

Aica Kogyo Co., Ltd.

Financial Results for the Fiscal Year Ended March 31, 2022



May 19, 2022

Stock code: 4206



- 1. FY2021 Results Overview**
2. FY2021 Results by Segment
3. FY2022 Forecast Overview
4. FY2022 Forecast by Segment
5. Dividends Per Share

Appendix)

Medium-Term Business Plan FY2021 to FY2023 - Progress

Medium-Term Business Plan FY2021 to FY2023 - Materialities

Medium-Term Business Plan FY2021 to FY2023 - Climate Change Response

1-1. Consolidated Financial Results

[JPY million]

	FY2020		FY2021				
	Results	Profit Margin	Forecast	Results	Profit Margin	YoY	vs Fcst.
Net Sales	174,628	—	200,000	214,514	—	22.8%	107.3%
Operating Profit	17,991	10.3%	21,000	20,348	9.5%	13.1%	96.9%
Ordinary Profit	18,438	10.6%	21,400	21,840	10.2%	18.5%	102.1%
Profit attributable to owners of parent	10,759	6.2%	13,000	13,117	6.1%	21.9%	100.9%

[Unit per share: JPY]

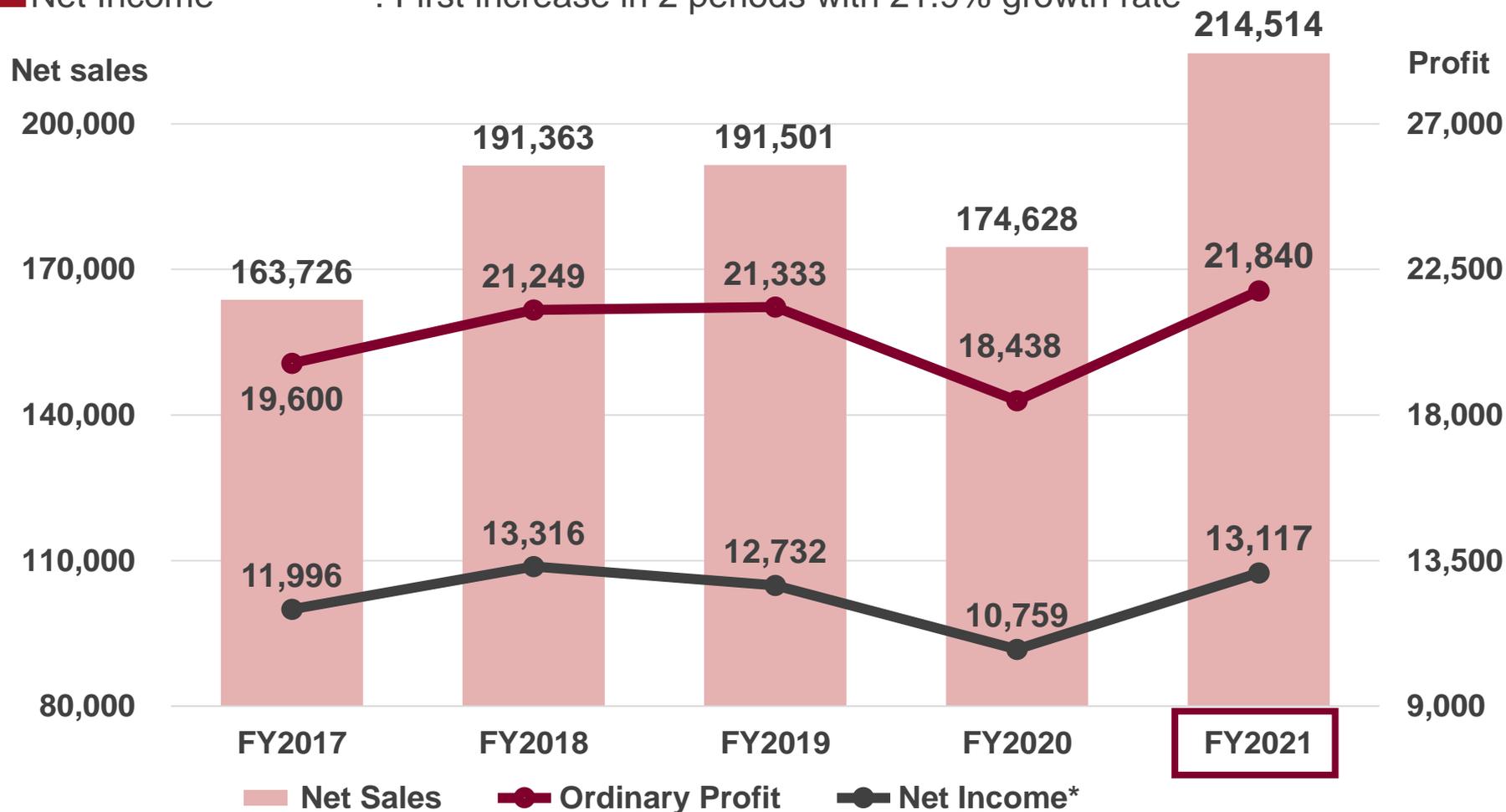
ROE	8.1%	—	9.4%	9.4%	—	—	100.0%
Earnings Per Share	164.79	—	199.10	200.90	—	—	100.9%
Shareholder's Equity Per Share	2,064.24	—	2,155.00	2,223.98	—	—	103.2%

- Consolidated results: Record highs in sales and ordinary profit, substantial gains in operating profit and net income
- Domestic business: Growth achieved in the Chemical Products and Laminates & Building Materials segments, driven by the recovery of the construction markets (both residential and non-residential)
- Overseas business: Robust performance from AAP, with positive contributions from the newly consolidated Aica Adtek
Increased sales driven by higher sales of high pressure laminates (HPL) in Asia

*AAP: AICA Asia Pacific Group

[JPY million]

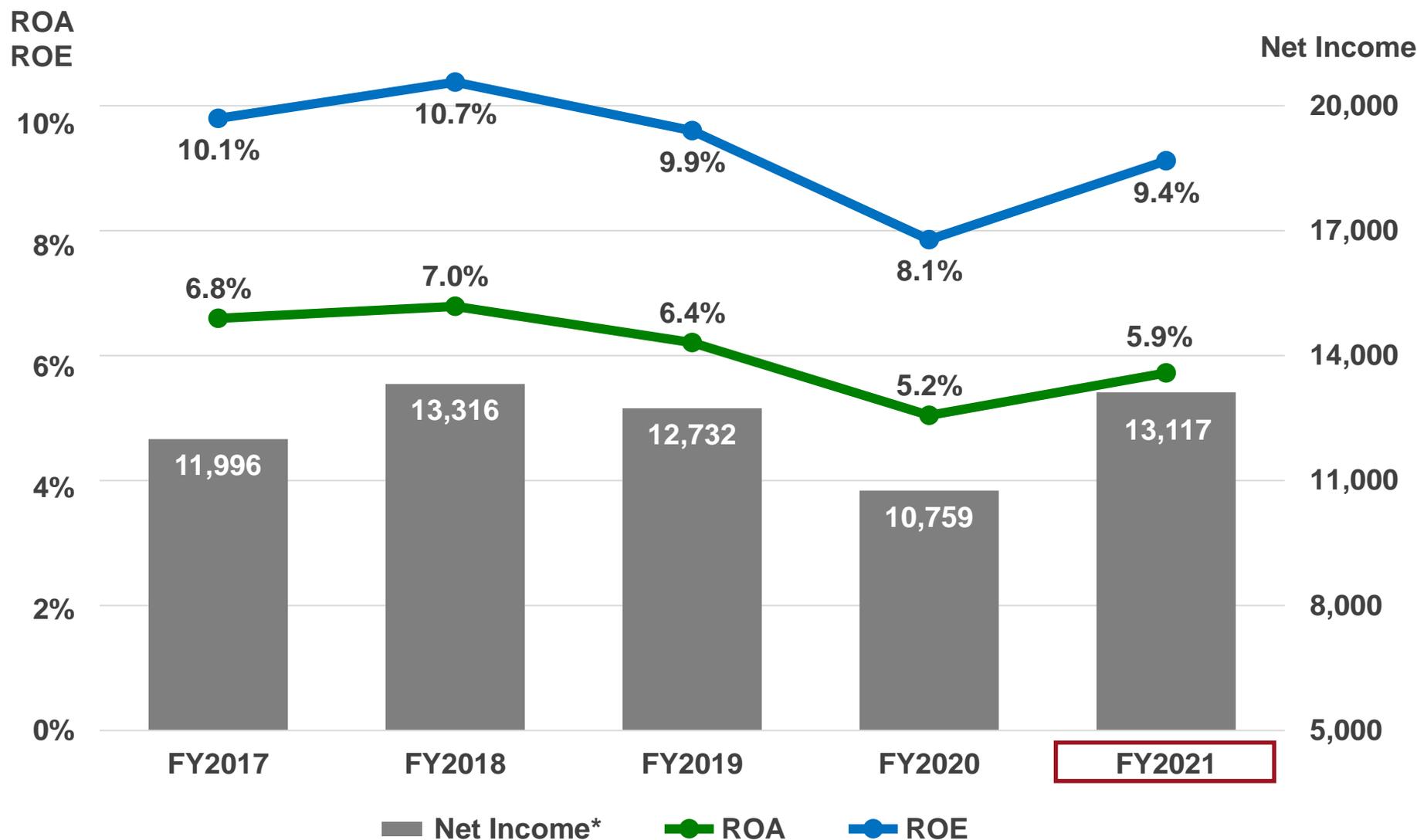
- Net Sales : First increase in 2 periods with record highs
- Ordinary Profit : First increase in 2 periods with record highs
- Net Income* : First increase in 2 periods with 21.9% growth rate



*Profit attributable to owners of parent

1-3. Trends of ROA and ROE

[JPY million]



*Profit attributable to owners of parent

1-4. Key Data

	FY2019 Consolidated	FY2020 Consolidated	FY 2021 Consolidated
R&D Expenditure	JPY 3.45 billion	JPY 3.32 billion	JPY 3.45 billion
Depreciation	JPY 4.63 billion	JPY 5.68 billion	JPY 6.41 billion
Capital Investment	JPY 7.13 billion	JPY 6.11 billion	JPY 7.11 billion
Outstanding Debts	JPY 7.19 billion	JPY 7.50 billion	JPY 17.05 billion
Employees at FY End	4,781	4,796	4,949
(Domestic Business)	1,625	1,607	1,579
(Overseas Business)	3,156	3,189	3,370

1-5. Results by Segment

	Net Sales			Operating Profit			
	FY2020 Results	FY2021 Forecast	FY2021 Results	FY2020 Results	FY2021 Forecast	FY2021 Results	
Chemical Products	90,446	110,000	122,323	7,109	7,800	7,376	Amount
				7.9%	7.1%	6.0%	Profit Margin
Laminates & Building Materials	84,182	90,000	92,191	13,751	16,800	16,379	Amount
				16.3%	18.7%	17.8%	Profit Margin
			(Adjustments)	(2,869)	(3,600)	(3,407)	Amount
Total	174,628	200,000	214,514	17,991	21,000	20,348	Amount
				10.3%	10.5%	9.5%	Profit Margin

1-6. Overseas Sales by Segment

[JPY billion]

	FY 2020 Results		FY 2021 Results		
	Net Sales	Overseas Sales Ratio	Net Sales	YoY	Overseas Sales Ratio
Chemical Products	60.60	67.0%	88.46	46.0%	72.3%
Laminates & Building Materials	13.94	16.6%	17.16	23.1%	18.6%
Total	74.54	42.7%	105.63	41.7%	49.2%

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Medium-Term Business Plan FY2021 to FY2023 - Progress

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Medium-Term Business Plan FY2021 to FY2023 - Climate Change Response

2-1. Sales Breakdown for Chemical Products

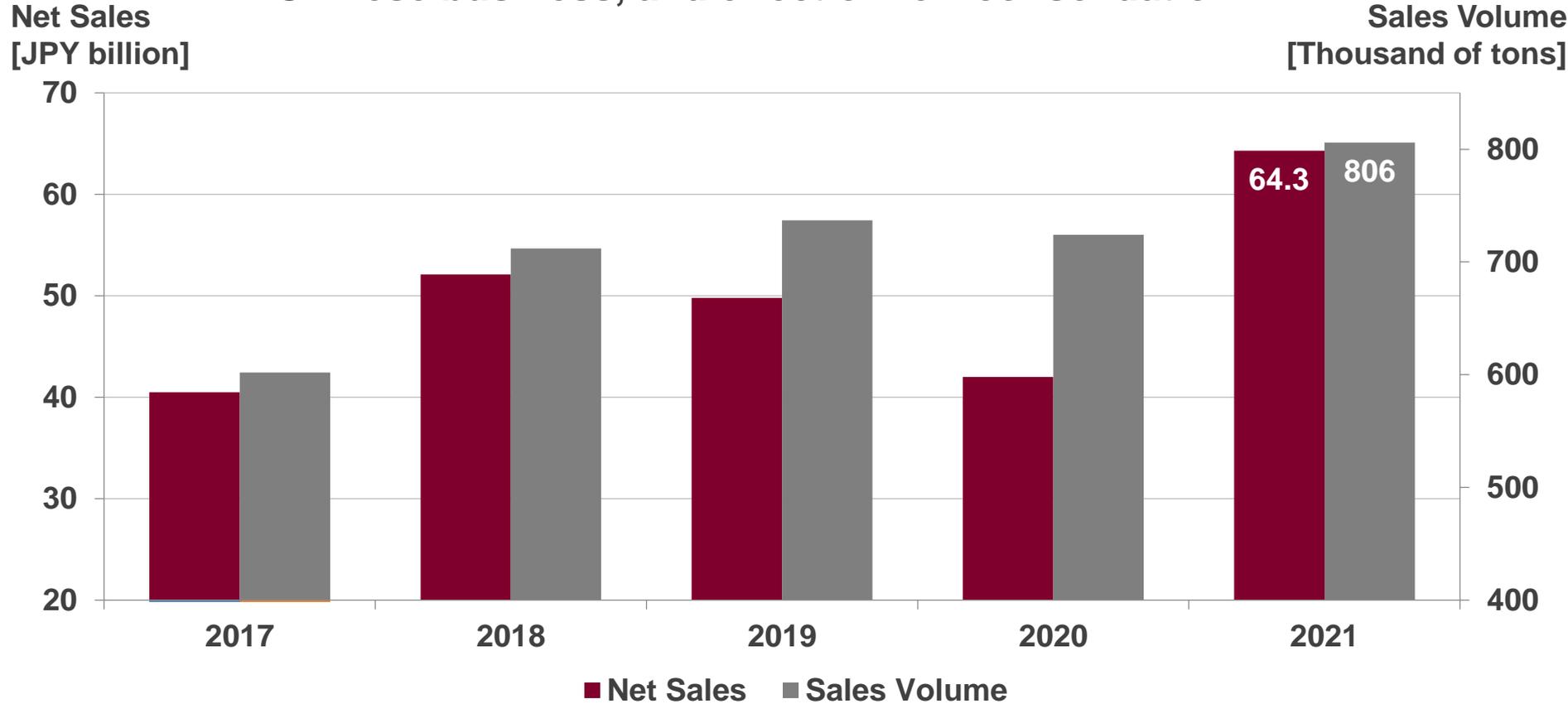
[JPY billion]

	FY2020	FY2021			
	Results	Forecast	Results	vs Fcst.	YoY
Adhesives	54.32	69.89	78.56	112.4%	44.6%
(AAP*)	(42.02)	(56.04)	(64.32)	(114.8%)	(53.1%)
Construction Resin	8.63	9.26	9.22	99.6%	6.8%
Specialty & Performance Materials	16.81	20.77	21.70	104.5%	29.1%
Other Products	10.67	10.06	12.83	127.5%	20.2%
Total	90.44	110.00	122.32	111.2%	35.2%

*AAP: AICA Asia Pacific Group

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

Increased revenue driven by price pass-through, growth of Chinese business, and effect of new consolidation



AAP*: Net Sales +53%, Sales Volume +11%

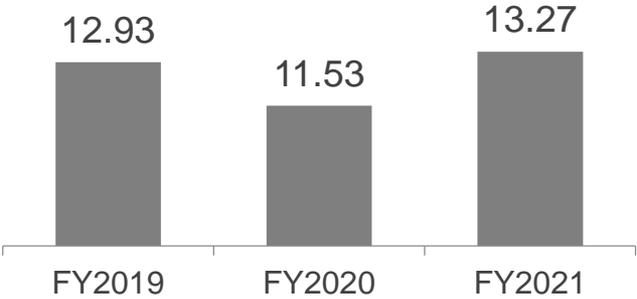
Large gains achieved in markets including China, Thailand, Indonesia, and Vietnam
 Positive contributions from the 2Q consolidation of Aica Adtek in Malaysia

*AAP: AICA Asia Pacific Group

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

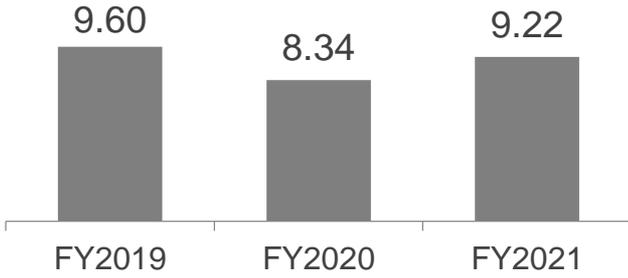
Adhesives (Domestic Business)

Various adhesives, Phenolic resins, etc.



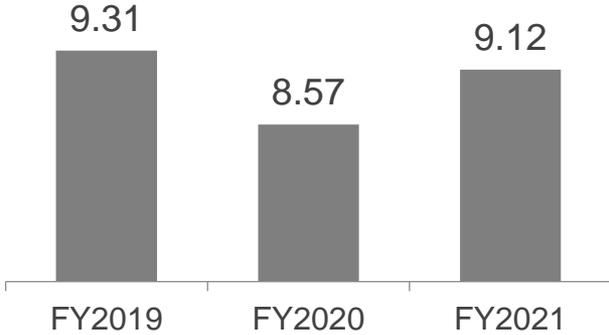
Specialty & Performance Materials (Domestic Business)

Hot melt, Functional acrylic, UV resin, Organic particles, etc.



Construction Resins (Domestic Business)

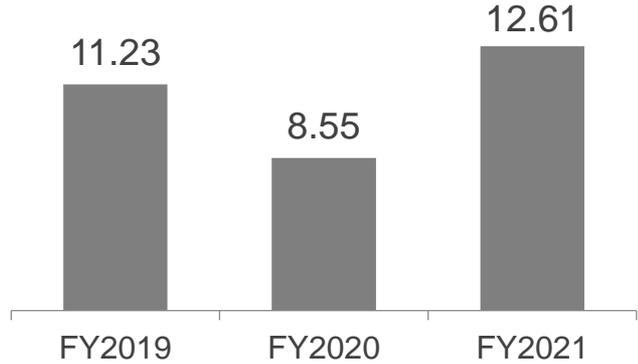
Wall/floor coating materials, Repair/reinforcing materials



EMC* (Overseas Business)

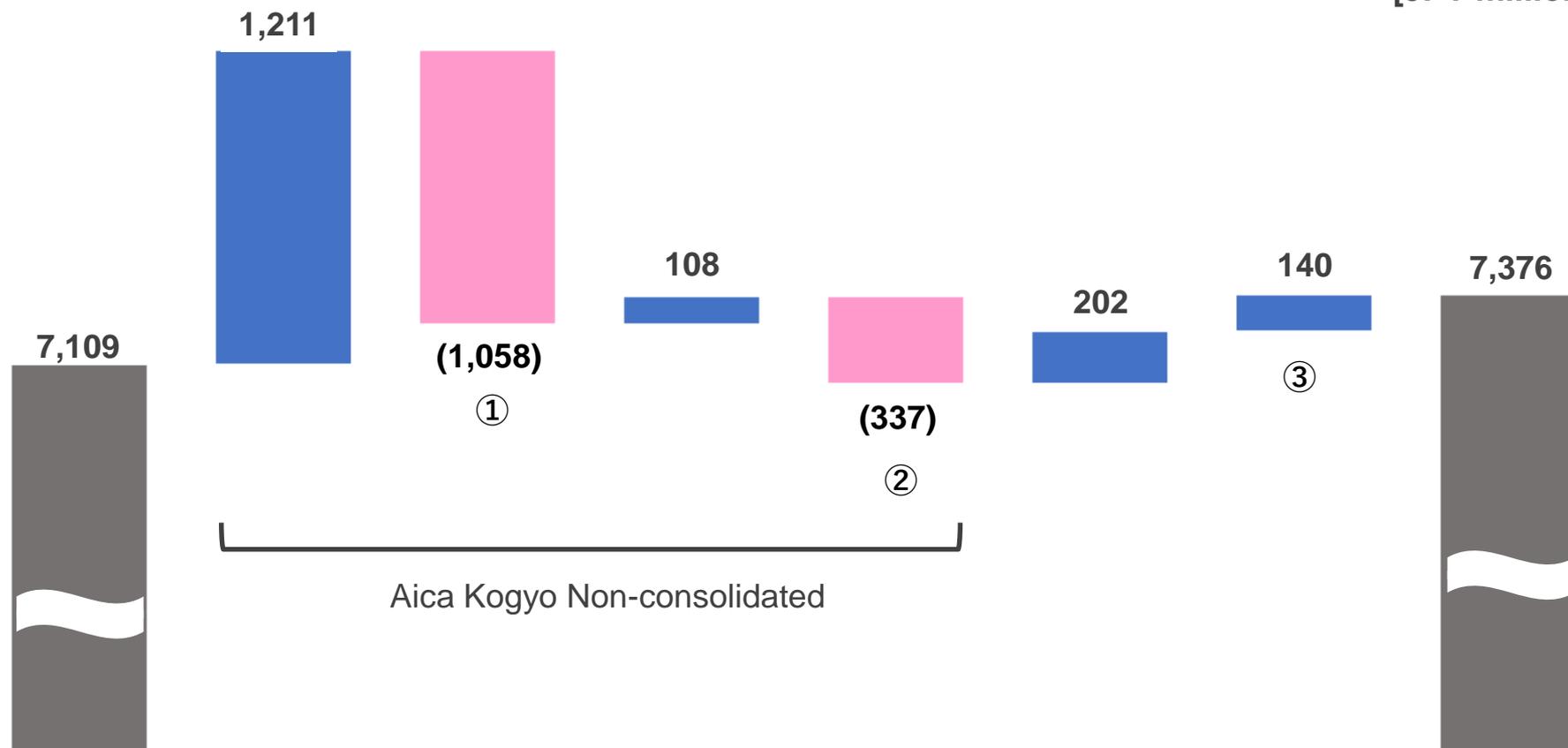
Polyurethane resin, etc.; Acquired Covestro Resin's Dayuan plant

*EMC: Evermore Chemical Industry Group



2-4. Operating Profit Results for Chemical Products

[JPY million]



Aica Kogyo Non-consolidated

FY 2020

Volume and Mix

Profit Margin

Fixed Manufacturing Costs

SG&A

Domestic Groups

Overseas Groups

FY 2021

① Profit Margin

Raw materials cost: (1,605)

Price pass-through: +447

② SG&A

Increase in logistics cost : (142)

Increase in R&D expenses: (141)

③ Overseas Groups

AAP* : +536

EMC* : (396)

*Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group

*EMC: Evermore Chemical Industry Group

2-5. Sales Breakdown for Laminates & Building Materials

[JPY billion]

	FY2020	FY2021			
	Results	Forecast	Results	vs Fcst.	YoY
High Pressure Laminates (HPL)	24.22	28.04	28.93	103.2%	19.4%
Decorative Polyester Boards, Decorative Films	11.19	11.75	11.45	97.4%	2.3%
Melamine Noncombustible Decorative Panels "CERARL"	19.19	20.40	20.91	102.5%	9.0%
Noncombustible Decorative Panels (Except "CERARL")	8.23	8.44	7.90	93.6%	(4.0%)
Countertops, Postforming products	16.47	17.42	18.21	104.5%	10.6%
Fittings, Interior Housing Materials	4.86	3.93	4.75	120.9%	(2.3%)
Total	84.18	90.00	92.19	102.4%	9.5%

Sales in housing markets have rebounded, Non-Residential markets saw slow sales in 1st half, but recovered in 2nd half

Domestic Construction Market Conditions for FY2021

[Original Forecast]

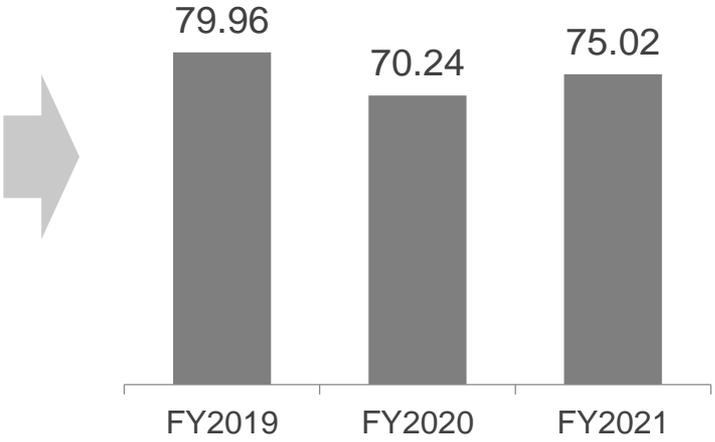
Residential: (1.2%) / Non-Residential : (5.4%)

[Results]

Residential: +5.2 / Non-Residential : (1.0%)

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

Trends of domestic sales [JPY billion]



Products with Strong Sales in FY2021

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



Cucina Osaka Showroom
Designed by: Cucina Osaka, Mohly Shop

Antiviral building materials: **Virutect**



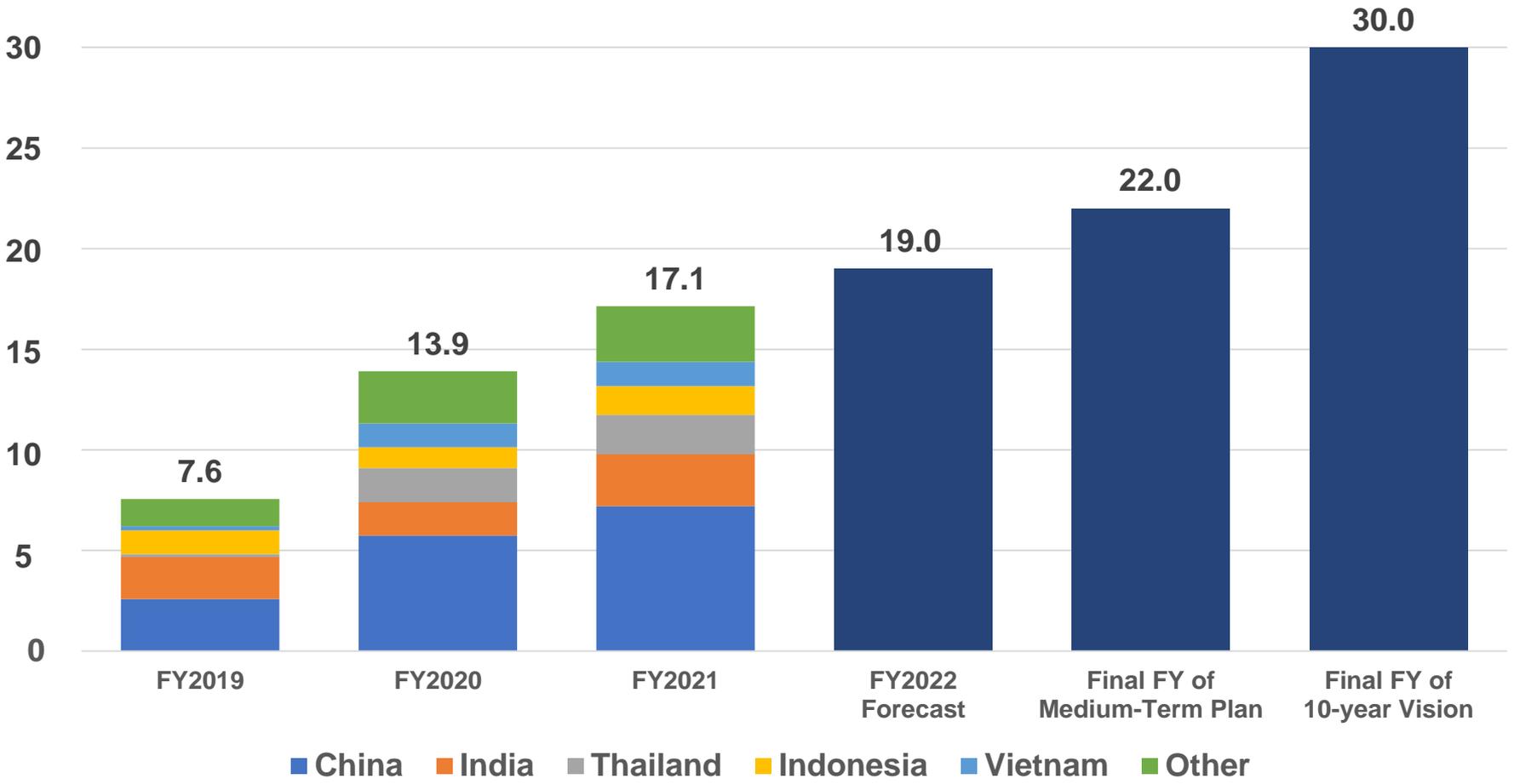
Ogata Roadside Station

Bathroom vanity set: **Smart sanitary**



[JPY billion]

Increased revenues driven by the growth of Wilsonart, ALIP, etc.

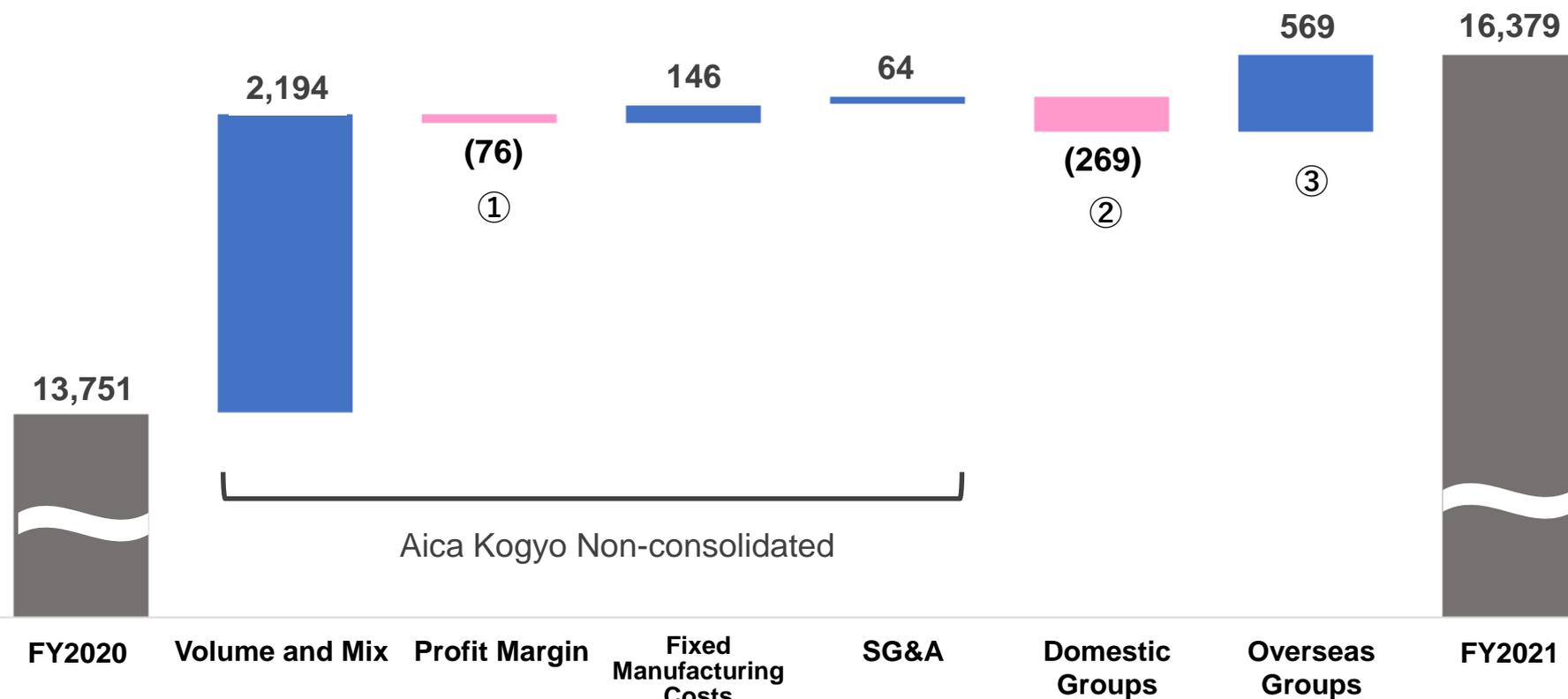


Growth achieved in markets such as China, India, Thailand, Indonesia, and Vietnam

*ALIP: Aica Laminates India Pvt. Ltd.

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

[JPY million]



① Profit Margin

Raw materials cost : (441)
 Import cost : (319)
 Price pass-through : +553

② Domestic Groups

AICA Harima Kogyo : (135)
 AICA Interior Kogyo : (81)

③ Overseas Groups

Wilsonart : +348
 ALV* : +210

*Operating profit before deducting adjustments

*ALV: Aica Laminates Vietnam Co., Ltd.

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3-1. Business Outlook Forecast for FY2022

Domestic Construction Market

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

FY2021 (Results) Residential: +5.2% Non-Residential: (1.0%)

FY2022 (Forecasts) Residential: (2.4%) Non-Residential: +8.4%

Overseas Market

Uncertainty due to the Russia/Ukraine situation, Chinese lockdown, rising crude oil prices, and more

Exchange Rate

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

FY2021 (Results) 1USD = 109.84 yen

FY2022 (Assumptions) 1USD = 120.00 yen

Domestic Naphtha Prices

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

FY2020 (Results) 33,000 yen/kl

FY2021 (Results) 50,000 yen/kl

FY2022 (Assumptions) 81,000 yen/kl

3-2. FY2022 Forecast

[JPY million]

	FY2021 Results		FY2022 Forecast			YoY
	Amount	Profit Margin	Amount	Profit Margin	YoY	Difference
Net Sales	214,514	—	225,000	—	4.9%	10,485
Operating Profit	20,348	9.5%	21,500	9.6%	5.7%	1,151
Ordinary Profit	21,840	10.2%	22,000	9.8%	0.7%	159
Net Income*	13,117	6.1%	13,300	5.9%	1.4%	182
ROE	9.4%	—	Over 9%	—	—	—
ROA	5.9%	—	5.4%	—	—	—
Earning Per Share	JPY 200.90	—	JPY 207.95	—	—	—
Shareholders' Equity Per Share	JPY 2,223.98	—	JPY 2,300.00	—	—	—
R&D Expenditure	JPY 3.45 billion	—	JPY 3.70 billion	—	—	—
Depreciation	JPY 6.41 billion	—	JPY 7.00 billion	—	—	—
Capital Investment	JPY 7.11 billion	—	JPY 10.00 billion	—	—	—

* Profit attributable to owners of parent

3-3. FY2022 Forecast by Segment

[JPY million]

	Net Sales			Operating Profit			
	FY2021 Results	FY2022 Forecast	Difference	FY2021 Results	FY2022 Forecast	Difference	
Chemical Products	122,323	129,000	6,676	7,376	8,000	623	Amount
				6.0%	6.2%	0.2%	Profit Margin
Laminates & Building Materials	92,191	96,000	3,808	16,379	17,100	720	Amount
				17.8%	17.8%	—	Profit Margin
(Adjustments)				(3,407)	(3,600)	(192)	Amount
Total	214,514	225,000	10,485	20,348	21,500	1,151	Amount
				9.5%	9.6%	0.1%	Profit Margin

3-4. 1st Half Forecast for FY2022 by Segment

[JPY millions]

	Net Sales			Operating Profit			
	FY2021 1H Results	FY2022 1H Forecast	Difference	FY2021 1H Results	FY2022 1H Forecast	Difference	
Chemical Products	56,306	61,500	5,193	3,869	3,600	(270)	Amount
				6.9%	5.9%	(1.0%)	Profit Margin
Laminates & Building Materials	42,344	43,500	1,155	7,170	7,600	429	Amount
				16.9%	17.5%	0.6%	Profit Margin
			(Adjustments)	(1,612)	(1,700)	(87)	Amount
Total	98,650	105,000	6,349	9,426	9,500	73	Amount
				9.6%	9.0%	(0.6%)	Profit Margin

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4-1. Sales Forecast Breakdown for Chemical Products

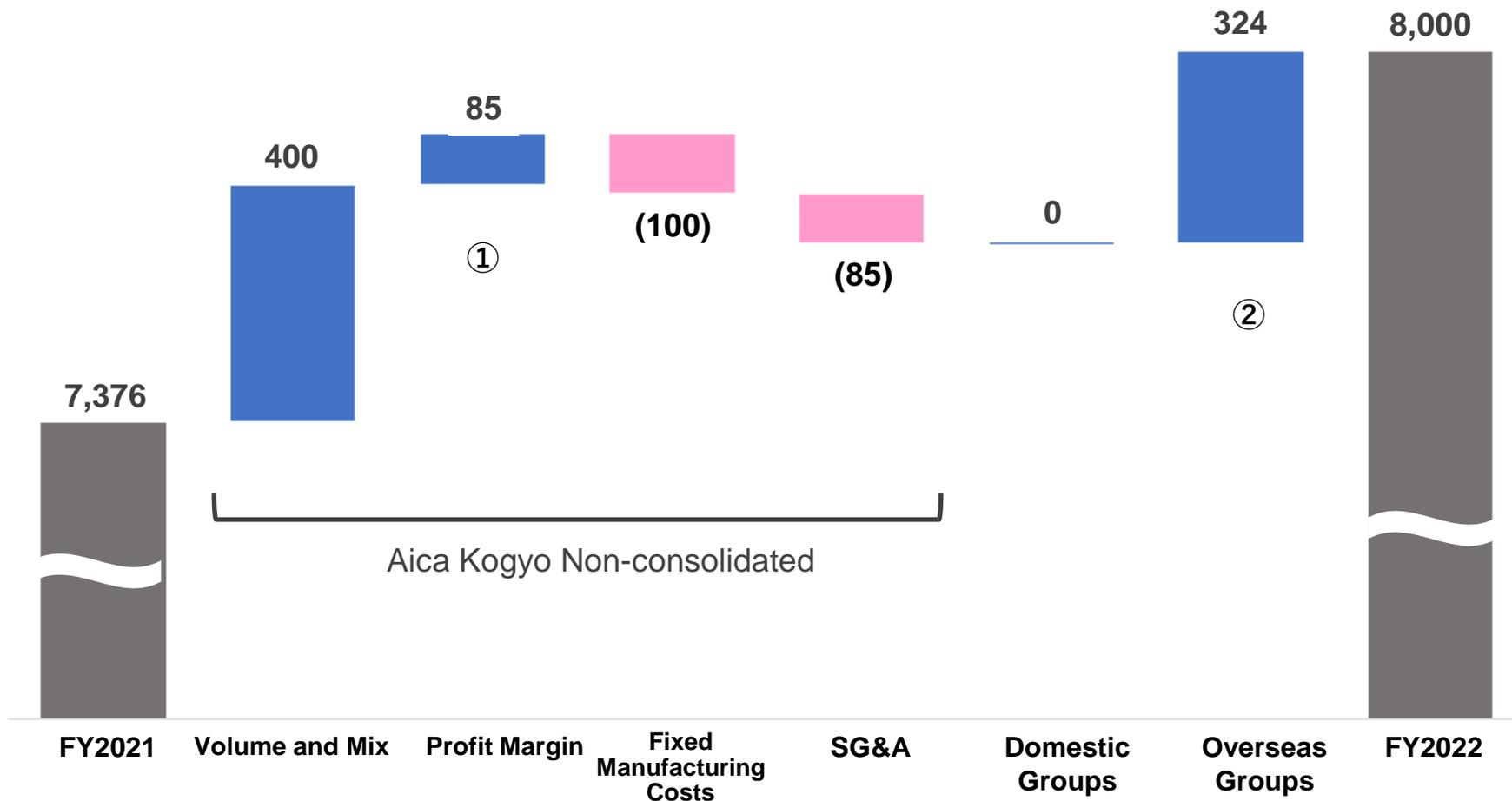
[JPY billion]

	FY2021 (Results)		FY2022 (Forecast)			
	1st Half	Full Year	1st Half	YoY	Full Year	YoY
Adhesives	35.43	78.56	40.10	13.2%	85.00	8.2%
(AAP*)	(28.63)	(64.32)	(33.00)	(15.2%)	(70.00)	(8.8%)
Construction Resins	4.43	9.22	4.58	3.2%	9.50	3.0%
Specialty & Performance Materials	10.52	21.70	10.90	3.5%	23.00	6.0%
Other Products	5.91	12.83	5.92	0.2%	11.50	(10.4%)
Total	56.30	122.32	61.50	9.2%	129.00	5.5%

*AAP: AICA Asia Pacific Group

4-2. Operating Profit Forecast for Chemical Products

[JPY million]



① Profit Margin
 Raw materials cost: (1,000)
 Price pass-through: +910

② Overseas Groups
 AAP* : +150

* Operating profit before deducting adjustments

*AAP: AICA Asia Pacific Group

4-3. Plans for Chemical Products (Overseas Business)

AAP*

- Advancement of 3 large-scale Chinese projects
 - Relocation of Aica Guangdong (for BCP purposes and to increase production capacity)
 - New construction of Aica Fujian's phenolic resin factory for bamboo materials
 - Construction of Aica Nanjing's phenolic resin factory
- AICA Dong Nai's capital investment in additional production capacities
 - Plan to launch production of industrial-use phenolic resins
- Increased synergies with Aica Adtek
 - Expand marketing in regions including Oceania, India, Pakistan, and Turkey
 - Expand sales in various AAP locations and Japan, driven by synergies
 - Aica Adtek's sales forecast: JPY 4.9 billion (+80% YoY)



©dasso Group



Capitalize on Asian demand for phenolic resin and global demand for hot melt
AAP sales forecast: JPY 70.0 billion
(+8.8% vs. FY2021, +66.6% vs. FY2020)

*AAP: AICA Asia Pacific Group

4-4. Plans for Chemical Products (Domestic Business)

Adhesives

- Leverage new organizational structure to cultivate new customers
- Expand sales of phenolic resin used in adhesives, friction materials, and sharpening stones (acquired from DIC)
- Selling price pass-through to the market

Sales forecast for adhesives (domestic business): JPY 14.00 billion
(+5.5% vs. FY2021, +21.4% vs. FY2020)

Construction Resins

- Expand the marketing of AICA's moisture-permeable external insulation system, Passive Wall
- Accelerate the market penetration of AICA's high-performance floor coating material, the AH Series
- Enhance sales expansion efforts in the building repair market
- Selling price pass-through to the market



Sales forecast for construction resin (domestic business): JPY 9.40 billion
(+3.0% vs. FY2021, +9.7% vs. FY2020)

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

Specialty & Functional Materials (Domestic Business)

- Achieve success with 3D Decorative Hard-coating Films
- Expand the marketing of products associated with 5G and foldable electronic devices



Molded decorative piece for automobile hoods



Foldable electronic device

EMC*

- Synergies with Dayuan plant, expansion of UV coating operations
- Addition of new production line for TPU (thermoplastic polyurethane resin)
- Selling price pass-through to the market



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

Sales forecast for specialty & functional materials: JPY 23.0 billion (+6.0% vs. FY2021, +36.8% vs. FY2020)

*EMC: Evermore Chemical Industry Group

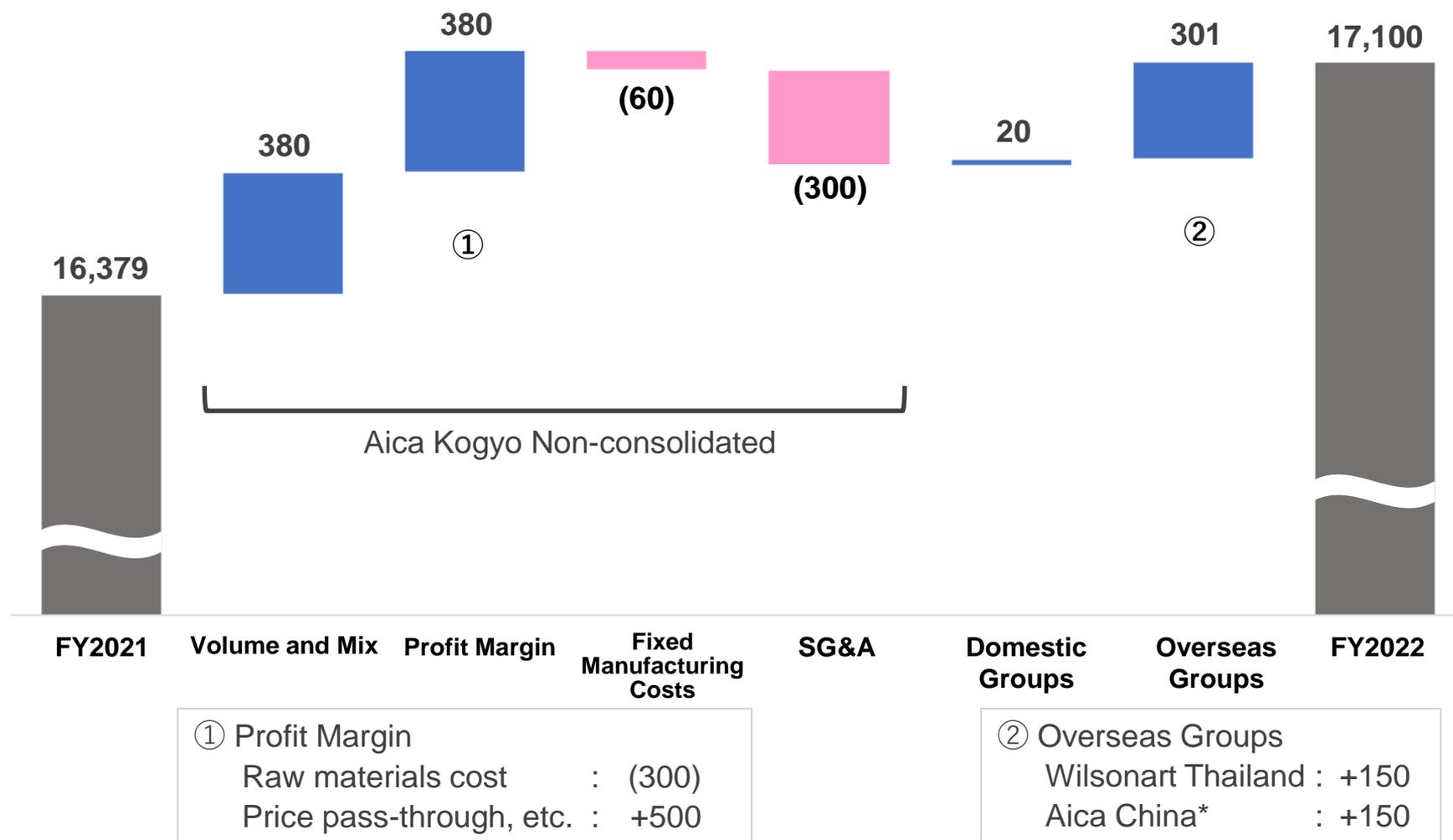
4-6. Sales Forecast Breakdown for Laminates & Building Materials

[JPY billion]

	FY2021 (Results)		FY2022 (Forecast)			
	1 st Half	Full Year	1 st Half	YoY	Full Year	YoY
High Pressure Laminates (HPL)	13.12	28.93	14.14	7.8%	31.60	9.2%
Decorative Polyester Boards, Decorative Films	5.40	11.45	5.47	1.3%	11.70	2.1%
Melamine Noncombustible Decorative Panels "CERARL"	9.55	20.91	9.65	1.0%	21.50	2.8%
Noncombustible Decorative Panels (Except "CERARL")	3.69	7.90	3.70	0.2%	8.00	1.2%
Countertops, Postforming products	8.39	18.21	8.68	3.4%	19.00	4.3%
Fittings, Interior Housing Materials	2.18	4.75	1.90	(13.0%)	4.20	(11.7%)
Total	42.34	92.19	43.50	2.7%	96.00	4.1%

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

[JPY million]



* Operating profit before deducting adjustments

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

Sales Expansion of AS products



Virutect Plus



Antiviral building materials: **Virutect**



Foyer component produced out of engineered stones (quarts)
Fiore Stone thresholds

- Increase lineup of products using AICA’s antiviral building materials, Virutect
 - Virutect Plus, a material with deodorization properties in addition to its antiviral/antibacterial properties
 - Virutect sales forecast: approx. JPY 1.0 billion (+21% YoY)
- Expand the sales of AICA’s stone products (engineered stones and artificial marbles)
 - Market the material for multiple purposes
 - Stone product sales forecast: approx. JPY 6.55 billion (+9% YoY)

Promotion activities for products adoption, developing new uses, data-based marketing

Domestic sales forecast for laminates & building materials: JPY 77.00 billion (+2.6% vs. FY2021, +9.6% vs. FY2020)

Post-Merger Integration

- Acquisition of additional Wilsonart shares (making it a wholly-owned subsidiary) to accelerate the transition to a group management structure
- Acceleration of the deployment of Japanese technologies to overseas group companies
 - ✓ Use of production facilities in China, Thailand, Vietnam, Indonesia, and India to facilitate a business model emphasizing local production of locally-consumed products
 - ✓ Enhancement/streamlining of production structure in China, Indonesia, and India
 - ✓ Use of Wilsonart’s marketing channels to roll out AICA’s high value-added products and enhance the brand’s market penetration
 - ✓ Expand the marketing of AICA’s noncombustible decorative panels (CERARL) in China and Taiwan
- Streamlining of operations through management and office integrations

<China>

Production/marketing company
Wilsonart[®]

Building materials trading company
SOIS MENDINNI[®]



Management integration

<Thailand>

Production/marketing company
Wilsonart[®]

HQ
AICA Asia Laminates Holding Co., Ltd.



Office integration

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[JPY]

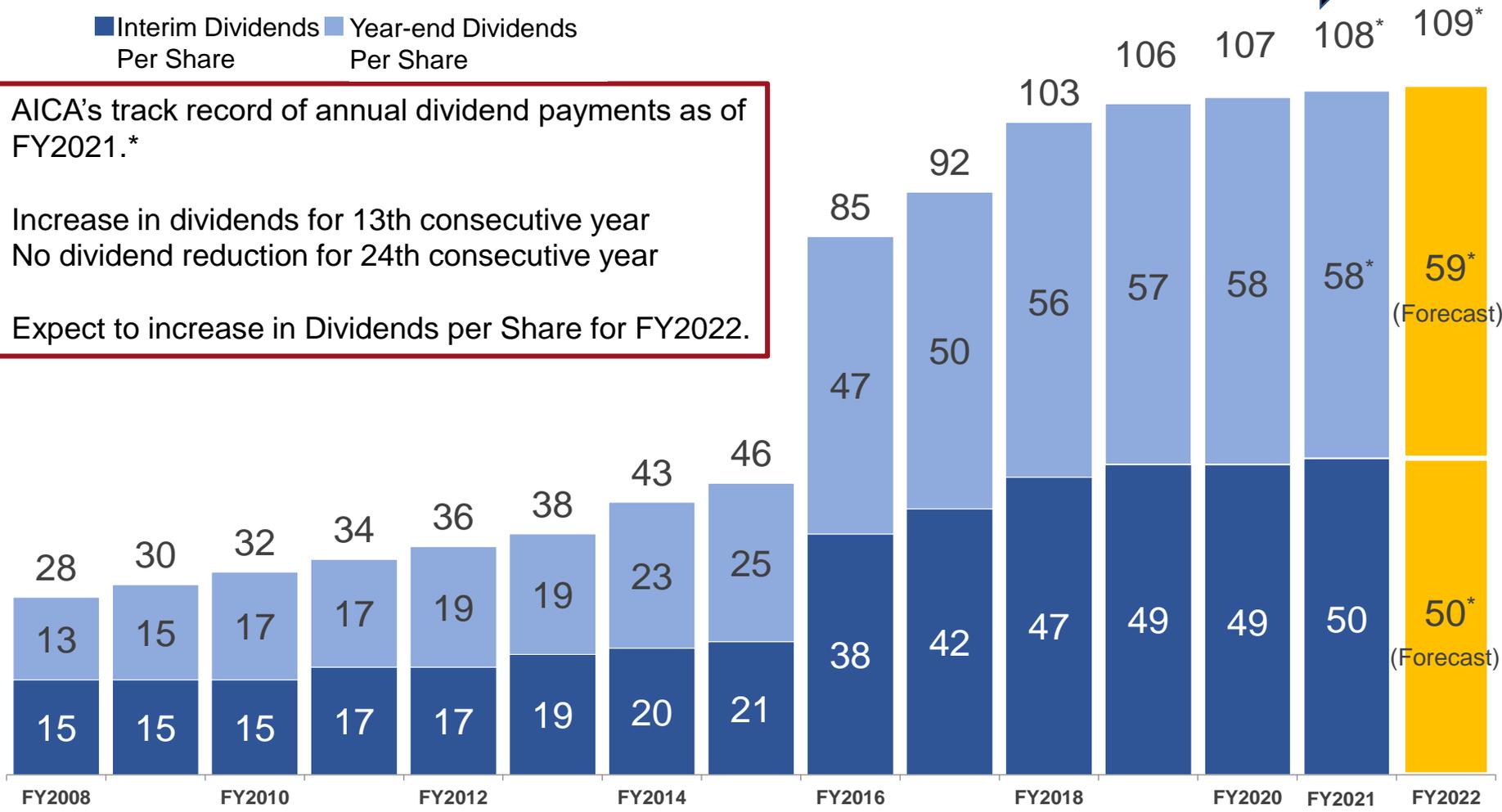
Targeted dividend payout ratio at 50%

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

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

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

Expect to increase in Dividends per Share for FY2022.



*Dividends per Share for FY2021 will be decided at the Annual General Meeting of Shareholders.
Dividends per share for FY2022 are forecast as of May/2022.

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[JPY billion]

Item	The Last Plan	Year 1	Year 2	Year 3
	FY2020 (Results)	FY2021 (Results)	FY2022 (Forecast)	FY2023 (Original Plan)
ROE	8.1%	9.4%	Over 9%	Around 10%
Overseas/Specialty & Performance Materials Sales* ¹	81.2	114.7	125.0	115.0
AS Product* ² Sales* ¹	15.5	16.9	18.0	21.0
Ordinary Profit	18.4	21.8	22.0	24.0
Net Sales	174.6	214.5	225.0	240.0

*1 Sales amount before consolidated elimination

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

Item	Subject	FY2023 Forecast	FY2021 Results
(1) Provide economic value	AICA Group	Net Sales: JPY 240.0 billion	Net Sales: JPY 214.5 billion
		Ordinary Profit: JPY 24.0 billion	Ordinary Profit: JPY 21.8 billion
		ROE: Around 10%	ROE: 9.4%
		Payout ratio: Maintain at 50%	Payout ratio : Around 53.8%
(2) Resolve social issues with products	Aica Kogyo	AS Product Sales: JPY 21.0 billion or more	AS Product Sales: JPY 16.9 billion
	AICA Group	Fix definition of SDG contribution products and set targets	Fix definition of SDG contribution products in Aica Kogyo
(3) Human resources and organizational development	AICA Group	Ascertain and improve education and training spending and time at all Group companies	Distribute survey formats to each company and request tabulation
		Creation and operation of skills lists by division and by employment grade	Completed draft of skills lists by division and by employment grade for Aica Kogyo / Continue to develop succession plans for key positions at Group companies
		Conduct and make use of employee satisfaction surveys at all Group companies	Completed draft of employee satisfaction surveys
(4) DX Implementation	Aica Kogyo	Capital Investment and digitization investment that will contribute to automation and labor-saving: JPY 800 million (for 3 years in total)	JPY 78 million

Appendix) Medium-Term Business Plan FY2021 to FY2023 - Materialities

Item	Subject	FY2023 Forecast	FY2021 Results
(5) Responding to climate change	AICA Group	GHG emissions revenue intensity : 10% reduction vs. FY2020	11.7% reduction vs. FY2020 (approximation)
		Industrial waste emission per revenue intensity: 10% reduction vs. FY2020	6.7% reduction vs. FY2020 (approximation)
		Water use per revenue intensity in high-risk areas : 6% reduction vs. FY2020	17% reduction vs. FY2020 (approximation)
		Perform scenario analysis aimed at net zero GHG emissions (Scope 1 and 2 on absolute volume basis) by 2050. And establish calculation methods for Scope 3 and propose measures how to reduce Scope 3	Climate change scenario analysis based on TCFD recommendations started in March / Obtained third- party assurance for some categories of Scope 3 emissions from domestic group companies, and established domestic calculation standards
(6) Strengthen governance	AICA Group	Strengthening BCP (extreme whether events, natural disasters) BCP training at all consolidated production bases (more than 1 time/year), BCP formulation for new consolidated production bases	Conducted BCP training at all locations
	Aica Kogyo	Enhancement of group governance rules	Establish stricter methods for checking the status of penetration of the Code of Conduct / Restructuring of internal reporting system / Enhancement of internal audit system / Confirmation of the status of internal regulations and support for the development of missing regulations
	Aica Kogyo	Digitization investment that will contribute to strengthening of security: JPY 300 million (for 3 years in total)	JPY 403 million
(7) Quality assurance and occupational safety	AICA Group	Quality improvements based on customer satisfaction surveys (every year)	Customer satisfaction survey completed, and results reported to the Board of Directors. AICA Kogyo's non- consolidated loss amount decreased significantly.
		Lost-time accidents: Fewer than previous year (every year)	Japan : 5 (FY2020 actual result: 6) Overseas : 9 (FY2020 actual result: 13)
	Aica Kogyo	Establishment and operation of departmental training programs	Quality training plan implemented on schedule



■ **Develop biomass-based UV-cured hard coating agent and biomass-based hard coating film**

- These products are partly made of plant-based biomass materials such as corn and soybeans.
- They are eco-friendly, with a biomass content of 30 to 40%.

■ **Develop 3D Decorative Hard-Coating Films for use in automobile exterior**

- Some 30% of CO₂ emission in automobile production are caused by the painting process.
- The use of 3D Decorative Hard-Coating Films as an alternative coating option can lead to emission reductions in the manufacture of automobiles.



■ **Develop high pressure laminates (HPL) produced out of plant-based phenolic resins**

- The product makes use of lignin, a plant-based material.
- 60% biomass content, with the goal of eventually achieving 100% to enhance its sustainable properties

■ **AICA has received the environmental-focused Greenguard Gold Certification for our high pressure laminates (HPL) and CERARL line of products.**

- Greenguard is an environmental certification program administered by UL, a global third-party safety science institution.
- Greenguard sets a limit on acceptable in-room VOC (volatile organic compounds) emission levels, mostly from building materials and furniture.



*Change
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Aica Kogyo Co., Ltd.

- “FY” in this report indicates the fiscal year ending March 31 of the succeeding year.
- The matters such as current plan, prospect, strategy, or conviction which indicated in this report, but not historical fact are only the expectation of the future achievement, and there are the risks or unexpected factors.
- This information has made based on the judgment of the manager of Aica Kogyo Co., Ltd. using current available information. The actual result can be difference from the current prospect because of various important elements, so please avoid depending on fully to only this prospect.
- This document is not a thing for investment inducement. We request that the decision about the investment will be performed by the judgment of each user.