

**[Delayed] Non-consolidated Financial Results
for the Fiscal Year Ended December 31, 2024
[Japanese GAAP]**



February 7, 2025

Company name: Nippon Aqua Co., Ltd.
Code number: 1429 (listed on the Tokyo Stock Exchange)
(URL: <https://www.n-aqua.jp>)
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Scheduled date of Ordinary General Meeting of Shareholders: March 27, 2025
Scheduled date of dividend payout: March 28, 2025
Scheduled date of filing annual securities report: March 28, 2025
Supplementary materials on financial results prepared: Yes
Financial results briefings held: Yes (for institutional investors and analysts)

(Figures are rounded down to the nearest million yen.)

1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2024 (January 1, 2024-December 31, 2024)

(1) Financial Results (Percentage figures indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended December 31, 2024	30,265	6.8	2,575	(10.6)	2,604	(10.7)	1,839	(8.2)
Fiscal year ended December 31, 2023	28,341	10.4	2,881	23.7	2,917	23.6	2,004	29.4

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended December 31, 2024	58.55	—	18.5	11.7	8.5
Fiscal year ended December 31, 2023	63.83	63.82	23.2	13.8	10.2

(2) Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2024	24,071	10,545	43.8	330.50
As of December 31, 2023	20,392	9,304	45.6	296.24

[Reference] Shareholders' equity: As of December 31, 2024: 10,545 million yen
As of December 31, 2023: 9,304 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended December 31, 2024	(516)	(338)	(1,054)	2,263
Fiscal year ended December 31, 2023	4,022	(385)	(4,280)	2,033

2. Dividends

	Dividend per share					Total dividends (annual)	Payout ratio	Ratio of dividends to net assets
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2023	—	0.00	—	32.00	32.00	1,005	50.1	11.6
Fiscal year ended December 31, 2024	—	0.00	—	34.00	34.00	1,084	58.1	10.8
Fiscal year ending December 31, 2025 (forecast)	—	0.00	—	35.00	35.00		53.2	

3. Financial Forecasts for the Fiscal Year Ending December 31, 2025 (January 1, 2025-December 31, 2025)

(Percentage figures indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Six months ending June 30, 2025	15,579	18.8	1,091	28.5	1,114	28.3	752	29.7	23.95
Fiscal year ending December 31, 2025	34,360	13.5	3,004	16.7	3,062	17.6	2,067	12.4	65.80

* Notes

(1) Changes in accounting policies, changes in accounting estimates and restatements

- (i) Changes in accounting policies due to revisions of accounting standards, etc.: No
- (ii) Changes in accounting policies other than (i): No
- (iii) Changes in accounting estimates: No
- (iv) Restatements: No

(2) Number of issued shares (common shares)

- (i) Number of issued shares at end of period under review (including treasury shares)
 - As of December 31, 2024 34,760,000 shares
 - As of December 31, 2023 34,760,000 shares
- (ii) Number of treasury shares at end of period under review
 - As of December 31, 2024 2,851,871 shares
 - As of December 31, 2023 3,351,871 shares
- (iii) Average number of shares during period under review
 - Fiscal year ended December 31, 2024 31,416,326 shares
 - Fiscal year ended December 31, 2023 31,397,054 shares

* Financial results are not subject to audit by certified public accountants or audit corporations.

* Notes concerning appropriate use of financial forecasts and other significant matters

Financial forecasts and other forward-looking statements in this release are based on data currently available to the Company and certain assumptions that the Company believes are reasonable. They are not intended as a guarantee that the Company will achieve such results. Actual results may differ materially from them for various reasons. For details of the assumptions used in the forecast of financial results and cautionary notes concerning appropriate use of the financial forecasts, please refer to “(4) Notes on Financial Forecasts and Other Forward-looking Statements” on page 7 of the Attachment.

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1. Overview of Operating Results, Etc.

(1) Overview of Operating Results for the Fiscal Year Under Review

During the fiscal year (21st term: January 1, 2024, to December 31, 2024), the Japanese economy continued a moderate recovery, supported by improvements in employment and income conditions and the effects of various policies, despite some stagnation in certain areas. However, risks such as the continuation of high interest rates in Europe and the United States and the stagnation of China's real estate market pose downward pressure on the Japanese economy. Concerns also include rising prices, U.S. policy trends, the Middle East situation, and fluctuations in financial and capital markets.

In the construction and housing industry, to which the company belongs, a partial revision of the law concerning the improvement of energy consumption performance of buildings to realize a decarbonized society was announced in June 2022. From April 2024, it became a voluntary obligation for businesses selling or renting houses and buildings to display energy-saving performance labels. This has heightened interest in energy-saving and insulation performance, and it is expected to promote the supply of high-performance houses and buildings. On the other hand, the number of new housing starts is on a declining trend, and the housing industry's environment remains challenging.

However, corporate capital investment is active, particularly in semiconductors and automotive-related sectors, with large-scale manufacturing facilities, commercial facilities, and high-rise apartment buildings under construction nationwide. Additionally, due to the aging of buildings constructed in the 1980s and 1990s, there is an increasing demand for waterproofing renovation work. Buildings that have exceeded the lifespan of their waterproof layers (approximately 20-30 years) are experiencing leaks and deterioration, necessitating renovations to maintain asset value. Strengthened regulations, earthquake countermeasures, and climate change responses are further expanding demand, and the spread of high-performance waterproofing materials and environmentally friendly products is also progressing. The increase in aging buildings is expected to drive market growth.

In this environment, the company leveraged the product strength of the "AQUA FOAM series," which achieves high insulation performance and airtightness, and the ultrarapid-hardening waterproofing material "AQUA HAJIKUN," along with its nationwide construction network, to actively pursue orders in each division. In the Single-family Homes Division, the company saw the expansion of energy-saving measures requiring high airtightness performance by local governments as an opportunity and differentiated itself by adding airtightness measurement services to insulation construction. As a result of efforts to expand market share by increasing the number of construction units, orders from large builders increased, and new large-scale projects began in December. However, due to sluggish orders from community-based construction companies, the number of construction units remained at 99% compared to the previous year. Nevertheless, it was evaluated as a commendable performance amid a significant decline in new housing starts for owner-occupied homes, with sales in this division amounting to 13,704 million yen.

In the Buildings Division, the company steadily acquired new demand for semiconductor factories, data center manufacturing facilities, commercial facilities, and high-rise apartments. However, during the cumulative period of the second quarter, the "2024 problem in the construction industry" (overtime work limit regulations) caused delays in some projects due to delays in preceding processes and shortages of raw materials, resulting in delays in starting construction. Although this issue was gradually resolved from the third quarter onward, the delays were not fully recovered, and sales in this division amounted to 9,499 million yen.

In the Waterproofing Division, the company strengthened its organizational structure and actively pursued corporate sales, handling roof renovation work for listed companies' facilities and parking lot waterproofing work for logistics warehouses. As a result, the proportion of non-residential sectors increased, and sales amounted to 719 million yen. Sales of urethane raw materials were 2,226 million yen, and sales in other divisions (auxiliary supplies, machinery, and others) amounted to 4,115 million yen.

(in million yen, %)

	20th fiscal year ended December 31, 2023	21st fiscal year ended December 31, 2024	Amount of change	Percentage change
Single-family Homes Division	13,798	13,704	(94)	(0.7)
Buildings Division	8,267	9,499	+1,231	+14.9
Waterproofing Division	489	719	+230	+47.1
Sales of Urethane Raw Materials	1,916	2,226	+310	+16.2
Other divisions	3,869	4,115	+245	+4.2
Total	28,341	30,265	+1,923	+6.8

As a result, net sales for the fiscal year amounted to 30,265 million yen, marking a 6.8% increase compared to the same period last year. Gross profit was 6,862 million yen, with a gross profit margin of 22.7%, which represents a decline of 1.8 percentage points year-on-year.

The main factors are as follows: In the Single-family Homes Division, efforts to expand market share with the aim of monopolizing spray urethane construction led to a 3.4 percentage point decrease in the gross profit margin compared to the same period last year. In the Buildings Division, thorough construction management and appropriate progress management for cost reduction and cash flow improvement resulted in a 0.8 percentage point improvement in the gross profit margin year-on-year.

Operating profit was 2,575 million yen, a decrease of 10.6% compared to the same period last year. The operating profit margin was 8.5%, down 1.7 percentage points year-on-year. Selling, general and administrative expenses were 4,286 million yen, an increase of 243 million yen from the same period last year.

The main reasons for the increase are as follows:

Increase in personnel expenses for expanding the construction system: 320 million yen

Increase in expenses related to trainees: 99 million yen

However, due to other cost-cutting effects, the SG&A ratio improved by 0.1 percentage point to 14.2% compared to the same period last year.

Ordinary profit was 2,604 million yen, a decrease of 10.7% year-on-year. Net income for the period was 1,839 million yen, down 8.2% from the same period last year. Although net sales reached a record high, this fiscal year was a year of upfront investment, including measures to expand market share, increased hiring to strengthen the construction system, and the establishment of logistics bases. Therefore, the record high profit is expected to be achieved in the following fiscal year and beyond.

(2) Overview of Financial Position for the Fiscal Year Under Review

(Total Assets)

The total assets at the end of the current fiscal year amounted to 24,071 million yen, an increase of 3,679 million yen, or 18.0%, compared to the end of the previous fiscal year.

(Current Assets)

Current assets at the end of the current fiscal year were 18,819 million yen, an increase of 3,346 million yen, or 21.6%, compared to the end of the previous fiscal year. This was mainly due to increases in notes and accounts receivable - trade, and contract assets by 1,719 million yen, accounts receivable - other by 1,204 million yen, and prepaid expenses by 99 million yen.

(Non-current Assets)

Non-current assets at the end of the current fiscal year were 5,251 million yen, an increase of 332 million yen, or 6.8%, compared to the end of the previous fiscal year. This was primarily due to an increase of 163 million yen in buildings and structures following the completion of the Miyazaki office, a 21 million yen increase from software acquisition, a 319 million yen increase in long-term prepaid expenses due to the disposal of treasury shares associated with the allocation of restricted stock to employees, a 96 million yen increase in insurance reserves included in investments and other assets, and a 66 million yen decrease in allowance for doubtful accounts. These were offset by a 239 million yen decrease in assets

due to depreciation, a 55 million yen decrease in construction in progress following the completion of the Miyazaki office, and a 39 million yen decrease in deferred tax assets.

(Total Liabilities)

Total liabilities at the end of the current fiscal year were 13,525 million yen, an increase of 2,438 million yen, or 22.0%, compared to the end of the previous fiscal year.

(Current Liabilities)

Current liabilities at the end of the current fiscal year were 13,415 million yen, an increase of 2,488 million yen, or 22.8%, compared to the end of the previous fiscal year. This was mainly due to an increase in short-term borrowings by 2,100 million yen and accounts payable - trade by 1,103 million yen, offset by decreases in outstanding payments by 237 million yen, consumption tax payable by 419 million yen, and income taxes payable by 232 million yen.

(Non-current Liabilities)

Non-current liabilities at the end of the current fiscal year were 109 million yen, a decrease of 49 million yen, or 31.1%, compared to the end of the previous fiscal year. This was primarily due to a decrease of 36 million yen in long-term payables included in other liabilities.

(Net Assets)

Net assets at the end of the current fiscal year were 10,545 million yen, an increase of 1,241 million yen, or 13.3%, compared to the end of the previous fiscal year. This was mainly due to a net income of 1,839 million yen, an increase in capital surplus by 102 million yen, and an increase in treasury shares by 303 million yen due to the disposal of treasury shares associated with the allocation of restricted stock to employees, offset by a decrease in retained earnings by 1,005 million yen due to dividend payments.

(Equity Ratio)

The equity ratio at the end of the current fiscal year was 43.8%, a decrease of 1.8% compared to the end of the previous fiscal year.

(Research and Development Activities)

The total amount of research and development expenses incurred by the company during the current fiscal year was 16 million yen. There were no significant changes in the status of research and development activities during the current fiscal year.

(3) Overview of Cash Flows for the Fiscal Year Under Review

Cash and cash equivalents (hereinafter referred to as "funds") for the fiscal year increased by 230 million yen compared to the end of the previous fiscal year, reaching 2,263 million yen (2,033 million yen in the same period of the previous year).

(Cash flows from operating activities)

Net cash used in operating activities for the fiscal year was 516 million yen (compared to an increase of 4,022 million yen in the same period of the previous year). This was mainly due to an increase in funds from profit before tax of 2,598 million yen, depreciation of 239 million yen, and an increase in accounts payable of 1,174 million yen. However, there was a decrease in funds due to a reduction in allowance for doubtful accounts of 93 million yen, an increase in trade receivables of 1,858 million yen, an increase in accounts receivable - other of 1,228 million yen, a decrease in unpaid consumption taxes of 419 million yen, and income taxes paid amounting to 945 million yen.

(Cash flows from investing activities)

Net cash used in investing activities for the fiscal year was 338 million yen (compared to a decrease of 385 million yen in the same period of the previous year). This was primarily due to expenditures of 182 million yen for the acquisition of property, plant and equipment, 26 million yen for the acquisition of intangible assets, 96 million yen for insurance reserve funds, and 41 million yen for loans to affiliated companies.

(Cash flows from financing activities)

Net cash used in financing activities for the fiscal year was 1,084 million yen (compared to a decrease of 4,280 million yen in the same period of the previous year). This was mainly due to a net increase in short-term borrowings of 2,100

million yen and expenditures of 1,005 million yen for dividend payments.

(4) Notes on Financial Forecasts and Other Forward-looking Statements

In light of the current economic recovery, amendments to laws and regulations related to housing and buildings, subsidies and preferential tax systems for energy conservation, and support measures such as low-interest loans, we are advancing the following initiatives to meet the growing demand for insulation materials and achieve our sustainable development:

1. Company-wide Initiative

i. Medium-Term Management Plan

On February 14, 2024, we formulated the medium-term management plan "3 Pillars of Stability" covering fiscal years 2024 to 2026. The target management indices are as follows:

- Sustainable growth rate: 10%
- Operating income ratio: 10%
- ROE (Return on Equity): 20%
- Dividend payout ratio: 50%

Furthermore, from the fiscal year ending December 2025, we aim to introduce a progressive dividend system to ensure stable dividends (maintenance and increase) through profit growth. The sales target for the fiscal year ending December 2026 is 37,000 million yen, with an ordinary profit target of 3,405 million yen. For more details, please refer to the "Notice on the Revision of the Medium-Term Management Plan" disclosed separately today. The forward-looking statements are based on information currently available and the judgment of our management, and include known and unknown risks and uncertainties. Changes in the business environment, market trends, and other factors may prevent these forecasts from being realized. Potential risks and uncertainties are described in the securities report "Section 2: Business Status 3: Business Risks," but are not limited to these.

ii. Initiatives for Sustainability

Based on our management philosophy of "Contributing to society by creating a housing environment that is friendly to people and the earth," we are focusing on reducing CO2 emissions from housing and buildings through the "AQUA FOAM series" and recycling polyurethane insulation materials, contributing to the realization of a sustainable society.

iii. Increase in Construction Personnel and Establishment of a Strong Construction System

For our sustainable growth and to maintain competitiveness, increasing construction personnel and establishing a strong construction system are essential. We are focusing on developing construction personnel with the appropriate skills to provide high-quality construction and improve customer satisfaction. Specific measures include:

- Improving work-life balance by introducing weekends off
- Revising the salary system and expanding various allowances to increase wages
- Promoting regional employment and establishing new offices and warehouses to achieve proximity between work and residence
- Building career paths tailored to management, specialists, and those with an independent mindset
- Ensuring thorough safety management through training and safety conferences conducted by specialized departments
- Strengthening the acceptance system for technical interns and expanding training and development programs

iv. Maintaining Prime Market Listing and Management with Awareness of Capital Costs and Stock Prices

We submitted a "Plan to Meet the Continued Listing Criteria for New Market Segments" on December 20, 2021, and disclosed the "Progress and Update of the Plan to Meet the Continued Listing Criteria (Change of Plan Period)" on March 14, 2024. Furthermore, on January 14, 2025, we disclosed the "Progress on the Plan to Meet the Continued Listing Criteria." Our estimates indicate that we will meet the continued listing criteria for the Prime Market by the end of December 2024. We will continue to strive to gain appropriate evaluation in the stock market and improve stock liquidity, regularly conducting analyses of capital costs and market evaluations. We will feedback opinions and concerns obtained through dialogue with shareholders and investors to the management and the Board of Directors, aiming to enhance evaluation in the stock market.

2.About Full-Year Financial Forecasts

The financial forecasts for the fiscal year ending December 2025 (22nd term) are detailed in the summary information

"3. Financial Forecasts for the Fiscal Year Ending December 2025." The sales forecasts by item are as follows.

(in million yen, %)

	21th fiscal year ended December 31, 2024	22nd fiscal year ending December 31, 2024	Amount of change	Percentage change
Single-family Homes Division	13,704	14,435	+931	+5.3
Buildings Division	9,499	11,881	+2,382	+25.1
Waterproofing Division	719	1,500	+780	+108.3
Sales of Urethane Raw Materials	2,226	2,398	+171	+7.7
Other divisions	4,115	4,145	+30	+0.7
Total	30,265	34,360	+4,095	+13.5

2. Basic Policy on Selection of Accounting Standards

The Company prepares its financial statements based on Japanese GAAP in order to ensure the compatibility of financial statements by term. With respect to the future adoption of International Financial Reporting Standards (IFRS), the Company plans to carefully consider the adoption, taking into account the trend regarding the accounting standards in Japan.

3. Financial Statements and Primary Notes

(1) Balance Sheet

(in thousand yen)

	As of December 31, 2023	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	2,033,275	2,263,300
Notes and accounts receivable - trade, and contract assets	6,397,773	8,117,202
Electronically recorded monetary claims	1,098,484	1,142,650
Merchandise	269,311	266,746
Raw materials and supplies	1,939,772	1,955,310
Advance payments to suppliers	26,491	24,512
Prepaid expenses	63,171	162,635
Accounts receivable - other	3,648,780	4,853,360
Other	22,185	34,177
Allowance for doubtful accounts	(26,255)	-
Total current assets	15,472,989	18,819,894
Non-current assets		
Property, plant and equipment		
Buildings, net	2,146,508	2,180,027
Structures, net	156,424	150,395
Machinery and equipment, net	203,499	150,613
Vehicles, net	29,117	32,763
Tools, furniture and fixtures, net	55,420	48,154
Land	1,680,298	1,680,298
Leased assets, net	40,375	28,872
Construction in progress	55,568	-
Total property, plant and equipment	4,367,214	4,271,125
Intangible assets		
Leasehold interests in land	15,000	15,000
Software	54,842	53,657
Lease assets, net	15,344	5,780
Software in progress	-	5,000
Other	468	429
Total intangible assets	85,654	79,868
Investments and other assets		
Investment securities	2,782	3,380
Shares of subsidiaries and associates	16,988	16,988
Investments in capital	560	560
Long-term loans payable to subsidiaries and affiliates	-	37,004
Long-term loans receivable from employees	1,847	1,726
Distressed receivables	67,643	13,733
Long-term prepaid expenses	7,533	326,614
Deferred tax assets	246,740	207,151
Leasehold and guarantee deposits	108,502	116,637
Other	80,943	177,627
Allowance for doubtful accounts	(67,250)	(470)
Total investments and other assets	466,292	900,953
Total non-current assets	4,833,596	5,251,947
Total assets	21,969,963	24,071,841

(in thousand yen)

	As of December 31, 2023	As of December 31, 2024
Liabilities		
Current liabilities		
Accounts payable - trade	6,453,005	7,556,639
Short-term borrowings	2,400,000	4,500,000
Lease liabilities	20,978	13,497
Accounts payable - other	712,279	474,579
Accrued expenses	216,986	283,713
Income taxes payable	524,841	292,298
Consumption tax payable	452,446	32,775
Advances received	57,155	48,384
Deposits received	33,179	49,551
Provision for bonuses	25,030	33,297
Other	31,974	131,250
Total current liabilities	10,927,879	13,415,988
Non-current liabilities		
Lease liabilities	26,173	12,676
Asset retirement obligations	39,773	40,005
Other	93,677	57,257
Total non-current liabilities	159,625	109,939
Total liabilities	14,003,399	13,525,927
Net assets		
Shareholders' equity		
Share capital	1,903,649	1,903,649
Capital surplus		
Legal capital surplus	1,883,649	1,883,649
Other capital surplus	28,811	131,726
Total capital surplus	1,912,460	2,015,375
Retained earnings		
Other retained earnings		
Retained earnings brought forward	7,523,317	8,357,887
Total retained earnings	7,523,317	8,357,887
Treasury shares	(2,035,153)	(1,731,568)
Total shareholders' equity	9,304,273	10,545,343
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	372	570
Total valuation and translation adjustments	372	570
Total net assets	9,304,646	10,545,914
Total liabilities and net assets	20,392,151	24,071,841

(2) Income Statement

(in thousand yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Net sales	28,341,797	30,265,345
Cost of sales	21,417,361	23,403,300
Gross profit	6,924,436	6,862,045
Selling, general and administrative expenses	4,042,463	4,286,356
Operating profit	2,881,973	2,575,689
Non-operating income		
Interest income	23,658	35,709
Insurance claim income	4,087	4,077
Insurance claim income	4,321	4,686
Surrender value of insurance policies	6,527	-
Other	10,544	12,317
Total non-operating income	49,140	56,791
Non-operating expenses		
Compensation expenses	-	7,300
Interest expenses	13,790	20,111
Other	275	935
Total non-operating expenses	14,066	28,346
Ordinary profit	2,917,047	2,604,134
Extraordinary income		
Gain on sale of non-current assets	2,059	7,111
Total extraordinary income	2,059	7,111
Extraordinary losses		
Loss on retirement of non-current assets	7,905	12,617
Total extraordinary losses	7,905	12,617
Profit before income taxes	2,911,201	2,598,628
Income taxes - current	919,695	719,497
Income taxes - deferred	(12,681)	39,501
Total income taxes	907,013	758,998
Profit	2,004,188	1,839,630

(3) Non-consolidated Statements of Changes in Net Assets

Previous fiscal year (from January 1, 2023 to December 31, 2023)

(in thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of the period	1,903,649	1,883,649	1,624	1,885,273
Changes of items during the period				
Dividend of surplus				
Disposal of treasury shares			27,186	27,186
Profit				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	27,186	27,186
Balance at end of current period	1,903,649	1,883,649	28,811	1,912,460

	Shareholders' equity			Valuation, translation adjustments and others	Share acquisition right	Total net assets
	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gains on securities		
	Retained earnings other					
	Retained earnings brought forward					
Balance at beginning of the period	6,270,636	(2,093,016)	7,966,543	20	-	7,966,564
Changes of items during the period						
Dividend of surplus	(751,507)		(751,507)			(751,507)
Disposal of treasury shares		57,863	85,050			85,050
Profit	2,004,188		2,004,188			2,004,188
Net changes in items other than shareholders' equity				352	-	352
Total changes during period	1,252,680	57,863	1,337,730	352	-	1,338,082
Balance at end of current period	7,523,317	(2,035,153)	9,304,273	372	-	9,304,646

Current fiscal year (from January 1, 2024 to December 31, 2024)

(in thousand yen)

	Shareholders' equity			
	Share capital	Capital surplus		
		Legal capital surplus	Other capital surplus	Total capital surplus
Balance at beginning of the period	1,903,649	1,883,649	28,811	1,912,460
Changes of items during the period				
Dividend of surplus				
Disposal of treasury shares			102,915	102,915
Profit				
Net changes in items other than shareholders' equity				
Total changes during period	-	-	102,915	102,915
Balance at end of current period	1,903,649	1,883,649	131,726	2,015,375

	Shareholders' equity			Valuation, translation adjustments and others	Share acquisition right	Total net assets
	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized gains on securities		
	Retained earnings other					
	Retained earnings brought forward					
Balance at beginning of the period	7,523,317	(2,035,153)	9,304,273	372	-	9,304,646
Changes of items during the period						
Dividend of surplus	(1,005,060)		(1,005,060)			(1,005,060)
Disposal of treasury shares		303,584	406,500			406,500
Profit	1,839,630		1,839,630			1,839,630
Net changes in items other than shareholders' equity				197	-	197
Total changes during period	834,569	303,584	1,241,069	197	-	1,241,267
Balance at end of current period	8,357,887	(1,731,568)	10,545,343	570	-	10,545,914

(4) Cash Flow Statement

(in thousand yen)

	Fiscal year ended December 31, 2023	Fiscal year ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	2,911,201	2,598,628
Depreciation	239,713	239,764
Increase (decrease) in allowance for doubtful accounts	271	(93,034)
Increase (decrease) in provision for bonuses	5,139	8,266
Interest income	(23,730)	(35,797)
Interest expenses	13,790	20,111
Insurance claim income	-	7,300
Surrender value of insurance policies	(4,087)	(4,077)
Gain from business consulting fee	(4,321)	(4,686)
Loss (gain) on sale and retirement of non-current assets	5,845	5,505
Decrease (increase) in trade receivables	(597,397)	(1,845,593)
Decrease (increase) in inventories	966,781	13,165
Decrease (increase) in distressed receivables	-	53,909
Increase (decrease) in trade payables	180,826	1,174,964
Surrender value of insurance policies	(6,527)	-
Increase (decrease) in accounts receivable - other	597,479	(1,228,473)
Decrease (increase) in accounts payable	179,235	(157,737)
Decrease (increase) in consumption taxes payable	586,981	(419,671)
Other, net	2,327	78,789
Subtotal	5,053,529	411,334
Interest and dividends received	23,730	35,797
Proceeds from insurance income	4,087	4,077
Proceeds from insurance surrender value	17,214	-
Proceeds from fiduciary obligation fee	4,321	4,686
Interest paid	(13,790)	(20,111)
Compensation expenses paid	-	(7,300)
Income taxes paid	(1,067,033)	(945,004)
Net cash provided by (used in) operating activities	4,022,059	(516,518)
Cash flows from investing activities		
Purchase of property, plant and equipment	(294,975)	(182,325)
Proceeds from sale of property, plant and equipment	9,348	19,580
Purchase of intangible assets	(24,755)	(26,638)
Purchase of investment securities	(299)	(313)
Purchase of insurance funds	(66,316)	(96,364)
Payments of loans receivable from subsidiaries and associates	-	(41,400)
Other, net	(8,205)	(10,950)
Net cash provided by (used in) investing activities	(385,204)	(338,411)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,600,000)	2,100,000
Repayments of long-term borrowings	(33,200)	-
Repayments of finance lease liabilities	(32,437)	(20,978)
Repayments of long-term payables	(14,515)	(51,572)
Proceeds from sale and leaseback transactions	10,022	62,565
Proceeds from sale and installment back transactions	56,209	-
Proceeds from issuance of share acquisition rights	3,020	-
Expenditure for acquisition of own share acquisition rights	(2,732)	-
Proceeds from disposal of treasury shares through exercise of share acquisition rights	84,762	-
Dividends paid	(751,507)	(1,005,060)
Net cash provided by (used in) financing activities	(4,280,378)	1,084,955
Net increase (decrease) in cash and cash equivalents	749,877	230,024
Cash and cash equivalents at beginning of period	1,926,921	2,033,275
Cash and cash equivalents at end of period	2,676,798	2,263,300

(5) Notes to Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Revenue Recognition Related)

Information breaking down revenue arising from contracts with customers

Our business is a single business of thermal insulation construction and related work, consisting of five types: insulation work for detached houses, insulation work for buildings, waterproofing, raw material sales, and others. Information breaking down revenue arising from contracts with customers is disclosed by type.

Previous fiscal year (from January 1, 2023 to December 31, 2023)

Information by product and service

(in thousand yen)

	Single-family Homes Division	Buildings Division	Waterproofing Division	Sales of Urethane Raw Materials	Other divisions	Total
Timing of transfer of goods or services						
At a point in time	13,798,765	-	489,513	1,916,037	3,869,573	20,073,888
Over a period of time	-	8,267,907	-	-	-	8,267,907
Revenue arising from contracts with customers	13,798,765	8,267,907	489,513	1,916,037	3,869,573	28,341,797
Net sales to external customers	13,798,765	8,267,907	489,513	1,916,037	3,869,573	28,341,797

(Note) Sales of goods include machinery sales of 914,904 thousand yen.

Current fiscal year (from January 1, 2024 to December 31, 2024)

Information by product and service

(in thousand yen)

	Single-family Homes Division	Buildings Division	Waterproofing Division	Sales of Urethane Raw Materials	Other divisions	Total
Timing of transfer of goods or services						
At a point in time	13,704,006	-	719,961	2,226,989	4,115,100	20,766,056
Over a period of time	-	9,499,286	-	-	-	9,499,286
Revenue arising from contracts with customers	13,704,006	9,499,286	719,961	2,226,999	4,115,100	30,265,345
Net sales to external customers	13,704,006	9,499,286	719,961	2,226,989	4,115,100	30,265,345

(Note) Sales of goods include machinery sales of 1,069,121 thousand yen.

(Segment Information, Etc.)

Our business is a single business of thermal insulation construction and related work, and there are no segments to be disclosed, so the description is omitted.

(Equity Method Profit and Loss, Etc.)

The affiliated companies we own are not significant in terms of profit standards and surplus fund standards, so the description is omitted.

(Per Share Information)

	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Current fiscal year (from January 1, 2024 to December 31, 2024)
Net assets per share	296.24 yen	330.50 yen
Basic earnings per share	63.83 yen	58.55 yen
Diluted earnings per share	63.82 yen	- yen

(Note) 1. For the current fiscal year, diluted earnings per share are not listed as there are no potential shares.

2. The basis for calculating basic earnings per share and diluted earnings per share is as follows.

Item	Previous fiscal year (from January 1, 2023 to December 31, 2023)	Current fiscal year (from January 1, 2024 to December 31, 2024)
Basic earnings per share		
(Basis for calculation)		
Profit (thousand yen)	2,004,188	1,839,630
Amount not attributable to ordinary shareholders (thousand yen)	-	-
Profit attributable to ordinary shares (thousand yen)	2,004,188	1,839,630
Average number of ordinary shares during the period (shares)	31,397,054	31,416,326
Diluted earnings per share		
(Basis for calculation)		
Adjustment to profit (thousand yen)	-	
Increase in ordinary shares (shares)	5,654	-
(Of which, share acquisition rights) (shares)	(5,654)	-

(Important Subsequent Events)

There are no applicable matters.