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August 8, 2025

Non-consolidated Financial Results for the Six Months Ended June 30, 2025 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 1429
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 Scheduled date to file semi-annual securities report: August 8, 2025
 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 six months ended June 30, 2025 (from January 1, 2025 to June 30, 2025)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2025	15,983	21.9	1,091	28.5	1,102	26.8	748	29.0
June 30, 2024	13,112	(0.3)	849	(38.5)	868	(38.0)	579	(38.8)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
June 30, 2025	23.44	-
June 30, 2024	18.46	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2025	23,283	10,208	43.8
December 31, 2024	24,071	10,545	43.8

Reference: Equity

As of June 30, 2025: 10,208 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
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 June 30, 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 June 30, 2025	2,863,771 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)

Six months ended June 30, 2025	31,901,025 shares
Six months ended June 30, 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.

Contents of Attachment

1. Qualitative Information Concerning Financial Results for the Period Under Review.....	5
(1) Explanation Regarding Operating Results.....	5
(2) Explanation Regarding Financial Position.....	6
(3) Notes on Financial Forecasts and Other Forward-looking Statements.....	7
2. Semi-annual Non-consolidated Financial Statements and Primary Notes.....	9
(1) Semi-annual Non-consolidated Balance Sheet.....	9
(2) Semi-annual Non-consolidated Statement of Income.....	11
(3) Semi-annual Non-consolidated Statement of Cash Flows.....	12
(4) Notes to Semi-annual Non-consolidated Financial Statements.....	13
(Notes on Going Concern Assumption).....	13
(Notes on Significant Changes in Amount of Shareholders' Equity).....	13
(Segment Information, Etc.).....	13
(Additional Information).....	13
(Important Subsequent Events).....	13

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

(1) Explanation Regarding Operating Results

During the interim accounting period (from January 1 to June 30, 2025), the Japanese economy has continued on a moderate recovery trend, supported by improvements in employment and income conditions and the effects of policies. However, 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 newly constructed houses and buildings starting in April 2025. These standards consist of two indicators: "envelope performance," which indicates insulation performance, and "primary energy consumption performance," which indicates energy consumption. The current standards require a level equivalent to insulation performance class "4."

The government has indicated a policy to raise this standard to class "5," which corresponds to the level of ZEH (Net Zero Energy Houses) that is currently becoming widespread, by 2030. Furthermore, a transition to class "6," which corresponds to GX (Green Transformation)-oriented housing, is also being promoted. Additionally, in May 2025, the Ministry of Economy, Trade and Industry announced a proposal to raise the definition of ZEH to class "6" starting in fiscal year 2027. As a result of these developments, class "4" is becoming an outdated standard, and interest in higher classes of "6" and above is increasing. Moreover, the recognition that insulation and airtightness contribute to the durability and longevity of houses by preventing condensation and deterioration is spreading among general consumers.

In the non-residential sector, corporate capital investment is expanding, particularly in the information-related fields, and there is a growing demand for high insulation aimed at labor-saving and rationalization. In particular, data centers, which require low PUE (Power Usage Effectiveness: the ratio of total facility energy consumption to IT equipment energy consumption), are prominently enhancing insulation performance to improve energy-saving measures and operational efficiency. The cold chain sector, which targets refrigerated and frozen warehouses and low-temperature logistics facilities, is also attracting attention as a promising market with expected demand for high-performance insulation materials from the perspective of advanced temperature control and energy efficiency. Furthermore, urban redevelopment is progressing, particularly in the Tokyo metropolitan area, and ensuring high environmental performance is increasingly emphasized in the construction of high-rise condominiums and mixed-use commercial facilities.

Additionally, the aging of buildings constructed in the 1980s and 1990s is leading to increased demand for waterproofing renovation work. In buildings where the waterproofing layer has exceeded its service life, leaks and deterioration are progressing, and external factors such as climate change response and strengthened regulations are also driving renovation demand. Our company is developing comprehensive waterproofing solutions centered on our proprietary construction technology "FUKUGEN construction method," which integrates insulation and heat shielding functions, and is differentiating itself from competitors by improving the comfort and energy efficiency of buildings.

In this market environment, our company has actively pursued order activities in each business division by leveraging the product competitiveness of the "AQUA FOAM series," which achieves high insulation and airtightness, and the ultra-fast curing waterproof material "AQUA HAJIKUN," as well as our nationwide construction network.

In the Single-family Homes Division, under the keyword "insulation without airtightness is powerless," we differentiated ourselves by combining airtightness measurement services with insulation construction, and worked to expand market share through an increase in the number of construction units. These market share expansion measures were successful, leading to an increase in orders from major builders with wide-area operations, as well as full contributions from construction projects from new large-scale customers with whom we started transactions last fall. The impact of rush demand due to the reduction of the 4th special exception (simplification of building inspections for small-scale buildings) was limited, and we believe our growth is due to structural demand expansion and strengthened proposal capabilities. As a result, the number of construction units increased by 18.8% year-on-year, and net sales in this division amounted to 7,548 million yen. We expect the expansion of market share to continue in the future.

In the Buildings Division, we steadily acquired new projects for 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 and delays in construction decisions, affecting the construction volume. This period is positioned as a turning point for building a system to ensure a smooth transition from order to construction, and we established a Construction Project Management Department to select more reliable projects and strengthen on-site response capabilities. The construction unit price has 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, net sales in this division amounted to 4,815 million yen.

Regarding other businesses, net sales in the Waterproofing Division were 625 million yen, sales of raw materials were 884 million yen, and net sales in other divisions, including auxiliary supplies and machinery, were 2,108 million yen.

(in million yen, %)

	21st fiscal year Six months ended June 30, 2024	22nd fiscal year Six months ended June 30, 2025	Amount of change	Percentage change
Single-family Homes Division	6,261	7,548	+1,286	+20.5
Buildings Division	3,993	4,815	+822	+20.6
Waterproofing Division	261	625	+364	+139.5
Sales of Urethane Raw Materials	921	884	(36)	(4.0)
Other divisions	1,674	2,108	+434	+25.9
Total	13,112	15,983	+2,870	+21.9

As a result, net sales for the interim accounting period amounted to 15,983 million yen, a 21.9% increase compared to the same period last year. Gross profit was 3,492 million yen, with a gross profit margin of 21.9%. Operating profit was 1,091 million yen, a 28.5% increase, and the operating profit margin improved by 0.4 points year-on-year to 6.8%. This was due to a pricing strategy that considered the market environment accompanying share expansion measures in the Single-family Homes Division and a decline in the gross profit margin due to changes in the sales mix in the Buildings Division. However, selling, general and administrative expenses were controlled, keeping the SG&A ratio at 15.0%, a 0.7-point improvement. Selling, general and administrative expenses totaled 2,400 million yen, with the main components being personnel expenses of 1,246 million yen and trainee-related expenses of 279 million yen. Additionally, ordinary profit was 1,102 million yen, a 26.8% increase, and interim net income was 748 million yen, a 29.0% increase.

(2) Explanation Regarding Financial Position

(Total Assets)

Total assets at the end of the interim accounting period amounted to 23,276 million yen, a decrease of 3.1% compared to the end of the previous fiscal year, representing a decline of 754 million yen.

(Current Assets)

Current assets at the end of the interim accounting period amounted to 17,940 million yen, a decrease of 4.7% compared to the end of the previous fiscal year, representing a decline of 874 million yen. This was mainly due to decreases in notes and accounts receivable - trade, and contract assets by 630 million yen, cash and deposits by 483 million yen, and accounts receivable - other by 468 million yen, offset by an increase in inventories by 628 million yen.

(Non-current Assets)

Non-current assets at the end of the interim accounting period amounted to 5,335 million yen, an increase of 2.3% compared to the end of the previous fiscal year, representing an increase of 120 million yen. This was mainly due to an increase in land by 76 million yen from the acquisition of land for the Kagoshima sales office, an increase in insurance reserves included in other investments and other assets by 94 million yen, an increase in other investments by 43 million yen, and an increase in deferred tax assets by 39 million yen, offset by a decrease in assets due to depreciation by 108 million yen and an increase in allowance for doubtful accounts by 21 million yen.

(Total Liabilities)

Total liabilities at the end of the interim accounting period amounted to 13,067 million yen, a decrease of 3.4% compared to the end of the previous fiscal year, representing a decline of 458 million yen.

(Current Liabilities)

Current liabilities at the end of the interim accounting period amounted to 12,971 million yen, a decrease of 3.3% compared to the end of the previous fiscal year, representing a decline of 441 million yen. This was mainly due to a decrease in accounts payable - trade by 330 million yen, a decrease in short-term borrowings by 100 million yen, and a decrease in other payables and accrued expenses by 157 million yen, offset by an increase in income taxes payable by 134 million yen.

(Non-current Liabilities)

Non-current liabilities at the end of the interim accounting period amounted to 95 million yen, a decrease of 13.3% compared to the end of the previous fiscal year, representing a decline of 14 million yen. This was mainly due to a decrease in lease liabilities included in other liabilities by 6 million yen.

(Net Assets)

Net assets at the end of the interim accounting period amounted to 10,208 million yen, a decrease of 4.6% compared to the end of the previous fiscal year, representing a decline of 336 million yen. This was mainly due to a decrease in retained earnings by 1,084 million yen following the payment of dividends, despite an interim net income of 748 million yen.

(Equity Ratio)

The equity ratio at the end of the interim accounting period was 43.8%, unchanged 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 interim accounting period was 12 million yen. There were no significant changes in the status of research and development activities during the interim accounting period.

(Cash Flows)

Cash and cash equivalents (hereinafter referred to as "cash") at the end of the interim accounting period decreased by 483 million yen compared to the end of the previous fiscal year, amounting to 1,779 million yen (1,989 million yen in the previous interim accounting period).

(Cash Flows from Operating Activities)

Net cash provided by operating activities during the interim accounting period was 880 million yen, compared to a decrease of 574 million yen in the previous interim accounting period. This was mainly due to an increase in cash from pre-tax interim net income of 1,106 million yen, depreciation of 108 million yen, a decrease in trade receivables of 440 million yen, and a decrease in accounts receivable - other of 500 million yen, offset by an increase in inventories of 504 million yen, a decrease in trade payables of 387 million yen, a decrease in other payables of 154 million yen, and payment of income taxes of 258 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities during the interim accounting period was 204 million yen, compared to a decrease of 237 million yen in the previous interim accounting period. This was mainly due to the acquisition of property, plant and equipment of 117 million yen and the accumulation of insurance reserves of 94 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities during the interim accounting period was 1,158 million yen, compared to an increase of 767 million yen in the previous interim accounting period. This was mainly due to a net decrease in short-term borrowings of 100 million yen and expenditures of 1,084 million yen for dividend payments.

(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 received a notification from Tokyo Stock Exchange Inc. on March 12, 2025, confirming that we meet the listing maintenance criteria for the Prime Market as of the end of December 2024. Moving forward, we will continue to strive for appropriate valuation in the stock market and improve stock liquidity. Additionally, we will regularly assess capital costs, analyze market evaluations, and appropriately feedback opinions obtained through dialogue with shareholders and investors to the management and 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. Semi-annual Non-consolidated Financial Statements and Primary Notes

(1) Semi-annual Non-consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Assets		
Current assets		
Cash and deposits	2,263,300	1,779,952
Notes and accounts receivable - trade, and contract assets	8,117,202	7,486,628
Electronically recorded monetary claims - operating	1,142,650	1,213,999
Inventories	2,222,056	2,850,097
Accounts receivable - other	4,853,360	4,385,190
Other	221,324	234,409
Allowance for doubtful accounts	-	(9,438)
Total current assets	18,819,894	17,940,837
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	2,330,422	2,270,860
Land	1,680,298	1,757,473
Other, net	260,404	230,338
Total property, plant and equipment	4,271,125	4,258,672
Intangible assets		
Leasehold interests in land	15,000	15,000
Other	64,868	52,801
Total intangible assets	79,868	67,801
Investments and other assets		
Long-term loans receivable from subsidiaries and associates	37,004	39,759
Other	864,420	991,331
Allowance for doubtful accounts	(470)	(22,239)
Total investments and other assets	900,953	1,008,852
Total non-current assets	5,251,947	5,335,326
Total assets	24,071,841	23,276,163

(Thousands of yen)

	As of December 31, 2024	As of June 30, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	7,556,639	7,226,230
Short-term borrowings	4,500,000	4,400,000
Lease liabilities	13,497	13,161
Income taxes payable	292,298	426,491
Provision for bonuses	33,297	33,954
Other	1,020,254	872,018
Total current liabilities	13,415,988	12,971,856
Non-current liabilities		
Lease liabilities	12,676	6,214
Asset retirement obligations	40,005	40,122
Other	57,257	49,008
Total non-current liabilities	109,939	95,345
Total liabilities	13,525,927	13,067,202
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	8,021,035
Treasury shares	(1,731,568)	(1,731,568)
Total shareholders' equity	10,545,343	10,208,491
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	570	470
Total valuation and translation adjustments	570	470
Total net assets	10,545,914	10,208,961
Total liabilities and net assets	24,071,841	23,276,163

(2) Semi-annual Non-consolidated Statement of Income
For the six months ended September 30, 2025

(Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Net sales	13,112,793	15,983,250
Cost of sales	10,206,120	12,490,781
Gross profit	2,906,672	3,492,469
Selling, general and administrative expenses	2,057,284	2,400,793
Operating profit	849,388	1,091,675
Non-operating income		
Interest income	15,263	25,641
Insurance claim income	1,105	1,556
Other	11,345	13,539
Total non-operating income	27,714	40,737
Non-operating expenses		
Interest expenses	7,829	20,995
Amortization of long-term prepaid expenses	-	9,058
Other	390	313
Total non-operating expenses	8,220	30,367
Ordinary profit	868,882	1,102,046
Extraordinary income		
Gain on sale of non-current assets	2,128	6,087
Total extraordinary income	2,128	6,087
Extraordinary losses		
Loss on retirement of non-current assets	6,623	2,112
Total extraordinary losses	6,623	2,112
Profit before income taxes	864,387	1,106,021
Income taxes - current	210,381	389,832
Income taxes - deferred	74,030	(31,835)
Total income taxes	284,411	357,997
Profit	579,976	748,023

(3) Semi-annual Non-consolidated Statement of Cash Flows

(Thousands of yen)

	For the six months ended June 30, 2024	For the six months ended June 30, 2025
Cash flows from operating activities		
Profit before income taxes	864,387	1,106,021
Depreciation	122,405	108,633
Increase (decrease) in allowance for doubtful accounts	(73,292)	31,207
Increase (decrease) in provision for bonuses	5,361	657
Interest income	(15,263)	(25,641)
Interest expenses	7,829	20,995
Insurance claim income	(1,105)	(1,556)
Loss (gain) on sale and retirement of non-current assets	4,495	(3,975)
Decrease (increase) in trade receivables	383,880	440,384
Decrease (increase) in inventories	137,089	(504,219)
Decrease (increase) in distressed receivables	67,643	-
Increase (decrease) in trade payables	(1,230,340)	(387,089)
Decrease (increase) in accounts receivable - other	391,811	500,557
Increase (decrease) in accounts payable - other	(325,114)	(154,012)
Increase (decrease) in accrued consumption taxes	(424,728)	(8,877)
Other, net	(14,205)	9,160
Subtotal	(99,144)	1,132,245
Interest and dividends received	15,263	25,641
Proceeds from insurance income	1,105	1,556
Interest paid	(7,829)	(20,995)
Income taxes paid	(483,685)	(258,310)
Net cash provided by (used in) operating activities	(574,291)	880,136
Cash flows from investing activities		
Purchase of property, plant and equipment	(128,285)	(117,311)
Proceeds from sale of property, plant and equipment	7,500	16,465
Purchase of intangible assets	(14,202)	(1,850)
Purchase of investment securities	(119)	(119)
Purchase of insurance funds	(94,656)	(94,656)
Other, net	(7,326)	(7,331)
Net cash provided by (used in) investing activities	(237,090)	(204,804)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,800,000	(100,000)
Repayments of finance lease liabilities	(14,186)	(6,797)
Repayments of long-term accounts payable - other	(46,498)	(5,131)
Proceeds from sale and leaseback transactions	33,607	38,124
Dividends paid	(1,005,060)	(1,084,876)
Net cash provided by (used in) financing activities	767,862	(1,158,680)
Net increase (decrease) in cash and cash equivalents	(43,519)	(483,348)
Cash and cash equivalents at beginning of period	2,033,275	2,263,300
Cash and cash equivalents at end of period	1,989,756	1,779,952

(4) Notes to Semi-annual Non-consolidated 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.

(Additional Information)

Not applicable.

(Important Subsequent Events)

Not applicable.