

Building an environment management foundation

1999 Inaugural edition of "Environmental Report"

2001 Launched eco-friendly adhesive "AICA ECO-ECO BOND"

2002 Established R&D Center in order to enter electronic materials business, the forerunner of the Specialty & Performance Materials Business

Inaugural edition of "Environmental Report" (1999)

2011-

Expanded international businesses through M&As

2012 Acquired shares in subsidiary of Dynea's Asia-Pacific division

2018 Acquired shares in EVERMORE CHEMICAL INDUSTRY CO., LTD.

2019 Acquired shares in Wilsonart subsidiary in Asia-Pacific region

In 2012, AICA acquired subsidiary of Dynea's Asia-Pacific division and established AICA Asia Pacific Holding Pte. Ltd. (AAPH).
Since then, AICA has actively embarked on M&As.

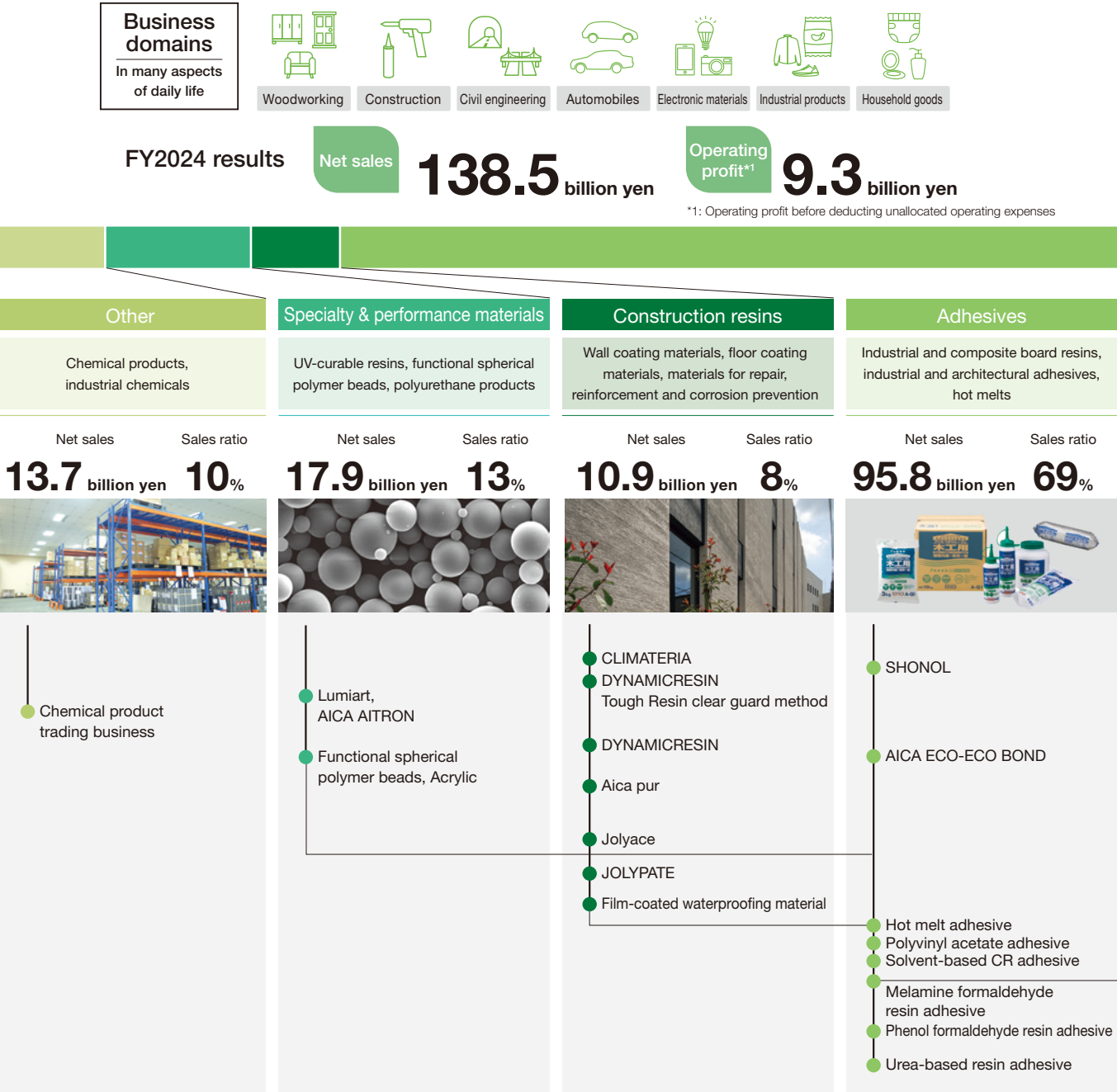
Business Overview

Combining its strengths in Chemistry and Design, AICA has developed highly innovative product lines in its two business segments of Chemical Products and Laminates & Building Materials. AICA's technology supports many aspects of daily life and a wide range of architectural structures.

Chemical Products Segment

Fundamental business operations cultivating core technologies

Since 1936, when we developed Japan's first urea-based resin adhesive, we have been developing products that lead the times with our chemical synthesis technology. Since the 2000s, we have been focusing on expanding our specialty & performance materials product offerings as a new business domain, diversifying the areas in which we are active.



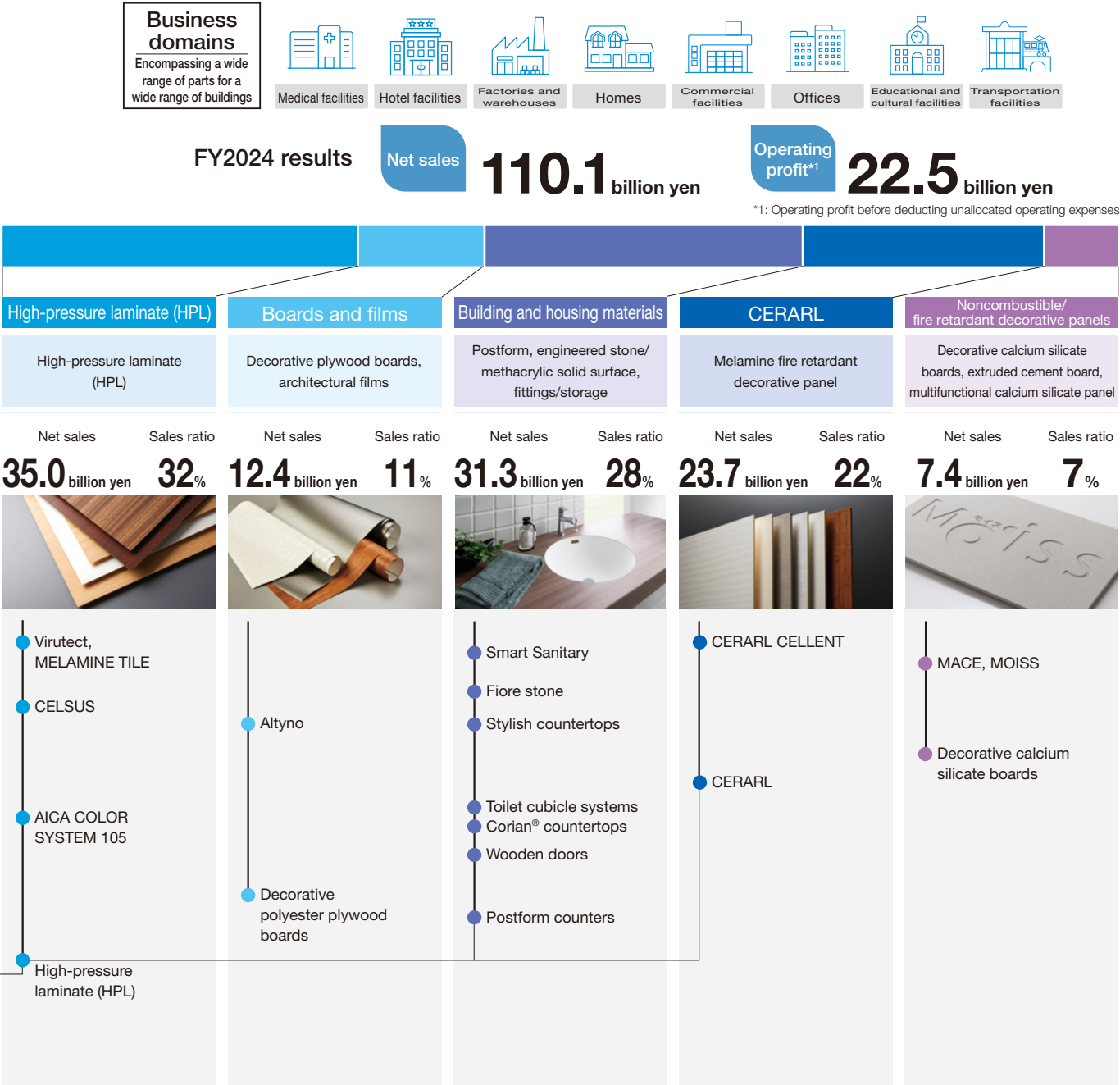
We provide products with added values through a wide range of features that incorporate technological expertise cultivated over many years in the Chemical Products business.

- Resin synthesis technologies
- Blending technologies
- Dispersion, emulsification, and powdering technologies
- Adhesive and bonding technologies
- Painting and coating technologies

Laminates & Building Materials Segment

Providing distinctive products leveraging chemical technology

We offer a wide variety of highly original products based on our melamine decorative HPL, which enjoys the largest market share in Japan, by utilizing the chemical technologies cultivated in the chemical products business. A wide range of variations are available to add color to all kinds of architectural spaces.



AICA design encompasses not just beauty in color and pattern, but safety and ease of use in aspects ranging from the product itself to construction methods.

- Inclusive design*2
- CMF*3 design
- Surface material molding and processing technologies
- Inorganic material molding technologies
- Construction method development technologies

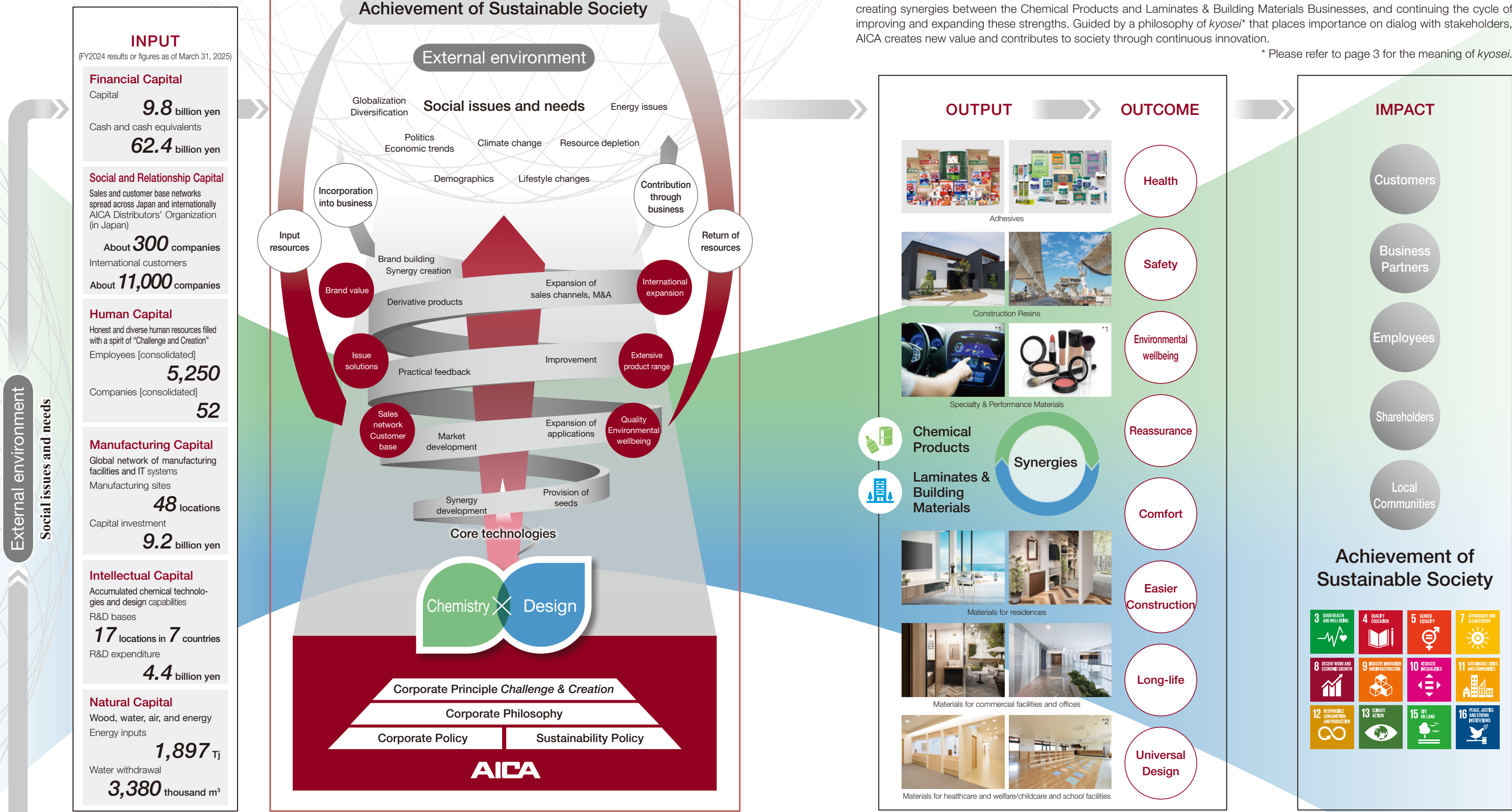
*2: An approach to designing products and services that are accessible to everyone, regardless of age, gender, ability, culture, or background.
*3: Abbreviation for color, material, and finish.

AICA's Value Creation Model

Source of Value Creation (Business Model)

The source of AICA's Value Creation Model lies in our development capabilities that use core technologies based on chemistry and design, our domestic and international sales networks and customer bases, our capabilities in helping to solve social issues developed through dialog with stakeholders, our range of high-quality products and brand value generated from those capabilities, excellent human capital, and a healthy financial base. We resolve social issues through our business activities by creating synergies between the Chemical Products and Laminates & Building Materials Businesses, and continuing the cycle of improving and expanding these strengths. Guided by a philosophy of *kyosei** that places importance on dialog with stakeholders, AICA creates new value and contributes to society through continuous innovation.

* Please refer to page 3 for the meaning of *kyosei*.



*1: Example of usage *2: Shion Kindergarten Annex + Shion School Children's Club, Design: Kozue Hotta, Goyoukiki

Message from the President

Kenji Ebihara
Representative Director and President

By further building a resilient corporate structure and accelerating our international business growth, we aim to enhance our corporate value sustainably and contribute to achieving a better society.

Review of FY2024 and Aspirations for FY2025

In FY2024, the AICA Group achieved increases in both revenue and profit, delivering profitable growth overall. One notably positive development was that profitability in our Japanese business improved for both the Chemical Products Segment and the Laminates & Building Materials Segment. The Laminates & Building Materials Segment maintained its high profit margins as always while boosting profitability through improved production efficiency and achieving business growth by expanding its lineup of high value-added products, particularly in the Smart Sanitary series. In the Chemical Products Segment, in addition to the continuing benefits of well-executed profitability management and decisive product consolidation, we reassessed the added value of our products, thereby allowing our sales staff to make more effective proposals, which in turn led to sales growth.

International business saw limited growth. In particular, the Chinese market continues to face more severe conditions than expected due to the slowing economy and declining demand in areas related to construction. While sales in the Chemical Products Segment grew, deteriorating market conditions and business restructuring costs in some countries had an impact, resulting in profits that were essentially flat.

In response, we've placed the highest priority on the revitalization and the growth of international operations. In April 2025, we established an International Business Unit. We recognize the extent of collaboration across segments in international business has been insufficient, and therefore intend to

use this new organizational framework to increase cooperation by country and region and maximize group synergies. While the AICA Group faces an increasingly challenging environment, including issues such as global instability and tariffs, we plan to make this the year in which the International Business Unit spearheads a new growth trajectory.

Our Japanese business has shown steady performance. We will continue to make active capital investment and push forward with the development of next-generation products with functionality and design that our competitors cannot easily match. We will develop the young talent who will lead the next generation while cultivating a vibrant organizational culture to strengthen the foundations for sustainable growth. We believe strengthening creativity and improving our capacity to adapt to change will be critical to our continued growth.

In FY2024, we strengthened corporate value by incorporating suggestions voiced in dialogue with shareholders and investors into management practices, including raising ROE and ROIC targets and reviewing the director remuneration scheme. We believe implementing the growth strategies mentioned above and generating profit will be key to achieving further improvements. We will continue to emphasize dialogue with stakeholders, incorporating their ideas into management practices, and aiming for further business growth. (For more information on the dialogue between shareholders and management, [See p. 79.](#))

Progress on the Medium-Term Business Plan

Progress has been generally in line with the plan. Sales have lagged the ambitious targets, as the benefits of growth investments have yet to be realized; however, ordinary profit has shown steady progress. We seek to achieve the final-year target of 30 billion yen in the current fiscal year, one year ahead of schedule.

The ROE and ROIC management efficiency indicators exceeded the planned targets. We have therefore raised the

ROE target from "approximately 10%" to "10% or more" and raised the ROIC target from "approximately 8%" to "9% or more." This revision expresses our commitment to enhancing business quality and exercising management that prioritizes capital efficiency. We will continue to pursue management with an ever-growing emphasis on capital efficiency as we work to maximize corporate value.

Medium-Term Business Plan Progress (Financial Targets)

(billion yen)

	Previous Medium-Term Business Plan	1st Year	2nd Year	3rd Year	4th Year
	FY2022 (results)	FY2023 (results)	FY2024 (results)	FY2025 (forecast)	FY2026 (forecast)
Net sales	242.0	236.6	248.6	265.0	300.0
Ordinary profit	22.0	26.1	28.6	30.0	30.0
AS product*1 sales*2	19.3	21.7	24.1	27.0	28.0
International net sales ratio	51.2%	47.8%	48.0%	48.0%	50% or more
ROE	6.9%	9.9%	10.1%	10% or more	To be adjusted upward
ROIC	8.1%	8.9%	9.6%	9% or more	To be adjusted upward

*1: Aica Solution products to address various social issues. *2: For Aica Kogyo Co., Ltd.

Message from the President

Basic Policy 1 Improvement of Profitability

Despite undeniable progress, efforts to improve profitability remain an ongoing challenge, one that will require sustained effort. External factors, ranging from the rising cost of raw materials to logistics expenses, alongside various internal factors, including rising labor costs, continue to create a difficult operating environment. Maintaining and improving profitability under these conditions requires continuously reviewing sales prices and efforts to improve per-capita productivity. To this end, we're promoting efficiency improvements in production

processes, including the use of digital transformation (DX) and reviews of work practices. Specific initiatives include transitioning to smart factories at production sites and achieving greater efficiency in sales and back-office operations through the introduction of AI and RPA (robotic process automation). We plan to establish a highly profitable business structure and further improve profitability by improving productivity along with efforts to enhance product competitiveness and added value.

Basic Policy 2 Creation and Expansion of Growth Businesses

Our top priority this fiscal year is to accelerate the creation and development of growth businesses. We recognize that we have not been quick enough to grow our business internationally. In Japan, where the market is mature, we will further develop our existing business, expand into new applications, and accelerate the development of innovative products to further hone our competitive edge. In the Laminates & Building Materials Segment, we will focus on wall materials; in the Chemical Products Segment, we will focus on repair and reinforcement materials for roads, railways, and other infrastructure. We aim to achieve sustainable growth by drawing on our existing strengths while creating new value.

Our international business will be a vital source of growth.

Despite the growing geopolitical uncertainty, we intend to expand operations in countries with strong demand. We believe it is vital to expand our business in countries such as India and Indonesia, which have rapidly growing populations and high growth potential. The Indian market in particular is central to our plans for sustainable growth. While there are many decorative laminate manufacturers in India, the high quality and functionality of our products are expected to spur growing demand as the Indian economy develops. Our newly established International Business Unit will assume the lead in strengthening product lineups tailored to local needs, expanding sales channels, and preparing for strategic M&A, thereby restoring international operations to a growth trajectory.

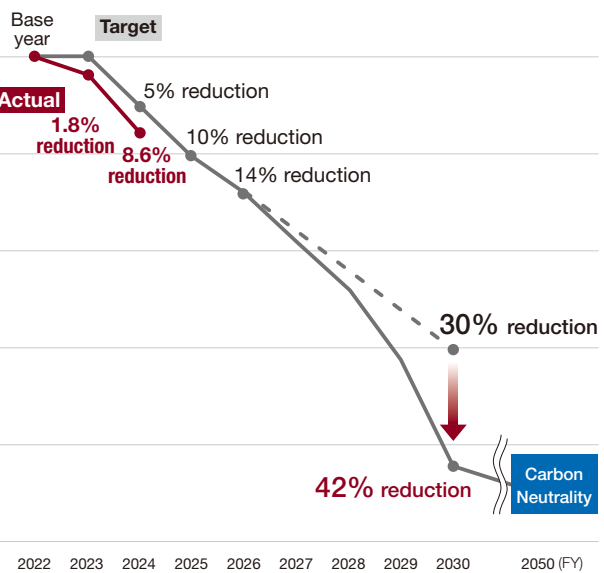
Basic Policy 3 Establishment of a Sound Business Infrastructure

The Medium-Term Business Plan involves advancing initiatives that address seven materialities, and here I'd like to touch

Responding to Climate Change

Climate change remains an urgent issue for global society, one that AICA is steadily making efforts to address. In FY2024, AICA successfully reduced its greenhouse gas emissions (Scope 1+2) by 8.6% compared to FY2022. This achievement, which exceeded our annual target of 5%, resulted from the groupwide implementation of specific initiatives, such as energy-saving measures and expanded use of renewable energy. In addition to steady progress in reducing emissions, increased awareness within the group has made it possible to raise our FY2030 greenhouse gas reduction target from 30% (compared to FY2022) to 42%, a level in line with the global 1.5 °C target. Addressing climate change not only reduces risks in business activities, it represents a chance to create business opportunities through the development of new technologies and products and the cultivation of new markets based on these technologies and products. We will continue to develop environmentally friendly products and products that help reduce CO₂ emissions in order to help move the world closer to sustainability.

Greenhouse Gas Emission (Scope 1+2) Performance Trends and New Target



Building a Human Capital Foundation

Since becoming President, I consider human capital management to be one of our key initiatives, and have focused on building its foundation. I am convinced that creating an environment where each employee can continuously enhance their capabilities and fully demonstrate them is essential for AICA's sustainable growth and corporate value enhancement.

The COVID-19 pandemic underscored the importance of good communications, and in FY2023 we introduced a career interview system. One-on-one discussions between

supervisors and subordinates give employees the opportunity to share career plans and growth challenges, which promotes goal-setting and skills development. We also expanded training programs for language learning and the acquisition of specialized skills, with a strong focus on developing human resources capable of contributing to business growth. We will continue to invest in human capital to ensure that AICA remains an attractive company with strong employee retention.

Capital Policy

Taking the sustainable growth of corporate value as its highest management priority, AICA is pursuing an optimal course between investment in growth and shareholder returns.

In the area of growth investments, we're undertaking capital investments in Japan to increase our competitiveness, while pursuing business expansion and M&A internationally in countries where demand is strong. As for shareholder returns, we're committed to stable dividends while considering various optimization measures such as share buybacks, taking

into account business growth phases, financial conditions, and changes in the external environment. We're deeply committed to our dialogue with stakeholders and will continue to implement more attractive capital policies while incorporating the feedback received. We're very grateful to our many long-term shareholders and will strive to make effective use of this entrusted capital to achieve continued growth in profitability and corporate value.

Final Year of the Medium-Term Business Plan and the Next 10 Year Vision

FY2026, the final year of our current Medium-Term Business Plan, also marks AICA's 90th anniversary, making it a notable year for laying the foundations for a new vision for the next ten years. The first priority is to move forward as a united AICA Group to achieve the targets set forth in the Medium-Term Business Plan. In preparing our vision for the next 10 years, we will carefully consider the development of next-generation products and the capital investments needed to meet social demands. Despite the challenging business environment created by geopolitical uncertainty and economic volatility, we plan to establish a solid position in international markets and secure future growth of the AICA Group.

We will continue to build on the technological strengths and trust we have cultivated to date and take on diverse challenges both in Japan and internationally, and strive to create new value that contributes to society.



AICA's 10 Year Vision and Medium-Term Business Plan

AICA's 10 Year Vision


In April 2017, AICA established AICA's 10 Year Vision with the goal of FY2026, the 90th anniversary of the company. With the aim of transforming into a solid, robust management structure that will not be easily influenced by trends in the Japanese construction market, in the Chemical Products segment, we will aim to become Asia's top manufacturer of resins for the construction sector, which supports people's lives and social infrastructure. We will also grow non-construction sectors such as automotive, household goods, and electronic materials. In the Laminates & Building Materials segment, we are aiming for further business growth as a "solution provider for space design" that can provide comfort and safety to residential and non-residential living spaces.

AICA's 10 Year Vision

Financial targets in 10 years (initial targets established in April 2017)


	FY2016		FY2026
Consolidated net sales	151.6 billion yen	➤	300 billion yen
Consolidated ordinary profit	18.3 billion yen	➤	30 billion yen
ROE	9.9%	➤	10% or more
International sales ratio	30.8%	➤	45% or more

Our future Vision for FY2026



Chemical Products segment

AICA Group will aim to be **Asia's No.1 resin manufacturer** in the construction sector to support people's lives and social infrastructure. We will also grow our business in non-construction sectors, including automotive/household goods/electronic materials.



Laminates & Building Materials segment

The Laminates & Building Materials Business will continue to grow as a **solution provider for space design** that can offer comfort & safety in residential & non-residential living spaces.

Business collaboration

We will continue to enhance the collaboration between the Chemical Products segment and the Laminates & Building Materials segment to develop unique products that contribute to society.

Utilizing capital tie-up and M&A

We will actively and efficiently utilize our own funds for our future growth, including capital tie-up or M&A.

Group Collaboration & Operation Base Enhancement

In order to establish a system which can respond to changes in market environment, we are strengthening group collaboration and business foundations.

Optimize production & logistic systems

Technology and material cooperation

R&D investment

Compliance

QEO management

Healthy financial base

IT infrastructure investment

Human Resources Development

We promote diversity management, and will establish a variety of systems to develop globally competent and professional human resources.

Globally competent human resources

Diversity

Professional human resources

Responsibility to stakeholders

We will emphasize engagement with stakeholders, and promote management which contributes to local communities and enhances CS and ES.

Increase corporate value

Corporate governance enhancement

Harmony with local communities

Improvement of CS & ES

Current Medium-Term Business Plan is the 3rd phase of AICA's 10 Year Vision

Fiscal Year	Net Sales (billion yen)	Segment Breakdown (billion yen)
FY2016	151.6	Chemical Products: 74.8, Laminates & Building Materials: 76.7
FY2017	163.7	Chemical Products: 82.9, Laminates & Building Materials: 80.8
FY2018	191.3	Chemical Products: 109, Laminates & Building Materials: 82.3
FY2019	191.5	Chemical Products: 103.9, Laminates & Building Materials: 87.5
FY2020	174.6	Chemical Products: 90.4, Laminates & Building Materials: 84.1
FY2021	214.5	Chemical Products: 122.3, Laminates & Building Materials: 92.1
FY2022	242	Chemical Products: 141.3, Laminates & Building Materials: 100.7
FY2023	236.6	Chemical Products: 130.3, Laminates & Building Materials: 106.3
FY2024	248.6	Chemical Products: 138.5, Laminates & Building Materials: 110.1
FY2025	265	Chemical Products: 145.6, Laminates & Building Materials: 119.4
FY2026 (Forecast)	300	Chemical Products: 163, Laminates & Building Materials: 137

Recognizing Issues in the 3rd Medium-Term Business Plan

FY2023 was originally supposed to be the final year of the 2nd Medium-Term Business Plan "Change & Grow 2400." However, since we achieved the plan's sales target one year ahead of schedule and wanted to quickly respond to the rapidly changing external environment, we have formulated and transitioned to the 3rd Medium-Term Business Plan, "Value Creation 3000 & 300," which starts in FY2023.

In formulating our 3rd Medium-Term Business Plan, we evaluated issues that we recognize as important. While there are different issues associated with each type of capital, in particular, we recognize human capital and climate change response in natural capital as major issues that we must urgently focus on.

Internal resources and capital

Intellectual Capital

- Launch of next-generation large-scale core products
- Creation of brand value for products other than high-pressure laminate (HPL) in Japan
- Accumulation of knowledge
- Quality / Safety

Manufacturing Capital

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

Human Capital

- Recruiting and developing leaders, globally competent human resources, and professionals
- Improvement of engagement
- DE&I promotion

Financial Capital

- Deteriorating capital efficiency
- Investment impairment risk
- Foreign exchange risk

Urgent issues

External resources and capital

Social and Relationship Capital

- Shrinking of Japanese wooden furniture market
- Increases in raw material, energy, distribution, and other costs
- Changes in environment-related laws and tax systems
- Worsening skilled worker shortage
- Decline in number of new housing starts in Japan (800,000 dwellings)

Natural Capital

- Transition to low-carbon society
- Increasing natural disaster risks
- Shift to biomass products and low-carbon emission products

Urgent issues

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Medium-Term Business Plan “Value Creation 3000 & 300” (FY2023 to FY2026)

As the final step toward realizing AICA's 10 Year Vision, we have formulated our Medium-Term Business Plan, “Value Creation 3000 & 300,” which includes financial targets and basic policies to be achieved and implemented over the four years, and launched in April 2023. The basic policies of the Medium-Term Business Plan are Improvement of Profitability, Creation and Expansion of Growth Businesses, and Establishment of a Sound Business Infrastructure for responding to climate change and building a human capital foundation. By steadily implementing these measures, we will strive for sustainable growth and further enhancement of corporate value.

Fundamental Policies and Managerial KPIs

VALUE CREATION 3000 & 300

AICA intends to establish a position as a unique manufacturer and achieve 300 billion yen (3000 oku yen in Japanese) in sales and 30 billion yen (300 oku yen in Japanese) in ordinary profit through the continuous “creation” of new added “value.”

Fundamental Policies (Financial)

1 Improvement of Profitability

In our four segments, Chemical Products – Japan/International, Laminates & Building Materials – Japan/International, we will improve profitability by widening added value and optimizing capital allocation. We aim to stretch profit margin in line with market characteristics and balanced capital allocation.

2 Creation and Expansion of Growth Businesses

In both Chemical Products and Laminates & Building Materials segments, 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 our sustainable growth.

Managerial KPIs (Financial)

	FY2022 results	FY2023 results	FY2024 results	FY2025 forecast	FY2026 Medium-Term Business Plan
Net sales	242.0 billion yen	236.6 billion yen	248.6 billion yen	265.0 billion yen	300.0 billion yen
Ordinary profit	22.0 billion yen	26.1 billion yen	28.6 billion yen	30.0 billion yen	30.0 billion yen
AS product*1 sales*2	19.3 billion yen	21.7 billion yen	24.1 billion yen	27.0 billion yen	28.0 billion yen
International net sales ratio	51.2%	47.8%	48.0%	48.0%	50% or more
ROE	6.9%	9.9%	10.1%	10% or more	10% or more
ROIC	8.1%	8.9%	9.6%	9% or more	9% or more

FY2024 Overview

Net sales	Record net sales due to growth in Japanese Chemical Products and Laminates & Building Materials segments
Ordinary profit	Record profit (fourth consecutive year of profit growth) due to growth generated by high value-added products in the Japanese Laminates & Building Materials segment
AS product sales	Significant growth due to focus on developing and expanding sales of high value-added products to resolve social issues
International net sales ratio	Final figures roughly in line with the previous fiscal year due to growth in both international and Japanese Chemical Products segments.
ROE	See p. 29.
ROIC	See p. 29.

*1: Aica Solution products *2: For Aica Kogyo Co., Ltd.

Fundamental Policies (Non-Financial)

3 Establishment of a Sound Business Infrastructure

We aim to become a sustainable corporate entity by making improvements in response to the seven Materialities (key issues). In particular, we will focus on responding to climate change and building a human capital foundation.



Responding to Climate Change

Responding to climate change is essential element for our purpose. We have decided to dedicate ourselves more in this area. We declare “Carbon Neutrality by 2050” and reduce greenhouse gas emissions by 42%*3 compared to FY2022 levels by FY 2030.



Building a Human Capital Foundation

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

*3: Target raised May 2025

Managerial KPIs (Non-Financial)

		FY2022 results	FY2023 results	FY2024 results	FY2026 Medium-Term Business Plan
Responding to Climate Change	GHG emissions reduction (Scope 1+2)	—	-1.8% (compared with FY2022)	-8.6% (compared with FY2022)	-14% (compared with FY2022)
	Environmental investment	—	0.29 billion yen	0.44 billion yen	2.0 billion yen (four-year cumulative total)
Building a human Capital Foundation	Human capital investment*4	0.87 billion yen	0.99 billion yen	1.14 billion yen	4.0 billion yen (four-year cumulative total)
	Engagement score*5	3.90 points	—	3.97 points	4 points or more

*4: For Aica Kogyo Co., Ltd. *5: Out of a total of 5 points. Data is collected every two years, so next data will be for FY2026.

GHG emissions reduction	See pp. 50, 52–53.	Environmental investment	See p. 52.
Human capital investment	See p. 58.	Engagement score	See pp. 63–64.

Financial Targets by Segment

Profit growth rates for both Chemical Products and Laminates & Building Materials have been set higher than sales growth rates with the goal of improving profitability given priority. In FY2024, the Laminates & Building Materials segment showed significant growth in operating profit and EBITDA. We are targeting continuing growth in operating profit and EBITDA across both segments.

		FY2022 results	FY2023 results	FY2024 results	Year-on-year growth	FY2025 forecast	FY2026 Medium-Term Business Plan
Chemical Products	Net sales	141,312	130,300	138,587	+6.4%	145,600	163,000
	Operating profit*6	7,494	9,280	9,331	+0.6%	9,900	10,500
	Operating profit margin	5.3%	7.1%	6.7%	—	6.8%	6.4%
	EBITDA	11,119	13,406	14,202	+5.9%	14,900	15,800
	EBITDA margin	7.9%	10.3%	10.2%	—	10.2%	9.7%
Laminates & Building Materials	Net sales	100,743	106,325	110,109	+3.6%	119,400	137,000
	Operating profit*6	16,740	20,339	22,535	+10.8%	23,900	25,000
	Operating profit margin	16.6%	19.1%	20.5%	—	20.0%	18.2%
	EBITDA	19,910	23,254	26,460	+13.8%	27,500	28,900
	EBITDA margin	19.8%	21.9%	24.0%	—	23.0%	21.1%

*6: Operating profit before deduction of unallocated operating expenses

Medium-Term Business Plan Basic Policies 1 Improvement of Profitability

FY2023 to FY2024 Progress

In formulating the current Medium-Term Business Plan, AICA identified improving profitability as the Group's top priority, establishing this as a basic policy. Achieving sustainable growth requires building a lean profit structure capable of withstanding changes in the environment. Various issues and policies across four markets (Japanese Chemical Products, international Chemical Products, Japanese Laminates & Building Materials, international Laminates & Building Materials) have been reviewed for each business, and we are working as one company to improve profitability.

In the first year (FY2023), profitability was improved across all businesses, including profitability management by resin type in the Japanese Chemical Products segment. In the second year (FY2024), Japanese Laminates & Building Materials experienced strong growth in high value-added products, which likewise improved profitability. By contrast, in international Chemical Products, the temporary effects of the closure of the Singapore plant and sluggish market conditions in Thailand resulted in a slowdown in demand and declining growth, underscoring the importance of improving profitability.

Chemical Products (Japan)

In the first year, profitability improved due to product consolidation and appropriate pricing. In the second year, growth improved due to continuing improvements in profitability and growth in sales of floor coating materials and specialty & performance materials.

Chemical Products (International)

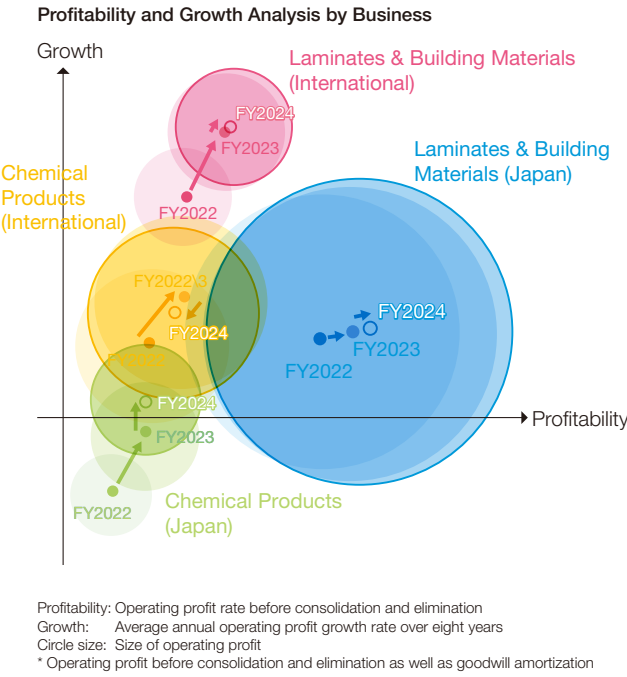
In the first year, profitability improved due to expanded sales of high value-added products. In the second year, additional depreciation, due to capital investments in China, the closure of the Singapore plant, and sluggish market conditions in Thailand, led to a decline in both profitability and growth.

Laminates & Building Materials (Japan)

In the first and second years, growth in high value-added products, including high-pressure laminate (HPL), CERARL, and Smart Sanitary, led to growth in profitability.

Laminates & Building Materials (International)

In the first year, profitability and growth improved significantly due to growth and production efficiency improvements in South-east Asia. In the second year, despite the effects of the slowing market in China, growth in Thailand and Indonesia led to slight gains in profitability.



Future Initiatives

In FY2024, progress differed across the four markets. For the remaining two years of the current Medium-Term Business Plan (FY2025 to FY2026), we will work to achieve further profitability improvements in all businesses. The international business (international Chemical Products and international Laminates & Building Materials) in particular showed signs of stagnation; in response, we established the International Business Unit in April 2025 to strengthen the organizational structure and accelerate growth once again. Moving forward, we will redouble efforts to improve profitability by maximizing synergies between segments even internationally—for example, by supplying raw materials for high-pressure laminate from Chemical Products group companies to Laminates & Building Materials group companies.

	Chemical Products Segment	Laminates & Building Materials Segment
Japan	<ul style="list-style-type: none">Continue and reinforce rigorous profitability management by resin type.Comprehensive cost reductions and appropriate pricing	<ul style="list-style-type: none">Expand sales of high value-added products.Improve differentiation through added functionality and construction method proposals.
Inter-national	<ul style="list-style-type: none">Expand sales of industrial-use resins.Create synergies with ADB Sealant.	<ul style="list-style-type: none">Strengthen branding activities.Expand sales of fire retardant decorative panels and other high value-added products.

Medium-Term Business Plan Basic Policies 2 Creation and Expansion of Growth Businesses

Sustainable growth is driven by creating and expanding growth business from a medium- to long-term perspective. Beyond this, we will focus on solving social issues and entering untapped markets to create growth businesses for both the Chemical Products segment and the Laminates & Building Materials segment. We will take a balanced approach, seeking to build foundations for sustainable growth.

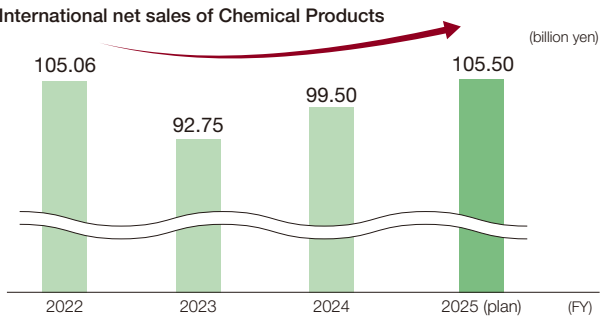
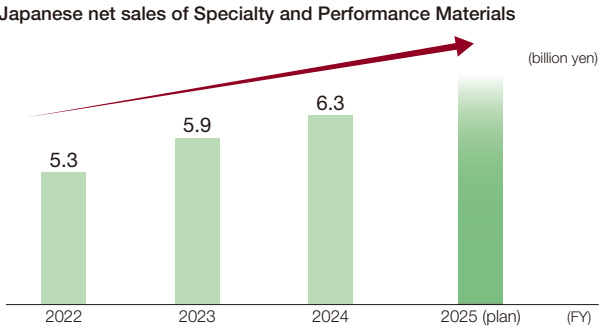
Policies and Initiatives in the Chemical Products Segment

To respond to the shrinking Japanese woodworking and furniture market, the Chemical Products segment is focusing on various growth markets, including markets for Specialty & Performance Materials business and international business. Drawing on the adhesive and bonding technologies developed since its founding, AICA is expanding into markets with potential growth.

In the Japanese Specialty & Performance Materials business, UV-curable resins are widely used as protective materials and adhesives for displays. These products have demonstrated steady growth, driven by growth in new adoption by customers.

In our international business, we seek to achieve continuing growth by developing and supplying high value-added products tailored to local needs while making effective use of growth investments to maximize investment returns and group synergies.

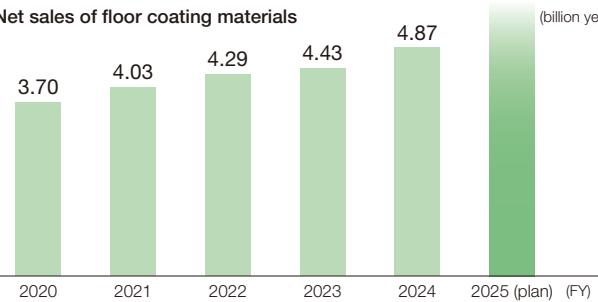
In recent years, floor coating materials classified as construction resins have shown remarkable growth. They promise medium- to long-term potential.



Growth in floor coating materials

In a recent trend, which includes growth in the construction of semiconductor plants and data centers, companies have begun rehousing production sites in Japan. AICA has achieved steady success in capturing this demand, contributing to the recent growth of floor coating materials. While the performance requirements for floor coating materials differ depending on location and from facility to facility, well-timed product development tailored to meet these needs has proven effective. For example, semiconductor plants are increasingly adopting high-performance products. Labor-saving products that shorten on-site construction times have also grown substantially against the backdrop of a shortage of skilled workers.

Anticipating continuing demand for labor-saving and environmentally-friendly products, we will focus on product and process development in these areas.



ADB Sealant becomes part of AICA Group

In November 2024, the Thai adhesive manufacturer ADB Sealant became part of the AICA Group. The company boasts a high market share in solvent-based rubber adhesives in Thailand; it also offers a lineup of sealant products previously not handled at our sites outside Japan. Selling these newly added sealant products in Indonesia and other Asian markets will enable us to further strengthen our position in the retail market. We will also aim to further expand market share by drawing on groupwide technical synergies and enhancing the quality of ADB Sealant's products.



Policies and Initiatives in the Laminates & Building Materials Segment

In the Laminates & Building Materials segment, we will maintain business growth both in Japan and internationally by drawing on our expertise cultivated as the leading Japanese manufacturer of high-pressure laminate (HPL), responding flexibly to market changes, and reshaping our portfolio to meet customer needs.

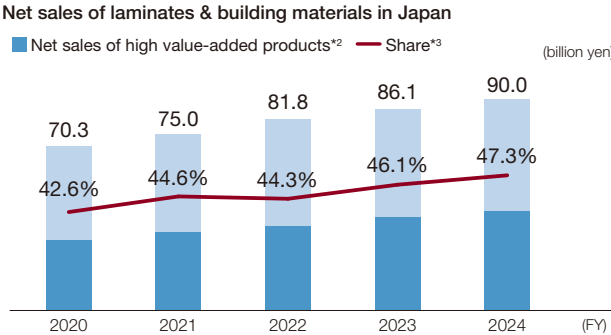
In Japan, AICA is preparing for a shrinking construction market. Based on the experience in successfully capturing the market by extending the application of our HPL technology for woodworking and furniture to CERARL wall panels, we are working to establish our brand and expand our high-margin businesses in the newly entered floor and ceiling markets. Internationally, AICA is seeking to expand its business by introducing Japanese technologies to the growing Asian markets, where economic growth has led to growing demand for sophisticated design and quality.

Main applications	Product range	FY2023–2026 initiatives	FY2024 results	
			Net sales (billion yen)	2-year average growth rate*1 (%)
Furniture, fixtures, and walls	HPL	● Improve quality/design, expand non-residential product lineup, create growth in flooring materials. ● Growth in international markets	35.0	+4.3%
	Decorative boards, architectural films, etc.	● Increase penetration into PVC film market.	12.4	-0.4%
Walls	CERARL	● Expand range of high-design products and increase penetration into the non-residential and renovation markets. ● Utilize strengths of CERARL to enter ceiling market. ● Transfer technologies internationally for full-scale deployment.	23.7	+4.5%
	Noncombustible / fire retardant decorative panels	● Capture demand for safety-focused non-residential properties. ● Develop new opportunities in the ceiling market by utilizing synergies between AICA Group inorganic material technologies and Aica Kogyo's chemical technologies.	7.4	-2.6%
HPL fabricated products	Building and housing materials	● Growth from products that meet the need to reduce on-site processing time ● Growth of Smart Sanitary	31.3	+8.3%

*1: Average annual growth rate for FY2023 to FY2024, based on FY2022.

High value-added product growth

The Japanese business has seen growth in high value-added products that drive operating profit, with the market share represented by such products growing year by year. Inbound demand and product strategy are expanding the adoption of high-pressure laminate (HPL) and CERARL, and Smart Sanitary has also shown impressive growth backed by strong market recognition. While the number of new house builds and non-residential floor area in Japan are expected to decline, demand for products with sophisticated design and products with added functionality continues to increase. We are targeting steady growth by meeting such demand.

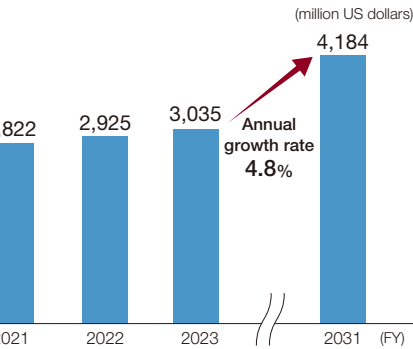


*2: In this graph, high value-added products are defined as HPL, CERARL, and Smart Sanitary.
*3: Net sales of high value-added products/Net sales of laminates & building materials in Japan

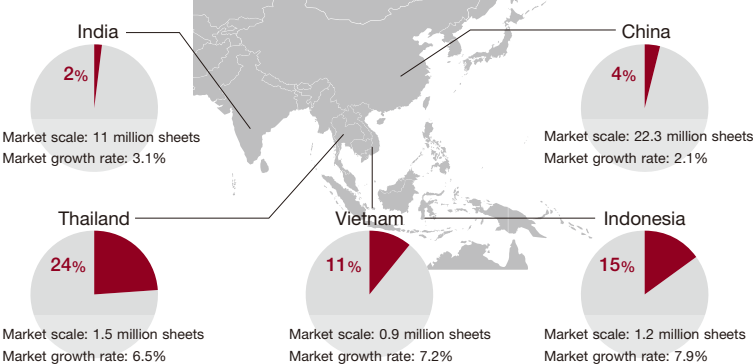
International business growth

The international high-pressure laminate (HPL) market, where continuing growth is anticipated, is larger than the market in Japan. Our international business is also still developing, and we aim to push for further growth in line with these trends. In Southeast Asia, as economies develop, demand is steadily growing for sophisticated-design, high-performance, and high-quality products. We are expanding Japanese technologies internationally to differentiate itself, and has secured the No. 2 HPL market share in Thailand, Vietnam, and Indonesia, despite the highly competitive market environments. Moving forward, we will focus on brand building, market penetration, and expanding sales channels in each region to further increase market share.

Southeast Asia HPL market forecast (AICA data)



HPL market scale and share (AICA data)



Note: Market scale and share figures are based on FY2023 results, converted to 4x8 size sheets
Market growth rate is the annual average growth rate for 2023 to 2031 (forecast).

Medium-Term Business Plan Basic Policies 3 Establishment of a Sound Business Infrastructure

Strengthening the Foundation for Sustainable Growth by Integrating the Financial with the Non-Financial

Amid the growing spotlight on social sustainability and in light of the business environment in which greater emphasis is being placed on corporate social responsibility, AICA has incorporated its materialities into the Medium-Term Business Plan to integrate financial and non-financial factors and address business activities and sustainability as one. We aim to be a sustainable corporate entity that has high tolerance for change, with a business infrastructure that has been reinforced by enhancing the driving force of our sustainability initiatives and steadily implementing these measures.

1 Provide Economic Value

We work to expand sales revenue and generate profit through providing high value-added products and productivity improvements. We also properly distribute the profits thus generated to shareholders and employees, and aim for sustainable development by investing in growth businesses.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
Net sales	300 billion yen	248.6 billion yen
Ordinary profit	30 billion yen	28.6 billion yen
International net sales ratio	50% or more	48.0%
ROE	10% or more	10.1%
ROIC	9% or more	9.6%

2 Help to Solve Social Issues with Products

To embody the concept “create new value and contribute to society” which we declared in our Corporate Philosophy, we identified social issues through engagement with our various stakeholders and contribute to the realization of a sustainable society through providing value that will help solve issues through our business activities.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
Sales of AS products*4*5	28 billion yen	24.1 billion yen
Develop new recycling methods for mainstay products		Prototyping of recycled high-pressure laminate (HPL) using waste of HPL is currently underway to establish a full-scale production system.

*4: Aica Solution products *5: For Aica Kogyo

3 Responding to Climate Change

To achieve carbon neutrality by 2050, we will consider and implement fundamental measures to reduce greenhouse gas (GHG) emissions. We will prepare for climate change related risks and focus on product development to seize related business opportunities.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
GHG Emissions (Scope 1+2 on absolute volume basis)	Reduce 14% from FY2022	Reduced by 8.6% from FY2022
Set Scope 3 emission reduction targets and formulate reduction measures		Scope 3 emissions calculated on a consolidated basis Disclosed in this brochure (AICA Report 2025)
Disclose carbon footprint data pertaining to our mainstay products and develop products that reduce our carbon footprint		CO ₂ -capture calcium silicate panel technology established, with development started for practical applications Future use of captured CO ₂ emissions from AICA plants for calcium silicate panels is under consideration.
Environmental investment 2 billion yen (four-year cumulative total)		0.44 billion yen (two-year total: 0.73 billion yen)

AICA's 10 Year Vision and Medium-Term Business Plan

4 Building a Human Capital Foundation

4 5 6 7 8 9 10 See pp. 57–66.

As we consider human resources to be a company's most vital management resource, we strengthen personnel management in order to increase the sustainability of the company. Also, we focus on developing human resources capable of making innovations and create environments and organizations where diverse personnel can thrive so that the company can grow together with employees.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
Engagement score* ¹	4 points or more	Engagement score for the 2nd AICA Group survey: 3.97 points
Human capital investment** ²	4 billion yen or more (four-year cumulative total)	1.14 billion yen (total 2.13 billion yen over two years)
Labor productivity** ² (Value-added amount / Number of employees)	22.8 million yen or more per person	23.0 million yen per person
Number of employees who experienced international assignment** ² * ³	100 or more	86
Percentage of women recruited to new-graduate career-track positions** ²	30% or more (four-year cumulative total)	33.3% as of April 2025 (total 30.7% over two years)
Childcare leave acquisition rate** ²	Male: 70% or more, Female: 100%	Male: 69.7%, Female: 100%

*1: Out of a total of 5 points *2: For Aica Kogyo Co., Ltd. *3: As at the end of each year

5 DX Implementation

8 9 See pp. 43–48, 67–76.

We leverage digital technologies to further improve productivity and strive for the transformation of our business activities. We also work to automate our production sites and improve operational efficiency through data accumulation to boost corporate competitiveness, anticipating that the working population will decline in the near future.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
Capital investment and digitization investment that will contribute to automation and labor-saving** ⁴	1 billion yen or more (four-year cumulative total)	310 million yen (total 530 million yen over two years)

*4: Aica Kogyo Co., Ltd.

6 Strengthen Governance

10 11 12 13 14 See pp. 43–48, 67–76.

For the further strengthening of group governance, we thoroughly enforce rules concerning the management and supervision of group companies and transfer of power to raise their effectiveness. In addition, we take various measures to reduce potential risks, such as enhancing our compliance policies, strengthening our BCP to prepare for natural disasters and cyber attacks, and strengthening cooperation with suppliers.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
BCP drills for natural disasters	Conduct drills at all consolidated production sites at least once a year	Implemented across all AICA Group production sites (excluding sites consolidated during this fiscal year)
Enhance policies, regulations, and systems related to group governance, including strengthening efforts to respect human rights, and strengthen audits		Briefing sessions on Aica Kogyo's human rights initiatives held with manufacturing contractors of Aica Kogyo Sustainability surveys conducted for key group company suppliers in Japan
Conduct sustainability surveys of suppliers on a regular basis and address issues** ⁵		Remote interviews conducted to assess actual conditions at suppliers who scored low in sustainability surveys
Deepen information security measures and expand/strengthen them throughout the group		Maintained latest versions of firewalls and VPN software

*5: Aica Kogyo Co., Ltd.

7 Quality Assurance and Occupational Safety

3 4 See pp. 65–66, 77.

To ensure “product safety and quality” and “employee safety,” which are the missions of a manufacturing company, we strengthen governance and training systems, and foster a corporate culture that does not neglect the basic requirement of complying with market demand, laws and regulations, and procedures.

Indicator	Medium-Term Business Plan (Final year of the plan: FY2026)	FY2024 results
Achieve the defect reduction targets set at all sites		Target achieved at one location in Japan and two-thirds of locations outside Japan
Serious work-related accidents** ⁶	0	0
Lost-time accidents	Reduce number of accidents to half the number for FY2022 (10 or less)	16

*6: Industrial accidents that caused death or a disability rating of 1 to 7 due to injury or illness

Nobuyoshi Sakai

Senior Executive Officer in charge of Sustainability Development Department,
General Manager of Corporate Planning Department

Toyoaki Ichikawa

Managing Executive Officer, in charge of Finance Department and
International Planning Department



Sustainable ROE Improvement

Ichikawa: Today, together with the executive officer in charge of corporate planning, I'd like to discuss AICA's financial strategy for enhancing corporate value over the medium to long term and the management execution that will support this strategy. First let's consider ROE.

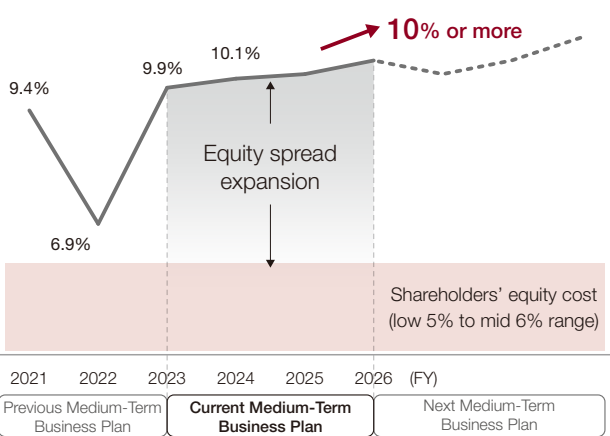
ROE is a key indicator of how much profit a company generates using the equity entrusted to it by its shareholders. Virtually every company now uses ROE as an important managerial KPI. At AICA, we focus not just on increasing this figure over the short term, but on doing so sustainably, over the long term.

Sakai: I also think of ROE as a barometer of corporate value, one that tracks the capital efficiency of a company. I see it as a managerial KPI equal in importance to growth and profitability. Maximizing ROE requires a more strategic and structured approach, including improving investment efficiency, optimizing the use of capital, and, in some cases, turning around underperforming businesses. Until recently, I felt there was a prevailing culture at AICA of prioritizing sales and profits above all else. Therefore, despite the target of “approximately 10% ROE” originally set in the Medium-Term Business Plan, I was somewhat concerned that the strong awareness necessary to improve ROE across the company had not fully permeated down to the operational level.

Ichikawa: As you point out, ROE growth is of vital importance,

but we can't really improve capital efficiency unless we ensure reliable control of equity, which forms the denominator. We also need to place greater emphasis on external perspectives, including the cost of equity and expected returns for shareholders. For this reason, from this fiscal year, we've moved beyond setting a target of “approximately 10% ROE” to issue a clear message, both internally and externally, that we plan to achieve an “ROE of 10% or more” on a consistent basis. Behind this is our conviction that what leads to genuine enhancement of corporate value isn't a one-time incidental gain in a single year, but structured and sustainable improvements in ROE.

ROE Trends (Actual & Forecast)



Sakai: Exactly. Even though it's still nominally 10%, it gives the sense that we are determined to aim higher. At the same time, I think the perception persists in the company that ROE is just a finance issue. I believe linking it to ROIC and visualizing capital profitability for each business will be key to ensuring that employees across all groups and businesses regard it as their personal responsibility.

Ichikawa: ROIC is an extremely important indicator from an operational perspective. The entire AICA Group made capital investments of nearly 10 billion yen on an annual basis, but growth in sales alone doesn't necessarily attest to investment efficacy. We're looking at reviewing the rules for capital investment planning and promoting a change in mindset to incorporate investment efficiency (IRR), taking WACC into account, rather than just considering the payback period.

Sakai: How do you position maintenance investments to deal with aging facilities, environmental investments in response to climate change, and initiatives to improve management efficiency across the entire Group?

Ichikawa: Some of our plants and facilities are old. Therefore, considering business continuity, we invest in appropriate facilities and equipment in a timely manner. In the area of environmental investment, by introducing internal carbon pricing, we're being careful to avoid discouraging investment. In the current Medium-Term Business Plan, we set out a ROIC tree to promote ROIC management at the operational level, with each department setting its own indicators. Starting this fiscal year, group companies, including those internationally, have also set their own indicators.

There was initially some resistance from the operational level, but understanding is gradually deepening following the implementation of study sessions centering on the plants. The characteristics of each company and business differ, so rather than setting uniform targets, we developed an internal ROIC formula—using working capital and business-use fixed assets as the denominator—to achieve greater efficiency than the previous year. I think it will take a while for real benefits to become apparent, but the consolidated ROIC for the previous fiscal year improved by 0.7 points year on year, reaching 9.6% (WACC: 5.7%). I hope we can continue to aim for high-quality growth in the future together with those on the operational level using the lens of ROIC.

High-Quality Growth

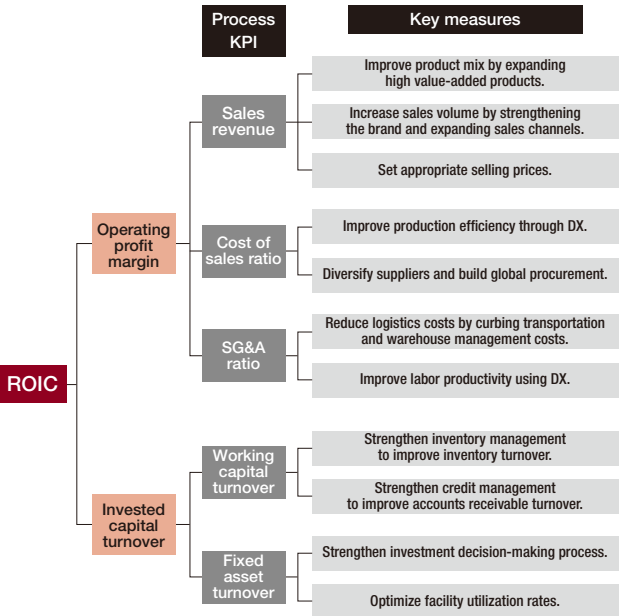
Sakai: For the “high-quality growth” you mentioned, improving ROE and ROIC requires growth that generates profits. I believe it is this growth that should form the core of our corporate value.

Ichikawa: You're absolutely right. In addition to improving capital efficiency, what we must focus on is how to achieve high-quality growth. In FY2017, we formulated our 10 Year Vision long-term strategy with targets of 300 billion yen in net sales and 30 billion

yen in ordinary profit. In the current Medium-Term Business Plan as well, Creation and Expansion of Growth Businesses is one of the main pillars, alongside Improvement of Profitability. We believe accelerating international expansion and developing new markets, in particular, are initiatives that will establish a solid and sustainable earnings base. On the subject of growth, what kind of growth story do you envision with the 29 billion yen growth investment framework set out in the current Medium-Term Business Plan?

Sakai: The growth investment framework is set apart from the capital investment framework, and is primarily intended for M&A. About two and a half years into the current four-year Medium-Term Business Plan, the utilization rate is around 20%. The nature of M&As makes it difficult to smooth this out. We're behind schedule compared to the plan, but we're continually screening M&A opportunities and sharing information with senior management and have already executed some deals. While I cannot discuss specifics, we're examining opportunities across all four quadrants of our business segments (chemical products and laminates & building materials, Japanese and international). Of these, international chemical products, which are driving growth, and international laminates & building materials, where we expect growth, are especially important targets. Over the past ten years, we've been actively expanding into China and Southeast Asian markets, increasing our international sales ratio to around 50%. There are still some missing pieces we need to fill in to build a strong foothold in these markets, but we're also considering options beyond China and Asia as discontinuous growth opportunities not based merely on extensions of the past. In the more mature Japanese market, too, we must prepare initiatives for the future, including strengthening technologies and supply chains that reinforce the core competence of Japanese Laminates & Building Materials, and turning around the Japanese Chemical Products business where profitability

ROIC



needs to be strengthened. Fortunately, we've generated ample operating cash flow, enabling us to carry out growth investments with both speed and scale.

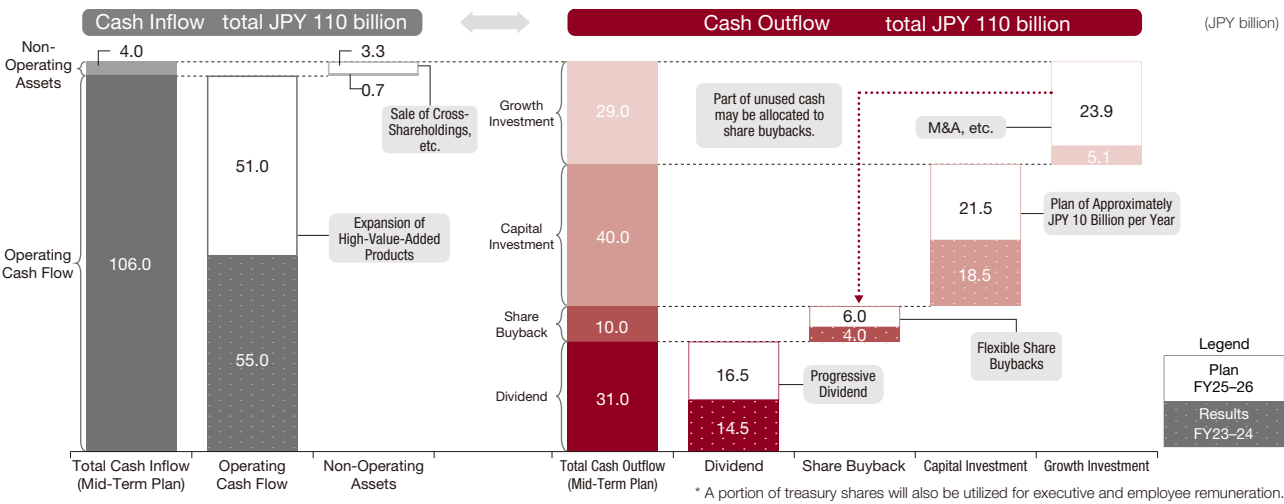
Corporate Value and Cash Allocation

Ichikawa: While maintaining sound financial discipline, in the process of increasing corporate value through the pursuit of growth and profitability, I believe it's also extremely important, as the executive officer in charge of finance, to strike a balance between strategically reinvesting the cash we generate and returning it to shareholders.

Our shareholder return policy is centered on dividends while making flexible use of share buybacks. Our dividend payout ratio is currently around 50%. The current Medium-Term Business Plan is committed to a progressive dividend policy, representing our pledge to provide stable and sustainable returns to shareholders who have invested in the expectation of medium- to long-term growth. In fact, we have now achieved 16 consecutive years of dividend increases and 27 consecutive years without dividend cuts. I intend to maintain this legacy established by successive management teams to the extent possible.

Sakai: In addition to dividends, we've recently been actively pursuing share buybacks.

Cash Allocation



Comments from Director Shoji Miyamoto

We believe our ideal direction is to remain widely regarded by stakeholders as a company of choice, which aligns with our management philosophy of *kyosei**. Under AICA's 10 Year Vision and the Medium-Term Business Plan, we're pursuing management that emphasizes capital efficiency as part of our capital policy to achieve sustainable enhancements in corporate value, setting increased ROE and ROIC as our key management targets. While ROE can be improved through financial leverage, insights from a sustainability perspective, as noted in the dialogue, are also crucial, alongside optimizing the capital structure to minimize WACC. Regarding ROIC, we expect to clarify specific measures for improvement through the ROIC tree and continue our efforts in this area. Capital investments and M&As targeting growth must, of course, be thoroughly reviewed in advance. However, in today's environment of rapid change, post-investment evaluations and considerations for additional measures are equally important and highly desired.

* Please refer to page 3 for the meaning of *kyosei*.

Shoji Miyamoto
Outside Director
(Member of Audit and Supervisory Committee)

AICA’s 10 Year Vision and Medium-Term Business Plan

Medium-Term Business Plan > Capital Policy

We will implement a capital policy that emphasizes a balance among “improving of capital efficiency,” “focusing on shareholder returns,” and “maintaining financial soundness” in order to maximize enterprise value.

> Capital Policy (1): Improve capital efficiency

We believe capital efficiency-focused management is the most important factor in achieving sustained enhancements in corporate value. We will secure an equity spread that helps strengthen shareholder value by working with both management and those on the frontlines to create an ROE that exceeds the cost of equity and ROIC that surpasses the WACC. At the same time, we will focus our funds on high-impact capital and business investments that contribute to the creation and nurturing of growth businesses, ensuring sufficient free cash flow (FCF) and improving ROIC.

Since FY2023, Aica Kogyo has used the ROIC tree to promote understanding and penetration of ROIC-based management among employees and set goals related to expanding operating profit and improving the efficiency of invested capital. These goals have been integrated into the action plans of each department [\[See p. 27.\]](#). In FY2024, we also examined management and deployment methods that would contribute to the promulgation of ROIC-based management in group companies, and these were implemented in FY2025. In addition to the aforementioned efforts to improve profitability [\[See p. 21.\]](#), focusing on capital-efficient management led to an ROE of 10.1% and a ROIC of 9.6% in FY2024, with FCF maintained at a high level.

In May 2025, the ROE and ROIC targets in the Medium-Term Business Plan were raised. AICA will continue to enhance capital efficiency from both management and execution perspectives, aiming for sustainable growth and increased corporate value.

	Previous Medium-Term Business Plan	Current Medium-Term Business Plan		
	FY2022 (results)	Policy	FY2023 (results)	FY2024 (results)
ROE	ROE 6.9%	ROE > ROIC > WACC structure Create ROE and ROIC that exceed the cost of capital ROE 10% or more ROIC 9% or more	ROE 9.9%	ROE 10.1%
ROIC	ROIC 8.1%		ROIC 8.9%	ROIC 9.6%
	Equity cost 6.3%		Equity cost 6.2%	Equity cost 6.5%
	WACC 5.5%		WACC 5.6%	WACC 5.7%
FCF	10.79 billion yen	Secure free cash flow to support aggressive investment for growth and increased shareholder returns	20.90 billion yen	15.62 billion yen

> Capital Policy (2): Focus on shareholder returns

To achieve both shareholder returns and sustained company growth, we have adopted the policy of determining dividends based on a comprehensive consideration of consolidated performance, dividend payout ratio, and retained earnings for each fiscal period. In the current Medium-Term Business Plan, we have added new policies to ensure stable dividends and further enhance shareholder returns: specifically, maintaining progressive dividends without reducing dividends and the flexible share buybacks.

In FY2024, we declared an annual dividend of 126 yen (a 14 yen increase), marking the 27th consecutive year without dividend reductions and the 16th consecutive year of dividend increases. We also repurchased about 4 billion yen’s worth or 1.2 million shares of our own stock. In FY2025, we plan to raise the annual dividend to 136 yen (a 10 yen increase) and will repurchase up to 6 billion yen’s worth or 2.25 million shares of our own stock. We will continue to focus on improving capital efficiency and enhancing shareholder returns, with the goal of maximizing shareholder value.

	Previous Medium-Term Business Plan	Current Medium-Term Business Plan		
	FY2022 (results)	Policy	FY2023 (results)	FY2024 (results)
Dividends	Annual dividend of 109 yen	Maintain progressive dividends without reducing dividends	112	No dividend reductions for 27 consecutive years Increase in dividends for 16 consecutive years Annual dividend of 126 yen
Acquisition of shares	Acquired approx. 4 billion yen worth of treasury shares	Consider flexible share buybacks	—	Acquired approx. 4 billion yen worth of treasury shares

> Capital Policy (3): Maintain financial soundness

We believe building the management foundations needed for sustainable growth is predicated on financial soundness. In response to growing business risks in recent years, including rapid changes around the world and the prolonged pandemic, we have clarified the cash reserves necessary in the event of an emergency. Maintaining a strong credit rating is also essential for funding growth investment, even in challenging economic environments. For these reasons, we will seek to maintain an equity ratio of over 50% while utilizing interest-bearing debt.

In FY2024, the balance of cash and deposits corresponded to approximately 2.8 months of monthly sales, the equity ratio stood at 60.2%, and the long-term issuer rating from the Japan Credit Rating Agency (JCR) was maintained at A+. We will continue to maintain a sound financial base in a way well-balanced with efforts to improve capital efficiency.

	Previous Medium-Term Business Plan	Current Medium-Term Business Plan		
	FY2022 (results)	Policy	FY2023 (results)	FY2024 (results)
Cash and cash equivalents	50.99 billion yen (approx. 2.5 months of monthly sales)	Secure liquidity for about two to three months of monthly sales to strengthen our risk tolerance	62.02 billion yen (approx. 3.1 months of monthly sales)	59.57 billion yen (approx. 2.8 months of monthly sales))
Equity ratio Rating	58.1% Rating A*	Maintain an appropriate rating and an equity ratio of 50% or more	58.9% Rating A+*	60.2% Rating A+*

* Japan Credit Rating Agency (JCR)

> Investment Plan

In the current Medium-Term Business Plan, a total of more than 90 billion yen will be invested across four years for capital expenditures, business investments, R&D investments, environmental investments, and human capital investments.

Capital expenditures and business investments are sources of sustainable growth and operating cash flow. We will actively invest in markets in which growth is expected and areas in which our strengths can be applied to create and nurture new revenue streams that will drive sustainable growth. In FY2024, capital investment exceeded 9 billion yen, reflecting investments to expand production capacity, achieve automation and digital transformation, and implement facility upgrades to address aging equipment. Business investment included the acquisition of shares in ADB Sealant to increase competitiveness in the international adhesive business, although total investments fell short of plans. We will continue to expand our business domains and capture opportunities to achieve dynamic growth, including potential M&As in both the Chemical Products and Laminates & Building Materials segments, both in Japan and internationally.

The purpose of R&D investments is to strengthen our Chemistry and Design capabilities, the sources of value creation for AICA; to develop large-scale products to support future growth; and to create new products that align with market changes and needs. In FY2024, AICA expanded its lineup with various new products, including ceiling materials and high value-added products, to develop new markets, while pushing ahead with the development of SDG-oriented products. In March 2025, AICA established a technology to fix CO₂ into waste calcium silicate panel powder for use as raw materials. CO₂ is fixed as calcium carbonate within the product, making this a quasi-permanent sequestration solution.

On the non-financial side, AICA is focusing on climate change response and human capital investments to ensure sustainable growth and enhance corporate value. Environmental investments have targeted greenhouse gas emissions reductions to achieve carbon neutrality by 2050 through renewable energy adoption and energy efficiency measures [\[See pp. 49–56.\]](#). Human capital investment includes the development of globally competent human resources, leaders, and professionals, as well as environmental and system investment to promote diversity, equity, and inclusion and improve engagement [\[See pp. 57–66.\]](#).

	Previous Medium-Term Business Plan	Current Medium-Term Business Plan			
	FY2022 (results)	FY2023 (results)	FY2024 (results)	FY2023–2026 (forecast)	
				Annual average	Four-year cumulative total
Capital investment	8.69 billion yen	9.36 billion yen	9.21 billion yen	10 billion yen	40 billion yen
Business investment	10.45 billion yen	1.40 billion yen	3.71 billion yen	7.25 billion yen	29.0 billion yen
R&D investment	3.99 billion yen	4.07 billion yen	4.40 billion yen	4.37 billion yen	17.5 billion yen
Environmental investment	—	0.29 billion yen	0.44 billion yen	0.5 billion yen	2 billion yen
Human capital investment	0.87 billion yen	0.99 billion yen	1.14 billion yen	1 billion yen	4 billion yen



Senior Executive Officer,
CEO of AICA Asia Pacific Holding Pte. Ltd.

Discussion

Director and Senior Managing Executive Officer,
President of International Business Unit

Increasing International Business Competitiveness and Global Market Development Strategies

In this dialogue, Nobuyuki Omura, Director and Senior Managing Executive Officer and President of the International Business Unit newly founded in April 2025 and Lee Kin Seng, CEO of AICA Asia Pacific Holding Pte. Ltd. established in 2012 and leading the international chemical products business, discuss future strategies for AICA's international business.

Purpose of Establishing the International Business Unit in April 2025

Omura: Previously, AICA managed both Japanese and international group companies in a two-unit structure consisting of the Laminates & Building Materials Business Unit and the Chemical Products Business Unit. But now, with approximately 90% of our roughly 50 consolidated subsidiaries located internationally, the AICA management team felt it was necessary to have a better understanding of operations closer to the local level and to enable faster decision-making. Our goal is to promptly and effectively address a number of key issues, including strengthening governance and developing global management human

resources. We intend to oversee the international business as a whole by drawing on the management resources of the three regional headquarters companies: AAPH*¹, EMC*², and AALH*³.

To expand the successful model we built in Japan internationally, in which resins manufactured in the Chemical Products business were applied to the Laminates & Building Materials business, and to create synergies between the Chemical Products and Laminates & Building Materials segments, we recognized the need to view our operations not as separate businesses but cross-functionally, as one integrated international business unit.

Lee: So, the establishment of the International Business Unit represents a shift from management by business segment to management by region. Likewise, the AAP Group is

currently organized on a regional basis. In a complex and highly competitive market, where products are traded across borders, we strive to generate synergies between segments. With the establishment of the International Business Unit, we expect even greater synergies within the AICA Group between the Chemical Products Segment and the Laminates & Building Materials Segment. For example, the AAP Group manufactures and sells products in countries like China, Malaysia, Indonesia, Vietnam, and Thailand. Supplying resins, adhesives, and coated paper from the AAP Group to group companies involved in the laminates & building materials business that also operate in these regions makes it possible to strengthen ties. There are also opportunities to cooperate in areas like raw material procurement. Additionally, we believe we can expand into new markets by introducing new products and technologies that are currently handled only in Japan, including UV -curable resins for automobiles and high-performance resins for tunnel and bridge repair and reinforcement needs in various countries.

Strengths of the AAP Group

Omura: The AAP Group manufactures and sells adhesives and construction resins for both retail and industrial use in a number of Asian countries. The Group's strength in retail use products lies in its robust sales network, exemplified by AICA INDRIA in Indonesia. The Group's strength in industrial use products lies in its responsive development capabilities: each group company operates its own R&D center, allowing products to be customized to suit customer needs.

Lee: Another strength is the AAP Group's strong presence across the Asia-Pacific region, which ensures that companies are close to each market and capable of providing products to customers efficiently and effectively. The AAP Group operates R&D centers in Singapore, China, and Thailand, developing products to meet local market needs, and has also established operation and technology centers to support group companies in each country in the areas of new plant and equipment setup, as well as production efficiency improvements. In all its activities, building trust with and empowering local group companies is essential.

Omura: The AAP Group is also actively involved in M&A activities. In 2024, the Group acquired ADB Sealant Co., Ltd., a major adhesive manufacturer in Thailand. ADB Sealant manufactures and sells sealants for gap-fillers for building materials.

Lee: The acquisition of ADB Sealant was part of a strategy to broaden our retail product lineup and enhance synergies

within the AAP Group. The Group already has a strong brand and extensive sales networks in Indonesia, with high consumer recognition, which we believe we can draw on to sell ADB Sealant products.

Omura: In addition to generating higher profit margins, strong retail brands strengthen employee pride and motivation. My hope is that we can harness our own brand products to become market leaders.

Future M&A Strategy

Omura: In the future, we want to focus on large-scale M&A deals, particularly in the U.S., the world's largest market, and in India, which offers outstanding growth potential. In addition to geographic expansion, we regard M&As that broaden our business segments and technologies to be especially valuable. Of course, we'll also consider opportunities in our existing businesses if they contribute to AICA's growth.

One possible course for new international business is the horizontal expansion internationally of our existing Japanese business. This involves marketing internationally the Japanese technology products that we currently manufacture and sell only in Japan. In the Chemical Products Segment, these products include construction resins like wall coating materials, floor coating materials, and repair and reinforcement materials for civil engineering. While the Laminates & Building Materials Segment in Japan offers a diverse product lineup that we can provide for a wide range of building fields, the international operations are still heavily focused on high-pressure laminates. If we can draw on our attractive product lineup and space design capabilities, we can enhance the value of the AICA brand and expand our market share in international markets, where we're seeking to make up ground.

Lee: In recent years, the AAP Group has made a number of direct investments requiring substantial capital, including new plants and production lines, with the support of our parent company, Aica Kogyo. In the future, our medium-term strategy will be to focus on M&A initiatives that contribute to geographic expansion, product diversification, and brand enhancement.

Human Capital and Climate Change Measures in International Group Companies

Omura: The AICA Group currently has more than 5,000 employees, approximately 70% of whom work at

*1 AAPH: AICA Asia Pacific Holding *2 EMC: EVERMORE CHEMICAL INDUSTRY *3 AALH: Aica Asia Laminates Holding



international group companies. M&A activities have made it possible to take on employees with diverse cultural backgrounds, and I believe sharing AICA's values across the Group by encouraging active interaction among employees will be essential. Aica Kogyo conventionally focused on the Japanese market, so its expertise in international business isn't fully developed yet. We want to build an organizational culture in which all AICA Group employees work with the same mindset, as one family. When employees understand that they are equal members of the AICA family, it fosters pride and joy in their work and creates work environments in which talented individuals can thrive over the long term. To achieve our international business sales target of 150 billion yen, it will be essential not just to pursue "hard" initiatives, like generating synergies between the Chemical Products and Laminates & Building Materials segments, but to build the "soft" side of the organization, allowing colleagues of different nationalities, cultures, and religions to work together with the same dreams and values. In the future, we hope to strengthen and expand our international business from both perspectives.

Lee: The AAP Group currently has some 2,000 employees. Given that they make our business possible, it's vital that we build an organization capable of supporting sustainable and

ambitious growth. Enhancing employee satisfaction, unity, and motivation is the key. The AAP Group has identified the four key values of Customer Focus, Care, Integrity, and Excellence, based on Aica Kogyo's policy, and we promote these as shared values while also providing a dedicated AAP Group portal that gives employees access to information. We also hold regular field-specific meetings across AAP Group companies to share knowledge and technologies and to stimulate communication. These initiatives foster cross-border learning and individual skills development. In 2024, we launched the China AICA Academy to develop leaders capable of serving as the next generation of management for our China operations. We plan to expand similar leadership development programs to other countries.

Omura: On the topic of climate change initiatives, there are still relatively few customers in Southeast Asian markets who select products because they are decarbonized or low-carbon. However, environmental considerations are now a de facto standard, and our international group companies understand their importance and are actively addressing these issues.

Lee: Many of the raw materials used in the Chemical Products Segment are derived from petrochemicals, so there's a pressing need for us to introduce climate change initiatives. We're already working to reduce our own greenhouse gas emissions by improving energy efficiency, adopting renewable energy, and promoting recycling. But it will also be essential to collaborate with raw materials suppliers so that we are prepared to meet customers' decarbonization requirements in a timely manner.

Omura: In the near future, as environmental awareness grows in Southeast Asia, the AICA Group's track record of steadily addressing climate change may translate into new business opportunities. We will continue to monitor environmental regulations and customer needs in each country, allowing us to respond appropriately.

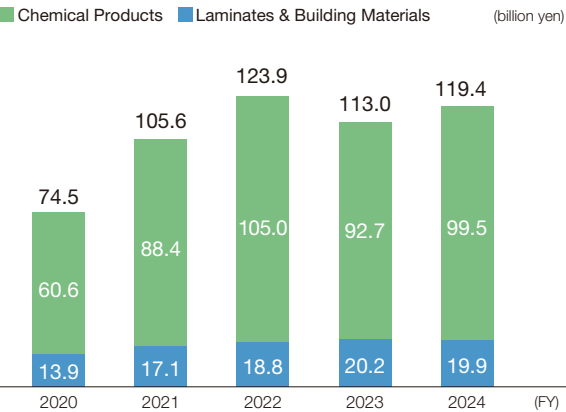
➤ Overview of International Business

In April 2025, AICA established the International Business Unit. This oversees the Aica Asia Pacific Group, the Evermore Chemical Group, and AICA America in the international Chemical Products segment, and the Aica Asia Laminates Group in the international Laminates & Building Materials segment. The business unit promotes joint efforts that transcend segments.

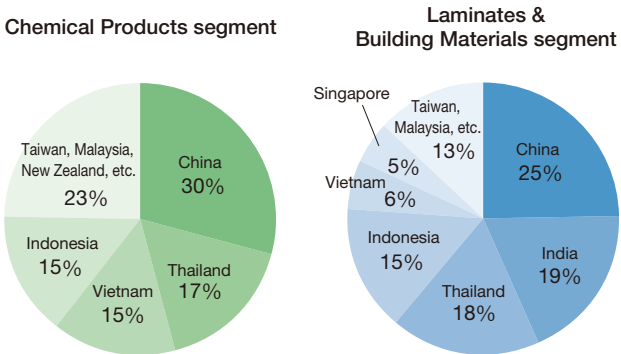


International business results

Trends in international business net sales



FY2024 international net sales ratio by country/region



Comments from Director Hiroshi Kanie

AICA's future growth depends on expanding into international markets, where considerable room remains for growth. Until now, AICA has expanded its sales channels and diversified its product lineup primarily in Asia through its strengths in M&A activities. The Chemical Products and Laminates & Building Materials Business Units, however, have tended to operate as separate vertical structures. The establishment of the International Business Unit is intended to cut across these vertical structures and operate in a matrix format. This will require delegating authority to ensure speed while strengthening governance, and will also require drawing on our successful track record in Japan to appeal effectively to environmentally conscious customer segments at the appropriate time.

Harnessing synergies between the Chemical Products and Laminates & Building Materials Business Units will make it possible to strengthen the AICA brand internationally and foster group unity. This will pave the way for further expansion from India into the Middle East, Europe, and the United States.



Hiroshi Kanie
Outside Director

Business Overview



We will continue to drive reforms while expanding our lineup of high value-added products and promoting business growth in emerging fields.

Katsunao Sato
Executive Officer
President of Chemical Products Business Unit

Products that meet market needs are performing well. We plan to continue structural reforms to improve profitability and to expand our lineup of high value-added products to meet changes in markets and in the social environment. We also plan to focus on developing next-generation flagship products, including those addressing climate change, and on creating new businesses to drive further business growth.



We will expand internationally by horizontally deploying the successful Japanese model of growth through joint efforts involving the Chemical Products and Laminates & Building Materials segments.

Nobuyuki Omura
Director and Senior Managing Executive Officer
President of International Business Unit

Internationally, expansion of the Chemical Products segment had taken the lead, but we have also been increasing our Laminates & Building Materials segment sites recently. We plan to deploy Japan's successful model internationally, accelerating the growth of both segments through partnerships and other joint efforts. At the same time, we will continue to develop international markets with a lineup of differentiated products based on Japanese technologies.



We are targeting ongoing growth while continuing to add to AICA's strengths and competitiveness.

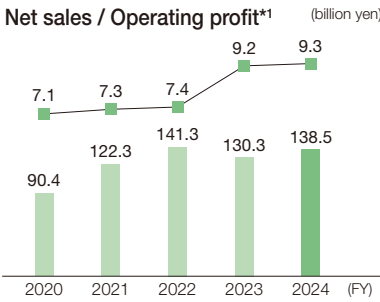
Yuji Iwatsuka
Director and Managing Executive Officer
President of Laminates & Building Materials Business Unit and responsible for Laminates & Building Materials Segment

A number of high value-added products, all drawing on AICA's strengths, are driving strong growth. We will continue refining these products to make them even more competitive, and will continuously create added value and accelerate our market appeal to achieve further profit growth.

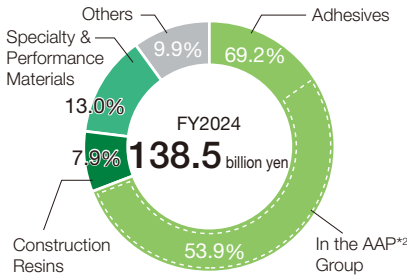


Chemical Products segment

Business Performance

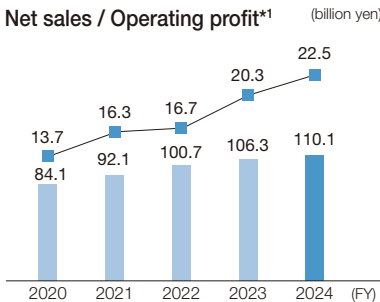


Sales by Product Range

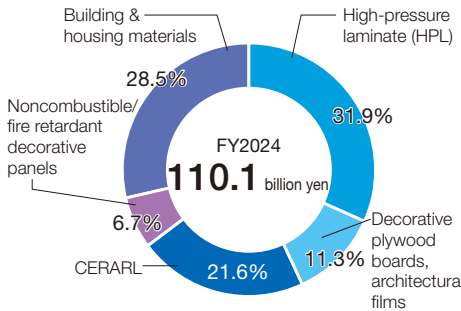


Laminates & Building Materials segment

Business Performance



Sales by Product Range



FY2024 Results

We continued to promote profitability improvements across the group while working to boost sales volumes and improve the product mix. Despite sluggish demand in certain markets, the closure of a plant in Singapore, and other factors, products, including floor coating materials for factories and data centers, as well as automotive products like hot melts and high-performance film, performed well. Sales in all product categories exceeded the results for the previous fiscal year.

Challenges

- Fluctuations in raw material prices, energy costs, and exchange rates
- Market downturn in certain applications due to economic trends
- Developing next-generation flagship products and creation of new business, including those addressing climate change
- Accelerating the growth of international operations

Responses

- Improving profitability, productivity, and operational efficiency through ongoing structural reforms
- Expanding and promoting high value-added products, including AS products*3 and SDG-oriented products in both Japanese and international markets
- Allocating management resources to the development and nurturing of next-generation flagship products
- Generating group synergies that transcend segment boundaries

FY2025 Targets

Net sales **145.6** billion yen

Operating profit*1 **9.9** billion yen

FY2025 Policy

Japanese market

- Driving business growth by expanding sales volumes and developing new customers, for adhesives, focusing on hot-melt and biomass products; for construction resins, focusing on wall coating materials for the renovation market and floor coating materials for factories and warehouses, and repair and reinforcement materials for infrastructures; and for specialty and performance materials, focusing on 3D decorative film for automotive applications
- Expanding sales and improving profitability by strengthening the lineup of high value-added products such as those that address climate change, enable simpler installation, and are designed with worker health in mind

International market

- Expanding adhesive business by making use of new and expanded production facilities as well as new Group member ADB Sealant
- Expanding Group synergies in Chemical Products through retail business expansion and improvements in product mix
- Creating new Group synergies by strengthening joint efforts with the AAL*4 Group

FY2024 Results

High value-added products, including high-pressure laminate, which boasts the leading market share in Japan, and CERARL CELLENT sophisticated-design wall material, performed well in our Japanese business. Product mix improvements, price revisions, and cost reductions also contributed to higher sales and profits. In the international business, while solutions and expanded sales targeting middle- to high-end segments in line with local demand trends drove strong performance in Thailand and Indonesia, the unavoidable market downturn in China resulted in lower sales but higher profits.

Challenges

- Rising raw material and energy costs
- Construction delays and declining demand due to shortage of skilled workers, along with a decrease in new house builds
- Evolving market needs and increasing social demands, including responding to climate change
- Dependence on high-pressure laminate and CERARL in the Japanese market
- Accelerating growth in international business

Responses

- Developing and expanding high value-added products and construction methods that reduce total costs, including simplified installation and maintenance
- Developing and expanding sustainable products, including AS and SDG-oriented products to help create a sustainable society
- Developing next-generation flagship products and development/expansion of products for floors and ceilings
- Generating group synergies that transcend segment boundaries

FY2025 Targets

Net sales **119.4** billion yen

Operating profit*1 **23.9** billion yen

FY2025 Policy

Japanese market

- Expanding sales volumes by proposing AS products to clients and architects and by strengthening digital marketing
- Enhancing product strength by expanding product lineups and growing the Smart Sanitary business by improving CS through measures that enhance the showroom visitor reception system

International market

- Enhancing brand strength for high-end products while deploying Japanese technologies and expanding sales networks to strengthen market share
- Creating new group synergies by strengthening joint efforts with the AAP and EMC*5 groups

*1: Operating profit before deducting unallocated operating expenses *2: Aica Asia Pacific *3: Aica Solution products *4 Aica Asia Laminates *5 Evermore Chemical

TOPICS | Chemical Products segment

Japanese market Expanding the lineup of high-performance floor coating materials in response to surging semiconductor plant and data center construction

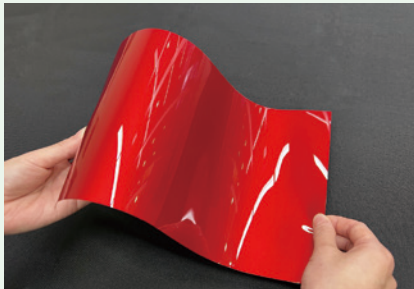
The construction of semiconductor plants, data centers, and other facilities nationwide has surged in recent years. Advancements in the construction of state-of-the-art facilities to support GX and DX have led to requirements for floor materials of even higher performance. Against this backdrop, we have expanded our lineup by adding products and methods tailored to meet diverse requirements, including functions suitable for specific plants, simplified installation processes to address the shortage of skilled workers, and environmentally-friendly features. Proactive proposal and promotional activities have also enabled us to significantly increase sales for the second consecutive year. Our presence in the industry is growing, and we aim to further expand sales and increase our Japanese market share.



Example of Jolyace floor coating material installation

Japanese market 3D decorative films for automobiles awarded the NIPPON Brand Award at the 2024 'CHO' MONODZUKURI Innovative Parts and Components Awards

Roughly 25% of CO₂ emissions generated by automobile manufacturing is reportedly attributable to the painting process^{*1}, which has increased interest in decorative films as an alternative to paint. We were the first in the industry to successfully develop exterior-use products, and were awarded the NIPPON Brand Award at the 2024 'CHO' MONODZUKURI Innovative Parts and Components Awards in recognition of our 'elimination of painting' concept and contributions to reducing CO₂ emissions, labor, and costs while improving efficiency. In addition to promoting the expansion of sales for interior-use products, we are also working to make exterior-use products suitable for real-world use at the earliest possible date, and plans to grow the business to a scale of 5 billion yen in sales for both interior and exterior applications by FY2031.



Lumiart 3D decorative film, expected to replace exterior automotive coatings

^{*1}: Base electrodeposition-coating, followed by middle and top coats, each with repeated drying steps, results in high CO₂ emissions.

Global market Expanding production facilities in Thailand and China to meet growing demand for high-performance hot-melt products

Renewed demand for hot melts has emerged as both human- and eco-friendly adhesives. AICA has sold these products since 1966 and worked steadily to expand the lineup, including joint development efforts among group companies. In recent years, the production of headlamp sealants has increased to meet growing automobile production in Asia. Sealants that allow easy disassembly, meaning end products can be easily dismantled for recycling, are expected to drive further sales growth. Some 700 million yen is currently being invested to expand production facilities at AICA Thai Chemical and KUNSHAN AICA KOGYO. Test operations are scheduled to begin during 2025, doubling production capacity at both sites. By FY2030, our plans to increase groupwide sales of high-performance sealants to 2.6 billion yen, approximately double the FY2023 level.



AICA Thai Chemical (top) and KUNSHAN AICA KOGYO (bottom)

International market EMC^{*2} Group sales of UV-curable resins for packaging and polyurethane resins for textiles performing strongly

The EMC Group has invested in UV-curable resin production facilities. Demand for these resins, which cure rapidly at low temperatures, thus raising productivity and lowering energy demand, is increasing over a wide range of applications, including the previously-mentioned 3D decorative films. In FY2024, sales for packaging applications that require durability and aesthetic appeal increased significantly. The group is targeting continuing growth through expanded sales and group synergies.

EMC draws on its outstanding polyurethane resin synthesis technology to address diverse needs in footwear, textiles, and daily-use products under the Life & Sports banner. Despite intense competition, customers have been switching from rival suppliers, and sales of polyurethane resins for textiles have performed well. EMC will continue to focus on expanding applications and international development to drive further growth.

^{*2} Evermore Chemical



Representative example of UV-curable resin for packaging (concept rendering)

TOPICS | Laminates & Building Materials segment

Japanese market Smart Sanitary custom washstands performing well, with expanded product displays at all showrooms

Smart Sanitary custom washstands for residential applications continued to perform well in FY2024. As an HPL panel manufacturer, AICA offers a wide range of surface materials characterized by premium design and functionality. Developing and producing products for non-residential markets has allowed us to build an efficient system for handling customization, including precise size specifications to millimeter tolerances and a wide variety of patterns. This enables us to offer washstands with a custom-built feel at an accessible price. Combining the advantages of ready-made and custom-made products, the custom-style concept has drawn attention as a new category, with Smart Sanitary continuing to grow as a pioneering product. The number of visitors to our showrooms has increased in recent years, making appointments harder to secure, particularly on Saturdays. In response, AICA has expanded the display areas for this product more than 2.5-fold across its four showrooms nationwide. This is intended to enhance both product appeal and customer satisfaction and drive continuing growth.



Smart Sanitary display area at AICA Tokyo Showroom

Japanese market Expanding CERARL CELLENT, MELAMINE TILE, and other sophisticated design products to capture non-residential market demand

Sophisticated design products that faithfully reproduce the textures of natural wood, stone, and mortar have seen increased sales, particularly in the non-residential market. CERARL CELLENT is an enhanced version of CERARL core melamine fire retardant decorative panel featuring a more sophisticated design. It offers realistic textures that have led to repeated adoption by certain designers, contributing to sales growth. A substantial matte sealant was also launched to eliminate the gloss differences with wall panels encountered with traditional sealants, preserving aesthetic integrity. This product received the GOOD DESIGN AWARD 2024 as it was "highly anticipated by architects and interior designers"; it was also selected to the GOOD DESIGN BEST100 list of the

top 100 entries. The MELAMINE TILE flooring material is opening new markets and has gained traction due to its durability, low maintenance, and realistic matte texture, all characteristics ideal for premium spaces. Drawing on our strengths, we will continue to expand our sophisticated design product lineup and capture demand in the non-residential market.



Installation of CERARL CELLENT and sealing material awarded the GOOD DESIGN AWARD



MELAMINE TILE installed in a prime urban super-market in front of Hakata Station

International market Thailand drives performance with its large mid- to high-end market; targeting further market share expansion in Southeast Asia

The Thai market represents Southeast Asia's largest consumer region for high-pressure laminate. Vigorous demand in Thailand resulted in higher sales. AICA Group's leading position in Japan is partly due to its ability to adjust resin formulations, thereby modifying functionality and texture to meet market needs. Although each product incorporates trend-based design, design trends change rapidly and differ by country and region. For this reason, the design planning function for the global market has been moved from Tokyo to Aica Asia Laminates Holding in Thailand, the holding company that oversees the international Laminates & Building Materials business. Aica Asia Laminates Holding, in Thailand. This is intended to allow rapid response to local trends. Drawing on the international expansion of Japanese technologies and the distribution network of the Wilsonart brand, already established as a high-end brand in Asia, has enabled us to secure the No. 2 market position in Thailand and expand market share in other countries. AICA plans to significantly expand and increase market share by combining the deployment of Japanese quality with responsiveness to local needs.



AICA/Wilsonart brands exhibited at Southeast Asia's largest construction technology exhibition

Feature: SDG-Oriented Products and AS Products

By providing products that help solve social issues, we contribute to the formation of a sustainable society.

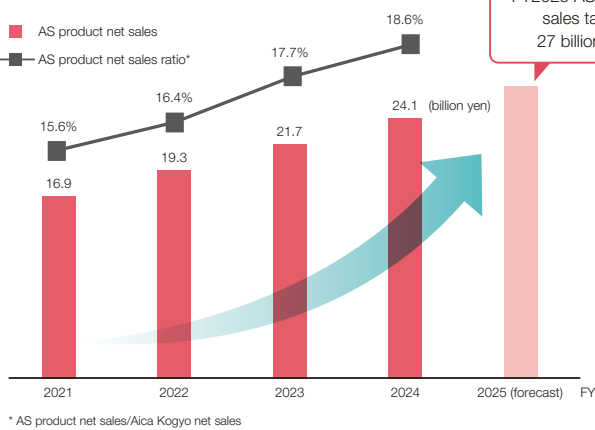
At AICA, we pursue a Corporate Philosophy by which we create new value and contribute to society through continuous innovation in the spirit of our philosophy of *kyosei**. To manifest this philosophy in action, we take social issues earnestly and focus on developing and providing products that contribute to solving them. In order to make these efforts more tangible, we have organized the characteristics of our products in relation to the SDGs as shown below, and defined them as "SDG-Oriented Products."

SDG-oriented products range from products whose sales strengthen earnings stability to those positioned to achieve future growth with the long-term perspective in mind. Products intended to drive short- to medium-term growth in the Japanese market are designated AS products (i.e., Aica Solution products).

We will continue to expand these products by leveraging our strengths in Chemistry and Design, aiming to contribute to the creation of a prosperous society while enhancing our company's sustainability.

* Please refer to page 3 for the meaning of *kyosei*.

AS product net sales trends



AS product examples

Smart Sanitary custom washstands

Features contributing to SDGs

- High Durability and Low Maintenance
- Easier Construction
- Effective Use of Forest Resources

Lumiart high-performance film

Features contributing to SDGs

- Energy Conservation

Characteristics of SDG-Oriented Products

Environmentally-friendly

Minimize environmental impact, use natural resources responsibly, and contribute to the establishment of a circular society

- Recycling and Waste Reductions
- Biomass
- Effective Use of Forest Resources
- Stone Resource Conservation

People-friendly

Provide products that are user-friendly for all, ensuring minimal hassle.

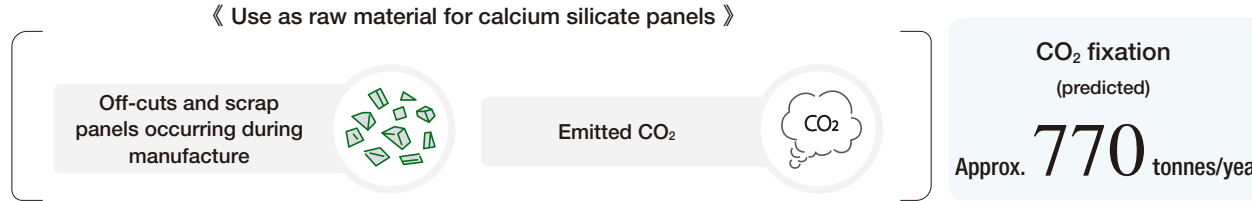
- High Durability and Low Maintenance
- Energy Conservation
- Fire Prevention and Resistance
- Extending the Service Life of Buildings
- Solvent-Free
- Virus and Bacteria Control
- Easier Construction
- Health and Comfort-Conscious Spaces
- Universal Design

Left: Features of SDG-Oriented Products
Right: 17 SDG targets

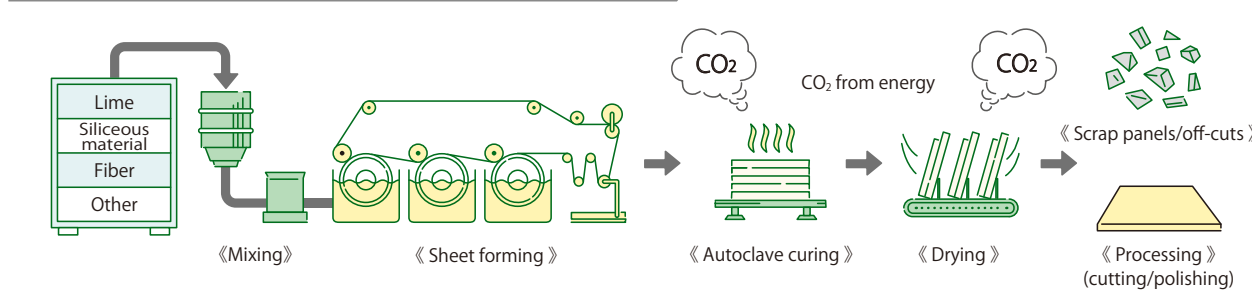
Examples of How an SDG-Oriented Product Contributes to the SDGs

Technology for Fixing CO₂ in Calcium Silicate Panels

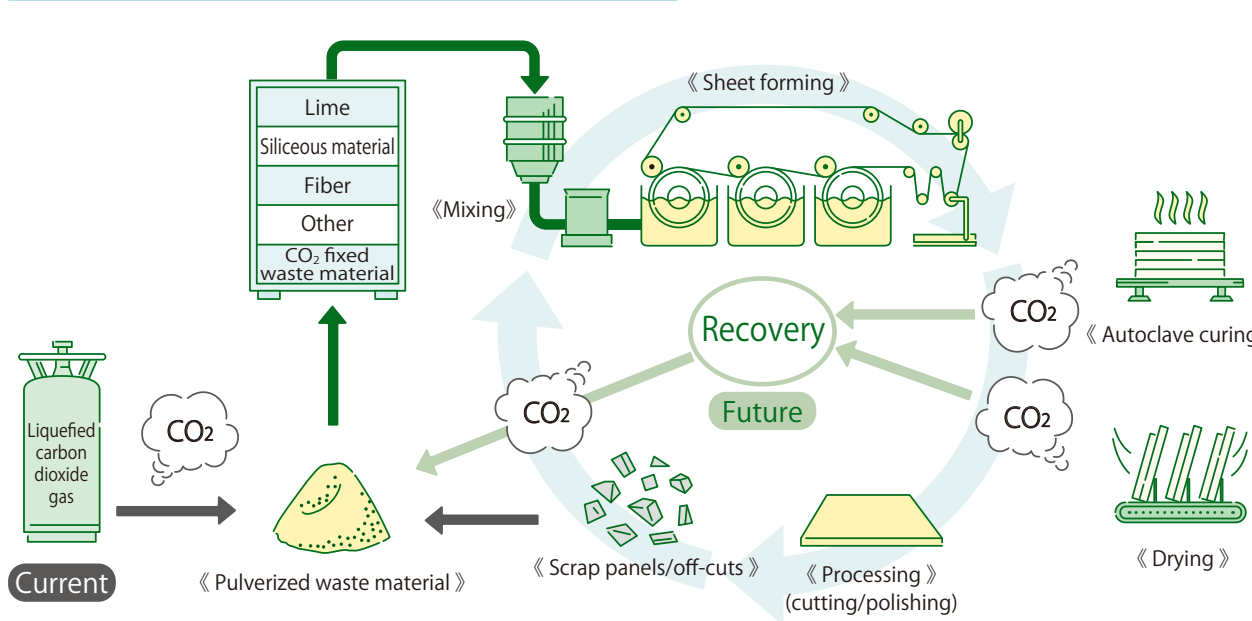
AICA has developed a technology for fixing CO₂ in calcium silicate panel powder for reuse as raw materials for new products. Since the CO₂ is fixed in the product as calcium carbonate, it remains sequestered quasi-permanently. Estimates indicate some 200 to 300 g of CO₂ can be fixed in a single 3 × 6 (910 mm × 1,820 mm) calcium silicate panel measuring 6 mm in thickness. Applying this technology to all calcium silicate panels manufactured by our company would fix approximately 770 tons of CO₂ per year.



Linear manufacturing process (traditional manufacturing process)



Circular manufacturing process (ideal manufacturing process)



* Liquefied carbon dioxide gas is currently used to feed CO₂. In the future, CO₂ from boiler exhaust gas within the process will be recovered and condensed for use.

What are calcium silicate panels?

Calcium silicate panels are noncombustible building materials manufactured mainly from siliceous raw materials such as silica sand and calcareous raw materials such as lime. Due to their dimensional stability and cost performance, they are used as wall materials in a wide range of spaces, from educational, medical, and nursing care facilities to commercial buildings, warehouses, factories, and residences. The panels are hardened using an autoclave curing process in which chemical reactions are accelerated under high-temperature and high-pressure conditions.

Sustainability Policy and Framework

Basic Approach to Sustainability

We recognize that it is our mission to fulfill the social responsibility required of corporations and to promote activities that enhance the sustainability not only of our company but of the entire global environment. In April 2021, we established a Sustainability Policy to clearly indicate our basic principles and policies related to sustainability management. We will foster common Group values by placing them as equivalent to our Corporate Policy.

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

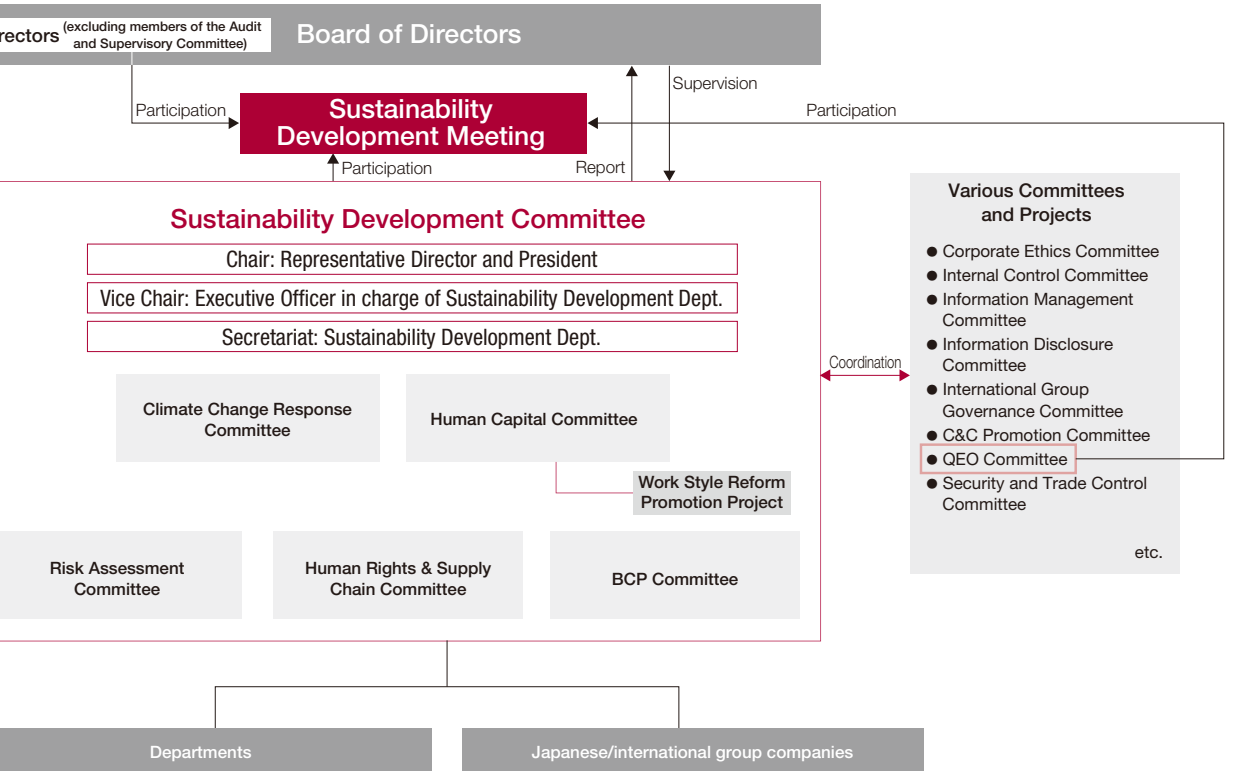
We emphasize dialog with stakeholders, including customers, employees, shareholders, suppliers, business partners, local communities, and local governments, and respond promptly to social needs and changes.

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.

Sustainability Development Framework

A Sustainability Development Committee has been established as the central body for the development of more in-depth sustainability. The entire Group is working to achieve materiality goals that integrate our business activities. In April 2024, the framework was partially reorganized by establishing five committees within the Sustainability Development Committee to enhance implementation capabilities. A newly established Sustainability Development Meeting, at which directors attend for discussion, will strengthen oversight functions. Representatives from group companies also participate in this council and engage in discussions to achieve the materiality goals.



(As of September 2025)

Key Roles and Departments in Charge of Committees

Organization	Areas covered	Department in charge
Climate Change Response Committee	Study and implementation of fundamental measures to reduce greenhouse gas emissions	Sustainability Development Dept.
Human Capital Committee	Study and implementation of human resource strategies centered on Human Resource Development, Diversity and Inclusion, and Engagement, identified as key initiatives in the Medium-Term Business Plan (absorbing the Diversity Promotion Project and Workstyle Reform Project)	Human Resources Dept.
Risk Assessment Committee	Classification and analysis of risks and management of the Risk Assessment Council (with roles previously handled by the Risk Assessment Council secretariat transferred to this committee)	Corporate Planning Dept. and Sustainability Development Dept.
Human Rights and Supply Chain Committee	Study and implementation of responses to social demands related to human rights (establishing and implementing human rights due diligence, examining conflict minerals procurement policies and methods for verifying timber sustainability)	Legal Dept. and Purchasing Dept.
BCP Committee	Formulation and revision of BCP plans to address large-scale disasters and cyberattacks; implementation of drills (BCP Committee reorganized as a committee)	Sustainability Development Dept.
QEO Committee	Formulation of policies and objectives and progress management based on the QEO Management System, which integrates the operation of the Quality Management System (Q: ISO 9001), Environmental Management System (E: ISO 14001), and Occupational Health & Safety Management System (O: ISO 45001)	Quality Assurance Dept./ Sustainability Development Dept.

Toward Integration of Business Activities and Sustainability

“Kyosei” is a word that we place at the core of our Corporate Philosophy, and we work hard to embody this philosophy by helping to solve various social issues. Recognizing that this ideology has much in common with the voluntary action principles of “human rights,” “labor,” “environment,” and “anticorruption” of the United Nations Global Compact (UNGC), we announced our support of the UNGC in 2018. With this announcement, we committed to proactively addressing the Sustainable Development Goals (SDGs) adopted by the UN and embarked on activities aimed at achieving those goals. We have identified issues to be addressed as materialities, taking into account various social issues, including the SDGs. By setting targets for each materiality and incorporating them into the Medium Term Business Plan, we aim to integrate our business activities and sustainability promotion activities.

* Please refer to page 3 for the meaning of kyosei.



Incorporating sustainability-related indicators into director remuneration evaluation metrics

As an incentive to accelerate sustainability initiatives, indicators related to climate change and human capital have been incorporated into the quantitative evaluation metrics for performance-linked remuneration of directors (excluding directors who are Audit and Supervisory Committee members and outside directors). The adopted indicators are the greenhouse gas reduction rate and the engagement score. In the future, we will continue to consider adopting more effective indicators, as well as improve mechanisms that lead to sustainable growth and enhanced corporate value.

Sustainability Development Committee

As mentioned earlier, the Sustainability Development Committee was established in FY2024. Meetings were held twice in FY2024, in September and March, with approximately 40 participants from Aica Kogyo and group companies. The presentations from each committee generated lively discussions among the President and Executive Officer, directors, and group company representatives, while the conference served as an ideal forum for fostering shared awareness of issues related to achieving the materiality targets. These meetings will continue as part of efforts to steadily promote sustainability activities across the group and accelerate the implementation of sustainability management.



Risk Management

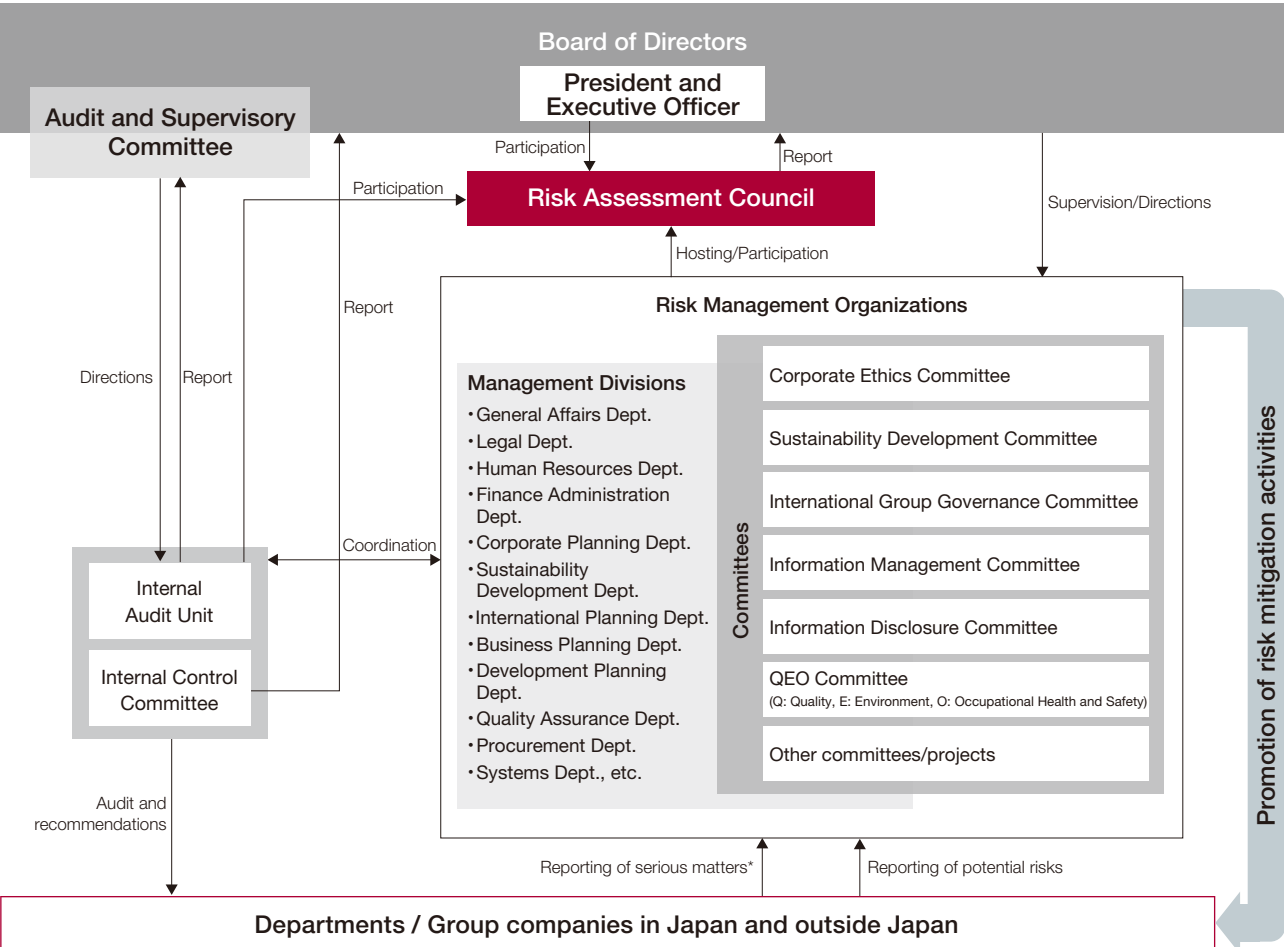
Basic Approach to Risk Management

In order to mitigate losses due to unforeseen events, we established a Risk Assessment Council, which is attended by the President and the heads of the organizations responsible for managing each risk. A Group-wide risk survey is conducted once a year, which includes group companies, and the appropriateness of the likelihood of occurrence and magnitude of impact of risks reported by each company and division is discussed by the Risk Assessment Council, and the status of management of each risk is confirmed. Risks identified as important are disclosed as “Business Risks” after discussions at the Board of Directors.

From FY2024, based on the importance of initiatives related to risk management, the secretariat of the Risk Assessment Council was reorganized into the Risk Assessment Committee within the Sustainability Development Committee. The latter committee is chaired by the President and Executive Officer. [See p. 41.](#)

Risk Management Structure

(As of September 2025)



* As rules for the reporting of serious matters, we have two regulations—an internal whistleblowing system (to report compliance issues to the Corporate Ethics Committee Window) and the Company's own reporting rules (urgent reporting of critical matters to the Chairman and President).

Business Risks (For details on each risk, please refer to our website.)

- 1 Risks related to global economic fluctuations
- 2 Risks related to response to changes in the market and customer needs
- 3 Risks related to dependence on construction and renovation demand in specific sectors
- 4 Risks related to capital tie-ups such as M&A
- 5 Risks related to price fluctuations and supply shortages of key raw materials
- 6 Risks related to product quality and product liability
- 7 Risks related to facility modification/abandonment and site restrictions
- 8 Risks related to outflow of intellectual property and infringement of other companies' rights
- 9 Risks related to insufficient capacity of logistics network and rising logistics costs
- 10 Risks related to on-time delivery in full (OTIF)
- 11 Risks related to creditworthiness of business partners
- 12 Risks related to financial and taxation matters
- 13 Risks related to exchange rate fluctuations
- 14 Risks related to the occurrence of major disasters and accidents
- 15 Risks related to environmental wellbeing
- 16 Risks related to climate change
- 17 Risks related to human capital
- 18 Risks related to information security and IT infrastructure
- 19 Risks related to compliance

Crisis Management Regulations

In our Crisis Management Regulations, we have established the measures to be taken when Aica Kogyo or any of our Group companies is faced with a business management crisis. We uphold the following basic policies: (1) Ensure the safety of employees and their families, (2) Mitigate social and economic impact, (3) Fulfill our responsibility to supply products to customers, and (4) Support local communities. We specify the scope of a given crisis, rules for reporting crises when they occur, and the establishment of crisis response headquarters to ensure prompt and appropriate responses and mitigate damage when crises occur. In anticipation of increasingly likely major earthquakes (e.g., the Nankai Trough Earthquake), we have reviewed the relevant Earthquake Hazard Prevention Regulations and established a system for implementing prompt and appropriate disaster prevention measures based on earthquake-related information released by government agencies.

Regulations Related to Crisis Management

Name of Regulation	Description
Earthquake Hazard Prevention Regulations	Response to earthquake disasters
Wind and Water Hazard Prevention Regulations	Response to wind and flood damage
Product Safety Management Regulations	Handling of product complaints where accidents have occurred
MS Emergency Response Regulations	Response to plant fires and environmental problems
Information Management Regulations	Response to leaks of confidential information

Business Continuity Plan (BCP)

We have established a BCP Committee under the Sustainability Development Committee to ensure that important business operations will not be interrupted by major disasters or accidents and that, in the event of interruptions, we are able to resume important operations with sufficient reserve capacity by the target recovery time. Based on a focus on strengthening disaster prevention measures, the BCP Committee works to establish and review the BCP. BCPs are steadily being formulated for sites added through M&A, while drills are organized at least once a year at sites that have already formulated BCPs. These BCP drills involve specific disaster scenarios intended to remind each employee of his or her role, the skills required, and points to be improved, while building a system that will result in faster production recovery in the event of an emergency. On the release of the Nankai Trough Earthquake Emergency Information following the earthquake off Miyazaki Prefecture in August 2024, we established the Central Disaster Prevention Headquarters, headed by the President. The Headquarters facilitate companywide information-gathering and effective response while helping us reaffirm our action plans for major earthquakes.

Also, based on the lessons learned from the flood damage to our Hiroshima Plant resulting from the torrential rains of July 2018, we have conducted BCP drills for flooding at four sites with higher flood risks (Nagoya, Jimokuji and Hiroshima plants of Aica Kogyo and Nagoya plant of AICA TECH KENZA), based on hazard maps.

Risk Management in M&A (Due Diligence)

We make active use of M&A as an approach to expanding business and improving profitability. But depending on the company being acquired, there is an inherent risk that the expected benefits and synergies may not be realized and that business performance is negatively impacted. To minimize such risks, the President and Executive Officers in charge have overseen the establishment of a project structure that includes the Corporate Planning, Legal, and Finance and other departments to comprehensively examine management policies, organizational and cultural compatibility, finance and taxation, legal matters, compliance, human resources and labor relations, intellectual property, and the environment, while assessing synergies and growth strategies in production, technology, and sales. Appropriate due diligence is carried out to ensure sustainable growth in corporate value.

Information Security

The AICA Group is committed to information security according to our Basic Policy on Information Security, by which we protect not only customer information but also the information assets of each company from threats such as accidents, disasters, crimes, and cyber attacks, to live up to the trust of customers and society, and to reduce business continuity risk, legal risk, reputational risk, etc.

Basic Policy on Information Security

Article 1

The AICA Group will strive to improve and enhance information security systematically and continuously under the leadership of management.

Article 2

In order to maintain and improve information security, the AICA Group has established an Information Management Committee within Aica Kogyo, and each Group company also takes appropriate information security measures.

Article 3

Employees of the AICA Group shall endeavor to acquire the knowledge and skills necessary for information security, pay close attention to the information assets of each company, and promptly report any threats or violations of information security to management.

Article 4

The AICA Group will comply with all laws, regulations, norms, and contractual obligations related to information security.

Article 5

The AICA Group will endeavor to implement information security measures necessary to prevent accidents such as unauthorized access, destruction, information leakage, falsification, and cyber attacks on information assets.

Article 6

The AICA Group will strive to improve information security literacy for all employees and to provide education to realize the appropriate handling and management of information assets.

Article 7

The AICA Group will strive to continuously improve its information security management by regularly evaluating and reviewing the above initiatives.

Article 8

In the event of a violation of laws and regulations, a breach of contract, or an accident related to information security, the AICA Group will respond appropriately and strive to prevent recurrence.

- Basic Policy on Information Security

We created and circulated the IT security handbook to strengthen employee security awareness. Together with Group companies, we carried out email drills simulating targeted attacks and security training via e-learning.
- Collaboration with Group companies

An IT Governance Meeting is held twice a year to exchange information between group companies.
- Supply chain initiatives

Vulnerabilities from an attacker’s viewpoint are shared based on public information, with proposals and follow-up actions deployed to achieve continuing improvements.
- Information security risk assessment and monitoring

Security rating services and ASM (Attack Surface Management) are used to continuously quantify, monitor, and reduce security risks.

Compliance

Basic Approach to Compliance

The AICA Group is firmly committed to complying with local laws and regulations and conducting its business activities ethically at all of its sites. The AICA Group Code of Conduct forms the foundation of the Group’s compliance program. It has been established with the objective of realizing our Corporate Philosophy and Business Plan in accordance with our Corporate principle of Challenge & Creation. We have also established Action Guidelines, which set out specific standards for conduct in accordance with the Code of Conduct.

AICA Group Code of Conduct Basic Principles

1 Compliance with laws and regulations

2 Respect for human rights

3 Harmony with society

4 Fair business practice

5 Customer’s security and trust

6 Proper information disclosure

7 Protection of company information and property

8 Environment and safety

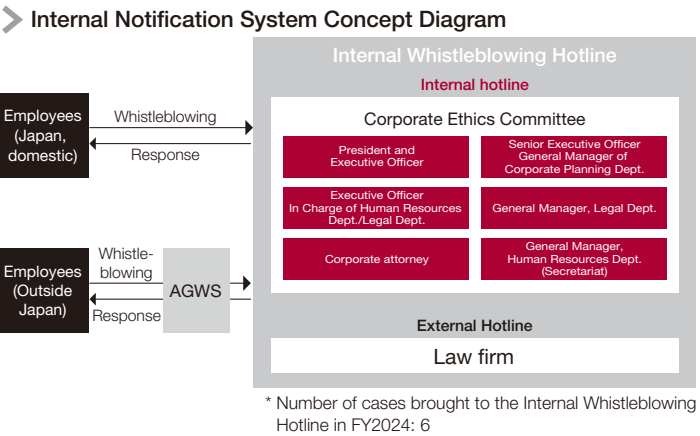
Compliance Education

To raise awareness about compliance among employees, the AICA Group utilizes the AICA Group Code of Conduct and Action Guidelines at all locations, including Group companies, to conduct training at each work site. In this training, we thoroughly instill in our employees a consciousness of the positioning of the AICA Group Code of Conduct and Action Guidelines and the significance and necessity of compliance. We measure the level of employees’ understanding through training reports and also confirm any requests made by employees. We also use the AICA Compliance Casebook, which explains the AICA Group Code of Conduct in an easy-to-understand manner, to ensure that training content better reflects daily activities. Through training, all AICA Group employees raise awareness among their peers, strive to comply with the laws and regulations and contents of the AICA Compliance Casebook, and act responsibly and properly at all times and in all situations.

In addition, the Legal Dept. and the Human Resources Dept. play a central role in traveling around to all of the branch offices, plants, Group companies and other sites to provide instruction on the importance of compliance through Group training on compliance for managers and practitioners, as well as training using e-learning. Any issues discovered in the course of these visits are incorporated into improvement activities throughout the entire company.

Internal Whistleblowing System

We have established an internal whistleblowing hotline within the company and at a law firm to promptly and effectively address potential risks, including infringements of laws and company regulations, cases involving bribery and corruption, human rights violations, including various types of harassment, and issues with the potential to affect mental or physical health. In addition, we have established the AICA Global Whistleblowing System (AGWS) for non-Japanese employees at group companies. Employees of the AICA Group are able to report to or seek advice about any problems or concerns they may have regarding corporate ethics and compliance 24 hours a day (multilingual support is available). In addition, the anonymity of employees is protected so that whistleblowers do not suffer any disadvantages, since whistleblowing reports are accepted anonymously. The telephone number and e-mail address of the internal whistleblowing hotline are included on the AICA Group Employees Action Guidelines Card, and employees confirm how to use the hotline at the annual Group-wide training so that they become more knowledgeable about the system.



Corporate Ethics Committee

We have established a Corporate Ethics Committee, whose objectives include the development and promotion of necessary policies for compliance. It also pursues the investigation, confirmation, and implementation of corrective action regarding whistleblowing reports made to the internal whistleblowing hotline and regarding matters that cannot be resolved by Group companies on their own, as well as the consideration and proposal of disciplinary action to be applied in the event of a compliance-related issue. The Corporate Ethics Committee promptly investigates and addresses all whistleblowing reports and, where necessary, takes corrective action. The details of all such cases are reported to the senior executives and the members of the Audit and Supervisory Committee on a regular basis.

Respect for human rights

Human rights are the rights granted to all people, and respect for human rights is a universal code of conduct. In recent years, amid the globalization of business activities, interest in human rights and environmental issues has increased in various countries and regions. The UN Guiding Principles on Business and Human Rights clearly state the responsibility that companies have to respect human rights. Companies are expected to not only respond to human rights issues related to executives and employees, and human rights issues that may be directly affected by their business activities, but also to avoid promoting or being complicit in human rights violations that may be indirectly caused by business partners.

The AICA Group supports and respects international human rights norms, including the Universal Declaration of Human Rights, ILO Declaration on Fundamental Principles and Rights at Work, and UN Guiding Principles on Business and Human Rights. In order to fulfill our corporate responsibilities, we clearly state guidelines regarding respect for human rights in the AICA Group Code of Conduct. In 2023, in light of recent changes in the business environment and societal expectations, we formulated the AICA Group Human Rights Policy. We ask all our suppliers to assent to the AICA Group Sustainability Procurement Guidelines, which incorporate our human rights policies. We hold briefing sessions to provide opportunities for suppliers to gain a deeper understanding of human rights. The AICA Group Code of Conduct, the AICA Group Human Rights Policy, and the AICA Group Sustainability Procurement Guidelines are published on our website in order to communicate widely to our stakeholders.

AICA Group Human Rights Policy Basic Principles

- 1 Responsibility to Respect Human Rights
- 2 Human Rights Due Diligence
- 3 Education
- 4 Dialog
- 5 Reporting

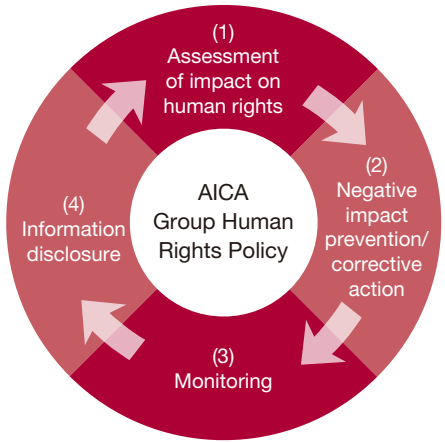
System for Promoting Human Rights

Initiatives related to human rights are led by the Sustainability Development Committee, chaired by the President. In FY2024, in light of the importance of human rights issues, we established a Human Rights and Supply Chain Committee within the Sustainability Development Committee to act as a cross-departmental expert organization to enhance our activities. Details of the activities of the Human Rights and Supply Chain Committee are reported to the board of directors every six months. Additionally, the Legal Dept. and Human Resources Dept. promote human rights awareness activities, including planning and training on harassment prevention and other human rights issues.

Human Rights Due Diligence

Based on the AICA Group Human Rights Policy, the AICA Group is bringing about human rights due diligence in light of the increasing respect for human rights and changes in human rights issues as a global company. In FY2022, we conducted an assessment of human rights impacts that could be caused by corporate activities, and identified occupational accidents, environmental pollution and destruction, and involvement in conflict areas as high-risk human rights issues. This is due to the fact that the AICA Group is a manufacturer that handles chemical substances and procures raw materials globally. Moving forward, we will strengthen human rights due diligence by surveying suppliers regarding the presence of conflict minerals in products and the compliance of all wood and paper raw materials, then taking appropriate action based on the results.

Human Rights Due Diligence Process



- (1) Identify, analyze, and assess potential adverse human rights impacts that may be caused by our business activities.
- (2) Implement preventative/corrective actions related to apparent and potential negative human rights impacts.
- (3) Grasp the status of measures to make continuous improvements and conduct follow-up surveys.
- (4) Report the results of these initiatives on our website, in company reports, etc.

Major Initiatives in FY2024

- Briefing sessions for suppliers on the subject of respect for human rights
- Analysis of responses to the human rights-related items in the FY2023 supplier questionnaire
- Engagement with suppliers

Anti-Corruption Policy

The AICA Group supports the Ten Principles of the UN Global Compact. The Group defines corruption as the abuse of entrusted power for personal gain, whether monetary or non-monetary. We are committed to preventing all forms of corruption, including bribery involving public officials and business partners, embezzlement, money laundering, obstruction of justice, and coercion related to such acts. The AICA Group Code of Conduct clearly sets out the Group anti-corruption policy.

In 2024, to further clarify our stance on bribery and corruption prevention, we established the Anti Bribery Rules, the Guidelines for Provision of Benefits, and the Guidelines for the Use of Agents, based on the AICA Group Anti-Bribery and Corruption Policy. We intend to further strengthen anti-corruption initiatives across the Group through training concerning these rules and guidelines and by monitoring the status of their implementation.

FY2024 Results

Total political contributions	0 yen
Number of confirmed violations of the anti-corruption policy	0
Number of disciplinary actions or dismissals resulting from violations of the anti-corruption policy	0
Fines or penalties related to corruption	None

Environment

Basic Approach to the Environment

AICA recognizes a corporate responsibility to understand the impact of its business activities on the global environment, to work to reduce our environmental impact and to make use of the technologies developed over the years to provide environmental-friendly products. Based on this recognition, AICA established its Environmental Philosophy and Environmental Policy in 1998. Since then, it has continued to promote voluntary environmental conservation activities, while updating the philosophy and policy to meet the changing times.

The current Medium-Term Business Plan identifies addressing climate change as an especially important issue. It incorporates greenhouse gas emission reduction targets as one of the company's managerial KPIs to promote groupwide efforts to achieve carbon neutrality.

Environmental Philosophy

We will strive to protect the environment and achieve harmony with local communities and deliver environmentally friendly products.

Environmental Policy

1 **Creating products that are kind to both the environment and people**
We strive to provide safe and secure products that have minimal environmental impact and help resolve social issues.

2 **Responding to climate change**
We engage in energy-saving activities, use of renewable energy, and joint efforts with suppliers and customers to achieve net-zero greenhouse gas emissions by 2050

3 **Contribution to the circular economy**
We promote the initiatives to work toward a circular economy. We also seek to make efficient use of natural resources like water and timber.

4 **Harmony with local communities**
We actively participate in local environmental conservation and social contribution activities.

5 **Compliance with laws and regulations**
We comply with all applicable laws and regulations.

Involvement in Initiatives

AICA monitors the latest trends through participation in international frameworks and initiatives, applying this knowledge to various activities and incorporating it into information disclosures. In 2025, AICA joined the TNFD Forum to expand its activities relating to natural capital.

- Endorsement of TCFD Recommendations

In May 2020, we declared our endorsement of the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). In addition to this report, disclosures in accordance with these recommendations are made in the Securities Report and the Corporate Governance Report.
- Participation in Climate Change Initiatives

In January 2019, we joined the Japan Climate Initiative.
- Participation in TNFD Forum

In July 2025, we joined the TNFD Forum. We gather information recognizing the importance of appropriately assessing risks and opportunities related to natural capital and biodiversity and of disclosing this information with high transparency.

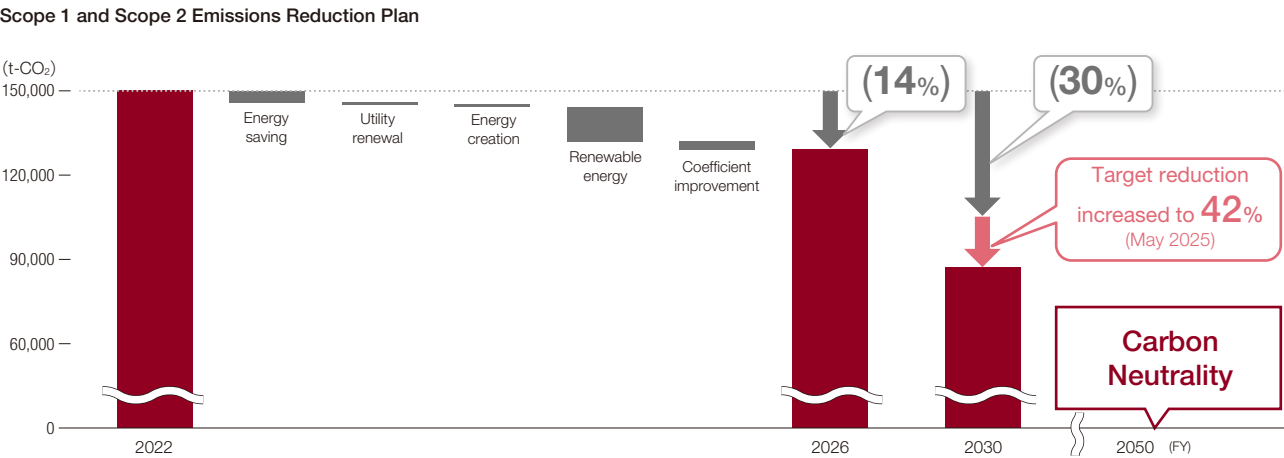


Responding to Climate Change

Basic Approach to Climate Change Response

In the Global Risks Report, published annually by the World Economic Forum (WEF), an international organization committed to resolving global-scale issues, several risks related to climate change were perceived as high likelihood risks and high impact risks. Extreme weather events are also increasing on a global scale. AICA Kogyo has sustained damage several times in recent years from disasters caused by such events, and we feel keenly that climate change is a major business risk.

Based on this recognition, we selected Responding to Climate Change as one of the materiality items included in our Medium-Term Business Plan. We have set both quantitative and qualitative targets, declared our commitment to achieving carbon neutrality by FY2050, and are working to reduce greenhouse gas emissions by 30% by FY2030 from FY2022 levels. In May 2025, AICA raised the FY2030 reduction target from the previous 30% to 42% to bring it in line with the 1.5°C goal, in accordance with the Science Based Targets initiative (SBTi) criteria. To ensure the achievement of this ambitious target through united efforts across the Group, AICA incorporated this content into e-learning for all Group employees and reaffirmed the reduction measures to be implemented.



Governance System for Responding to Climate Change

Within the Sustainability Development Committee chaired by the Representative Director and President, we established a Climate Change Response Committee. This committee is currently implementing a PDCA cycle to achieve greenhouse gas reductions. Since FY2024, a Sustainability Development Meeting has been held twice a year to report on the committee's activities. The meeting is attended by Aica Kogyo's directors and representatives from group companies, who oversee progress and discuss future policies. Ultimate accountability for overall sustainability, including climate change, rests with the Representative Director and President as chair of the Sustainability Development Committee. Details of the Sustainability Development Meeting discussions are reported to the Board of Directors.

Managing Risks Related to Responding to Climate Change

Risk management related to climate change response is carried out as part of Group-wide risk management. [See p. 43.](#) Through this process, we have declared climate change as a serious risk and identified it as one of our materialities. Climate change risks are reviewed at regular intervals by the Climate Change Response Committee and the Sustainability Development Department.

Integration of Scenario Analysis Results into Strategies

We conducted interviews with our stakeholders in FY2020 to identify risks and opportunities and organized a compilation of the risks and opportunities associated with the effects of climate change, and what we should do to address them. In FY2022, we undertook qualitative impact assessments and quantitative financial impact assessments for each of the identified risks and opportunities for 2030 and 2050, accounting for both 1.5°C and 4°C global scenarios. These were organized as indicated below, with corresponding countermeasures examined as well. These details have been incorporated into the current Medium-Term Business Plan.

Overview of Scenario Analysis and Results

Scope of Scenario Analysis

● Transition risks and opportunities: Japanese construction market ● Physical Risks: AICA Group production sites

Overview of Possible Scenarios

	1.5°C Scenario (Climate change action is progressing and regulations are being tightened.)	4°C Scenario (Action is delayed, and temperatures rise as a result.)
Policy	● Introduction of carbon taxes and emissions trading schemes to curb GHG emissions under international coordination	● Continuation of policies at the level currently in force
Markets	● Significant decline in gasoline demand ● Widespread corporate decarbonization pledges ● Increased need to reduce GHG emissions throughout the life cycle	● Continued increase in gasoline demand ● Increased demand for products related to climate change adaptation due to more frequent extreme weather events and rising temperatures
Society	● Lifestyles change amid pervasive decarbonization	● Major changes in livable areas amid heat waves and water shortages ● Frequent outbreaks of infectious disease
Extreme Weather	● Frequent occurrence due to gradual temperature rise	● Flood frequency in Japan becomes noticeably more frequent, quadrupling compared to the end of the 20th century.

Quantitative Assessment Results and Measures

Changes in External Environment (Increased Impact Scenario)	Impact on our Company	Impact on Profits 2030 2050	Measures (Opportunities)
New carbon tax, or emissions credit system introduced (1.5°C Scenario)	Increased production costs due to carbon tax imposed on the Company Increased raw material costs due to carbon tax imposed on suppliers	Moderate Large Moderate Large	Measure 1 Strengthen efforts aimed at achieving carbon neutrality Energy conservation activities Introduction of low carbon utility facilities Adoption and purchase of renewable energy Fundamental shift in products and manufacturing processes
Naphtha price hikes due to lower gasoline demand (1.5°C Scenario)	Lower demand for gasoline increases the naphtha prices, increasing related raw material costs	— Small to Large	Measure 2 Strengthen lineup of products that respond to climate change (create high value-added products) Utilization of biomass materials Waste reductions Environmental impact analysis based on life cycle assessments Easier construction
Increase in demand for lumber used as fuel, biomass raw materials, etc. (1.5°C Scenario)	Intense demand for lumber increases the cost of lumber purchased by the Company	Small Large	Measure 3 Strengthen BCP against natural disasters BCP drills Installation of waterproof walls Early response to typhoons and heavy rain
Increase in customer needs for decarbonization (1.5°C Scenario)	Failure to meet business partners' demands results in a decrease in sales due to suspension of transactions Increase in capital investment for conversion of manufacturing methods from existing products	Moderate Large Small Small	
Frequent occurrence of typhoons and torrential rain (4°C Scenario)	Damage to the Company plants resulting in damage to equipment, etc., leading to extraordinary losses and a drop in sales due to shutdown	Large Large	

Impact of profit symbols: **Small** ...less than 500 million yen, **Moderate** ... 500 million yen to less than 1 billion yen, **Large** ... 1 billion yen or above

Note: Please refer to our website for qualitative impact assessment results.

Targets and Achievements Related to Climate Change Issues

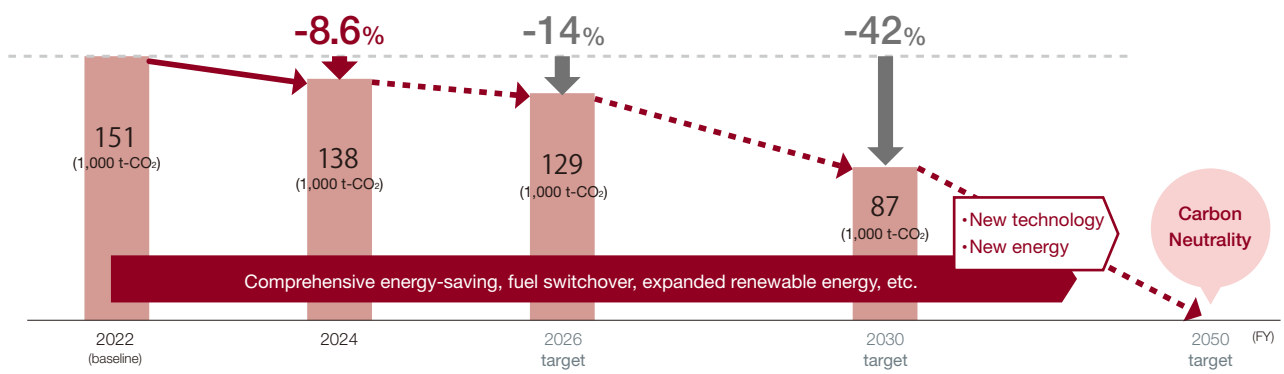
To achieve Scope 1+2 carbon neutrality by FY2050, we have set FY2022 as our baseline year and established targets to reduce Scope 1+2 emissions by 14% by FY2026 and by 42% by FY2030. To achieve our medium-term targets, we plan on environmental investment of 2 billion yen, which will contribute to reducing GHG emissions from FY2023 to FY2026.

With regard to Scope 3 emissions, we have set the establishment of Scope 3 emission reduction targets and formulation of reduction measures by FY2026 across the Group, including sites outside Japan, as a materiality target, recognizing that Category 1 emissions (purchased goods and services) are especially significant for a chemical manufacturer.

Targets and Results

Scope	Target year	Target	FY2024 Achievements
Scope 1+2	FY2026	Reduce 14% from FY2022	8.6% decrease from FY2022
	FY2030	Reduce 42% from FY2022	
	FY2050	Carbon Neutrality	
Scope 3	FY2026	Set Scope 3 emission reduction targets and formulate reduction measures	Scope 3 calculated on a consolidated basis
Environmental investment	FY2026	2 billion yen (four-year cumulative total)	0.44 billion yen (two-year total: 0.73 billion yen)

Roadmap for greenhouse gas emission reductions



TOPICS

Utilization of Renewable Energy

We are promoting the use of renewable energy to effectively reduce greenhouse gas emissions. At major sites in Japan, approximately 40% of purchased electricity has been transitioned to renewable energy. This ratio is gradually increasing. From FY2024, we began using renewable energy certificates both in Japan and internationally. With the introduction of solar power generation facilities, the renewable energy ratio for electricity in FY2024 reached 31% at production sites in Japan and 8% at production sites outside Japan.

Sites with newly installed solar power generation facilities in FY2024



Aica Kogyo Hiroshima Plant



Aica Kogyo Nagoya Plant



EVERMORE CHEMICAL INDUSTRY Nantou Plant

TOPICS

Utilization of Biomass Fuel at Aica Laminates India

Approximately 90% of the energy used at Aica Laminates India comes from biomass fuel, greatly reducing oil fuel consumption compared to other sites. From 2024, the company switched from the wood chips previously used to briquette fuel, which offers lower moisture content and higher combustion efficiency.

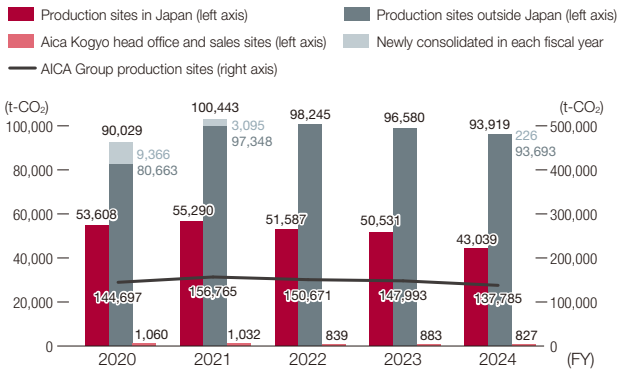


Briquette fuel made from highly compressed wood chips

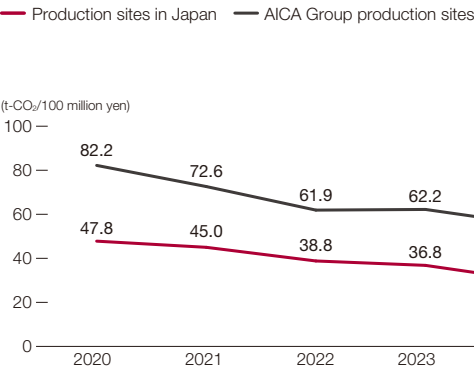
Actual Results (Scope 1+2)

Target boundary: AICA Group production sites and Aica Kogyo head office and sales sites

GHG emissions



GHG emissions revenue intensity

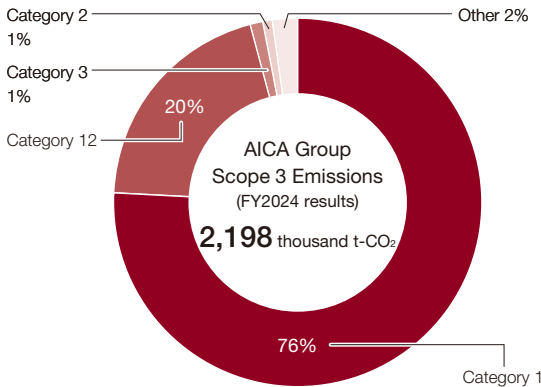


Scope 3 Emissions

We began calculating Scope 3 emissions for Japanese group companies in FY2013. After significantly revising calculation methods, we have obtained third-party assurance for Category 1, 5, and 12 results since FY2020. In FY2024, we expanded the scope of calculation to include international group companies and obtained third-party assurance for Category 1 and 12 emissions, which are especially important.

As is typical for chemical manufacturers, the proportion of Category 1 emissions is extremely high both in Japan and outside Japan, with emissions especially high for petrochemical-derived raw materials like basic chemicals and organic solvents. When setting reduction targets to be achieved by FY2026, we will work with the suppliers of these raw materials to identify ways to lower carbon emissions while responding to customer decarbonization needs and promoting the development and sales expansion of low carbon products.
(For more information on third-party assurance status: [See p. 86.](#))

FY2024 AICA Group Scope 3 Emissions



Categories subject to calculations

Category	
1	Purchased goods and services
2	Capital goods
3	Fuel- and energy-related activities (not included in scope 1 or scope 2)
4	Upstream transportation and distribution
5	Waste generated in operations
6	Business travel
7	Employee commuting
12	End-of-life treatment of sold products
13	Leased assets (downstream)

Green Logistics

Reducing GHG emissions from transport is another challenge that companies must address. In the AICA Group, the logistics officers at major shipping sites throughout Japan are working together with the sales divisions on ongoing improvement efforts, including modal shift, improving the efficiency of truck freight, and depot organization. We will continue to put various measures in place to reduce energy consumption (heavy oil equivalent) per freight tonne-kilometers (t-km), which is a management index for this area.

Targets and Results

Target boundary: Domestic transport (Logistics in which Aica Kogyo Co., Ltd. is the shipper)

FY2024 Target	FY2024 Results	FY2025 Target
1% year-on-year decrease 43.03 kl/1 million t-km or less	2.3% year-on-year increase 44.44 kl/1 million t-km	1% year-on-year decrease 43.99 kl/1 million t-km or less

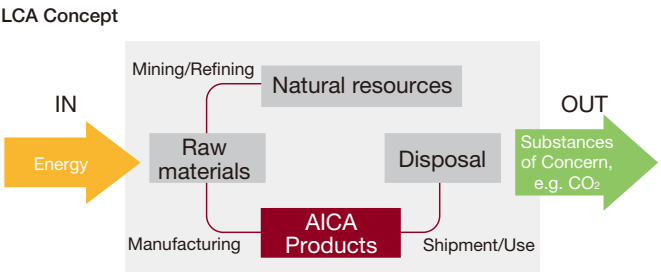
Results Trends

Target boundary: Domestic transport (Logistics in which Aica Kogyo Co., Ltd. is the shipper)

t-km energy use intensity in transport				
FY2020	FY2021	FY2022	FY2023	FY2024
45.23	44.70	45.04	43.47	44.44

Use of LCA

We have introduced Life Cycle Assessment (LCA) in the development of our products. LCA of CO₂ emissions has become particularly important in recent years and we are concentrating efforts on analysis. We also respond to customer requests to provide the carbon footprint for individual products.



Reduction of Industrial Waste and Effective Use of Resources

Basic Approach to Reduction of Industrial Waste and Effective Use of Resources

We began concrete initiatives for the reduction of industrial waste in 1998. This is an important environmental indicator for the entire Group. In addition to activities aimed at reducing the volume of waste generated, such as volume reduction and improvement of product defect rates, we also actively recycle waste in order to create a circular economy. In product development, we adopt product specifications that consider efficient use of raw materials, and we are working to reduce input resources by promoting the use of lighter packaging and packing materials.

Targets and Results

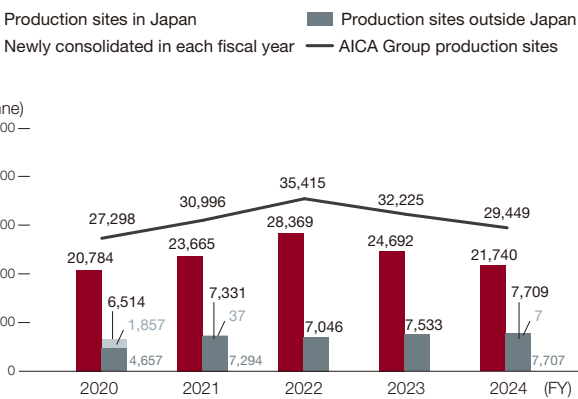
Target boundary: Production sites in Japan

FY2024 Target	FY2024 Results	Increase/Decrease Factors
Industrial waste emissions per unit of production value by 2% compared to FY2022	22.1% decrease from FY2022	Emissions reductions combined with an increase in production value resulted in improved per-unit emissions.

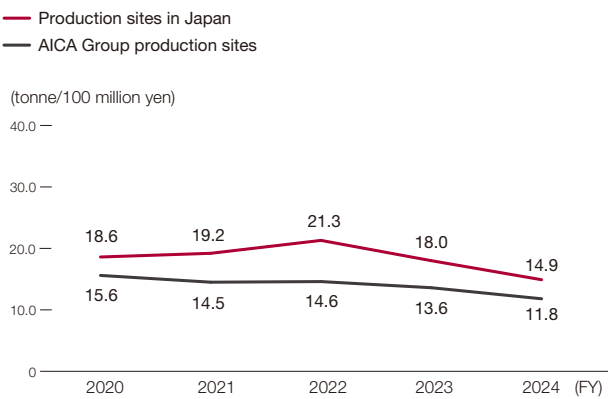
Results Trends

Target boundary: AICA Group production sites

Industrial waste emission volumes



Industrial waste emissions revenue intensity



Reduction of Water Withdrawal

Basic Approach to Reduction of Water Withdrawal

The AICA Group strives to use water, a finite resource, effectively and makes a point of appropriate water use in all Group companies. With reference to AQUEDUCT, which is released by the World Resources Institute (WRI), we identify high-risk areas and promote effective use of water in those areas as a priority.

Targets and Results

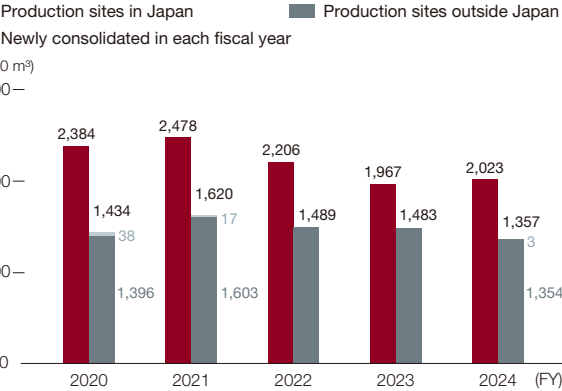
Target boundary: AICA Group production sites

FY2024 Target	FY2024 Results	Increase/Decrease Factors
Water withdrawal revenue intensity in high-risk areas*: 3% reduction vs. FY2022	4.3% increase from FY2022	While water withdrawal remained constant at the sites involved, sales declined due to worsening market conditions in China, resulting in poorer per-unit water withdrawal.

Results Trends

Target boundary: AICA Group production sites

Water withdrawal



FY2024 Water Withdrawal in High-Risk Areas*

Name of Site	Location	Consumption (m³)
Aica Laminates India	Uttarakhand, India	37,686
Aica Wilsonart (Shanghai)	Shanghai, China	22,757

* Up until FY2023, high-risk areas were identified using the Overall Water Risk metric from WRI Aqueeduct; from FY2024, the Water Stress metric from the same assessment has been used. Sites rated as Extremely High were evaluated here.

TOPICS

Water Reuse at AICA INDRIA

In the Jakarta area of Indonesia where AICA INDRIA operates, no groundwater is available due to land subsidence. Additionally, the water infrastructure has reliability issues, making it difficult to secure a stable water supply. Since water use at the company was expected to increase with the planned expansion of production facilities, the decision was made to upgrade the wastewater treatment facilities to a high-performance system. This would allow reuse of previously discharged water as washing and cooling water. Operations are scheduled to commence during 2025, with recycled water expected to account for roughly 35% of the water used by AICA INDRIA.



Part of the upgraded water treatment facility

Chemical Substance Management

As a chemical manufacturer, we recognize our responsibility for reducing emissions and transfers of hazardous chemical substances, including volatile organic compounds (VOCs). We strive to monitor the emissions and transfers of substances subject to the Pollutant Release and Transfer Register (PRTR) system. To eliminate hazardous substances, we use combustion equipment and electrostatic precipitators before release into the atmosphere and coagulation-sedimentation and activated sludge treatment to remove harmful substances before discharging into waterways. We also perform regular environmental impact assessments to ensure that operations do not impact neighboring areas or the external environment. Having set an annual target of zero leakage incidents, we implement various measures to prevent leaks during the course of our business activities.

Trends in Emissions and Transfers of PRTR-Designated Substances

Target boundary: Production sites in Japan

FY2020	FY2021	FY2022	FY2023	FT2024
69	64	69	68	64

Environmental Risk Management

The AICA Group operates an environmental management system in accordance with ISO 14001, and we strive to reduce environmental impact and comply with regulations, while taking prompt action in the event of accidents or legal violations. No environmental regulatory violations occurred in FY2024 at Japanese group companies; one leakage incident did occur. Measures were implemented to prevent recurrence, and details of the incident were shared with all sites to raise awareness.

Environmental Incident in FY2024

Location	Incident	Overview
Aica Kogyo Jimokuji Plant	Leakage of phenolic resin container wash water	Wash water being transferred from a wastewater tank to a waste liquid pit overflowed due to operator error; the operator forgot to confirm a pump was shut off, resulting in an outflow of wash water up to the external drainage channel. The water was contained with sandbags and fully recovered. The preventive measures subsequently implemented included installing an automatic pump shutdown device and a water level sensor in the waste liquid pit and revising the work procedures.

Human Resources

Basic Approach to Human Resources

Based on the recognition that human capital serve as the foundation of sustainable growth, we will work to develop and recruit human resources capable of addressing our unique business challenges. We will build an organizational foundation comprised of a highly engaged and diverse workforce to promote further innovation.

Human Resources Development Policy

We aim to achieve the Corporate Policy saying, “viewing human resources as the most vital resource of our company, we nurture motivated human resources and organizations through mutual understanding and development.” The company cultivates people who have a strong awareness of personal growth and their futures, and who strive forcefully toward the corporate principle of “Challenge & Creation.”

Internal environment development policy

By creating a workplace environment where diverse human resources can recognize each other and where anyone can play an active role, we aim to achieve mutual growth for both the company and our employees. We recognize that while our employees comprise assets, they are also important stakeholders. Based on this understanding, we focus on activities aimed at deepening mutual understanding as we strive to provide opportunities and an environment in which each and every employee can fully apply his or her abilities.

Human Assets Strategy in the Medium-Term Business Plan

In the current Medium-Term Business Plan, we have identified “Building a Foundation for Human Capital Management” as an item that must be particularly focused on among our Materialities (key issues) and have incorporated the amount of human capital investment and the engagement score into management indicators. After reevaluating the human resources required to meet the business challenges we face, we have positioned “human resources development,” “diversity, equity, and inclusion,” and “engagement” as three priority key initiatives. Based on these priority measures, we will actively invest in human capital to improve employee job satisfaction and, in turn, labor productivity, and aim to form a virtuous cycle that generates sustainable growth of the AICA Group.

Overview of the Human Capital Strategy in the Current Medium-Term Business Plan

Business Challenges for Achieving the Targets Set in the Medium-Term Business Plan and AICA's 10 Year Vision

- Growth of international businesses
- Create and expand synergies
- Create and expand growth businesses
- Expand product applications and business domains
- Resolve social issues with products

Developing human resources and improving work environment and organization are essential to bring about innovation

Desired human resources

- Human resources that are **globally** competent
- Human resources who can quickly grasp changes in the business environment, respond flexibly, and demonstrate **leadership**
- **Professionals** with outstanding skills

Desired working environment and organization

- An environment in which diverse human resources can play an active role regardless of nationality, gender, age, etc.
- An organizational structure that promotes business regardless of country/region as AICA Group
- An environment in which employees can work with enthusiasm and peace of mind in good health

Indicators, Targets, and Results

		Previous Medium-Term Business Plan	Current Medium-Term Business Plan		
Scope	Indicator	FY2022 results	FY2023 results	FY2024 results	FY2026 (Medium-Term Business Plan)
AICA Group	Engagement score	3.90 points	—*1	3.97 points	4 points or more (Score out of 5)
Aica Kogyo	Human capital investment	0.87 billion yen	0.99 billion yen	1.14 billion yen	4 billion yen (four-year cumulative total)
	Labor productivity*2	21.0 million yen per person	22.5 million yen per person	23.0 million yen per person	22.8 million yen or more per person
	Number of employees who experienced international assignment*3	78	86	86	100 or more
	Percentage of women recruited to new-graduate career-track positions	42.0% as of April 2023	26.9% as of April 2024	33.3% as of April 2025	30% or more (four-year cumulative total)
	Childcare leave acquisition rate	Men: 53.1% Women: 100%	Men: 59.1% Women: 100%	Men: 69.7% Women: 100%	Men: 70% or more Women: 100%

*1: No results; performed every other year *2: Labor productivity = value-added amount / number of employees *3: As of end of each fiscal year

Human Resources Development

Training Program

Based on the recognition that human resources form the foundation for sustainable growth, AICA provides a wide range of training opportunities and promotes a “self-initiated learning culture” in which employees take the initiative to learn and take on challenges. We have established an education framework based on the three pillars of leader development, globally competent human resources development, and professional human resources development, all key initiatives in our human capital strategy. We also set annual targets for total training hours across the organization and provide planned, continuous learning opportunities to support the growth of both individuals and the organization.

Aica Kogyo Human Resources Development System

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Leader development

We believe that it is essential to constantly develop human resources capable of leading the company and individual departments, and are expanding the leader development program.

Leader Development Program: Overview and Results

Target boundary: Aica Kogyo

Grade	Program	Goals and content	FY2024 results
Manager grade	Future executive training	Training intended to equip participants with decision-making skills based on knowledge and insights in management, as well as the ability to fulfill accountability responsibilities to stakeholders as corporate executives.	21 participants
	Manager training "Management+ Program"	Training intended to enhance management skills and organizational leadership for management-level employees. Participants select areas they wish to strengthen from multiple available options.	153 participants
	New manager training	Training intended to foster a managerial mindset and teach the management behavior required in changing times.	23 participants
Mid-level	Future manager leadership training	Training for employees who have passed the management promotion exam, and intended to foster leadership skills.	35 participants
	Mid-level grade training "Mid-level Skill+ Program"	Voluntary training where participants choose from multiple areas they wish to develop.	222 participants
Junior employees	3rd-year training	Training targeting the development of junior employees up until their third year after joining the company, tailored to years of tenure.	22 participants
	2nd-year training		33 participants
	1st-year training		36 participants

Globally competent human resource development

Recognizing the challenge of responding to shortfalls of personnel capable of managing international operations amidst the rapid globalization of its business, the AICA Group is strengthening its development of globally competent human resources.

Globally Competent Human Resource Development Program: Overview and Results

Target boundary: Aica Kogyo

Grade	Program	Target	Goals and content	FY2024 results
Language skills	Speaking test	All employees	Conducted annually to assess English conversation skills	The number of employees achieving grades indicative of business-level proficiency increased 1.3 times year on year.
	Online foreign language training	All employees	Provides learning tools such as online lessons for five languages, including English.	89 participants
	English training for selected employees	Junior managers and selected employees	Intensive English program targeting junior managers with future leadership potential and selected members from departments in need of global talent	54 participants
International assignment program	International trainee program	Selected employees	Trainees recruited internally to develop human resources for managing international operations, sending selected employees to international group companies as trainees	1 dispatched 2 to be dispatched in FY2025
	Pre-international assignment training	Employees assigned outside Japan	Sending employees selected through internal recruitment to international group companies as trainees to develop human resources for managing international operations.	6 participants

Interview

Comments from a participant in the international trainee program

During the first half of my time as a trainee, I went to the office one day a week and studied English at a language school on the other days. Group lessons consist not just of daily conversation practice, but discussions and presentations on a wide range of topics, including culture and business customs, to improve our practical English skills. I'm currently in the second half of my training period. I've just started my on-the-job training, which gives me more opportunities to use the expressions I learned in real-world work situations. I can't always find the right words during conversations, but I feel a sense of progress in working through these challenges. I hope this experience will strengthen my confidence in English and help me become a professional capable of excelling in global business.



Trainee program participant, dispatched to Aica Wilsonart (Thailand)

Professional human resources development

As a manufacturer, we recognize the importance of improving the professional skills required for each role within the production, sales, research and development, and administrative departments. We have therefore introduced new specialized skill acquisition training programs tailored to specific job types since FY2023.

Professional Human Resources Development Program: Overview and Results

Target boundary: Aica Kogyo

Program	Target	Goals and content	FY2024 results
Productivity improvement training	Production staff	Training targeting the development of human resources with a strong sense of quality, safety, deadlines, and costs, capable of implementing production capacity improvements, production system optimization, automation, DX promotion, and BCP reinforcement	Scope expanded to include Nagoya, Jimokuji, Fukushima, and Tanba Plants; 31 participants
Sales skill improvement training	Sales staff	Training targeting the development of human resources capable of expanding product applications, sales channels, markets, and market share and building the company's value, brand, and customer base across the market by learning marketing and sales strategy methods	Two-year program launched for mid-level employees, covering three topics; 89 participants
Research and development skill improvement training	R&D staff	Training targeting the development of human resources capable of creating new added value and developing next-generation core technologies and products to enter new fields and expand business	Training for junior employees. 17 participants
Department-specific skill improvement training	Administrative departments	Training targeting the development of human resources capable of supporting management, strengthening management foundations and governance, and contributing to sustainable growth to maximize corporate value	Scheduled to be implemented from FY2025

Total training time

(hours)

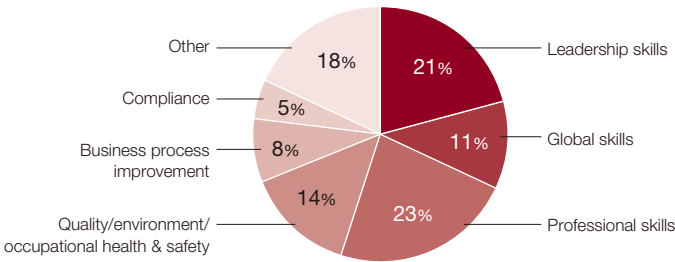
FY2023	FY2024
40,637	53,497

Training time per person

(hours)

FY2023	FY2024
27.2	38.2

Breakdown of FY2024 training time by type



Diversity, Equity, and Inclusion

Basic Approach and Framework for Diversity, Equity, and Inclusion

We promote diversity in response to the globalization of business and diversifying market needs. Originally launched as the Women's Participation Promotion Project in June 2013, this initiative was renamed to the Diversity Promotion Project in FY2018 to promote the establishment of foundations that will allow more diverse personnel to participate in the workplace. From April 2024, the functions of this project were transferred to the Human Capital Committee established within the Sustainability Development Committee to explore initiatives from a broader perspective.

Diversity Development Activity Targets

Target boundary: Aica Kogyo Target initiative period: April 1, 2022 to March 31, 2025

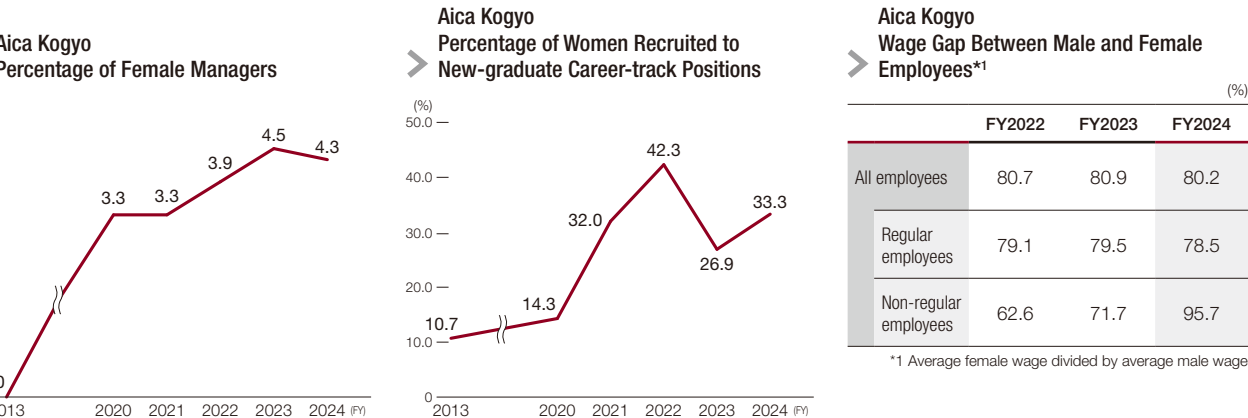
	Target Categories	Target Figures	FY2024 results
Increase percentage of female employees	Percentage of women recruited to new-graduate career-track positions	30.0%	33.3% (as of April 2025)
	New proposals/revision of work-life balance assistance scheme	3	3 (three-year cumulative total)
Increase percentage of female managers		5.8%	4.3% (9 female managers of a total of 211 managers)
Improve rate of recruitment of people with disabilities*		2.5%	2.65%
Cultural reform	New proposals/revision of work-life balance assistance scheme	70.0%	70.0%

* Calculated according to the method for the statutory employment rate

Promotion of Women’s Engagement

Since the launch of the Women's Participation Promotion Project, we've focused on initiatives and the development of a supportive environment in which the power of women can be put to use in managing the company. To ensure that employees can continue to work without interrupting their careers, where possible, we're simultaneously promoting workstyle reforms to make possible diverse workstyles and to expand the work-life balance assistance scheme.

The current Medium-Term Business Plan sets targets for increasing the ratio of female graduates hired for career-track positions, but our action plan, based on the Act on Promotion of Women's Participation and Advancement in the Workplace, includes targets for increasing the percentage of women in managerial positions. As the proportion of female employees has grown, so the number of women in positions below management, particularly at the Senior Staff level or higher, has increased, indicating steady progress toward achieving these goals.



Female Ratios at Aica Kogyo

	FY2022	FY2023	FY2024
All employees*2	17.4	17.8	18.6
Management positions	3.9	4.5	4.3
Non-management, Senior Staff level and above	6.0	9.0	12.8
New graduate career-track recruitment	42.3	26.9	33.3
Mid-career recruitment	20.0	38.1	35.0

*2: Regular employees only

Aica Kogyo Certification Status

“Kurumin” certification from Ministry of Health, Labour and Welfare
(February 2016 and October 2023)

The company was certified by the Ministry of Health, Labour and Welfare as a company that meets certain criteria of assisting employees with raising children.

Certification as Company Promoting Women's Participation by the City of Nagoya
(January 2016, January 2019, and January 2024)

Implemented by the City of Nagoya, this program certifies companies engaged in initiatives to allow women to shine in their organizations. In addition, the company was awarded due to implementing particularly outstanding initiatives in this area.

Work-Life Balance Assistance

We provide support to help employees achieve a balance of work and personal life without interrupting their careers, where possible, by responding flexibly to diverse workstyles.

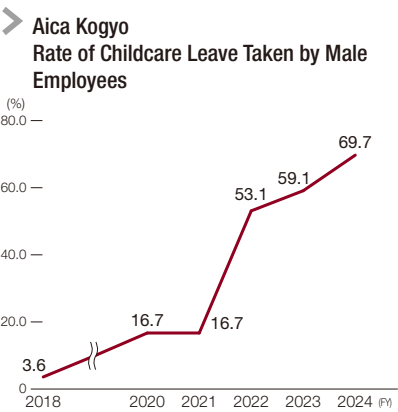
Work-Life Balance Assistance Schemes at Aica Kogyo

Childcare leave financial support scheme	Employees who take childcare leave of seven consecutive days or more receive financial support of 30,000 yen per child.
Childcare assistance scheme	Employees raising children up to the age of three receive financial support for daycare or babysitter expenses.
Shortened working hours scheme for childcare	Employees raising children up to the third grade of elementary school are allowed to work shortened hours of 6 or 7 hours to allow more time for household and childcare duties.
Time-shift work scheme	Employees raising children of elementary school age or younger can adjust their start and finish times in 30-minute increments, by up to one hour, to help provide time for household and childcare duties.
Comeback scheme	Supports the reemployment of employees who resigned due to childcare, caregiving, spouse relocation, or other reasons.

Support for male childcare leave acquisition

To raise the rate of male employees taking childcare leave, as specified in the current Medium-Term Business Plan, AICA is not merely confirming the intentions of employees whose spouses are expecting a child, but promoting actual leave-taking through the introduction of a financial support system. We are also working to build a follow-up system for workplaces where employees have taken childcare leave, including implementation of a system that awards extra points in the evaluation of departments with childcare leave takers.

We plan to achieve a 100% childcare leave acquisition rate for men, just as for women, and will continue to strengthen efforts while maintaining open channels of communication with each work site.



Meetings before and after childcare leave

Employees who take maternity, paternity, or childcare leave for more than a certain period undergo meetings before the leave begins and before returning to work. The meeting conducted before returning to work, in particular, involves the employee, their supervisor, and a human resource staff member to confirm available support frameworks, provide information about the return-to-work environment, discuss any necessary considerations, and ensure employees can smoothly return to work, thus helping them to resume their career with minimal interruption.

Mid-career Recruitment

AICA recruits a number of mid-career recruits every year based on the expectation of hiring personnel capable of contributing immediately. In FY2024, 40 mid-career recruits joined Aica Kogyo in a wide range of roles — spanning production, sales, R&D and administration across Japan and at our international sites. There are currently 314 mid-career-recruited employees in the company, 53 of whom hold positions as director, executive officer, or manager. The percentage of mid-career-recruited employees in top management (directors and executive officers) is 25%, and the percentage in management positions is also 25%. We plan to maintain the ratio of mid-career-recruited employees in management at over 20%, and continue to position mid-career recruitment as a key part of our business strategy, actively securing talent and promoting employees to management roles.

Current State of Mid-career-Recruited Employees at Aica Kogyo

	FY2022	FY2023	FY2024
Number of employees	1,226	1,216	1,228
Mid-career-recruited employees	282	287	314
Ratio of mid-career-recruited employees	23%	24%	26%

Ratio of Management-level Mid-career-Recruited Employees at Aica Kogyo

	FY2022	FY2023	FY2024
Number of managers	207	201	211
Mid-career-recruited managers	48	47	53
Ratio of mid-career-recruited managers	23%	23%	25%

Interview

Comments from a mid-career recruit

I am able to get involved in various engineering fields, without being restricted to a specific role. It lets me develop my skills as an all-rounder. With all the support and encouragement I get from colleagues, the overall environment gives me a valuable opportunity to grow not just as a professional, but as a person and as a top engineer. Joining AICA has made me feel more certain about my future.

Employee in Aica Kogyo
Site Engineering Department

Promoting Senior Talent Utilization

Aica Kogyo has decided to gradually raise the retirement age from the current 60 to 65 by 2033, starting in April 2025. In response to projections that the company's senior workforce (aged 60 and over) is expected to increase rapidly, measures are being implemented to boost motivation and provide financial security by increasing senior employee compensation, in parallel with the retirement age extension. This will create an environment in which senior talent can work with peace of mind.

Number of New Recruits Under Reemployment System at Aica Kogyo

FY2022	FY2023	FY2024
11	24	24

Promotion of Engagement of Employees with Disabilities

To enable employees with disabilities to work more comfortably, we make use of employment adjustment subsidies and other resources to expand support functions each year. These include making office buildings universally accessible and introducing voice-to-text transcription tools for employees with hearing impairments. Looking ahead to future legislative revisions, we're working to expand the range of tasks that can be performed and increase the number of employees with disabilities.

Percentage of Employees with Disabilities at Aica Kogyo

FY2022	FY2023	FY2024
2.46%	2.78%	2.65%

* Calculated by the method used to calculate the statutory employment rate

Issues Identified in Survey and Measures Taken (Aica Kogyo)

Issue	Measure
Insufficient educational opportunities	Various training programs have been planned to expand educational opportunities under the three pillars of leader development, globally competent human resources development, and professional human resources development linked to management issues.
Insufficient career development support	A career counseling system was introduced due to low satisfaction levels with career development opportunities. This lets the company assess the strengths and future vision of individual employees and apply this information to training and job rotation.
Insufficient opportunities for challenges	The in-house free agent (FA) system and international trainee program were enhanced, creating a framework that boosts motivation and gives employees the opportunity to take on challenges within the company.

Career Counseling System

Since FY2023, a career counseling system has been introduced to help employees develop their medium/long-term careers, encourage self-development, and enable the company to understand each individual's interests and strengths. One-on-one meetings with supervisors helps share perspectives on career development. We aim to create an environment in which employees can work with high motivation by using the information gathered from these discussions to guide training and job rotation.

Health Checks for Junior Employees

A simple survey is carried out monthly for employees in their first to third years after joining the company following graduation to check on their physical and mental health. If any issues are identified, a human resource staff member conducts a one-on-one meeting with the employee to discuss the causes. With employee consent, the information may be shared with their supervisor for further action. This initiative has helped to improve employee retention among junior employees.

Health Management

Basic Approach to Health Management

In a society where the birthrate is declining and the population is aging at an accelerating rate, it is becoming increasingly important to address the issue of workforce retention and employee health promotion. We believe that in order for our company to develop sustainably, it is essential to improve the performance and job satisfaction of each and every employee by creating an environment in which everyone can work with confidence and enthusiasm, which in turn helps resolve social issues. With this in mind, we have worked since FY2022 to enhance our health management activities. We have been repeatedly recognized as a Health and Productivity Management Organization (Large Corporation Category) since FY2023. Moving forward, we will continue to improve employee engagement and retention by promoting work-life balance and mental health.



Mental Health

In an economic environment of intensifying market competition and rapid change, the stress felt by workers is only increasing, which is now becoming a serious social issue. We have put a variety of measures in place to maintain not only the physical health of our workers, but also their mental and emotional health. The results of annual stress checks are fed back to the individuals, and the findings from analysis of the results on a departmental level are fed back to the head of each department, to promote initiatives aimed at improvements in the workplace. We have set up a health advice hotline for employees, operated by an external organization, with guaranteed confidentiality.

Regular Health Check-ups

In addition to the health checkups mandated by law, we also provide a combination of Lifestyle Disease Checkups and Gynecological Checkups tailored to employees' age, gender, and preferences. This helps identify diseases or potential risks that may not be detected through standard health checkups. We've also introduced a new health management system, digitizing health checkup data. We plan to use this data to implement initiatives that seek to improve and maintain the health of our employees.

Engagement

Employee Satisfaction Survey

As social values diversify, how employees who work at a company think about the company and their mindset toward their work have also changed and diversified. Recognizing that employee satisfaction surveys are essential for further development of the company and the environment in which employees can continue to work with high motivation, the Medium-Term Business Plan includes targets for improving engagement scores. In the employee engagement survey first carried out in FY2022 for Japanese and international Group companies, the Group average score was 3.90 points (out of a maximum score of 5). The current Medium-Term Business Plan set a target score of 4 points or higher, with the goal of achieving an average response in the positive range.

Analysis of the FY2022 engagement survey results showed that the scores for international Group companies were quite high, while those for Aica Kogyo and Japanese Group companies were relatively low. A more detailed engagement survey carried out at Aica Kogyo in 2023 to analyze various issues highlighted challenges related to career development, training systems, and employee benefits. In response, to drive improvements, the training and benefits systems were enhanced and a career interview system introduced. In the second AICA Group Engagement Survey conducted in FY2024, the groupwide average score increased by 0.07 points to 3.97; the score for Aica Kogyo improved by 0.20 points. We will maintain efforts across the AICA Group to raise engagement toward the target of 4 points specified in the current Medium-Term Business Plan.

Starting in FY2025, we incorporated engagement scores as evaluation indicators for director remuneration (excluding audit & supervisory committee members and outside directors).

FY2022 Engagement Survey Results

Scope	FY2022 average score
Aica Kogyo	3.31 points
AICA Group	3.90 points



FY2024 average score
3.51 points
3.97 points

Occupational Health and Safety

Occupational Health and Safety Management System

We implement a range of preventive activities based on annual activity plans established by the Health and Safety Committees at each production site as part of the occupational health and safety system overseen by the officer in charge of sustainability, in accordance with the occupational health and safety philosophy established by the President. Management and labor union representatives have an equal voice on the Health and Safety Committees; contractors working on-site also participate. For companywide issues, the Sustainability Development Department shares information with each production site and implements the measures necessary.

This organizational structure is designed to prevent serious accidents involving chemical exposure, falls, and entanglement in equipment. In the event of an industrial accident, the President, related executives, and related departments are promptly informed, and causal analysis is conducted at the site, with findings being shared companywide to prevent the recurrence of similar incidents.

Details of occupational accidents and the status of health and safety initiatives are regularly reported at the Sustainability Development Meetings attended by directors, where corrective measures are also discussed.

ISO 45001 Activities

AICA and its main group production sites have obtained ISO 45001 certification, the international standard for occupational health and safety management systems, and work to continuously improve the workplace environment. These efforts include risk assessments and internal audits to identify and eliminate or reduce potential hazards and hazardous conditions. (ISO 45001 certification acquisition rate: 73% for production sites in Japan, 76% for production sites outside Japan, as of the end of FY2024)

Industrial Accident Prevention Initiatives

All AICA Safety Day

To ensure that the serious accident that happened at the AICA Kogyo Jimokujii Plant on January 17, 2006 is not forgotten, we have declared January 17 as All AICA Safety Day. Every year on All AICA Safety Day, a minute of silence is observed, and morning assembly has a safety theme at all workplaces. The AICA Group Occupational Health and Safety Convention also takes place on this day. The AICA Group Occupational Health and Safety Convention is attended by the President and plant managers from all production sites in Japan as part of efforts to reaffirm their commitment to eliminating industrial accidents.



AICA Group Occupational Health and Safety Convention held on January 17, 2025

Safety Education

To increase awareness and understanding of hazards, we provide hands-on hazard education that allows employees to safely experience potential industrial accidents first-hand. This education is incorporated into the annual training program for new employees to help them understand the seriousness of possible incidents in production areas. In February 2025, we provided hands-on hazard education for 44 mid-level employees working across all of Aica Kogyo production sites to underscore the importance of safe behavior in the workplace.



Hands-on hazard education in February 2025

Heatstroke Measures

As the summer heat grows increasingly severe in Japan, AICA has long implemented heatstroke countermeasures at all production sites. Following the revision of the Industrial Health and Safety Regulations in June 2025, we strengthened these measures across all production sites in Japan, including monitoring WBGT values (heat stress index) inside plants, ensuring thorough hydration and salt intake, and using fan-equipped workwear in accordance with the site conditions. Procedures have been established for internal reporting when a worker is at risk of heatstroke, as well as first-aid measures and transport protocols to prevent serious cases, which have been communicated to all employees.

Initiatives at International Group Companies

Similar measures have been implemented internationally. Almost all production sites in the Aica Asia Pacific Group have obtained ISO 45001 certification, and the dedicated occupational safety department of AICA Asia Pacific Holding conducts safety monitoring, audits, and provides guidance on cause analysis and countermeasures in the event of an industrial accident. Occupational safety workshops for production employees from group companies are also regularly held to raise awareness and protect employees working in the various plants located in different countries.



Occupational safety workshop

Targets and Results

Target boundary: AICA Group

FY2026 (Medium-Term Business Plan)	FY2023 results	FY2024 results
Major industrial accidents*: 0	0	0
Lost-time accidents: Halved (under 10) compared to FY2022	19	16

* Industrial accidents that caused death or a disability rating of 1 to 7 due to injury or illness

Industrial Accidents in Japanese Group Companies

(accidents)

	FY2020	FY2021	FY2022	FY2023	FY2024
Fatal accidents	0	0	0	0	0
Lost-time accidents	6	5	4	4	4
Of which, those involving people other than full-time employees	4	2	3	3	3
Non-lost-time accidents	6	12	10	10	12
Of which, those involving people other than full-time employees	1	4	4	3	3

Prevention of Traffic Accidents

We have a fleet of company vehicles that are in use in our day-to-day operations. The use of company vehicles is limited to employees who have been registered after their driving aptitude has been confirmed, and we have established our own Rules for Use of Company Vehicles. The majority of accidents in FY2024 involved employees in their 20s and 30s. For this reason, we provided e-learning training for younger employees and safe driving training with practical lessons at driving schools for new employees.

Vehicle Accidents (caused by negligence of Aica Kogyo employees or both parties)

FY2020	FY2021	FY2022	FY2023	FY2024
10	11	14	5	10

Ayako Shimizu
Outside Director

Discussion

Mitsuko Yamamoto
Outside Director
(Member of Audit and
Supervisory Committee)

AICA's Medium-Term Business Plan "Value & Creation 3000 & 300 (FY2023 to FY2026)" sets forth the establishment of a sound business infrastructure as a basic policy and focuses on human capital management. In this dialogue, we ask two outside directors about their views on the challenges and long-term expectations for human resource development and for the promotion of diversity.

How do you see your role in relation to AICA's human capital strategy?

Yamamoto: AICA's board of directors is very open. I've been involved in the human resource business for quite some time. I was asked about human resource utilization soon after I was appointed director by Chairman Ono, who serves as chair of the board. The company actively seeks external inputs, and I have the freedom to speak candidly as an outside director about human resource development.

Shimizu: I agree. AICA has a culture of trying to use inputs from outside directors to achieve improvements. I hope this attitude continues to create a corporate culture in which all employees can thrive. As an outside director, I attend various meetings and visit group companies in Japan and internationally. I make an effort to listen directly to what employees on the operational level have to say.

The Medium-Term Business Plan is now at its halfway point. How do you view the progress of and challenges posed by the human capital strategy?

Shimizu: I sense a very strong desire within AICA to develop people. Having said that, I feel there's room for improvement in developing global human resources to match the scale of the company's international business and in providing the systems needed to support this. It's essential to clearly show the career paths available after employees gain international experience and to build flexible support systems for employees and their families looking for more diverse ways of working. For example, allowing employees to choose positions where they can make use of the skills acquired internationally and allowing them to choose assignments abroad that take into account their family circumstances, regardless of gender, would increase the number of employees who volunteer to take on international assignments. This, in turn, would help improve retention and motivation.

Yamamoto: Since I was first appointed as director, I've gotten

the impression that AICA is very proactive in mid-career recruitment. Most traditional companies with long histories often tend to be cautious about bringing in outside talent, but AICA actively recruits mid-career professionals to absorb their specialized knowledge and leverage it to enhance corporate value. This is a powerful asset for strengthening human capital. At the same time, generational differences can have negative effects on human resource development, and this is an issue that will need to be addressed going forward. I'm sure the same occurs in other companies, but friction can sometimes arise in communication and guidance methods between managers and subordinates due to differences in values and experiences. How AICA manages to make adjustments in this area will be an interesting challenge, and I expect further progress here.

What advice would you give to further promote diversity?

Yamamoto: First, with regard to the roles played by women, the manufacturing industry presents a unique set of hurdles. I believe it's critical to eliminate unconscious biases among managers and executives. For example, we have to ask ourselves if female employees are being overprotected to the point of being denied growth opportunities in job assignments and transfers. From the perspective of female employees, it becomes a question of "Why am I not being given the chance?" We may need to take deliberate measures to strengthen communications between employees of different age groups (for example, by organizing round-table discussions) and help managers recognize the concerns of female employees. It will be important to create a growth-oriented environment, providing all employees with opportunities to take on fresh challenges.

Shimizu: Of course, as Director Yamamoto mentions, while awareness reforms among senior management are necessary, there are other challenges on the part of female employees themselves. Employees raising families often face time and environmental constraints. They may wish to take on challenges, but they may be reluctant to step forward out of concerns about burdening others. Nowadays, men and

women share childcare and family obligations. Sometimes we need to accept that temporary burdens on colleagues are mutual and that they can be repaid later by supporting subordinates or younger colleagues. I believe helping women seize opportunities without fear of short-term burdens will help build long-term career paths for women.

Yamamoto: For AICA to continue attracting outstanding talent, we must provide support to employees who have child and family care responsibilities, regardless of gender. An attractive environment in which people can balance work with child and family care will improve employee retention and ultimately enhance corporate value.

What expectations do you have for AICA's human capital management in the future?

Shimizu: I see AICA as a company that tackles issues in good faith and based on sound perspectives. At the same time, it could be more proactive in setting loftier goals. I'd like to see the company nurture a culture that celebrates challenges without fear of failure, further incorporating its corporate principle of Challenge and Creation.

Yamamoto: I share the same view. I hope AICA will promote exchanges with international group companies and with other industries to bring more diverse insights and ideas into the company. For younger employees in particular, I think expanding their opportunities for external interactions will broaden their experience and perspectives. As M&A activities expand the number of group companies in Japan and internationally, encouraging personnel exchange and strengthening collaboration within the group will create a stimulating environment and a structure in which outstanding talent can thrive. It's also important to continue providing schemes and frameworks that build employee trust in the company commitment to them, thereby stimulating their drive to grow. I hope to see training and career development programs enhanced to meet the needs of the times and steadily promote human resource development from the perspective of the medium- to long-term vision.

Closing remarks

I had the privilege of serving as facilitator for this discussion. In a rapidly changing business environment amid Japan's shrinking working population, creating a company in which every employee can thrive will prove crucial for AICA group to achieve sustainable growth. At the same time, I was once again reminded that human resource development involves a wide range of issues that companies must continuously address. Both directors frequently mentioned the word "challenge" during this discussion, and focusing on sustainability, we will continue as a company to face and pursue new challenges.



Izumi Sugiyama
General Manager of
Sustainability Development
Department

List of Directors (As of July 1, 2025)

Directors (excluding directors who are members of the Audit and Supervisory Committee) (5 male, 1 female)



Yuji Ono
Representative Director and Chairman
Born August 24, 1956

Apr. 1979 Joined Aica Kogyo Co., Ltd.

Apr. 2000 General Manager, No. 1 Chemical Products Development Dept.

Oct. 2002 General Manager, Sales Dept., Chemical Products Business Unit

Apr. 2004 Deputy President, Chemical Products Business Unit

Jun. 2004 Executive Officer

Oct. 2004 General Manager, No. 2 R&D Center

Apr. 2008 President, Chemical Products Business Unit

Jun. 2008 Director

Jun. 2009 Managing Director

Jun. 2010 Representative Director (present)

Jun. 2010 Director and President

Jun. 2018 President and Executive Officer

Apr. 2022 Board of Directors Chairman (present)



Kenji Ebihara
Representative Director and President
Born April 15, 1967

Apr. 1991 Joined Aica Kogyo Co., Ltd.

Apr. 2009 General Manager, Chemical Products Development Dept., R&D Center

Oct. 2010 Manager, Jimokui Laboratory, R&D Center

Apr. 2013 General Manager, R&D Center

Apr. 2015 President, Specialty & Performance Materials Business Unit

Jun. 2017 Executive Officer

Jun. 2018 Senior Executive Officer

Apr. 2019 Managing Executive Officer

Jun. 2019 Director

Apr. 2020 President, Chemical Products Business Unit, Deputy General Manager, Sales Administration Division

Apr. 2022 Representative Director (present), President and Executive Officer (present)



Nobuyuki Omura
Director and Managing Executive Officer
Born April 07, 1964

Apr. 1988 Joined MITSUI & CO., LTD.

Jan. 2009 Joined Aica Kogyo Co., Ltd., Deputy General Manager, International Business Dept.

Apr. 2009 General Manager, International Business Dept.

Jun. 2009 Director

Apr. 2011 Manager, New Business Office

Jun. 2017 Managing Director

Apr. 2018 President, Chemical Products Business Unit, Deputy Senior General Manager, Sales Division

Jun. 2018 Director (present)

Apr. 2020 President, Specialty & Performance Materials Business Unit

Apr. 2022 President, Chemical Products Business Unit; Deputy Senior General Manager, Sales Administration Division

Jan. 2023 Director and Chairman, AICA Asia Pacific Holding Pte. Ltd. (present)

Apr. 2025 Senior Managing Executive Officer (present), President, International Business Unit (present), Director and President, Aica Asia Laminates Holding Co., Ltd. (present)



Yuji Iwatsuka
Director and Managing Executive Officer
Born January 20, 1967

Apr. 1989 Joined Aica Kogyo Co., Ltd.

Apr. 2010 General Manager, Production Control Dept., Laminates & Building Materials Business Unit

Apr. 2012 General Manager, Production Control Dept., Chemical Products Business Unit

Apr. 2015 President, Chemical Products Business Unit

Jun. 2015 Executive Officer

Jun. 2016 Senior Executive Officer

Apr. 2020 Responsible for International Planning Dept.; General Manager, Purchasing Department

Apr. 2021 Deputy President, Laminates & Building Materials Business Unit (Responsible for Production)

Apr. 2023 Managing Executive Officer (present), President, Laminates & Building Materials Business Unit (present); Director and Chairman, Aica Asia Laminates Holding Co., Ltd.

Jun. 2023 Director (present)

Apr. 2025 Responsible for Laminates & Building Materials Segment (present)

Jul. 2025 Senior General Manager, Sales Division (present)



Hiroshi Kanie
Outside Director
Born July 09, 1957

Outside
Independent

Mar. 1981 Joined NGK INSULATORS, LTD.

Apr. 2004 General Manager, Planning Department, Industrial Process Division, Ceramic Products Business Group

Jun. 2010 Vice President, Secretarial Office Director

Jun. 2012 Senior Vice President

Apr. 2014 Group Executive, Ceramic Products Business Group

Jun. 2014 Director and Senior Vice President

Jun. 2015 Director and Senior Vice President

Jun. 2018 Executive Vice President; Responsible for Corporate Planning Office, New Business Planning Office, Secretarial Office, Corporate Communications Dept., Human Resources Dept., General Affairs Dept., and Power Business Group; Senior Officer in Charge of Group Companies; General Manager, Osaka Branch

Jul. 2022 Corporate Advisor (present)

Jun. 2023 Outside Director, Aica Kogyo Co., Ltd. (present)



Ayako Shimizu
Outside Director
Born June 06, 1972

Outside
Independent

Apr. 1999 Registered as attorney, joined Ishihara Law Office (present)

Apr. 2015 Deputy Chair, Aichi Bar Association Director, CHUBU Federation of Bar Associations

Apr. 2017 Member, Nagoya City Information Disclosure Screening Commission

Jan. 2018 Judicial Commissioner (present)

Apr. 2019 Mediator/Arbitrator, Dispute Resolution Center, Aichi Prefecture Bar Association (present)

Dec. 2019 Outside Director, MTG Co., Ltd. (member, Audit and Supervisory Committee)

Apr. 2020 Member, Ombuds 6 Committee, Nagoya Broadcasting Network (present)

Jun. 2020 Outside Director, Aica Kogyo Co., Ltd. (present)

Mar. 2021 Outside Director, SYNCLAYER, Inc. (member of Audit and Supervisory Committee)

Jun. 2024 Outside Director, Suzuken Co., Ltd. (member of Audit and Supervisory Committee) (present)

Jun. 2025 Outside Auditor, AICHI ELECTRIC CO., LTD. (present)

Directors who are members of the Audit and Supervisory Committee (2 male, 1 female)



Ryoji Mori
Director (full-time member of Audit and Supervisory Committee)
Born September 29, 1959

Apr. 1982 Joined Aica Kogyo Co., Ltd.

May 2000 General Manager, Laminates Production Dept.

Apr. 2006 General Manager, Production Control Dept., Laminates & Building Materials Business Unit

Oct. 2009 General Manager, Production control Dept., Chemical Products Business Unit

Jun. 2011 Executive Officer

Jun. 2013 Senior Executive Officer

Jun. 2015 Director

Jun. 2018 Managing Executive Officer

Apr. 2019 Responsible for Purchasing Dept., Safety and Environment Dept.

Apr. 2020 Deputy President, Laminates & Building Materials Business Unit, Responsible for Technology, Laminates & Building Materials Business Unit; General Manager, Production Control Dept., Laminates & Building Materials Business Unit

Apr. 2021 Assistant to President, Responsible for Special Missions

Jun. 2021 Director (full-time member of Audit and Supervisory Committee) (present)



Shoji Miyamoto
Outside Director (Member of Audit and Supervisory Committee)
Born February 08, 1956

Outside
Independent

Apr. 1978 Joined Konishiroku Photo Industry Co., Ltd. (now KONICA MINOLTA, INC.)

Oct. 1985 Joined Ito Accountants Audit Firm

Mar. 1989 Registered as Certified Public Accountant (CPA)

Jul. 2005 Senior Partner, Chuo Aoyama PwC

Aug. 2007 Managing Partner, Azusa Audit Firm (now KPMG AZSA llc)

Sep. 2010 Director, KPMG AZSA llc

Sep. 2014 Auditor, KPMG AZSA llc

Jul. 2018 Director, Miyamoto Shoji CPA Office (present)

Jun. 2019 Outside Auditor, Aica Kogyo Co., Ltd.

Jun. 2020 Outside Director, Aica Kogyo Co., Ltd. (member of Audit and Supervisory Committee) (present); Outside Director, Meito Sangyo Co., Ltd. (member of Audit and Supervisory Committee) (present)



Mitsuko Yamamoto
Outside Director (Member of Audit and Supervisory Committee)
Born January 01, 1957

Outside
Independent

Mar. 1983 Joined WOMANSTAFF K.K.

Apr. 1985 Director, Sales Div., WOMANSTAFF K.K.

Sep. 1998 Senior Managing Director, company name changed to Tempstaff People K.K.

Jul. 2016 Director and Senior Managing Executive Officer, Tempstaff K.K. (following merger with the latter)

Jul. 2017 Company name changed to Persol Tempstaff Co., Ltd.

Jul. 2019 Director, Persol Tempstaff Co.

Jul. 2020 Senior Advisor (full-time), Persol Tempstaff Co., Ltd. (present); Auditor (part-time), Meijo University (present)

Jun. 2021 Outside Director, Chuo Spring Co., Ltd. (present)

Jun. 2022 Outside Director, Aica Kogyo Co., Ltd. (member of Audit and Supervisory Committee) (present)

Jun. 2023 Outside Director, Meito Sangyo Co., Ltd. (member of Audit and Supervisory Committee) (present); Outside Director, TAKEDA IP HOLDINGS CO., LTD. (present)

Aica Kogyo, Reasons for Appointment of Outside Directors

Duties		Duties	Reason for Appointment	
Outside Director	Hiroshi Kanie (Independent Director*)	Mr. Hiroshi Kanie has extensive experience and knowledge as a corporate executive, which we believe will contribute to increasing the corporate value and sustainable growth of the AICA Group.	Outside Director/ Member of Audit and Supervisory Committee	Shoji Miyamoto (Independent Director*)
Outside Director	Ayako Shimizu (Independent Director*)	Ms. Ayako Shimizu will be able to leverage her extensive expert knowledge and experience as an attorney in the supervision of AICA's management. We also believe that, as an Outside Director, she will be able to offer advice based on diversity perspectives.	Outside Director/ Member of Audit and Supervisory Committee	Mitsuko Yamamoto (Independent Director*)

Mr. Shoji Miyamoto has extensive expert knowledge and experience as a certified public accountant. We believe that he will be able to offer advice and oversight as an Outside Director and member of the Audit and Supervisory Committee.

Ms. Mitsuko Yamamoto has a wealth of experience as a corporate executive, and extensive knowledge particularly in labor management and diversity, which we believe will enable her to provide advice and oversight as an Outside Director and member of the Audit and Supervisory Committee.

* 1: The Tokyo Stock Exchange criteria for independence of outside directors were referenced when making appointments.

Board of Directors Skills Matrix

We aim to enhance the diversity of the Board of Directors in terms of expertise, knowledge, and experience in various fields. We select candidates for the Board of Directors through deliberations by the Governance Committee, which identifies the skills required for the management of the Company based on the business activities of the Company and its group companies and the issues in the Medium-Term Business Plan, and finds a balance between diversity and appointing an appropriate number of Directors. The skills matrix shown below indicates areas of knowledge, experience, and abilities of each Director.

Name	Expertise of Directors							
	Corporate management	International experience	Sales and marketing	Technology/ Industrial engineering/R&D	Sustainability			Legal and risk management
					Environment	Social*2	Governance	Finance/ Accounting
Yuji Ono	○	○	○	○			○	○
Kenji Ebihara	○	○	○	○	○	○	○	○
Nobuyuki Omura	○	○	○		○			
Yuji Iwatsuka	○		○	○	○			
Hiroshi Kanie	○	○	○			○	○	○
Ayako Shimizu					○	○	○	○
Ryoji Mori	○	○		○			○	○
Shoji Miyamoto							○	○
Mitsuko Yamamoto	○		○			○	○	

*2: "Social" refers to human rights and human resources training and development.

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Corporate Governance

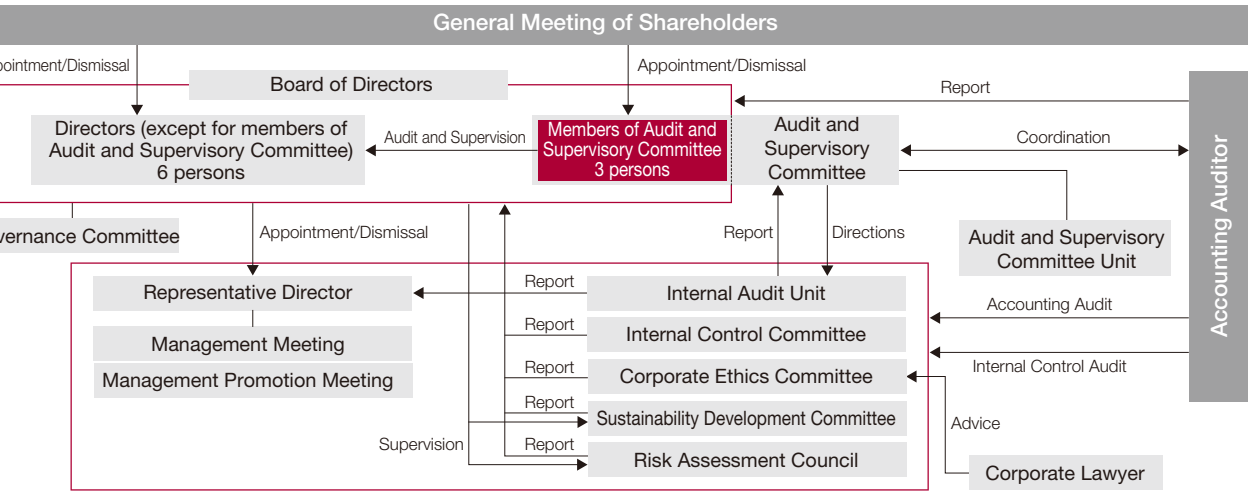
Basic Approach to Corporate Governance

The AICA Group aims to ensure and improve the value of the company and the common interests of its shareholders through the enhancement of corporate governance at each of its Group companies in Japan and outside Japan.

We've selected a form of a Company with an Audit and Supervisory Committee. The Audit and Supervisory Committee, more than half of whose members are outside directors, is responsible for auditing and supervising the legality and appropriateness of the execution of business for the realization of more transparent management. In this way, we aim to strengthen our corporate governance further and also to build a framework that will more appropriately meet the expectations of our stakeholders in Japan and internationally.

Corporate Governance Structure and Internal Control Systems

(as of June 24, 2025)



History of Strengthening Corporate Governance

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Organizational structure		Company with a Board of Auditors							Company with an Audit and Supervisory Committee					
Board of Directors		8	9	8	9	7	8	11			9			
	Number of female Directors								1		2			
Executive Officer System		Executive Officer System introduced in April 2002							Executive Officer System revisions					
Outside Director (including Directors who concurrently serve as Audit and Supervisory Committee Members)			1		2					4 (Including 2 Directors who concurrently serve as Audit and Supervisory Committee Members)				
Outside Auditors and Outside Directors that are Members of Audit and Supervisory Committee		3 (Members of the Board of Auditors)			2 (Members of the Board of Auditors)					2 (Members of Audit and Supervisory Committee)				
Advisory Committee					Establishment of Governance Committee in April 2016 (The committee also deliberates on nomination and remuneration matters)									
Meetings for exchanging opinions with Outside Directors								Held once a year			Held twice a year			
Remuneration System	For Directors	Stock-linked compensation-type stock options were introduced in June 2006							Adoption of Restricted Stock (RS) Remuneration System					
	For Employees	Introduction of Trust-type Employee Shareholding Incentive Plan between February 2010 and February 2015							Introduction of Stock Granting Trust (J-ESOP)					
Evaluation of the effectiveness of the Board of Directors											Conducted once a year			
Major committees/meetings		Corporate Ethics Committee (established in November 2002)												
									CSR Promotion Committee		Sustainability Development Committee			
														Risk Assessment Council

Effectiveness of the Board of Directors

In order to verify the effectiveness of the Board of Directors, we have conducted an annual survey of all Directors (including Directors who are members of the Audit and Supervisory Committee) regarding the structure, operation, and agenda of the Board and the Board's support structure. The effectiveness of the Board is evaluated on the basis of the results of this survey.

In the survey carried out in February 2025, just as in the previous year's survey, no issues were raised in any of the survey questions (for an issue to be raised, it requires three or more respondents answering "Insufficient" or "Inappropriate"), with responses of "appropriate or reasonably appropriate" obtained for virtually all questions. Based on this, we believe our Board of Directors is functioning appropriately and remains effective.

Survey Details

- The anonymous survey consisted of a total of 32 questions covering the following areas:
- Questions concerning the makeup of the Board of Directors
 - Questions concerning the operation of the Board of Directors
 - Questions concerning the agenda of the Board of Directors
 - Questions concerning the support system for the Board of Directors

FY2024 Initiatives to Improve Effectiveness

Initiatives	Status
Earlier notice of agenda (change from four days to five days before board meetings)	Notice provided five days ahead of board meetings
Strictly enforce distribution of materials three days before board meetings (except for personnel changes or timely disclosure matters).	Ongoing due to inability to meet the three-day deadline.
Examine specific processes, including dismissal criteria, for executive officers.	The dismissal process and dismissal criteria were reviewed and determined by the Governance Committee.

Training Policy for Board Members

Newly appointed outside directors are briefed on management policies to deepen understanding of the company and its business. Other activities include showroom and plant visits. Following their appointment, opportunities are provided as needed to deepen understanding, including audits and visits at sites in Japan and outside Japan. All directors are provided with opportunities to ensure a thorough understanding of the roles and responsibilities expected of them. Director Seminars are held regularly with invited external experts to keep their knowledge up-to-date even after assuming office.

Details of the training activities are reported to the Governance Committee; advice from the committee is taken into consideration to ensure the appropriateness of these measures.

FY2024 Director Seminar

The FY2024 Director Seminar featured Takaomi Suzuki, attorney from the Ishihara Law Office as the guest speaker, addressing the theme of Risk Management Demanded of Executives.

Governance Committee

The Governance Committee was established in April 2016 as a voluntary advisory committee to the Board of Directors, consisting mainly of outside directors. (Two of the four members are Auditing Committee members.) It deliberates important governance-related matters, including nomination and remuneration of the management team, with the aim of achieving sustainable corporate growth and further enhancement of the governance function. It met five times during FY2024. With our transition to being a company with an Audit and Supervisory Committee system, the roles between the Audit and Supervisory Committee and the Governance Committee are being divided. For this purpose, we ensure that there is no duplication of content between the two committees, and in addition, the deliberations of the Governance Committee are shared with the Audit and Supervisory Committee in order for the Audit and Supervisory Committee to exercise its right to express its opinions.

Governance Committee Members

- Chair: Shoji Miyamoto [Outside Director (Member of Audit & Supervisory Committee)]
- Member: Hiroshi Kanie [Outside Director]
- Member: Ayako Shimizu [Outside Director]
- Member: Mitsuko Yamamoto [Outside Director (Member of Audit & Supervisory Committee)]
- Member: Yuji Ono [Representative Director and Chairman]
- Member: Kenji Ebihara [Representative Director and President]
- Member: Ryoji Mori [Director (Full-time Member of Audit & Supervisory Committee)]

Governance Committee Meetings in FY2024

38th Meeting	Results of survey on the effectiveness of the Board of Directors and review of improvements / update of the Board of Directors Skills Matrix
39th Meeting	Individual evaluation (remuneration) of directors
40th Meeting	Regular revisions to Corporate Governance Report
41st Meeting	Future president candidate survey results / consideration of director and representative director (president) dismissal criteria / report on future executive training status
42nd Meeting	Executive personnel / FY2024 activities report of the Governance Committee

CEO Succession Plan (Process)

We regard the CEO succession plan as critical to the sustainable growth of both Aica Kogyo and the AICA Group. The plan sets forth clear requirements and evaluation criteria for the qualifications and characteristics expected of an executive leader. Successor development involves appropriate department placements, essential work experience, and opportunities for external training to cultivate the appropriate skills and attributes needed for the role of CEO.

A selected number of successor candidates undergoes annual evaluations against these requirements and criteria, including multifaceted assessments of their abilities and performance. The Governance Committee monitors the validity of development plans for each candidate by reviewing the results from performance and personal assessments, along with information on the progress with assignments, work experience, and external training. All directors also participate in an annual survey to nominate individuals deemed suitable for the role of CEO, with the results being used to make revisions to the selection of candidates.

Selection Process

- 1 Formulate roadmap for succession plan

3 Select successor candidates

5 Evaluate and narrow down candidates
- 2 Develop the ideal image of President and Executive Officer and evaluation criteria

4 Develop and implement training plans

6 Evaluate final candidates and nominate successors

Meeting Bodies and Their Roles

Meeting body	Members	Roles
Board of Directors	Internal directors and outside directors	<div>• Appointment and dismissal of executive officers, nomination of director candidates</div> <div>• Overseeing the CEO succession plan</div>
Governance Committee	Outside directors, Representative Director and Chairman, Representative Director and President, full-time member of Audit and Supervisory Committee	<div>• Consideration of appointment and dismissal proposals for senior executives*1 and executive officers</div> <div>• Monitoring the process of the CEO succession plan</div>

*1: Directors (excluding outside directors) and directors who are Audit and Supervisory Committee members (excluding external Audit and Supervisory Committee members).

Directors' Remuneration

Remuneration of Company directors (excluding directors who are Audit and Supervisory Committee members and outside directors) consists of a fixed basic monthly remuneration, performance-based remuneration, and stock remuneration. In addition, from the viewpoint of their role and independence, remuneration of directors who are Audit and Supervisory Committee members and outside directors consists of basic monthly remuneration only.

Remuneration Amounts for Directors

Category	Total remuneration (million yen)	Breakdown of total remuneration (million yen)			Number of directors
		Basic remuneration	Performance-based remuneration	Non-monetary remuneration*2	
Directors (excluding Audit and Supervisory Committee members) <outside directors>	211 <16>	142 <16>	54	13	6 <2>
Directors (Audit and Supervisory Committee members) <outside directors>	40 <17>	40 <17>	—	—	3 <2>

*2: Non-monetary remuneration takes into account the amount recorded as an expense during the fiscal year under the Restricted Stock (RS) Remuneration System.

<Remuneration breakdown>

Basic Remuneration

Basic remuneration for directors is fixed monthly remuneration based on a standard amount for each position and is decided taking into account publicly announced levels of remuneration at other companies, the Company's business performance, and other factors.

Performance-Based Remuneration

Performance-based remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors) is evaluated individually (at five levels: S, A, B, C, and D) when the performance for each fiscal year is determined. Individual remuneration is determined based on the standard amount for each position and is paid once a year. Individual evaluations account for various factors, including the rate of growth of consolidated and non-consolidated sales and profits (operating profit, etc.), achievement rates against the initial budget for the fiscal year, evaluations of duties discharged, and progress on the Medium-Term Business Plan (including greenhouse gas reduction rates and engagement scores). We believe these indicators are the most appropriate indicators for raising awareness of annual business performance improvement and for linking to long-term corporate value and materiality. The proportion of performance-linked remuneration relative to total remuneration is determined according to role, position, and rank, with a guideline of 15% to 20%. For FY2024, the proportion of performance-linked remuneration relative to total compensation was 25.5%, based on a comprehensive assessment of achievement against the above indicators. From FY2025 onward, it has been decided to increase the proportion of performance-linked remuneration relative to total compensation to a guideline of 50%.

Stock Remuneration

In regard to stock remuneration for directors (excluding directors who are members of the Audit and Supervisory Committee and outside directors), the objectives of this system are to provide an incentive for the sustainable enhancement of corporate value and to promote greater sharing of value with shareholders. Once a year, an amount is granted to eligible directors based on a standard amount for each position, taking into consideration the Company's performance and other factors. Stock remuneration is performed by granting Stock remuneration consists of restricted shares. The number granted is based on the standard allocation for each position. For directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors), the proportion of stock remuneration relative to total remuneration is determined with a guideline of 15%, taking into account company performance and other factors.

<Evaluation of directors>

Evaluations of individual directors (excluding directors who are members of the Audit & Supervisory Committee and outside directors) are carried out by Yuji Ono, Representative Director and Chairman, and Kenji Ebihara, Representative Director and President, in accordance with the evaluation criteria. The evaluations are then determined by the Governance Committee operating under authorization from the Board of Directors. The Governance Committee is chaired by an outside director, and is made up of a majority of outside directors. Evaluations of the Representative Director and Chairman and the Representative Director and President are also submitted to the Governance Committee, which reviews the evaluation process and approach to ensure objectivity and fairness before final decisions are made by the Governance Committee under Board authorization.

<Method for determining remuneration for directors>

To ensure objectivity and transparency, individual director remuneration is determined by the Governance Committee operating under authorization from the Board of Directors, within the total remuneration ceiling approved at the shareholders’ meeting. The remuneration amount is reviewed by Representative Director and Chairman Yuji Ono and Representative Director and President Kenji Ebihara, based on the calculation method. The Governance Committee, chaired by an outside director and made up of a majority of outside directors, makes decisions on individual director remuneration based on this review. (For the Governance Committee members: [☞ See p. 73. ☞](#))

<Description of activities that occur during the process of determining the amount of remuneration, etc.>

During the process of determining directors’ remuneration, the Governance Committee, which is composed mainly of outside directors, exchanges opinions on the ratio of corporate performance to the business performance that the director was responsible for, and the relationship between evaluation rank and increase-decrease rate in order to enhance performance, responsibility, objectivity, and transparency.

Cross-Share Holdings

We acquire and hold shares in business partners in cases deemed beneficial to enhance our corporate value from the perspective of building and strengthening relationships or pursuing business alliances. However, we regularly review at board meetings whether the benefits and risks of such holdings justify the associated capital costs, and shares with limited significance for holding are reduced or sold in accordance with our basic policy of minimizing cross-share holdings. Under this policy, the board of directors reviews individual shareholdings twice a year, examining factors such as transaction details, transaction amounts, and future transaction policies, and shares with limited holding significance will be sold. Even when the justification for holding shares is recognized, shares may be sold, partially or fully, in line with the reduction policy, based on factors like capital strategy and market conditions.

Regarding voting rights for cross-share holdings, we make comprehensive assessments to determine whether actions contribute to enhancing the corporate value of both the investee and our company and whether there is any detriment to shareholder value. In cases of prolonged poor performance, serious compliance violations, or other critical issues, these are thoroughly investigated, and information is gathered to determine our stance on the agenda items.

➤ Overview of Review of Cross-Share Holdings

AICA performed a comprehensive review of all shares held as cross-share holdings, assessing holding status, acquisition costs, transaction details, trends in transaction amounts, and whether returns on required capital, including single-year earnings from transactions with the investee companies or dividends received, exceed the target cost of capital, while considering its future transaction policy and other factors.

➤ FY2024 Results

The review found that returns on more than 90% of the listed shares, based on quantitative judgments, exceeded the target capital cost. At the same time, two stocks judged on a qualitative basis to present relatively weak reasons for continuing to be held—for example, ensuring business stability or expanding transactions—were sold by the end of March 2025, taking into account market conditions. As a result, the consolidated net assets ratio was 9.26% at the end of March 2025 (9.77% at the end of March 2024).

In the future, we will continue to promptly sell shares judged to offer low strategic value.

Strengthening Governance of International Group Companies

Over the past 10 years or so, the Company has expanded its business domain, mainly in Asia, through various measures, including M&A. It now has more than 40 consolidated subsidiaries outside Japan. Since each country has its own legal systems, business practices, and economic environments, we established the International Group Governance Committee in FY2020 to build an effective international governance framework.

This committee includes members from the International Planning Dept., Legal Dept., Internal Audit Unit, Finance Dept., Human Resources Dept., Quality Assurance Dept., Sustainability Development Dept., Corporate Planning Dept., Systems Dept., Development Planning Office, and international business holding companies. Based on action plans on themes of high importance, the committee oversees activities according to the PDCA cycle and regularly reports on progress to the Board of Directors. The committee acts as the main body charged with promoting the development of a governance framework that enhances corporate value Groupwide and strengthens effective group control. It will continue to improve the AICA Group governance framework in partnership with the International Business Unit established in April 2025.

➤ FY2024 International Group Governance Committee Initiatives

Theme	FY2024 Achievements
Compliance	Conducted a survey to assess the penetration of the Code of Conduct at sites outside Japan, analyzed the results, and considered improvement measures. Established anti-bribery regulations and held study sessions.
Internal control/internal audits	Expanded the scope of companywide internal control and business process evaluations based on risk assessments. Strengthened the internal audit system by adding audits by external experts and introducing audit tools to detect anomalies in financial data.
Quality	Enhanced quality audits and improvement guidance at key sites outside Japan. Continued regular quality meetings with major sites to share quality information.
Safety/disaster/sustainability	Established a reporting system for industrial accidents and provided enhanced on-site safety guidance and BCP training. Presented greenhouse gas reduction targets and measures to all Holding Companies.
Management issues	Organized management issues at each site outside Japan, monitored initiatives to address them, and shared this information.
Intellectual property	Regularly reviewed trademarks and patents held by sites outside Japan. Strengthened technology information management at sites outside Japan by developing and deploying technical information management guidelines and conducting study sessions.
Financial	Shared points of attention with sites outside Japan when preparing consolidated financial reports; confirmed changes in local accounting rules with subsidiaries outside Japan to ensure the accuracy of financial reporting figures. Collected and analyzed information to respond to the global minimum tax system and ensured proper tax management according to each country’s tax environment.
Human resources	Expanded the global talent development program, identified employees with aspirations to work abroad through career interviews, and strengthened the internal recruitment and dispatch of trainees outside Japan to develop human resources capable of driving international business. Recruited foreign nationals and mid-career personnel.
IT	Issued improvement instructions based on cybersecurity vulnerabilities information provided by the adopted tools; monitored follow-up. Conducted companywide targeted e-mail attack simulations and provided security education for all group employees.

Engagement with Stakeholders

Basic Approach to Engagement with Stakeholders

As a company that is widely trusted by society, we have instilled our belief in our corporate policy to value “fair and highly transparent compliance-based management in accordance with the law and social order” and “engagement with stakeholders.” Based on this corporate policy, we have a basic policy of disclosing information about the company to all stakeholders in a fair and timely manner. (The multi-stakeholder policy and disclosure policy are published on our website.)

Involvement with Customers

Ensuring Product Safety

We believe that the most important matter in quality management is to deliver safe and reliable products to our customers. To put this into practice, we have established voluntary action guidelines regarding product safety and strive to ensure product safety and information disclosure. Regulations on chemical substances tend to be stricter on an annual basis. To fulfill our responsibilities as a member of the supply chain, such as inquiries about new legislation in various countries, and requests for investigation and provision of information about new chemicals, the relevant departments work together to provide prompt and more accurate information. Please refer to the company website for Product Safety Voluntary Action Guidelines information.

Value Chain Collaboration

We have built a strong network for connecting with the distributors and builders that handle our products to form collaborative relationships. We have established the AICA Distributors’ Organization in Japan as a network of distributors, with which we share product knowledge and sales and product strategies, and strive for healthy communication between distributors. We have also established separate construction groups for each product sold, through which we share information about improving construction quality and about product improvement and development.

AICA Support Center

We have established the AICA Support Center as a direct point of contact for customers who have adopted our products. Since 2018, we have used a call center system to improve response quality. We are also working with the business divisions to enhance our proposal capabilities and make the center still more useful for customers.

Customer Satisfaction Survey

With the objective of asking our customers to evaluate our products and services, we have conducted a Customer Satisfaction Survey since FY2002. The customer satisfaction for FY2024 was 95.1% (a 1.4% improvement over the previous year). To put the opinions received from our customers to good use in product development and improvement of services, we identify issues from the survey findings, communicate them to the relevant departments after reporting the finding to the Management Meetings, and put responses into place.

Engagement with Suppliers

Basic Approach to Engagement with Suppliers

To promote activities that enhance sustainability not just for our company, but for the planet, we believe that it is essential to gain the understanding and cooperation of our stakeholders. In our procurement activities, in addition to acting responsibly as

the AICA Group, we must pursue sustainability activities with the cooperation of our suppliers. Based on these ideas, we formulated the “AICA Group CSR Procurement Guidelines” in June 2017, and issued them in April 2022 with partially revised title and content as the “AICA Group Sustainability Procurement Guidelines.” We have obtained the consent of our suppliers in Japan and outside Japan to these Guidelines for the further mutual improvement of our sustainability activities by promoting related initiatives together.

Communicating with Suppliers

With the objective of sharing our sustainability procurement philosophy and investigating the actual situation, we began distributing self-evaluation questionnaire surveys in FY2018. The survey targets selected suppliers representing approximately 80% of the total value of Aica Kogyo’s raw materials procurement, focusing on major suppliers.

Based on the results of this survey, where necessary, AICA Kogyo staff then conduct an audit (on-site inspection). If any outstanding initiatives are confirmed, we will learn their methods, and if we encounter matters that require correction, we will provide guidance and instruction to those companies. By continuing with this two-way dialog, we aim for the mutual improvement of our standards. Please refer to our website for details on the content and implementation of the survey.

— Survey Areas

- Corporate governance
- Human rights
- Labor
- Environment
- Fair business practices
- Quality and safety
- Information security
- Supply chain
- Coexistence with local communities

Business Continuity Plan (BCP) in Procurement Activities

To ensure stable supplies even after a disaster or accident, we purchase our main raw materials from multiple suppliers and sites, and ensure that we have alternative options for purchasing. Regarding our own products, we have built production structures at multiple sites and have taken measures to ensure that we maintain a certain level of inventory. We will continue to consider measures to ensure that we can fulfill our supply responsibilities even in the event of a disaster or accident, and implement various measures as required.

Involvement with Shareholders

Ensuring Appropriate Information Disclosure and Transparency

As a company that is widely trusted by society, we have a basic policy of disclosing information about the company to all stakeholders at the right time and in the most fair and appropriate manner. We comply with the Companies Act, the Financial Instruments and Exchange Act, and the rules for timely disclosure prescribed by the stock exchanges on which our shares are listed, and conduct information disclosure in accordance with our Disclosure Policy. Even for information that is not covered by the relevant legislation or by timely disclosure rules, if we believe the information to be important for shareholders and investors to make investment decisions, we will disclose that information, giving consideration to fairness and timeliness. Please refer to the Company website for information disclosure documents.

Communication with Shareholders and Investors

We formulated the Basic Policy Regarding Constructive Dialog with Shareholders and Investors and take proactive steps, within a reasonable extent, to achieve constructive dialog with our shareholders. The Public Relations and IR section takes the lead in responding to requests for individual interviews and telephone interviews, and depending on requests from shareholders and investors and the subject of dialog, the officer in charge, senior manager, etc., may also attend interviews. Any opinions or other information obtained through such dialog is reported to the Board of Directors, and we strive to reflect it in future management and IR activities. To obtain their understanding and appropriate evaluation, in addition to the General Meeting of Shareholders, we hold Financial Results Briefings for

Number of dialogs with institutional investors in FY2024*	
Japanese institutional investors	139
Foreign institutional investors	101
Total	240

* Includes one ESG Small Meeting

Engagement with Stakeholders

analysts and institutional investors twice a year, at which our Representative Directors provide explanations. Please refer to the company website for the briefing content and questions.

We have continued to strengthen our IR framework in recent years. In FY2024, the number of shareholder dialogue events reached 240, a 1.3-fold increase over the previous year, while the number of meetings involving the president and executive officers rose to 18, a 1.5-fold increase. Key themes and areas of shareholder interest included the company's business model and strengths, financial results and forecasts, progress on the Medium-Term Business Plan, growth strategies, ESG and sustainability, capital policies (ROE, ROIC, shareholder returns, cash allocation), and share price. Suggestions gleaned through these interactions are incorporated into management decisions. These disclosures have been expanded from the previous year.

➤ Main Respondents in FY2024

	Number of dialogs/meetings held	President and Directors (including directors in charge of Financial IR or SR)	General Managers (in charge of Financial Administration, Sustainability Development, Human Resources, Legal)	Managers (Public Relations and IR section Manager / section leaders)
Investor interviews	239	18	10	239
ESG Small meetings	1	1	1	1
Financial results briefings	2	2	2	2

➤ Major Cases in Which Proposals Obtained Through Dialogs Between Shareholders and Management Were Utilized in Management

	Shareholder type	Requests/proposals from shareholders	Response by the company
Investor IR interviews	Institutional investors in/outside Japan	Disclosure of cash allocation plans	Disclosed actual results and plans for the Medium-Term Business Plan period (in financial results supplementary information and financial results briefing materials).
Investor IR interviews	Institutional investors in/outside Japan	Communication and commitment to improving capital efficiency	Raised ROE and ROIC targets and disclosed measures to improve ROE (in financial results briefing materials).
Investor IR interviews	Japanese institutional investors	Expansion of international business disclosures	<ul style="list-style-type: none">Disclosed market size and share for major regions in international Laminates & Building Materials Business (in financial results briefing materials).Disclosed sales and operating profit trends for the AAP*1 and EMC*2 groups (in financial results supplementary information and financial results briefing materials).
Investor IR interviews	Japanese institutional investors	Visualization of strategies and performance	<ul style="list-style-type: none">Clarified trends and measures by country (in financial results briefing materials).Disclosed sales volume and revenue of high value-added products (in financial results briefing materials).
Investor IR interviews Investor SR interviews	Institutional investors in/outside Japan	Review of director remuneration. <ul style="list-style-type: none">Increase ratio of stock remuneration.Revise descriptions of remuneration determination methods.Clarify presence or absence of non-financial indicators.	Disclosed in the Corporate Governance Report after revision.
Investor SR interviews ESG Small Meeting	Institutional investors in/outside Japan	Expansion of human capital-related disclosures <ul style="list-style-type: none">Details of initiatives for human resources developmentNumber of female managerial candidatesEmployee engagement details	Disclosed in the Securities Report and AICA Report

*1: Aica Asia Pacific *2: Evermore Chemical

Engagement with Local Regions and Communities

Basic Approach to Engagement with Local Regions and Communities

As a company with global operations, the AICA Group values its connections with local regions and communities in both Japan and outside Japan. In addition to promoting local employment, we take all complaints made to the company seriously and respond appropriately when any problems are detected in our business activities. We continue to conduct activities based on a philosophy of mutual harmony, such as participating in volunteer activities in collaboration with local community action groups, including clean-ups in the areas surrounding our production and sales sites.

Supply of Five Products for Toilets at Expo 2025 Osaka, Kansai, Japan

AICA is partnering as a supplier for Expo 2025 Osaka, Kansai, Japan, endorsing the basic design and planning of the venue based on the Designing Future Society for Our Lives, as we resonate with the expo's theme and its ambition to act as a “solutions-oriented expo” that tackles social issues such as carbon neutrality and contributes to achieving the SDGs.

In particular, we supplied five products for the construction of toilets (“Toilet 5”) in public areas at the venue: MELAMINE TILE high-pressure laminate floor tiles, CERARL melamine fire retardant decorative panels for walls, two types of adhesives for installing these products, and AICA's artificial marble counters using Corian® methacrylic resin artificial marble. All of these products offer outstanding durability and maintainability and help create an Expo venue visited by people from all around the world.

Expo 2025 also seeks to create a circular economy through the extensive reductions and reuse of materials. The Toilet 5 facility is designed so that units can be dismantled and reassembled for relocation after the Expo ends. A platform called EXPO CIRCULAR MARKET MYAKU-ICHI! matches relocation destinations for building materials, equipment, and structures generated after the Expo.



© Expo 2025



Toilet 5 facilities at the Expo venue using five AICA products

Welcoming Corporate Visits by Junior High School Students to Learn About SDGs

We welcomed nine first-year students from Nagoya Municipal Kumaiden Junior High School for a corporate visit as part of a program intended to nurture future talent. The students chose our company as a place to learn about SDG initiatives and deepen their awareness of social issues. During the visit, we explained our business activities and specific SDG initiatives, and the students were able to experience our sustainable practices firsthand in the showroom by interacting with our products. We will continue to promote social contribution activities in collaboration with the local community as a responsible corporate citizen.



11-Year Financial Summary

Aica Kogyo Co., Ltd. and consolidated subsidiaries

(Accounting FY)		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Management Results (million yen)												
Net sales		143,843	150,061	151,633	163,726	191,363	191,501	174,628	214,514	242,055	236,625	248,696
[Net sales by segment]	Chemical Products	75,081	77,269	74,881	82,911	109,062	103,945	90,446	122,323	141,312	130,300	138,587
	Laminates & Building Materials	68,762	72,791	76,752	80,815	82,300	87,555	84,182	92,191	100,743	106,325	110,109
Operating profit		15,181	16,184	18,099	19,092	20,834	20,850	17,991	20,348	20,557	25,286	27,408
Ordinary profit		15,885	16,352	18,374	19,600	21,249	21,333	18,438	21,840	22,088	26,135	28,668
Profit attributable to owners of parent		10,137	9,962	11,064	11,996	13,316	12,732	10,759	13,117	10,059	15,135	16,896
[Profit by segment] *1	Chemical Products	4,673	5,417	6,223	6,537	7,444	8,123	7,109	7,376	7,494	9,280	9,331
	Laminates & Building Materials	12,602	12,838	14,488	15,623	16,169	15,874	13,751	16,379	16,740	20,339	22,535
Capital investment		2,960	2,934	3,876	4,522	7,896	8,487	6,113	7,110	8,697	9,367	9,219
Depreciation		3,100	3,491	3,458	3,569	4,173	4,632	5,683	6,411	6,794	7,041	8,122
R&D expenditure		2,356	2,597	2,672	2,856	3,208	3,454	3,327	3,453	3,997	4,072	4,405
Total assets		147,017	153,434	164,634	189,626	191,025	206,439	207,363	240,388	250,049	274,739	288,058
Net assets		107,226	112,501	119,685	132,616	136,116	146,221	150,505	162,734	158,074	176,543	189,723
Interest-bearing debt		3,519	2,185	2,264	5,322	5,427	7,302	8,165	17,860	31,659	30,495	30,633
Cash and cash equivalents		35,220	37,449	47,622	48,896	45,379	40,644	41,185	44,997	47,943	59,637	62,450
Cash flow from operating activities		13,080	14,612	18,331	16,436	13,275	18,240	19,713	11,685	19,852	28,482	26,751
Cash flow from investing activities		(143)	(7,025)	(3,269)	(7,950)	(8,147)	(16,798)	(9,756)	(8,342)	(9,061)	(7,574)	(11,121)
Cash flow from financial activities		(1,912)	(4,849)	(4,587)	(7,406)	(7,557)	(6,210)	(9,179)	(1,114)	(9,355)	(11,167)	(16,790)
Free cash flow		12,936	7,586	15,062	8,485	5,127	1,442	9,957	3,342	10,790	20,907	15,629
Per-Share Data												
Earnings per share (yen)		155.99	152.62	169.48	183.76	203.95	195.01	164.79	200.90	157.27	236.60	266.36
Net assets per share (yen)		1,581.17	1,654.14	1,759.91	1,880.13	1,936.87	1,994.03	2,064.24	2,223.98	2,270.08	2,529.07	2,762.12
Dividend per share (yen)		43.00	46.00	85.00	92.00	103.00	106.00	107.00	108.00	109.00	112.00	126.00
Payout ratio (%)		27.6	30.1	50.2	50.1	50.5	54.4	64.9	53.8	69.3	47.3	47.3
Financial Indicators												
International sales ratio (%)		33.3	33.2	30.8	33.4	42.0	40.7	42.7	49.2	51.2	47.8	48.0
Operating profit margin (%)		10.6	10.8	11.9	11.7	10.9	10.9	10.3	9.5	8.5	10.7	11.0
Return on equity (ROE) (%)		10.4	9.4	9.9	10.1	10.7	9.9	8.1	9.4	6.9	9.9	10.1
Return on assets (ROA) (%)		7.3	6.6	7.0	6.8	7.0	6.4	5.2	5.9	4.1	5.8	6.0
Debt-to-equity ratio (times)		0.034	0.020	0.020	0.043	0.043	0.056	0.061	0.123	0.218	0.188	0.177
Equity ratio (%)		70.2	70.4	69.8	64.7	66.2	63.1	65.0	60.4	58.1	58.9	60.2
Other Indicators												
Japanese naphtha price (yen/kl)		69,700	46,000	32,800	40,500	51,000	42,000	33,000	50,000	76,250	67,500	75,500
Exchange rate (JPY/USD)*2		106.37	120.99	110.29	112.38	110.56	109.37	106.67	109.84	130.77	140.54	151.43
Number of new housing starts in Japan (10,000 units)		88.0	92.0	97.4	94.6	95.2	88.3	81.2	86.5	86.0	80.0	81.6
Area of non-residential building starts (1,000 m²)		52,612	49,988	51,334	53,313	51,016	47,979	44,921	48,055	46,899	42,793	38,751

*1: Operating profit before deduction of unallocated operating expenses
*2: Annual average

Non-Financial Data (Environment)

	Target Boundary	FY2020	FY2021	FY2022	FY2023	FY2024
Energy Use						
Energy inputs (TJ: Terajoules)	AICA Group	1,951	2,100	2,102	1,956	1,897✳
	Production sites in Japan	758	796	771	711	718
	Aica Kogyo head office and sales locations	12	12	11	11	11
	Production sites outside Japan	1,181	1,292	1,320	1,234	1,168
Atmospheric Emissions						
Greenhouse gas emissions Scope 1 (t-CO ₂)	AICA Group	61,736	65,811	66,674	65,529	61,528✳
	Production sites in Japan	30,608	31,731	31,445	31,099	28,242
	Aica Kogyo head office and sales locations	493	474	462	459	441
	Production sites outside Japan	30,635	33,605	34,767	33,971	32,846
Greenhouse gas emissions Scope 2 (t-CO ₂)	AICA Group	82,961	90,954	83,997	82,464	76,257✳
	Production sites in Japan	23,000	23,558	20,142	19,432	14,797
	Aica Kogyo head office and sales locations	567	558	377	423	386
	Production sites outside Japan	59,394	66,838	63,478	62,609	61,074
Greenhouse gas emissions Scope 1+2 subtotal (t-CO ₂)	AICA Group	144,697	156,765	150,671	147,993	137,785✳
Greenhouse gas emissions Scope 3 (t-CO ₂)	Refer to the description below.					2,198,384
Category 1	AICA Group production sites	FY2024 results include figures for international group companies, thus data for FY2023 and prior years is omitted. For emission data for FY2023 and prior years, please refer to our website.				1,666,632✳
Category 2	AICA Group					23,365
Category 3	AICA Group					27,731
Category 4	AICA Group					16,315
Category 5	AICA Group production sites					11,956 (Production sites in Japan: 6,002✳)
Category 6	AICA Group					4,763
Category 7	AICA Group					983
Category 12	AICA Group production sites					446,512✳
Category 13	AICA Group					126
SOx (tonne)	Production sites in Japan	5.9	6.1	6.1	6.3	4.3
NOx (tonne)	Production sites in Japan	31.9	27.7	24.8	23.8	36.9
Soot and dust (tonne)	Production sites in Japan	9.3	1.9	1.8	2.5	1.5
Substances subject to PRTR (VOC atmospheric emissions) (tonne)	Production sites in Japan	53.6	55.7	52.6	58.5	54.1
Use of Substances						
Substance inputs (tonne)	Production sites in Japan	247,158	277,979	274,151	258,088	251,788
Raw materials (tonne)	Production sites in Japan	231,117	261,650	256,888	242,500	235,325
Ancillary materials (tonne)	Production sites in Japan	538	593	635	494	535
Containers and packaging materials (tonne)	Production sites in Japan	11,576	11,225	11,938	10,675	12,236
Substances subject to PRTR (tonne)	Production sites in Japan	(25,458)	(15,023)	(37,713)	(32,520)	(35,688)
Product Shipment						
Product shipment volumes (tonne)	Production sites in Japan	216,818	241,778	229,117	220,570	223,654
In-house Recycling of Waste						
In-house recycling (including thermal recycling) (tonne)	Production sites in Japan	12,224	13,723	12,708	10,633	11,094
Industrial Waste Emissions						
Industrial waste emission volumes (tonne)	AICA Group production sites	27,298	30,996	35,415	32,225	29,449
	Production sites in Japan	20,784	23,665	28,369	24,692	21,740
	Production sites outside Japan	6,514	7,331	7,046	7,533	7,709
External recycling (tonne)	Production sites in Japan	19,376	22,395	25,389	22,840	20,509
Landfill disposal (tonne)	Production sites in Japan	1,399	1,269	2,980	1,853	1,230
Substances subject to PRTR (amount of waste transferred) (tonne)	Production sites in Japan	12.6	12.9	16.7	9.8	9.8

✳: Indicators for which third-party assurance was obtained for the values published in this booklet (AICA Report 2025)

	Target Boundary	FY2020	FY2021	FY2022	FY2023	FY2024
Use of Water Resources						
Water withdrawal volume (1,000 m³)	AICA Group production sites	3,818	4,098	3,695	3,450	3,380
	Production sites in Japan	2,384	2,478	2,206	1,967	2,023
	Production sites outside Japan	1,434	1,620	1,489	1,483	1,357
	Ground water (1,000 m³)	AICA Group production sites	2,425	2,586	2,319	2,069
Industrial water (1,000 m³)	AICA Group production sites	1,106	1,206	1,080	1,087	1,023
Municipal water supply (1,000 m³)	AICA Group production sites	287	306	296	293	259
Released into Waterways						
Total wastewater discharged (1,000 m³)	Production sites in Japan	1,908	1,981	1,736	1,535	1,614
COD (tonne)	Production sites in Japan	31.2	3.3	2.1	3.4	3.4
Nitrogen (tonne)	Production sites in Japan	11.7	1.2	1.0	1.5	2.3
Phosphorous (tonne)	Production sites in Japan	6.1	0.5	0.4	0.7	0.7
Substances subject to PRTR (tonne)	Production sites in Japan	0.5	0.5	0.3	0.4	0.1

Boundary and Criteria for Calculation of Environmental Indicators

- **Target boundary**
The target boundary is indicated for each item.
Among the items for which AICA Group is indicated as the target boundary, energy inputs and greenhouse gas emissions under Scope 1, Scope 2, and Scope 3 Category 3 specifically target AICA Group production sites, Aica Kogyo head office, and its sales offices.
- **Energy use**
Energy input is calculated by multiplying the volume of fuel used by its respective calorific value. (For unit calorific values, we used the latest version as of the date of calculation for each fiscal year of the Ministry of the Environment's Calculation Methods and List of Factors for Calculation, Reporting, and Publication Programs.) Calculations of electricity assume 1 kWh = 3.6 MJ. Calculations for city gas assume 1,000 m³ = 45 GJ. Steam calculations are based on the amount of energy given by steam quality and purchased quantity. Energy from waste used as fuel is included in the totals.
- **Greenhouse gas emissions**
 - For Scope 1 and 2 calculations, we calculated the energy-derived CO₂ emissions/non-energy-derived greenhouse gas emission volumes based on the latest version as of the date of calculation for each fiscal year of the Ministry of the Environment and Ministry of Economy, Trade and Industry's Greenhouse Gas Emissions Calculation and Reporting Manual. Electric power emission factors for Japanese sites*1 were those in the latest version as of the date of calculation for each fiscal year of the List of Emission Factors by Power Supplier (Ministry of the Environment and Ministry of Economy, Trade and Industry). For sites outside Japan, we used finalized value data from the latest version as of the date of calculation for each fiscal year of the International Energy Agency's (IEA) Emission Factors. For city gas emission factors, from FY2023 onward, we used the emission factors*2 provided by the Ministry of the Environment for each gas supplier.
*1: Japanese group electricity emission factors: Up to FY2021: Adjusted emission factors for general transmission and distribution operators; for FY2022 to 2023: Adjusted emission factors by power supplier; for FY2024 onward: Basic emission factors by power supplier
*2: City gas emission factors: For FY2023: Adjusted emission factors by gas supplier; for FY2024 onward: Basic emission factors by gas supplier
 - Scope 3 calculations were made in line with the latest version as of the date of calculation for each fiscal year of the Basic Guidelines for Calculation of Greenhouse Gas Emissions Throughout the Supply Chain published by the Ministry of the Environment. The details of calculation methods for each category are as described below. Emission factors are taken from these Guidelines unless otherwise stated below.
- Category 1: Purchased goods and services
Weight or value of raw materials, products, etc. purchased in the reporting year multiplied by emission factors. For emission factors, we used either (1) LCI Database IDEA version 2.3 (AIST Research Institute of Science for Safety and Sustainability's Advanced LCA Research Group; Japan Environmental Management Association for Industry) or (2) the latest version as of the date of calculation for each fiscal year of Emission Factor Database for Calculation of Organizations' Greenhouse Gas Emissions, etc. Throughout the Supply Chain (Ministry of the Environment), depending on the item being calculated. For items produced at some of our plants, we calculated raw materials usage based on production volumes. While items of negligible purchase volumes are excluded from the calculations, the scope of the selected items covers more than 80% of total raw material purchases by weight or value.
- Category 2: Capital goods
Amount of capital investment in the reporting year multiplied by emission factors.
- Category 3: Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
Power and fuel volumes purchased during the reporting year, multiplied by emission factors. (For fuels, emission factors at the time of the study were used from the LCI database IDEA version 2.3, in accordance with the guidelines.)
- Category 4: Upstream transportation and distribution
Emissions for Aica Kogyo were calculated based on ton-kilometers of logistics (transportation, handling, and storage) in the reporting year for which the company was the shipper. Group company emissions were estimated proportionally based on the company's net sales.
- Category 5: Waste generated in operations
Industrial waste emission volumes during the reporting year, multiplied by emission factors.
- Category 6: Business travel
Emissions for Aica Kogyo were calculated by multiplying travel expenses for the reporting year by the applicable emission factors. For other group companies, emissions were estimated based on Aica Kogyo's results, adjusted for each company's number of employees.
- Category 7: Employee commuting
Commuting-related emissions for Aica Kogyo were calculated by multiplying commuting allowance payments by the relevant emission factors. Group company emissions were estimated proportionally based on the company's number of employees.
- Category 8: Upstream leased assets
Lease assets are minor and have been excluded from calculations.
- Category 9: Downstream transportation and distribution
Due to the prohibitive difficulty of ascertaining the delivery of all goods for which the company is not the shipper, these could not be calculated. When the company acts as the shipper and delivers the product to the customer, the consequent emissions are included in Category 4.
- Category 10: Processing of sold products
Identified as relevant, but emissions have not been calculated due to the difficulties of identifying emission amounts for the individual processes of our many and diverse products.
- Category 11: Use of sold products
No greenhouse gas are emitted in the use of our products.
- Category 12: End-of-life treatment of sold products
Calculated by multiplying weight of products sold during the reporting year by the emission factors allocated for each product category. For some products that include volatile substances, product weight excluding the weight of those volatile substances was substituted for calculation purposes.
- Category 13: Leased assets (downstream)
Power use accompanying use of leased buildings during the reporting year, multiplied by emission factors.
- Category 14: Franchises
No applicable business operations.
- Category 15: Investments
Some company funds are invested, but the percentage of our shareholdings in each investee company is slight and has a negligible impact on business activities, so this category has been excluded from calculations.

Non-Financial Data (Human Resources)

	Target Boundary	FY2020	FY2021	FY2022	FY2023	FY2024
Employment (as of end of fiscal year unless otherwise indicated)						
Number of employees [Consolidated]*1	AICA Group	4,796	4,949	4,963	5,007	5,250
Number of employees [Non-consolidated]*1	Aica Kogyo	1,228	1,211	1,226	1,216	1,228
Male	Aica Kogyo	1,011	1,002	1,013	999	999
Female	Aica Kogyo	217	209	213	217	229
Number of non-regular employees	Aica Kogyo	239	243	242	255	312
Rate of non-regular employees	Aica Kogyo	16.2%	16.7%	16.5%	17.3%	20.2%
Number of new-graduate recruits**2	Aica Kogyo	21	31	36	36	46
Male	Aica Kogyo	18	23	25	26	31
Female	Aica Kogyo	3	8	11	10	15
Rate of female recruits*3	Aica Kogyo	14.3%	32.0%	42.3%	26.9%	33.3%
Number of mid-career hires*1	Aica Kogyo	4	19	40	21	40
Male	Aica Kogyo	4	19	32	13	26
Female	Aica Kogyo	0	0	8	8	14
Rate of mid-career hires*4	Aica Kogyo	16%	38%	53%	37%	47%
Number of employees newly engaged under the re-employment scheme	Aica Kogyo	15	21	11	24	24
Number of employees with disabilities	AICA Group	31	28	29	34	37
	Aica Kogyo	26	25	25	27	26
	Statutory employment rate of people with disabilities*5*6	2.66%	2.47%	2.46%	2.78%	2.65%
Years of Service (as of end of fiscal year unless otherwise indicated)						
Average years of service*1	Aica Kogyo	16.1	16.5	16.5	16.7	16.4
Male	Aica Kogyo	16.6	16.8	16.8	17.1	16.9
Female	Aica Kogyo	13.7	14.7	14.7	14.7	14.3
Average age*1	Aica Kogyo	40.1	40.6	40.9	41.1	41.2
Rate of turnover**7	Aica Kogyo	2.4%	2.6%**11	3.2%	3.1%	2.9%
Rate of turnover after 3 years*8	Aica Kogyo	17.5%	8.9%	29.6%	4.8%	12.0%
Union Membership (as of end of fiscal year)						
Rate of union membership*1	Aica Kogyo	80.7%	79.9%	79.9%	80.5%	79.2%
Wages, Working Hours, and Holidays						
Average annual salary (thousand yen)*1	Aica Kogyo	6,441	6,817	6,896	7,099	7,813
Wage gap between male and female employees*5	Aica Kogyo			80.7%	80.9%	80.2%
Regular employees	Aica Kogyo			79.1%	79.5%	78.5%
Non-regular employees	Aica Kogyo			62.6%	71.7%	95.7%
Annual total working hours per employee (hours)**9	Aica Kogyo	1,878	1,965	1,968	1,979	1,966
Average monthly overtime hours per employee (hours)**9	Aica Kogyo	7.0	10.0	11.1	10.6	12.2
Average number of days of paid leave taken*10	Aica Kogyo	10.3	11.8	12.9	13.8	13.3
Average rate of paid leave taken	Aica Kogyo	55.9%	63.6%	69.1%	73.9%	70.0%
Diversity						
Number of managers*1	Aica Kogyo	209	213	207	201	211
Female	Aica Kogyo	7	7	8	9	9
Rate of female managers	Aica Kogyo	3.3%	3.3%	3.9%	4.5%	4.3%
Rate of female employees taking childcare leave*5	Aica Kogyo	100%	100%	100%	100%	100%
Rate of male employees taking childcare leave*5	Aica Kogyo	16.7%	16.7%	53.1%	59.1%	69.7%
State of Industrial Accidents						
Number of fatal accidents	AICA Group	0	0	0	0	0
Number of lost-time accidents	AICA Group				19	16
Number of lost-time accidents	Japanese group companies	6	5	4	4	4
Of which, people other than regular employees	Japanese group companies	4	2	3	3	3
Number of non-lost-time accidents	Japanese group companies	6	12	10	10	12
Of which, people other than regular employees	Japanese group companies	1	4	4	3	3

*1: Regular employees
*2: Recruits that have graduated from high school, university, or graduate school and will be joining the company in April of the next fiscal year
*3: Recruits that have graduated from university or graduate school that are in career-track positions
*4: Calculated by dividing the number of mid-career hires in the relevant fiscal year by the sum of the number of new graduates and mid-career hires in the same fiscal year.
*5: Calculated according to the method for the statutory employment rate.

*6: As of March 1
*7: Calculated by dividing the number of employees who resigned for personal reasons each fiscal year by the number of employees at beginning of that fiscal year.
*8: Calculated for graduates of university or graduate school.
*9: Excluding management
*10: Full-time employees and rehires
*11: Figures published in the AICA Report 2024 have been retroactively revised to improve data aggregation accuracy.



Independent Assurance Report

To the Representative Director and President of Aica Kogyo Co., Ltd.

We were engaged by Aica Kogyo Co., Ltd. (the “Company”) to undertake a limited assurance engagement of the environmental performance indicators marked with “” (the “Indicators”) for the period from April 1, 2024 to March 31, 2025 included in its AICA Report 2025 (the “Report”) for the fiscal year ended March 31, 2025.

The Company’s Responsibility

The Company is responsible for the preparation of the Indicators in accordance with its own reporting criteria (the “Company’s reporting criteria”), as described in the Report.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Indicators based on the procedures we have performed. We conducted our engagement in accordance with the ‘International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and the ‘ISAE 3410, Assurance Engagements on Greenhouse Gas Statements’ issued by the International Auditing and Assurance Standards Board. The limited assurance engagement consisted of making inquiries, primarily of persons responsible for the preparation of information presented in the Report, and applying analytical and other procedures, and the procedures performed vary in nature from, and are less in extent than for, a reasonable assurance engagement. The level of assurance provided is thus not as high as that provided by a reasonable assurance engagement. Our assurance procedures included:

- Interviewing the Company’s responsible personnel to obtain an understanding of its policy for preparing the Report and reviewing the Company’s reporting criteria.
- Inquiring about the design of the systems and methods used to collect and process the Indicators.
- Performing analytical procedures on the Indicators.
- Examining, on a test basis, evidence supporting the generation, aggregation and reporting of the Indicators in conformity with the Company’s reporting criteria, and recalculating the Indicators.
- Visiting one of the Company’s subsidiaries in Japan selected on the basis of a risk analysis, as well as making inquiries and reviewing materials including documented evidence of one of the Company’s subsidiaries outside Japan selected on the basis of a risk analysis, as alternative procedures to site visits.
- Evaluating the overall presentation of the Indicators.

Conclusion

Based on the procedures performed, as described above, nothing has come to our attention that causes us to believe that the Indicators in the Report are not prepared, in all material respects, in accordance with the Company’s reporting criteria as described in the Report.

Our Independence and Quality Management

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. In accordance with International Standard on Quality Management 1, we design, implement and operate a system of quality management including documented policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Masato Hori

Masato Hori, Representative Director
ESG Consulting Co., Ltd.
Osaka, Japan
December 16, 2025

AICA Group Network

(As of end-Sept. 2025)

