

May 22, 2023

## **[Delayed] First Quarter of Fiscal Year 2023 Major Questions and Answers at Financial Results Briefings, etc.**

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### **[Question] Despite a decline in sales in the single-family homes division, is the market environment not favorable?**

In the detached house business, sales were 3.22 billion yen compared to the forecast of 3.28 billion yen, so they were basically in line with the forecast. Interest in insulation is high and demand is strong, and the market environment is favorable. The main reason for the decline in sales was a year-on-year decline in the number of construction days as a result of making internal installation work personnel on weekends and holidays in January. The improvement of the construction system was completed in February and will be covered by increasing the number of construction on weekdays in the future. Reinforcement of the construction system is not an end in this, but is continuously promoted. In renovation, construction is often carried out on the ceiling and floor of detached houses. Large-scale construction work such as floor replacement is not necessary, and the heat insulation effect is big even by this alone. In addition, because the number of contractors (not certified contractors) using our raw materials (AQUA FOAM series) is increasing, sales of other products (sales of raw materials) are also increasing.

### **[Question] Compared to the expectations of other divisions and the whole?**

In the Building division, sales were 1.91 billion yen versus the forecast of 1.68 billion yen, sales of other products were 1.1 billion yen versus the forecast of 840 million yen, net sales were 6.36 billion yen versus the forecast of 6.21 billion yen. Generally, we think we have had a good start.

### **[Question] We would like to know examples of construction in domestic factories in the manufacturing industry.**

The company has not disclosed a specific name because of its confidentiality obligations, but it has constructed it at several major semiconductor factories.

### **[Question] We would like to know the status of new recruitment of the AQUA FOAM series in house builders and builders.**

Although the company has not disclosed a specific company name because of its confidentiality obligations, it has been widely adopted by builders that handle hundreds of buildings annually, including major builders nationwide. We think it will contribute to sales in the future.

### **[Question] We would like to know the effectiveness of ZEH (net zero energy house) subsidies by local governments.**

The existence of subsidies often supports the acquisition of houses with high insulation

performance. Although our products are not the only products subject to subsidies, they are often chosen because their advantages are easier to understand compared to other insulation materials. In addition, the government expects to continue subsidies and other support measures in order to improve the insulation performance of houses and buildings in order to realize a carbon-free society.

**[Question] Crude oil and naphtha are weakening, but are raw material purchase prices falling?**

Isocyanate (MDI), which accounts for about half of the raw materials, has been slightly lowered due to its versatility, but the remaining half of polyol remains high partly due to its exclusive use.

**[Question] We would like to know the factors behind the increase in selling, general and administrative expenses. (750 million yen → 829 million yen increase of 79 million yen year on year)**

An increase of 46 million yen in personnel expenses due to an increase in the number of employees excluding internal installation work personnel and the expansion of various allowances, and an increase of 22 million yen in travel expenses. It is within our expectations.

**[Question] What is the status of compliance in the prime market?**

As of the end of March 2023, our estimates for both ratio of tradable shares and market value of shares traded meet the standards. We will strive to maintain and improve our market capitalization so that we can clear it as of the record date (the end of December 2023) of "Plan to Meet the Continued Listing Criteria for New Market Segments," submitted in December 2021.

**[Question] We would like to hear your thoughts on the status of the exercise of stock acquisition rights and the cancellation of subscription rights.**

As of the end of April 2023, 95,300 shares were exercised, resulting in 904,700 dilutive shares. Our estimate is that ratio of tradable shares is 35.06 percent, and we would like to proceed with the exercise to increase ratio of tradable shares.

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