

Business Results for the Six Months Ended June 30, 2024

August 9, 2024

Nippon Aqua Co., Ltd.

Tokyo Stock Exchange Prime Section #1429



Six months ended June 30, 2024

Financial Highlights

✓Single-family Homes Division: As expected, landed in a market downturn. The construction of higher-grade works has progressed more slowly than expected.

✓Buildings Division: Delays in construction due to shortages of building materials have caused shifts in the timing of revenue recognition.

Net sales

13,112 Million yen

YoY (0.3 %)

Initial
forecast 13,556 Million yen

Gross profit

2,906 Million yen

YoY (1.5 %)

Initial
forecast 3,012 Million yen

Ordinary profit

868 Million yen

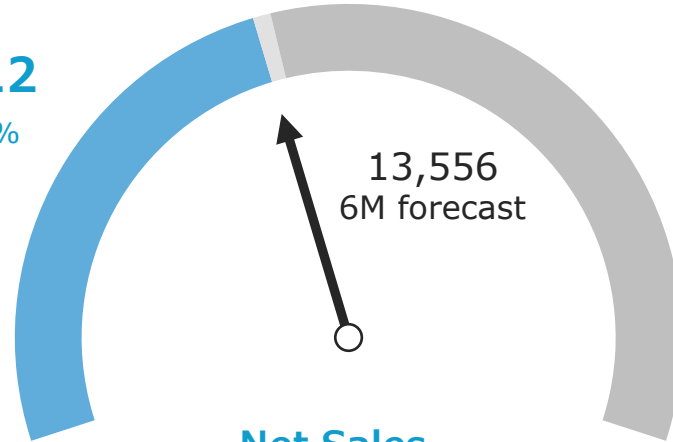
YoY (38.0 %)

Initial
forecast 960 Million yen

Progress towards Full-year Financial Forecast

(Million yen)

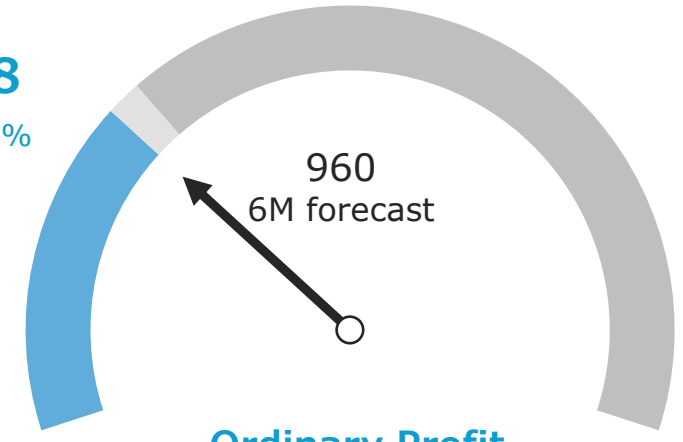
13,112
42.3%



Net Sales

31,005
FY forecast

868
28.0%



Ordinary Profit

3,100
FY forecast

		FY2019	FY2020	FY2021	FY2022	FY2023
Net sales	6M	10,003	9,989	10,712	11,742	13,158
	FY	21,366	21,872	23,903	25,670	28,341
	Progress rate	46.8%	45.7%	44.8%	45.7%	46.4%
Ordinary profit	6M	720	783	335	936	1,400
	FY	1,909	1,911	1,429	2,359	2,917
	Progress rate	37.7%	41.0%	23.5%	39.7%	48.0%

Efforts in the First Half and Future Outlook

Q1 Net sales	6.27 Bn yen	Q2 Net sales	6.84 Bn yen	Q3	about 8.6 Bn yen	Q4	about 9.2 Bn yen
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Single-family Homes Division



- ✓The thermal conductivity of AQUA FOAM and AQUA FOAM LITE has changed, improving insulation performance.
- ✓An increase in the number of orders from key builders
- ✓Promotion of standardization of air tightness measurement services

- ✓Share acquisition from urethane construction contractors based on the establishment of a construction system (5% increase in the number of residential constructions)
- ✓Share acquisition from other insulation constructions based on the improved insulation performance of the two main products
- ✓Differentiation with a combination of higher grades (Insulation Class 6 and above) and high confidentiality performance
- ✓Cross-sell through airtightness measurement services and bundled sales of waterproofing construction


Buildings Division



- ✓Secured about 86% of orders for the FY2024 full-year sales forecast
- ✓Sales of urethane raw materials have grown in line with the expansion of the building market.
- ✓Increase in blowing equipment sales due to the increase in external installation work personnel
- ✓From the second quarter, the construction of AQUA MOEN NEO has increased.

- ✓Share acquisition from urethane construction contractors based on the establishment of a construction system
- ✓Full-scale operation of AQUA MOEN NEO construction for semiconductor factories and large redevelopment projects.
- ✓Continued increase in sales of urethane raw materials for properties that our company cannot handle in construction

Company-wide, etc



- ✓Increase in non-residential renovation projects in the Waterproofing Division
- ✓Managed to suppress the cost of raw material purchases amid a weaker yen and higher naphtha prices
- ✓Mid-career hiring of internal installation work personnel is progressing smoothly
- ✓Strengthening of sales backed by the development of construction capabilities
- ✓Opening of the Miyazaki branch office at the end of May 2024.

- ✓In the Waterproofing Division, steady progress in renovation construction proposals to leading companies representing Japan
- ✓Regarding procurement, taking advantage of purchasing from multiple companies, the impact of the weaker yen and higher naphtha prices is limited
- ✓Through media strategies (such as increased exposure in housing specialty papers), appealing the strengths of Nippon Aqua.

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05 Waterproofing Division, etc.

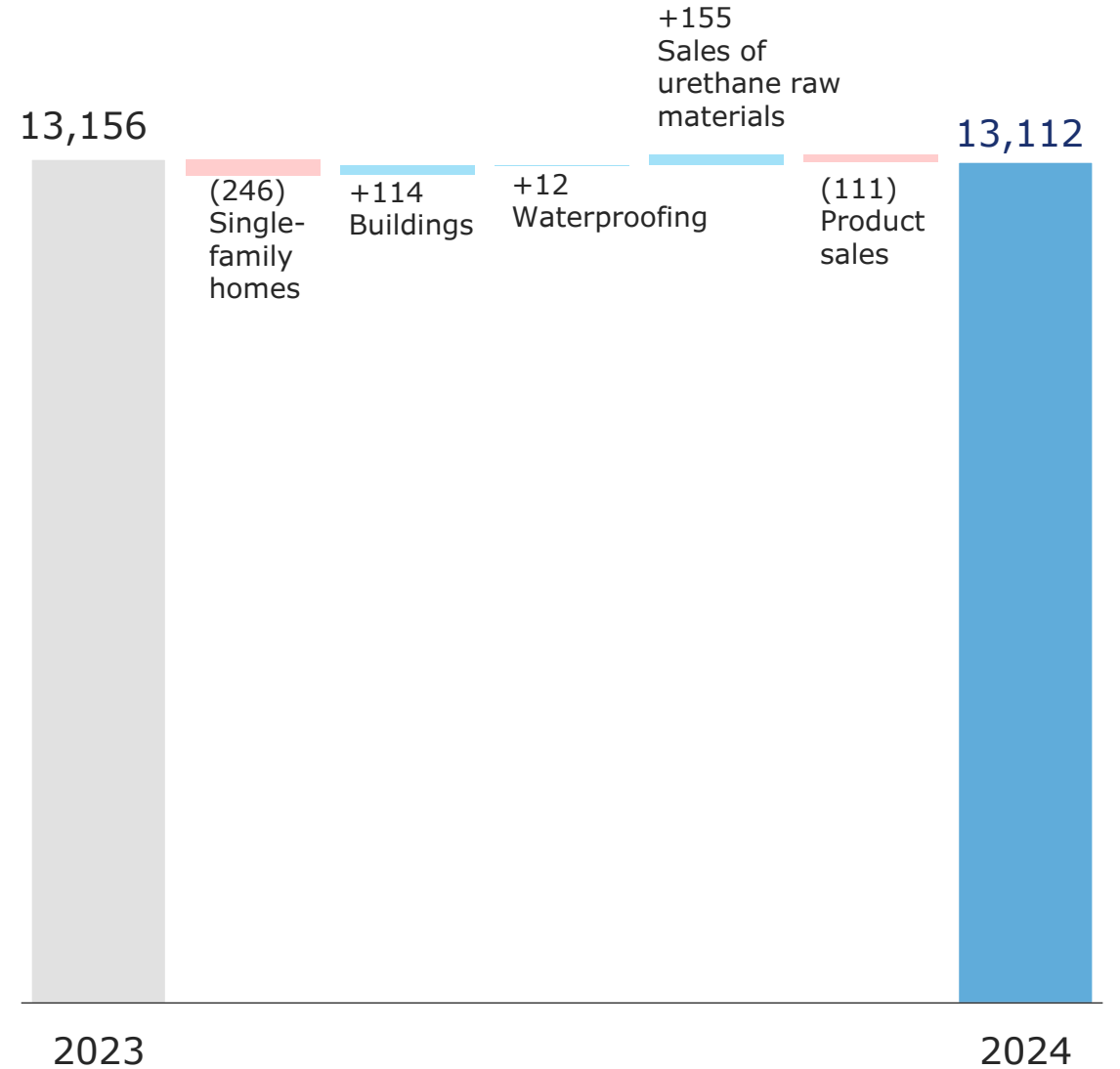
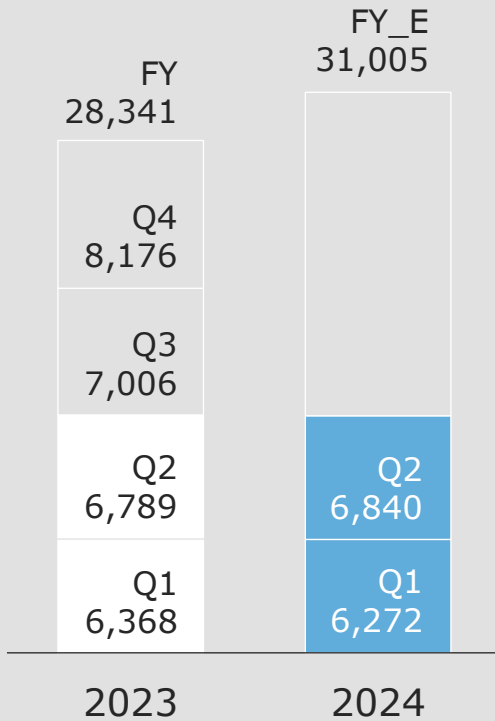
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Six months ended June 30, 2024

Net Sales

(Million yen)

YoY (45 Million yen) (0.3%)

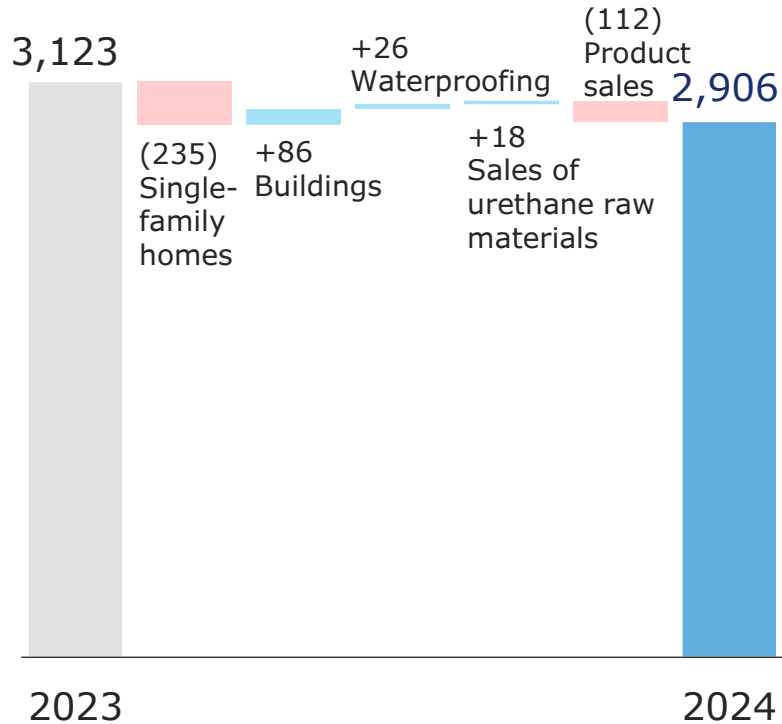


Gross Profit

(Million yen)

YoY (217 Million yen) (6.9%)

GPM 23.7% ▶ 22.2%



Gross profit by division

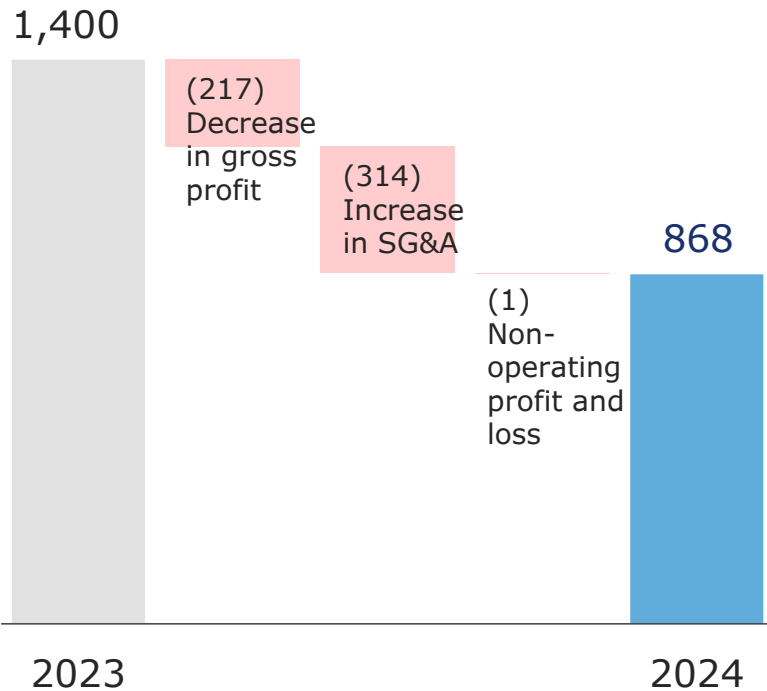
	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	Q2
Gross profit	1,457	1,666	1,734	2,066	1,447	1,459
Single-family homes	876	866	922	1,019	733	774
Buildings	361	450	540	610	454	443
Waterproofing	(21)	(12)	(1)	0	2	(10)
Sales of urethane raw materials	63	82	89	107	74	89
Product sales	177	279	182	329	181	162

Ordinary Profit

(Million yen)

YoY (531 Million yen) (38.0%)

Ordinary PM 10.6% ▶ 6.6%



- ✓Increase in labor costs: Increase in personnel and salaries, etc.
- ✓From the first quarter of 2024, we have allocated certified contractors' incentive payments.



SG&A

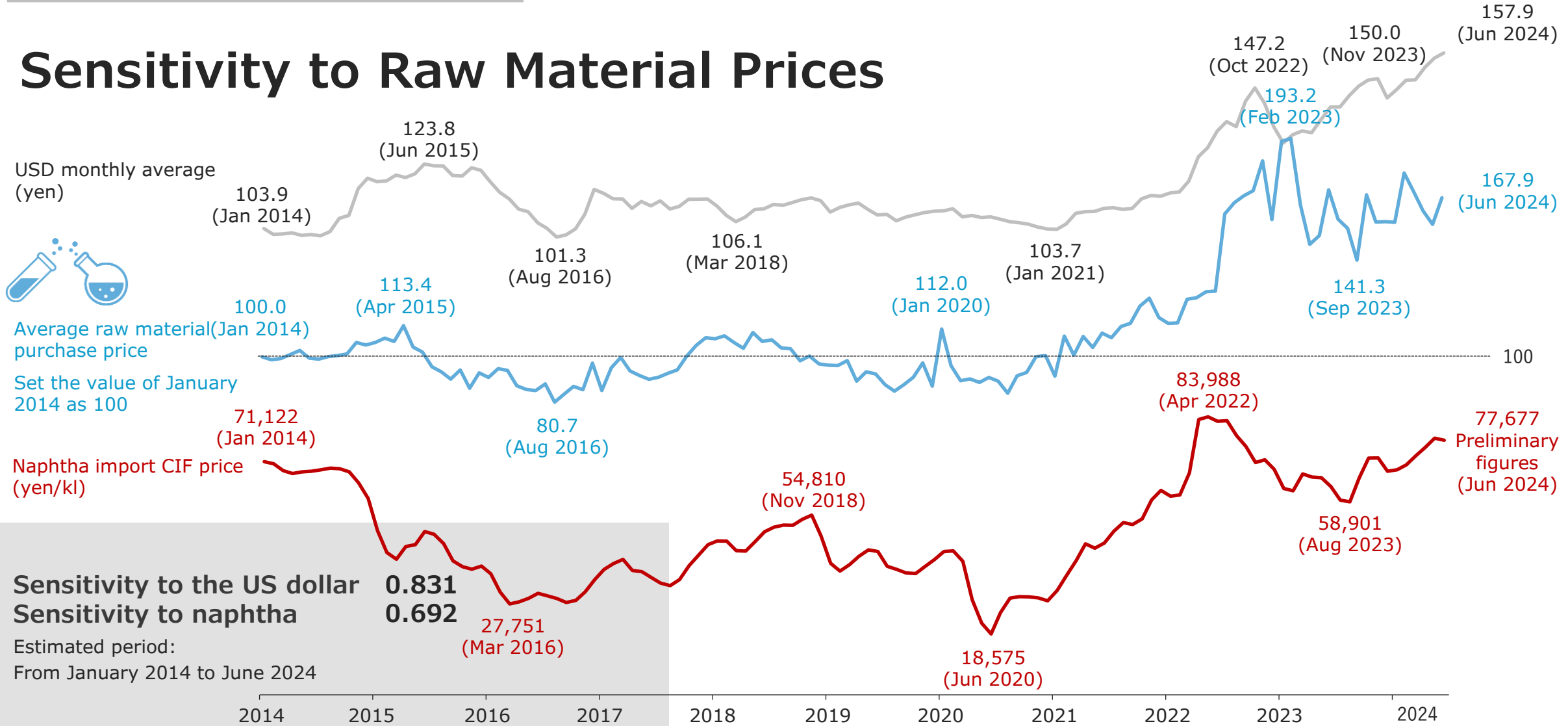
Note: Due to a change in the method of calculating labor costs from the second quarter of 2024, adjustments have been made retroactively.

	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	Q2
Gross profit	1,457	1,666	1,734	2,066	1,447	1,459
SG&A	829	913	915	1,383	1,002	1,055
Payroll cost	432	912	1,390	2,128	557	577
Special incentives*	-	-	-	150	2	9
Trainee related expenses	56	62	60	89	72	93
Travel expenses	53	66	64	66	53	58
Rent expenses	45	46	48	50	49	55
Depreciation expenses	39	41	41	42	41	43
Ordinary Profit	641	758	824	691	453	415

*Special incentives for certified contractors

Six months ended June 30, 2024

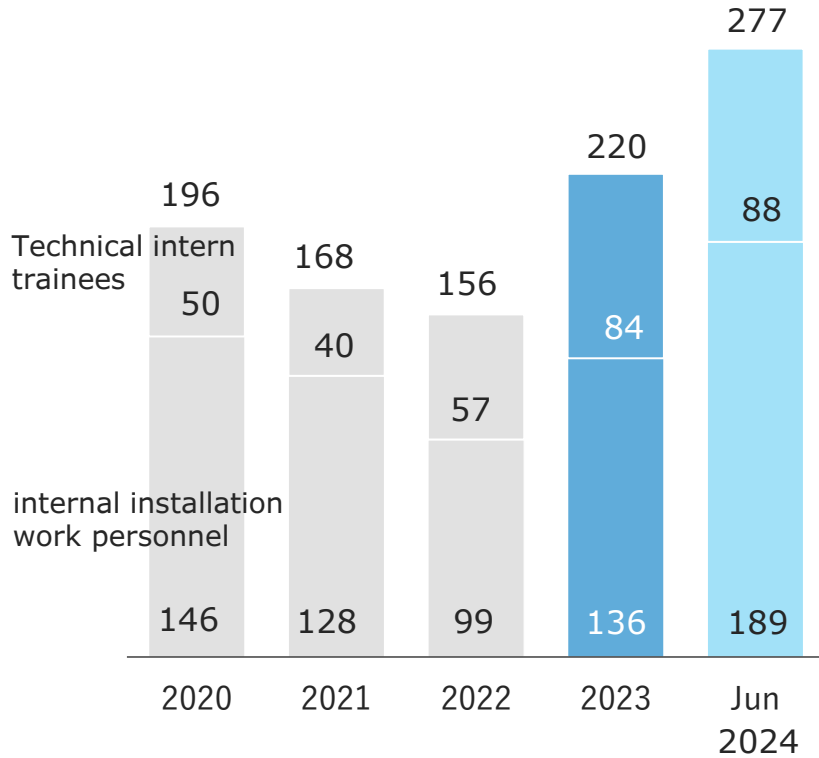
Sensitivity to Raw Material Prices



It is not a transition under the same conditions due to an increase in the products handled and the purchase volume.

Number of internal installation work personnel (Nippon Aqua)

Technical Intern Trainees are entitled to a temporary return to their home country under the Technical Intern Training Act.



Nippon Aqua's Initiatives

Construction Capability Trends

The reasons people are drawn to Nippon Aqua



High compensation and favorable conditions



Complete weekends off



Listed on the TSE Prime Market



Department responsible for training



Proximity of workplace and residence



A predominantly young workforce

Six months ended June 30, 2024

Income Statement (Million yen,%)

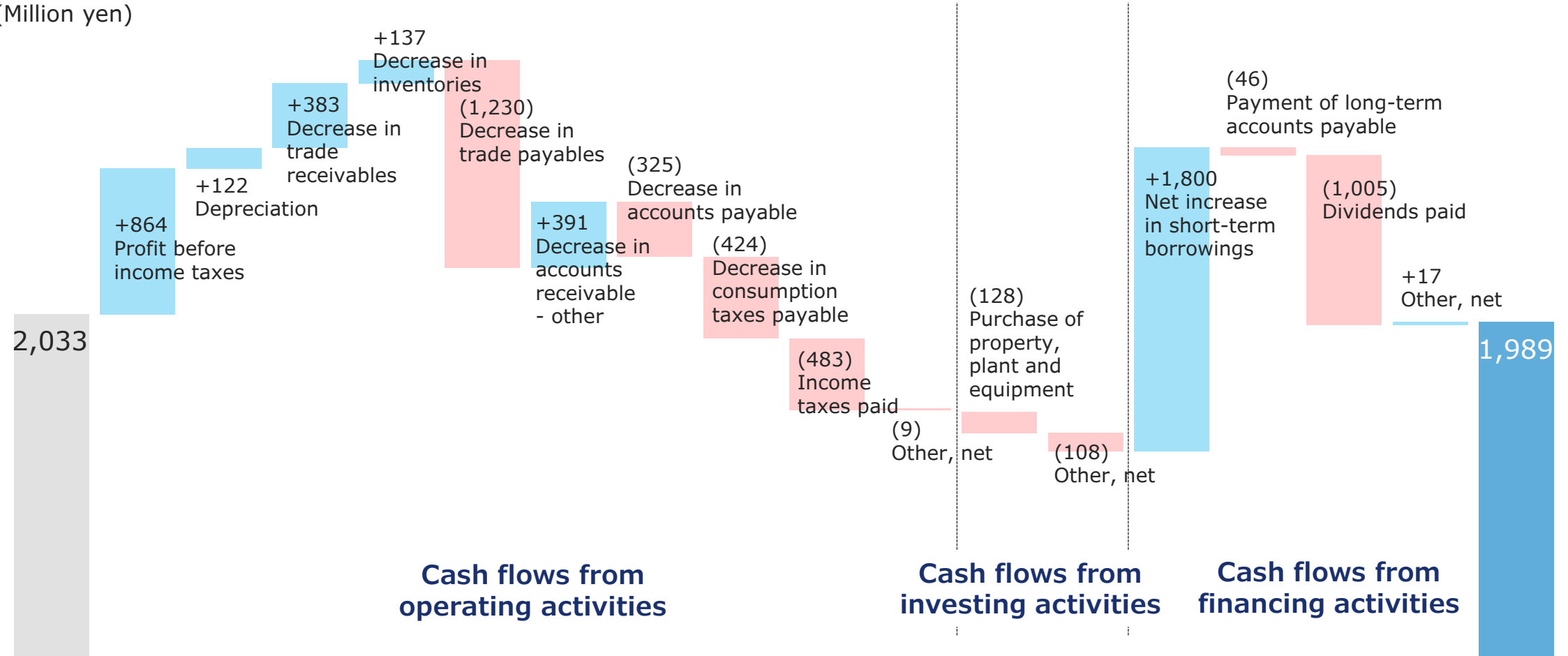
	FY 2023 Jan-Jun	FY 2024 Jan-Jun	YoY		vs 6M Forecast			FY2024 Forecast
			Amount	Change(%)	Forecast	Amount	Change(%)	
Net sales	13,158	13,112	(45)	(0.3)	13,556	(443)	(3.3)	31,005
Single-family homes	6,508	6,261	(246)	(3.8)	6,255	+6	+0.1	14,408
Buildings	3,848	3,993	+144	+3.8	4,376	(383)	(8.8)	10,394
Waterproofing	248	261	+12	+5.1	284	(23)	(8.2)	695
Sales of urethane raw materials	766	921	+155	+20.3	1,040	(118)	(11.4)	2,235
Product sales	1,786	1,674	(111)	(6.3)	1,599	+75	+4.7	3,271
Cost of sales	10,034	10,206	+171	+1.7	10,543	(337)	(3.2)	23,596
Gross profit	3,123	2,906	(217)	(6.9)	3,012	(106)	(3.5)	7,408
Single-family homes	1,743	1,508	(235)	(13.5)	1,492	+16	+1.1	3,585
Buildings	811	897	+86	+10.6	1,024	(127)	(12.4)	2,774
Waterproofing	(33)	(7)	+26	-	13	(20)	-	38
Sales of urethane raw materials	145	+164	+18	+12.6	193	(28)	(15.0)	398
Product sales	456	+343	(112)	(24.7)	289	+54	+18.8	611
SG&A expenses	1,743	2,057	+314	+18.0	2,051	+5	+0.3	4,308
Operating profit	1,380	849	(531)	(38.5)	960	(110)	(11.5)	3,100
Ordinary profit	1,400	868	(531)	(38.0)	960	(91)	(9.5)	3,100
Profit	948	579	(368)	(38.8)	648	(68)	(10.5)	2,092
Dividend per share (yen)								34.0

Balance Sheet (Million yen)

	As of Dec 31 2023	As of Jun 30 2024		As of Dec 31 2023	As of Jun 30 2024
Assets			Liabilities		
Current assets			Current liabilities		
Cash and deposits	2,033	1,989	Accounts payable - trade	6,453	5,151
Notes and accounts receivable - trade, and contract assets	6,397	6,000	Short-term borrowings	2,400	4,200
Electronically recorded monetary claims	1,098	1,029	Total current liabilities	10,927	10,411
Inventories	2,209	2,098	Non-current liabilities		
Accounts receivable - other	3,648	3,218	Total non-current liabilities	159	115
Total current assets	15,472	14,462	Total liabilities	11,087	10,527
Non-current assets			Net assets		
Total property, plant and equipment	4,367	4,368	Share capital	1,903	1,903
Total intangible assets	85	83	Capital surplus	1,912	1,912
Total investments and other assets	466	493	Retained earnings	7,523	7,098
Total non-current assets	4,919	4,944	Treasury shares	(2,035)	(2,035)
Total assets	20,392	19,407	Total net assets	9,304	8,879
			Total liabilities and net assets	20,392	19,407

Cash Flow Statement

(Million yen)



Cash and cash equivalents at beginning of period

Cash and cash equivalents at end of period

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Market Environment

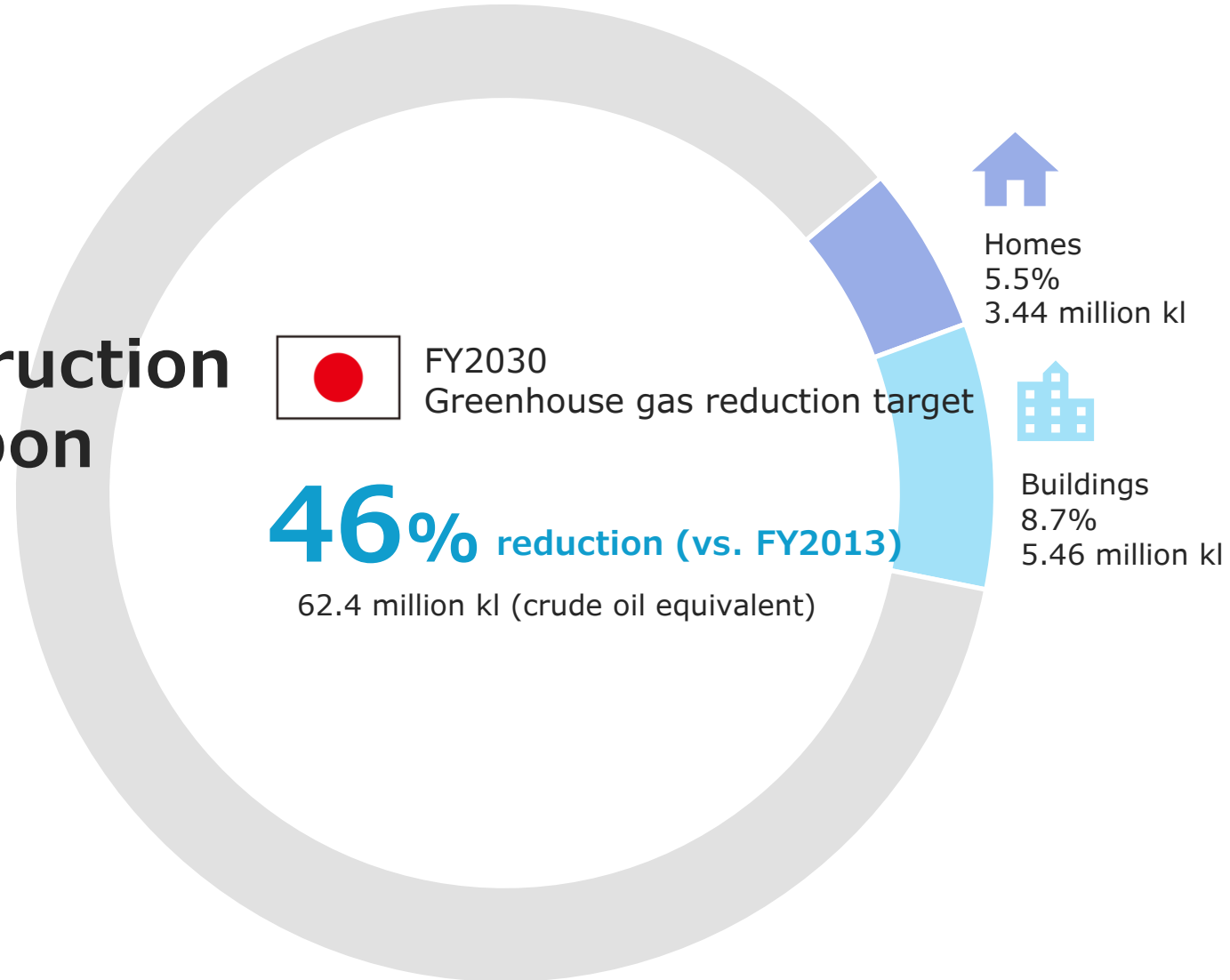
Home and Building Construction Aimed at Realizing a Carbon Free Society

Japan's targets for decarbonization

Reduce greenhouse gases by 46% by FY2030 (vs. FY2013) (equivalent to 62.4 million kl of crude oil)

5.5% reduction for the housing sector (equivalent to 3.44 million kl of crude oil). Suggested measures: Improve energy conservation performance of new homes and renovate existing homes for higher insulation performance

8.7% reduction for the buildings sector (equivalent to 5.46 million kl of crude oil). Suggested measures: Improve energy conservation performance of new buildings and renovate existing buildings for higher energy conservation performance



Source: Ministry of Economy, Trade and Industry; Ministry of Land, Infrastructure, Transport and Tourism; Ministry of the Environment



Market Environment

The Vision for Housing and Buildings in 2030



Newly constructed houses and buildings

Ensure energy-saving performance at ZEH and ZEB levels.



Newly constructed single-family homes

60% are equipped with solar power generation systems.



Raise the mandatory standards to the ZEH level

Insulation performance class 5* (UA value for region 6 = 0.60)
BEI=0.8*

*Please refer to insulation performance class P21, BEI is P20.



Raise the mandatory standards to the ZEB level.

For medium to large scale, BEI=0.6/0.7 depending on the use.
For small scale, BEI=0.5



Support through loans and tax measures.



Implementation of energy-saving performance labeling.



Promotion by local governments.



Improvement in the performance of equipment and building materials.

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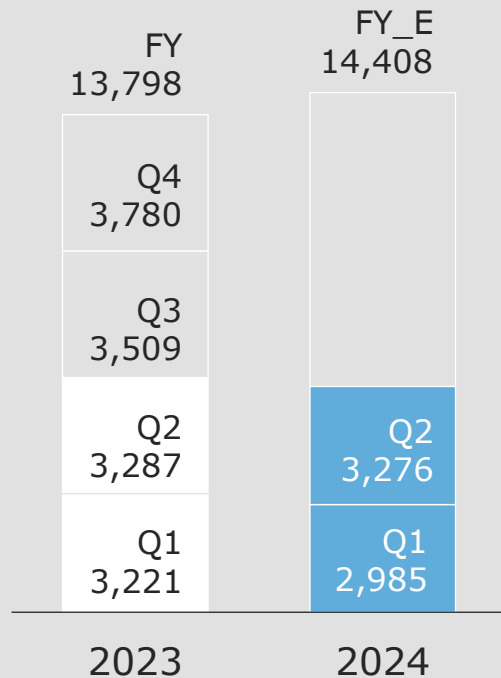
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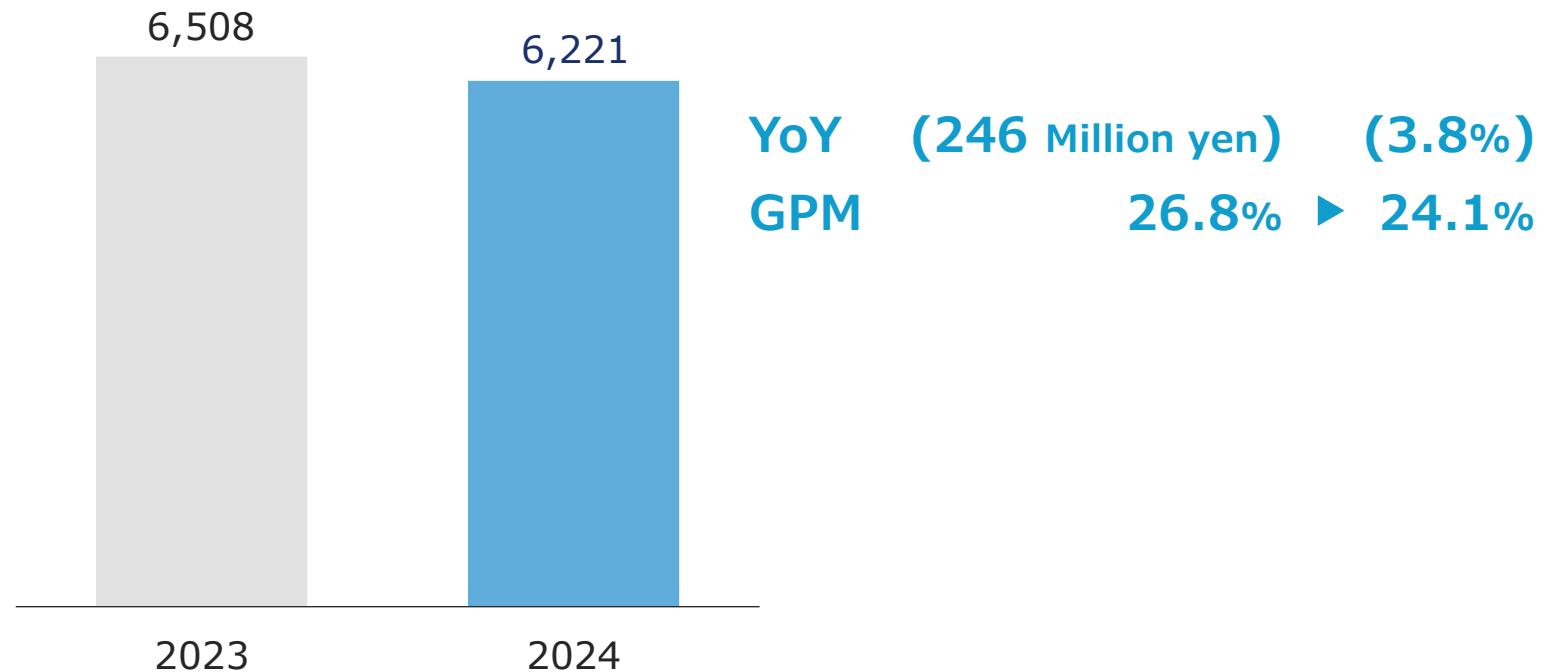
Single-family Homes Division

(Million yen)



YoY

- ✓ Construction unit price (per housing) increased by about 3%
- ✓ Standardization of Insulation Class 5 (ZEH level), with a slower spread of higher grades than expected.
- ✓ The number of spray applications decreased by about 6%
- ✓ The decrease factor is due to a reduction in order quantities from existing clients following market downturns.
- ✓ In a market downturn, performance was as expected.



Six months ended June 30, 2024

Single-family Homes Division Full-year Outlook (Million yen)

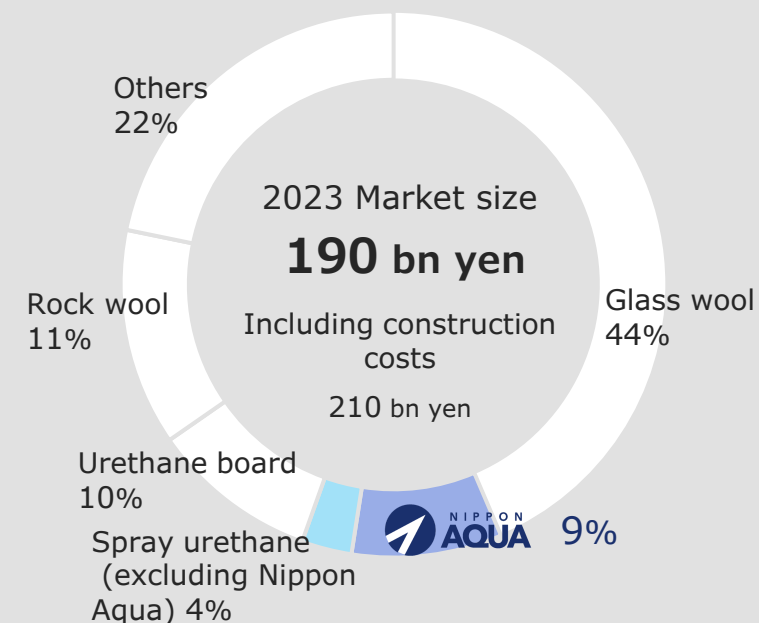
		Q1	Q2	Q3	Q4	FY
Net sales	FY2023	3,221	3,287	3,509	3,780	13,798
	FY2024	2,985	3,276	abt 3,800	abt 4,300	14,408
GP	FY2023	876	866	929	1,012	3,685
	FY2024	730	777	non-disclosure		3,436
Num	Vs FY2023	(11%)	(1%)	+13%	+17%	+5%
Unit price	Vs FY2023	+5%	+1%	(3%)	(3%)	(0%)

Number of spray applications (Quantity effect)

- ✓The quantity effect for the full year is +648 million yen.
- ✓Aiming to switch from competing urethane construction companies and other insulation materials.

Construction unit price (per housing) (Price effect)

- ✓The price effect for the full year is -38 million yen.
- ✓Price competition continues to intensify.

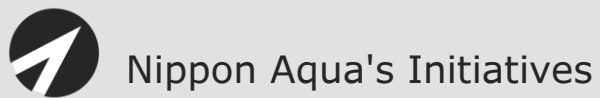


Competing urethane construction companies

- ✓Operational decline due to the 2024 problem.
- ✓Aging craftsmen, recruitment difficulties.
- ✓Disadvantaged in price competition compared to Nippon Aqua (due to higher costs such as raw material purchase prices).

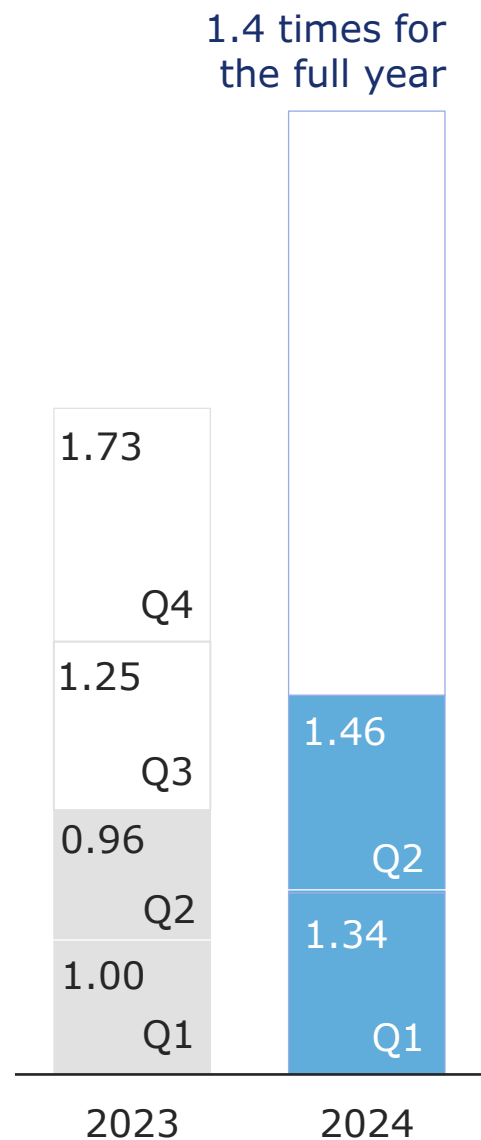
Other competitors such as glass wool insulation materials.

- ✓Operational decline due to the 2024 problem.
- ✓Increased transportation costs weaken cost competitiveness.
- ✓High difficulty in constructing high airtightness performance.



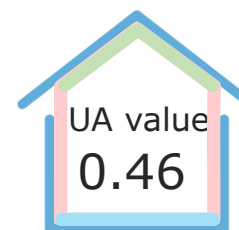
Spread of Insulation Class 6

Magnification when Q1 of 2023 is 1.



The highest construction price is about 1.5 to 2 times that of Insulation Class 5.

Combining AQUA FOAM NEO with AQUA FOAM LITE, etc., makes competitive (cost-effective) specifications possible.



Combination example:

- Roof AQUA FOAM LITE
- Wall AQUA FOAM NEO
- Floor Phenolic foam

To Achieve Energy-Saving Housing*

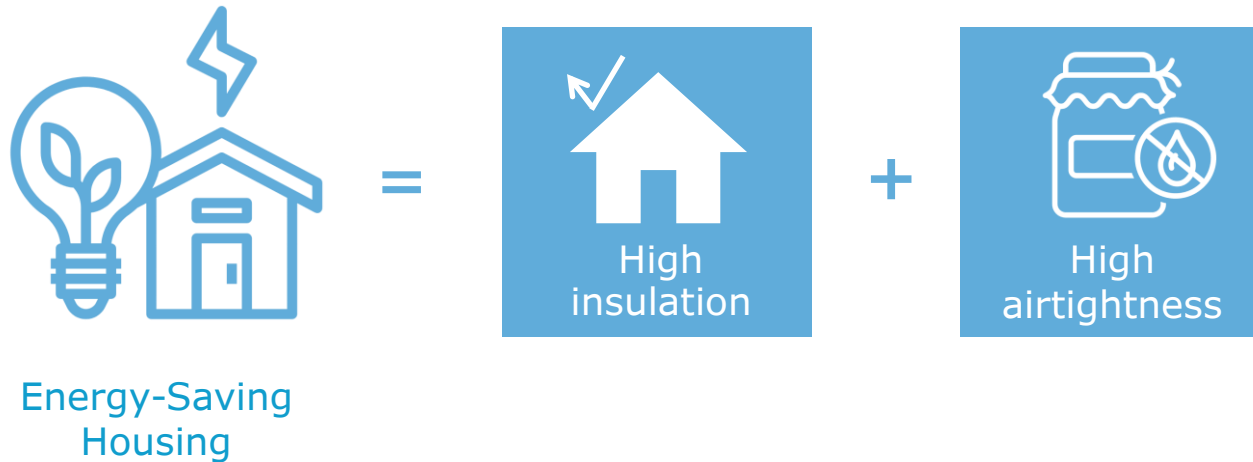
*Housing that is comfortable to live in even with low energy consumption

High insulation (insulation performance)

Use high insulation materials to prevent heat intrusion from the outside. This improves the energy efficiency of heating and cooling, stabilizing the temperature inside the living space.

High airtightness (airtightness performance)

By increasing the airtightness of the building, the inflow and escape of air from the outside are minimized. This maximizes insulation performance and reduces energy waste.





Spread of Regulations Related to Airtightness Performance

$$C \text{ value} = \frac{\text{Total gap area of the house (cm}^2\text{)}}{\text{Total floor area (m}^2\text{)}}$$

The lower the C value, the higher the airtightness.



C Value ≤ 10.0

The image of a typical house without consideration for airtightness.

C Value ≤ 5.0

The value that was the standard in regions other than cold regions (current regions 1 and 2) under the next-generation energy-saving standards (1999).

This standard was abolished with the revision of the Energy Saving Law in 2009.

C Value ≤ 2.0

The value that was the standard in cold regions (current regions 1 and 2) under the next-generation energy-saving standards (1999).

This standard was abolished with the revision of the Energy Saving Law in 2009.

C Value ≤ 1.0

The level to secure for comfortable living. Often defined in local government energy-saving housing policies.

- Yamagata
- Shinshu (Nagano)
- Yukiguni ZEH (Niigata)
- Tottori
- KitaQ ZEH (Fukuoka)

C Value ≤ 0.5

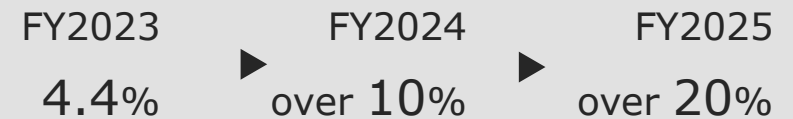
A level of airtightness that is comparable to strict standards adopted in other countries.

Sapporo (Hokkaido)



Increasing Inquiries for Airtightness Measurement Services

The introduction rate for all constructions in the Single-family Homes Division (forecast).



- ✓Major builders standardize airtightness measurements.
- ✓Interest in airtightness measurements spreads to other construction companies.
- ✓Nippon Aqua establishes the industry's No.1 airtightness measurement system.



Nippon Aqua's Initiatives

Technical Advisory Contract with Associate Professor Mae Masayuki

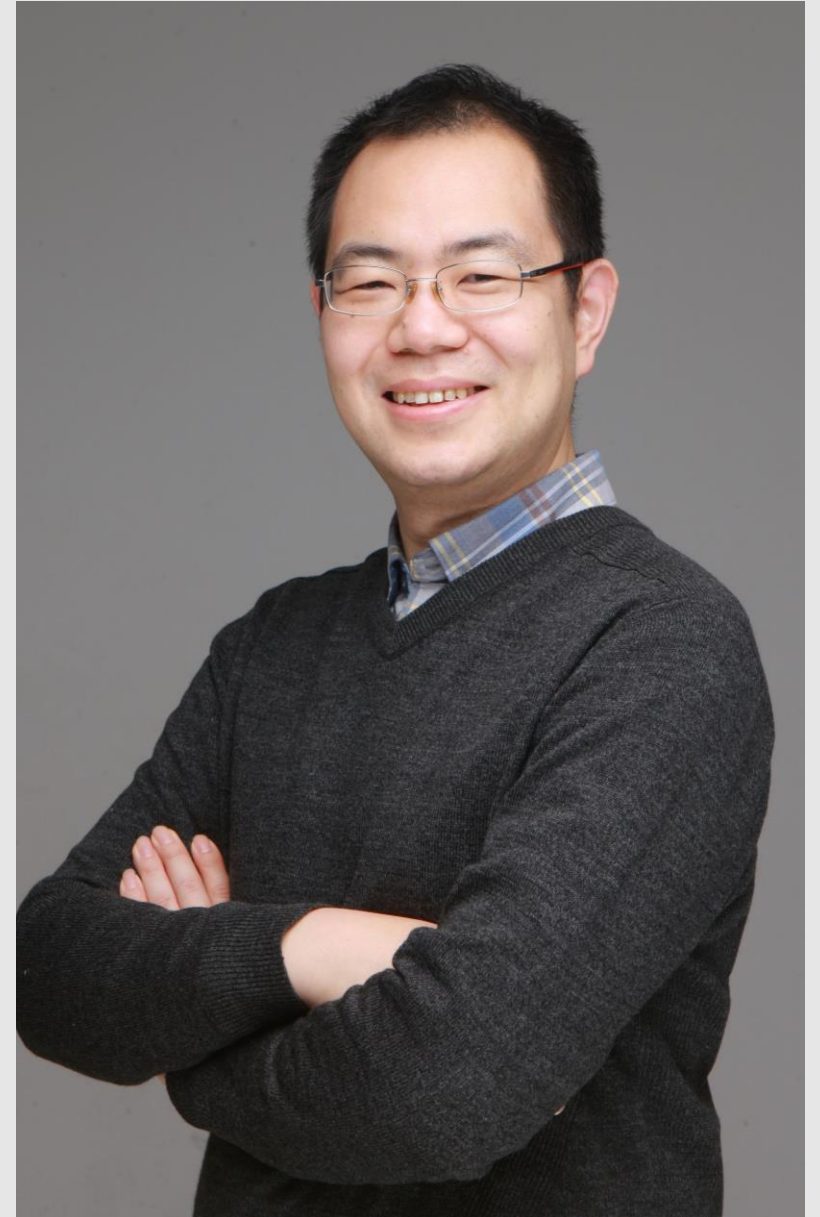
Profile of Mr. Mae Masayuki

Born in 1975, from Hiroshima Prefecture.

Current position: Associate Professor at the Graduate School of Engineering, University of Tokyo, specializing in architectural environmental engineering.

Research theme: General energy consumption in housing. Has been researching energy savings in housing for over 25 years since his student days.

Working on the development of element technologies and design methods for the realization and popularization of eco-houses that achieve a healthy, comfortable life without worrying about electricity bills using solar energy.



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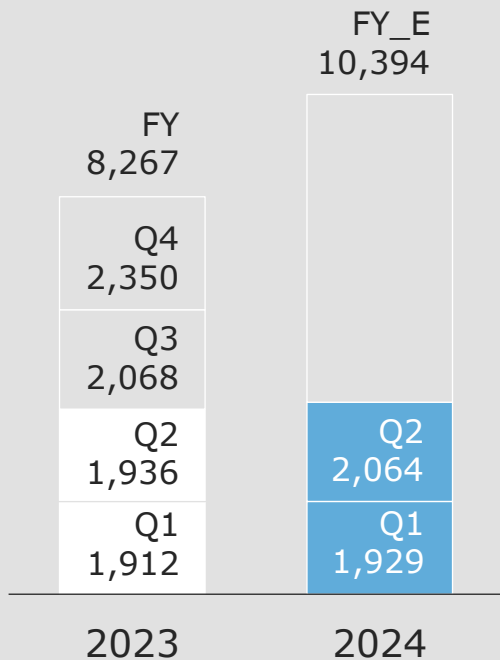
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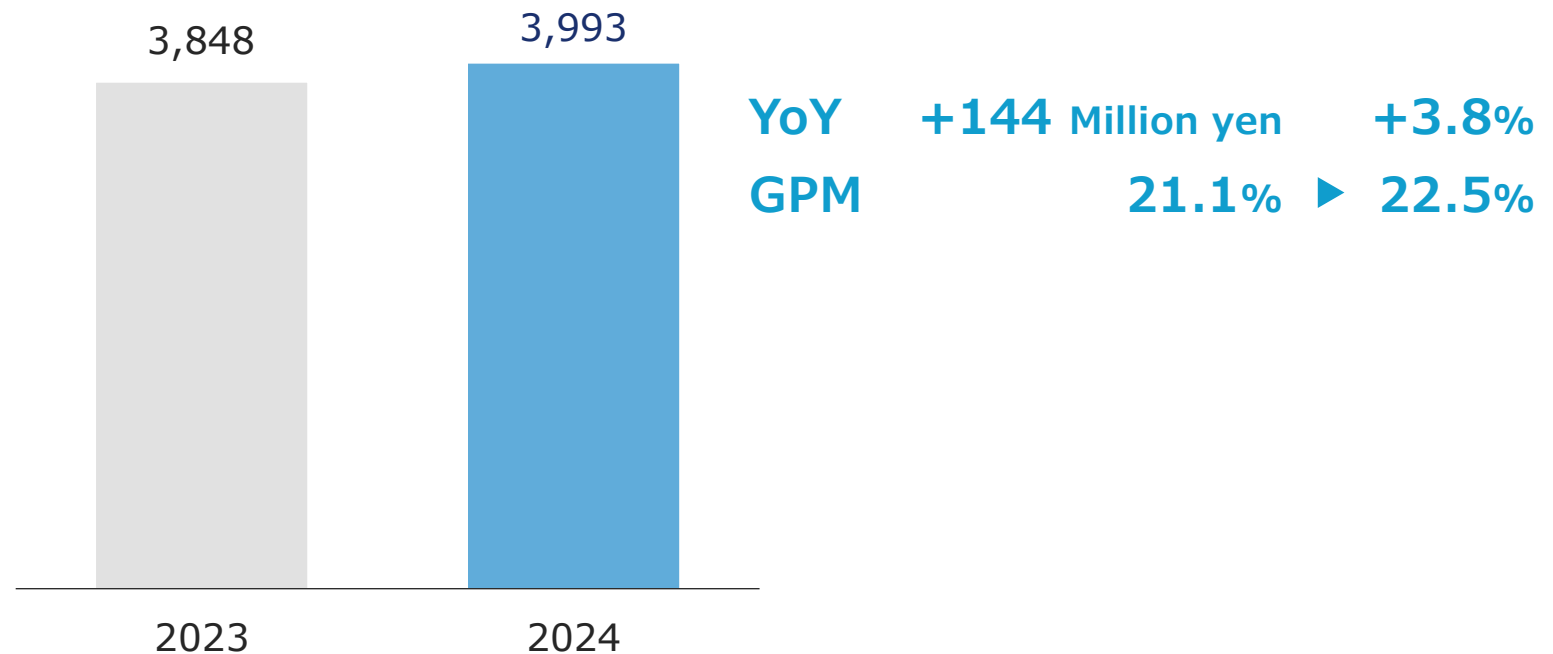
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Buildings Division

(Million yen)



- ✓ Construction unit price (per square meter) has increased by approximately 2%
- ✓ The increase factor is due to the increased thickness of AQUA FOAM NEO applications and price revisions, among others.
- ✓ The construction area has decreased by approximately 2%.
- ✓ Several large-scale AQUA MOEN NEO constructions to start after the second quarter.
- ✓ Delays in construction due to labor shortages and lack of building materials resulted in discrepancies in sales recording (383 million yen short of forecast)



Six months ended June 30, 2024

Buildings Division Full-year Outlook (Million yen)

		Q1	Q2	Q3	Q4	FY
Net sales	FY2023	1,912	1,936	2,068	2,350	8,267
	FY2024	1,929	2,064	abt 3,200	abt 3,200	10,394
GP	FY2023	361	450	540	610	1,963
	FY2024	454	443	non-disclosure		2,774
Area	Vs FY2023	(8%)	+12%	+85%	+43%	+33%
Unit price	Vs FY2023	+10%	(5%)	(8%)	(4%)	(2%)



Area to be sprayed
(Quantity effect)

✓The quantity effect for the full year is +2,728 million yen.



Construction unit price (per square meter)
(Price effect)

✓The price effect for the full year is -600 million yen.

✓Decrease in unit price due to sales mix with increased AQUA FOAM NEO construction

2025 Market Size Forecast

Including rock wool,
fire-resistant coating
materials, etc.

600 bn yen

Including functional
coatings and
renovations

300 bn yen

Others 21%

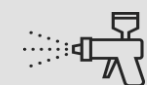


27%

30 bn yen

Extruded polystyrene
foam 22%

Spray urethane
(excluding Nippon
Aqua) 30%



Competing urethane construction
companies

- ✓Generally favorable due to robust demand
- ✓Aging craftsmen, recruitment difficulties.
- ✓Disadvantaged in price competition compared to Nippon Aqua (due to higher costs such as raw material purchase prices).



✓Differentiation with Non-Flammable Insulation
Construction (AQUA MOEN NEO)

✓Approximately 86% of sales forecast already ordered

✓The shortfall to be covered by securing estimates in
progress and short-term spot construction



Redevelopment in the Metropolitan Area Semiconductor Factories in Regional Areas

- ✓The ratio of city names is the increase rate of the standard land price for fiscal 2023
- ✓Large-scale equipment investment related to semiconductors after 2024
(It does not promise our orders)



✓Urban redevelopment is accelerating nationwide

✓The three major metropolitan areas and four cities in the regions are particularly noticeable



✓Investment in cutting-edge fields as a national policy

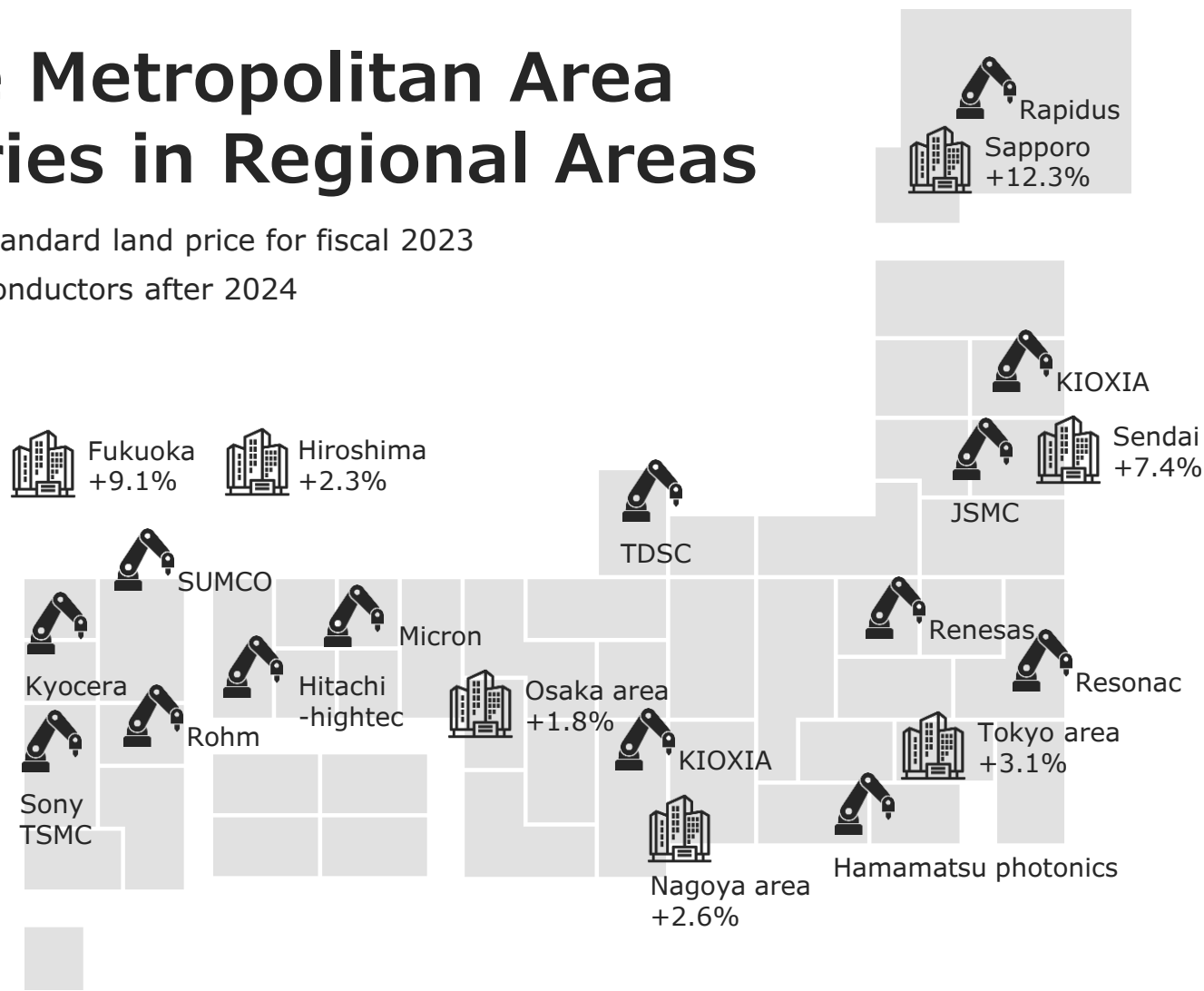
✓Domestic return of manufacturing facilities



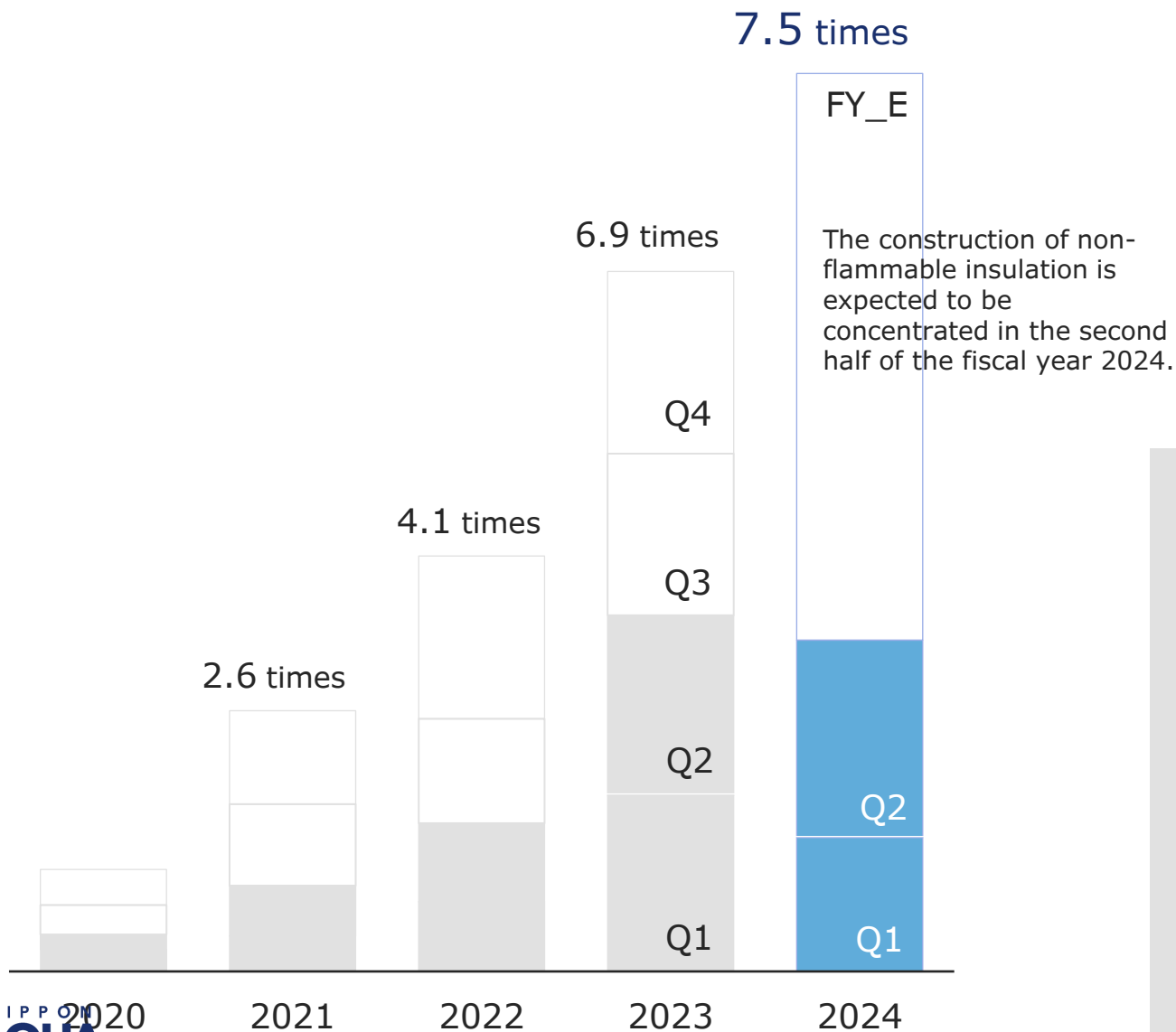
✓Development of infrastructure, commercial facilities, housing, etc. in the surrounding areas in line with the construction of semiconductor factories is also progressing



✓Large data centers (about 20 locations expected to open) are also promising targets



Source: The standard land prices are from the Ministry of Land, Infrastructure, Transport and Tourism, and the semiconductor factories are based on the public materials of each company, compiled by Nippon Aqua.



Net Sales of Non-flammable Insulation

Magnification when 2020 is 1



What is non-flammable insulation?

High-performance insulation that is non-flammable and approved by the Minister of Land, Infrastructure, Transport and Tourism

Born from the need for construction sites to eliminate fire risks, it demonstrates a high level of flame-retardant performance when exposed to welding, steel cutting, welding sparks, etc. at construction sites



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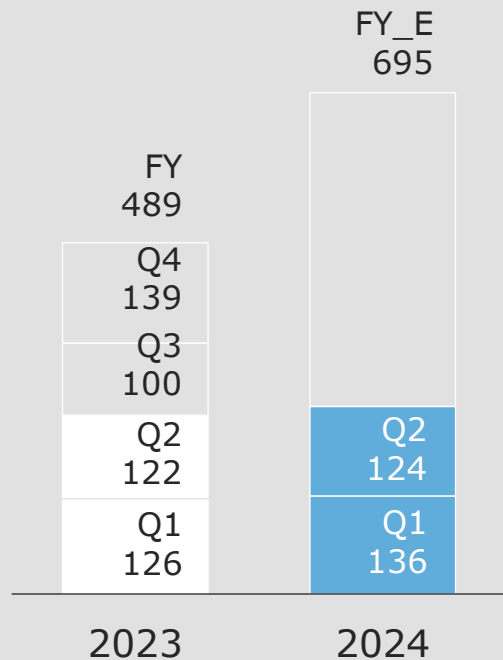
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Waterproofing Division

(Million yen)

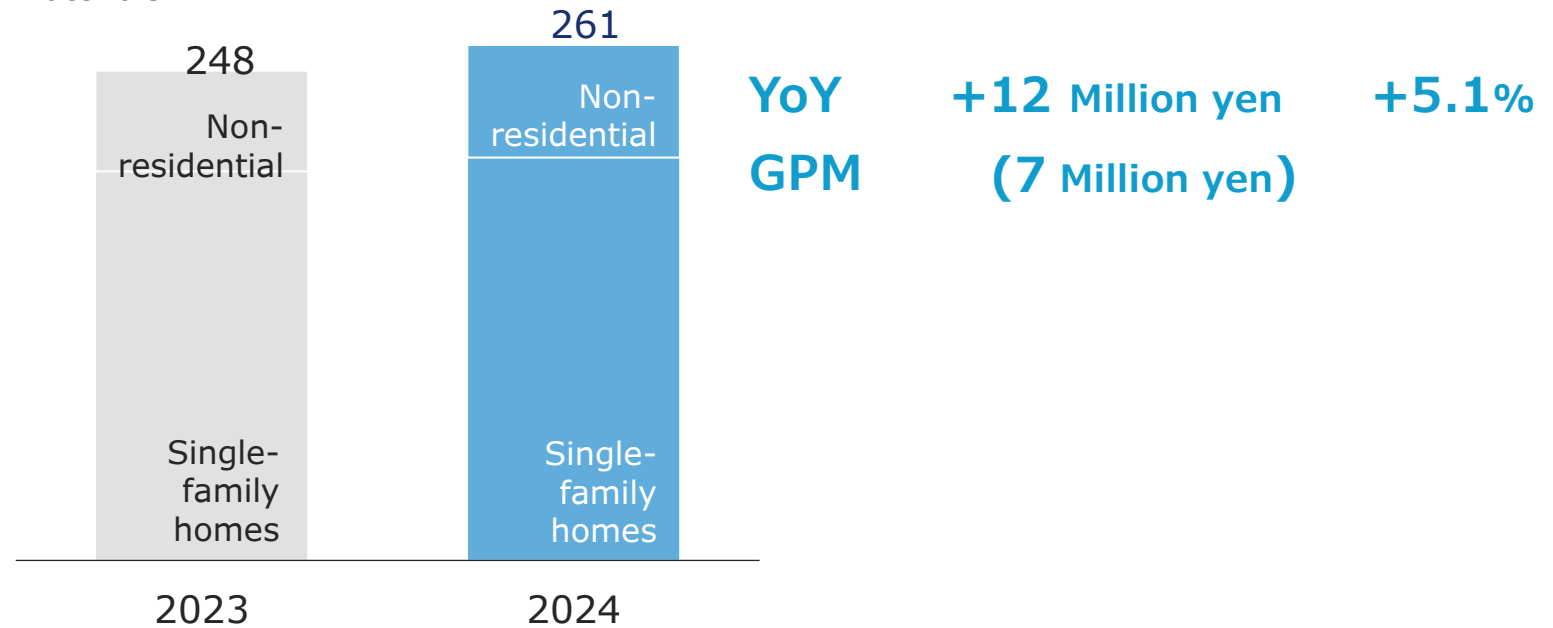


For single-family homes (balcony construction)

✓Expansion of the switch from existing construction methods through collaboration with the Single-family Homes Division.

Non-residential

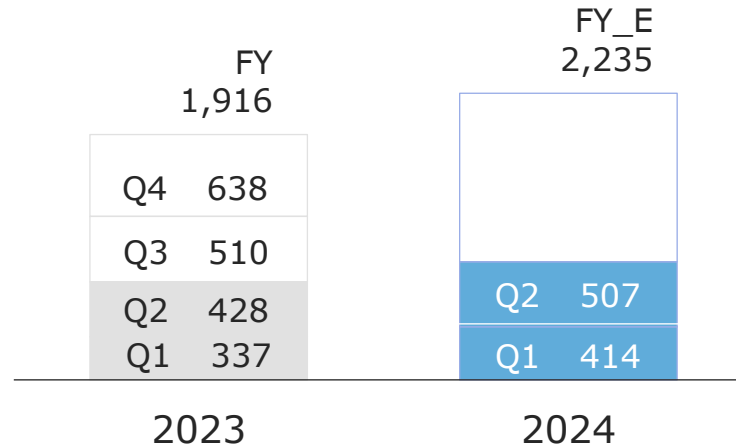
✓Actively proposing measures against the aging of buildings using asbestos-containing materials.



	FY2023 Q1	Q2	Q3	Q4	FY2024 Q1	Q2
Waterproofing division sales	126	122	100	139	136	124
Single-family homes	90	107	91	123	110	93
Non-residential	36	14	9	15	25	31

Sales of Urethane Raw Materials Other Product Sales

(Million yen)

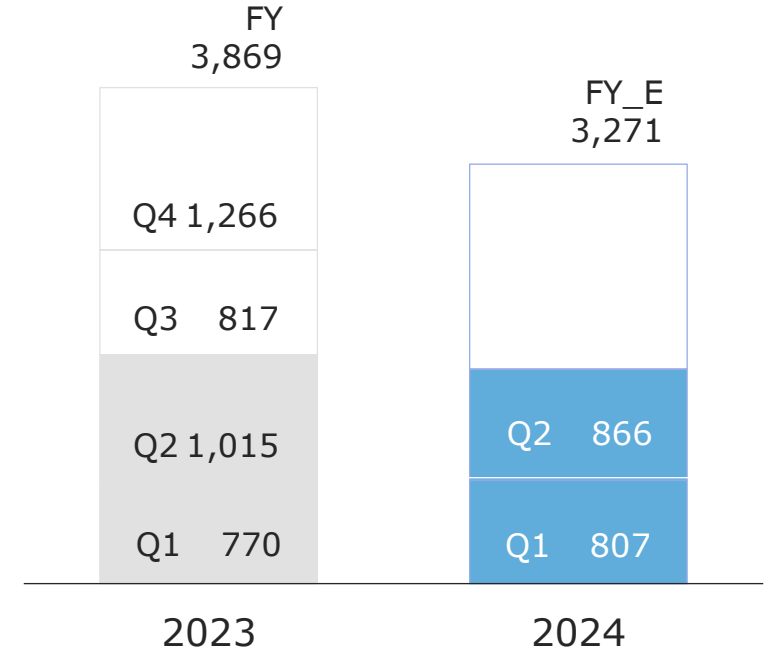


YoY +155 Million yen +20.3%
GPM 19.0% ▶ 17.8%

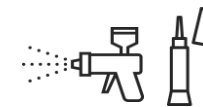


Sales of Urethane Raw Materials

- ✓Sales of building materials are performing well.
- ✓Repeat orders are increasing.



YoY (113 Million yen) (4.8%)
GPM 25.6% ▶ 20.5%



Other Product Sales

- ✓Campaign sales of auxiliary supplies
- ✓Decrease in blowing equipment sales due to reaction to new model demand



Dividend per share (FY2024)

34.0 yen

Recent Stock Prices and Dividend Yield

680 yen ▶ **5.0 %**

755 yen ▶ **4.5 %**

850 yen ▶ **4.0 %**



We will continue aiming to achieve sustainable growth as a TSE Prime-listed company.



Agenda

01 Overview of Financial Highlights for the Six Months Ended June 30, 2024

02 Market Environment

03 Single-family Homes Division

04 Buildings Division

05 Waterproofing Division, etc.

06 Appendix

Corporate Profile

Management philosophy

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

Visions

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.

Business description

Development, manufacturing, sale, and installation of hard urethane foam for use as building insulation

Development, manufacture, and sale of residential energy conservation-related materials

Company name	Nippon Aqua Co., Ltd.	
Head office	2-16-2 Konan, Minato-ku, Tokyo Taiyo Seimei Shinagawa Building 20th floor	
Established	November 29, 2004	
	President & Representative Director	Fumitaka Nakamura
	Senior Managing Director	Yuka Murakami
	Director	Kazuhisa Nagata
	Director	Koji Fujii
	Director	Keiji Usami
	Outside Director	Yoshiaki Takahashi
	Outside Director	Takeshi Kenmochi
	Outside Director Full-time Audit and Supervisory Committee Member	Junichi Tamagami
	Outside Director Audit and Supervisory Committee Member	Yuki Matsuda
	Outside Director Audit and Supervisory Committee Member	Naofumi Higuchi
	Outside Director Audit and Supervisory Committee Member	Hidetaka Nishina
Capital	1,903 Million yen	
No. of employees	592 people (Non-consolidated)	

As of June 30, 2024

Product Portfolio

Expanding around the core of two-component polyurethane

Polyol

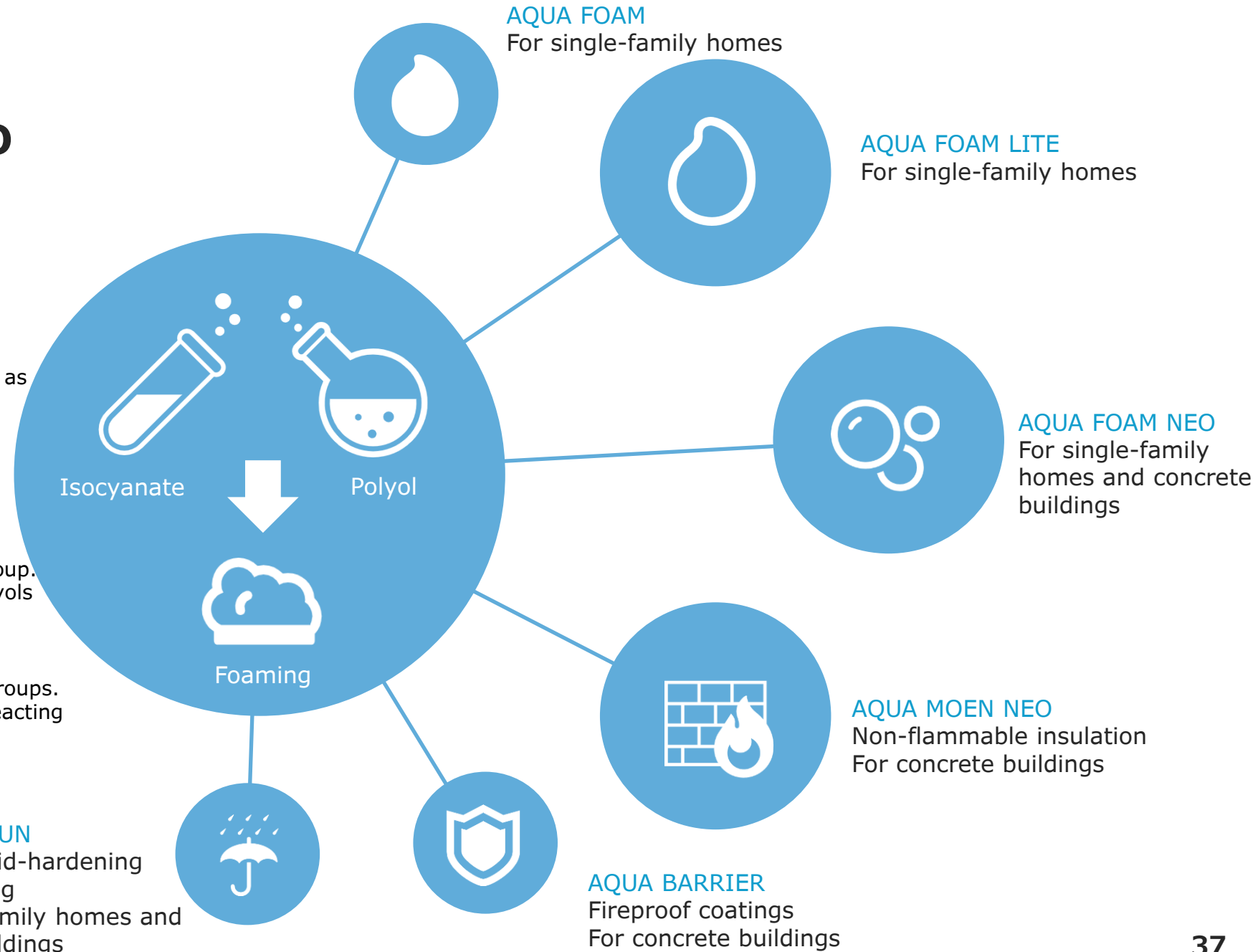
- ✓An organic compound with a hydroxyl group as the main ingredient.
- ✓By changing the molecular structure and molecular weight of polyols, the physical properties such as hardness and flexibility of urethane can be adjusted.

Isocyanate

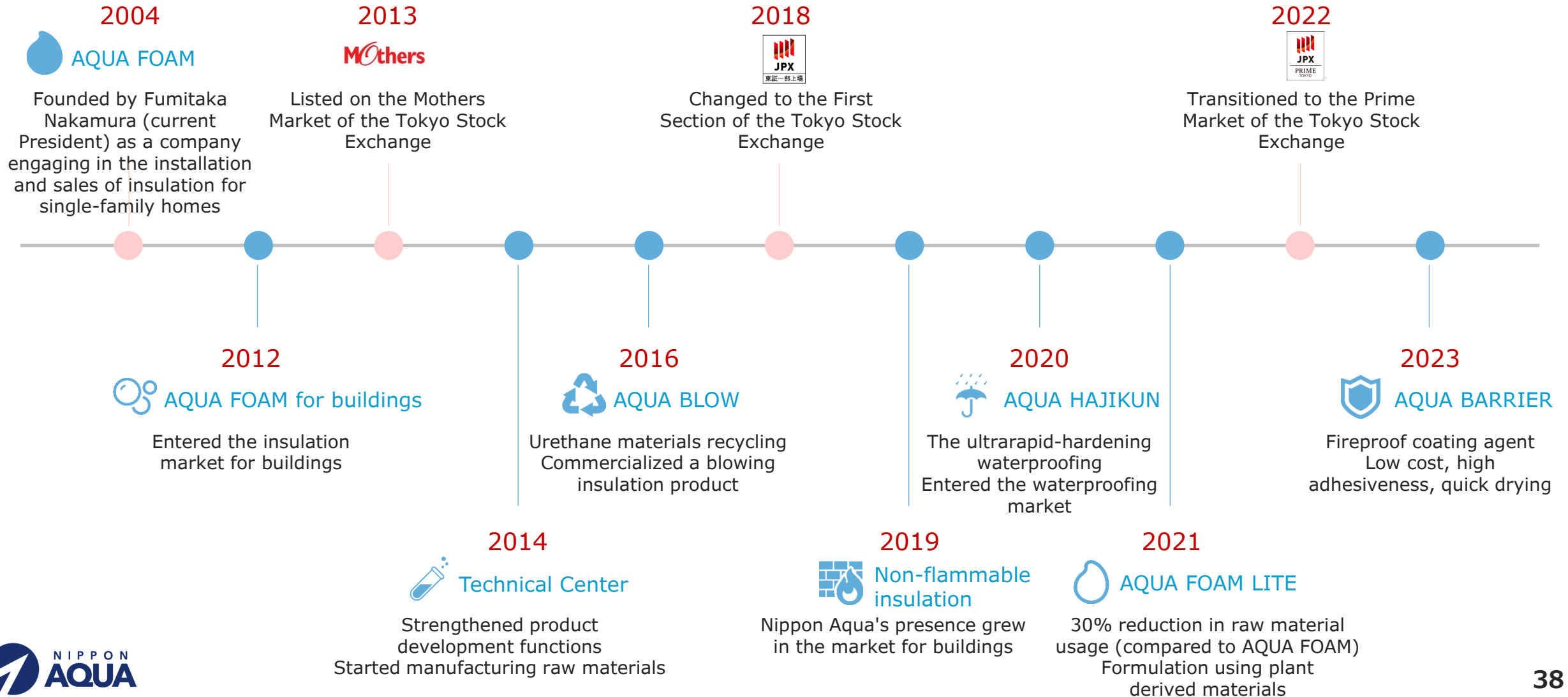
- ✓An organic compound containing an NCO group.
- ✓Forms a urethane bond by reacting with polyols through stirring and other means.

Polyamine

- ✓An organic compound with multiple amino groups.
- ✓Forms AQUA HAJIKUN (polyurea resin) by reacting with isocyanate.



Company History



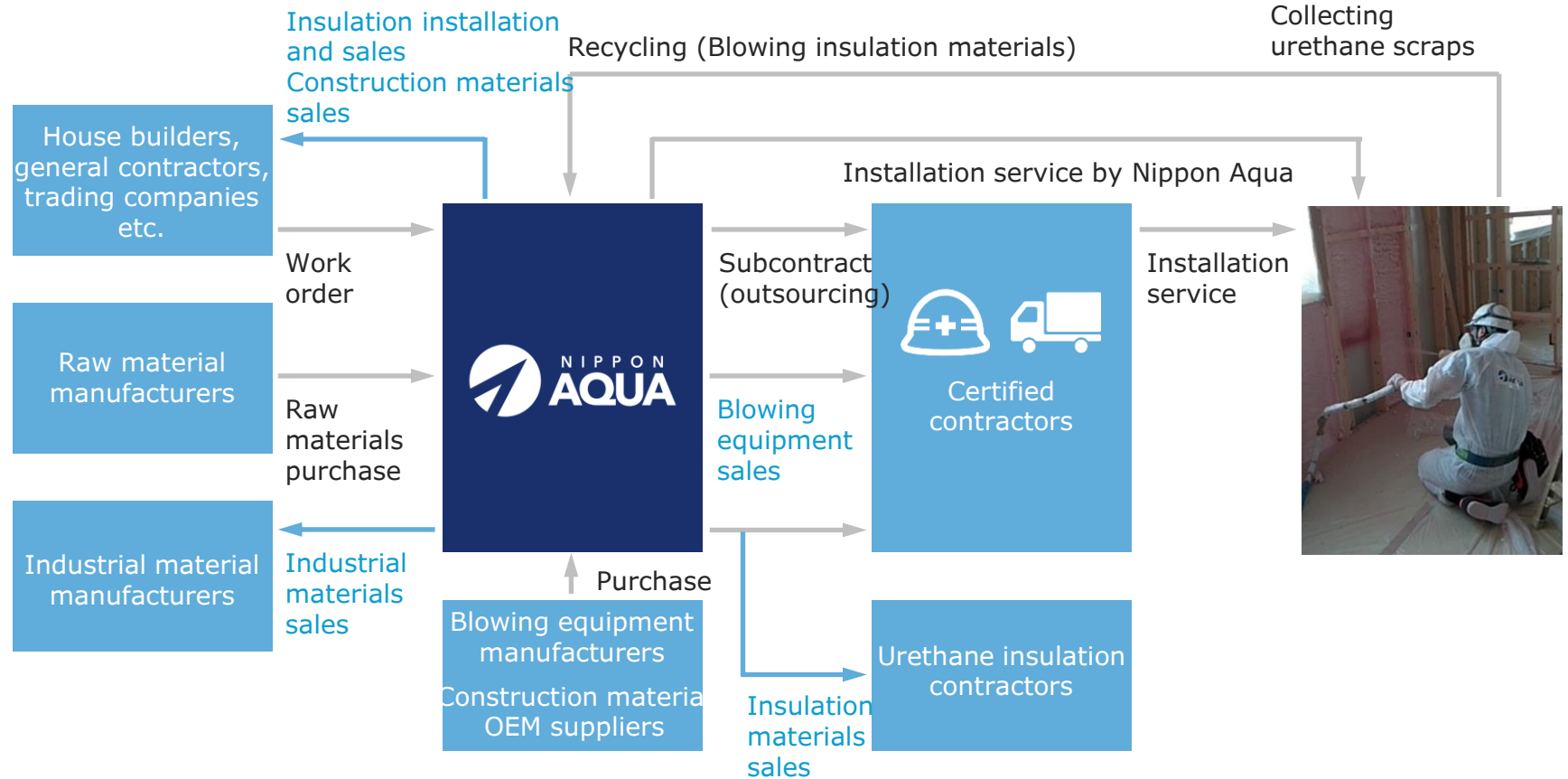
From Material Development to Installation and Recycling

Unique Business Model



Business Scheme

We undertake insulation work projects as the sole contractor and either do them ourselves or subcontract them out to certified contractors



What is Certified Contractors ?

Outsourcing contract
Full commission-based

Purchase blowing equipment
(installation tool)
(a 2-ton truck needed)



No sales activities needed

Contractors can take on projects appropriate for their respective capacities



No royalty

No franchise fee or deposit money



Raw materials are supplied at cost

Supplying raw materials and deducting the cost from payment for the installation work reduces financial burden



Technical training

Broad range of support from basics to practical skills

Performance Trends (Million yen)

Mothers



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Performance trends													
Net sales	5,475	6,488	9,825	13,020	14,406	15,608	18,052	19,417	21,366	21,872	23,903	25,670	28,341
Gross profit	1,686	1,904	2,444	2,856	3,137	4,027	4,305	3,891	5,403	5,310	4,739	5,784	6,924
Gross profit margin	30.8%	29.3%	24.9%	21.9%	22.3%	25.8%	23.9%	20.0%	25.3%	24.3%	19.8%	22.5%	24.4%
Operating profit	809	662	956	944	1,013	1,404	1,313	766	1,909	1,896	1,412	2,329	2,875
Ordinary profit	807	662	925	937	1,016	1,404	1,419	764	1,909	1,911	1,429	2,359	2,917
Ordinary profit margin	14.7%	10.2%	9.4%	7.2%	7.2%	9.0%	7.9%	3.9%	8.9%	8.7%	6.0%	9.2%	10.3%
Profit	457	364	512	529	137	979	941	489	1,275	1,342	953	1,549	2,004

Sales by item

Single-family homes		5,830	8,044	8,483	9,414	10,903	11,552	12,257	13,244	12,448	13,521	13,873	13,798
Buildings		440	883	2,392	2,858	2,601	2,715	3,331	4,144	4,848	5,371	6,838	8,267
Waterproofing											128	315	489
Sales of urethane raw materials							613	561	933	1,137	1,098	1,211	1,916
Product sales		218	897	2,144	2,133	2,103	3,171	3,267	3,043	3,438	3,783	3,430	3,869

Gross profit by item

Single-family homes					2,305	3,038	2,790	2,217	3,544	3,183	2,772	3,542	3,689
Buildings					183	419	526	551	832	1,004	822	1,206	1,963
Waterproofing											20	(16)	(35)
Sales of urethane raw materials							140	113	198	212	177	361	342
Product sales					648	569	848	1,009	830	909	946	690	968

Other Key Indicators

MOthers



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
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Assets, liabilities, and equity

Net assets	715	1,080	5,103	5,529	5,590	6,663	5,508	5,885	6,843	7,638	7,951	7,966	9,304
Return on equity	94.0%	40.6%	16.6%	10.0%	2.5%	16.0%	15.5%	8.6%	20.0%	18.5%	12.2%	19.5%	23.2%
Total assets	1,993	2,787	7,982	9,138	11,254	12,596	12,806	14,381	15,379	16,021	18,279	21,969	20,392
Total assets turnover	3.20	2.71	1.82	1.52	1.38	1.31	1.42	1.43	1.44	1.39	1.39	1.28	1.34
Equity ratio	35.9%	38.8%	63.9%	60.5%	49.7%	52.9%	43.0%	40.9%	44.5%	47.7%	43.5%	36.3%	45.6%
Interest-bearing debt					1,433	834	2,370	2,776	2,136	2,400	3,166	6,033	2,400

No. of employees

Sales			160	184	182	206	233	208	218	218	189	209	215
Construction			234	246	206	185	132	180	188	196	168	156	220
Management			21	20	35	27	62	57	69	73	81	58	66
Total	194	298	415	450	423	418	427	445	475	487	438	423	501

Stock-related (after reflecting 1:5 stock split on January 1, 2015)

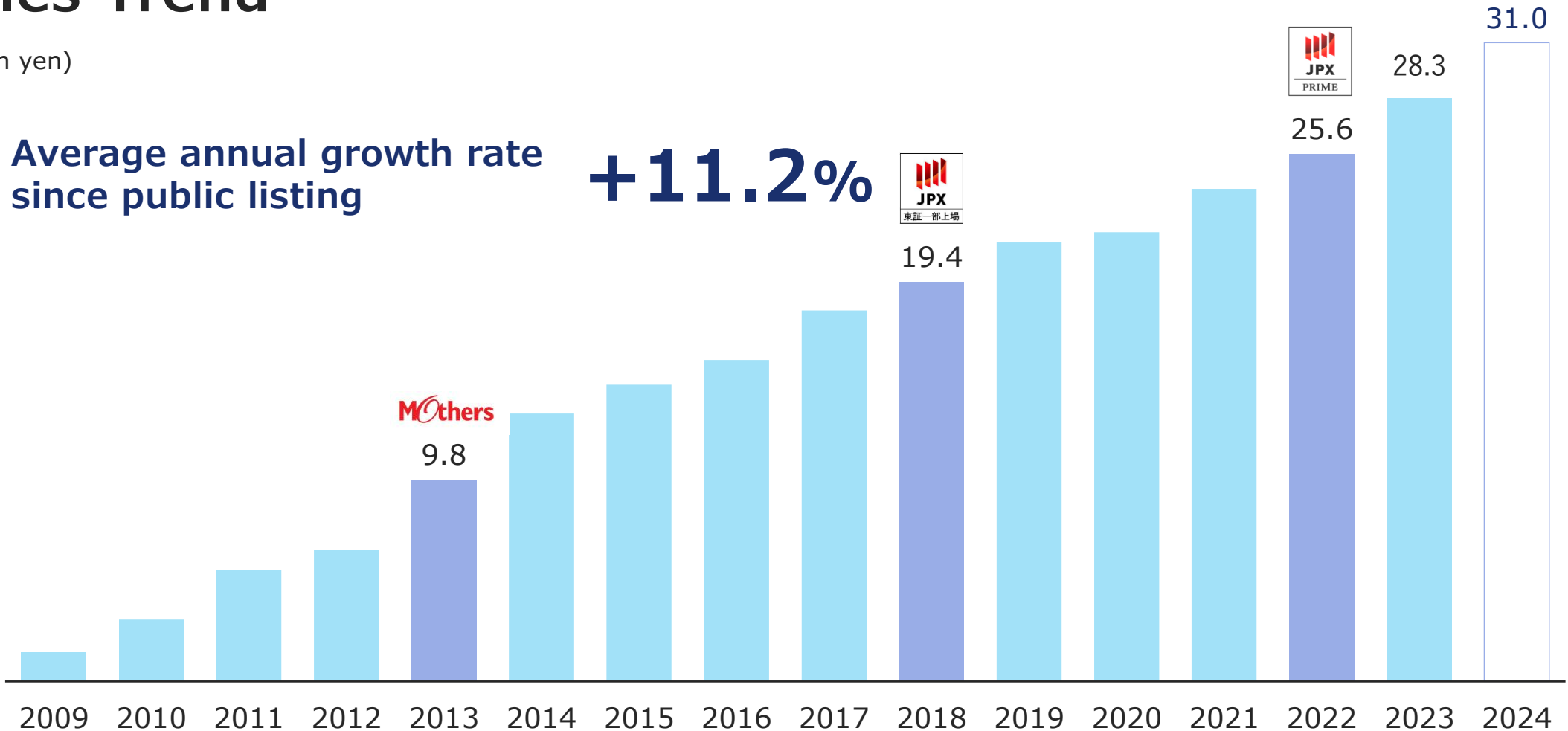
Stock price at the end of the period (yen)			663	845	438	414	498	437	627	649	687	828	887
Market value			22,892	29,176	15,209	14,960	18,038	15,180	21,792	22,559	23,880	28,781	30,832
Net assets per share (yen)			147.81	160.15	161.01	184.40	171.31	182.36	211.88	236.46	246.09	254.41	296.24
Dividend per share (yen)			3.00	3.00	3.00	3.00	4.00	10.00	17.00	20.00	20.00	24.00	32.00
Basic earnings per share (yen)			20.61	15.33	3.97	27.61	27.84	15.19	39.50	41.57	29.52	47.99	63.83
Price earnings ratio			32.20	55.10	110.30	15.00	17.90	28.80	15.90	15.60	23.30	17.30	13.90

Sales Trend

(Billion yen)

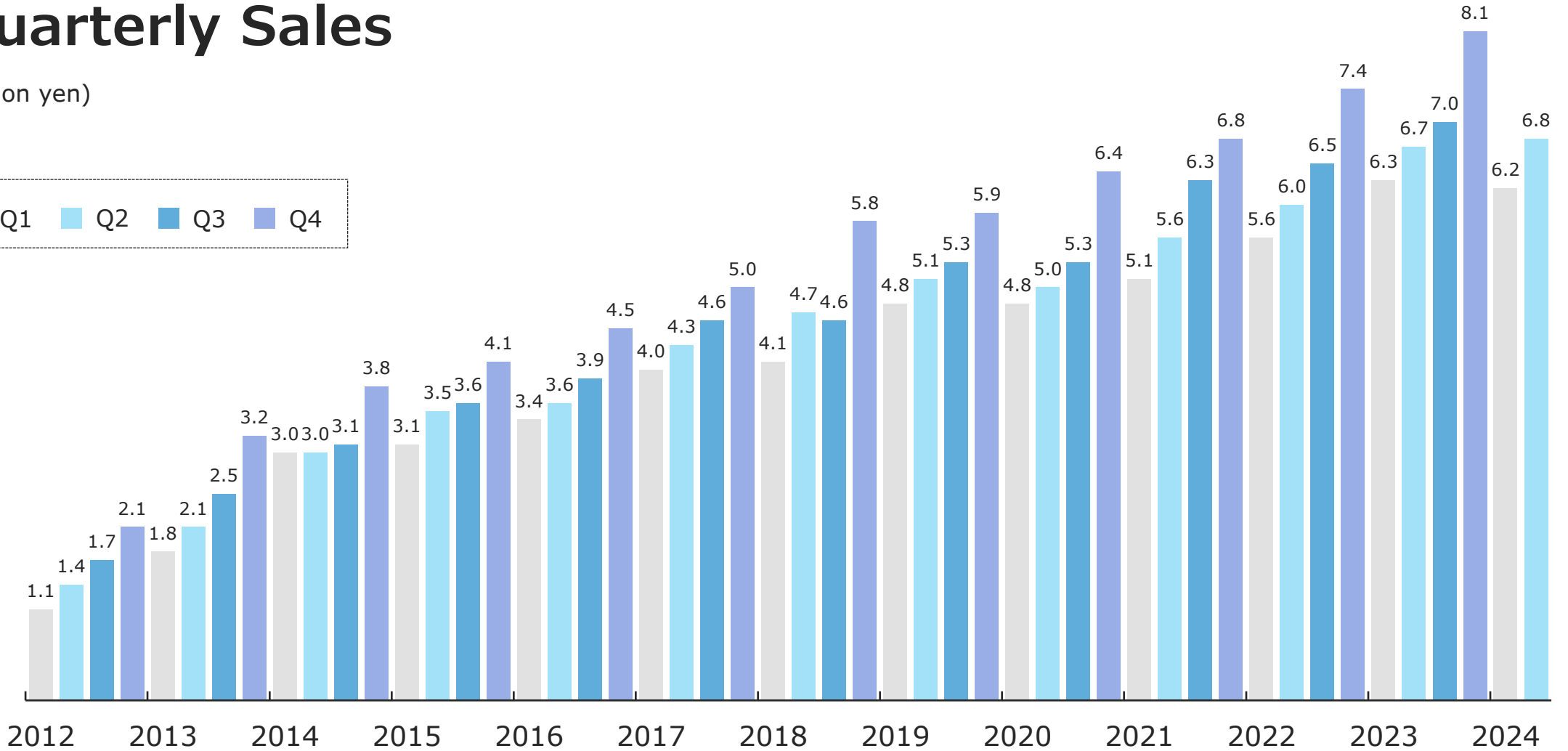
Average annual growth rate
since public listing

+11.2%



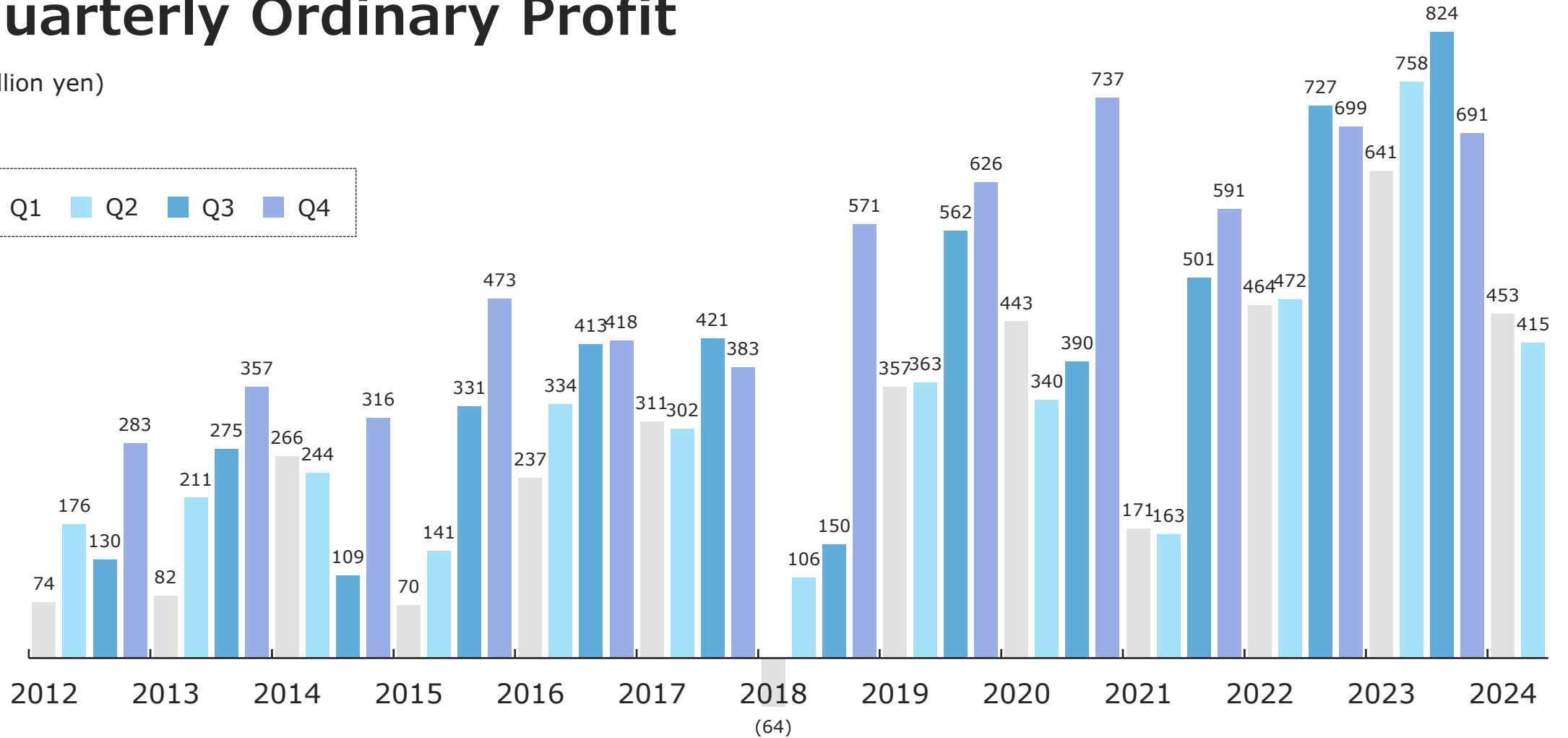
Quarterly Sales

(Billion yen)



Quarterly Ordinary Profit

(Million yen)





The Thermal Conductivity of the Two Main Products Has Changed, Improving Insulation Performance

The ease with which heat is transmitted is expressed numerically as thermal conductivity.

What is improved thermal conductivity (enhancement of insulation performance)?

Thermal conductivity indicates how much heat (W) is transmitted per square meter when the thickness of the material is 1m and the temperature difference between both sides is 1 degree Celsius and is expressed in units of W/(mK).

A simplified method for calculating the U value (thermal transmittance) (The UA value is the average of the U values for each part)

U value (W/m²K) = 1/thermal resistance value

Thermal resistance value (m²K/W)
= thickness of the material (m) / thermal conductivity (W/mK)



Industry's Highest Standard

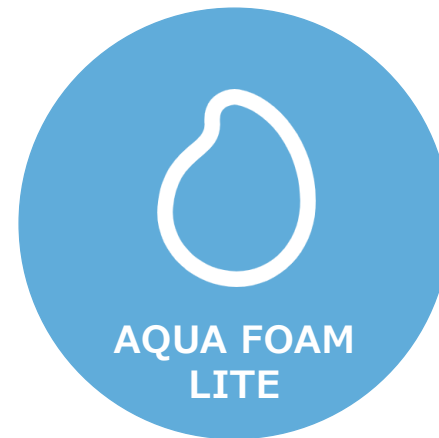


0.036 ▶

0.033 W/mK

U value=0.388

Calculated based on the premise of 85mm spray application



0.038 ▶

0.036 W/mK

U value=0.423

Calculated based on the premise of 85mm spray application

Thermal Conductivity and Insulation Thickness

To achieve the same insulation performance as AQUA FOAM LITE (thickness 85mm)

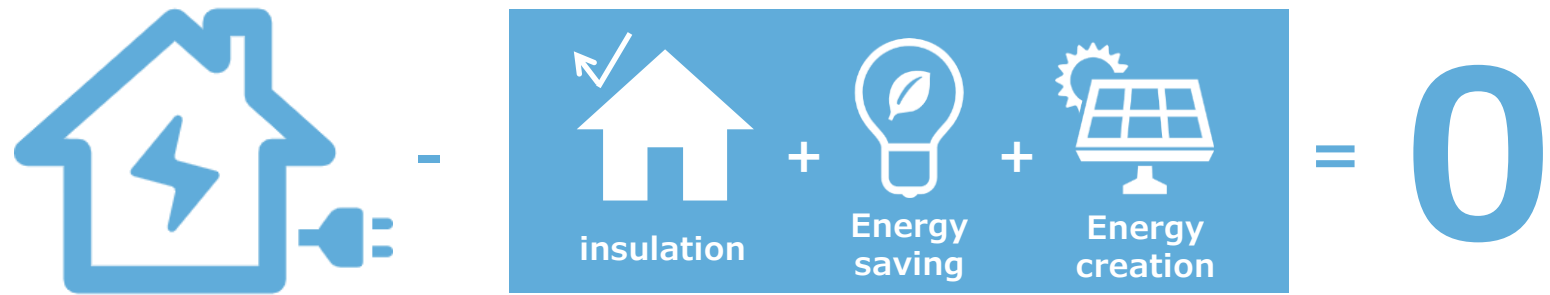
	 AQUA FOAM NEW!	High-Performance Glass Wool 40K	 AQUA FOAM LITE NEW!	High-Performance Glass Wool 24K	High-Performance Glass Wool 16K
Thermal Conductivity	 0.033 W/mK	 0.034 W/mK	 0.036 W/mK	 0.036 W/mK	 0.038 W/mK
Thickness	 77.9 mm POINT	 80.2 mm	 85.0 mm	 85.0 mm	 89.7 mm
Weight	 14.0 kg/m² POINT	 40.0 kg/m ²	 10.0 kg/m² POINT	 24.0 kg/m ²	 16.0 kg/m ²

What is ZEH (Net Zero Energy House)?

One of the concrete measures to improve energy conservation performance in the housing sector is to spread ZEH (Net Zero Energy House).

ZEH is a house that reduces the annual consumption of primary energy at home to virtually zero through the combination of insulation, energy conservation, and energy creation.

A similar initiative called ZEB (Net Zero Energy Building) is being undertaken for buildings.



Primary energy consumption

Energy Efficiency Labeling System

To achieve zero-energy buildings and houses, it is essential to enable everyone to choose buildings based on energy efficiency performance.

From April 2024, it will be a due diligence obligation for businesses selling or leasing buildings and houses to display an energy efficiency label.



For single-family homes and Condominiums

Defines energy consumption performance and insulation performance.



For non-residential

Defines energy consumption performance.



Market Environment

What is Energy Consumption Performance?



Primary energy consumption class

$$BEI = \frac{\text{Design primary energy consumption (Energy consumption considering energy-saving methods)}}{\text{Standard primary energy consumption (Energy consumption with standard specifications)}}$$

* What are guidance standards?

Standards intended to guide the promotion of improved energy efficiency performance, which must be met for the certification of energy efficiency improvement plans. Established under the Building Energy Saving Law. Enforced from April 1, 2016.

Source: Ministry of Land, Infrastructure, Transport and Tourism

* Home performance indication system based on the Housing Quality Assurance Act



Market Environment

What is Insulation Performance?

	Guidance standards					Highest grade	
	Class 1	Class 2	Class 3	Class 4	Class 5	Class 6	Class 7
Region 6 such as Tokyo		UA value 1.67	UA value 1.54	UA value 0.87	UA value 0.60	UA value 0.46	UA value 0.26
Region 6 such as Tokyo			η AC value 3.8	η AC value 2.8	η AC value 2.8	η AC value 2.8	η AC value 2.8
					ZEH	HEAT20 G2	HEAT20 G3

Insulation performance class

UA value= Average thermal transmittance of the envelope
(Ease of heat escape from buildings)

η AC value= Average solar heat gain coefficient during the cooling period
(Ease of solar heat gain into buildings)

Regional Categorization and Insulation Class

Envelope Performance Level

Impacts that single-family homes with higher insulation classes and the spread of ZEH will have on the Company's performance

Standards of insulation classes are not unified nationwide but are categorized by region according to climate, etc. (See representative cities for each region on the right) Many metropolitan cities, including Tokyo, Nagoya, Osaka, Yokohama, and Kobe, are classified into Region 6.

UA value (average coefficient of heat transmission for outside walls) for insulation Class 5 differs from one region to another; the smaller the value is, the higher insulation performance is required

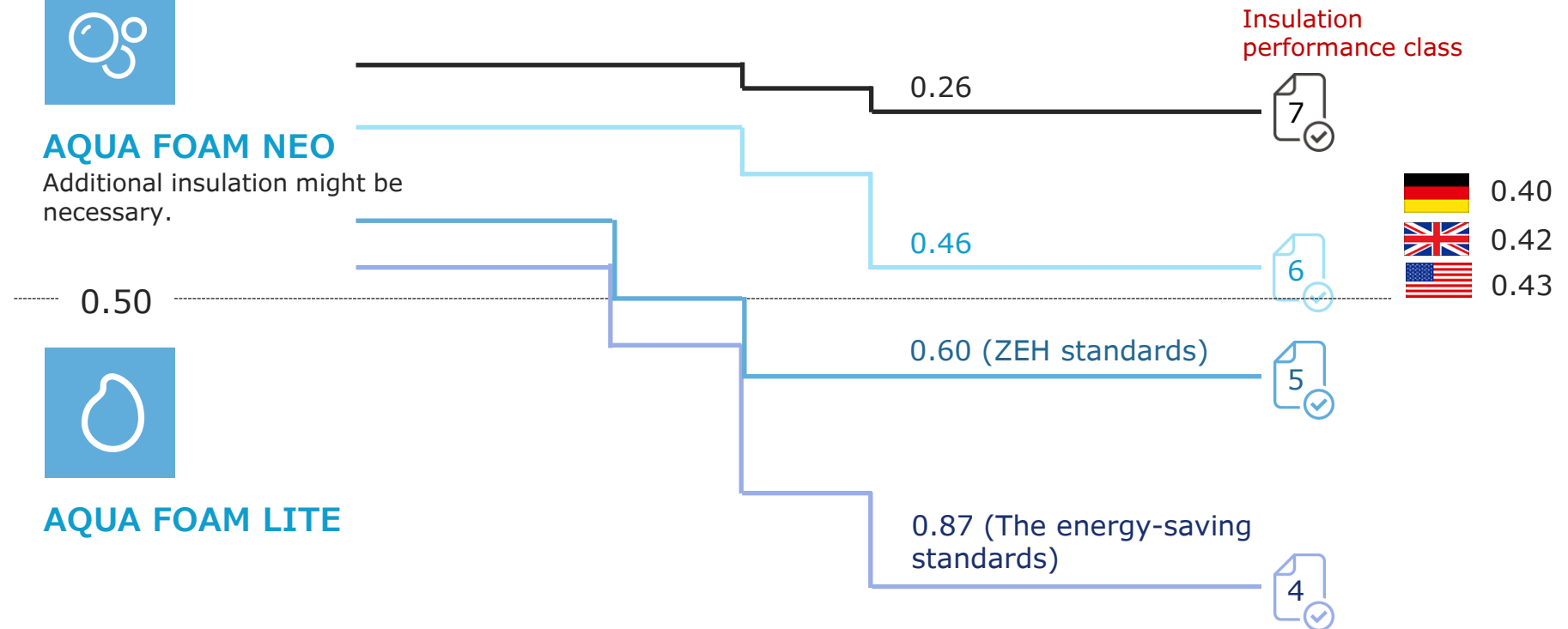
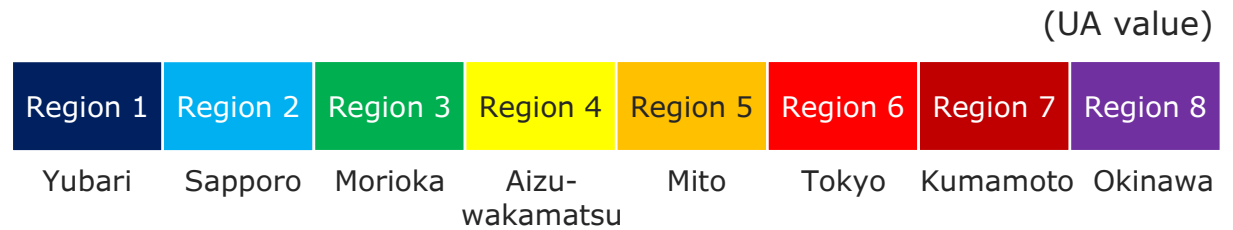


AQUA FOAM NEO

Additional insulation might be necessary.



AQUA FOAM LITE





Difference in Specification between Insulation Classes

Region 6 such as Tokyo

4 Class 4 The energy-saving standards

 AQUA FOAM LITE

 Metal Double glazing Low-E


 Thermal insulated entrance door


When the insulation class is upgraded, not only the insulation material but also the thermal insulation performance of doors and sashes needs to be enhanced, resulting in construction costs higher than the energy-saving standard (Class 4).

5 Class 5 ZEH standards

 AQUA FOAM LITE

 AQUA FOAM

 Metal/Resin Double glazing Low-E


 Thermal insulated entrance door


According to our company's estimates, for a standard detached house in region 6 such as Tokyo, reaching the ZEH level (Class 5) increases the thickness of the insulation material, making the construction unit price 1.2 to 1.5 times higher than the energy-saving standard (Class 4).

6 Class 6 TOKYO ZERO EMISSION HOUSES

 AQUA FOAM*

 AQUA FOAM NEO

 Metal/Resin Triple glazing Low-E (2 panels)

 Thermal insulated entrance door

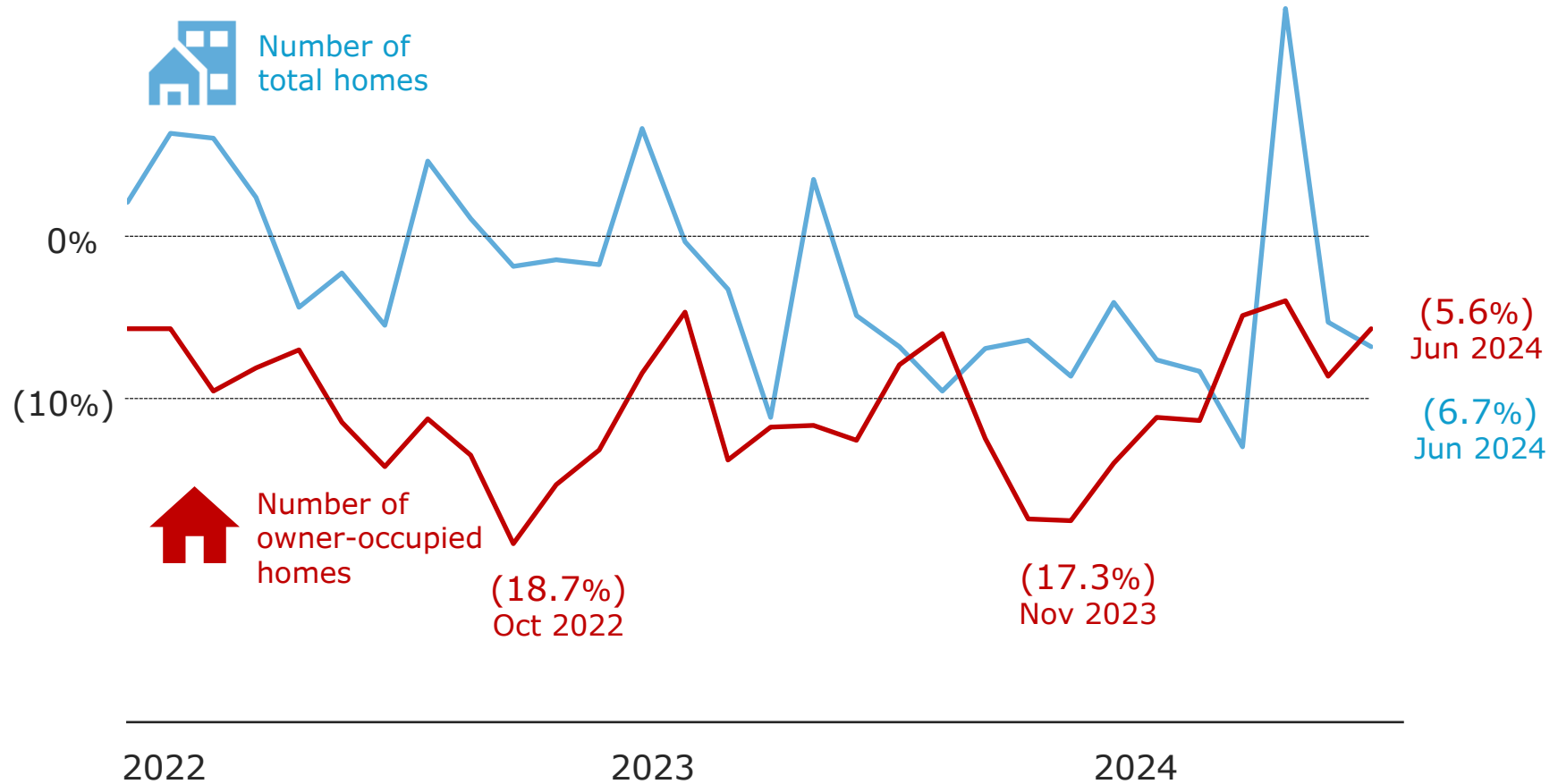
For Tokyo Zero Emission Houses, etc. (Class 6), either AQUA FOAM or the superior product AQUA FOAM NEO is used, and the construction unit price is 1.7 to 3.0 times higher than the energy-saving standard (Class 4).

*From April 2024, due to the improved thermal conductivity of AQUA FOAM, enhancing its insulation performance, specifications for Class 6 have become possible, albeit with conditions. **54**

Number of housing starts (year-on-year)

Our Single-family Homes Division has a high level of affinity with owner-occupied homes, as there are many custom-built houses being constructed

In addition, the Buildings Division also performs construction on new condominiums



Inquiries

Corporate Planning Dept., Administration Division
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Disclaimer and Notes Regarding Forward-Looking Statements

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