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May 9, 2025

Non-consolidated Financial Results for the Three Months Ended March 31, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 1429
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 Scheduled date to commence dividend payments: -
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Non-consolidated financial results for the three months ended March 31, 2025 (from January 1, 2025 to March 31, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended March 31, 2025	7,501	19.6	526	18.3	529	16.8	359	18.8
March 31, 2024	6,272	(1.5)	445	(29.1)	453	(29.3)	302	(30.1)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended March 31, 2025	11.25	-
March 31, 2024	9.62	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
March 31, 2025	22,575	9,820	43.5
December 31, 2024	24,071	10,545	43.8

Reference: Equity

As of March 31, 2025: 9,820 million yen
 As of December 31, 2024: 10,545 million yen

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended December 31, 2024	-	0.00	-	34.00	34.00
Fiscal year ending December 31, 2025	-				
Fiscal year ending December 31, 2025 (Forecast)		0.00	-	35.00	35.00

Note: Revisions to the forecast of cash dividends most recently announced: None

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

Note: Revisions to financial forecasts disclosed most recently: None

*** Notes**

(1) Adoption of accounting treatment specific to the preparation of semi-annual non-consolidated financial statements: None

(2) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2025	34,760,000 shares
As of December 31, 2024	34,760,000 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2025	2,859,971 shares
As of December 31, 2024	2,851,871 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended March 31, 2025	31,905,183 shares
Three months ended March 31, 2024	31,408,129 shares

* Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special 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 “(3) Notes on Financial Forecasts and Other Forward-looking Statements” in “1. Qualitative Information Concerning Financial Results for the Period Under Review” on page 7 of the Attachment.

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1. Qualitative Information Concerning Financial Results for the Period Under Review

(1) Explanation Regarding Operating Results

During the cumulative period of the first quarter (from January 1 to March 31, 2025), the Japanese economy has continued on a moderate recovery trend, supported by improvements in employment and income conditions and the effects of policy measures. On the other hand, ongoing price increases are affecting consumer sentiment, and fluctuations in U.S. trade policy and financial markets pose downside risks to the economy. In the housing and construction industry, to which our company belongs, compliance with energy-saving standards has been mandated for almost all new houses and buildings constructed from April 2025, based on the "Act for Partial Revision of the Act on the Improvement of Energy Consumption Performance of Buildings to Contribute to the Realization of a Decarbonized Society," promulgated in 2022. These energy-saving standards consist of two indicators: "envelope performance," which indicates insulation performance, and "primary energy consumption performance," which indicates energy consumption. The current standards correspond to insulation performance class "4."

The government has indicated a policy to raise this standard to the ZEH (Net Zero Energy House) level, or class "5," by 2030, and further transition to class "6," which corresponds to GX (Green Transformation)-oriented housing, is also being promoted. Against this backdrop, class "4" is already becoming a standard of the past. Meanwhile, in response to the trend of mandatory compliance, the recognition that improving insulation and airtightness contributes to the health of homes and the longevity of buildings is gradually spreading among general consumers.

In this context, although the number of new housing starts is on a declining trend in the business environment surrounding the housing industry, interest in energy-efficient homes is showing a further increase due to the establishment of subsidy systems targeting GX-oriented housing. Furthermore, in the non-residential sector, corporate capital investment, mainly related to information technology, is expanding, and investment aimed at long-term "rationalization and labor-saving" is also on the rise. Against this backdrop, urban redevelopment, particularly in the Tokyo metropolitan area, is accelerating, with the construction of high-rise condominiums and mixed-use commercial facilities progressing. In these projects, there is a growing emphasis on ensuring high environmental performance and comfort.

Additionally, with the aging of buildings constructed in the 1980s and 1990s, the demand for waterproofing renovation work is increasing. The lifespan of waterproofing layers is generally considered to be 20 to 30 years, and in buildings that have exceeded this lifespan, leaks and deterioration are progressing, increasing the need for renovations. Furthermore, social demands such as the strengthening of regulations and responses to climate change are also driving demand. Our company is promoting differentiation from competitors by providing comprehensive solutions that add insulation and heat-shielding functions to waterproofing construction, thereby improving comfort and energy efficiency.

Amid rising market expectations for the insulation and waterproofing sectors, our company has actively pursued order-taking activities in each division, leveraging the product competitiveness of the "AQUA FOAM series," which achieves high insulation performance and airtightness, and the ultra-fast curing waterproof material "AQUA HAJIKUN," as well as our nationwide construction network.

In the Single-family Homes Division, we adopted the keyword "Insulation without airtightness is powerless," and differentiated ourselves by combining insulation construction with airtightness measurement services, striving to expand market share through an increase in the number of construction units. As a result, orders from major builders with wide-area operations expanded, and construction projects from new large-scale customers, with whom we began transactions last fall, also fully contributed. Additionally, we benefited from a rush in demand due to the reduction of the 4th category special exception (simplification of building inspections for small-scale buildings), resulting in a 21.8% year-on-year increase in the number of construction units, with sales in this division amounting to 3,669 million yen.

In the Buildings Division, we steadily acquired new projects, including semiconductor factories, data centers, commercial facilities, and high-rise condominiums. However, due to rising construction costs and fluctuations in material prices, some projects experienced design changes or delays in construction decisions, affecting construction volumes. This period is positioned as a turning point for building a system to ensure a smooth transition from order receipt to construction, with the establishment of a Construction Project Management Department aimed at selecting more reliable projects and strengthening on-site response capabilities. Construction unit prices have remained steady due to the acquisition of additional work and flexible responses to specification

changes by this division, contributing to improved profitability. As a result, sales in this division amounted to 2,362 million yen.

In other businesses, sales in the Waterproofing Division amounted to 159 million yen, sales of raw materials were 394 million yen, and sales in other divisions, including auxiliary supplies and machinery, amounted to 916 million yen.

(in million yen, %)

	21st fiscal year Three months ended March 31, 2024	22nd fiscal year Three months ended March 31, 2025	Amount of change	Percentage change
Single-family Homes Division	2,985	3,669	+683	+22.9
Buildings Division	1,929	2,362	+432	+22.4
Waterproofing Division	136	159	+22	+16.8
Sales of Urethane Raw Materials	414	394	(19)	(4.7)
Other divisions	807	916	+109	+13.5
Total	6,272	7,501	+1,229	+19.6

As a result, net sales for the cumulative period of Q1 amounted to 7,501 million yen, a 19.6% increase year-on-year. Gross profit was 1,634 million yen, with a gross profit margin of 21.8%. Operating profit was 526 million yen, up 18.3% year-on-year, and the operating profit margin declined by 0.8 points to 7.0%. This was influenced by the price strategy considering the market environment due to the share expansion initiatives in the Single-family Homes Division and the change in sales mix in the Buildings Division, which led to a decrease in the gross profit margin. However, selling, general and administrative expenses were controlled, reducing the SG&A ratio to 14.8%, an improvement of 1.2 points year-on-year. Selling, general and administrative expenses totaled 1,107 million yen, with the main components being personnel expenses of 574 million yen and trainee management expenses of 137 million yen. Additionally, ordinary profit was 529 million yen, up 16.8% year-on-year, and net profit was 359 million yen, up 18.8% year-on-year.

(2) Explanation Regarding Financial Position

(Total Assets)

Total assets at the end of the first quarter of the fiscal year amounted to 22,575 million yen, a decrease of 6.2% from the end of the previous fiscal year, representing a decline of 1,496 million yen.

(Current Assets)

Current assets at the end of the first quarter of the fiscal year were 17,379 million yen, a decrease of 7.7% from the end of the previous fiscal year, representing a decline of 1,440 million yen. This was mainly due to the collection of 939 million yen in accounts receivable - other, 930 million yen in notes and accounts receivable - trade, and contract assets, and 35 million yen in electronically recorded monetary claims, offset by an increase of 196 million yen in cash and deposits and 285 million yen in inventories.

(Non-current Assets)

Non-current assets at the end of the first quarter of the fiscal year were 5,195 million yen, a decrease of 1.1% from the end of the previous fiscal year, representing a decline of 56 million yen. This was mainly due to a decrease of 55 million yen in assets from depreciation.

(Total Liabilities)

Total liabilities at the end of the first quarter of the fiscal year were 12,755 million yen, a decrease of 5.7% from the end of the previous fiscal year, representing a decline of 770 million yen.

(Current Liabilities)

Current liabilities at the end of the first quarter of the fiscal year were 12,653 million yen, a decrease of 5.7% from the end of the previous fiscal year, representing a decline of 762 million yen. This was mainly due to a

decrease of 947 million yen in accounts payable - trade, a decrease of 87 million yen in income taxes payable, and a decrease of 288 million yen in other payables and accrued expenses, offset by an increase of 400 million yen in short-term borrowings and an increase of 93 million yen in provision for bonuses.

(Non-current Liabilities)

Non-current liabilities at the end of the first quarter of the fiscal year were 102 million yen, a decrease of 7.1% from the end of the previous fiscal year, representing a decline of 7 million yen. This was mainly due to a decrease of 3 million yen in lease liabilities.

(Net Assets)

Net assets at the end of the first quarter of the fiscal year were 9,820 million yen, a decrease of 6.9% from the end of the previous fiscal year, representing a decline of 725 million yen. This was mainly due to a net profit of 359 million yen for the quarter, offset by a decrease of 1,084 million yen in retained earnings due to dividend payments.

(Equity Ratio)

The equity ratio at the end of the first quarter of the fiscal year was 43.5%, a decrease of 0.3% from 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 first quarter of the fiscal year was ¥6 million. There were no significant changes in the status of research and development activities during the first quarter of the fiscal year.

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

Regarding our outlook for the future, we are focusing on the recovery of the current economy, revisions to the legal system related to housing and buildings, subsidies and preferential tax treatment for energy saving, and support measures such as low-interest financing. In response to the increasing demand for insulation materials, we are undertaking the following initiatives to achieve sustainable development of our company.

1. Companywide Measures

1) About the Medium-Term Management Plan

Our company formulated the Medium-Term Management Plan "3 Pillars of Stability" on February 14, 2024, targeting the fiscal years 2024 to 2026. We have set management indicators of a sustainable growth rate of 10%, an operating profit margin of 10%, an ROE of 20%, and a dividend payout ratio of 50%. Furthermore, on November 8, 2024, we introduced a progressive dividend system to achieve stable dividends (maintenance and increase). Subsequently, on February 7, 2025, we revised the performance targets of the same plan, resetting the sales target for the fiscal year ending December 2026 to 37,000 million yen and the ordinary profit target to 3,405 million yen. Please note that the statements regarding this outlook are based on information available at present and are prepared based on the judgment of our management, but actual performance may differ due to future business environments and market trends. Details of potential risks and uncertainties are described in the "Section 2 Business Status 3. Business Risks" of the securities report.

2) Sustainability strategies

Under our management philosophy of "Contributing to society by creating a housing environment that is friendly to people and the earth," we are contributing to the realization of a sustainable society through the reduction of CO₂ emissions from houses and buildings via the "AQUA FOAM series" and the promotion of recycling of urethane insulation materials.

3) Securing Construction Personnel and Strengthening the Construction Structure

For sustainable growth and maintaining competitiveness, we recognize the importance of securing and developing personnel responsible for high-quality construction and are advancing investments in human capital. Specifically, we are working to improve the work environment by introducing a weekend off system to improve the work-life balance of construction personnel, revising the salary system and allowances to improve treatment,

and promoting proximity between work and home through the establishment of new offices and warehouses. Additionally, we are working to strengthen both the quality and quantity of construction personnel by building diverse career paths such as management, specialist, and independent-oriented paths, conducting training and safety conventions by specialized departments, thoroughly implementing safety management systems, and enhancing the acceptance of technical interns.

4) Regarding the maintenance of listing on the Prime Market and Action to Implement Management that is Conscious of Cost of Capital and Stock Price

Our company disclosed the "Plan to Meet the Continued Listing Criteria for New Market Segments" on December 20, 2021, and the "Progress Status and Update of the Plan Period Based on the Same Plan" on March 14, 2024. We received a notification from the Tokyo Stock Exchange on March 12, 2025, that we meet the continued listing criteria for the Prime Market as of the end of December 2024. We will continue to strive to gain proper evaluation in the stock market and improve stock liquidity, regularly grasp capital costs, analyze market evaluations, and appropriately feedback opinions obtained through dialogue with shareholders and investors to management and the Board of Directors, aiming to enhance corporate value.

2. Financial Forecasts for the Fiscal Year Ending December 31, 2025

As for the financial forecasts for the fiscal year ending December 2025, announced on February 7, 2025, there are no changes at present.

2. Quarterly Financial Statements and Primary Notes

(1) Quarterly Balance Sheet

(in thousand yen)

	As of December 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	2,263,300	2,459,798
Notes and accounts receivable - trade, and contract assets	8,117,202	7,186,658
Electronically recorded monetary claims	1,142,650	1,107,441
Inventories	2,222,056	2,507,424
Accounts receivable - other	4,853,350	2,914,019
Other	221,324	204,192
Total current assets	18,819,894	17,379,533
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,330,422	2,298,282
Land	1,680,298	1,680,298
Other, net	260,404	245,465
Total property, plant and equipment	4,271,125	4,224,046
Intangible assets		
Leasehold interests in land	15,000	15,000
Other	64,868	58,701
Total intangible assets	79,868	73,701
Investments and other assets		
Long-term loans payable to subsidiaries and affiliates	37,004	40,498
Other	864,420	858,120
Allowance for doubtful accounts	(470)	(470)
Total investments and other assets	900,953	898,147
Total non-current assets	5,251,947	5,195,895
Total assets	24,071,841	22,575,429

(in thousand yen)

	As of December 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	7,556,639	6,608,850
Short-term borrowings	4,500,000	4,900,000
Lease liabilities	13,497	13,330
Income taxes payable	292,298	204,787
Provision for bonuses	33,297	126,490
Other provisions	-	37,500
Other	1,020,254	762,194
Total current liabilities	13,415,988	12,653,153
Non-current liabilities		
Lease liabilities	12,676	9,450
Asset retirement obligations	40,005	40,064
Other	57,257	52,640
Total non-current liabilities	109,939	102,154
Total liabilities	13,525,927	12,755,308
Net assets		
Shareholders' equity		
Share capital	1,903,649	1,903,649
Capital surplus	2,015,375	2,015,375
Retained earnings	8,357,887	7,632,226
Treasury shares	(1,731,568)	(1,731,568)
Total shareholders' equity	10,545,343	9,819,682
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	570	438
Total valuation and translation adjustments	570	438
Total net assets	10,545,914	9,820,121
Total liabilities and net assets	24,071,841	22,575,429

(2) Quarterly Income Statement
Three months ended March 31, 2025

(in thousand yen)

	Three months ended March 31, 2024	Three months ended March 31, 2025
Net sales	6,272,648	7,501,853
Cost of sales	4,825,401	5,867,659
Gross profit	1,447,246	1,634,193
Selling, general and administrative expenses	1,002,037	1,107,622
Operating profit	445,209	526,570
Non-operating income		
Interest income	6,801	13,233
Insurance claim income	425	1,024
Other	4,281	5,667
Total non-operating income	11,509	19,925
Non-operating expenses		
Interest expenses	3,028	10,145
Other	83	6,448
Total non-operating expenses	3,111	16,593
Ordinary profit	453,607	529,901
Extraordinary income		
Gain on sale of non-current assets	2,128	4,152
Total extraordinary income	2,128	4,152
Extraordinary losses		
Loss on retirement of non-current assets	6,214	295
Total extraordinary losses	6,214	295
Profit before income taxes	449,521	533,758
Income taxes - current	92,050	190,136
Income taxes - deferred	55,168	(15,592)
Total income taxes	147,219	174,543
Profit	302,301	359,215

(3) Notes to Quarterly Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Significant Changes in Amount of Shareholders' Equity)

Not applicable.

(Segment Information, Etc.)

No disclosure is made about segments as the Company operates in only one business segment of heat insulation work and related services.

(Notes on Cash Flow Statement)

A quarterly cash flow statement for the cumulative first quarter period has not been prepared. Depreciation expenses (including amortization expenses related to intangible fixed assets) for the cumulative third quarter period are as follows.

	(in thousand yen)	
	Three months ended March 31, 2024	Three months ended March 31, 2025
Depreciation expenses	60,681	55,128

(Additional Information)

Not applicable.

(Important Subsequent Events)

Not applicable.