

NIPPON AQUA

2023

INTEGRATED REPORT

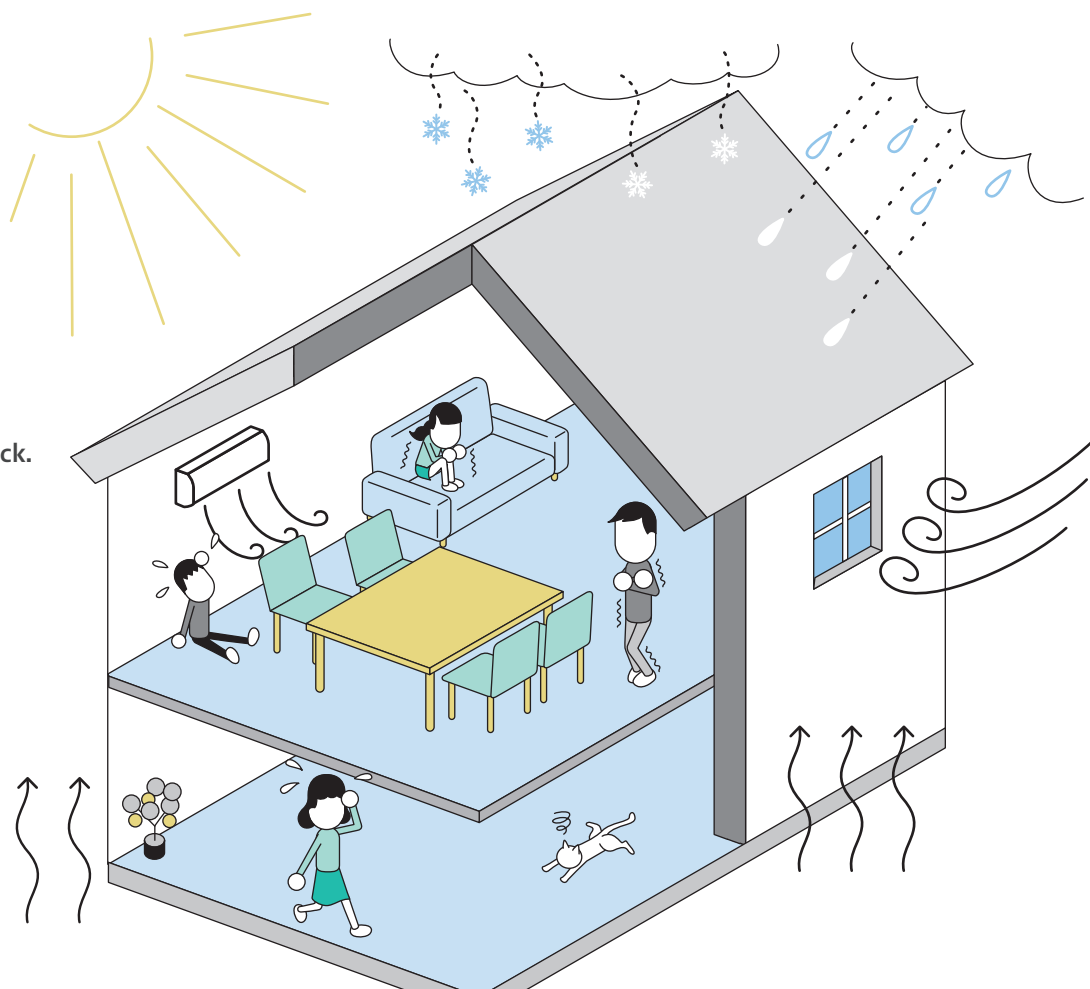


"We want to live comfortably." That's all there is to it.

For those of us leading busy lives,
our homes are a precious place where we can relax.

However, there are not many buildings that can provide a comfortable living environment.

Japan,
with its four seasons and drastic temperature differences throughout the year,
makes it difficult to maintain an appropriate room temperature.
We are troubled by the heat in summer, the cold in winter,
and the humidity during the rainy season.
There are also problems caused by the aging of buildings,
such as leaks and mold. These can sometimes affect our health,
posing risks of heatstroke, dehydration, strokes, and heart attacks due to heat shock.
Furthermore, the soaring electricity bills due to high energy costs...
The troubles with housing are only increasing.
In this modern age, where the risks threatening our lives,
such as extreme heat, heavy rain, and violent winds due to climate change,
are increasing, "we want to feel safe and comfortable in our homes."
To realize this basic desire, what should we do?



"High insulation and airtightness" will solve everything.

The insulation and airtightness performance of domestic housing in Japan is the lowest among developed countries. Nippon Aqua is confronting this issue.

Houses with high insulation and airtightness protect the interior from harsh nature. They maintain a constant room temperature, allowing you to spend your summers cool and your winters warm.

In contrast to Europe, where high insulation and airtightness standards have been mandatory for decades, Japan is significantly behind among developed countries.

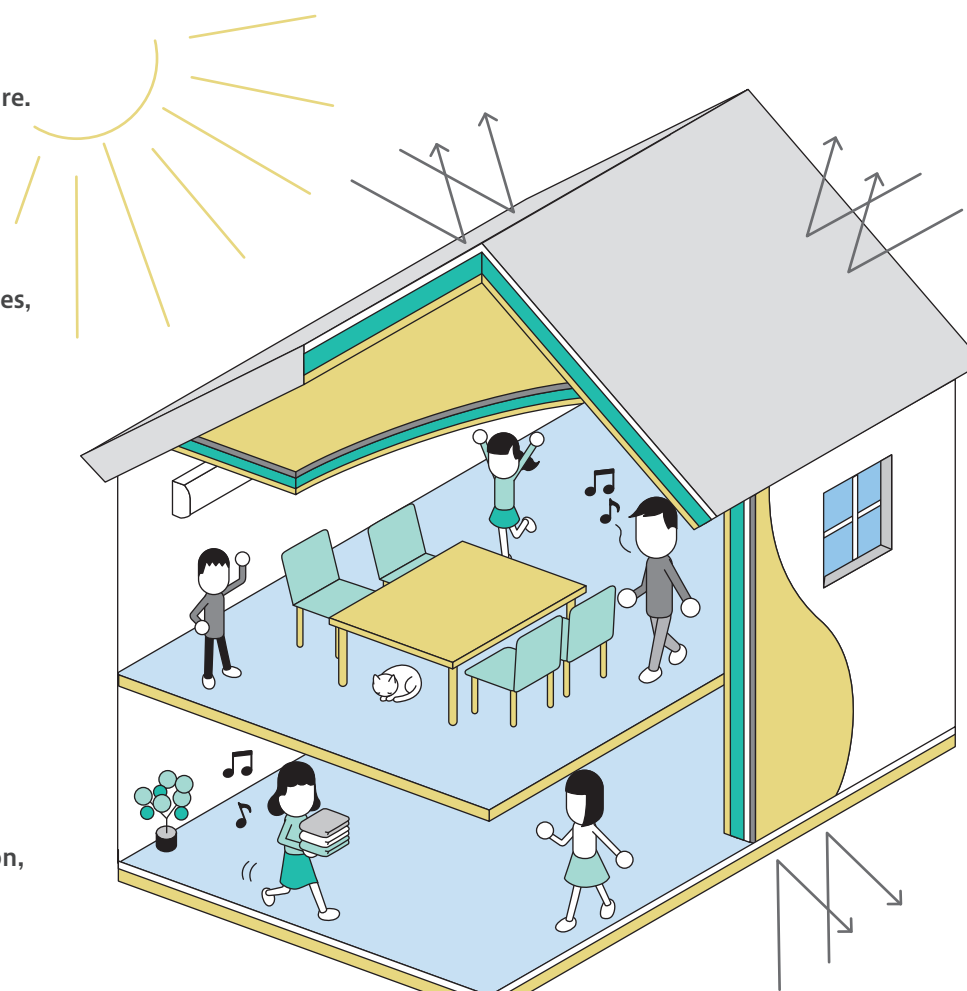
Finally, energy-saving standards (insulation construction) for new houses and buildings after April 2025 have been made mandatory.

However, these standards are still low compared to the rest of the world.

Amidst this, Nippon Aqua is pursuing world-class quality and proposing high-level insulation materials.

In addition to insulation and airtightness performance, if ventilation and moisture permeability do not function well, we cannot provide a comfortable environment. In the worst case, it can lead to the generation of mold and house dust.

Nippon Aqua provides a total service related to insulation, airtightness, ventilation, moisture permeability, and waterproofing to create an ideal living environment.



We aim to create a living environment that is kind to both the people and the planet, and to a sustainable future.

**Balancing comfort and energy saving.
Through our business, we aim to realize a sustainable world.**

We hope that each person's life will be comfortable and that their lives will be enriched.

We hope that everyone around the world will be kinder to the planet.

Nippon Aqua is addressing the challenges faced by people and the planet through its business, with the goal of "protecting the earth as a whole society.

" To create a better future, we will continue to refine our quality and technology, and deliver reliable value to the world.



Management philosophy

Contributing to society by creating a housing environment that is friendly to the people and the Earth

Vision

We exist to reduce total energy demand through innovation in insulation technology, prevent global warming, and at the same time, help people lead healthy and comfortable lives.

Code of Conduct

- 1. Provide the best service with customer satisfaction as the first priority.
2. Create new value in housing.
3. Act sensibly as a member of society and as a corporate citizen based on compliance.
4. Strive daily for the achievement of goals and commit to self-improvement.

Credo

- 1. We will strive to be fair and just in everything we do.
2. We will strive to never fail to reward good conduct or let a fault go unpunished in everything we try.

CONTENTS

Introduction

Sustainable Future and Insulation Materials 02

Part 1 - Value Creation Story

Top Message 07

Business Model 11

Value Creation Process 13

Journey of Value Creation 14

Mid-term Management Plan 17

Part 2 - Business Overview

Single-family Homes Division 20

Buildings Division 21

Waterproofing Division 22

Other Divisions 23

Part 3 ESG

Environmental Initiatives 25

Human Capital and Diversity 31

Governance 34

Part 4 - Financial Information

KPI/Financial Highlights 37

Financial Data/Financial Statements 38

Company Overview/Stock Information 40

Editorial Policy 41

Part 1

Value Creation Story

Creating Economic and Social Value

Under the Management Philosophy of "Contributing to society by creating a housing environment that is friendly to the people and the Earth", we promote sustainability management. Through CSV, we aim to improve sustainable corporate value.



TOP MESSAGE

Seizing the opportunity for further growth. Continuing to create economic and social value.

Nippon Aqua, which is celebrating its 20th anniversary this year, is expanding its business to reduce the burden on the global environment. Taking advantage of recent social trends, we aim to further expand and enhance our corporate value as a company needed by society.

President and Representative Director
Fumitaka Nakamura



In the business of promoting energy conservation, We confront societal issues.

We, Nippon Aqua, have adopted the management philosophy of "Contributing to society by creating a housing environment that is friendly to the people and the Earth". We are a company that conducts everything in-house, from raw material development to construction and recycling, with services related to insulation, airtightness, and waterproofing of single-family homes, buildings, condominiums, and other facilities as our main axis. Established in 2004, we have contributed to energy conservation in homes and buildings.

In recent years, the environment surrounding our business has been changing significantly. For example, the destabilization of the international energy situation due to Russia's invasion of Ukraine, which began in February 2022. Electricity prices have soared in various countries, and they have also risen by about 30% in Japan. In addition, in June of the same year, a law to amend part of the law on improving the energy consumption performance of buildings to contribute to the realization of a decarbonized society was enacted. As a result, all new homes and non-residential buildings are required to comply with energy conservation standards, and from April 2025, it will not be possible to build new homes and buildings that fall below these standards. However, compared to Western countries, these standards are still low, and the reality is that we are lagging behind the world. In each household, interest in energy conservation has increased even more due to the record-breaking heatwave last summer. Furthermore, there is an increasing demand for renovation and rebuilding of concrete buildings. The lifespan of concrete is said to be about 50-60 years, and many

buildings built during the period of high economic growth are aging, causing cracks and leaks. However, this situation is an opportunity for our company. The need for high insulation and airtightness to improve heating and cooling efficiency, and the need to apply waterproofing treatment in the renovation of aging buildings, have greatly increased the significance of our company's existence. As a result, for the fiscal year ending December 2023, we were able to achieve net sales of 28.341 billion yen (110.4% compared to the previous fiscal year) and an ordinary profit of 2.917 billion yen (123.6% compared to the previous fiscal year). We feel that this is solely due to the support from our stakeholders, mainly shareholders and investors, and the efforts of all our group employees.

Nippon Aqua is the only company in the world with a unique business model.

In the field of insulation materials, we are the only company in the world that consistently handles everything from raw material development to construction and recycling. We develop raw materials at our technical center and not only sell our products nationwide, but also have our internal installation work personnel carry out the construction. Furthermore, we have implemented a "certified contractors system" that meets the technical standards set by our company. We strive to provide services that our customers will be pleased with and to improve the quality of our work during construction. This system allows us to capture what is truly needed on site and utilize them for new product development. In addition to construction sites, one of our major strengths is our ability to quickly develop raw materials to meet the demands of general

contractors and construction companies. In terms of recycling, we own specialized factories in four locations nationwide. We collect excess material generated during construction from sites nationwide and re-manufacture them mainly as insulation materials to be laid in ceilings. We are the only company that has been certified by the National Permit System of the Ministry of the Environment, and we are committed to reducing waste.

Breaking Industry Common Sense and Bringing New Value to the World

The insulation materials handled by Nippon Aqua are known as "spray polyurethane foam". At construction sites, we spray a foam-like urethane onto walls and ceilings. This type of insulation has been used in concrete buildings since the 1950s and 1960s. On the other hand, in wooden houses, a method of laying materials made of glass fibers, called glass wool, has been adopted. Compared to the spray method, gaps are more likely to occur, resulting in a decrease in insulation performance. Despite the fact that spray polyurethane foam is light and highly airtight, I noticed that it was not being used in wooden houses and started developing products for wooden houses in my previous job. As a result of trial and error, I was able to successfully commercialize and sell the product. It was a revolutionary product and was gradually getting on track, but the company did not view it positively because it was not a core business. Furthermore, the quality of the products that could be provided varied from contractor to contractor, and I was struggling every day. Just when I was at my wits' end, the division I was working in was abolished. That's when I decided to start my own business, with the conviction that "this insulation material is needed in the

world" and the desire to "provide high-quality Spray insulation application".

When we first started, we purchased raw materials from manufacturers in Japan and overseas, and our products expanded not only for wooden houses but also for concrete buildings. However, when quality issues began to arise, we decided to switch to in-house raw material development. We hired several people from major chemical manufacturers and set up a technical center. We were the first to develop a product using a foaming agent called "HFO (Hydrofluoroolefin)" that does not use greenhouse gas-intensive CFCs and has an ozone depletion coefficient of 0. Not only is the quality high, but we also created environmentally friendly insulation materials. After that, we started working on waterproofing materials as a new field. For waterproofing materials, we propose a method of spraying a resin called "polyurea". This method was developed in the United States in the 1980s and was imported to Japan at the same time, but it has not been widely adopted until recently. Instead, asphalt waterproofing and FRP waterproofing, which

involves laying plastic fibers, have become popular. Asphalt waterproofing requires thick pillars to support the weight, and FRP waterproofing is troublesome to repair, both of which have many disadvantages. Our waterproofing material, which can be applied and repaired simply by spraying polyurea resin, is a standard method in the world. Despite this, the adoption rate in Japan is still low. We want to break this status quo and change the industry.

Three Pillars Supporting Our Business

Currently, our company is developing three pillars of business based on the type of construction: the "Single-family Homes Division," the "Buildings Division," and the "Waterproofing Division." In addition, we are consolidating businesses other than construction into the "Other divisions" to expand our business capacity.

The Single-family Homes Division provides insulation work for single-family homes.

For wooden houses, which account for more than 90% of single-family homes in Japan, we use "AQUA FOAM LITE" or "AQUA FOAM."

For non-wooden houses and houses in cold regions, as well as those requiring higher insulation classes, we use "AQUA FOAM NEO."

The Buildings Division provides insulation work for buildings and apartments made of reinforced concrete (RC), steel-reinforced concrete (SRC), and steel (S), as well as other facilities.

The construction is mainly done with "AQUA FOAM NEO", but due to the increasing need to avoid fire risks at construction sites, the number of constructions using "AQUA MOEN NEO", a non-flammable insulation, is dramatically increasing.

The Waterproofing Division provides waterproofing work for both single-family homes and buildings.

We are gradually expanding to buildings and commercial facilities, starting with balcony construction for single-family homes using "AQUA HAJIKUN."

The Other divisions are engaged in the sale of auxiliary supplies, which are consumables used in construction, the sale of foam urethane foam spraying machines, and the sale of raw materials to non-certified contractors.

We will take on a wide range of challenges to expand our business capacity and enhance our presence as a manufacturer.

Valuing Human Capital for Sustainable Growth

Recently, work style reform and work-life balance have been attracting attention worldwide, but it seems that many companies in our industry are still stuck in the old ways. In addition, there are numerous challenges, such as the introduction of a cap on overtime work in April 2024 and the aging of construction workers.

Despite these challenges, our company is fully committed to creating a comfortable working environment.

This is undoubtedly thanks to our employees that we are able to create and provide value to our customers and society.

We had introduced a two-day weekend system ahead of the industry, and from January 2023, we have made weekends off. Furthermore, by increasing the salary level, the number of job applications has significantly increased.

Based on the technical intern training system to support the economic development of developing regions, we are actively accepting foreign technical interns and having them work as construction workers.

To ensure that they do not feel lonely or inconvenienced,



we do not assign them to sales offices alone, but have them live together in company dormitories, and provide detailed support while keeping close contact with supervising organizations.

Of course, we will continue to focus on supporting the active participation of women.

As of the end of 2023, the ratio of female managers in our company is 14%, which is higher than the construction industry average of 6.3% (as of fiscal 2023, according to Teikoku Databank), but we are aiming for 20%.

In sales clerical positions where there are many female employees, role models are emerging one after another through business improvement by introducing IT systems, career path development, and the creation of systems that allow work and home life to be balanced, such as reduced working hours and telework.

As a strategy for sustainable growth, we will further increase our staff, equalize the burden on each individual, and increase the total number of construction projects.

To achieve this, we will continue to focus on creating a comfortable working environment for our employees.

We aim to grow as an organization that can utilize a wide range of abilities, not only by hiring new graduates, but also by hiring mid-career and foreign employees with an eye on overseas expansion.

Formulating a New Medium-Term Management Plan with an Aggressive Stance

We have formulated a new medium-term management plan with an aggressive stance. In February 2024, we announced a new medium-term management plan. This is a three-year plan from 2024, with a target of 410.2 billion yen in sales and 45.12 billion yen in ordinary profit for the

final fiscal year ending December 2026. The theme is "Establishing Three Stable Pillars". We will strengthen each of the "Single-family Homes Division", "Buildings Division", and "Waterproofing Division". In the Single-family Homes Division, we will focus on increasing market share value and we will acquire market shares from competing spray polyurethane foam contractors. In addition, with the expansion of high insulation and high airtightness needs, we will also promote switching from other insulation materials, propose higher grades, and increase sales unit price through bundle sales. In the Buildings Division, we aim to increase the total area sprayed by about 20% each year. We will continue to differentiate ourselves with the non-flammable insulation "AQUA MOEN NEO", which is doing well. In February 2023, we launched a new fireproof coating "AQUA BARRIER" that exhibits fire resistance when applied to insulation materials. We will expand our product lineup and meet various construction needs. In the Waterproofing Division, we will increase the awareness of polyurea resin spray waterproofing and our product "AQUA HAJIKUN". The market size in 2022 is about 600 billion yen, and our share is only 0.1%. The quality of our products is certain, so we need to first make it an option for our customers. The recent topic is the order for the renovation of the headquarters factory of a leading electrical manufacturer in Japan, but we will continue to aim for an increase in the number of constructions through cooperation with the Single-family Homes Division and strengthening alliances with waterproofing contractors. Furthermore, we will focus on expanding our business areas. Mainly in the Waterproofing Division, we will increase the number of B to C company cases in the future, increase our recognition, and improve our corporate brand. We will also strengthen raw material sales and enhance our presence as a domestic manufacturer. We



will also gradually work on overseas expansion. Since 2020, we have been selling raw materials for foam urethane foam to Korea, but we plan to expand to Southeast Asia in the future. In Southeast Asian countries, insulation materials are not popular because there is no need for cold protection in winter. However, interest in insulation materials is increasing for energy saving in air conditioning, and we believe it is a market with potential. The policy of cash allocation is to return 50% to shareholders as dividends and use the rest for growth investment. Specifically, we will open one or two large logistics bases a year to make nationwide expansion more active. In addition, we are considering expanding human investment, organizing construction teams, and M&A for strengthening the Waterproofing Division. We will realize and distribute appropriate profits and aim for sustainable growth. We, Nippon Aqua, will celebrate our 20th anniversary this year. Under our management philosophy of "contributing to society by creating a living environment that is friendly to people and the earth", we will continue to provide value to society and strive to meet your expectations. We look forward to your continued support.

From raw material development to construction and even recycling

In the field of insulation and waterproofing materials, only we can provide them in total. We achieve stable product supply and construction quality while differentiating ourselves through our business model.

Diversification of Procurement Sources, Raw Material Stockpile Warehouses

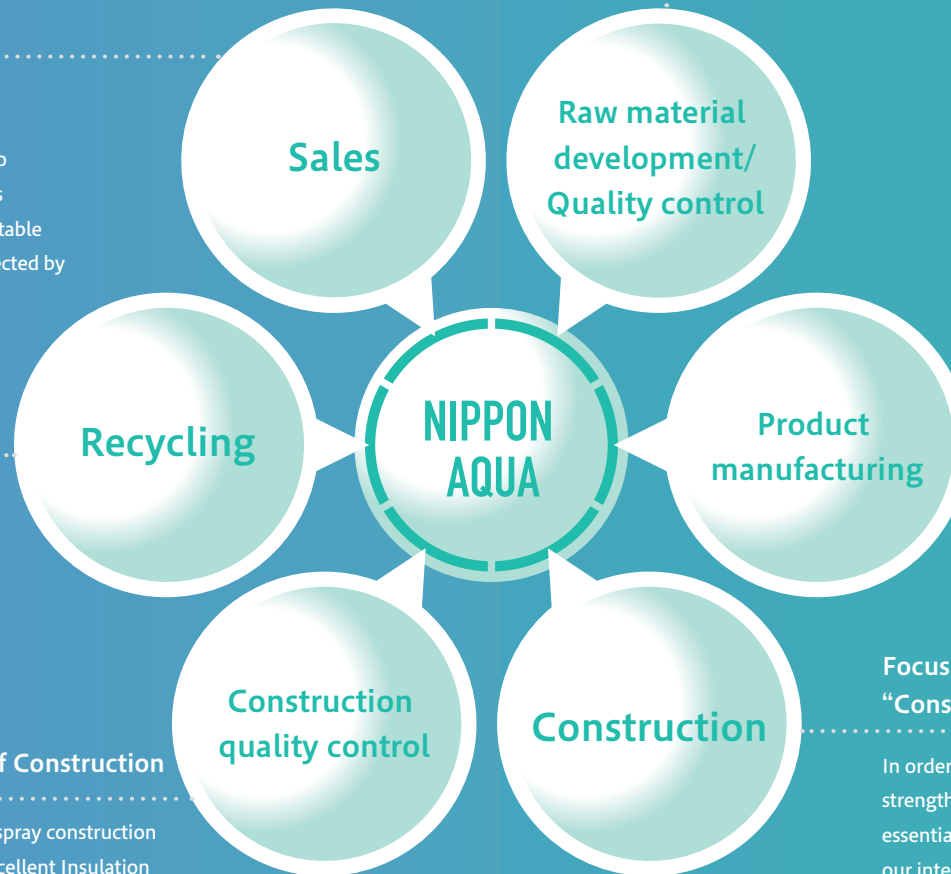
In addition to securing global procurement routes not limited to North America and Asia, we have established a system that allows for flexible raw material procurement by setting up stock points for urethane raw materials in various parts of Japan. As a result, we were able to distinguish ourselves from the "urethane raw material shortage" that occurred domestically from 2021 to 2022.

Insulation Material Born from Water, Friendly to the Environment

Our flagship product, AQUA FOAM, is an insulation material that foams on-site using water instead of environmentally harmful fluorocarbons. When polyol containing water and isocyanate are mixed, carbon dioxide is generated. This carbon dioxide is used as a foaming agent to create an eco-friendly rigid urethane foam material. Traditional insulation materials such as glass wool are cut and pasted according to the construction site. Therefore, there was a possibility of creating gaps. However, AQUA FOAM can be filled without gaps even in small parts, and due to its high adhesiveness, it can provide a stable insulation effect.

Focusing on Strengthening "Construction Capabilities"

In order for our company to achieve stable growth, further strengthening and securing of "construction capabilities" is essential. Therefore, we have prioritized increasing the number of our internal installation work personnel, promoted work style reforms, introduced a full two-day weekend system, raised wages along with the expansion of various allowances such as metropolitan area allowances and child-rearing support allowances, and actively recruited using SNS and other means.



Unique business model covering everything from raw material development to construction and recycling

Nationwide Sales Network

Our company has set up business bases, logistics warehouses, and urethane recycling factories in 27 locations nationwide, from Hokkaido in the north to Kagoshima in the south, and is working on business activities according to regional characteristics and stable supply of urethane raw materials that are easily affected by market conditions.

Recycling into Re-manufactured Products

In the construction of spray urethane foam, a large amount of urethane end material (shavings) is generated. We collect urethane excess materials from construction sites nationwide and re-manufacture them into AQUA BLOW (mainly insulation material laid in the ceiling).

Ensuring Safety of Work and Quality of Construction

Our insulation and quality control system through spray construction has been evaluated and certified by the "On-Site Excellent Insulation Construction Certification System" by IBEC (General Incorporated Foundation Housing and Building SDGs Promotion Center).

※This is a system aimed at spreading correct construction management to construction companies with certain capabilities and enhancing the reliability of spray and blow-in insulation materials by externally displaying it.

Our Four Leading Strengths in the Industry

With a flexible mindset that is not bound by precedent, we have established our unique strengths. We are committed to improving our service quality and building a robust organization every day.

Strength 01 Nationwide Sales Network

Our company has business bases, logistics warehouses, and urethane recycling plants in 27 locations nationwide, from Hokkaido in the north to Kagoshima in the south. We are committed to business activities tailored to regional characteristics and stable supply of urethane raw materials, which are easily affected by market conditions. Additionally, by conducting community-based activities at our own properties, we enhance the trust of certified contractors and aim to improve our construction capabilities.



Strength 03 Raw Material Development

Our Technical Center is responsible for the design, development, and quality control of urethane raw materials. By consolidating raw material development for each product, product quality control, confirmation of construction stability by test blowing, performance evaluation of products extracted on site, etc., at the Technical Center, we provide quick and detailed support. In addition, we have adopted a business model that consistently handles everything from raw material development to construction sales, which is a strength that allows us to respond quickly not only to construction sites but also to the needs of general contractors and construction companies.



Strength 02 Construction Quality

The raw materials for sprayed rigid urethane foam are guaranteed a certain quality by JIS at the time of factory shipment. However, the density and thickness of the insulation material are determined by the construction of the contractor at the construction site, so the final thermal performance is affected by the construction of the contractor. To ensure that construction contractors with certain abilities are properly managing construction, we have obtained certification from the "On-site Construction Type Excellent Insulation Construction Certification System" by IBEC (General Foundation Housing and Building SDGs Promotion Center).



Strength 04 Construction Personnel and System

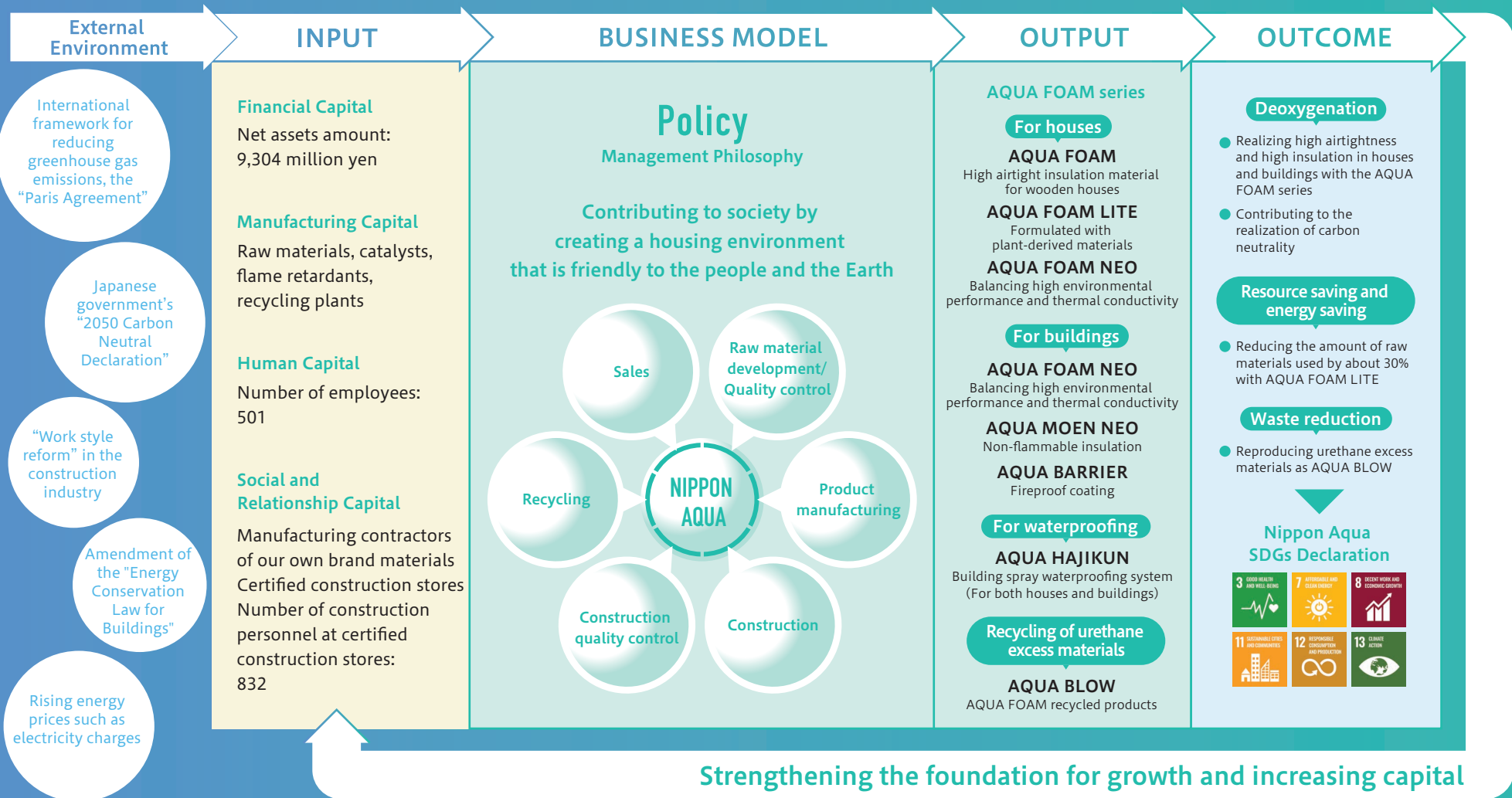
In order for our company to achieve stable growth, it is essential to further strengthen and secure our "construction capabilities." Therefore, we have made increasing the number of work personnel who spray the foam our top priority and we are actively recruiting, by raising wages of various benefits such as the introduction of a complete two-day weekend system, metropolitan area, child-rearing support, and using social media. In addition, we have established a weekends off system for work personnel who spray the foam from January 2023 and are leading the way in the construction industry in promoting "Work style reform."



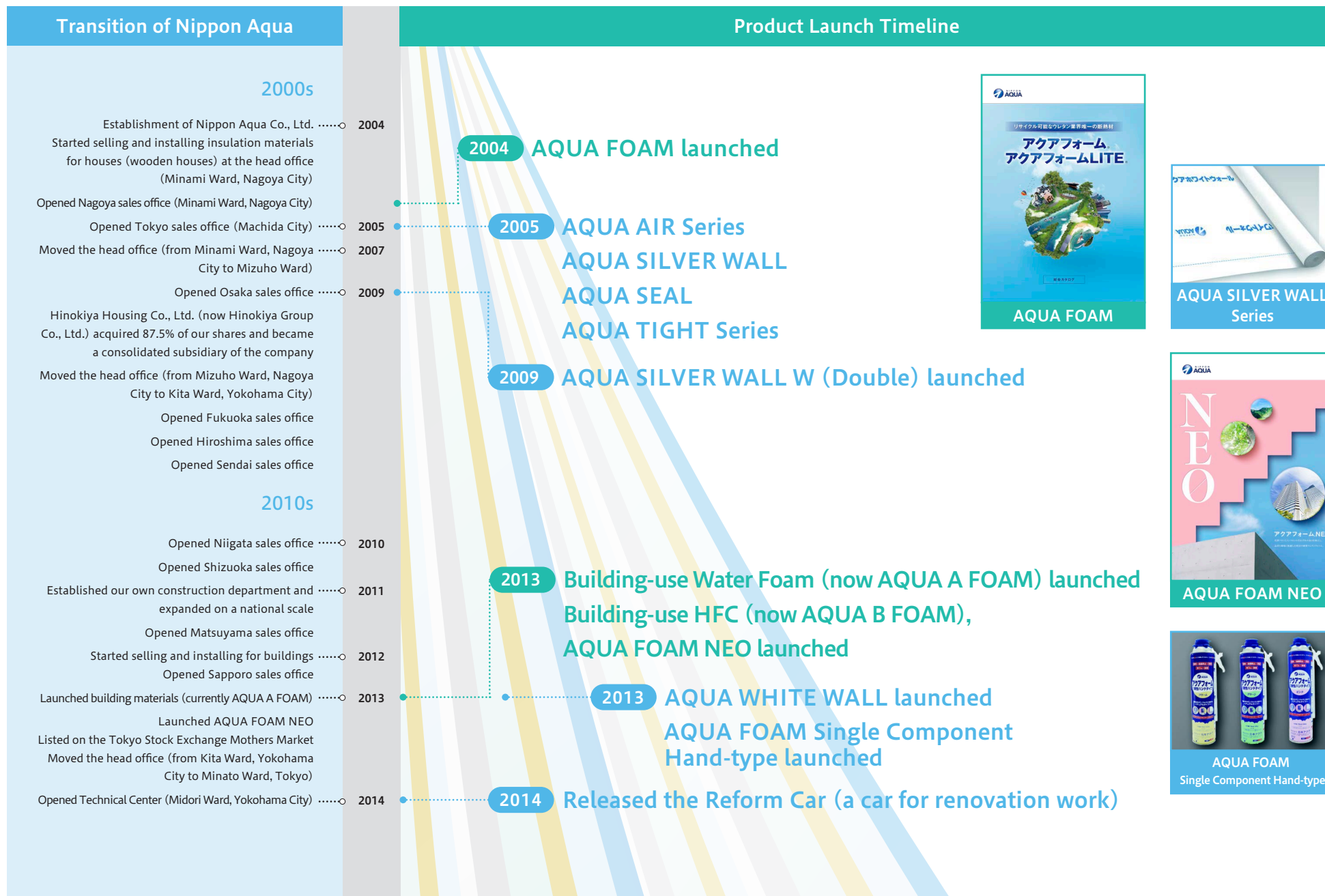
Aiming for a sustainable world through business, directly linked to solving social issues

All of our business is necessary for the realization of a sustainable world.

We will enhance our funding capacity, work on strengthening our business model, and continue to contribute to society as a company that is needed in the world.



Accurately capturing needs and expanding product lineup



- Moved Nagoya sales office (to our own facility)
- Opened Tosu sales office (our own facility)
- Opened Okayama sales office (our own facility) 2015
- Moved Osaka sales office (to our own facility)
- Launched AQUA BLOW 2016
- Obtained certification of the National Permit System for industrial waste such as urethane end materials
- Moved Sendai sales office (to our own facility)
- Obtained JIS mark display product certification
- Obtained IBEC's on-site excellent insulation construction system certification 2017
- Moved Saitama sales office (to our own facility)
- Listed on the First Section of the Tokyo Stock Exchange 2018
- Launched non-flammable insulation 2019
- Opened Niigata sales office (our own facility)
- 2020s**
- Opened Kanazawa sales office (our own facility) 2020
- Opened Kanagawa sales office (our own facility)
- Opened Aomori sales office (our own facility)
- Opened Akita sales office (our own facility)
- Launched AQUA HAJIKUN
- YAMADA HOLDINGS CO., LTD. implemented a TOB to Hinokiya Group Co., Ltd., and became a consolidated subsidiary of YAMADA HOLDINGS CO., LTD.
- Opened Matsumoto sales office (our own facility)
- Launched AQUA FOAM LITE 2021
- Expanded Sendai recycling plant
- Opened Kyushu recycling plant
- Opened West Japan Office Center
- Transitioned to the Tokyo Stock Exchange Prime Market 2022
- Opened Kyushu Office Center
- Opened Kanto Office Center
- Opened Kansai recycling plant
- Opened Kanto recycling plant
- Launched AQUA BARRIER 2023
- Transitioned to a company with an audit and supervisory committee
- Opened North Kanto sales office (our own facility)

2016 Released AQUA BLOW

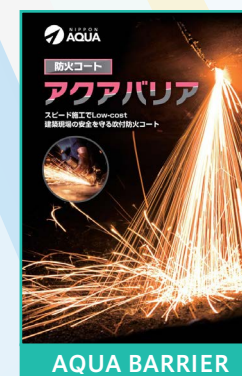
2018 Released Zekkucho (whole building air conditioning)

2019 Released non-flammable insulation

2020 Released ultra-fast curing waterproofing agent

2021 Released AQUA FOAM LITE

2023 Released AQUA BARRIER



PRODUCTS LINE UP

Main product lineup of Nippon Aqua

Insulation and Waterproofing

AQUA FOAM (100 times foaming)

Unlike widely used fibrous insulation materials, AQUA FOAM mixes polyol and isocyanate, the raw materials of urethane, on the construction site of houses and other buildings using construction machinery, sprays and foams. The foam adheres and solidifies by the self-adhesive force of the raw materials, demonstrating its function as an insulation material. This kind of on-site foaming insulation construction is carried out on the walls, floors, and attics of buildings, and its strengths are 1.insulation 2.airtightness 3.sound absorption 4.moisture permeability. The name "AQUA FOAM" comes from the fact that it foams because of the water contained in the raw materials.

AQUA FOAM NEO (30 times foaming)

Spray polyurethane foam for buildings is usually used at 30 times foaming because the thinness of the foam is required. The previous AQUA B FOAM for buildings used hydrofluorocarbons (HFCs) as the foaming agent, which had the problem of having a high impact on global warming. AQUA FOAM NEO uses hydrofluoroolefins (HFOs), a foaming agent with a lower impact on global warming, instead of HFCs, and was the first to appear as an "insulation material that is friendly to people and the environment" ahead of competitors.

AQUA BLOW (Blowing Insulation Material)

In the blowing (blowing in) insulation construction method for ceilings, which is adopted by many housing companies in cold regions, the cut-off materials of fibrous insulation materials generated at the construction site are reused. On the other hand, AQUA BLOW reuses the excess materials of AQUA FOAM (urethane foam). Normally, the disposal of such excess materials of urethane foam requires the construction owner (general contractors and construction companies, etc.) to find a disposal contractor, but our company has obtained a National Permit System (a special case of industrial waste permit) from the Ministry of the Environment, and can collect and transport the excess materials of AQUA FOAM generated at the construction site.

AQUA MOEN NEO (30 times foaming)

AQUA MOEN NEO is a spray polyurethane foam for buildings with fire resistance, developed in response to the demands of RC construction sites. At such construction sites, sparks can be generated in conjunction with welding and cutting of steel frames. AQUA MOEN NEO demonstrates excellent fire resistance, ensuring safety from construction site and everyday fire risks, and while normally it is necessary to perform separate fireproofing after insulation construction. With AQUA MOEN NEO, it is possible to significantly shorten the construction period by ensuring fire resistance.

AQUA HAJIKUN (Ultrarapid-hardening waterproofing)

AQUA HAJIKUN is a polyurea resin compound based on urea bonds generated by the chemical reaction between isocyanate and polyamine. This resin demonstrates extremely superior performance in waterproofing, chemical resistance, wear resistance, heat resistance, and corrosion resistance. It can also be applied to a wide range of targets such as buildings, apartments, warehouses, and wooden houses, on rooftops, balconies, parking lots, etc. It is noteworthy that the construction period is shortened by ultra-rapid hardening. AQUA HAJIKUN provides excellent strength and waterproofing, and is safe for the construction environment and surrounding environment because it is solvent-free. Furthermore, the construction network used for insulation construction can also be applied to waterproofing construction.

AQUA FOAM LITE (120 times foaming)

AQUA FOAM LITE is an insulation material that contributes to a friendly and sustainable society by incorporating plant-derived raw materials to reduce the environmental impact while maintaining the quality of AQUA FOAM. AQUA FOAM LITE achieves 120 times foaming and is an innovative insulation material that can reduce the use of raw materials by about 30%. Even if it is sprayed on the wall, it is lightweight and does not put a burden on the pillars and structure of the building.

AQUA BARRIER (Fireproof Coating Material)

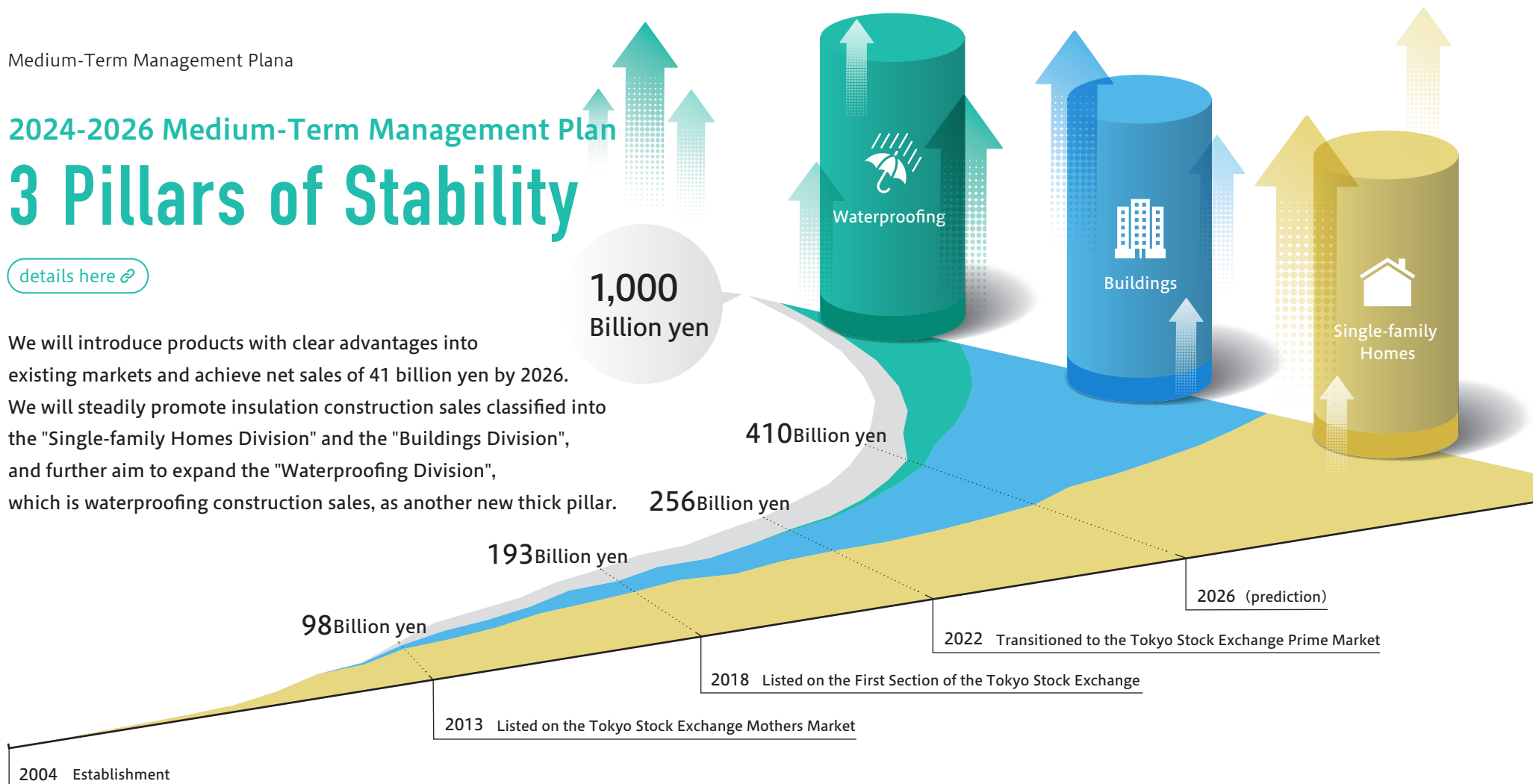
AQUA BARRIER demonstrates its fireproof properties when applied to materials such as AQUA FOAM NEO. It's main strength is quick-drying, high adhesion, and it's low cost. It does not require a primer during the application of AQUA FOAM NEO, and follow-up construction can be done immediately, hardening in a short time. Moreover, even when applied in a thin layer, it has strong adhesive power, making it less likely to fall off.

2024-2026 Medium-Term Management Plan

3 Pillars of Stability

[details here](#)

We will introduce products with clear advantages into existing markets and achieve net sales of 41 billion yen by 2026. We will steadily promote insulation construction sales classified into the "Single-family Homes Division" and the "Buildings Division", and further aim to expand the "Waterproofing Division", which is waterproofing construction sales, as another new thick pillar.



Basic Strategy

In the "Single-family Homes Division", we will make full use of the nationwide network established in fiscal 2023 to aim for further share expansion. We also expect an increase in unit price due to the advancement of energy-saving performance. In the "Buildings Division", we will keep up with the rapid expansion of the market due to renovation and rebuilding demand. Increase the total area of spray applied, and aim to increase the unit price by increasing the construction of non-flammable insulation. In the "Waterproofing Division", we will strive to improve profitability due to an increase in construction projects for buildings and to capture renovation needs.

Expansion of Business Areas

We will strengthen the sales of raw materials for urethane foam, spraying machines, auxiliary supplies used in construction, parts, vehicles, etc. to external construction shops. Our strengths are not only the high quality, but also the quick delivery nationwide and the stable procurement of raw materials. Even in the event of an unforeseen situation, we have a system in place to ensure a stable supply. We aim to enhance our presence as a domestic manufacturer and establish a stable source of income.

Target KPI (2026)

We have set a target of net sales of 41.02 billion yen and ordinary profit of 4.512 billion yen for the final fiscal year, December 2026. The sales composition ratio is approximately 40% for the Single-family Homes Division, approximately 37% for the Buildings Division, approximately 6% for the Waterproofing Division, and approximately 17% for other divisions. After 2026, we expect a big leap in the Waterproofing Division. We will focus on the stable three pillars and strive to achieve sales of 100 billion yen.

3 Pillars of Stability

Key Measures

	External Environment	Key Measures	Performance Goals
Key Measures : Three Pillars of Construction	Single-family Homes In June 2022, a law regarding compliance with energy-saving standards was issued and from April 2025, all new buildings, including single-family homes, will be required to comply with energy-saving standards. In addition, as the number of extremely hot days increases, the surge in electricity costs continues. Interest in energy conservation is growing more than ever.	We aim to expand our shares by utilizing our nationwide network of bases for construction. Furthermore, we will implement a pricing strategy aimed at expanding new transactions, while aiming to increase the unit price of sales through proposals of higher grades and bundle sales. We will increase the number of construction sites by about 5% each year while introducing improved products with enhanced insulation performance.	Although the number of new housing starts is on a declining trend, we will steadily work on measures to improve the share rate and unit price of sales, aiming to achieve our goals. <div style="text-align: right;"> Net sales 2023 13,798M yen ▶▶▶▶▶ Net sales 2026 16,503M yen CAGR 6.1% UP </div>
	Buildings In addition to the enforcement of laws requiring compliance with energy-saving standards, demand for renovations and rebuilding is also increasing. Furthermore, as a national policy, there is also an invitation to semiconductor factories, and the insulation market in buildings is rapidly growing. On the other hand, in other companies in the same industry, there is a decrease in operating volume due to the response to the 2024 issue and an increase in labor costs due to labor shortages.	We will actively acquire construction projects such as semiconductor Factory construction and urban redevelopment projects. At the same time, we will strengthen our product lineup. We will promote differentiation from other companies in the same industry by using non-flammable insulation "AQUA MOEN NEO" to avoid fire risks at construction sites and fireproof coating "AQUA BARRIER" that exhibits fire resistance when applied to insulation.	We aim for an annual increase of about 20% in the construction area. In addition, by introducing the non-flammable insulation "AQUA MOEN NEO", we aim to increase the construction unit price and aim for an average annual growth rate of 22.3% over three years. <div style="text-align: right;"> Net sales 2023 8,267M yen ▶▶▶▶▶ Net sales 2026 15,119M yen CAGR 22.3% UP </div>
	Waterproofing Although there is a market size of 600 billion yen, the proportion of polyurea waterproofing construction is very small, and there is an expectation for future growth. Currently, many buildings built during the bubble period are leaking due to aging, and the demand for renovation is increasing. In addition, it is urgent to respond to abnormal weather such as guerrilla heavy rain.	We will differentiate ourselves by using the polyurea resin spray waterproofing "AQUA HAJIKUN", which has many advantages compared to the mainstream products and their methods. We will increase the number of constructions by bundle sales with the Single-family Homes Division and improve profitability by increasing the number of RC building projects. We will strengthen alliances with waterproofing construction companies and increase recognition.	With the steady progress of large-scale projects such as the renovation of a headquarters factory of a leading electric appliance manufacturer in Japan, we expect net sales in 2026 to be 2.5 billion yen. <div style="text-align: right;"> Net sales 2023 489M yen ▶▶▶▶▶ Net sales 2026 2,500M yen CAGR 72.2% UP </div>
Expansion of Business Areas Sales of urethane raw materials, Other product sales	In the sales of urethane raw materials, we will refine our quality, price, and responsiveness. To demonstrate our presence as a manufacturer, we fully utilize our nationwide sales bases. In auxiliary supplies sales, we will implement a pricing strategy and connect it to the expansion of new clients in the Single-family Homes Division. Machinery sales were changed to direct transactions as of 2023, improving profitability. There are waves of demand due to model changes, but we will steadily contribute to sales.	<div style="display: flex; justify-content: space-around;"> <div style="text-align: center;"> <p>Transition of Net Sales in Sales of urethane raw materials</p> <p>20billion yen</p> </div> <div style="text-align: center;"> <p>Transition of Net Sales in Other product sales</p> <p>30billion yen</p> </div> </div>	

Part 2

Business
Overview

Creating a housing environment that is friendly to the people and the planet

We are expanding our business to a wide range of buildings, including single-family homes, condominiums, office buildings, and commercial facilities. In response to growing demand, we will implement growth strategies in each division.



01 Single-family Homes Division

We carry out the application of spray polyurethane foam insulation for single-family homes.

In Japan, over 90% of single-family homes are wooden, and we respond to this with our products: AQUA FOAM LITE and AQUA FOAM.

(Source: Ministry of Internal Affairs and Communications "2018 Housing and Land Statistics Survey")

In addition, for non-wooden houses, construction in cold regions, and for higher insulation classes, we use our superior product, AQUA FOAM NEO.

Opportunities

- Standardization of ZEH standards (equivalent to Insulation Class 5)
- Support systems such as subsidies set by local governments that exceed ZEH standards
- Increased interest in the insulation performance of houses due to rising energy prices

Risks

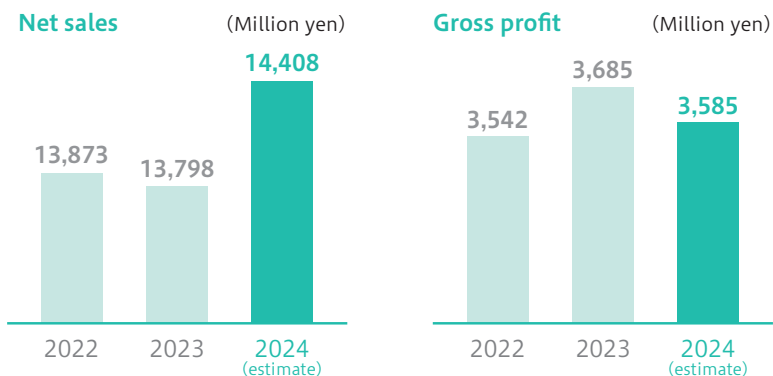
- Decrease in the number of construction properties due to housing costs and mortgage interest rates
- Delays in the construction system due to a shortage of workers in the construction industry
- Rise in raw material prices or supply shortage of materials

Review of the Current Period and Business Environment

With the introduction of ZEH (Net Zero Energy Houses) by local governments and preferential measures for housing loans, the number of insulation constructions at the ZEH level (equivalent to Insulation Class 5) with high insulation performance has increased, leading to an increase in the construction unit price per building. On the other hand, due to measures such as the implementation of a weekends off system for work personnel who spray the foam and the extension of construction periods for some properties due to the severe heat this summer, the number of constructions decreased, resulting in net sales for this division of 13,798 million yen.

Growth Strategy

We will continue to work on improving the construction unit price of the insulation performance of houses, while also deploying a flexible pricing strategy for new trading partners, aiming to expand our market share and achieve an average annual growth rate of 6.1% by fiscal 2026.



02 Buildings Division

We carry out the application of spray polyurethane foam insulation for buildings and condominiums made of reinforced concrete (RC), steel-reinforced concrete (SRC), and steel (S), and other facilities.

We receive orders from major general contractors and mainly carry out application using AQUA FOAM NEO.

In recent years, the number of constructions using the non-flammable insulation AQUA MOEN NEO has dramatically increased due to the growing need to avoid fire risks at construction sites.

Opportunities

- Construction of large facilities due to the return of manufacturing industries to Japan and urban redevelopment
- Increasing demand for non-flammable insulation AQUA MOEN NEO
- Increase in insulation work due to ZEB standardization

Risks

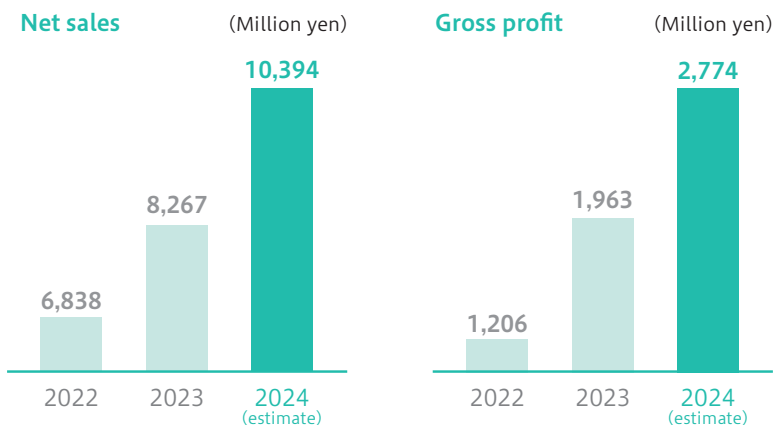
- Delays in the construction system due to a shortage of workers in the construction industry
- Rise in raw material prices or supply shortage of materials

Review of the Current Period and Business Environment

In addition to the rising demand for manufacturing facilities represented by semiconductor factories, we have successfully met the demands for commercial facilities, medical facilities, and high-rise condominiums due to urban redevelopment. As a result, the net sales of this division has increased significantly to 8,267 million yen.

Growth Strategy

In addition to AQUA MOEN NEO, we will promote the adoption of non-flammable and flame-retardant needs at a construction site with our new product AQUA BARRIER. We will also aggressively acquire semiconductor factories and urban redevelopment projects, lead the improvement of the company's performance, and aim for an average annual growth rate of 22.3% by fiscal 2026.



03 Waterproofing Division

We carry out waterproofing using AQUA HAJIKUN with polyurea resin. Polyurea resin was developed in the United States in the 1980s and is also used as an explosion protection measure in military facilities. The waterproofing market is 600 billion yen and the construction target range is wide, so we are increasing our recognition by focusing on construction projects for residential balconies. We are advancing the development into buildings and commercial facilities. The main strength of our product is durability, elasticity, and quick-drying, and it maintains superior strength compared to conventional construction methods. Furthermore, we are the only company that handles polyurea resin waterproofing on a nationwide scale.

Opportunities

- Enhancement of waterproofing performance due to increased abnormal weather
- Reconstruction needs due to aging of buildings and apartments
- Renovation needs for buildings using asbestos-containing materials

Risks

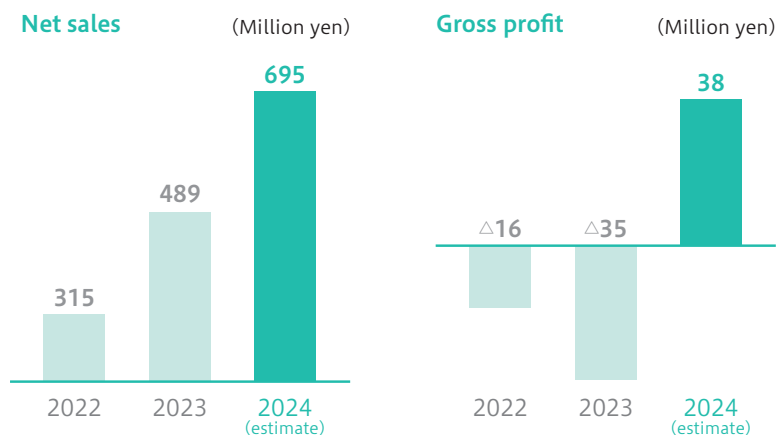
- Delays in construction due to shortage of construction workers
- Rise in raw material prices or shortage of supply

Review of the Current Period and Business Environment

As abnormal weather such as heavy rain becomes common and the need for waterproofing increases, we aim to increase the number of constructions for single-family homes strengthening the Single-family Homes Division. As a result of actively promoting proposal sales for aging measures of buildings using asbestos-containing materials, in results, the net sales of this division amounted to 489 million yen.

Growth Strategy

By proceeding with the acceptance of large-scale construction such as the renovation of the headquarters factory of a leading manufacturer in Japan and multiple store renovations of supermarket chains, we aim to achieve early profitability and open up a new path in the existing market in the dawn of Aquaform, aiming for an average annual growth rate of 72.2% by 2026 by increasing awareness.



04 Other Product Sales Division

This division consolidates non-applicable products, including sales of urethane raw materials, sales of auxiliary supplies such as consumables used in construction, and sales of foam urethane foam spraying machines. Sales of raw materials are recognized as sales to contractors other than our certified contractors. Transactions for certified contractors are paid transactions. Sales of auxiliary supplies increase in proportion to the number of our constructions, and sales of spraying machines increase in proportion to the number of external work personnel who spray the foam.

Opportunities

- Expansion of our business (increase in the number of constructions and an increase in the number of external work personnel who spray the foam)
- Recognition of our manufacturer function
- Development and market introduction of differentiated products

Risks

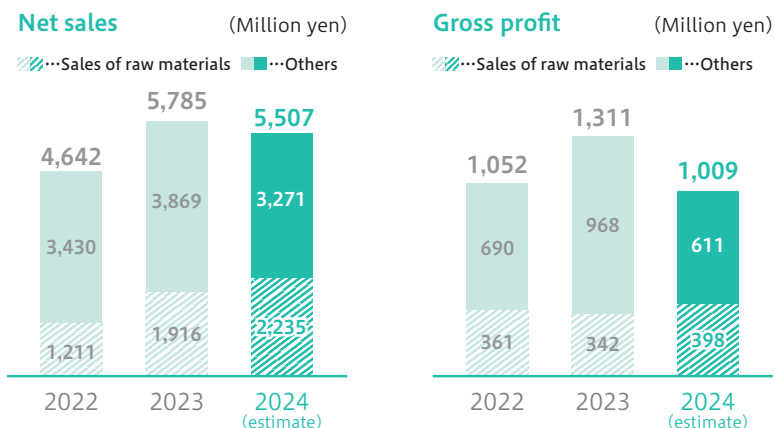
- Stagnation of our business expansion
- Emergence of highly competitive alternatives

Review of the Current Period and Business Environment

Regarding the sales of urethane raw materials, as the construction market for buildings is booming, the sales volume has increased due to our recognition as a manufacturer and the establishment of nationwide logistics bases, and the net sales amounted to 1,916 million yen. In addition, the net sales of auxiliary supplies, machines, etc. amounted to 3,869 million yen.

Growth Strategy

For sales of urethane raw materials, we aim for an average annual growth rate of 15.7% in net sales, and for auxiliary supplies, machines, and others, we aim for an average annual growth rate of 0.6% in net sales. We will also work on raw material sales overseas to expand our business area.



Part 3 ^{ESG}

Initiatives to Promote Sustainability Management

In order to enhance sustainable corporate value, we are actively addressing issues related to the environment, the society, and governance. We strive to further strengthen these as important elements of our management foundation.



Environment



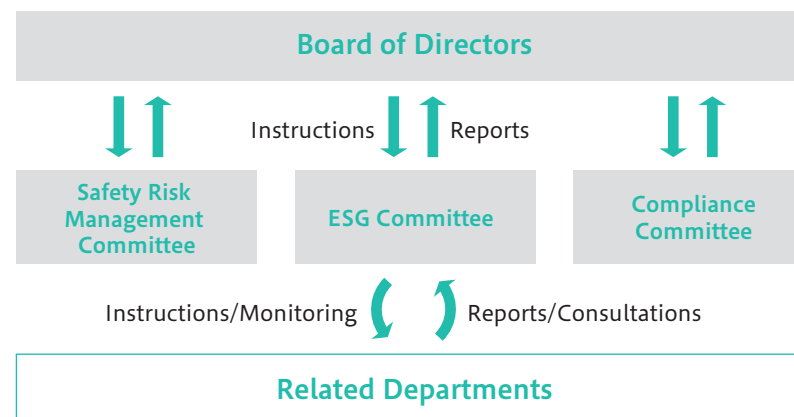
Green Initiatives

Disclosure Based on TCFD Recommendations

Our company has set forth the management philosophy of "Contributing to society by creating a housing environment that is friendly to the people and the Earth." Under this philosophy, we place an importance on measures to prevent global warming. We believe that by analyzing and responding to the impacts of climate change, including global warming, on our company we can further contribute to society. Therefore, we are promoting initiatives and information disclosure based on the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

Governance

Our company has established the ESG Committee with the aim of promoting sustainable management across the entire company. This committee is composed of the President and Representative Director who is the chairman, directors and executive officers involved in ESG, and heads of related departments. This committee is tasked with analyzing the impact of climate change risks and opportunities on the business and considering countermeasures. If a decision made by the committee is deemed important, it is proposed and reported to the Board of Directors. Subsequently, the final response policy is determined after deliberation by all members of the Board of Directors.



Risk Management

Our company conducts identification and evaluation of climate change risks through scenario analysis in the ESG Committee, both qualitatively and quantitatively. In the evaluation, we determine the importance and priority of climate change risks based on the magnitude of the impact and the time axis. As a result, for climate change risks that are deemed to have a significant impact on our company, the ESG Committee is considering specific countermeasures and future policies. In addition to the ESG Committee, each department that operates specialized committees such as the Safety Risk Management Committee and the Compliance Committee collaborates and discusses all risks including climate change comprehensively, and then reports to the Board of Directors. Subsequently, the Board of Directors decides on the response to company-wide risks and instructs each committee. The ESG Committee, upon receiving instructions from the Board of Directors, instructs the relevant departments on specific responses, and measures are taken in each department. Furthermore, by regularly monitoring the status of measures by the ESG Committee, we are striving to reduce and avoid risks.

Strategy

Our company conducts scenario analysis to understand the impact of future climate change on business activities. In the scenario analysis conducted in fiscal 2023, we set two future world views of a 4°C scenario and a 1.5°C scenario, and identify and evaluate climate change risks and opportunities at the points of 2030 and 2050. We are promoting various initiatives in response to climate change risks and opportunities that we have judged could have a significant impact.

▶ 4°C Scenario

〈Setting Scenario〉

A scenario that assumes that the temperature will rise by about 4° C by 2100 compared to before the industrial revolution. It is assumed that current climate-related goals and initiatives will continue, but no further enhancements will be made, and severe weather due to temperature rise, increased precipitation, and droughts are expected.

- └ Reference Scenario
 - RCP8.5 (IPCC AR5)
 - STEPS (IEA WEO 2022)

〈Analysis Results〉

Our company has bases all over the country, and in the 4° C scenario, severe weather due to temperature rise is expected, so there is concern about physical impact on each base. In fact, when we investigated with a hazard map (as of November 2023), we confirmed that there is a possibility of flooding at some of the nationwide sales bases, and most of them are located in the Kanto-Koshinetsu and Tohoku regions. In addition, our company procures main raw materials from overseas. If there are restrictions on energy supply due to drought in procurement regions including China, there is a risk that the production activities of our company will stagnate and sales will decrease due to the shortage of raw materials such as isocyanate and HFO, which are raw materials for spray rigid urethane foam. On the other hand, in the same scenario, an increase in precipitation is expected, so we recognize the increase in demand for waterproof products and waterproofing work for houses and buildings, such as our "AQUA HAJIKUN", as an opportunity. Based on these analysis results, in order to operate stably when abnormal weather or drought occurs, we are strengthening the stockpiling of raw materials and preparing a flexible raw material procurement system, such as purchasing raw materials in bulk and storing them at distributed stock points nationwide, and enhancing resilience to abnormal weather disasters. For opportunities, in addition to improving the recognition of waterproof products by exhibiting at large-scale exhibitions for increasing sales and orders of waterproof products and waterproofing work, we are also promoting the acquisition of personnel with knowledge of waterproofing business and the formation of alliances as part of the internal system preparation.

▶ 1.5°C Scenario

〈Setting Scenario〉

A scenario that assumes that the temperature rise by 2100 compared to before the industrial revolution can be kept to about 1.5° C. The introduction of new regulations and the development of new technologies are predicted to strengthen efforts towards decarbonization.

- └ Reference Scenario
 - RCP2.6 (IPCC AR5)
 - APS/NZE (IEA WEO 2022)
 - SDS (IEA WEO 2019)

〈Analysis Results〉

Our company uses high-insulation urethane in the insulation materials we handle. Therefore, we recognize the increased cost of complying with restrictions on the use of plastics, including urethane, which have a high environmental impact, as a risk if regulations related to plastics are strengthened as part of decarbonization policies. In addition, in terms of greenhouse gas (GHG) emissions, while the main energy used at each site is electricity, a large amount of light oil and gasoline is used in construction sites and transportation processes. Therefore, we anticipate the risk of increased operating costs due to rising energy prices associated with the introduction of a carbon pricing system. On the other hand, in this scenario, the introduction of renewable energy and energy-saving policies and the increasing environmental awareness are expected to increase the demand for ZEB and ZEH. Therefore, we are aware of the growth in sales of insulation materials and other products that contribute to ZEB and ZEH as an opportunity. Based on these analysis results, in terms of risk, we are considering expanding the sales of "AQUA FOAM LITE", which contains plant-derived ingredients, and enhancing its insulation and environmental performance in response to stricter plastic regulations towards a decarbonized society. In addition, in response to carbon pricing, we are aiming to reduce Scope 1 and 2, which are currently assumed to be subject to carbon tax, and are implementing energy-saving measures such as promoting the use of LEDs at each site and reducing vehicle travel distances by owning urethane raw material storage warehouses nationwide. In terms of opportunities, we will continue to promote construction proposals that meet ZEH and ZEH standards and higher standards, and aim to improve construction unit prices to adapt to the increasing demand for ZEB and ZEH.

Strategy

〈Risk and Opportunity List〉

Time Axis Definition Short-term: Up to 2026 / Medium-term: 2026 to 2030 / Long-term: 2030 to 2050

Evaluation High: Those that have an impact of more than 3% on operating profit / Medium: Those that have an impact of more than 1% but less than 3% on operating profit / Low: Those that have an impact of less than 1% on operating profit / None: Those that are not expected to have an impact

Factors	Classification	Impact on Business	Time Axis	Evaluation (2030)		Evaluation (2050)		
				4°C	1.5°C	4°C	1.5°C	
Transition	Carbon Pricing	Risk	· Increase in operating costs due to the introduction of carbon tax and emission trading	Medium to Long-term	—	Medium	—	Medium
	Decarbonization Regulations	Risk	· Restrictions on the use of environmentally harmful plastics due to strengthened regulations	Medium to Long-term	Low	Medium	Low	High
	Renewable Energy and Energy Saving Policies	Risk	· Costs associated with the transition to energy-saving policies, such as switching to high-efficiency equipment · Surge in electricity prices due to the expansion of renewable energy policies	Medium to Long-term	Low	Medium	Low	High
		Opportunity	· Increase in demand for insulation materials for ZEB and ZEH	Medium to Long-term	Low	Medium	Low	High
Physics	Changes in Weather Patterns due to Extreme Weather	Risk	· Direct damage and losses due to business stagnation caused by the intensification of extreme weather · Difficulty in procuring raw materials for insulation materials if a drought occurs in China and power supply is restricted	Short to Long-term	Medium	Low	High	Medium
		Opportunity	· Increase in demand for waterproofing products for buildings due to increased precipitation and number of rainy days · Increase in demand for rebuilding and renovation due to damage to houses and buildings caused by the intensification of extreme weather	Short to Long-term	Medium	Low	High	Low

〈Assumed Financial Impact〉

We have conducted an estimation of the business impact of items for which data collection is possible within our company and for which a reasonable estimation method can be devised. This can be done by evaluating the impact of climate change risks and opportunities as of 2030 and 2050. The following are the results of the evaluation of the business impact of "carbon tax" and "damage and business stagnation losses due to extreme weather", calculated based on the parameters provided in the reference scenarios mentioned above.

		(Million yen)	
Assumed Financial Impact		4°C Scenario	1.5°C Scenario
2030	Carbon Tax	0	(25)
	Extreme Weather (Floods, High Tides)	(54)	(19)
2050	Carbon Tax	0	(45)
	Extreme Weather (Floods, High Tides)	(81)	(57)

Financial Impact of Carbon Tax

We are multiplying the actual values of Scope 1 and 2 for fiscal 2022 by the parameters reported in the IEA WEO for each scenario.

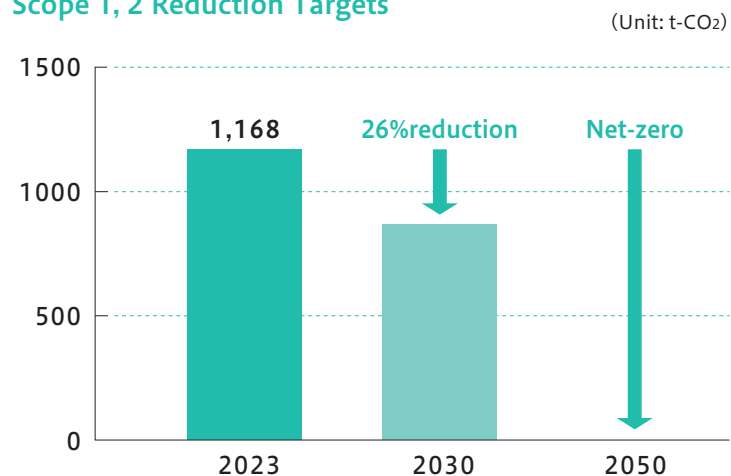
Financial Impact of Extreme Weather

We are applying the calculation method shown in the Ministry of Land, Infrastructure, Transport and Tourism's flood control economic survey manual.

Goals and Indicators

Our company has set a goal of reducing GHG by 26% by 2030 compared to 2023 as an indicator for managing climate change issues. The actual results for 2023 were 967t-CO₂ for Scope 1 and 202t-CO₂ for Scope 2. In addition, based on our management philosophy, we believe that not only our company, but also activities throughout the supply chain are important in creating an environmentally friendly living environment, and we are committed to regularly monitoring the total emissions (Scope 3) of the supply chain.

Scope 1, 2 Reduction Targets



Scope 1, 2, 3 Actual Results

(Unit: t-CO₂)

	2022	2023
Scope1	1,410	967
Scope2	237	202
Scope3	235,532	206,115
Category1	231,412	200,000
Category2	506	1,291
Category4	2,677	3662
Category5	346	622
Category6	486	439
Category7	106	101

Notes on Scope 1, 2 Calculation

- We have excluded emissions from the use of fuel and electricity in dormitories attached to our business locations.
- For the 2022 calculation, we have updated the emission factor from what we disclosed in last year's integrated report.
- The "emissions from fuel used by our employees seconded to partner companies", which was included in Scope 1 in 2022, is included in Category 1 of Scope 3 in the 2023 calculation.

Risk Items(Classification)			Business Impact				Evaluation		
Major	Medium	Minor	Time Axis	Indicator	Consideration: Risk	Consideration: Opportunity	Risk	Opportunity	
Transition	Policy and Regulation	Carbon Pricing (Carbon Tax)	Medium to Long Term	Expenditure	A carbon tax is imposed on the amount of CO2 emitted by business activities, increasing operating costs.	—	Medium	—	
		Emission Trading	Short to Long Term	Expenditure	With the expansion of the emission trading system, costs are incurred, such as being forced to purchase emission rights for the amount of CO2 emissions exceeding the limit.	—	Medium	—	
		Response to GHG Emission Regulations	Medium to Long Term	Expenditure	If the product (for example, HFO) used in urethane insulation, which emits GHG, is regulated, costs are incurred.	—	Medium	—	
		Regulations on the Use of Fossil Fuels	—	—	Supply stoppage of raw materials due to plant shutdowns using coal as fuel.	—	—	—	
		Plastic Regulations	Medium to Long Term	Expenditure	With the strengthening of plastic regulations, the use of environmentally friendly bioplastics and recycled plastics has become mandatory, increasing the manufacturing cost of insulation materials, etc.	—	High	—	
		Recycling Regulations	Medium to Long Term	Expenditure	If waste regulations are strengthened, costs are incurred, such as equipment modification costs, for regulatory compliance during the manufacturing process.	If a competing construction company without a recycling facility cannot cope with recycling regulations, our superiority in the market increases.	Medium	Medium	
		Carbon Emission Targets / Policies							
		Forest Conservation Policies							
		Renewable Energy Policies	Medium to Long Term	Expenditure	With the expansion of renewable energy policies, the demand for renewable energy increases, causing electricity prices to soar.	—	Medium	—	
		Energy Saving Policies	Medium to Long Term	Expenditure	<ul style="list-style-type: none"> With the shift to energy-saving policies, costs are incurred as the switch to high-efficiency equipment is forced. If energy-saving regulations are strengthened, costs for ZEB compliance will be incurred at our offices and warehouses. 	Sales of insulation materials and related materials for dry ventilation methods for exterior walls, which can reduce the amount of electricity used for air conditioning equipment. Sales increase due to the improvement of insulation performance.	High	High	
		Disclosure Obligations							
	Other Laws and Regulations, etc.	Medium to Long Term	Revenue	—	With the strengthening of regulations on the non-flammability of buildings, the demand for non-flammable insulation materials, etc., increases.	—	High		
	Technology	Dissemination of Renewable Energy and Energy Saving Technologies							
		Advancement of Low Carbon Technologies	Medium to Long Term	Expenditure / Revenue	With the development of machines that introduce low-carbon technologies and EVs and hydrogen vehicles, costs for replacement and other measures are incurred.	With the increase in demand for ZEH and ZEB, sales of products such as insulation materials increase.	Medium	High	
		Advancement of Next Generation Technologies	Medium to Long Term	Expenditure	—	With the advancement and utilization of IT technology, the number of constructions and sales increase because it is not affected by weather or working hours, and it can suppress the decrease in labor productivity such as heat stress by reducing the number of workers and automating construction.	—	Medium	
		Increase or Decrease in Prices of Key Products / Goods							
		Technology Investment							
	Market	Change in Energy Mix							
Change in Energy Costs		Medium to Long Term	Expenditure	<ul style="list-style-type: none"> The demand for renewable energy increases, causing electricity prices to soar. With the soaring price of fossil fuels, the running costs of construction vehicles and machines increase. 	—	Medium	—		
Transition of Energy Demand									

Transition	Market	Change in Raw Material Costs	Medium to Long Term	Expenditure	<ul style="list-style-type: none"> With the soaring price of oil, the cost of procuring raw materials, including isocyanate (MDI), a major raw material for urethane insulation soars. With the soaring electricity prices due to the increased demand for renewable energy, the prices of metals (such as aluminum) rise. 	—	High	—
		Change in Demand for Key Products	Medium to Long Term	Revenue	—	The demand for energy-saving increases, and the demand for insulation materials also increases.	—	High
		Change in Customer Behavior	Short to Long Term	Revenue	—	<ul style="list-style-type: none"> The demand for ZEH and higher insulation class houses increases. The demand for non-flammable insulation materials for buildings increases. The demand for products made from decarbonized raw materials increases. 	—	High
	Reputation	Change in Customer Reputation	Short to Long Term	Revenue	If environmental consideration and environmental information disclosure is insufficient, orders decrease.	When efforts betterment of the environment are required, if efforts for the environment are proactive, business opportunities increase.	Medium	Medium
		Change in Investor Reputation	Medium to Long Term	Expenditure / Assets	If environmental consideration and environmental information disclosure is insufficient, the amount of procurement funds decreases and the cost of fund procurement increases.	If efforts to address climate change are seen as a proactive by investors, it is possible to expect a reduction in fundraising costs and a rise in stock prices due to improved reputation.	Medium	Medium
Physics		Intensification of Extreme Weather (Typhoons, Heavy Rain, Landslides, High Tides, etc.)	Short to Long Term	Expenditure / Revenue/ Assets	<ul style="list-style-type: none"> Damage due to supply chain disruption and losses due to business suspension occur. Repair and response costs incur due to damage at our facilities and sites. Delivery of construction is delays. Fire insurance premiums soar. 	<ul style="list-style-type: none"> With the increasing need for disaster prevention and mitigation, the demand for waterproofing is rising. Damage to houses and buildings leads to an increase in the demand for rebuilding and renovation. 	High	Medium
		Drought	Short to Long Term	Revenue	If a drought occurs in China and electricity supply is restricted, it becomes difficult to procure raw materials for insulation.	—	High	—
		Rise in Average Temperature	Short to Long Term	Expenditure / Revenue	The cost increases with the increase in air conditioning usage.	<ul style="list-style-type: none"> Sales of insulation materials that can reduce the amount of electricity used in air conditioning equipment and related materials for dry-wall ventilation methods are increasing. With the rise in temperature, the need for heat shielding increases. 	Medium	High
		Changes in Precipitation and Weather Patterns	Short to Long Term	Revenue	If machines stop due to a cold wave at the overseas factory of the raw material supplier, it becomes difficult to procure raw materials.	An increase in precipitation and the number of rainy days leads to an increase in the demand for waterproofing products for buildings.	—	High
		Decrease in Biodiversity						
		Impact of Rising Average Temperatures on Raw Material Growth						
		Sea Level Rise						
		Deterioration of Labor and Construction Conditions	Short to Long Term	Expenditure	Factors such as temperature rise due to climate change cause an increase in resignations, a decrease in productivity, and a decrease in construction days.	—	Medium	—
		Changes in Marine Environment						
		Pest Outbreak	Short to Long Term	Revenue	—	The demand for insulation materials to prevent termite damage is increasing.	—	High
		Soil Degradation						
		Increase in Infectious Diseases						
		Increase in Atmospheric CO2 Concentration						
		Land Subsidence						
	Changes in Labor Laws due to (Rising Temperatures)	Short to Long Term	Revenue	If regulations are introduced that construction is not done on extremely hot days, sales decrease.	—	Medium	—	
	(Decrease in locational advantage due to) increase in disasters							

Human Capital and Diversity

Our Approach to Human Capital

Our company believes that the establishment of a robust construction system will be a key factor for future growth, as we can expect a favorable business environment in line with the country's environmental policies. Regarding the internal work personnel who play a central role in the construction system, we mainly secure them through mid-career recruitment. However, since it is generally difficult to gather human resources in the construction industry, our company distinguishes itself from others by prioritizing a work-life balance and creating a conducive working environment. Furthermore, by diversifying the recruitment routes and methods, we are expanding recruitment opportunities and we are striving to secure excellent human resources, not limited to internal work personnel who play a central role. In addition, by continuously implementing improvements and reforms in line with the introduction of IT systems, we have created an environment where people can focus on advanced tasks by eliminating unnecessary work, enabling each individual to perform at their maximum potential. As a result, the labor productivity of each individual is increasing year by year, and it is not uncommon for women to be promoted to important positions. We will continue to achieve sustainable business growth by employing and utilizing diverse human resources, including women, foreigners, the elderly, and people with special needs.

Response to the Construction Industry 2024 Issue

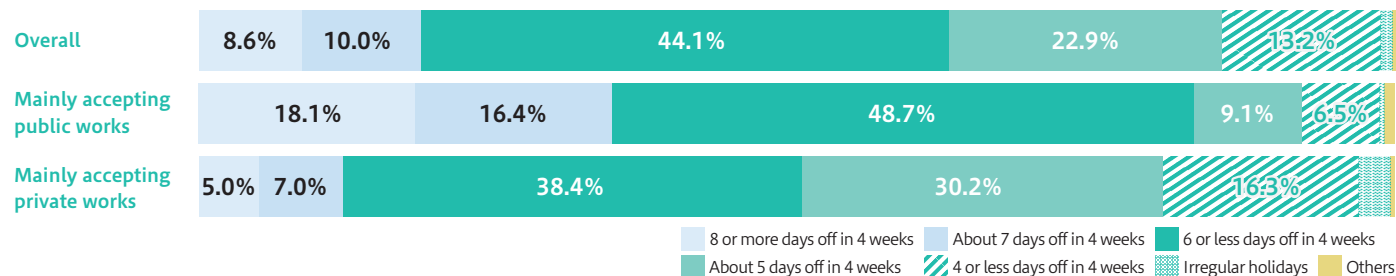
In 2019, the "Law on the Development of Related Laws to Promote Work Style Reform" was enacted, and even in the construction industry where a five-year grace period was given, the same law will be enforced from April 2024, and the biggest impact is said to be the "regulation on the upper limit of working hours". As a result, even in the construction industry where long working hours and one day off per week were the norm, the standardization of a full two-day weekend is expected. Our company has already implemented a full two-day weekend system benchmarking all industries, but from January 2023, we have further advanced this and switched to a "Saturday and Sunday off" operation. Although the decision to take "Saturday and Sunday off" led to a decrease in the number of operating days for construction, the number of job applications has significantly increased as a result, and we are compensating for the decrease in operating days by increasing the number of constructions on weekdays.

Average Holiday Acquisition Situation in the Construction Industry

Source: Ministry of Land, Infrastructure, Transport and Tourism "Survey on Promoting Work Style Reform through Appropriate Construction Period Setting, etc." (Announced on June 15, 2024)

The situation is such that even two days off per week, which is common in other industries, cannot be taken.

It can be seen that the ratio of "about 6 days off in 4 weeks" is the highest, and the ratio of "8 or more days off in 4 weeks" is higher in public works.



Social



Acceptance of Technical Intern Trainees

Based on the technical intern training system aimed at educating technology, skills, and knowledge to developing regions and contributing to "human development" that supports regional economic development, our company accepts foreign technical intern trainees, many of whom work as internal work personnel who spray the foam.

In addition to the knowledge and terms necessary for construction, we teach the importance of a sound mindset and safety related to construction, and technical instructors provide guidance on site.

Furthermore, to prevent feelings of loneliness and inconvenience, they are not assigned to sales offices alone, but live together in company dormitories. In addition, we provide meticulous support while keeping close contact with the supervising organization.



Support for Women's Active Participation

As of the end of 2023, the percentage of female managers in our company was 14%, which exceeds the construction industry average of 6.2% (2023, surveyed by Teikoku Databank), but we aim to reach 20% by 2028.

Especially in the sales clerical position where there are many female employees, a number of role models have emerged as a result of improving operations with the implementation by IT systems and establishing career paths.

We have also established systems that allow for work and home life balance, such as reduced working hours and telework.



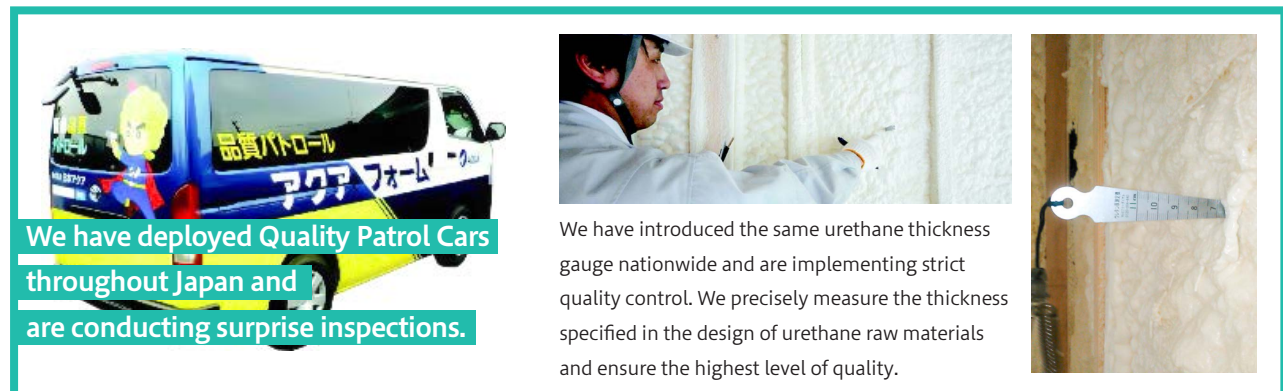
Foreign and Mid-career Recruitment

Our business is predominantly domestic, with foreign employees accounting for approximately 19% of the total. However, global transactions, including raw material procurement are increasing and their fields of activity are expanding. In the future, we plan to further promote the hiring and promotion of foreign employees to managerial positions. As the proportion of mid-career hires in managerial positions accounts for more than half of the total, we have not set specific targets.



Quality Assurance and Technical Enhancement

We have deployed quality patrol cars nationwide and we conduct surprise inspections. Our quality management department uses quality patrol cars to randomly visit construction sites nationwide to verify whether proper construction is being carried out. If the standards are not met, we instruct the construction department and certified contractors to make corrections. In addition, the construction department (certified contractors), quality management department, and sales department discuss and investigate the cause, and take measures to prevent recurrence.

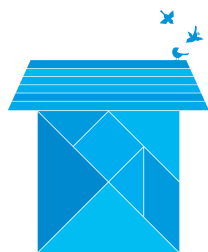


We have deployed Quality Patrol Cars throughout Japan and are conducting surprise inspections.

We have introduced the same urethane thickness gauge nationwide and are implementing strict quality control. We precisely measure the thickness specified in the design of urethane raw materials and ensure the highest level of quality.

Certified Contractor System

Certified contractors are construction companies that handle the specified spray rigid urethane foam (AQUA FOAM series) and related materials after receiving technical training based on our standardized standards and methods. In the franchise system, no general membership fees or royalties are required, and urethane raw materials are provided by us for a fee, so there is no need for procurement and it is possible to start a business at a low cost. In addition, all business activities and interactions with general contractors, builders, and construction companies, which are the ordering parties are conducted by us. Thus trading partners of certified contractors are consolidated to us, and a system is in place to focus on construction. If one improves their construction skills, not only they will hand more construction sites, but their construction time efficiency will also improve, and they expect an increase in income.



スキのないビジネスを。



✔ No sales required



✔ No royalty



✔ Paid supply of raw materials



✔ Technical training

Training and guidance related to safety

When one becomes a certified contractor, one will join the voluntary organization "Aqua Kai" involved in construction. We hold a "Safety Convention" twice a year for "Aqua Kai", and through lectures by experts and explanations of occupational safety and health measures by our representatives and heads of related departments, we strive to deepen the knowledge of certified contractors about safety and health and cultivate awareness.



Situation of the Safety Convention



High-altitude work vehicle training

Creating employment in the region

We are promoting the establishment of our own property sales offices nationwide. The sales office is a large facility that serves not only as a workplace for employees but also as a base for the activities of certified contractors and a stock point for urethane raw materials. By making it our own property, we not only conduct business activities rooted in the community but also create attractive employment in areas where there are not enough job opportunities, contributing to the development of the region.



Urethane raw material stock point



Sendai Sales Office

Board of Directors

The Board of Directors is composed of 11 directors (5 internal directors and 6 independent outside directors) and is scheduled to meet at least once a month. In fiscal 2023, we held a total of 18 meetings, where we discussed regular agenda items such as monthly financial results and their analysis, business execution status done by responsible directors and executive officers, and reports on the operation of the internal control system. We also discussed topics such as facility investment plans, progress management of prime market compliance plans, and risk management systems.

Audit and Supervisory Committee

The Audit and Supervisory Committee is composed of 4 independent outside directors who are Audit and Supervisory Committee Members. The committee is scheduled to meet at least once a month. In fiscal 2023, we held a total of 11 meetings. We enhanced the effectiveness of audits by utilizing the internal control system, holding regular meetings with the president, attending important meetings, and conducting hearings from directors and executive officers in charge of business execution.

Use of Optional Organizations

Remuneration Committee:

This committee is composed of the president, directors with internal positions, and independent outside directors (the majority of whom are independent outside directors). The remuneration of directors is determined after deliberation by the committee.

Nomination Committee:

This committee is composed of the president, directors with internal positions, and independent outside directors (the majority of whom are independent outside directors), and serves as an advisory body to the Board of Directors, deliberating on the nomination of director candidates and reporting to the Board of Directors.

Outside Directors Roundtable:

The roundtable is composed of 6 members, including 2 independent outside directors (excluding directors who are Audit and Supervisory Committee Members) and 4 independent outside directors who are Audit and Supervisory Committee Members. The roundtable holds free discussions to contribute to the management of our company once a month. In fiscal 2023, we held a total of 12 meetings, where we discussed issues related to compliance and cases where top management and directors should take responsibility, using recent corporate scandals as examples, and provided advice to the Board of Directors as needed.

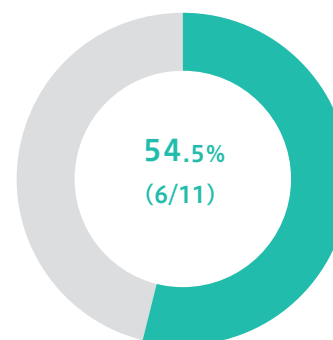
Executive Officers

Our company introduced the executive officer system in fiscal 2019 with the aim of speeding up decision-making and clarifying the roles and responsibilities of business execution. The term of office for executive officers is one year, and we have established executive officers with titles (Senior Executive Officer, Second-Tier Executive Officer), and their appointment and dismissal is decided by the Board of Directors.

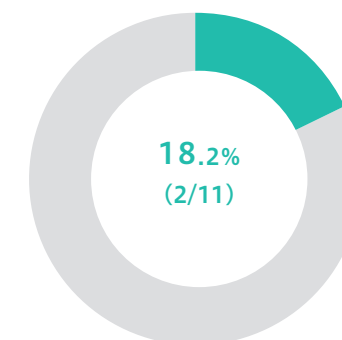
Structure of Executive Officers (March, 2024)

Executive Officer	Chiemi Kawakami	Head of Procurement Department and Sales Promotion Department
Executive Officer	Isao Tonegawa	Head of Contractor Development Department, Machinery Maintenance Department, and Construction Department
Executive Officer	Hiroshi Egawa	Head of Blueprints Department
Executive Officer	Toshikuni Yasukawa	Head of Waterproofing Business Department
Executive Officer	Masashi Sato	Head of Finance and Accounting Department
Executive Officer	Kazutaka Minagawa	Head of Administration

Ratio of Independent Outside Directors



Ratio of Female Directors



Introduction to the Board of Directors/Skill List

Name	Position	Gender	Corporate Management	Sustainability ESG	Sales Marketing	Production Quality Control	Finance and Accounting	Personnel and Labor Human Resource Development	Legal Affairs Risk Management
Fumitaka Nakamura	President and Representative Director	male	●	●	●	●			
Yuka Murakami	Senior Managing Director	Female	●				●	●	●
Kazuhisa Nagata	Director	male		●		●			
Koji Fujii	Director	male			●	●			
Keishi Usami	Director	male			●	●			
Yoshiaki Takahashi	Outside Director	male	●				●	●	●
Takeshi Kenmochi	Outside Director	male	●				●	●	
Junichi Tamagami	Outside Director / Full-time Audit and Supervisory Committee Member	male						●	
Yuki Matsuda	Outside Director / Audit and Supervisory Committee Member	Female						●	●
Naofumi Higuchi	Outside Director / Audit and Supervisory Committee Member	male					●		
Hidetaka Nishina	Outside Director / Audit and Supervisory Committee Member	male							●

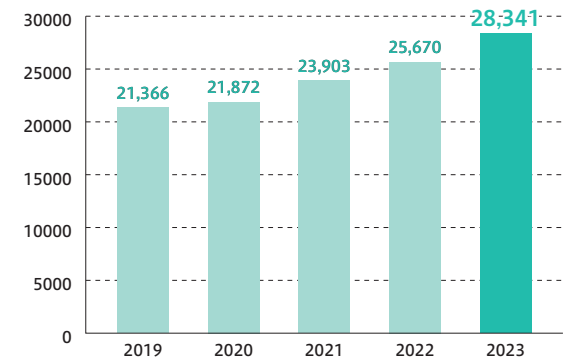
Net sales and profits at all stages hit record high

Benefiting from the enforcement of laws mandating compliance with energy-saving standards, the national policy of attracting semiconductor factories, and the increase in renovation demand for aging buildings, we remained steadfast in the fiscal year 2023.

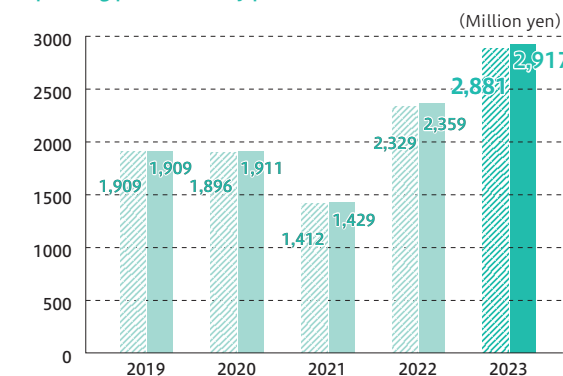
In the construction and housing industry during this fiscal year (20th fiscal year: from January 1, 2023, to December 31, 2023), a law to amend some laws on improving the energy consumption performance of buildings to contribute to the realization of a decarbonized society was promulgated in June 2022. This has led to demands for improved energy efficiency, with a particular emphasis on improving insulation performance. Houses and buildings with high energy-saving performance have high insulation and airtightness, reducing the impact of external temperatures by maintaining a constant indoor temperature through insulation performance, controlling the air from outside through airtightness, minimizing heat energy loss, and reducing energy consumption for heating and cooling. Furthermore, as the global demand for semiconductor products increases, various support measures to enhance the competitiveness of the semiconductor industry and promote innovation have stimulated semiconductor equipment investment in the country. In semiconductor factories, in addition to the need for very strict temperature control in the manufacturing process, the amended Building Energy Conservation Law requires improving the overall energy efficiency of the building and reducing the environmental load, necessitating higher insulation performance. In this environment, our company has been actively soliciting orders in each department by utilizing the strengths of the AQUA FOAM series, which achieves high insulation performance and airtightness, and a nationwide construction network.

The efforts of each department are described on pages 19 to 23 of this integrated report in "Part 2 Business Environment". As a result, net sales for this fiscal year were 28,341 million yen, an increase of 10.4% compared to the same period of the previous year. In addition, we increased the construction fees for certified contractors to further strengthen our "construction capabilities," one of our strengths. However, changing the procurement of our urethane raw materials to direct transactions from manufacturers through this period, resulted in relatively stable procurement prices of our urethane raw materials throughout the year: a gross profit of 6,924 million yen. The gross profit margin improved by 2.2 points compared to the same period of the previous year by 24.4%. On the other hand, selling, general and administrative expenses increased by 586 million yen due to an increase in hiring wage revisions and payments of rewards to excellent certified contractors, totaling 4,042 million yen. As a result, operating profit was 2,881 million yen, an increase of 23.7% compared to the same period of the previous year, ordinary profit was 2,917 million yen, an increase of 23.6% compared to the same period of the previous year, and net profit was 2,004 million yen, an increase of 29.3% compared to the same period of the previous year. Net sales and profits at all stages hit record high.

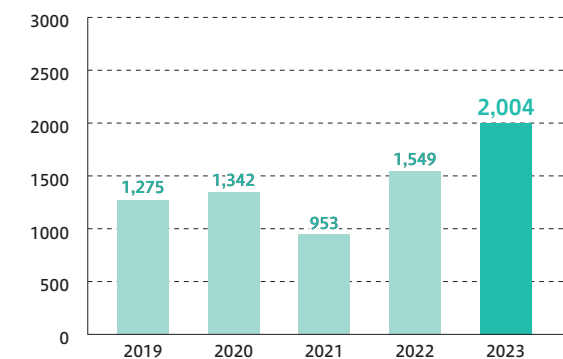
Net sales (Million yen)



Operating profit. Ordinary profit (Million yen)



Profit (Million yen)



Balance Sheet

	(Million yen)	
	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	2,036	2,033
Notes and accounts receivable - trade, and contract assets	6,144	6,397
Electronically recorded monetary claims	754	1,098
Merchandise	305	269
Raw materials and supplies	2,816	1,939
Advance payments to suppliers	27	26
Prepaid expenses	60	63
Accounts receivable - other	4,216	3,648
Consumption taxes refund receivable	134	-
Other	26	22
Allowance for doubtful accounts	△25	△26
Total current assets	17,136	15,472
Non-current assets		
Property, plant and equipment		
Buildings, net	2,121	2,146
Structures, net	163	156
Machinery and equipment, net	172	203
Vehicles, net	28	29
Tools, furniture and fixtures, net	29	55
Land	1,680	1,680
Leased assets, net	57	40
Construction in progress	92	55
Total property, plant and equipment	4,346	4,367
Intangible assets		
Leasehold interests in land	15	15
Software	49	54
Lease assets, net	31	15
Other	0	0
Total intangible assets	96	85
Investments and other assets		
Investment securities	1	2
Shares of subsidiaries and associates	16	16
Investments in capital	0	0
Long-term loans receivable from employees	3	1
Distressed receivables	67	67
Long-term prepaid expenses	17	7
Deferred tax assets	234	246
Leasehold and guarantee deposits	101	108
Other	14	80
Allowance for doubtful accounts	△67	△67
Total investments and other assets	391	466
Total non-current assets	4,833	4,919
Total assets	21,969	20,392

	(Million yen)	
	Previous fiscal year (As of December 31, 2022)	Current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	6,272	6,453
Short-term borrowings	6,000	2,400
Current portion of long-term borrowings	33	-
Lease liabilities	32	20
Accounts payable - other	567	712
Accrued expenses	170	216
Income taxes payable	670	524
Consumption tax payable	-	452
Advances received	52	57
Deposits received	24	33
Provision for bonuses	19	25
Other	58	31
Total current liabilities	13,902	10,927
Non-current liabilities		
Lease liabilities	48	26
Asset retirement obligations	39	39
Other	13	93
Total non-current liabilities	101	159
Total liabilities	14,003	11,087
Net assets		
Shareholders' equity		
Share capital	1,903	1,903
Capital surplus		
Legal capital surplus	1,883	1,883
Other capital surplus	1	28
Total capital surplus	1,885	1,912
Retained earnings		
Other retained earnings		
Retained earnings brought forward	6,270	7,523
Total retained earnings	6,270	7,523
Treasury shares	△2,093	△2,035
Total shareholders' equity	7,966	9,304
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	0	0
Total valuation and translation adjustments	0	0
Total net assets	7,966	9,304
Total liabilities and net assets	21,969	20,392

Financial Data/Financial Statements

Income Statement

(Million yen)

	Previous fiscal year (Fiscal year ended December 31, 2022)	Current fiscal year (Fiscal year ended December 31, 2023)
Net sales	25,670	28,341
Cost of sales	19,885	21,417
Gross profit	5,784	6,924
Selling, general and administrative expenses	3,455	4,042
Operating profit	2,329	2,881
Non-operating income		
Interest income	39	23
Insurance claim income	3	4
Insurance claim income	4	4
Surrender value of insurance policies	-	6
Other	4	10
Total non-operating income	51	49
Non-operating expenses		
Compensation expenses	6	-
Interest expenses	12	13
Other	2	0
Total non-operating expenses	20	14
Ordinary profit	2,359	2,917
Extraordinary income		
Gain on sale of non-current assets	5	2
Total extraordinary income	5	2
Extraordinary losses		
Loss on sale of non-current assets	1	-
Loss on retirement of non-current assets	3	7
Total extraordinary losses	4	7
Profit before income taxes	2,360	2,911
Income taxes - current	869	919
Income taxes - deferred	△57	△12
Total income taxes	811	907
Profit	1,549	2,004

Cash Flow Statement

(Million yen)

	Previous fiscal year (Fiscal year ended December 31, 2022)	Current fiscal year (Fiscal year ended December 31, 2023)
Cash flows from operating activities		
Profit before income taxes	2,360	2,911
Depreciation	221	239
Increase (decrease) in allowance for doubtful accounts	△7	0
Increase (decrease) in provision for bonuses	△1	5
Interest income	△39	△23
Interest expenses	12	13
Insurance claim income	6	-
Surrender value of insurance policies	△3	△4
Gain from business consulting fee	△4	△4
Loss (gain) on sale and retirement of non-current assets	0	5
Decrease (increase) in trade receivables	47	△597
Decrease (increase) in inventories	△2,169	966
Increase (decrease) in trade payables	216	180
Surrender value of insurance policies	-	△6
Decrease (increase) in accounts receivable - other	△576	597
Decrease (increase) in accounts payable	272	179
Decrease (increase) in consumption taxes payable	△177	586
Other, net	△22	2
Subtotal	133	5,053
Interest and dividends received	39	23
Proceeds from insurance income	3	4
Proceeds from insurance surrender value	-	17
Proceeds from fiduciary obligation fee	4	4
Interest paid	△12	△13
Compensation expenses paid	△6	-
Income taxes paid	△459	△1,067
Net cash provided by (used in) operating activities	△297	4,022
Cash flows from investing activities		
Purchase of property, plant and equipment	△271	△294
Proceeds from sale of property, plant and equipment	13	9
Purchase of intangible assets	△17	△24
Purchase of investment securities	0	0
Purchase of insurance funds	-	△66
Other, net	△17	△8
Net cash provided by (used in) investing activities	△293	△385
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	2,900	△3,600
Repayments of long-term borrowings	△33	△33
Repayments of finance lease liabilities	△37	△32
Repayments of long-term payables	-	△14
Proceeds from sale and leaseback transactions	46	10
Proceeds from sale and installment back transactions	-	56
Proceeds from issuance of share acquisition rights	-	3
Expenditure for acquisition of own share acquisition rights	-	△2
Proceeds from disposal of treasury shares through exercise of share acquisition rights	-	84
Purchase of treasury shares	△889	-
Dividends paid	△646	△751
Net cash provided by (used in) financing activities	1,340	△4,280
Net increase (decrease) in cash and cash equivalents	749	△643
Cash and cash equivalents at beginning of period	1,926	2,676
Cash and cash equivalents at end of period	2,676	2,033

Company Overview

Trade name	Nippon Aqua Co.,Ltd
Established	November 29, 2004
Share capital	1,903 million yen
Number of employees	501 (Non-consolidated)
Headquarters	Taiyo Seimei Shinagawa Building 20th floor, 2-16-2 Konan, Minato-ku, Tokyo, 108-0075 TEL: +81-3-5463-1117



Stock Information

Share Distribution

Individuals/others 24.35%

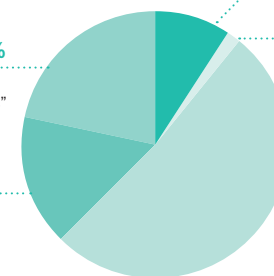
(Note) Treasury shares of 3,551,871 are included in "Individuals / others"

Foreign entities 14.23%

Financial institutions 6.26%

Financial instruments
business operators 3.29%

Other entities 51.87%



Status of stock

Total number of shares authorized to be issued	80,000,000
Total number of shares issued	34,760,000 (Treasury shares: 3,551,871)
Number of shareholders	4,633

Major Shareholders

Name of shareholder	Number of shares held (shares)	Holding ratio (%)
Hinokiya Group Co., Ltd.	17,700,000	56.35
Fumitaka Nakamura	1,005,800	3.20
Custody Bank of Japan, Ltd. (Trust Account)	1,004,400	3.20
The Master Trust Bank of Japan, Ltd. (Trust Account)	914,600	2.91
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	804,600	2.56
KIA FUND 136	691,600	2.20
Goldman Sachs Bank Europe SE, Luxembourg Branch	667,000	2.12
JP Morgan Securities Japan Co., Ltd.	472,860	1.51
GOVERNMENT OF NORWAY	466,200	1.48
THE CHASE MANHATTAN BANK, N.A. LONDON SPECIAL ACCOUNT NO.1	425,700	1.36

※Holding ratio is calculated by deducting treasury shares (3,551,871 shares) from the total number of shares issued.

Editorial Policy

The publication of this report aims to provide our stakeholders, including shareholders and investors, with a deeper understanding of our company and to serve as a catalyst for further dialogue. In addition to financial information such as performance for the fiscal year ending December 2023 and stock information, we also disclose non-financial information such as strategies and initiatives in ESG in an integrated manner. We refer to the Ministry of Economy, Trade and Industry's "Value Creation Guidance" as a guideline.



Notes on Future Information

This report includes future prospects related to our business. Please be aware that these are predictions based on information available at the present time, and actual performance may vary due to various factors in the future.

