

COMPANY RESEARCH AND ANALYSIS REPORT

Aica Kogyo Co., Ltd.

4206

Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

1-Aug.-2025

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

Aica Kogyo Co., Ltd.

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Contents

Summary	01
1. Overview of FY3/25 results	01
2. FY3/26 forecasts	01
3. Progress on Medium-Term Business Plan	02
Company profile	03
1. Company profile	03
2. History	03
Business overview	05
1. Business portfolio overview	05
2. Chemical Products Segment	06
3. Laminates & Building Materials Segment	09
4. International Business Unit	13
Results trends	13
1. Overview of FY3/25 results	13
2. Trends by segment	14
3. Financial position and management indicators	16
Outlook	17
1. FY3/26 forecasts	17
2. Impact from external environment	18
Medium- to long-term growth strategy	19
Shareholder return policy	21

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Summary

Reported record-high profits on growth for high-value-added products, FY3/26 forecast for ordinary profit to attain Medium-Term Business Plan's target one year early

Aica Kogyo Co., Ltd.<4206> (hereafter, also “the Company”) is a chemicals and building materials manufacturer that is listed on the Tokyo Stock Exchange (TSE) Prime Market and the Nagoya Stock Exchange (NSE) Premier Market. Since its establishment in 1936, the Company has integrated chemistry and design to create new value, offering products such as adhesives, construction resins, and specialty & performance materials in the Chemical Products Segment, and products such as high-pressure laminate (HPL), CERARL (melamine fire retardant decorative panel), and building and housing materials in the Laminates & Building Materials Segment. It has strengths in developing products combining functionality and design, including HPL for which it has the leading market share in Japan, and JOLYPATE wall coating material. In addition, it is focusing on overseas development, expanding its business bases mainly in Asia and Oceania. In FY3/25, the share of net sales generated overseas rose to 48.0%. In recent years, the Company has also been focusing on sustainability management and human capital strategy, aiming to contribute to a sustainable society.

1. Overview of FY3/25 results

In the FY3/25 results, net sales rose 5.1% year on year (YoY) to ¥248,696mn, operating profit increased 8.4% to ¥27,408mn, ordinary profit increased 9.7% to ¥28,668mn, and profit attributable to owners of parent increased 11.6% to ¥16,896mn. Net sales, operating profit, ordinary profit, and profit attributable to owners of parent all reached record highs. Also, operating profit and ordinary profit grew for a fourth consecutive year. Improvement in profitability was sustained, with ROE increasing slightly to 10.1% from 9.9% in the previous fiscal year and attaining the 10% target in the Medium-Term Business Plan. Both the Chemical Products Segment and the Laminates & Building Materials Segment delivered solid business growth, with higher sales and profits. In the Laminates & Building Materials Segment, which provides a large share of operating profit, high-value-added products in Japan drove earnings, significantly boosting Companywide earnings. In the Chemical Products Segment, performance in Japan was strong for products such as floor coating materials and specialty & performance materials, but overseas profitability was weak due to an increase in depreciation and less demand in some regions.

2. FY3/26 forecasts

For the FY3/26 consolidated results, the Company forecasts net sales growth of 6.6% YoY to ¥265,000mn, operating profit growth of 5.8% to ¥29,000mn, ordinary profit growth of 4.6% to ¥30,000mn, and an increase in profit attributable to owners of parent of 8.3% to ¥18,300mn, with all reaching record highs. It raised its ROE target to 10% or higher, and expects ordinary profit to attain the current Medium-Term Business Plan's target one year early. It envisions record-high net sales and operating profit in both the Chemical Products Segment and the Laminates & Building Materials Segment. This is modeled on continuation of its strategy of shifting towards high-value-added products, which is currently doing well. As for shareholder returns, it plans to increase dividends per share ¥10.0 from the previous fiscal year to ¥136.0 in FY3/26 (dividend payout ratio of 46.6%). Also, it recently decided to launch a new share buyback of up to ¥6.0bn (2.25 million shares).

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

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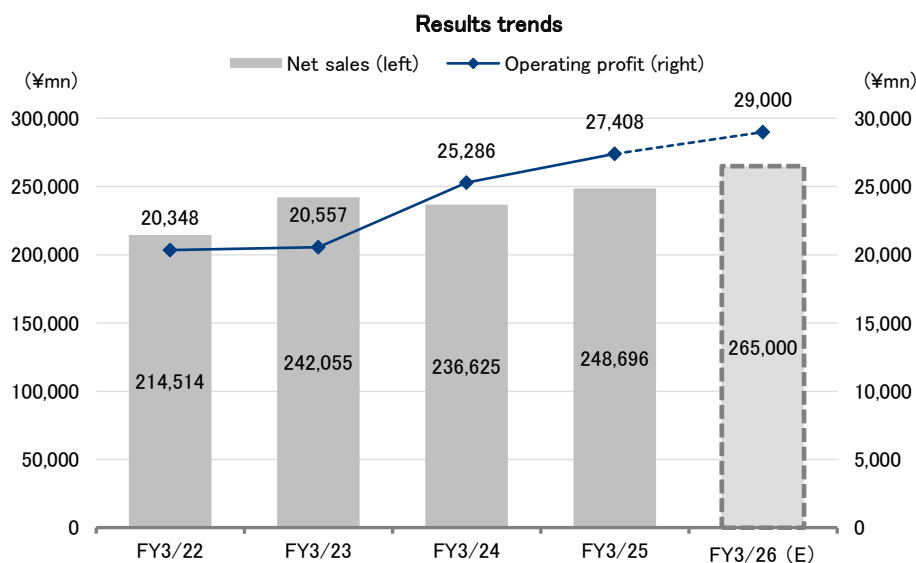
Summary

3. Progress on Medium-Term Business Plan

The current Medium-Term Business Plan, Value Creation 3000 & 300, covers FY3/24 to FY3/27. Its basic policies are improvement of profitability, creation and expansion of growth businesses, and establishment of a sound business infrastructure. Its key financial targets for FY3/27 are net sales of ¥300.0bn, ordinary profit of ¥30.0bn, an overseas sales ratio of 50% or higher, and ROE of 10% or higher. Progress is currently extremely good, with ordinary profit expected to attain the target one year early. Turning to net sales, the Company took steps to address things like unprofitable business areas in recent years, so there was downward pressure on net sales growth. However, the net sales target should become more attainable as growth investments are steadily executed going forward. To head to the next stage of growth, FISCO believes strengthening overseas business profitability, expanding offerings of high-value-added products, and sustained growth through M&A and new market development will be key themes.

Key Points

- Chemical Products and Laminates & Building Materials are the two business pillars
- Japan Laminates & Building Materials driving growth with Smart Sanitary and other high-value-added products
- Reported record-high FY3/25 results, FY3/26 forecast for ordinary profit to attain Medium-Term Business Plan's target one year early
- Dividends raised for 16 straight fiscal years, with no dividend cuts for 27 straight fiscal years (dividend increasing stock)
- Strengthening overseas business profitability, advancement of shift to high-value-added products, and M&A and other growth investments are upside catalysts



Source: Prepared by FISCO from the Company's financial results

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Company profile

Chemicals and building materials manufacturer that combines chemistry with design, focusing on globalization and shift to high-value-added products

1. Company profile

Aica Kogyo Co., Ltd. is a chemicals and building materials manufacturer that is listed on the TSE Prime Market and the NSE Premier Market. Since its establishment in 1936, the Company has integrated chemistry and design to envision new value, offering products such as adhesives, construction resins, and specialty & performance materials in the Chemical Products Segment, and products such as HPL, CERARL (melamine fire retardant decorative panels), and building and housing materials in the Laminates & Building Materials Segment. Its corporate principle is “Challenge and Creation.” Its corporate philosophy entails creating new value and contributing to society through continuous innovation in the spirit of active engagement with stakeholders and the global environment targeting sustainable co-existence. Its corporate policy sets out the seven items below.

1) Chemistry and Design

Creating uniquely original products through the power of chemistry and design, contributing to the achievement of a prosperous society.

2) Group Synergies

Creating group synergy through collaboration in technologies and market network.

3) Leading Products

Enhancing and expanding market-leading products throughout the specific domains and regions of the business.

4) Global Presence

Striving for sustainable growth in global markets by enhancing the capabilities of overseas operations and participating in higher growth sectors.

5) Human Resources and Organizations

Nurturing motivated human resources and organizations through mutual understanding and development, viewing human resources as the most vital resource.

6) Compliance Management

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

7) Commitment to Safety and Security

Ensuring trusted quality and engaging in environmentally considerate business activities by focusing on communication with stakeholders.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Company profile

2. History

Established as Aichi Kagaku Kogyo in 1936, the Company began business as a manufacturer of chemicals including Japan's first urea-based resin adhesive. After that, it introduced melamine resin technology in the 1950s, and launched AICA HPL in the 1960s, entering the decorative panels field. It changed to its current company name in 1966, and launched JOLYPATE wall coating material with outstanding design in 1975 as part of moves promoting transition to a general construction materials manufacturer with strengths in building materials.

In 1984, it pioneered the industry with the launch of AICA COLOR SYSTEM 105, a monochromatic color system for decorative panels. In the 1980s, it established a position as the leading manufacturer of decorative panels in Japan. Also, it launched CERARL fire retardant decorative panels in 1989. CERARL came into widespread use as kitchen paneling in the 1990s, and its brand power increased.

From the 2010s, the Company's global strategy utilizing M&A came into full swing. Specifically, it acquired shares of Dynea Chemicals Oy's Asia Pacific division subsidiary and established AICA Asia Pacific Holding Pte. Ltd. in December 2012. After that, it acquired EVERMORE CHEMICAL INDUSTRY CO., LTD. in 2018, and Wilsonart LLC's Asia Pacific subsidiaries in 2019, strengthening its framework in Asia. Further, it listed on the TSE in 1962, and its move to the TSE Prime Market in 2022 increased its trustworthiness as a listed company.

It is currently expanding business in the global market, especially in Asia where growth is striking, while striving to strengthen profitability centered on high-value-added products that are very unique.

History

Date	Main event
October 1936	Established as Aichi Kagaku Kogyo to take over aircraft spark plug, aircraft safety glass and tempered glass, and adhesives business from Aichi Tokei Denki Co., Ltd.
March 1946	Started manufacturing paper at the Shinkawa Plant (now the Nagoya Plant)
May 1949	Listed on the Nagoya Stock Exchange
January 1960	Started manufacturing HPL at the Shinkawa Plant
July 1962	Listed on the Second Section of the Tokyo Stock Exchange
June 1966	Changed company name to Aica Kogyo Co., Ltd.
April 1968	Started selling building and housing materials
November 1971	Withdrew from paper manufacturing business
March 1974	Established P.T. AICA Indonesia through a joint venture (now a consolidated subsidiary)
May 1986	Listed on the First Section of the Tokyo and Nagoya Stock Exchanges
June 2011	Established AICA Laminates India Pvt. Ltd. (now a consolidated subsidiary)
December 2012	Acquired shares of Dynea Chemicals Oy's (Finland) Asia Pacific division subsidiary and established AICA Asia Pacific Holding Pte. Ltd. (AAP) Singapore
October 2015	Undertook capital participation in AICA TECH KENZAI CO., LTD. (Tokyo) (now a consolidated subsidiary)
December 2017	Established AICA Laminates Vietnam Co., Ltd. (now a consolidated subsidiary)
January 2018	Undertook capital participation in EVERMORE CHEMICAL INDUSTRY CO., LTD. (Taiwan) (now a consolidated subsidiary) Established Aica Asia Laminates Holding Co., Ltd. (Thailand) (now a consolidated subsidiary)
December 2019	Undertook capital participation in Wilsonart (Thailand) Company Limited, Wilsonart (Shanghai) Co., Ltd., Wilsonart Australia Pty Ltd., and one other company (now a consolidated subsidiary)
April 2021	AICA Asia Pacific Holding Pte. Ltd. undertook capital participation in Aica Adtek Sdn. Bhd. (Malaysia) (now a consolidated subsidiary)
April 2022	Moved from the First Section to the Prime Market on the Tokyo Stock Exchange and from the First Section to the Premier Market on the Nagoya Stock Exchange due to the revision of market categories on those stock exchanges
November 2024	AICA Asia Pacific Holding Pte. Ltd. undertook capital participation in ADB Sealant Co., Ltd. (Thailand) (now a consolidated subsidiary)

Source: Prepared by FISCO from the Company's annual securities report

Business overview

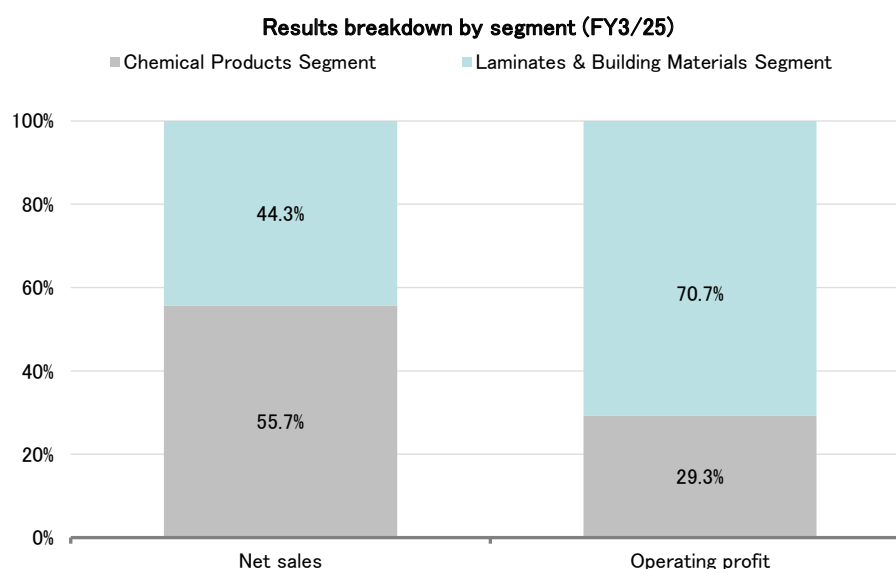
Laminates & Building Materials, which generates about 70% of operating profit, and Chemical Products are the two business pillars

1. Business portfolio overview

The Company has two business pillars: the Chemical Products Segment and the Laminates & Building Materials Segment. The Chemical Products Segment accounted for the majority of FY3/25 net sales at 55.7%, with Laminates & Building Materials accounting for 44.3%. In contrast, the Chemical Products Segment accounted for 29.3% of operating profit, with the Laminates & Building Materials Segment generating 70.7%; its high earnings structure is a distinct feature.

By region, overseas business accounted for nearly half of net sales in FY3/25 at 48.0%. The Company's operations cover extensive regional ground, with the Chemical Products Segment operating in places including China, Thailand, Indonesia, Vietnam, Taiwan, Malaysia, and New Zealand, and the Laminates & Building Materials Segment in China, India, Thailand, Indonesia, Vietnam, Singapore, and Taiwan. The Company's business portfolio is impacted by global business sentiment and real estate and construction market conditions, but both segments have businesses and customers spread out over extensive regions, which makes operations less volatile.

In addition, the Company targets consolidated net sales of ¥300.0bn and an overseas sales ratio of 50% or higher in its Medium-Term Business Plan, and is working to strengthen its earnings capabilities while ensuring business stability by promoting a shift to high-value-added products and regional diversity in both the Chemical Products and Laminates & Building Materials segments.



Source: Prepared by FISCO from the Company's financial results

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

2. Chemical Products Segment

(1) Japan

In mainstay adhesives, the Company has a robust lineup covering construction through industrial applications, with offerings suitable for use in diverse environments and industries including buildings, furniture, automobiles, and electronics. In addition, its adhesives are used as materials for a wide range of industrial products including phenolic resins, which are a raw material for paints, refractory materials, insulating materials, casting materials, friction materials for automotive brakes, and coated abrasives (sandpaper).

Next is construction resins, which include wall and floor coating materials as well as repair and reinforcement materials. A flagship product is JOLYPATE. Since it was launched in 1975, this wall coating material has undergone repeated color and pattern design upgrades and functional improvements in areas like weather resistance, dirt resistance, and mold prevention. In this way, it has continued to evolve according to market needs as an interior and exterior material enabling rich expression through artisans' handiwork. In addition, demand for floor coating materials is expanding with semiconductor- and EV-related plant and logistics warehouse construction projects advancing in regions nationwide. Floor coating materials are products that protect concrete floors and allow for functions like heat resistance, chemical resistance, and antistatic properties to be added according to the application. The Company offers an extensive lineup of floor coating materials to customers to capture currently robust demand.

Lastly, specialty & performance materials are an area the Company is focusing on as a non-construction field. In functional spherical polymer beads, GANZPEARL, which has functions including improving the spreadability of foundation, has a strong market share in cosmetics applications and brand power in that field. UV-curable resins are cured by ultraviolet light and used as hard coating agents for product such as touch panels, mobile phones, and digital cameras. Moreover, there are currently significant expectations for 3D decorative film for automotive interiors and exteriors. About 25% of CO₂ emitted during automobile manufacturing stems from painting processes, so the product is attracting attention as an alternative to painting. With products for interior applications already coming into widespread use, the Company is working to lead the industry in putting products for exterior applications into practical use at an early date.

As for business conditions in recent years, the Company is steadily improving profitability in part by reviewing low-margin products. Specifically, margins for its original business in adhesives in Japan had declined due mainly to the large number of competing products and surging raw material prices. Therefore, the Company is taking decisive action including streamlining low-margin items and setting appropriate selling prices. As a result, net sales in this business declined to some extent since transactions decreased, but profitability improved significantly and the operating margin is improving. In this way, the Company aims to expand business also in terms of earnings scale by increasing sales in industries where growth is promising (semiconductor plants, data centers, etc.), 3D decorative films, and other specialty & performance materials domains, while maintaining profitability.

Its strengths in this business include its highly reliable quality and expertise in adhesive development built up over many years. Customers have strong confidence in its track record and top-class market share in Japan. Another feature is its flexibility to attentively address customer needs with a diverse product lineup. Moreover, its abilities as a whole to handle everything from chemical raw materials to product design in-house enable it to develop unique products and address environmental regulations in advance differentiates it from competitors.

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

Chemical Products Segment: Main products

Adhesives Industrial and composite board resins, industrial and architectural adhesives, hot melts 	Construction resins Wall coating materials, floor coating materials, materials for repair, reinforcement and corrosion prevention 
Specialty & performance materials UV-curable resins, functional spherical polymer beads, polyurethane products 	Other Chemical products, industrial chemicals 

Source: AICA Report 2024

(2) Overseas

As a result of business expansion through M&A in recent years, overseas business accounts for the majority of the Chemical Products Segment's net sales at 71.8% in FY3/25. In addition, the AICA Asia Pacific Group (AAP Group) is a key subsidiary that has become central to overseas business, accounting for 75.1% of overseas net sales.

The AAP Group was established in 2012 when the Company acquired the shares of Dynea Chemicals Oy's (Finland) Asia Pacific division subsidiary. Thereafter, it has continued to steadily expand geographically through M&A. Currently, it operates in countries including China, Thailand, Indonesia, Malaysia, Vietnam, New Zealand, and Singapore. A feature of overseas business in the Chemical Products Segment is that it develops and provides adhesive and resin products addressing local needs that are manufactured locally for local consumption.

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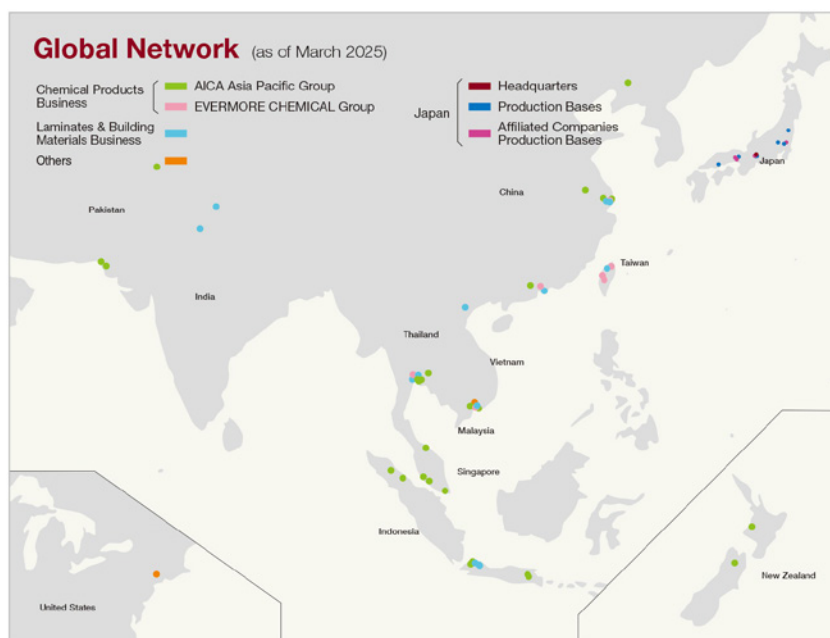
1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

Aica's global bases (as of March 2025)



Source: "AICA at a glance" on the Company's website

As a marketing strategy in overseas markets, the Company has extensive manufacturing and sales sites in Asia where economic growth is striking, and is focusing on developing improved products including providing products according to demand from customers in those respective regions. In addition, its business model is fundamentally making products locally for local consumption. Its strategy enabling automated production through large-scale plants near consumption regions contributes to its differentiation. By deploying its adhesives technologies, material development, and other capabilities cultivated in Japan, it is differentiating itself and gaining trust from local customers.

Further, the AAP Group's biggest strength is that it has effectively inherited the brand power of its predecessor, the adhesives manufacturer Dynea Chemicals Ltd. When embarking on business overseas, it usually takes years for products to gain customer support even if their quality is good. However, it has accelerated expansion of business operations in the Asia region by inheriting locally-rooted brand power and production bases and production frameworks.

Since the 2010s, the Company has executed numerous M&As to achieve a major transformation from domestic chemicals and building materials manufacturer to a global company. M&As require complex business management skills including careful due diligence, rapid decision-making, and post-merger support. The Company has experience and a track record of handling many M&A to date, which is a significant advantage over competitors. Going forward, FISCO believes this experience will remain an important foundation for further expansion including in other businesses.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

On the other hand, it warrants noting that overseas business in each country is susceptible to impact from the global economy. As for China, performance is alright at this stage but warrants precautionary attention going forward, given sluggish business sentiment. Also, low-priced products from China are flowing into the Southeast Asia market, spurring price competition, mainly in Thailand. Although impact on the Company's net sales and profitability from China business is limited at this stage, further worsening of business sentiment could lead to downside for operations.

Even amid an uncertain outlook for the external environment, the Company has continued to implement a strategy of deploying high-value-added products to avoid price competition with local companies, and steadily capture demand in the Asian market where growth potential is significant.

3. Laminates & Building Materials Segment

(1) Japan

The flagship product is HPL for which the Company has No.1 market share in Japan. Since launching HPL in 1960, the Company has maintained the leading domestic market share by leveraging the chemical technologies cultivated in the Chemical Products Segment to develop products with differentiating functions and designs and building a robust sales network (AICA Distributors' Organization). HPL products are building materials with outstanding durability used as surface materials for tables and other furniture, which are used in a variety of spaces including offices, commercial facilities, hospitals and hotels as they come in a rich variety of colors and patterns.

Another flagship product is CERARL melamine fire retardant decorative panels and other noncombustible materials for wall surface applications. The Company's sales of such materials for residential kitchen panel applications expanded in the latter half of the 1990s, and it has No.1 market share for them in Japan. In addition to its distinction as a noncombustible material, CERARL offers outstanding durability, design, and antibacterial properties. It is also currently used as a material in non-residential fields such as hospitals, schools, and railway station buildings.

An area the Company has been focusing on in building and housing materials in recent years is Smart Sanitary products. Smart Sanitary custom washstands are gaining popularity including on social media as they offer flexibility and design similar to custom-made products combined with function at a relatively low price range. They feature the ability to freely combine designs, sizes, and so forth for washbasins, counters, storage shelves, and the like.

Aica Kogyo Co., Ltd.

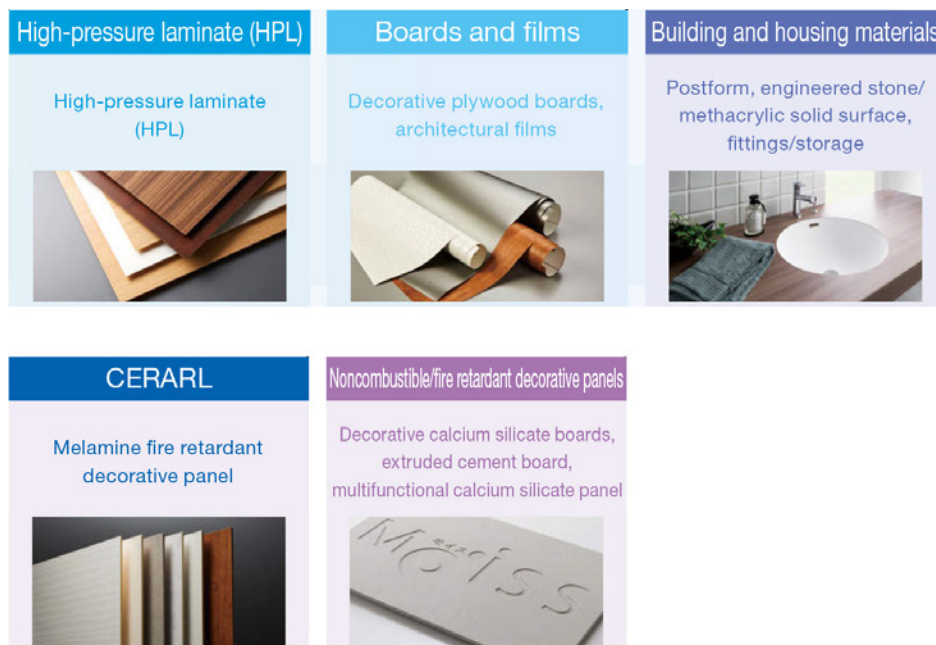
1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

Laminates & Building Materials Segment: Main products



Source: AICA Report 2024

As this shows, the Laminates & Building Materials business in Japan offers a diverse lineup of interior building and housing equipment materials with HPL at the core. It supplies products that add color to various spaces from residences to commercial facilities, offices, medical and welfare facilities, schools, accommodations, public transportation facilities.

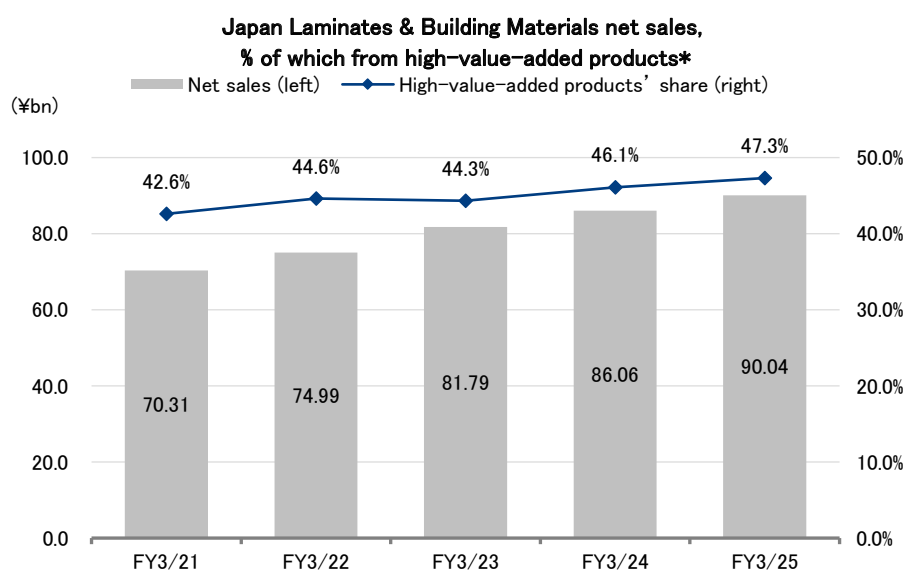
Looking at current business conditions, the Laminates & Building Materials business in Japan is growing steadily by shifting to high-value-added products and adapting to changes in the market. Smart Sanitary products are a hit in particular, driving earnings and highly regarded for their workability and unique designs. By transitioning in this way to a high-value-added path and launching new products, the Laminates & Building Materials business in Japan has become a cash cow driving the Company's revenue acquisition.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview



* HPL, CERARL, and Smart Sanitary products
Source: Prepared by FISCO from the Company's results briefing materials

As for its strengths in this business, the Company leverages the Chemical Products Segment's adhesives as well as technological and manufacturing synergies. Additionally, it has robust knowledge, a track record, and a diverse product lineup as a company with a leading market share in Japan. It is utilizing the know-how it has built up in areas including HPL to flexibly develop and launch new products according to demand trends.

Specifically, the Company is putting its HPL technology to use for furniture and fixtures, and developing CERARL melamine fire retardant decorative panels for walls. It is also focusing on developing products and methods that make construction easier and faster such as the CERARL ON TILE method. It is fair to say that the Company has grasped that the market is changing in that demand for renovation is expanding amid a sluggish number of new construction starts, and it is developing products addressing market needs.

Moreover, FISCO believes the Company excels at developing products balancing function and design, and its product lineup of construction materials with outstanding functions such as durability, fire retardant and antibacterial properties as well as a wide variety of designs offer added value that competitors lack.

Going forward, this business is expected to remain central to the Company's earnings as the Company continues to revise its high-value-added strategy and product portfolio while grasping structural changes in the Japan market (decline in demand for new construction, growth in demand for remodeling, etc.). In addition, the Company is putting its products to use in new applications such as flooring materials and ceiling materials. They do not account for a large share of the mix yet, but are gradually expanding their results and expected to grow dramatically over the medium to long term.

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

(2) Overseas

Overseas business is still developing in the Laminates & Building Materials Segment, accounting for 18.1% of net sales in FY3/25. However, this is an area where future growth is anticipated. Like in the Chemical Products Segment, overseas business covers extensive ground with main business areas including China, India, Thailand, Indonesia, Vietnam, Singapore, Taiwan, and Malaysia.

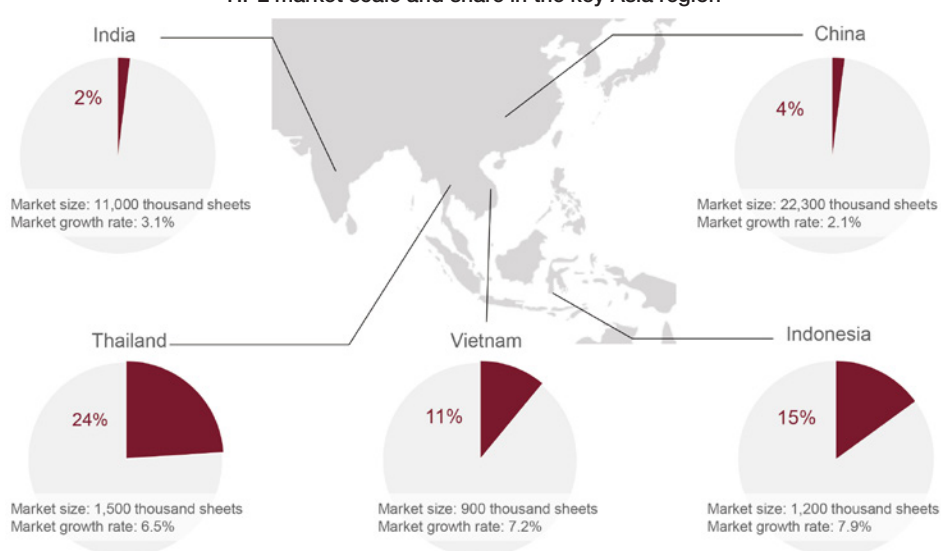
Although the Asian market is still immature and sometimes described as resembling Japan several decades ago, economic development is gradually bringing about better designs and higher quality. In this environment, the Company looks to accelerate business expansion by deploying Japanese HPL, CERARL, fabricated product, and other technologies. To that end, it plans to actively invest, optimize production bases, and efficiently produce and supply products.

A strength in overseas markets is the high regard for “Japanese technologies” in terms of brand power and technological capabilities.

The construction materials market in Asia remains marked by rivalry between major players. However, the Company plans to introduce high-value-added products and expand its share in line with market maturity. It is currently working on brand building, recognition, and penetration in the region, but targets a similar level of profitability as in the Japanese market in the future.

In addition, the Company is expanding its share in the Asian market where growth is striking. It has already secured the No. 2 market share in Thailand, Vietnam, and Indonesia (2023 results). The global company Formica Corporation is No.1 in Thailand, while local companies have the top spot in Vietnam and Indonesia. Going forward, the Company aims to further expand its market share in each of those countries and take back the lead. At the same time, it plans to establish solid brand power in huge markets like India and China where demand for high-priced items is expected to grow.

HPL market scale and share in the key Asia region



Notes: 1. Market scale and share are based on 2023 results.

Notes: 2. Market growth is the compound annual growth rate for 2023–2031 (forecast).

Source: The Company's results briefing materials

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Business overview

4. International Business Unit

In April 2025, the Company newly established the International Business Unit due to an awareness of the problem of overseas business growth potential and profitability in the Chemical Products Segment and the Laminates & Building Materials Segment not meeting its expectations compared with before the COVID-19 pandemic. It aims to put overseas business in both segments back on a growth trajectory through comprehensive, unified oversight and management to make business operations more efficient and generate business synergies.

Specifically, the Company has in Thailand a plant for the Chemical Products Segment for manufacturing chemicals like phenolic resin and melamine resin, and for the Laminates & Building Materials Segment for manufacturing HPL. Cooperation between the two was previously limited since their business activities differ, but is accelerating now. For example, the Company has started strengthening measures to supply the Chemical Product Segment's resins as a raw material for HPL. Going forward, it aims to maximize business synergies by deploying similar measures in areas like China and Vietnam too. Also, the Company plans to advance measures typical of it such as selling decorative panels and adhesives as a set to furniture manufacturers.

In FY3/25, overseas net sales totaled ¥119.41bn, with ¥99.50bn from Chemical Products and ¥19.90bn from Laminates & Building Materials. The Medium-Term Business Plan sets a target for its final year in FY3/27 of total net sales for the International Business Unit of ¥150.0bn.

Results trends

Reported record-high net sales, operating profit, ordinary profit, and profit attributable to owners of parent. Also achieved ROE target of 10%

1. Overview of FY3/25 results

In the FY3/25 results, net sales rose 5.1% YoY to ¥248,696mn, operating profit increased 8.4% to ¥27,408mn, ordinary profit increased 9.7% to ¥28,668mn, and profit attributable to owners of parent increased 11.6% to ¥16,896mn. Net sales, operating profit, ordinary profit, and profit attributable to owners of parent all reached record highs. Also, operating profit and ordinary profit grew for a fourth consecutive year. ROE was 10.1%, improving slightly from 9.9% in the previous fiscal year. The Medium-Term Business Plan targets ROE of 10% or higher, and improvement in profitability was sustained.

Both the Chemical Products Segment and the Laminates & Building Materials Segment delivered solid business growth, with higher sales and profits. In the Chemical Products Segment, performance in Japan was strong for products such as floor coating materials and specialty & performance materials, but overseas profitability temporarily declined due to factors such as an increase in depreciation accompanying capital investment and market weakness and price competition in Thailand. In the Laminates & Building Materials Segment, high-value-added products in Japan drove earnings, significantly boosting Companywide earnings. Overseas, earnings in this segment are of a scale that has a limited impact on the Company overall, but profitability improved slightly as weakness in the China market was offset by the Southeast Asia market.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Results trends

The overseas sales ratio (Companywide basis) was 48.0% in FY3/25. It was on par with 47.8% in the previous fiscal year as the Chemical Products Segment's overseas sales grew, while the Laminates & Building Materials Segment's domestic sales were strong.

FY3/25 results

	FY3/24		FY3/25		YoY	
	Results	vs. net sales	Results	vs. net sales	Change amount	% change
Net sales	236,625	-	248,696	-	12,071	5.1%
Chemical Products	130,300	55.1%	138,587	55.7%	8,287	6.4%
Laminates & Building Materials	106,325	44.9%	110,109	44.3%	3,784	3.6%
SG&A expenses	38,853	16.4%	40,497	16.3%	1,644	4.2%
Operating profit	25,286	10.7%	27,408	11.0%	2,122	8.4%
Chemical Products	9,280	7.1%	9,331	6.7%	51	0.6%
Laminates & Building Materials	20,339	19.1%	22,535	20.5%	2,196	10.8%
Adjustments	-4,333	-	-4,458	-	-	-
Ordinary profit	26,135	11.0%	28,668	11.5%	2,533	9.7%
Profit attributable to owners of parent	15,135	6.4%	16,896	6.8%	1,761	11.6%

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Japanese Laminates & Building Materials business driving growth with Smart Sanitary and other high-value-added products

2. Trends by segment

(1) Chemical Products Segment

In the Chemical Products Segment, net sales rose 6.4% YoY to ¥138,587mn, reaching a record high for the fourth straight fiscal year. Growth in sales of products such as specialty & performance materials and high-performance adhesives contributed. Meanwhile, operating profit increased a slight 0.6% to ¥9,331mn. Despite benefits from passing on higher raw material and fuel costs to prices and profit from sales growth in Japan, the operating margin decreased from 7.1% in the previous fiscal year to 6.7% because the Thailand market was lackluster and depreciation increased due to capital investment overseas.

The segment's net sales in Japan grew for all three pillars: adhesives, construction resins, and specialty & performance materials. In adhesives, hot melts for automobiles grew and adhesives for applications such as construction, woodwork, and furniture remained solid.

For construction resins, net sales increased 6.4% YoY. This is because products like JOLYACE and the water-based hard urethane resin floor coating material AICA PUR steadily captured demand for semiconductor plants, data centers, and fuel cell plants.

For specialty & performance materials, net sales increased 13.2% YoY. This reflects strong performance for 3D decorative hard coat film Lumiart for applications such as electronic materials and automobiles, and for functional spherical polymer beads for industrial applications. Growth for such high-value-added products is leading to improvement in the product mix, and boosting the segment's overall profitability.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Results trends

Overseas, the AAP Group accounts for the majority of net sales, and its sales increased on growth for adhesives in countries including Vietnam and Malaysia, but its profits declined due mainly to worse market conditions in Thailand and impact from Singapore plant closing expenses. On the other hand, the EVERMORE CHEMICAL Group, a subsidiary based in Taiwan, supported overseas business earnings with double-digit growth in both net sales and profits, owing to new product rollouts for polyurethane hot melts, UV-curable resins, and so forth as well as sales expansion.

Chemical Products Segment sales by product category

	FY3/24		FY3/25		(¥bn)
	Results	vs. net sales	Results	vs. net sales	YoY % change
Net sales	130.30	-	138.58	-	6.4%
Adhesives	91.94	70.6%	95.89	69.2%	4.3%
Of which, AAP Group	71.63	55.0%	74.74	53.9%	4.3%
Construction resins	10.31	7.9%	10.97	7.9%	6.3%
Specialty & performance materials	15.86	12.2%	17.96	13.0%	13.2%

Source: Prepared by FISCO from the Company's results briefing materials

(2) Laminates & Building Materials Segment

Net sales increased 3.6% YoY to ¥110,109mn and operating profit increased 10.8% to ¥22,535mn, reaching record highs, while the operating margin rose from 19.1% in the previous fiscal year to 20.5%. Profit grew sharply as sales of high-value-added products steadily expanded, while price pass-through and cost reductions offset higher raw material costs.

In core products, HPL grew on tailwinds from inbound demand. Sales also steadily increased for MELAMINE TILE flooring material, which the Company is focusing on as a strategic product for cultivating new markets, with net sales up 2.2%

In addition, net sales for CERARL melamine fire retardant decorative panels increased 2.2% YoY, mainly because sales expanded for high-value-added products such as melamine fire retardant decorative panels with sophisticated design and those with anti-virus properties, while demand was captured in non-residential markets such as stores, hotels, and train stations.

In building and housing materials, which hold promise as an earnings driver in recent years, Smart Sanitary products and Fiore Stone luxury engineered stone were among products that performed well, and net sales rose 8.8% YoY, significantly boosting Japan profit. Three high-value-added products' (HPL, CERARL, and Smart Sanitary) share of net sales rose to 47.3%, and it is clear that improvement in the product mix is contributing to a rise in profitability.

Overseas, net sales decreased a slight 1.7% YoY. Sales grew by double digits in Thailand and Indonesia, but declined sharply in China due to prolonged real estate market weakness, and were impacted by weaker market conditions in Vietnam. Meanwhile, overall overseas profit grew, owing to a favorable performance in Thailand leveraging strong brand power with high market share, and in Indonesia where fire retardant decorative panels, branding, and other areas were strengthened.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Results trends

Laminates & Building Materials Segment sales by product category

	FY3/24		FY3/25		YoY % change
	Results	vs. net sales	Results	vs. net sales	
Net sales	106.32	-	110.10	-	3.6%
HPL	34.32	32.3%	35.09	31.9%	2.2%
Decorative plywood boards, architectural films	12.41	11.7%	12.47	11.3%	0.5%
CERARL	23.25	21.9%	23.77	21.6%	2.2%
Fire retardant / noncombustible decorative panels	7.52	7.1%	7.41	6.7%	-1.4%
Building and housing materials	28.80	27.1%	31.35	28.5%	8.8%

Source: Prepared by FISCO from the Company's results briefing materials

3. Financial position and management indicators

Looking at the financial position in FY3/25, total assets increased ¥13,318mn from the end of the previous fiscal year to ¥288,058mn. Looking at the main factors behind this change, in current assets, cash and deposits decreased ¥2,449mn, while accounts receivable - trade increased ¥1,917mn. In non-current assets, property, plant and equipment increased ¥7,013mn. This reflects acquisitions of land, buildings, machinery equipment, and so forth due to capital investment.

Total liabilities increased ¥138mn from the end of the previous fiscal year to ¥98,334mn. In current liabilities, notes and accounts payable – trade decreased ¥105mn, whereas short-term borrowings increased ¥227mn. In non-current liabilities, long-term borrowings and bonds payable decreased ¥564mn.

The balance sheet's stability increased further amid a rise in profitability with the shift to high value added and management efficiency improvements in recent years proving successful. Net cash (cash and deposits–interest-bearing debt) stood at ¥31,366mn at the end of FY3/25 amid an increased ability to generate free cash flows. Meanwhile, interest-bearing debt was curbed to a certain extent, with the debt-to-equity ratio at 0.16 times and the equity ratio increasing slightly to 60.2%. The Company released its plans for capital allocation (FY3/24–FY3/27) and cash outflows, increasing transparency. While it plans to expand shareholder returns and growth investments over the next two years, FISCO believes it has a sufficient buffer in light of its ample liquidity on hand and financial leverage.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Results trends

Consolidate balance sheets and key management indicators

	End of FY3/22	End of FY3/23	End of FY3/24	End of FY3/25	Change
(¥mn)					
Current assets	151,706	159,279	172,621	179,554	6,933
Cash and deposits	47,178	50,993	62,022	59,573	-2,449
Accounts receivable - trade	50,107	48,250	48,824	50,741	1,917
Non-current assets	88,682	90,769	102,117	108,503	6,385
Property, plant and equipment	57,090	60,872	67,006	74,019	7,013
Intangible assets	14,241	12,532	11,436	10,393	-1,042
Investments and other assets	17,350	17,365	23,675	24,090	415
Total assets	240,388	250,049	274,739	288,058	13,318
Current liabilities	66,327	59,669	62,822	62,775	-47
Notes and accounts payable - trade	31,451	28,824	31,447	31,342	-105
Short-term borrowings					
Including current portion of long-term borrowings	14,462	7,299	6,025	6,252	227
Non-current liabilities	11,326	32,305	35,373	35,559	186
Long-term borrowings, bonds payable	2,173	22,294	22,519	21,955	-564
Total liabilities	77,654	91,974	98,195	98,334	138
Interest-bearing debt	16,635	29,593	28,544	28,207	-337
Total net assets	162,734	158,074	176,543	189,723	13,180
Management indicators					
<Stability>					
Equity ratio	60.4%	58.1%	58.9%	60.2%	1.3pp
D/E ratio	0.11 times	0.20 times	0.18 times	0.16 times	-0.02 times
Net cash	30,543	21,400	33,478	31,366	-2,112

Source: Prepared by FISCO from the Company's financial results

Outlook

Company expects to attain Medium-Term Business Plan's ordinary profit target one year early, strengthening of overseas earnings and M&A to generate upside

1. FY3/26 forecasts

For the FY3/26 consolidated results, the Company forecasts net sales growth of 6.6% YoY to ¥265,000mn, operating profit growth of 5.8% to ¥29,000mn, ordinary profit growth of 4.6% to ¥30,000mn, and an increase in profit attributable to owners of parent of 8.3% to ¥18,300mn, with all reaching record highs. It targets ROE of 10% or higher, and expects ordinary profit to attain the current Medium-Term Business Plan's target one year early.

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Outlook

FY3/26 forecasts

(¥mn)

	FY3/25		FY3/26		
	Results	vs. net sales	Forecast	vs. net sales	% change
Net sales	248,696	-	265,000	-	6.6%
Operating profit	27,408	11.0%	29,000	10.9%	5.8%
Ordinary profit	28,688	11.5%	30,000	11.3%	4.6%
Profit attributable to owners of parent	16,896	6.8%	18,300	6.9%	8.3%
Earnings per share (¥)	266.36		291.55		

Source: Prepared by FISCO from the Company's financial results

In the Chemical Products Segment, the Company plans on higher net sales than in the previous fiscal year for all product categories: adhesives, construction resins, specialty & performance materials, and other. It intends to bolster high-value-added products such as floor coating materials and 3D decorative films for which demand remains robust. Within those products, 3D decorative films have the potential to reach net sales on the scale of ¥5.0bn in FY3/32 via adoption for automobile exteriors going forward. Although 3D decorative films have not yet been used as automotive exterior films, their quality has apparently risen to the level required for that by automakers, so we want to keep an eye on that as an upside catalyst for future earnings.

In the Laminates & Building Materials Segment, the Company plans to focus on high-value-added products (HPL, CERARL, Smart Sanitary products) for which momentum remains strong. The Company's Smart Sanitary product shipments of tens of thousands of units suggest potential for further growth as the market for washstands in Japan is around 1.53 million units (FY2024 shipments, Japan Association of Kitchen & Bath research).

Further, the Company newly established the International Business Unit in April 2025 since it views insufficient growth potential and profitability in the overseas business as an issue, as previously mentioned. By maximizing synergies and returning to a growth trajectory in the overseas business, its business scale and profitability can be expected to rise another notch. The Company also plans to assign talented staff to the Overseas Business Unit and prioritize strengthening it, and progress therein warrants attention.

2. Impact from external environment

In Japan, residential starts, which indicate domestic construction demand, are expected to be stagnant, but the non-residential construction market is expected to be firm as corporate capital investment is picking up.

In the Asia and Oceania region, which is a key area for overseas business, growth surpassing that of the previous year is likely to continue. On the other hand, points that require attention include impact from U.S. tariffs policy and trends in China real estate market recovery.

Direct impact from current US tariffs policy on the Company's overseas business appears to be limited. Also, the Company's business in China is steadily growing even though real estate market conditions have remained weak in recent years. The Company's strategic positioning in the business area, operational execution abilities, and product development capabilities seem superior to those of peers even amid an ongoing sense of uncertainty about the future.

Medium- to long-term growth strategy

Likely to achieve Medium-Term Business Plan, expect strengthening of overseas business, M&A, and other activities looking to further growth

(1) AICA's 10 Year Vision

The Company has established AICA's 10 Year Vision ending in FY3/27, its 90th anniversary, as long-term guidelines in setting out to be a global company that creates new value through synergies between chemistry and design. In the Chemical Products Segment, it looks to extend its scope to non-construction fields such as automotive and electronics materials, while aiming to be the leading manufacturer in Asia of resins for use in construction fields. In the Laminates & Building Materials Segment, it looks to extend its scope to the entire building materials market including exterior walls, and expand its business as a "solution provider for space design" offering comfort and safety in residential and non-residential living spaces.

Numerical financial targets for FY3/27 are presented below.

- 1) Consolidated net sales of ¥300.0bn
- 2) Consolidated ordinary profit of ¥30.0bn
- 3) ROE of 10% or higher
- 4) Overseas sales ratio of 50% or higher*

* Overseas sales ratio target of 45% or higher in AICA's 10 Year Vision was raised to 50% or higher in the Medium-Term Business Plan.

(2) Status of progress on Medium-Term Business Plan

The Company established its third Medium-Term Business Plan, Value Creation 3000 & 300, covering the four years from FY3/24 as the final phase for realizing AICA's 10 Year Vision.

The plan identifies three pillars as improvement of profitability, creation and expansion of growth businesses, and establishment of a sound business infrastructure, and establishes concrete measures and numerical targets directly linked to attaining the vision.

Current progress is extremely good. The Company's FY3/26 results forecast calls for meeting the Medium-Term Plan's targets for ordinary profit of ¥30,000mn and ROE of 10% or higher one year early. In addition, ordinary profit looks likely to attain the target, given that it already reached ¥28,668mn in FY3/25 and the high-value-added strategy is currently proving successful. The ROE target of 10% or higher also appears well within reach as profitability is rising with ROE at 9.9% in FY3/24 and 10.1% in FY3/25.

Meanwhile, net sales were ¥248,696mn in FY3/25, so annualized growth of 10% is needed given that the target is ¥300,000mn. Although there was downward pressure on net sales growth since steps were taken to address things like unprofitable business areas in recent years, steady investments in growth including M&A should increase the probability of attaining the target.

The overseas sales ratio is currently steady in the vicinity of 50%, partly due to the Laminates & Building Materials Segment's strong momentum in Japan. Steps towards resumed growth by the International Business Unit is currently a top priority, and we want to focus more on improvement in profitability than the overseas sales ratio.

Aica Kogyo Co., Ltd. | 1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

<https://www.aica.co.jp/english/company/ir/>

Medium- to long-term growth strategy

The Company has realized steady growth by expanding its product portfolio and operating regions from both an organic initiative and M&A approach. FISCO believes strengthening overseas business profitability, enhancing offerings of high-value-added products, and business expansion through measures such as M&A and new market development will be themes not just for attaining the current Medium-Term Business Plan's targets but also for moving to the next stage of growth.

Progress on Medium-Term Business Plan (financial targets)

	FY3/23 Results	FY3/24 Results	FY3/25 Results	FY3/26 Forecast	FY3/27 Forecast
Net sales	242,055	236,625	248,696	265,000	300,000
Ordinary profit	22,088	26,135	28,668	30,000	30,000
AS product*1 net sales*2	19,300	21,700	24,100	27,000	28,000
Overseas sales ratio	51.2%	47.8%	48.0%	48.0%	50% or more
ROE	6.9%	9.9%	10.1%	10% or more (revised upward)	
ROIC	8.1%	8.9%	9.6%	9% or more (revised upward)	

*1 Abbreviation for AICA Solution products to address various social issues

*2 Sales for Aica Kogyo (non-consolidated)

Source: Prepared by FISCO from the Company's financial results and results briefing materials

Aica Kogyo Co., Ltd.

1-Aug.-2025

4206 Tokyo Stock Exchange Prime Market / Nagoya Stock Exchange Premier Market

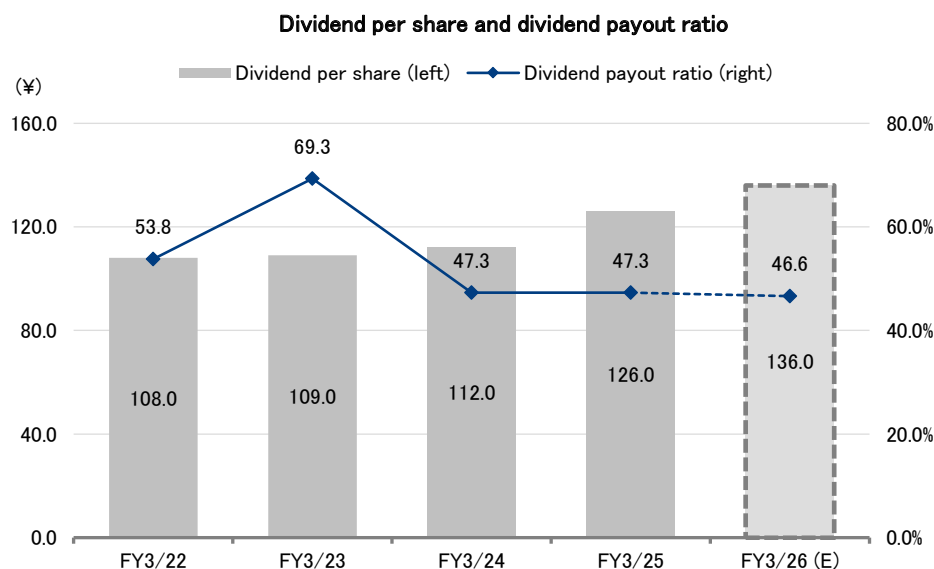
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Shareholder return policy

Plans to increase dividends by ¥10 in FY3/26, has raised dividends for 16 consecutive fiscal years with no dividend reductions for 27 consecutive fiscal years

For FY3/26, the Company forecasts a dividend increase of ¥10.0 YoY to ¥136.0 (dividend payout ratio of 46.6%). Its policy is to provide dividends after comprehensively considering consolidated earnings, the dividend payout ratio, and internal reserves for each fiscal year to realize the return of profits to shareholders and sustainable growth of the Company. Having raised dividends for 16 consecutive fiscal years and not reduced dividends for 27 consecutive fiscal years up to FY3/25, the Company is also a dividend increasing stock with a stable business and financial foundation.

In the current Medium-Term Business Plan, it added the new policies of flexible share buybacks and maintaining progressive dividends without reducing dividends to maintain stable dividends and further improve shareholder returns. In May, it decided to launch a new share buyback of up to ¥6.0bn (2.25 million shares), which aligns with the policy for flexible share buybacks.



Source: Prepared by FISCO from the Company's financial results

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