

New Medium-Term Business Plan  
**Value Creation 3000 & 300**

Aica Kogyo Co.,Ltd.

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May 25, 2023

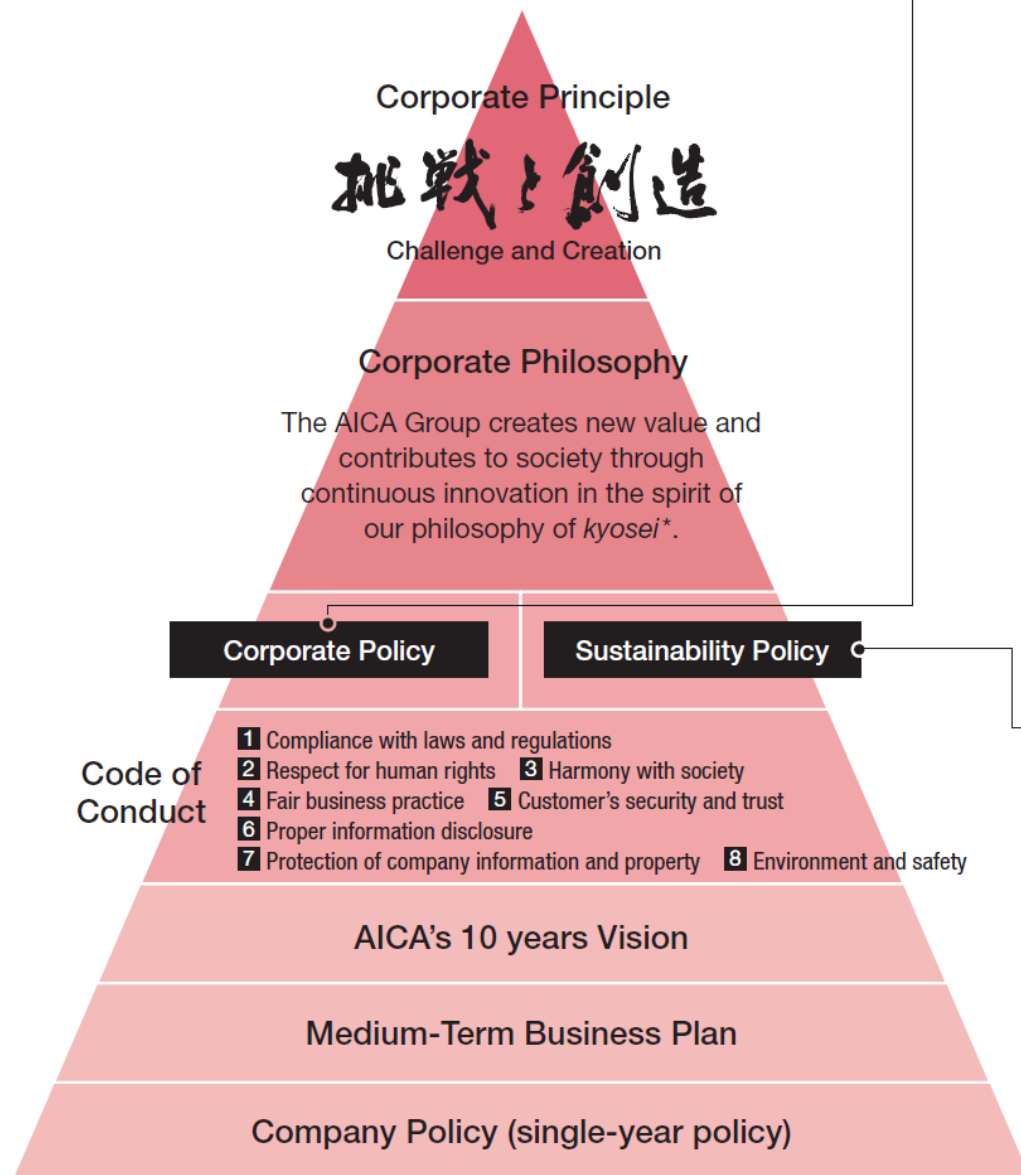
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## Overall Image of AICA Policies



### Corporate Policy

#### 1. Chemistry and Design

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

#### 2. Group Synergies

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

#### 3. Leading Products

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

#### 4. Global Presence

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

#### 5. Human Resources and Organizations

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

#### 6. Compliance Management

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

#### 7. Commitment to Safety and Security

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

### Sustainability Policy

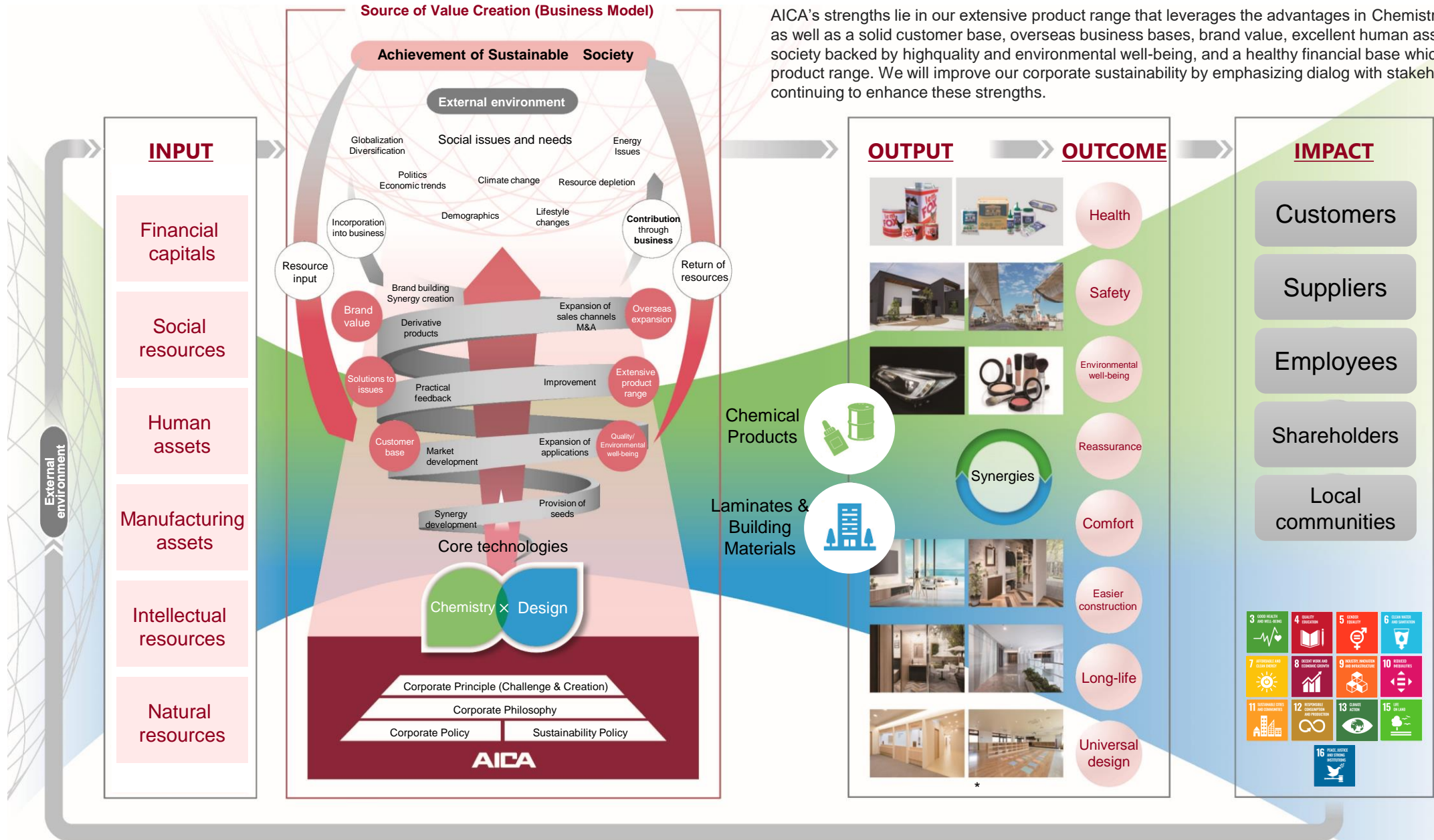
**1** We address social issues through our business activities to contribute to the creation of a better society.

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

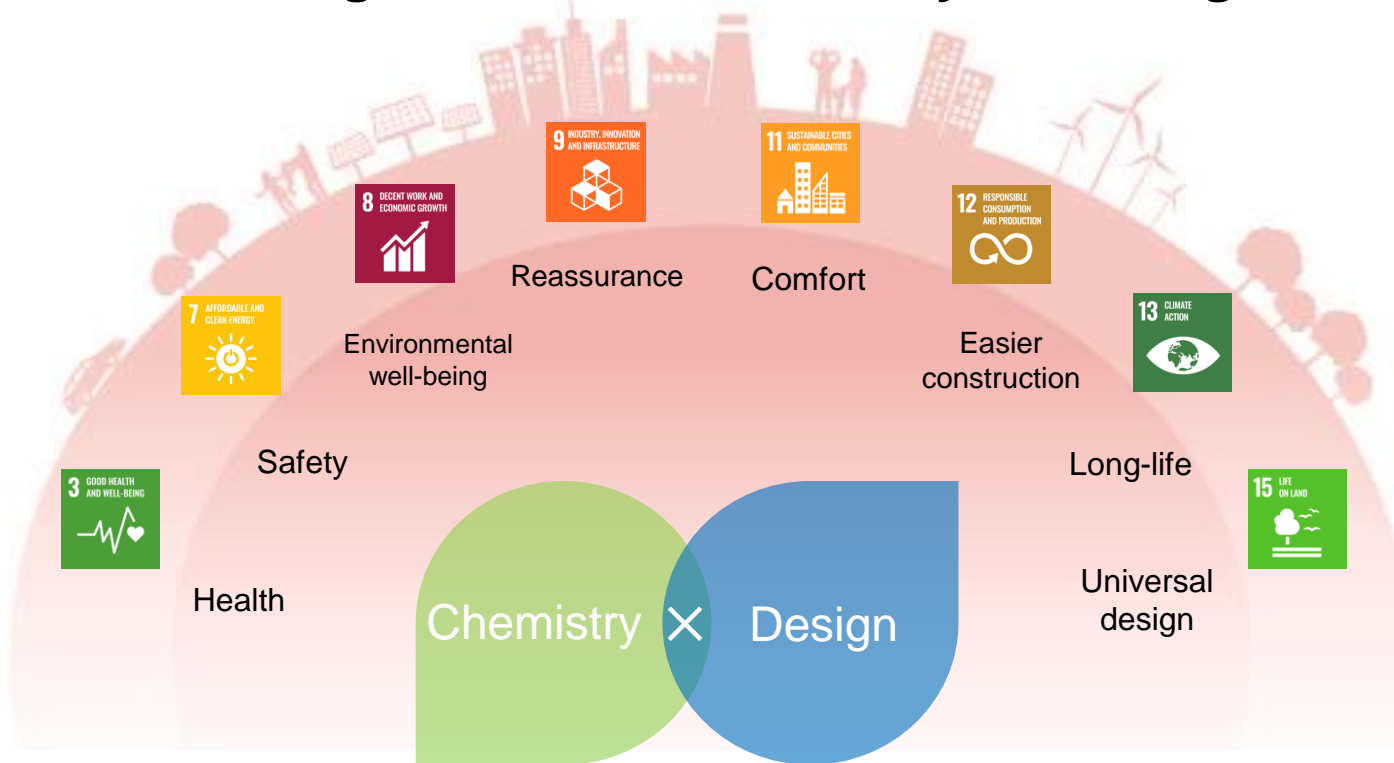
**3** We emphasize dialog with stakeholders, including customers, employees, shareholders, suppliers, business partners, local communities, and local governments, and respond promptly to social needs and changes.

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

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



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



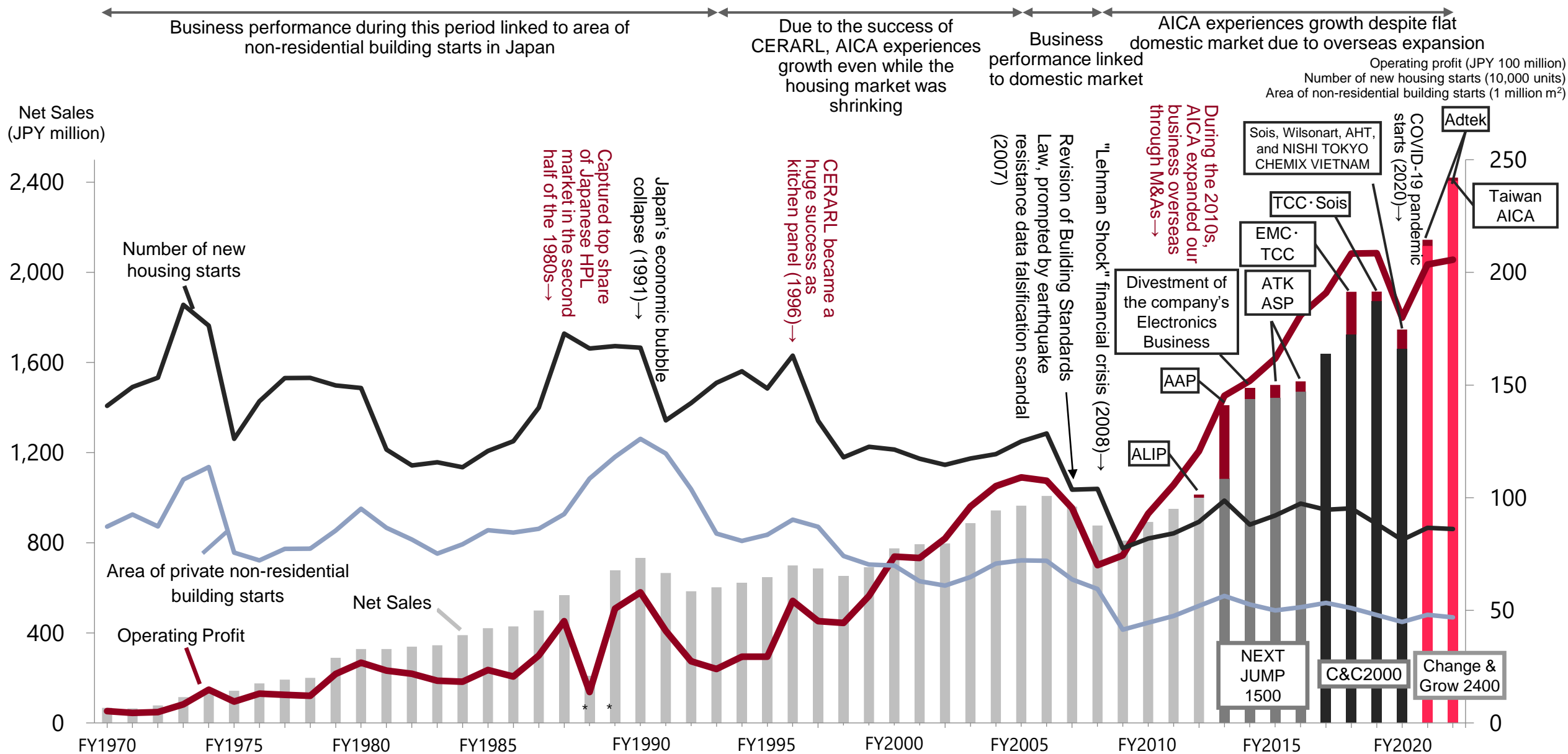
### Chemical Products

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

### Laminates & Building Materials

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

# Historical Consolidated Results



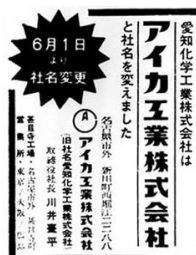
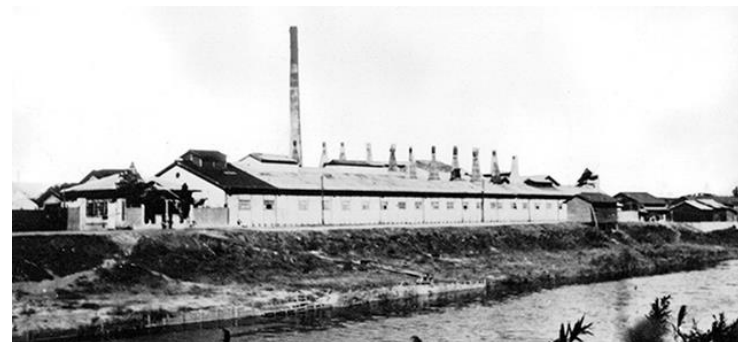
\* Due to a change in the months comprising the fiscal year, FY1989 is divided into two components: December 1988 to March 1989 and April 1989 to March 1990.

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

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

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

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



# Medium-Term Business Plan (MTBP)



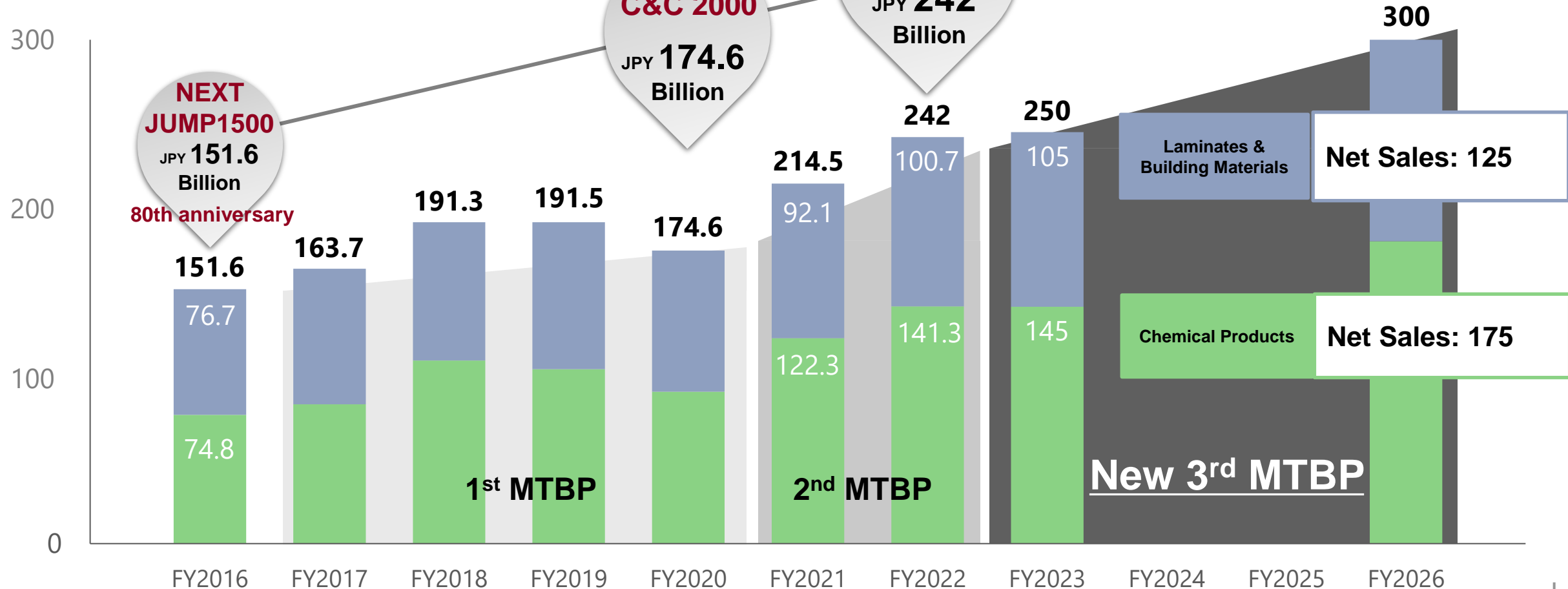
VALUE CREATION  
3000 & 300

FY2023 to FY2026



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

Consolidated Net Sales  
[JPY billion]



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

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

\*1: Sales amount before consolidated elimination

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

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

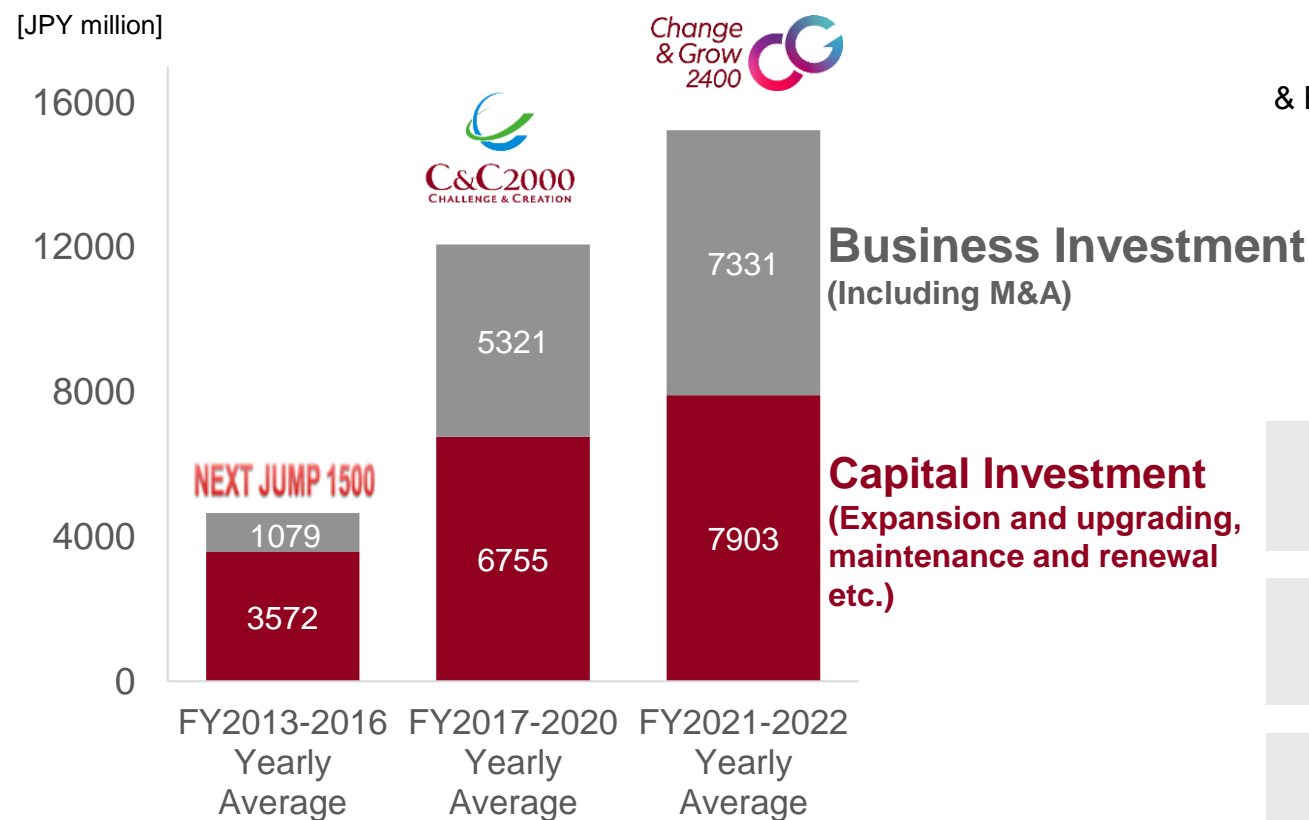
**Laminates & Building Materials: Both Domestic and overseas sales equally grew, but still needs improvement to achieve FY2023 original plan.**

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

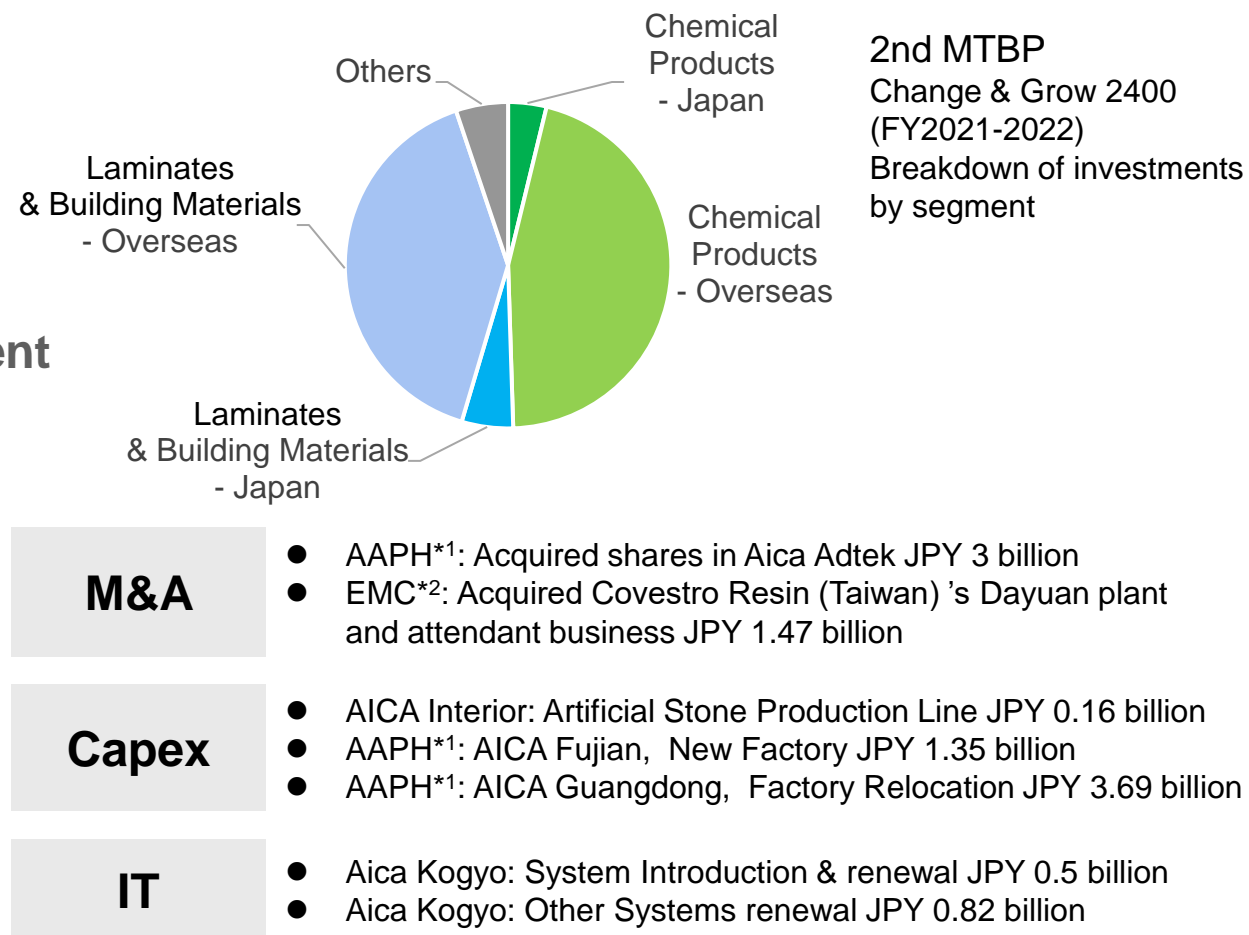
We generated cash in Japan, and actively reinvested the cash in the overseas growth market, and made steady investments in a well-balanced manner in both capital investment and business investment.

## Investment Volume

“Average Annual Investment” by past MTBPs



## Analysis on latest year Investments in FY2021-2022



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

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

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

\*1: AICA Asia Pacific Holding Co., Ltd. \*2: Aica Adtek Sdn. Bhd. \*3: EVERMORE CHEMICAL INDSTRY CO., LTD.

\*4: Aica Laminates Vietnam Co., Ltd. \*5: Taiwan Aica Kogyo Co., Ltd. \*6: Aica Laminates India Pvt. Ltd.

## Internal resources and assets

## External resources and assets

### Intellectual resources

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

### Manufacturing assets

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

### Human assets

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

### Financial capitals

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

### Social resources

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

### Natural resources

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

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

## Financial

### 1. To Improve Profitability



In our “Four Segment” ; Chemical Products – JAPAN / OVERSEAS, Laminates & Building Materials– JAPAN / OVERSEAS, we will improve profitability by widening added value and optimizing capital allocation.

We aim to stretch profit margin in line with market characteristics and balancing to allocate capital.

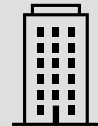
### 2. To Create and Nurture Growth Businesses



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

## Non-financial

### 3. To Build robust Management Base



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

#### To Responding to Climate Change



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

#### To Strengthen Human Capital and Organization



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



Profitability

Growth

Climate Change

Human Resource

## Financial Target

## Non-Financial Target

Consolidated Net Sales

JPY **300** billion

Consolidated Ordinary Profit

JPY **30** billion

AS Product Sales \*1

JPY **28** billion

Overseas Sales Ratio

**50%** or more

ROE

Approx. **10%**

ROIC

Approx. **8%**

Climate Change

GHG\*2 Emission Reduction  
(Scope1+2)**(14%)**  
(compared with 2022)

Environmental Investment

JPY **2** billion  
(4 years cumulative)

Human Resource

HR Investments \*1

JPY **4** billion  
(4 years cumulative)

Engagement Score

**4.0** points or more  
(3.9 points in 2022 (full score: 5 points))

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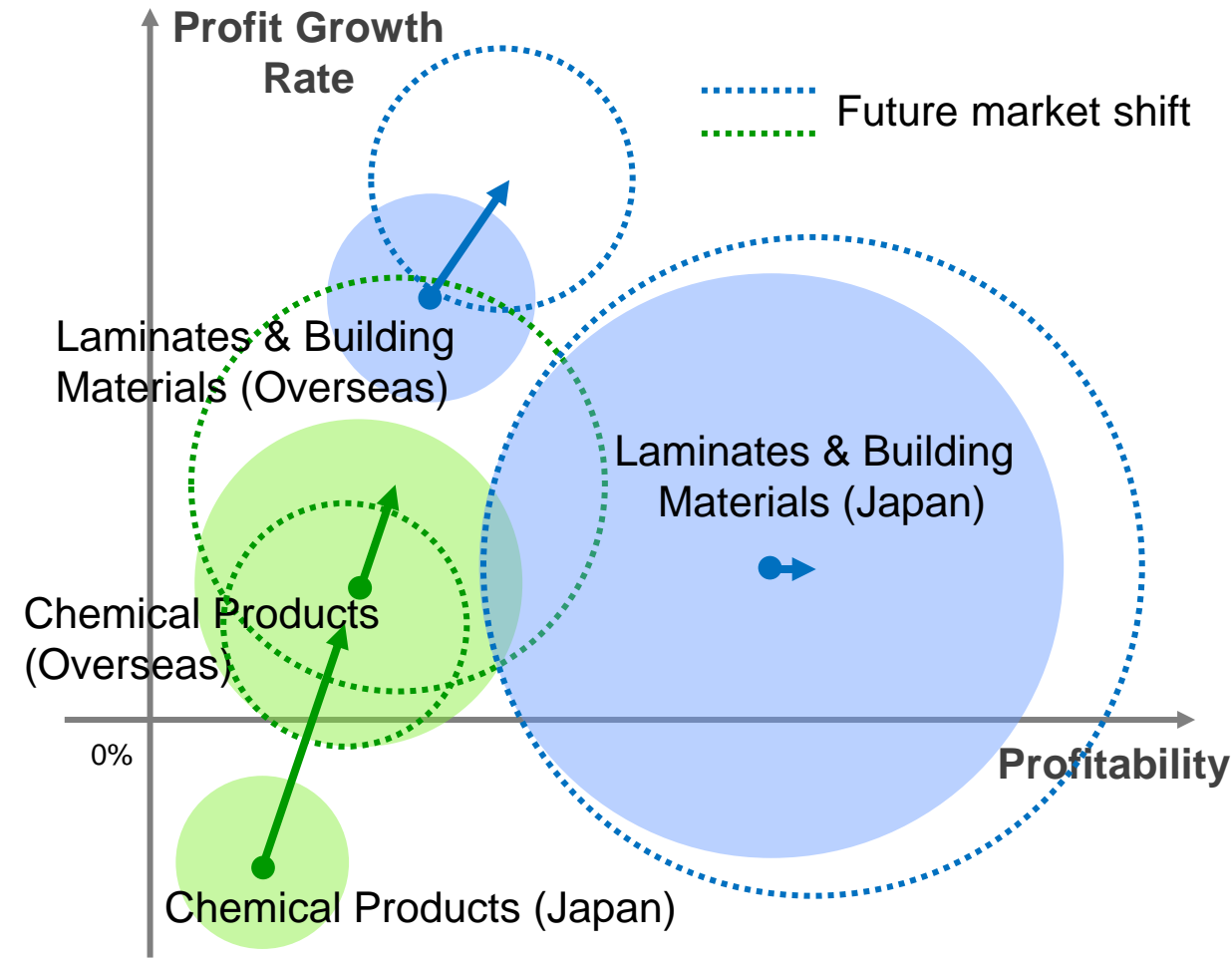
## Chemical Products

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

## Laminates &amp; Building Materials

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

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



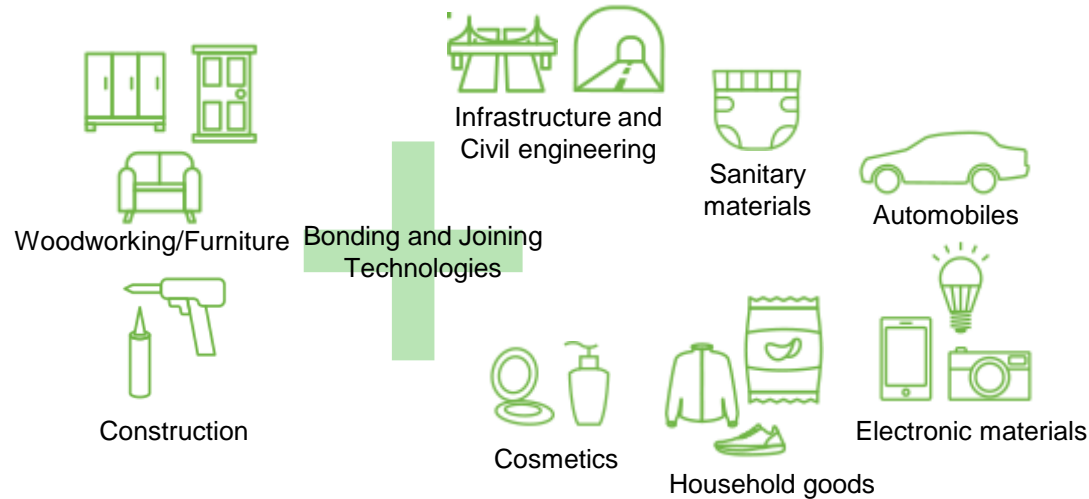
- Profitability: Operating profit before consolidation and elimination
- Circle size indicates size of operating profit
- Profit Growth Rate: The average annual growth rate of operating profit over an eight-year period

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

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

### Chemical Products

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



Note: Accumulated net sales prior to consolidation elimination

### Laminates & Building Materials

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

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

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

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

Based on AICA's resin synthesis technology and material utilization technology, we will develop and expand sales of products that respond to the climate change issues. This will allow us to transform into a corporate group that achieves sustainable growth even in a rapidly changing world.

**Biomass** Utilize carbon-neutral materials

Photosynthesis → Absorption (CO<sub>2</sub>) → Emissions → Disposal → CO<sub>2</sub> Offset ± 0

Reduce CO<sub>2</sub> emissions from raw materials by actively utilizing biomass materials

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

**LCA** Provide quantitative environmental information

Quantitatively calculate CO<sub>2</sub> emissions from LCA

Resources → Manufacturing → Distribution → Consumption → Disposal

Contribute to climate change measures by providing environmental information on products

HPL, melamine fire retardant decorative panels

**Waste reduction** Propose recycling and renovation methods for products

On tile construction method → Reduce demolition work by utilizing existing foundation

Waste Reduction, Noise Reduction, Shortened Construction Time

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

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

**Easier construction** Simplify construction methods and shorten construction periods

Resin to prevent concrete chips from falling

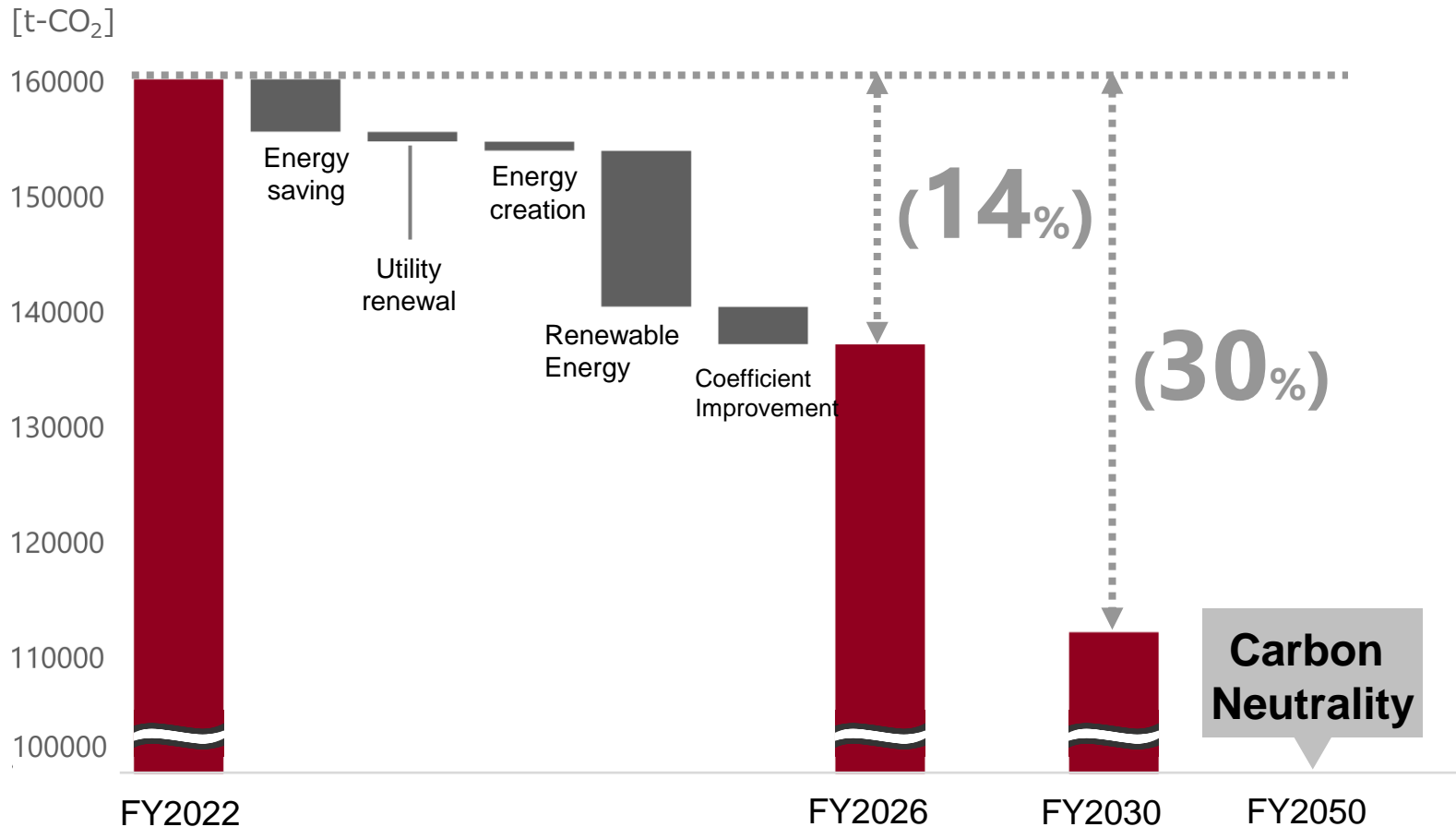
- The construction method, which used to take several days, can be shortened to **as little as one day** by simplifying the process
- Reinforcement of concrete contributes to improved safety

Contributes to the reduction of CO<sub>2</sub> emissions during construction and also responds to the problem of the shortage of labor at sites

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

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

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



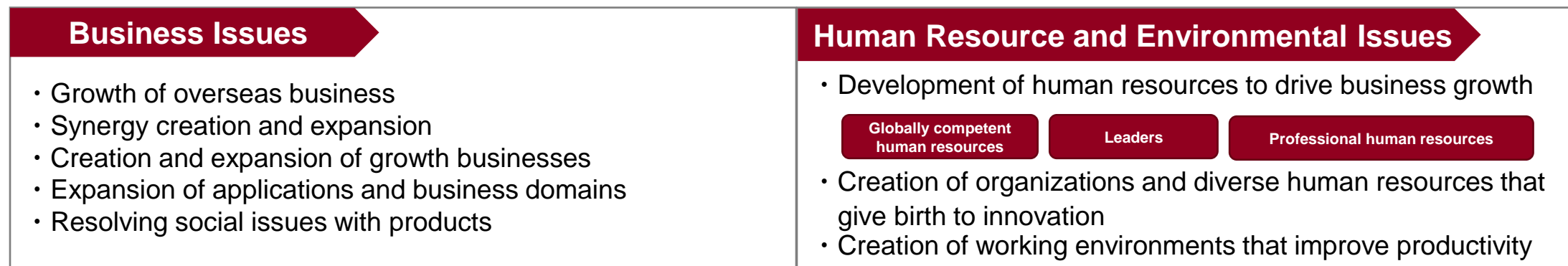
Measures to reduce GHG\* emissions

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

Environmental Investment

Total of JPY 2 billion for 4 years

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



Improve Employee Job Satisfaction



Sustainable Growth of the AICA Group

Human Capital Investment Amount\*1

JPY **4** billion over four years  
(cumulative total)  
(870 million yen in FY2022)

Number of employees who have been assigned overseas\*1

More than **100** employees in FY2026  
(78 employees in FY2026)

Engagement Score\*2

**4.0** points or higher  
(3.9/5 in FY2022)

Percentage of women recruited to new-graduate career-track positions\*1

More than **30%**  
four years (cumulative)  
(42.0% for hired in April 2023)

Labor Productivity\*1,\*3

More than JPY **22.8** million per worker  
(21 million yen per worker in FY2022)

Childcare Leave Acquisition Rate\*1

Men: More than **70%**, Women: **100%**  
(In FY2022, 53.1% of eligible males took childcare leave and 100% of eligible females took childcare leave)

Key KPIs



## Cash Allocation

NEXT JUMP 1500 annual average CF  
(FY2013-FY2016)

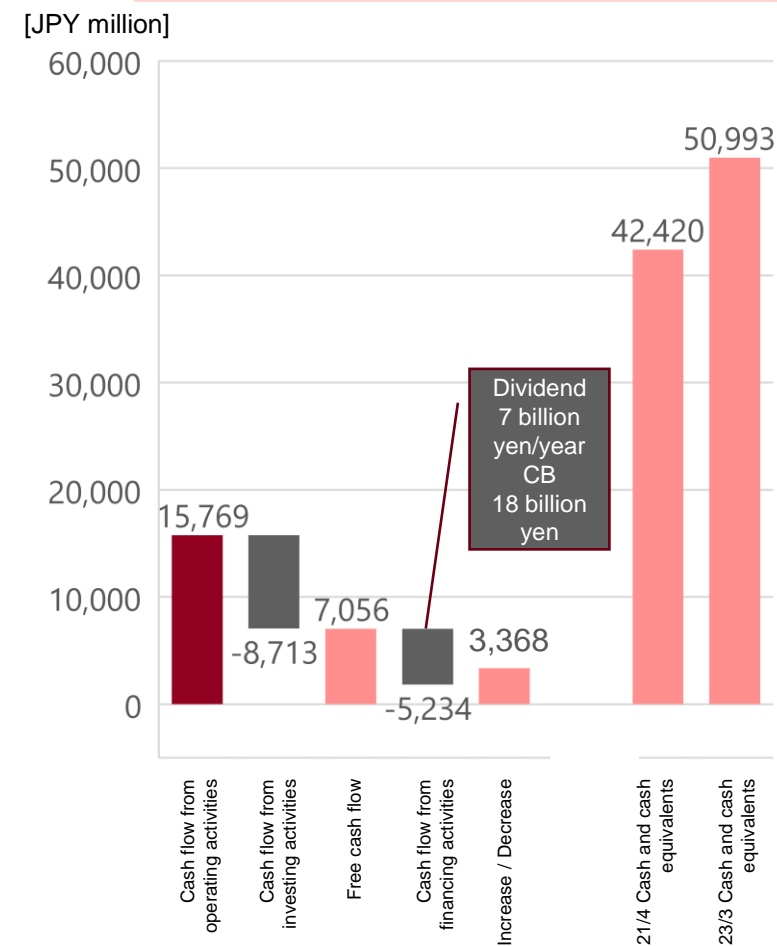
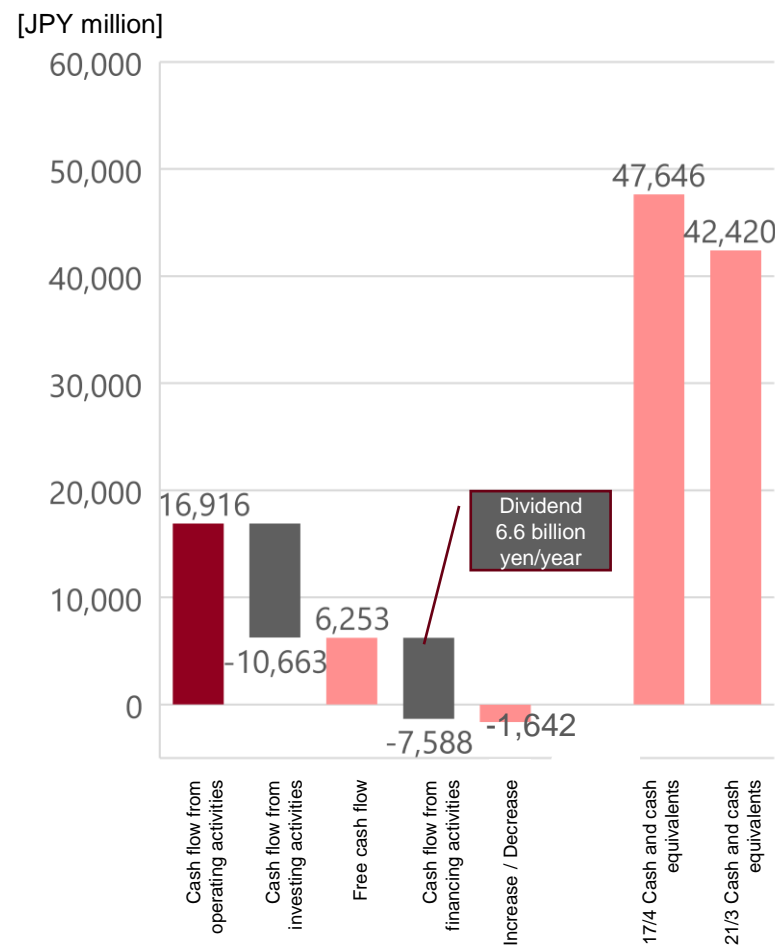
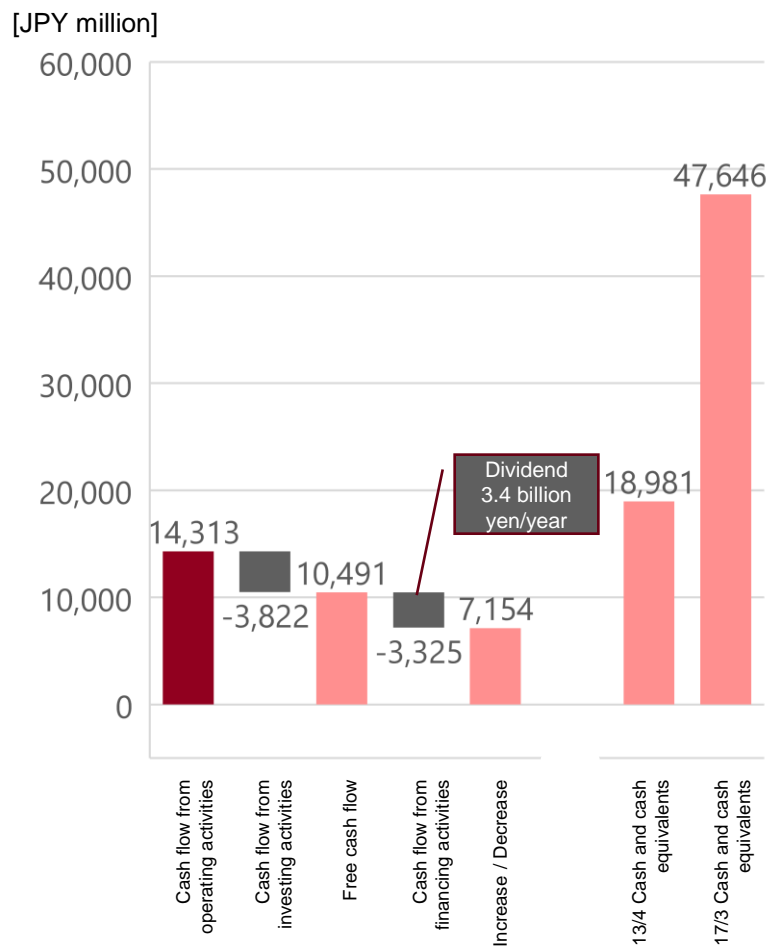
Stable financial base

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

Active investment and enhancement of  
shareholder returns

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

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



		Previous Medium-Term Business Plan Results	New Medium-Term Business Plan Policies
Maintain financial soundness	Cash equivalents	JPY 50.993 billion (as of end Mar. 2023)	Secure liquidity for about two to three months of monthly sales to strengthen our risk tolerance
	Equity ratio	58.1% (as of end Mar. 2023)	Maintain an appropriate rating and an equity ratio of 50% or more
Improvement of capital efficiency	ROE ROIC	ROE 6.9% ROIC 8.1% (FY2022)	ROE > ROIC > WACC structure Create ROE and ROIC that exceed the cost of capital and gain equity spreads to increase shareholder value ROE target of about 10% (current cost of equity is approximately 6.3%) ROIC target of about 8% (current WACC is approximately 5.5%)
	FCF	JPY 7.056 billion (two fiscal year average)	Secure FCF to support aggressive investment in growth and increased shareholder returns
	Investment discipline	-	Focus on investment projects that generate returns that exceed cost of capital
	Portfolio management	-	Promote portfolio optimization using ROIC by business/company
Focus on shareholder returns	Dividends	No dividend reduction for 25 consecutive years Increase in dividends for 14 consecutive years	Emphasize the continuity of stable dividends that have not been reduced for the past 25 consecutive years Basic policy: Maintain progressive dividends without reducing dividends
	Share buybacks	Acquired approx. JPY 4 billion worth of treasury shares	Consider flexible share buybacks

**New Medium-Term Business Plan  
Four-year investment targets  
(cumulative)\***

Capital Investment  
**JPY 40 billion**

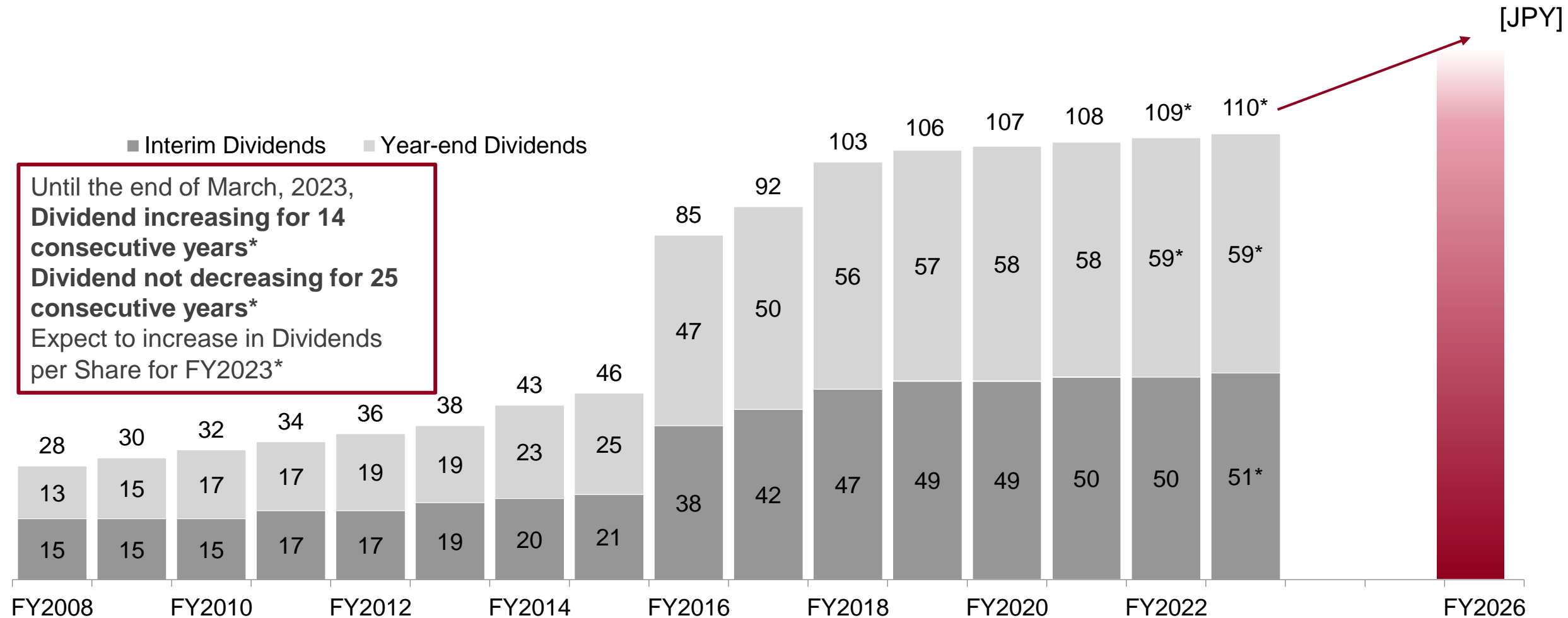
Business Investment  
**JPY 20 billion**

R&D Investment  
**JPY 17.5 billion**

Environmental Investment  
**JPY 2 billion**

Human Capital Investment  
**JPY 4 billion**

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



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

\*Dividends for FY2023 is current projections.

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

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

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

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



# VALUE CREATION 3000 & 300

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

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

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

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

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