Corporate Presentation Material

April 03, 2025

Nippon Aqua Co., Ltd.

Tokyo Stock Exchange Prime Section #1429

JPX
PRIME
TOKYO

Agenda

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
Managing Director		Kazuhisa Nagata
Director		Koji Fujii
Director		Keiji Usami
Outside Director		Takeshi Kenmochi
Outside Director		Kenji Komatsu
Outside Director Full-time Audit and Supervisory Committee Member		Noriyuki Utsumi
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	612 people* (Non-consolidated)	*As of December 31, 2024

As of March 31, 2025

President Profile

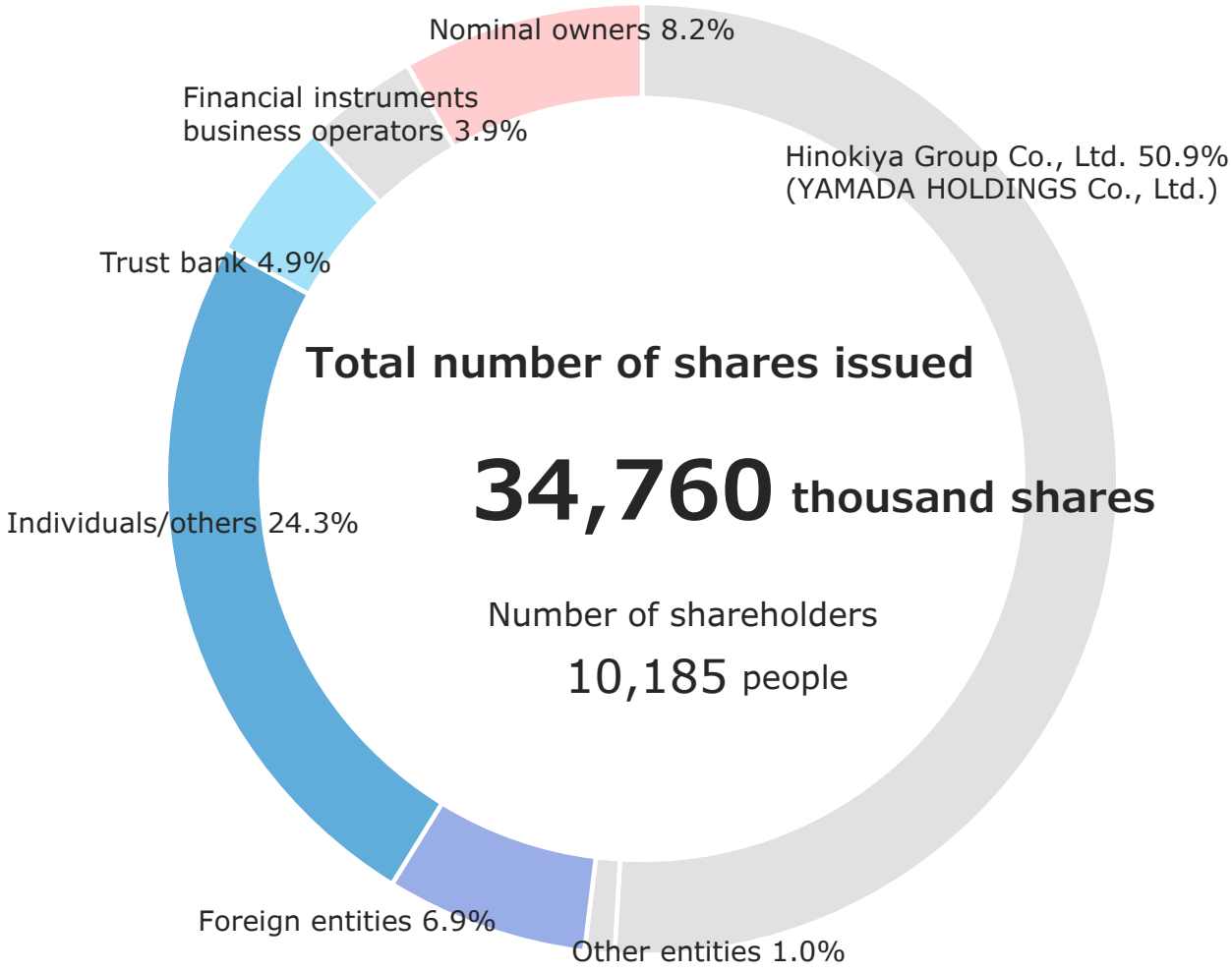
Fumitaka Nakamura

President & Representative Director
Founder

Date of birth : June 24, 1968

Mar. 1990	Joined Shinko Home Corporation
Dec. 1992	Joined INOAC Corporation
Mar. 2001	Joined Foam insulation Co., Ltd.
Oct. 2003	Joined BASF INOAC Polyurethanes Ltd.
Nov. 2004	Established Nippon Aqua Co., Ltd. Appointed as President

Distribution of Shares by Shareholder Type



Agenda

Main Products Handled

Our company mainly operates in construction sales, and is broadly divided into three departments according to the target of construction.

In addition, we also sell products such as auxiliary supplies, urethane raw materials, and urethane spraying machines.

45%

Single-family Homes Division

AQUA FOAM LITE, AQUA FOAM, AQUA FOAM NEO

Insulation construction and sales for single-family homes

New construction, renovation

31%

Buildings Division

AQUA FOAM NEO, AQUA MOEN NEO, AQUA BARRIER

Insulation construction and sales for buildings (buildings, apartments, commercial facilities, etc.)

3%

Waterproofing Division

AQUA HAJIKUN

Waterproof construction and sales for wooden detached houses and buildings, new construction, renovation

7%

Sales of Urethane Raw Materials

Sales of urethane raw materials for single-family homes and buildings

14%

Other Product Sales

Sales of auxiliary supplies (insulation-related products, consumables, etc.)

Sales of urethane spraying machines and parts, etc.

Company History

2004 AQUA FOAM

Founded by Fumitaka Nakamura (current President) as a company engaging in the installation and sales of insulation for single-family homes

2012 AQUA FOAM for buildings

Entered the insulation market for buildings

2013 Mothers

Listed on the Mothers Market of the Tokyo Stock Exchange

2014 Technical Center

Strengthened product development functions
Started manufacturing raw materials

2016 AQUA BLOW

Urethane materials recycling
Commercialized a blowing insulation product

2018 JPX 東証一部上場

Changed to the First Section of the Tokyo Stock Exchange

2019 Non-flammable insulation

Nippon Aqua's presence grew in the market for buildings

2020 AQUA HAJIKUN

The ultrarapid-hardening waterproofing
Entered the waterproofing market

2021 AQUA FOAM LITE

30% reduction in raw material usage (compared to AQUA FOAM)
Formulation using plant derived materials

2022 JPX PRIME TOKYO

Transitioned to the Prime Market of the Tokyo Stock Exchange

2023 AQUA BARRIER

Fireproof coating agent
Low cost, high adhesiveness, quick drying

NIPPON AQUA

Product Portfolio

Expanding around the core of two-component polyurethane

Polyol

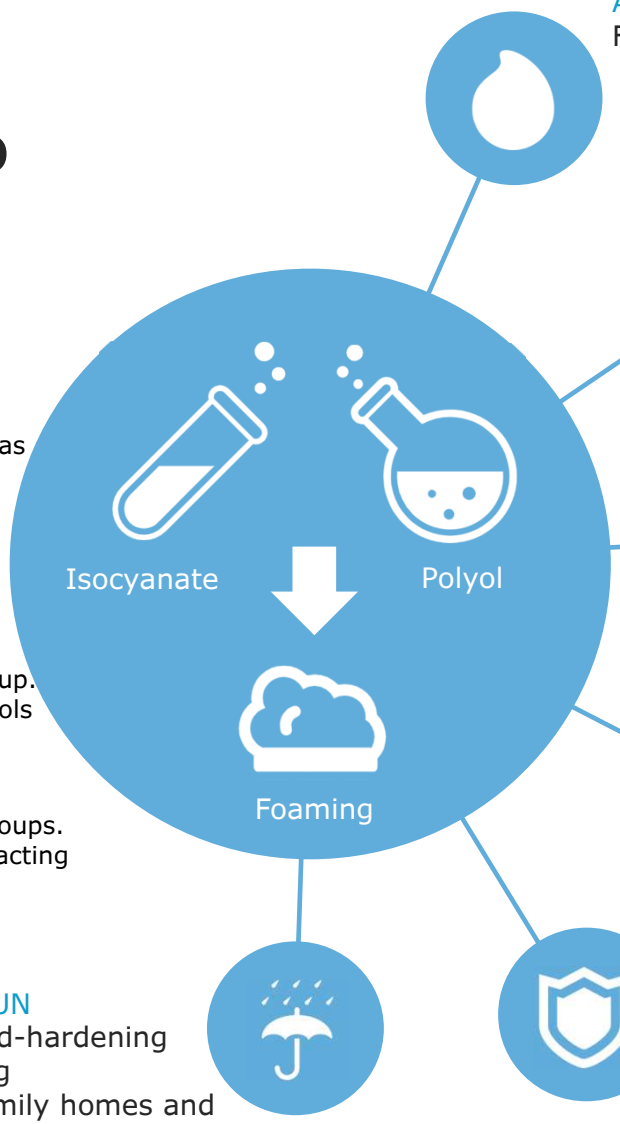
✓An organic compound with a hydroxyl group as the main ingredient.
✓By changing the molecular structure and molecular weight of polyols, the physical properties such as hardness and flexibility of urethane can be adjusted.

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.



AQUA FOAM
For single-family homes

AQUA FOAM LITE
For single-family homes

AQUA FOAM NEO
For single-family homes and concrete buildings

AQUA MOEN NEO
Non-flammable insulation
For concrete buildings

AQUA BARRIER
Fireproof coatings
For concrete buildings

AQUA HAJIKUN
The ultrarapid-hardening waterproofing
For single-family homes and concrete buildings

NIPPON AQUA

From Material Development to Installation and Recycling

Unique Business Model

Nationwide sales network

40 sites throughout Japan

Raw material development and quality management

Procurement source diversification and raw material storage and warehousing

Recycle blowing

Certified operator under the Ministry of the Environment's Wide Area Certification System
4 recycling plants

Product manufacturing

Fabless manufacturer

Construction quality management

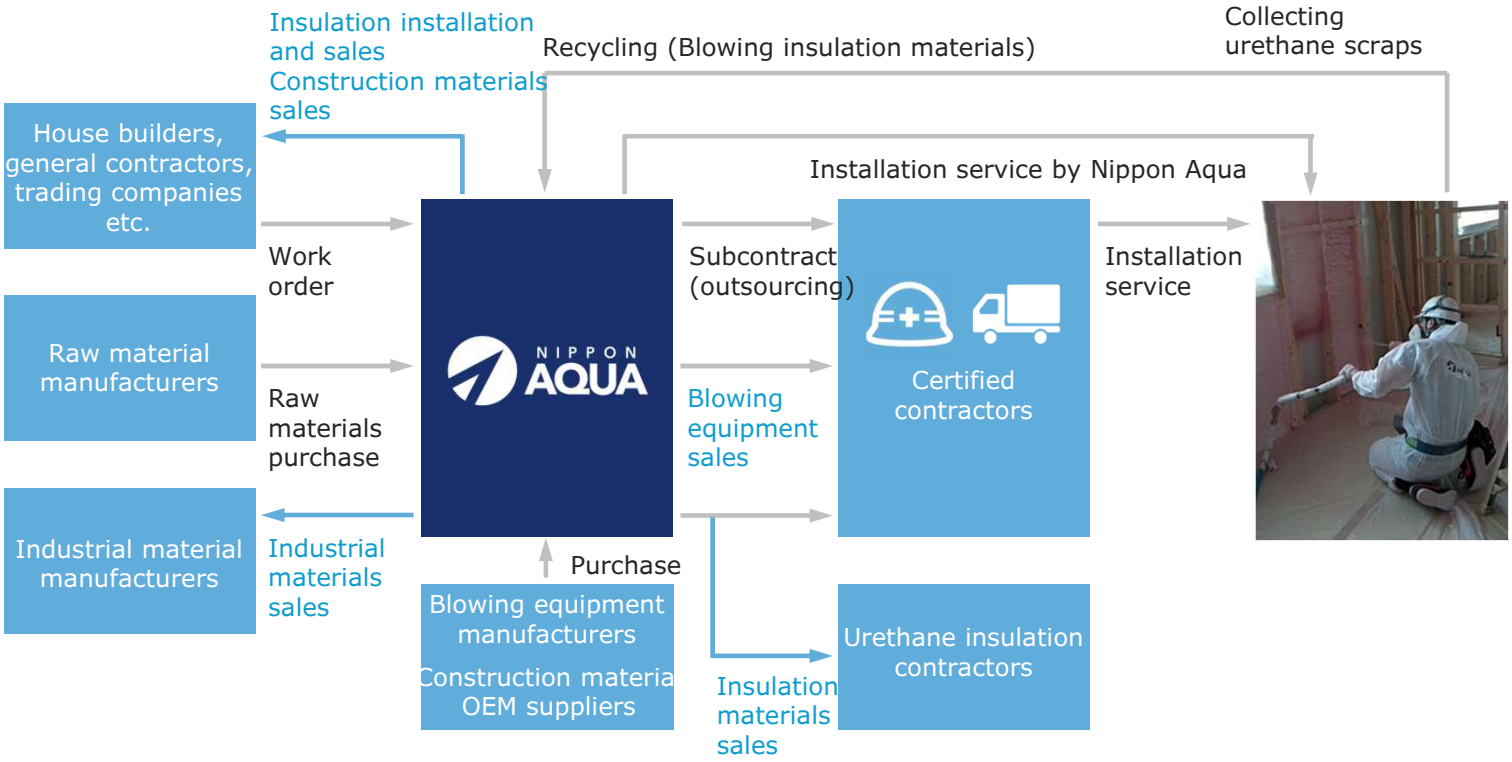
Ensuring work safety and construction quality

Nationwide construction network

In-house construction + certified contractors

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

Sources of Competitiveness

Net sales = **Number of orders received** × **Construction capabilities**

Number of orders received

- Number of projects
- ×
- Closing rate
- ×
- Construction unit price

Construction capabilities

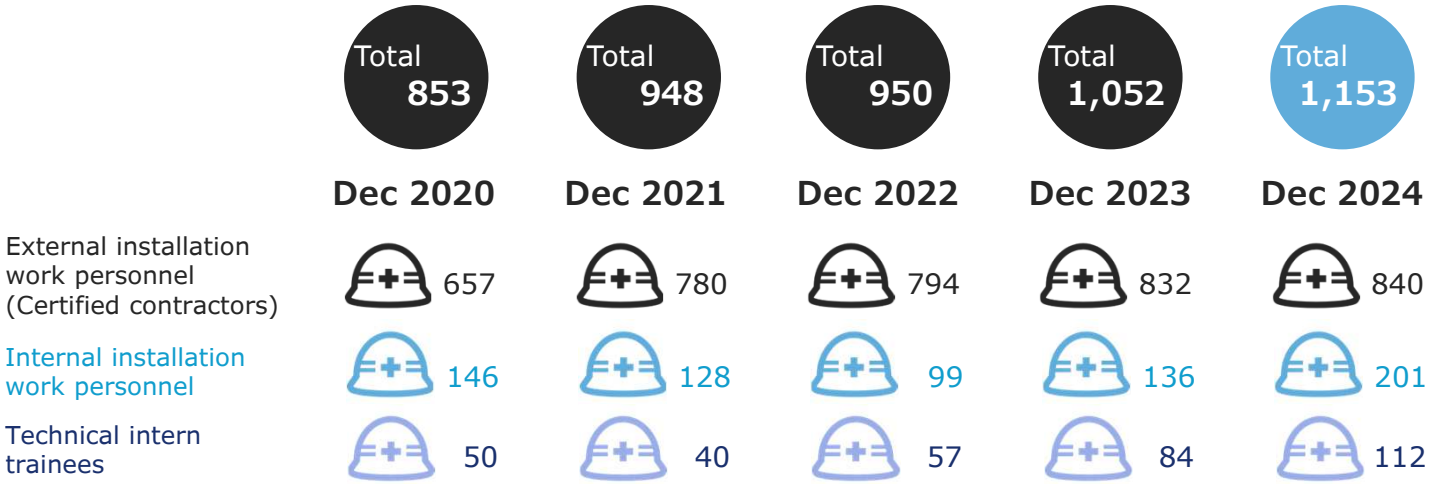
- Number of personnel
- ×
- Number of pieces of blowing equipment
- ×
- Operation rate

Construction Capability Trends

✓Aim to build an overwhelmingly superior system in terms of both quality and quantity compared to competitors.

✓Since 2023, we have been working to increase the number of certified contractor employees by 100 annually.

✓From 2025 onwards, we will further strengthen the recruitment of Nippon Aqua internal installation work personnel.



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

Complete weekends off

Leading the construction industry by introducing from January 2023, with certified contractors also following suit

High compensation and favorable conditions

Wage increases accompanying the expansion of various allowances such as metropolitan area allowances and child-rearing support allowances

Department responsible for training

Imparting urethane application techniques and know-how to employees of our company and certified contractors

Strengthen the Recruitment and Training of Internal Installation Work Personnel and Employees of Certified Contractors

Securing internal installation work personnel and certified contractors

Having our own property bases enhances trust in our company and facilitates recruitment activities and joining of certified contractors.

Community-based business activities

Strengthening relationships with leading construction shops in regions that are major customers of our company

Stockyard function

Achieving dynamic inventory management through having storage space for urethane raw materials, which are subject to significant price fluctuations

Effects of Opening Sales Offices (Logistics Bases)

Agenda

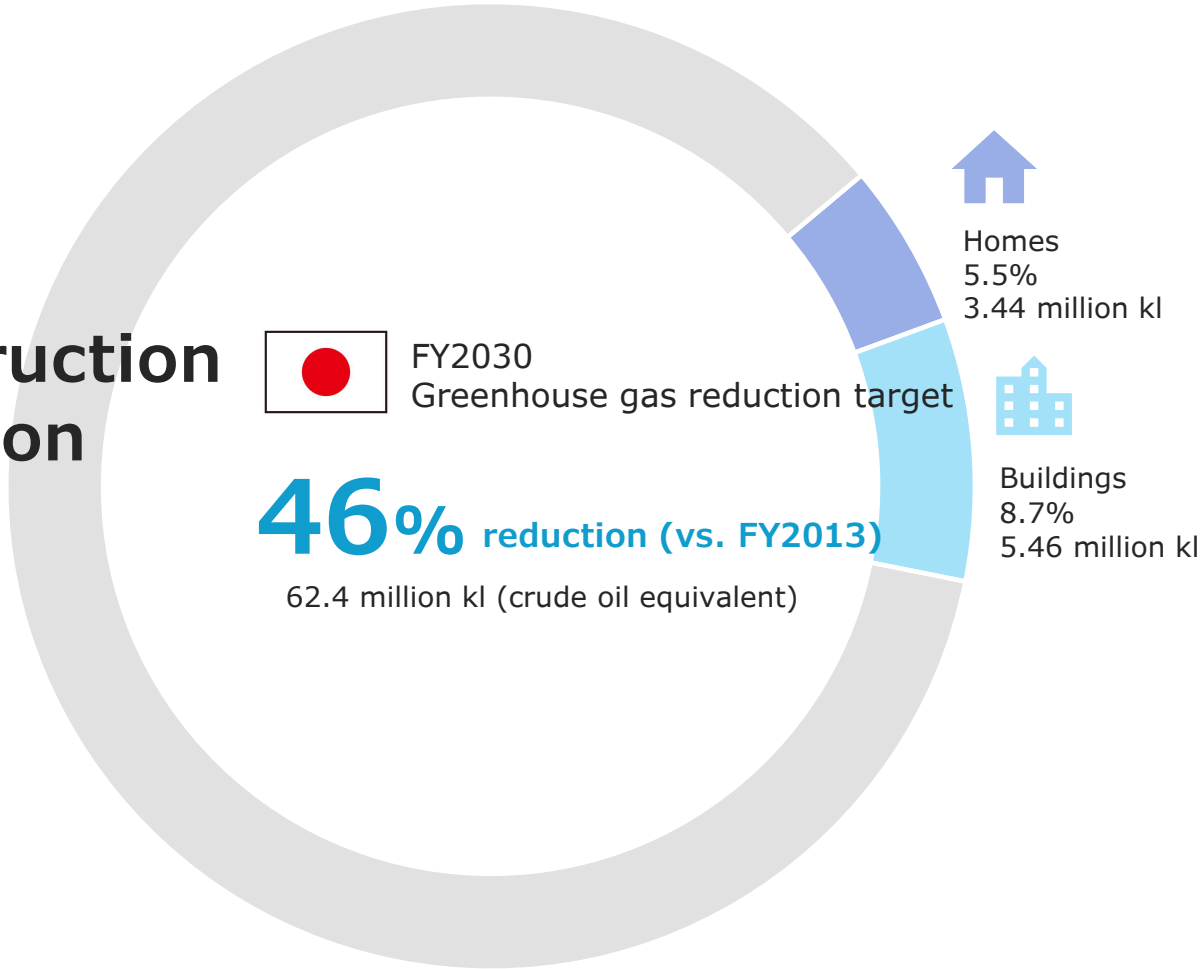
Home and Building Construction Aimed at Realizing a Carbon Free Society

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

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.

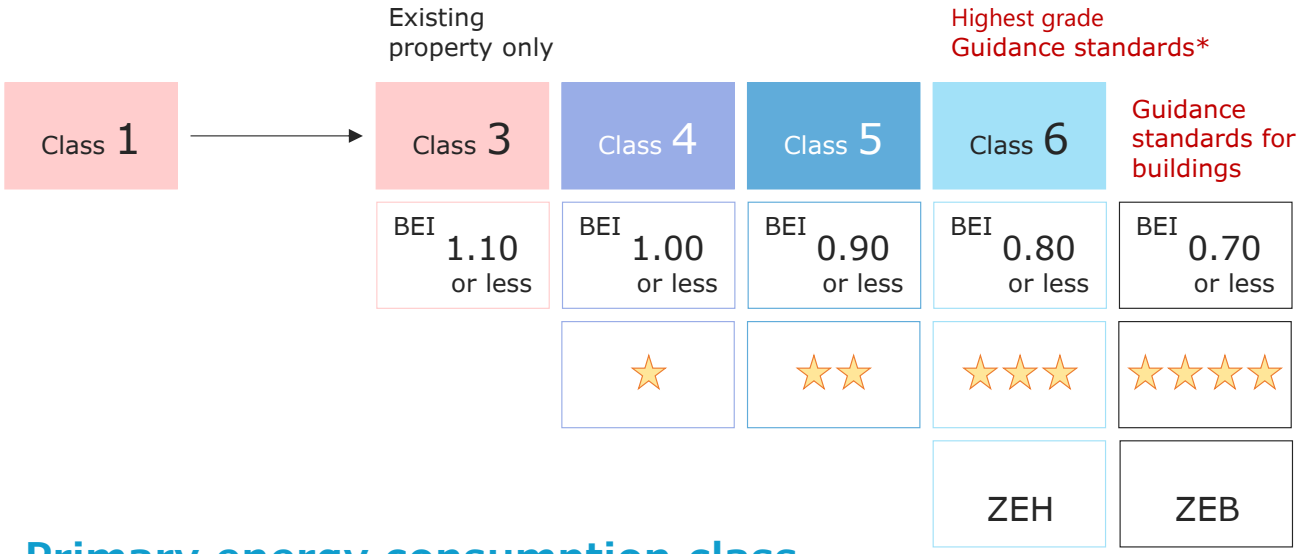
Implementation of energy-saving performance labeling.

Promotion by local governments.

Improvement in the performance of equipment and building materials.

Source: Created by Nippon Aqua based on the Ministry of Land, Infrastructure, Transport and Tourism's "Study Group on Energy Saving Measures for Housing and Buildings Towards a Decarbonized Society".

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

What is Insulation Performance?

	Class 1	Class 2	Class 3	Class 4	Class 5 (Guidance standards)	Class 6	Class 7 (Highest grade)
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			ηAC value 3.8	ηAC value 2.8	ηAC value 2.8	ηAC value 2.8	ηAC 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)

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

Source: Ministry of Land, Infrastructure, Transport and Tourism
* Home performance indication system based on the Housing Quality Assurance Act

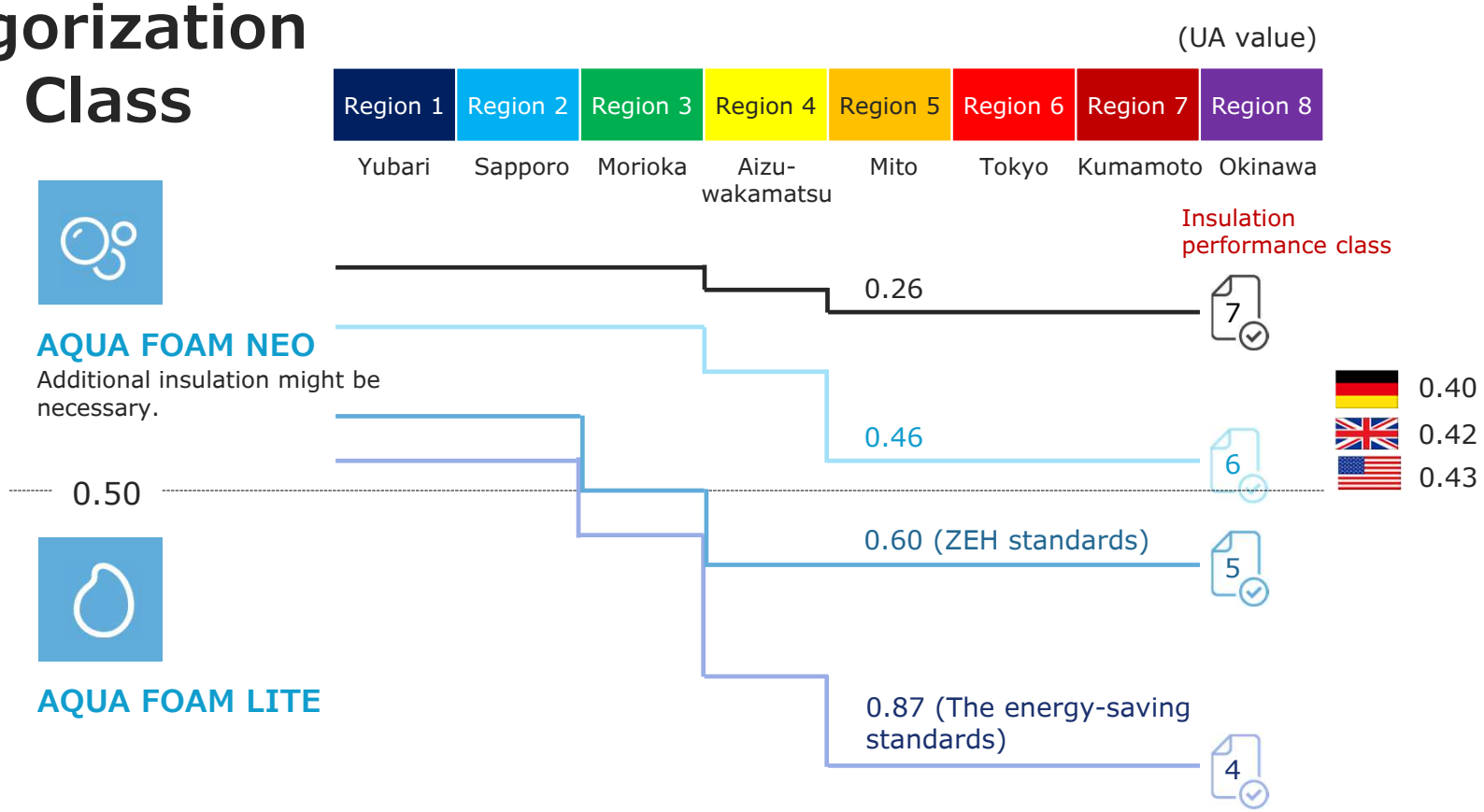
Regional Categorization and Insulation Class

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



Summarized by Nippon Aqua based on a publication by the Ministry of Land, Infrastructure, Transport and Tourism (new categorization effective from November 16, 2019), with the names of major cities

Difference in Specification between Insulation Classes

Region 6 such as Tokyo

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).

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).

Class 6

GX-oriented housing

AQUA FOAM*

AQUA FOAM NEO

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

Thermal insulated entrance door

For GX-oriented housing, 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.

Insulation Without Airtightness is Powerless.

Next-generation housing performance proposal supervised by Associate Professor Masayuki Maeyuki

Realizing future homes with Insulation Class 6.5+αand airtightness measurement service

Insulation Class 6

Assuming the number of constructions in fiscal 2023 is 1

✓2024: 1.4 times

✓2025: 5.1 times (approximately 10% of all constructions)

Airtightness Measurement Services

Ratio to total number of constructions

✓2023: 4.4%

✓2024: 9.8%

✓2025: 20% (forecast)

Spread of Regulations Related to Airtightness Performance

$$\text{C value} = \frac{\text{Total gap area of the house (cm2)}}{\text{Total floor area (m2)}}$$

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)

Source: Created by Nippon Aqua from publicly available materials from each local government

Differences in Airtight Performance Directly Linked to Comfort

✓Adding insulation to the ceiling

✓Installation of internal windows

✓Insulation and airtight sealing on the floor (application of urethane foam)

Before insulation and airtight sealing renovation

✓Uneven temperatures within the room. (The temperature at foot level is low)

✓Due to insufficient airtight treatment, cold outside air enters.

After insulation and airtight sealing renovation

✓Small temperature differences inside the room.

✓Due to meticulous airtight treatment, there is little heat loss.

Image: © Associate Professor Masayuki Mae, Department of Architecture, Graduate School of Engineering, The University of Tokyo

Subsidies for New Houses with Insulation Class 6 or Higher

FY2025 "Child-rearing Green Housing Support Project“

Projects starting on or after November 22, 2024, are eligible.

				Reduction including renewable energy	2024 Child-rearing Eco Home	2025 Child-rearing Green Housing	
GX-oriented housing	All households are eligible	Class 6 more than	BEI 0.65 less than	100% more than	-	1,600,000 yen	Subsidies for Insulation Class 6 or higher
Long-term superior housing	Households with children, etc., are eligible	Class 5 more than	BEI 0.80 less than		1,000,000 yen	800,000 yen Rebuilding costs 1,000,000 yen	**Subsidies are reduced for Insulation Class 5 or lower**
ZEH standard housing		Class 5 more than	BEI 0.80 less than		800,000 yen	400,000 yen Rebuilding costs 600,000 yen	

Expansion of Opportunities for Insulation Retrofit in Renovations

FY2025 "Child-rearing Green Housing Support Project“

Projects starting on or after November 22, 2024, are eligible.

Three types of mandatory construction

Insulation retrofit of openings

Insulation retrofit of the building structure

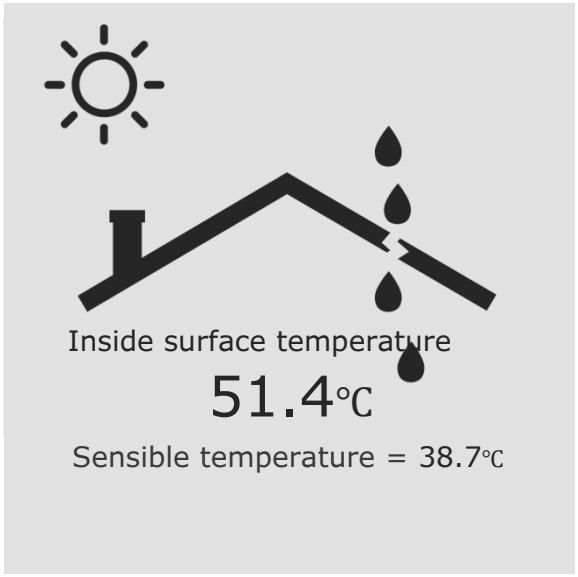
Installation of eco-friendly housing equipment

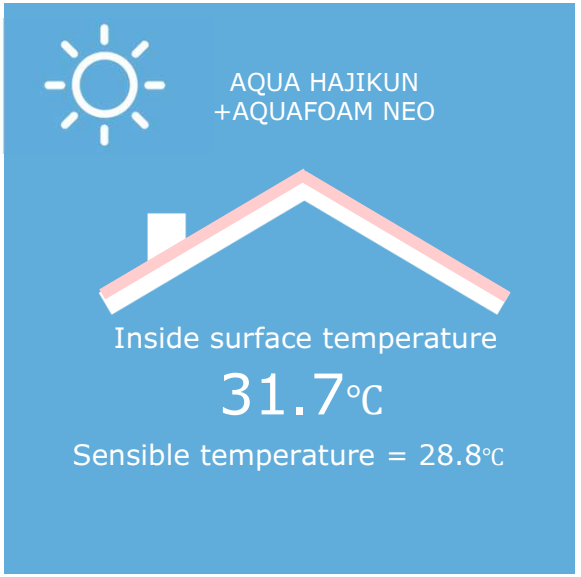
	2024 Child-rearing Eco Home	2025 Child-rearing Green Housing
Three types of mandatory construction	One or more types	Two or more types
All households are eligible	400,000 yen	Implementation of all three types 600,000 yen
		Implementation of two types 400,000 yen
Households with children, etc., are eligible	600,000 yen	

From 2025, two or more types of construction will be required, leading to an expansion of opportunities for "insulation retrofit of the building structure."

Until 2024, "insulation retrofit of openings (windows)" will account for the majority.

Simultaneous Implementation of Leak-proofing and Solar Radiation Measures



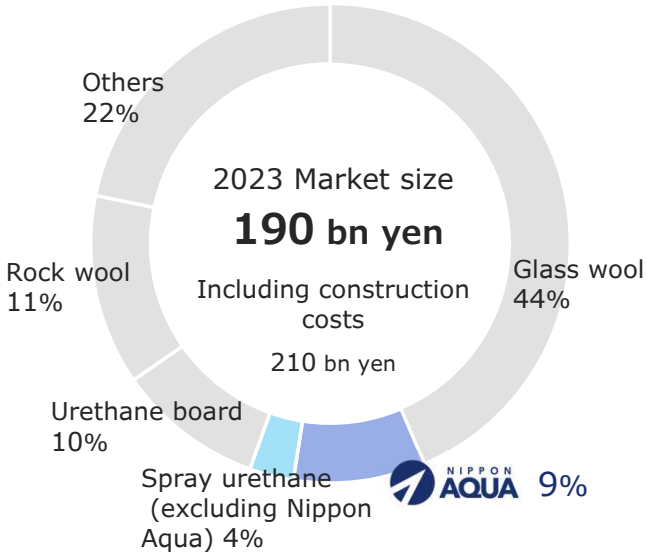


*The building's exterior surface temperature and inside surface temperature are simulation results under given conditions and do not guarantee actual temperatures.
*Heat exchange calculation for the building's exterior surface: "Latest Architectural Environmental Engineering Revised 3rd Edition" by Toshihiro Tanaka, Hitoshi Takeda, Takao Tsuchiya, Toshie Iwata, Michihito Terao, published by Inoue Shoten, 6. Building Heat Transfer 6-3. Heat Exchange of Building Exterior Surface (1) Heat Exchange of Exterior Wall Surface and SAT *Outdoor surface heat transfer coefficient 25 (W/㎡·K) *Indoor surface heat transfer coefficient 11 (W/㎡·K) *Sensible temperature is a rough estimate calculated simply as (surface temperature + room temperature) /2. The actual sensible temperature is not guaranteed.

Agenda

Insulation Material Market for Single-family Homes

The insulation material market for single-family homes is expected to increase slowly, despite the long-term decrease in the number of new housing starts, due to the increase in the use and amount of insulation materials due to the expansion of high insulation needs for houses.



Source: Created by Nippon Aqua based on data from the Ministry of Land, Infrastructure, Transport and Tourism, Yano Research Institute, Fuji Keizai, and the Glass Fiber Association

(13.5)%

- ✓The number of new housing starts is decreasing in the long term.
- ✓It is expected to decrease by 13.5% from 860,000 in 2022 to 744,000 in 2030.

Source: Survey on the housing market in 2030 (Yano Research Institute, May 24, 2023)

100%

- ✓ZEH rate in new custom-built single-family homes.
- ✓Under the carbon neutral policy, the ZEH rate will achieve 100% by 2030 from 26.8% in 2021.

Source: Survey on the housing market in 2030 (Yano Research Institute, May 24, 2023)

3.4 times

- ✓The number of thermal insulation contractors (including urethane spray insulation work) has increased more than threefold from 6,794 in 2000 to 23,341 in 2023.

Source: Results of the survey on the number of construction business licensees (Ministry of Land, Infrastructure, Transport and Tourism, May 24, 2023)

For single-family homes

AQUA FOAM
AQUA FOAM LITE

Foams with the power of water

High airtightness with on-site foaming

Long-term stability due to self-adhesiveness

For single-family homes

AQUA BLOW

Recycling plants in four locations nationwide

Sendai (Sendai City, Miyagi Prefecture)
Kanto (Shiroi City, Chiba Prefecture)
Kansai (Tamba City, Hyogo Prefecture)
Kyushu (Chikugo City, Fukuoka Prefecture)

1. Debris generated by on-site application and trimming

As a result of urethane insulation application, urethane debris is generated

2. Collection and transportation

Using the National Permit System, urethane debris is collected from construction sites nationwide

3. Processing and re-manufacturing

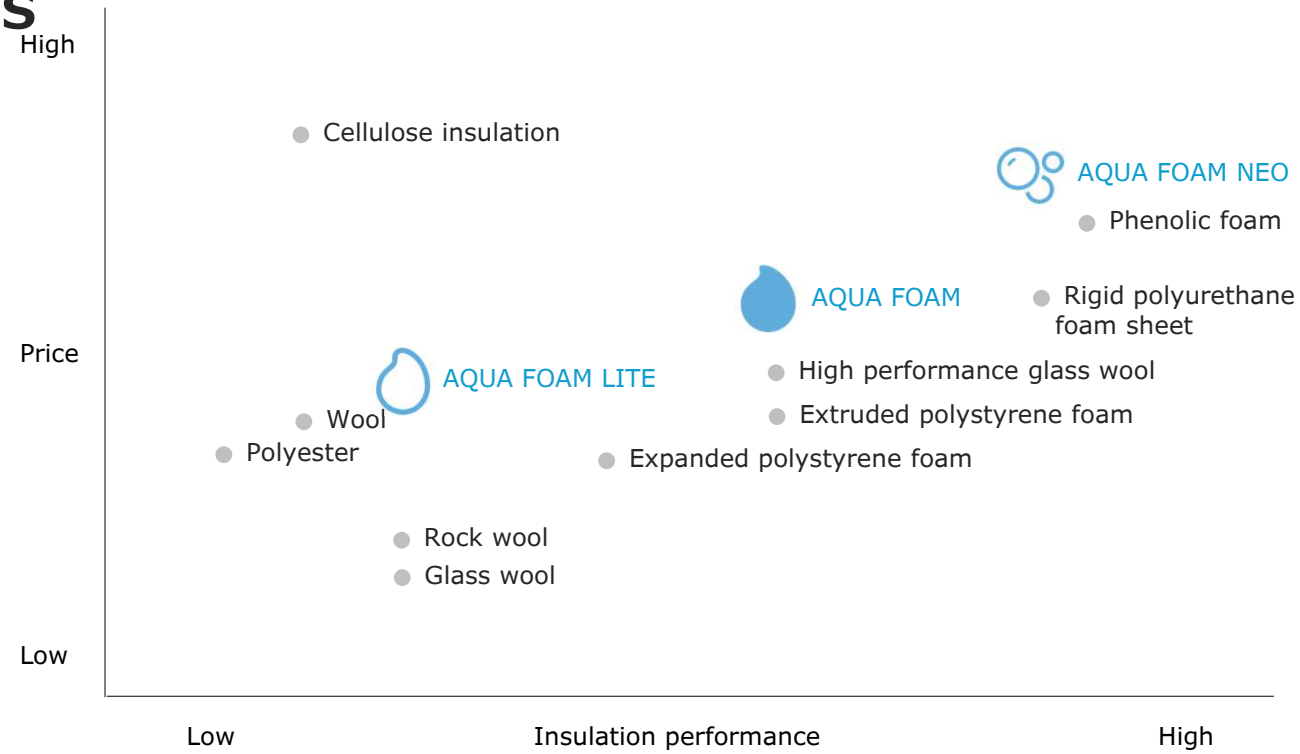
Recycling plants in four locations nationwide

Comparison with Competing Products

Insulation is a general term for things that reduce heat transfer and heat conduction due to their physical and chemical properties. It is also called thermal insulation material.

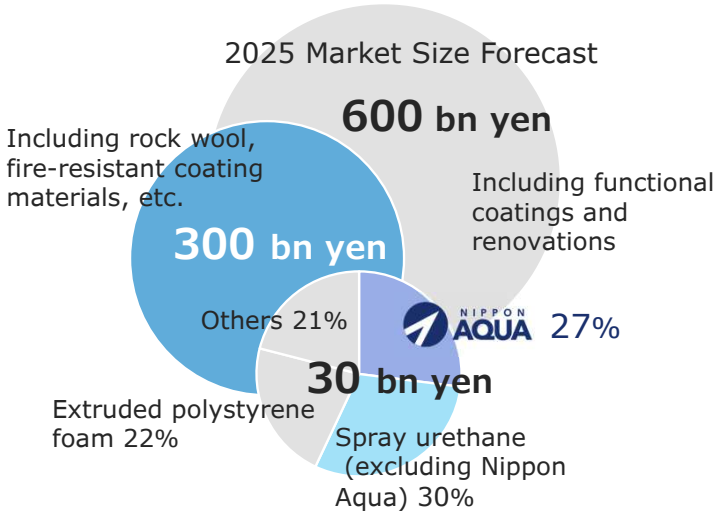
Building insulation is to block the heat transfer between the inside and outside of the room, making it difficult for the outside temperature to be transmitted to the inside.

Insulation materials are broadly classified into three categories: "fiber-based insulation materials", "foamed plastic-based insulation materials", and "natural material-based insulation materials".



Building Insulation Market

The building insulation market is expected to expand steadily due to robust demand from the eight major construction markets and the expanding ZEB market, as well as the growing need for non-flammable insulation.



Source: Created by Nippon Aqua based on data from the Ministry of Land, Infrastructure, Transport and Tourism, Yano Research Institute, Fuji Keizai, and the Glass Fiber Association

+8.1%

- ✓The eight major construction markets (residential, retail, office buildings, hotels, factories, logistics warehouses, schools, hospitals) continue to expand.
- ✓The planned construction cost is expected to increase by 8.1% from 22.4 trillion yen in 2021 to 24.3 trillion yen in 2025.

Source: Source: Survey on the eight major domestic construction markets
(Yano Research Institute, April 4, 2023)

3.9 times

- ✓The ZEB market is consistently growing.
- ✓Under the carbon neutral policy, the ZEB market (based on construction costs) will go from 3.0 trillion yen in 2023 to 12.0 trillion yen in 2030.
- ✓ZEB design plans are increasing at the moment.

Source: Survey on the ZEB market
(Yano Research Institute, August 31, 2023)

367/927 accidents (10 years)

- ✓Among the fires at construction sites (building construction),the majority are caused by welding and cutting operations.
- ✓About 100 fire accidents occur every year within the jurisdiction of the Tokyo Fire Department.

Source: Effective fire safety measures according to the stage of the building
(Tokyo Fire Department, March 14, 2023)

For single-family homes/For buildings

AQUA FOAM NEO

High fire resistance

Independent bubble structure

Uses HFO with zero global warming potential

The independent bubbles, due to their lack of connectivity, are resistant to moisture and air permeation, and the air within the bubbles is less likely to escape.

Non-flammable insulation for buildings

AQUA MOEN NEO

1. Sparks scatter 2. Fire spreads but 3. Does not spread widely

Short construction period due to single application

Single material

Previously, fireproof coating was sprayed on top of rigid urethane foam (two applications)

Fireproof coating

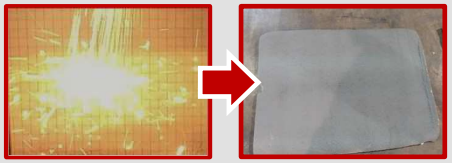
AQUA BARRIER

Avoids the risk of fire at construction sites due to welding/spark cutting

Low cost, high adhesiveness, quick-drying

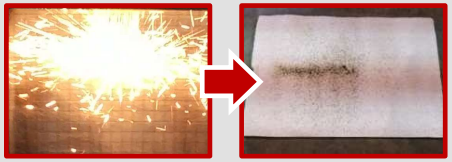
Combustion test

▶ With AQUA BARRIER



No change on the surface of the test body

▶ Without AQUA BARRIER



Sparks ignite, creating penetration holes

Proposing two lineups

▶ For low-cost measures

AQUA FOAM NEO
+ AQUA BARRIER

▶ For high non-flammability performance

AQUA MOEN NEO

Application examples

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 2024

✓Large-scale equipment investment related to semiconductors after 2024
(It does not promise our orders)

✓Urban redevelopment is accelerating nationwide

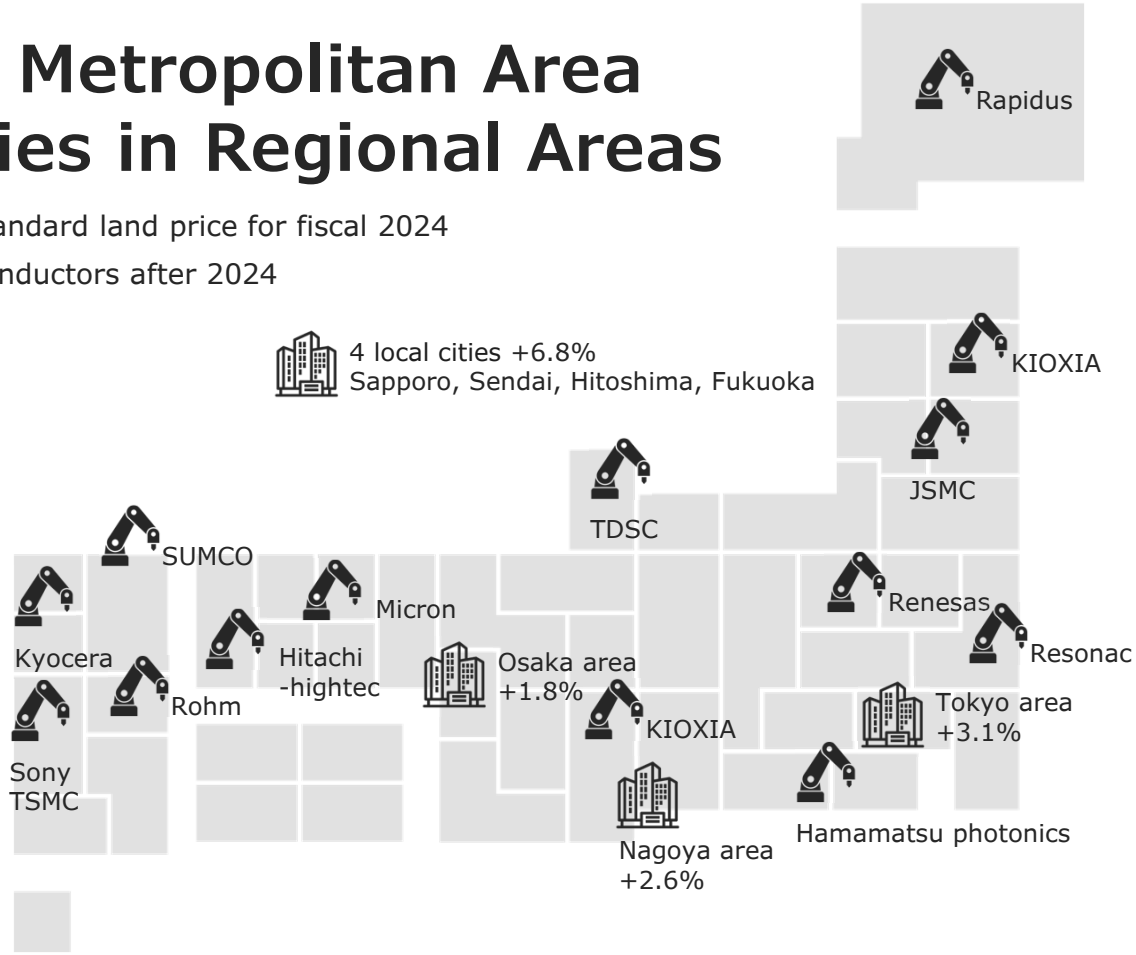
✓The three major metropolitan areas and four cities in the regions are particularly noticeable

✓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

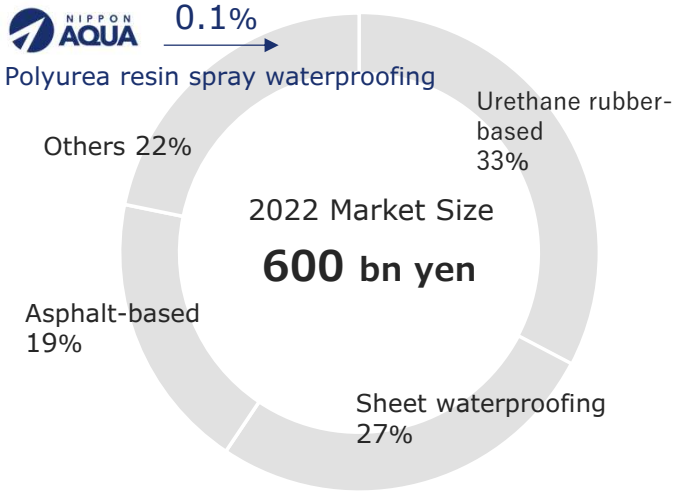
✓Large data centers (about 20 locations expected to open) are also promising targets



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.

Waterproofing Construction Market

The waterproofing construction market is expected to expand steadily due to the increasing number of new buildings and the renovation needs of buildings from the bubble era, as heavy rain is increasing in Japan.



Source: Created by Nippon Aqua based on data from the Japan Waterproofing Material Association

Approximately 2.0 times

✓From 2013 to 2022, heavy rain (1-hour precipitation of 80mm or more, 3-hour precipitation of 150mm or more, daily precipitation of 300mm or more) is approximately twice as much as around 1980.

Source: Nationwide (AMeDAS) annual occurrence of 1-hour precipitation of 50mm or more, 80mm or more, 100mm or more
(Japan Meteorological Agency website)

+8.0%

✓The market for planned repair work for common areas of condominiums (based on construction costs) will increase from 689.2 billion yen in 2020 to 744.4 billion yen in 2027.

✓Medium to long-term growth is expected due to the increase in the number of condominium stocks reaching the age for large-scale repair work.

Source: Conducted a survey on the condominium management market
(Yano Research Institute, April 6, 2022)

2.6 times

✓The number of waterproofing contractors has increased 2.6 times from 14,977 in 2000 to 38,914 in 2023.

Source: Results of the survey on the number of construction business licensees (Ministry of Land, Infrastructure, Transport and Tourism, May 24, 2023)

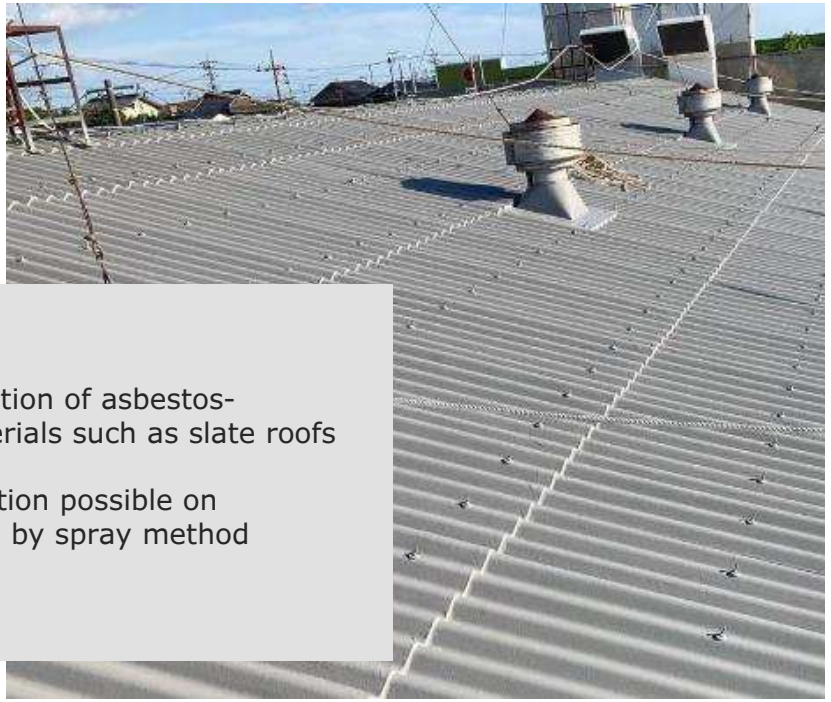
Ultra-fast curing waterproofing

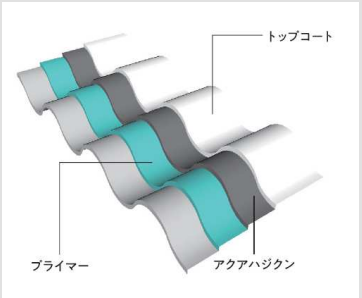
AQUA HAJIKUN

Ultra-fast curing: achieving short construction periods

Waterproofing: strong extensibility

Durability: up to 15 years warranty





Ideal for renovation of asbestos-containing materials such as slate roofs

Uniform application possible on complex shapes by spray method

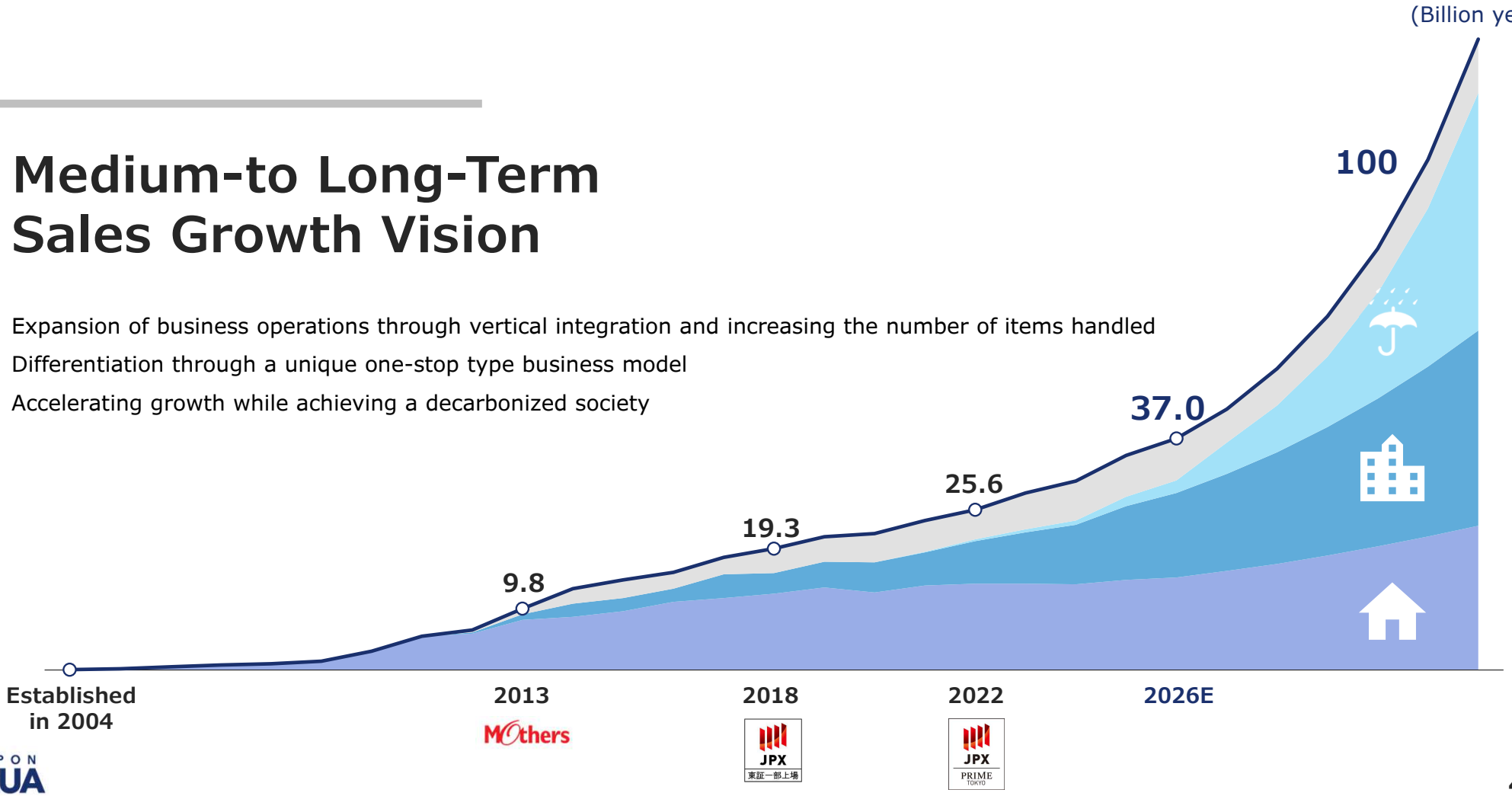
Agenda

Medium-to Long-Term Sales Growth Vision

Expansion of business operations through vertical integration and increasing the number of items handled

Differentiation through a unique one-stop type business model

Accelerating growth while achieving a decarbonized society

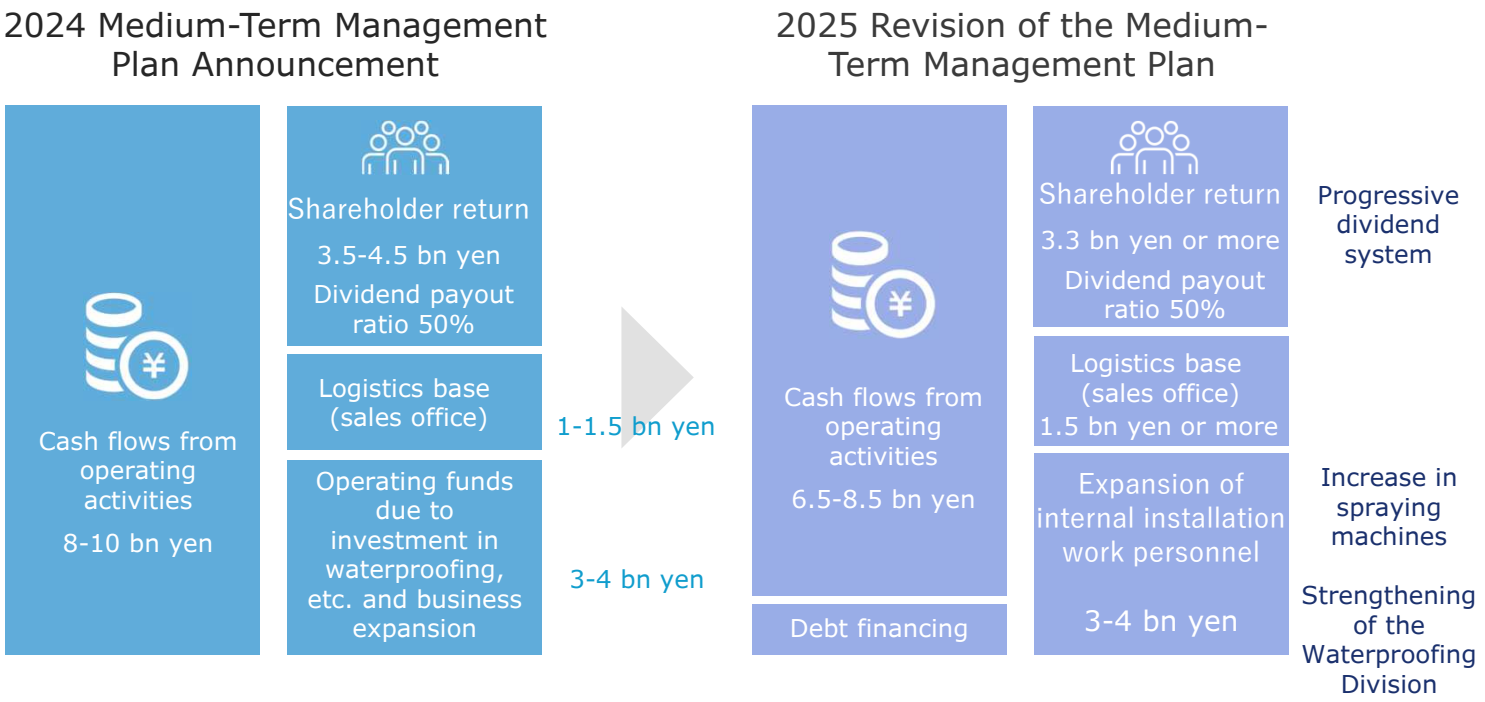


Cash Allocation

Our company is a construction firm, and due to the high proportion of construction sales, strengthening the construction system is essential for business growth.

Specifically, in addition to increasing construction personnel (such as internal installation work personnel) and expanding spraying machines, it is necessary to establish new logistics centers (business offices) and small warehouses as ancillary facilities.

Moreover, since our business model is structured with investment preceding returns, there may be instances where expenses precede in the income statement and cash flow.



✓Reduction in projected operating cash flow due to the revision of financial forecasts

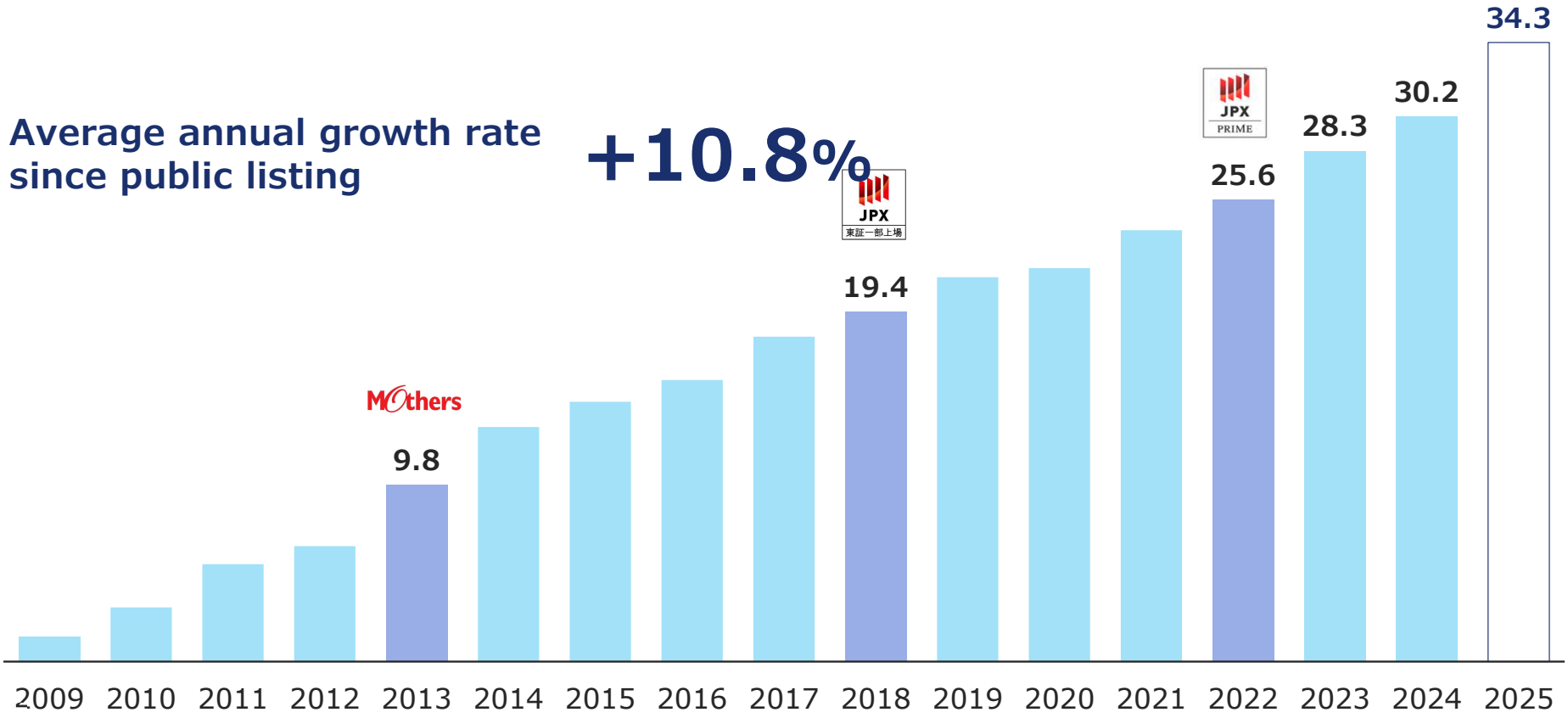
✓The reduction in projected operating cash flow is planned to be addressed with debt financing

✓Regarding shareholder returns, a progressive dividend system will be introduced, setting a minimum dividend

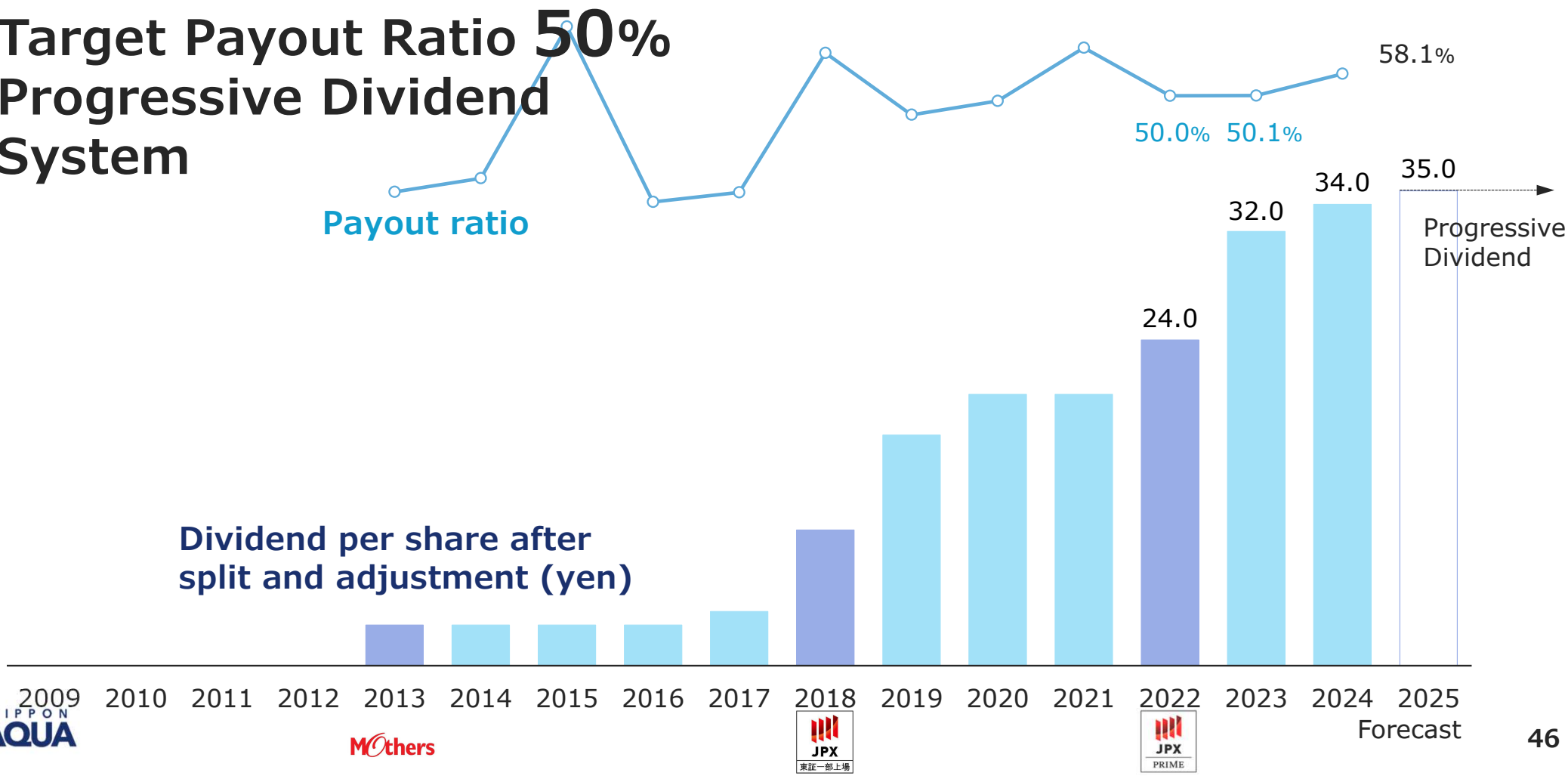
✓Accelerate the establishment of logistics centers (business offices) and small warehouses, and increase spraying machines

✓Due to the rise in land prices and construction costs, expenses related to logistics centers (business offices) are increasing

Sales Trend (B yen)



Target Payout Ratio 50%
Progressive Dividend System

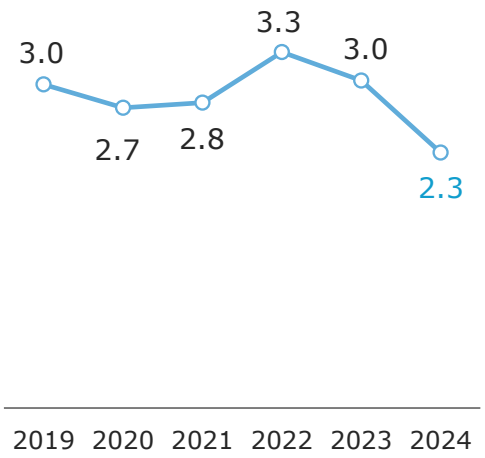


Action to Implement Management that is Conscious of Cost of Capital and Stock Price

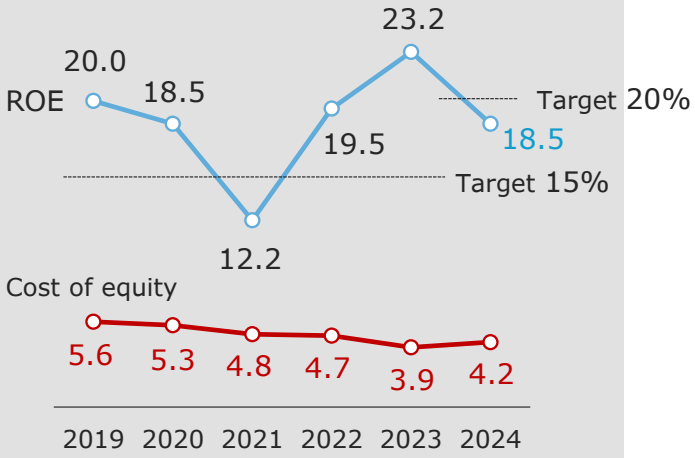
The P/B Ratio from 2019 to 2024 fluctuated between 2.3 times and 3.3 times. In 2024, it was 2.3 times, a decrease of 0.7 points from 2023.

The analysis of P/B Ratio into ROE and P/E Ratio indicates that both ROE and P/E Ratio declined in 2024 compared to 2023, affecting the P/B Ratio.

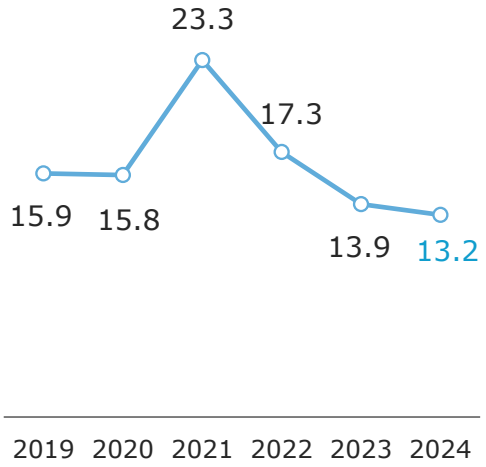
P/B ratio



ROE / Cost of equity*



P/E ratio



*The cost of equity is calculated using CAPM.
Risk-free rate: Calculated based on 10-year government bond yield Beta: Against TOPIX 5-year weekly Risk premium: 6%

Overseas Expansion

Commencing the sale of urethane raw materials to Southeast Asia

Insulation market in Japan

- ✓Economic growth triggers measures against winter cold
- ✓Starting with the introduction of external insulation and fibrous insulation
- ✓In response to the energy crisis and heightened awareness of energy conservation, high-performance insulation materials such as rigid spray urethane have emerged

Raw material sales to Korea

- ✓Started selling raw materials to urethane insulation companies in Korea from 2020

Insulation situation in Southeast Asian countries

- ✓Insulation is not widespread in Southeast Asian countries as there is no need for winter cold measures
- ✓Growing interest as a measure against global warming

NIPPON AQUA

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

Agenda

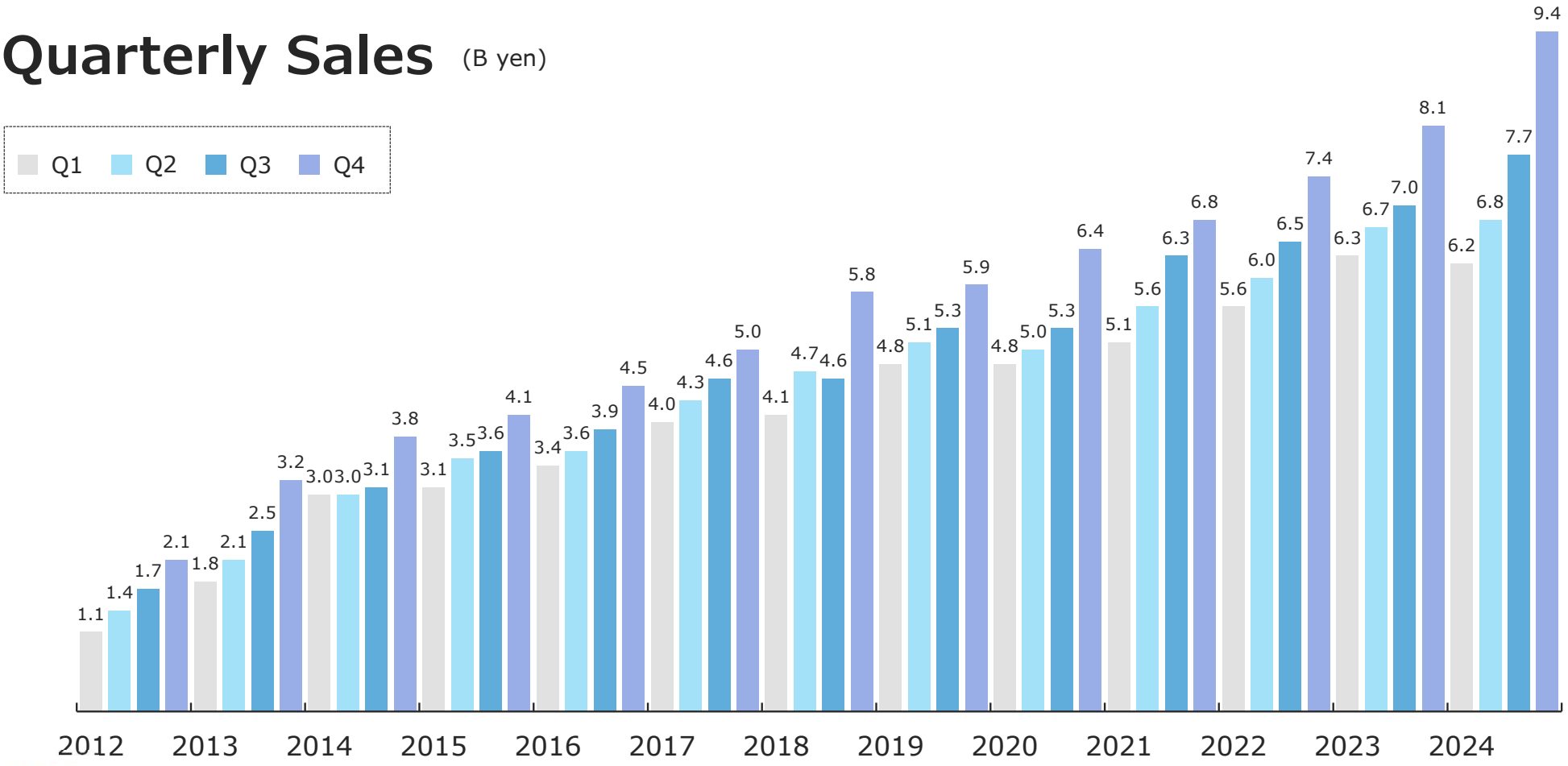
Performance Trends (Million yen)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Performance trends													
Net sales	6,488	9,825	13,020	14,406	15,608	18,052	19,417	21,366	21,872	23,903	25,670	28,341	30,265
Gross profit	1,904	2,444	2,856	3,137	4,027	4,305	3,891	5,403	5,310	4,739	5,784	6,924	6,862
Gross profit margin	29.3%	24.9%	21.9%	22.3%	25.8%	23.9%	20.0%	25.3%	24.3%	19.8%	22.5%	24.4%	22.7%
Operating profit	662	956	944	1,013	1,404	1,313	766	1,909	1,896	1,412	2,329	2,875	2,575
Ordinary profit	662	925	937	1,016	1,404	1,419	764	1,909	1,911	1,429	2,359	2,917	2,604
Ordinary profit margin	10.2%	9.4%	7.2%	7.2%	9.0%	7.9%	3.9%	8.9%	8.7%	6.0%	9.2%	10.3%	8.6%
Profit	364	512	529	137	979	941	489	1,275	1,342	953	1,549	2,004	1,839
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	13,704
Buildings	440	883	2,392	2,858	2,601	2,715	3,331	4,144	4,848	5,371	6,838	8,267	9,499
Waterproofing										128	315	489	719
Sales of urethane raw materials						613	561	933	1,137	1,098	1,211	1,916	2,226
Product sales	218	897	2,144	2,133	2,103	3,171	3,267	3,043	3,438	3,783	3,430	3,869	4,115
Gross profit by item													
Single-family homes				2,305	3,038	2,790	2,217	3,544	3,183	2,772	3,542	3,685	3,196
Buildings				183	419	526	551	832	1,004	822	1,206	1,963	2,329
Waterproofing										20	(16)	(35)	(22)
Sales of urethane raw materials						140	113	198	212	177	361	342	372
Product sales				648	569	848	1,009	830	909	946	690	968	984

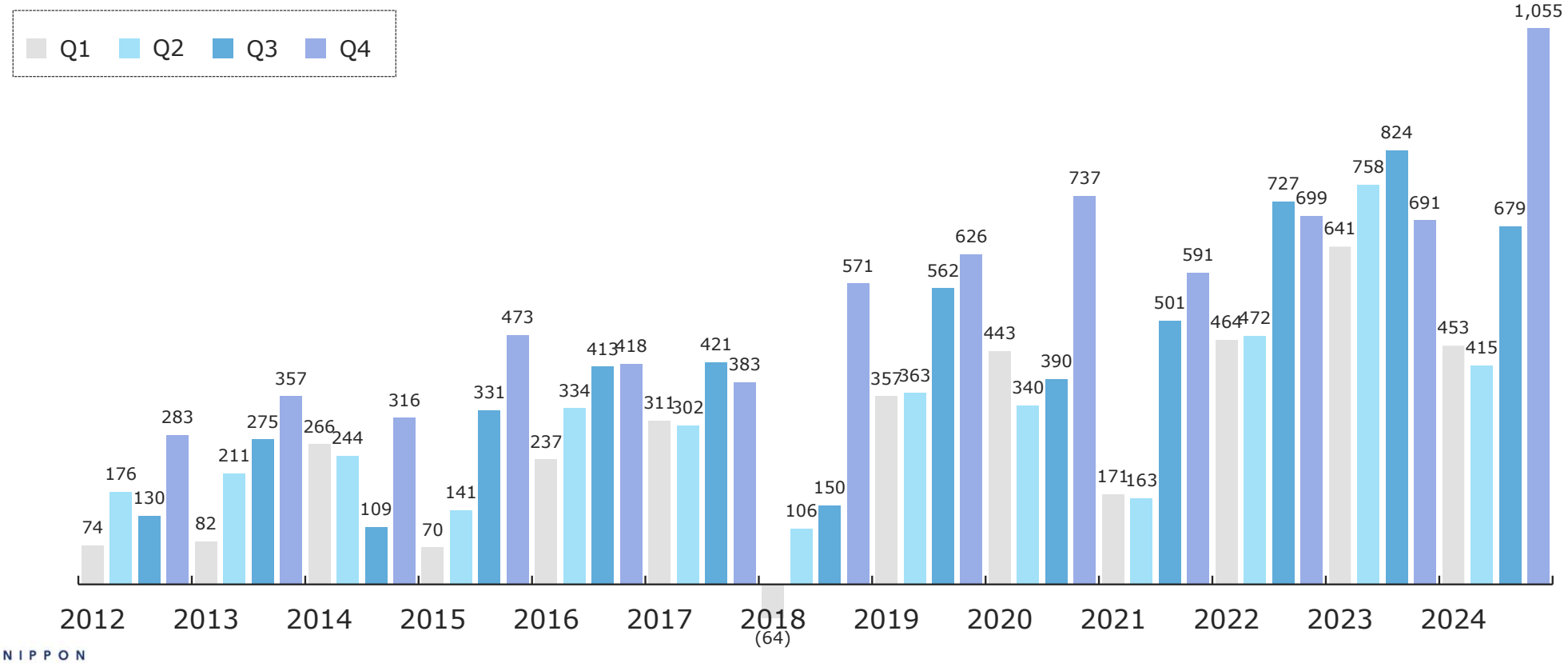
Other Key Indicators

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Assets, liabilities, and equity													
Net assets	1,080	5,103	5,529	5,590	6,663	5,508	5,885	6,843	7,638	7,951	7,966	9,304	10,545
Return on equity	40.6%	16.6%	10.0%	2.5%	16.0%	15.5%	8.6%	20.0%	18.5%	12.2%	19.5%	23.2%	18.5%
Total assets	2,787	7,982	9,138	11,254	12,596	12,806	14,381	15,379	16,021	18,279	21,969	20,392	24,071
Total assets turnover	2.71	1.82	1.52	1.38	1.31	1.42	1.43	1.44	1.39	1.39	1.28	1.34	1.36
Equity ratio	38.8%	63.9%	60.5%	49.7%	52.9%	43.0%	40.9%	44.5%	47.7%	43.5%	36.3%	45.6%	43.8%
Interest-bearing debt				1,433	834	2,370	2,776	2,136	2,400	3,166	6,033	2,400	4,500
No. of employees													
Sales		160	184	182	206	233	208	218	218	189	209	215	226
Construction		234	246	206	185	132	180	188	196	168	156	220	313
Management		21	20	35	27	62	57	69	73	81	58	66	73
Total	298	415	450	423	418	427	445	475	487	438	423	501	612
Stock-related (after reflecting 1:5 stock split on January 1, 2015)													
Stock price at the end of the period (	663	845	438	414	498	437	627	649	687	828	887	772	
Market value	22,892	29,176	15,209	14,960	18,038	15,180	21,792	22,559	23,880	28,781	30,832	26,834	
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	330.50	
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	34.00	
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	58.55	
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	13.19	

Quarterly Sales (B yen)



Quarterly Ordinary Profit (M yen)



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