

## Driving continued revenue growth as an innovator transforming Japan's building environment

### Summary

#### ■ Japan's leading on-site urethane foam insulation installer with strong growth

Nippon Aqua Co., Ltd. (hereinafter, "the Company") is a high-growth enterprise listed on the Prime Market of the Tokyo Stock Exchange. Guided by its management philosophy—"Contribution to society through the creation of living environments that are friendly to people and the earth"—the Company leverages insulation and waterproofing technologies to drive energy efficiency and support a sustainable society. It holds the leading domestic share in on-site urethane foam insulation installation and operates its business through three key divisions: Single-family homes, Buildings, and Waterproofing. Since its listing in 2013, the Company has delivered continuous revenue growth, achieving a strong CAGR of 10.8%.

#### ■ Earnings trends

Over the past five years, the Company has achieved sales growth accompanied by increases in gross profit and profits at each level. Net sales rose from JPY 23,903 mn in FY2021/12 to JPY 33,670 mn in FY2025/12, supported by stable performance in the Single-family homes division, expansion in the Buildings division, the launch of the Waterproofing division, and growth in raw materials sales and related businesses. On the profitability front, gross profit increased from JPY 4,739 mn to JPY 7,738 mn, and the gross profit margin improved from 20% to 23%. In particular, the Buildings division drove profit growth, while the Waterproofing division also achieved positive gross profit in FY2025/12. Operating profit, ordinary profit, and net profit all approximately doubled compared to FY2021/12, indicating that the Company has achieved growth accompanied by improved profitability.

#### ■ Medium-term management plan (FY2024/12–FY2026/12)

The Company formulated its medium-term management plan, "3 Pillars of Stability," covering FY2024/12–FY2026/12, with a focus on achieving stable growth and enhancing profitability across its three core businesses: insulation, waterproofing, and product sales. The final-year targets call for JPY 37,000 mn in net sales and JPY 2,910 mn in ordinary profit, representing a CAGR of 10.6% for sales and 5.7% for profit. It also outlines key goals of 20% ROE, a 10% operating profit margin, and a dividend payout ratio of 50% or higher. To balance sustainable growth with shareholder returns, the Company has introduced a progressive dividend policy that raises dividends in line with profit growth. Note: In the FY2026/12 earnings forecast released on February 13, 2025, the ordinary profit target was revised from JPY 3,405 mn to JPY 2,910 mn.

FY	Net sales (JPY mn)	YoY (%)	Operating profit (JPY mn)	YoY (%)	Ordinary profit (JPY mn)	YoY (%)	Net profit (JPY mn)	YoY (%)	EPS (JPY)	DPS (JPY)
2022/12	25,670	--	2,329	--	2,360	--	1,549	--	47.99	24.00
2023/12	28,342	10.4%	2,882	23.7%	2,917	23.6%	2,004	29.4%	63.83	32.00
2024/12	30,265	6.8%	2,575	-10.6%	2,604	-10.7%	1,839	-8.2%	58.55	34.00
2025/12	33,670	11.3%	2,774	7.7%	2,794	7.3%	1,895	3.1%	59.42	35.00
2026/12 (CE)	37,000	9.9%	2,900	4.5%	2,910	4.1%	1,972	4.1%	61.84	35.00

Source: Compiled by SIR from the Company's financial results materials.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

### Full Report



#### Focus Points:

The Company's strength lies in its leading domestic share in on-site urethane foam insulation materials and its fully integrated system covering everything from raw material development to installation and recycling. Since its listing, the Company has delivered continuous revenue growth and is well-positioned for further growth by addressing evolving social needs.

#### Key Indicators

Share price (4/20)	705.0
52WH (25/11/06)	955.0
52WL (26/03/30)	697.0
10YH (23/9/14)	1,125.0
10YL (18/11/19)	318.0
Shrs out. (mn shrs)	34.76
Mkt cap (JPY bn)	24.51
EV (JPY bn)	25.15
Equity ratio (act)	45.1%
FY26/12 PER (CE)	11.4X
FY25/12 P/B (act)	1.95X
FY25/12 EV/EBITDA (act)	8.4X
FY25/12 ROE (act)	17.1%
FY26/12 DY (CE)	5.0%

#### Share price trend (1 year)



Source: TradingView

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This report was prepared by Sessa Partners on behalf of the subject company. Please refer to the legal disclaimer at the end for details.

## ■ Share price insights

The Company's valuation indicators have generally undergone a correction since peaking in FY2021/12. The P/E ratio declined from 23.3x to 12.1x in FY2025/12, the P/B ratio from 3.25x to 1.97x, and the P/S ratio from approximately 1.0x to 0.68x. Meanwhile, revenue has continued its growth trend, and the three-division structure comprising the Single-family homes, Buildings, and Waterproofing divisions has been further strengthened. As a result, the decline in share price indicators may suggest that the Company's medium- to long-term growth potential and progress in expanding its business portfolio are not fully reflected in its valuation. SIR believes that the current valuation does not appear overheated for a growth company, and there is potential for a reassessment as the growth outlook for the Buildings and Waterproofing divisions becomes clearer.

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## Company profile



**President,  
Representative Director  
Mr. Fumitaka Nakamura**

### \*National permit

The “national permit system” refers to a framework in which manufacturers or similar businesses certified by the Japanese Minister of the Environment are allowed to collect waste from their own products and either recycle it into raw materials or dispose of it appropriately. Certified businesses are exempt from obtaining separate collection, transport, and disposal permits from local governments, enabling efficient waste management.

### ■ Company profile: A unique business model in the insulation industry

The Company was established in November 2004 and engages in the manufacturing, installation, and sales of insulation materials for residential and commercial buildings. Headquartered in Konan, Minato-ku, Tokyo, the Company is led by its founder, Fumitaka Nakamura, who serves as President, Representative Director. It listed its shares on the Mothers Market of the Tokyo Stock Exchange in 2013 and transferred to the First Section (now the Prime Market) in 2018. The Company has established a nationwide network of sales offices and administrative centers, enabling it to provide services tailored to local communities. Its major clients include leading corporations such as Shimizu Corporation, Takenaka Corporation, and Itochu Kenzai Corporation. The Company is also a consolidated subsidiary of Hinokiya Group Co., Ltd (hereinafter referred to as “Hinokiya”), which is under the umbrella of Yamada Holdings.

The Company’s flagship product is “AQUA FOAM,” a rigid urethane foam that uses water as a blowing agent. It holds the leading domestic share in the on-site foam insulation market for single-family homes. The Company has obtained a national permit\* from the Japanese Minister of the Environment, allowing it to process industrial waste without obtaining separate approvals from prefectural governors. **It is the only company in the insulation industry with a fully integrated system encompassing raw material development, sales, installation, and recycling.** The Company primarily operates as a contractor, undertaking projects for homebuilders, general contractors, and trading companies, with installation performed in-house or through certified contractors. The Company also engages in the sales of urethane raw materials, auxiliary materials, and spraying equipment.

In a shrinking single-family housing market, the Company has increased orders and expanded its own share by working closely with nationwide and major builders that are gaining market share. In the Buildings division, the Company is also expected to capture market growth, particularly in the non-residential sector. Furthermore, the Waterproofing division is in a phase of creating new demand while developing that market, strengthening its positioning as an innovator. SIR believes that the Company’s strength lies in the fact that the three divisions, Single-family homes, Buildings, and Waterproofing, each have different growth drivers, and that as these three divisions expand in a layered manner, the Company is well positioned for further.

## ■ Corporate profile

<b>Company name</b>	Nippon Aqua Co., Ltd. The Company engages in the installation and sale of spray-applied rigid urethane foam insulation, primarily for single-family homes. It is a subsidiary of Hinokiya, which is part of Yamada Holdings and specializes in energy-efficient housing. The Company is also actively expanding its operations overseas, including in the Philippines.
<b>Company Features</b>	
<b>President, Representative Director</b>	Fumitaka Nakamura
<b>Head office</b>	2-16-2 Konan, Minato-ku, Tokyo Taiyo Seimei Shinagawa Building
<b>Telephone No.</b>	03-5463-1117
<b>URL</b>	<a href="https://www.n-aqua.jp/en/">https://www.n-aqua.jp/en/</a>
<b>Trade Bank</b>	MUFG Bank, Sumitomo Mitsui Banking Corporation, Mizuho Bank, Musashino Bank, Saitama Resona Bank
<b>Type of Industry</b>	Construction Industry
<b>Established</b>	November 29, 2004
<b>Listed</b>	December 13, 2013
<b>Major trading markets</b>	Tokyo Stock Exchange Prime
<b>No. of employees</b>	710 people (Non-consolidated) *As of December 31, 2025
<b>Average annual income</b>	JPY 5,563,000 (FY2025/12)
<b>Average age</b>	Age 35 (FY2025/12)
<b>Audit corporation</b>	KPMG AZSA LLC (FY2025/12)

Source: Compiled by SIR from SPEEDA data.

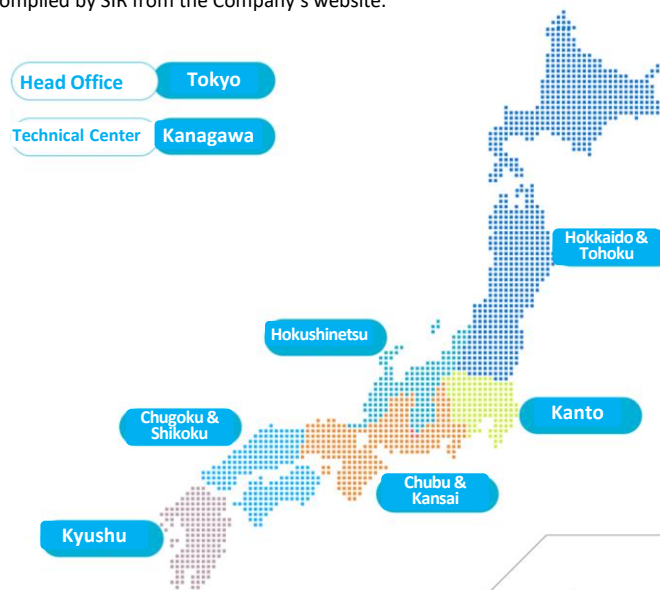
■ Business locations

The Company’s network is characterized by its broad nationwide coverage and by the fact that it goes beyond a simple placement of sales offices to establish an operating structure that integrates administrative centers and warehouses. With its head office and technical center at the core, the Company has established sales offices from Hokkaido & Tohoku through to Kyushu, enabling sales and installation operations tailored to local communities. In addition, by establishing administrative centers in regions such as Kanto, Chubu & Kansai, and Kyushu, the Company is consolidating functions including order processing, installation project management, and quotation and billing. Furthermore, the co-location of warehouses across these regions is also important, as it enhances agility in materials supply and installation operations. In particular, the Kanto region has the most extensive footprint, with one administrative center, four sales offices, and five warehouses, which suggests that it is one of the Company’s key operating regions. SIR believes that through its nationwide expansion and layered deployment of operational bases, the Company has achieved both broad geographic coverage and strong installation capacity.

Business locations

Region	Administrative Centers	Sales Offices	Warehouses	Total
Head Office	-	-	-	1
Technical Center	-	-	-	1
Hokkaido & Tohoku	1	5	2	8
Kanto	1	4	5	10
Hokushinetsu	0	3	1	4
Chubu & Kansai	2	1	1	4
Chugoku & Shikoku	0	4	3	7
Kyushu	1	4	4	9
Total	5	21	16	44

Source: Compiled by SIR from the Company’s website.



Source: Compiled by SIR from the Company’s website.

### ■ Major shareholders

A review of the breakdown of major shareholders shows that Hinokiya Group Co., Ltd. holds a majority stake as the largest shareholder, indicating a capital structure with a stable controlling shareholder. In addition, the top 10 shareholders collectively hold 70.74%. SIR views this as an important point and believes that the overall shareholder base is relatively stable. Among the top shareholders is The Master Trust Bank of Japan, Ltd. (Trust Account), indicating the presence of institutional investor capital to a certain extent. Furthermore, the presence of the founder, executives, and business corporations among the major shareholders contributes to a stable shareholder structure. While the tradable share ratio may entail certain constraints, it is likely to support continuity in management policy and business operations from a medium- to long-term perspective. Based on these factors, SIR believes that the Company's shareholder structure, consisting of a high proportion of stable shareholders, supports earnings growth and the execution of its medium-term strategy.

### ■ Major shareholders (As of December 31, 2025)

Name of shareholder	Number of shares (thousand)	% Holding*
Hinokiya Group Co., Ltd.	17,700	54.94
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,114	6.56
Fumitaka Nakamura	1,006	3.12
Naoki Hayakawa	433	1.34
Nippon Aqua Employee Stock Ownership Association	369	1.14
KOUFUKU SENPAKU Co., Ltd.	283	0.87
Yoshihiro Katayama	242	0.75
GOLDMAN SACHS INTERNATIONAL	229	0.71
Yuka Murakami	223	0.69
Mitsuhiko Minakado	202	0.62
Major shareholder total	-	70.74

Note: The share of the total number of issued shares is shown excluding the shares held by the Company.

Source: Compiled by SIR from annual securities report.

### ■ Management philosophy and founding principles

The Company operates under the management philosophy of "Contribution to society through the creation of living environments that are friendly to people and the earth." It aims to reduce energy consumption while also addressing global warming through innovation in insulation technology. Founder and current President Fumitaka Nakamura encountered a challenge in his previous role: conventional glass wool insulation for wooden houses tended to have gaps during installation, resulting in inconsistent insulation performance. These insulation defects not only created uncomfortable living conditions—hot in summer and cold in winter—but also increased health risks, including heatstroke and heat shock. To address this issue, Mr. Nakamura turned his attention to on-site spray-applied rigid urethane foam. He aimed to create homes with good insulation and airtightness by enabling seamless application to walls and ceilings. His strong sense of mission to provide comfortable and healthy living environments served as the driving force behind the development. However, **the initiative was not recognized internally, and the business unit was dissolved.** With a strong desire to **become an innovator who transforms Japan's living environments,** Mr. Nakamura **set out on his own and founded the Company in 2004.**

Mr. Nakamura launched the Company in Nagoya, initially managing everything himself—from sales to catalog production. His uncompromising focus on installation quality led to the establishment of its installation department. Driven by a rebellious spirit, he continued to challenge conventional industry practices and established a business model that uniquely integrates insulation, waterproofing, and recycling. Today, the Company is listed on the Prime Market of the Tokyo Stock Exchange and continues to take on new challenges toward realizing a sustainable society.

In addition, the Company's management philosophy, "Contribution to society through the creation of living environments that are friendly to people and the earth." is characterized by the way it articulates its core concept through a three-layer structure consisting of vision, guiding principles, and credo. The vision defines the Company's purpose as reducing overall energy demand through innovation in insulation technologies, while achieving both measures to combat global warming and the realization of healthy and comfortable living. The guiding principles emphasize customer satisfaction, the creation of new value, compliance, and self-improvement, while the credo sets out value standards such as fairness and integrity, as well as clear rewards and penalties. In this way, the Company does not merely present its philosophy in abstract terms, but seeks to realize it by translating it into business direction, daily actions, and organizational discipline. Furthermore, according to the management philosophy page on the Company's website, the Company has formulated a new corporate identity (CI) that expresses its corporate value. By ensuring that all employees share this corporate value and advance business with aligned direction, the Company aims to contribute to society and the global environment, and to provide safe, secure, and rich living environments through technology and manufacturing that inspire people. SIR believes that the Company's intention to fully roll out this new CI reflects a commitment to advancing both the penetration of its philosophy and the enhancement of corporate value.

### ■ History

The Company was established in 2004 by founder Fumitaka Nakamura, driven by his strong belief in transforming Japan's living environments. With a mission to drive adoption of on-site spray-applied rigid urethane foam, he initially handled sales, marketing, and installation support alone, traveling nationwide from his base in Nagoya.

In 2005, the Company established the Tokyo Sales Office to expand into the Kanto region, home to Japan's largest housing market. Mr. Nakamura also took the initiative to create promotional materials himself, working to raise its visibility. In 2007, the Company opened the Osaka Sales Office as its third base of operations, advancing into the western Japan market and rapidly expanding its market presence.

In 2009, following a change in major shareholders, the Company became a consolidated subsidiary of Hinokiya, marking the start of full-scale efforts to strengthen its management structure in preparation for listing. In 2011, recognizing the need to improve installation quality, the Company established its installation department to standardize quality and establish a responsible installation system. Beginning in 2012, the Company expanded beyond single-family homes into the building sector—including commercial facilities, factories, and multi-unit housing—as it began diversifying its business portfolio.

In 2013, the Company was listed on the Mothers Market of the Tokyo Stock Exchange. Its initial share price exceeded the IPO price, marking a turning point in gaining recognition from the capital markets and earning public trust. In 2014, the Company hired technical personnel and established a Technical Center, internalizing raw material development to build a stable supply system and strengthen price competitiveness.

In 2016, the Company became the first fabless manufacturer in the field of spray-applied rigid urethane foam for buildings to obtain JIS certification, publicly demonstrating the reliability of its quality control system. In 2018, it transferred its share listing to the First Section of the Tokyo Stock Exchange. The following year, amid rising public concern over fire-related accidents, the Company launched its non-flammable insulation material “AQUA MOEN NEO,” contributing to improved safety at construction sites.

In 2020, the Company fully entered the waterproofing field with the launch of “AQUA HAJIKUN,” a polyurea resin-based material offering high durability, elasticity, and quick-drying performance—paving the way for growth in a new business domain. In 2022, the Company transferred to the Prime Market of the Tokyo Stock Exchange. It established new recycling plants in Tamba City, Hyogo Prefecture, and Shiroi City, Chiba Prefecture, completing a vertically integrated business model that covers everything from raw material procurement and installation to recycling.

In addition, in 2025, the Company launched its strategic product, “All-in AQUA FOAM (Marutto AQUA FOAM),” and established a system to provide a one-stop insulation package covering an entire building, including floor insulation boards in addition to conventional wall and roof insulation. By strengthening solution-oriented sales that propose optimal insulation plans for each building, the Company is shifting the market standard from partial optimization to overall optimization in insulation, while simultaneously advancing improvements in housing performance and higher order unit prices.

With no other competitors having adopted such a model, the Company has positioned itself as a unique player, laying the foundation for sustainable growth.

### Corporate history

Date	Event
2004 Nov	<b>Established Nippon Aqua Co., Ltd. in Minami-ku, Nagoya. Opened Nagoya sales office.</b>
2005 Sep	Opened the Tokyo sales office in Machida, Tokyo, and expanded into the Kanto region.
2007 Jan	Transferred the head office to Mizuho-ku, Nagoya. Opened the Osaka sales office, and the company expanded into the Kinki region.
2009 Feb	<b>Hinokiya Housing Co., Ltd. (Currently Hinokiya) acquired shares of the Company, making it a consolidated subsidiary</b> (shareholding ratio: 87.5%).
2009 Apr	Transferred the head office to Kohoku Ward, Yokohama.
2009 May	Opened Fukuoka, Hiroshima, and Sendai sales offices, expanding into Kyushu, Chugoku, and Tohoku regions.
2010 Apr	Opened Niigata Sales Office and Shizuoka Sales Office.
2011 Apr	Opened Matsuyama Sales Office.
2012 Jun	Opened Sapporo Sales Office.
2013 Dec	<b>Listed on the Tokyo Stock Exchange Mothers.</b>
2014 Dec	Relocated the head office to Minato-ku, Tokyo. <b>Opened a technical center in Yokohama.</b>
2014 Dec	Established new office building in Nagoya.
2015 Oct	Established a new office building in Tosu City, Saga Prefecture.
2015 Oct	Established a new office building in Okayama City.
2015 Nov	Established a new office building in Osaka City.
2016 Oct	Became the first fabless manufacturer to obtain JIS certification for spray-applied rigid urethane foam for building insulation.
2016 Sep	Established new office building in Sendai.
2017 Jun	Established new office building in Saitama.
2018 Mar	<b>Changed listing to the First Section of the Tokyo Stock Exchange.</b>
2019 Jul	Started sales of "AQUA MOEN".
2019 Sep	Established a new office building in Niigata City.
2020 Mar	Established a new office building in Kanazawa City.
2020 Apr	Established new office buildings in Atsugi City and Aomori City.
2020 Aug	Established a new office building in Akita City.
2020 Sep	Launched sales of "AQUA HAJIKUN" , marking the Company's full entry into the <b>waterproofing sector.</b>
2020 Oct	Yamada Holdings launched a tender offer for Hinokiya.
2020 Nov	Established a new office building in Matsumoto, Nagano Prefecture.
2021 Jun	Started sales of "AQUAFOAM LITE".
2021 Oct	Opened Sendai Recycling Plant and Kyushu Recycling Plant.
2021 Nov	Opened West Japan Business Center in Osaka.
2022 Apr	<b>Transferred to the Tokyo Stock Exchange Prime Market.</b> Opened Kyushu Business Center in Fukuoka.
2022 Sep	Opened Kanto Business Center in Yokohama.
2022 Oct	<b>Established Kansai Recycling Factory</b> in Tamba, Hyogo.
2022 Nov	<b>Established Kanto Recycling Factory</b> in Shirai, Chiba.
2023 Feb	Started sales of Aqua Barrier.
2023 Apr	Established new office building opened in Kanuma, Tochigi Prefecture.
2024 May	Established a new office building in Miyakonojo, Miyazaki Prefecture.
2025 July	Launched "All-in AQUA FOAM (Marutto AQUA FOAM)," tailored insulation plans for each home.

Source: Compiled by SIR from the Company's annual securities report.

**CSV strategy:**

A management strategy aimed at creating shared value (CSV). Proposed by Michael Porter of Harvard University and others in 2011, the concept advocates simultaneously pursuing both social value and a company's own economic value. Rather than being merely a corporate social contribution initiative, it is positioned within the context of business strategy.

### ■ Management strategy : Creating markets through innovation and CSV

The Company holds the leading domestic share in on-site urethane foam insulation installation and leverages this strength to address the following social issues.

Specifically, the Company aims to contribute by improving energy efficiency to achieve carbon neutrality by 2050, addressing the urban heat island effect, and mitigating the deterioration of concrete buildings.

In this way, the Company positions its Creating Shared Value (CSV) strategy—pursuing corporate growth through solutions to social issues, rather than merely providing insulation materials and installation services—as a core pillar of its management policy. In addition, the Company's key characteristic lies not only in developing businesses that contribute to solving social challenges, but has also in pioneering new markets in the process. The widespread adoption of on-site urethane foam insulation material itself has been a process of forming a new market while addressing the challenges of conventional residential insulation, and at present, the Waterproofing division is also creating new demand in areas that had not been sufficiently developed. In other words, the Company has grown by simultaneously **advancing the resolution of social challenges and the development of new markets**. This ability to realize CSV as an innovator represents a defining characteristic of the Company. Based on this management strategy, the Company has established the following four management policies:

#### 1. Establishing the 3 Pillars of Stability

In its core installation and sales sector, the Company aims to expand the scale of its Waterproofing division by achieving profitability at an early stage and raising market awareness. It intends to establish the Waterproofing division as a third pillar alongside the Single-family homes division and Buildings division.

#### 2. Expanding business domains

To broaden its business domains, the Company is strengthening efforts in areas such as product sales. In particular, it is focusing on raw material sales by supplying urethane materials to non-certified contractors—enhancing its brand recognition as a manufacturer. The Company also seeks to expand distribution capabilities by developing a nationwide network of logistics bases.

#### 3. Creating a virtuous cycle of growth and profit distribution

The Company seeks to generate a virtuous cycle for all stakeholders—including shareholders, certified contractors, and employees—through sustainable growth. For shareholders, it provides stable returns through a progressive dividend policy targeting a payout ratio of 50% or higher. For certified contractors, it offers incentives through support payments. At the same time, the Company is also making strategic investments to support medium- to long-term growth, including expanding logistics bases (sales offices) and strengthening the Waterproofing division.

#### 4. Performance targets and profit distribution

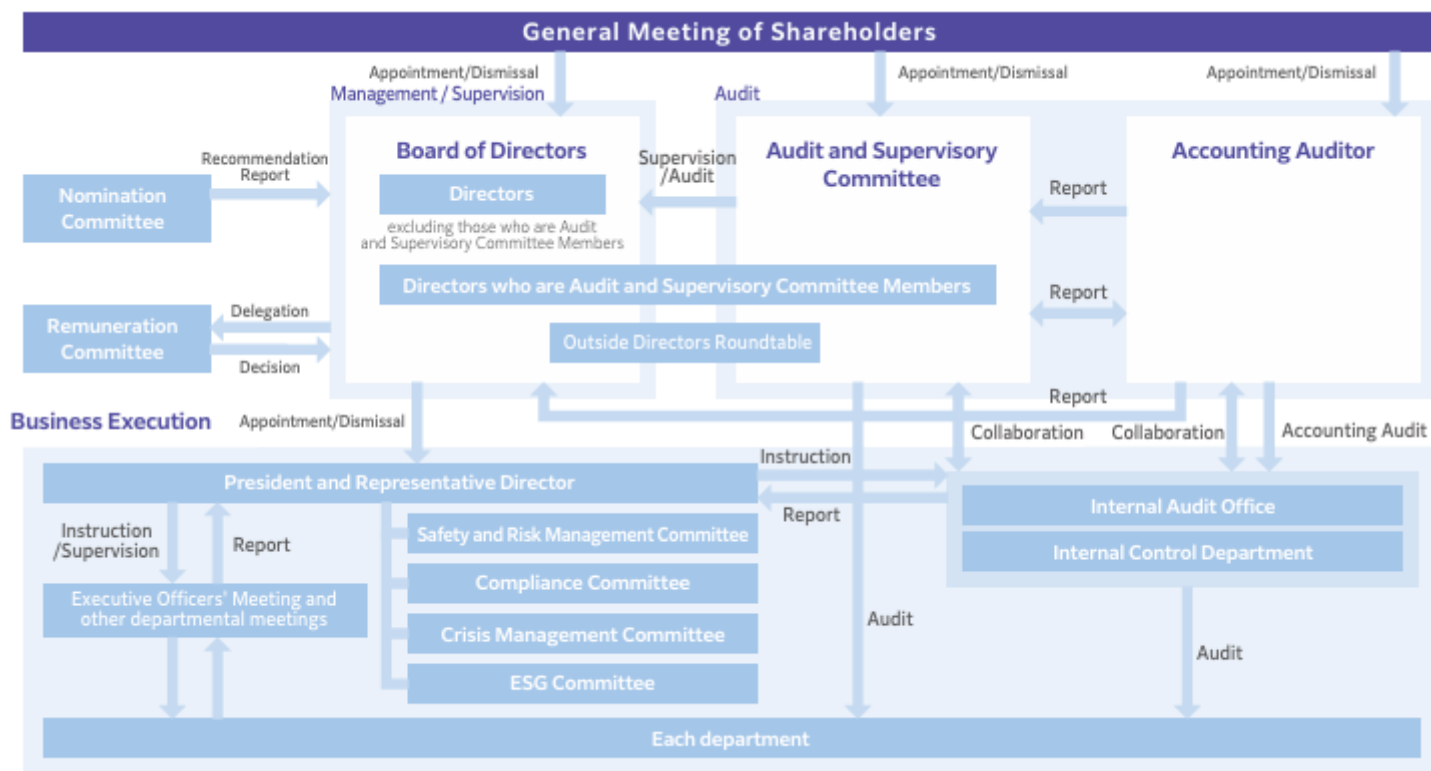
The Company aims to achieve a revenue CAGR of 10.6% and an ordinary profit CAGR of 5.7% over the period from FY2024 to FY2026, while setting key performance targets of 20% ROE and a 10% operating profit margin, and adopting a progressive dividend policy with a payout ratio of at least 50%.

■ Management system

The Company prioritizes the sustainable enhancement of corporate value and transparency. In March 2023, it transitioned from a company with a board of auditors to a company with an audit and supervisory committee. This transition strengthened the Company’s audit and supervisory functions by incorporating independent outside directors into the Board of Directors.

The Board of Directors comprises 11 members—five internal directors and six independent outside directors—and strengthens governance by maintaining advisory bodies such as the Nomination Committee and Compensation Committee. Since FY2019, the Company has adopted an executive officer system to clarify responsibility for business execution and accelerate decision-making. As part of its governance functions, the Company has established cross-functional committees—including the ESG Committee, Compliance Committee, and Safety Risk Management Committee—to strengthen risk management and ensure legal compliance.

Governance structure diagram



Source: Excerpt from the Company’s integrate report.

## Business model



Buildings division: Niigata Station South Exit West District Excellent Building Development Project  
Source: Compiled from the Company's website (same below)



Buildings division: ONE Sapporo Station Tower



Buildings division : Fukuoka Airport International Terminal Building



Buildings division : Sendai Kosei Hospital



Waterproofing division : Kurume City Baseball Stadium

### ■ Key products

The Company's core business is the installation and sales of insulation materials, with the Single-family homes division, Buildings division, and Waterproofing division positioned as its three main divisions. It also sells auxiliary supplies, urethane raw materials, and spraying machines.

#### Main products by segment

Department	Product
Single-family homes (46.8% of Total net sales)	<b>AQUA FOAM:</b> The market leader in on-site urethane foam insulation material for wooden single-family homes. It uses water as a blowing agent, resulting in low environmental impact. In 2025, the Company launched "All-in AQUA FOAM (Marutto AQUA FOAM)" and established a system to provide a one-stop insulation package covering an entire building, including floor insulation boards in addition to conventional wall and roof insulation.
	<b>AQUA FOAM LITE:</b> Formulated with plant-derived materials, its CO <sub>2</sub> emissions is 22% lower than AQUA FOAM.
	<b>AQUA FOAM NEO:</b> Demonstrates outstanding insulation performance in cold regions and has obtained ministerial certification for its fire-resistant structure. Its high airtightness reduces energy consumption and lowers the risks of mold and corrosion. <b>AQUA FOAM NEO+TP:</b> A multifunctional insulation material that combines the performance of AQUA FOAM NEO with termite-resistant properties. It enables simultaneous application of insulation, airtight sealing, and termite protection, reducing labor and lowering costs.
Buildings (29.4% of Total net sales)	Insulation installation and sales for wooden single-family homes, both for new builds and renovations.
	<b>AQUA FOAM NEO:</b> Designed for use in buildings such as condominiums and commercial facilities, this product offers the same core performance as the residential-use AQUA FOAM NEO and has been widely adopted across a wide range of facilities. <b>AQUA MOEN NEO:</b> A non-combustible insulation material that offers both fire resistance and insulation. Designed for use in buildings such as offices, factories, warehouses, and schools.
Waterproofing (4.5% of Total net sales)	Insulation installation and sales for buildings, including offices, condominiums, and commercial facilities.
	<b>AQUA HAJIKUN:</b> A spray-applied waterproofing material. Suitable for extending the lifespan of single-family homes, factories, rooftops, parking structures, and other structures. Waterproofing installation and sales for wooden single-family homes and buildings.
Sales of urethane raw materials (6.2% of Total net sales)	Sales of urethane raw materials for single-family homes and buildings.
Other product sales (13.1% of Total net sales)	Sales of auxiliary supplies (insulation-related products, consumables), spraying machines, and related components.

Source: Compiled by SIR from the Company's Website.

## ■ Business model

The Company operates a vertically integrated business model that covers the entire value chain, from raw material procurement to installation, sales, and recycling.

This unique model serves as the source of the Company's overwhelming competitive advantage, even in a challenging market environment in which the number of new housing starts declined by approximately 6% YoY in FY2025/12.

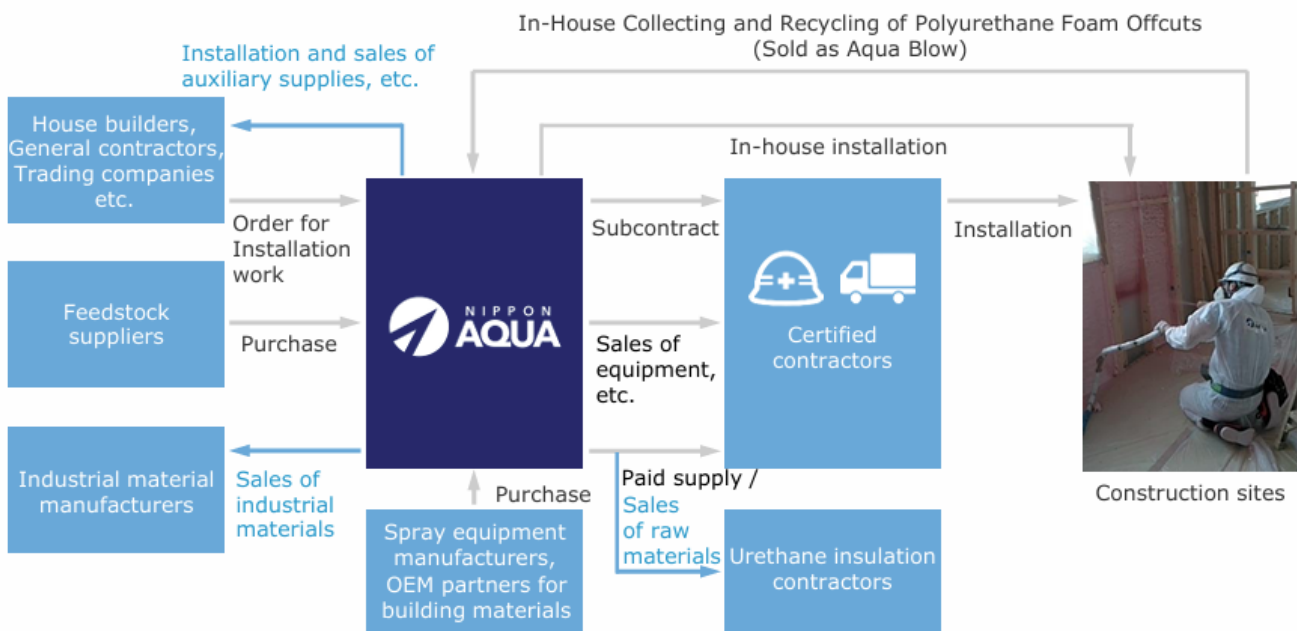
### 1. Unique position as installation infrastructure

The Company's greatest strength lies in its nationwide network of sales offices and administrative centers, which supports a supply system that enables installation with consistent quality anywhere in Japan. Competitors in the on-site urethane foam insulation material market are mostly small, regionally focused operators, and lack the resources to respond to rapid increases in demand or to handle projects across wide geographic areas. In contrast, as of the end of FY2025/12, the Company maintains a installation workforce of 1,256 personnel, including certified contractors, in-house installation personnel, and technical intern trainees, and functions as an irreplaceable "installation infrastructure" for leading builders operating nationwide. This reliability is driving concentrated orders from key partners and expansion of market share.

### 2. Reproducible growth through strategic partnerships

Strong collaboration with nationwide builders demonstrating notable growth within the industry is currently driving revenue growth in the Single-family homes division. As a recent trend, leading nationwide builders that are accelerating their nationwide expansion have expanded transactions with the Company to a significant level, accounting for slightly less than 10% of total installation projects. Furthermore, the Company, in principle, undertakes all insulation work orders from another major builder with a strong sales base in specific regions, and this is expected to account for slightly more than 5% of total installation projects. In this way, even in a shrinking market, the Company achieves highly reproducible growth that outpaces market trends through deep partnerships with fast-growing builders.

Business scheme



Source: Excerpt from the Company’s results presentation materials

**3. Solution-wide optimization: “All-in AQUA FOAM (Marutto AQUA FOAM)”**

“All-in AQUA FOAM (Marutto AQUA FOAM),” the Company’s strategic product that it has been rolling out in full scale since FY2025/12, provides a one-stop insulation package covering an entire building, including floor insulation boards in addition to conventional spray-applied insulation for walls and roofs. This represents a shift in proposals from partial optimization of insulation to overall optimization that maximizes the overall building performance. This strategy reduces the burden of construction management for builders while raising order unit prices and improving housing performance through optimal insulation plans for each building.

**4. Circular business model and social responsibility (CSV)**

The Company has completed its recycling system as the final step in its vertically integrated model. Based on a national permit from the Japanese Minister of the Environment, the Company has established a cycle to collect urethane offcuts generated at construction sites nationwide at its own plants (Sendai, Kanto, Kansai, and Kyushu) and re-commercialize them as recycled insulation materials. This system, which consistently covers raw material development, installation, and waste processing, aligns with policy trends such as mandatory energy efficiency standards that began in FY2025 and serves as a strong basis for leading builders when selecting the Company as a partner, thereby creating a high barrier to entry.

## ■ Leveraging Company-owned properties to drive expansion of sales offices and installation capabilities

### 1. Development of company-owned properties across 44 locations nationwide and establishment of installation infrastructure

The Company is establishing new sales offices nationwide on its own properties. Sales offices are large-scale facilities that not only function as workplaces for employees, but also as operational hubs for certified contractors and as distribution points for urethane raw materials. By establishing these facilities as Company-owned properties, the Company promotes community-oriented business activities and creates attractive employment opportunities in regions with limited job opportunities, thereby contributing to local development.

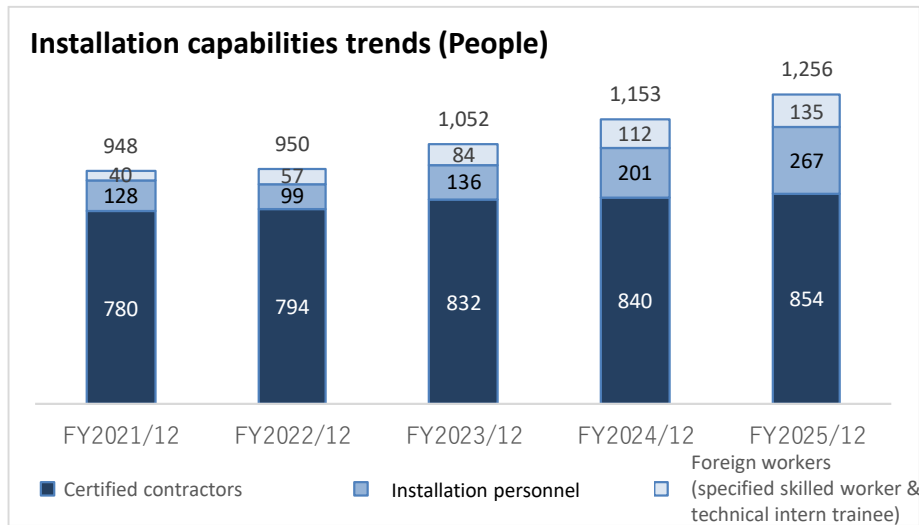
This strong nationwide network functions as essential installation infrastructure that enables consistent quality across the country for leading nationwide builders.

### 2. Three-pillar installation system and steady expansion of the workforce

The Company's installation capabilities consist of three pillars: certified contractors as external partners, in-house installation personnel, and foreign specified skilled workers and technical intern trainees. Based on a policy of building an overwhelmingly strong system in both quality and quantity compared with competitors, **the Company has continued to increase its workforce by approximately 100 personnel per year since 2023**. Looking at the workforce trends, the number of personnel has steadily expanded from 948 personnel in FY2021/12 to 950 in FY2022/12, 1,052 in FY2023/12, and 1,153 in FY2024/12. As of the end of FY2025/12, the workforce reached 1,256 personnel (certified contractors: 854, in-house installation personnel: 267, technical intern trainees: 135), achieving increases across all categories.

### 3. Strengthening recruitment capability through workstyle reform and an overwhelming resource advantage over competitors

Workstyle reform implemented ahead of the industry is a major factor supporting workforce expansion. The Company's introduction of a five-day workweek (with Saturdays and Sundays off) for its installation personnel in January 2023 significantly increased the number of job applicants. The Company also promotes diverse workstyles by introducing a staggered working hours system from January 2026 while improving installation efficiency on weekdays. Competitors in the on-site urethane foam insulation material market are mostly small and lack the resources to meet demand from nationwide builders or handle nationwide projects. In contrast, the Company, with an installation workforce exceeding 1,200 personnel, functions as the only installation infrastructure capable of handling concentrated orders from leading partners, thereby solidifying its competitive advantage in the market.



Source: Compiled by SIR from the Company's results presentation materials

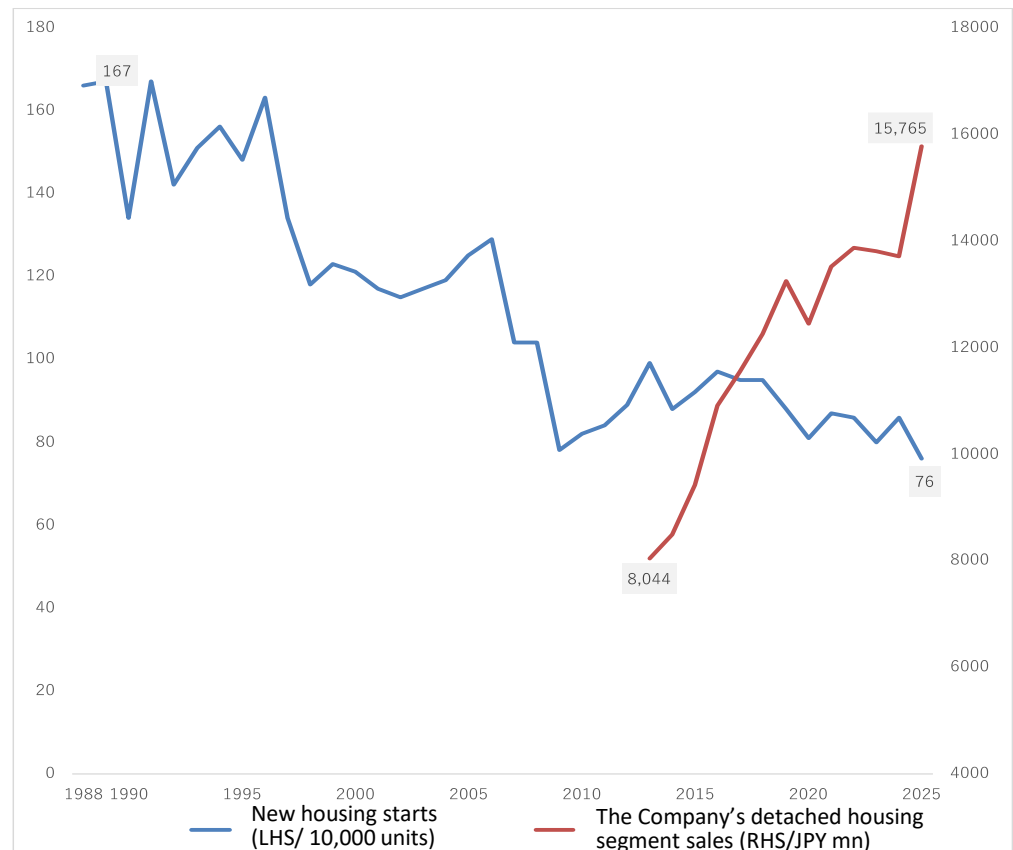
Industry environment

■ Single-family homes division / Expanding share in a shrinking market

Housing starts have been on a long-term declining trend since peaking at 1,710,000 units in 1990, falling to 740,000 units in 2025. The overall single-family housing market is likely to continue shrinking, reflecting population decline and slower growth in the number of households. At first glance, this market environment appears to be a headwind for the Company, which focuses on insulation materials for housing, but in reality, the Company’s sales in the Single-family homes division have steadily expanded. As shown in the graph, sales in the Single-family homes division increased from JPY 8,044 mn in FY2013 (at the time of listing) to JPY 13,704 mn in FY2024 and further to JPY 15,765 mn in FY2025. In other words, the Company has achieved growth not through overall market expansion, but by increasing its share within a shrinking market.

This growth is supported by steadily increasing demand, particularly in the custom-built housing segment, for insulation performance, airtightness, comfort, and energy efficiency. In addition, the Company offers a high-performance insulation product lineup and a system that enables consistent installation quality nationwide, which SIR believes is driving an increase in orders from nationwide builders and major builders. Even as the market itself is shrinking, the Company is in a phase where its competitive advantage is strengthening amid the trend toward higher-performance housing. SIR believes that although the overall size of the Single-family housing market will continue to shrink, the impact on the Company will be relatively limited, and there remains substantial room for further share gains.

Trends in housing starts and the company’s Single-family homes division sales



Source: Compiled by SIR based on Housing starts data from MLIT; the Company’s detached housing segment sales from its IR materials

■ Supported by favorable government environmental policies

**1. Enhancement of housing performance under new standards from April 2027**

The Japanese government is strongly promoting policies to improve housing energy efficiency to achieve its greenhouse gas emissions reduction targets. Specifically, the new energy efficiency standard “GX ZEH” will be applied from April 2027. This formally raises the standard from “Insulation Grade 5,” which has been the conventional benchmark, to the higher-performance “Insulation Grade 6.” As of 2024, more than 90% of the Company’s total installations is at Insulation Grade 5, and this policy-driven increase in required performance creates a highly favorable business environment for the Company, given its strengths in high insulation and high airtightness.

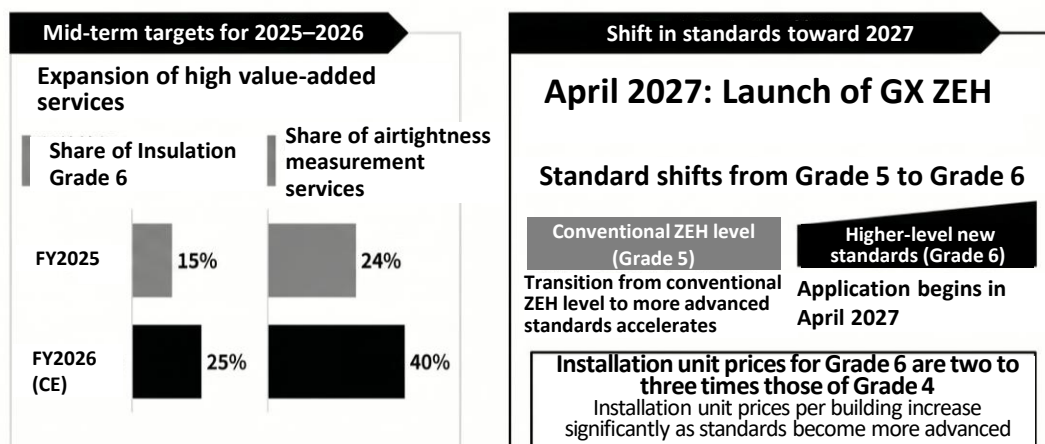
**2. Increase in installation unit prices driven by higher insulation standards**

Stricter insulation performance standards increase installation unit prices per building, as they require thicker insulation materials and the use of higher-performance products. Based on the Company’s estimates, in many regions including major cities, installation unit prices for **Insulation Grade 6 are two to three times higher than those under the conventional energy efficiency standard (Insulation Grade 4)**. The share of Insulation Grade 6 in the Company’s total construction is expected to increase from approximately 15% in 2025 to 25% in 2026. In this way, government policy is shifting the product mix toward higher-priced, higher value-added offerings, thereby supporting improved profitability.

**3. Importance of airtightness and promotion of insulation solutions covering an entire building**

Ensuring airtightness performance, which eliminates gaps in the building, is essential to achieving effective energy-efficient housing, in addition to insulation performance. The Company is strengthening its provision of airtightness measurement services to verify post-installation performance, and the adoption rate is expected to increase from 24% in 2025 to 40% in 2026. The Company is also accelerating the rollout of “All-in AQUA FOAM (Marutto AQUA FOAM),” which includes floor insulation boards in addition to conventional wall and roof insulation. As a result, the Company is shifting from partial insulation to solutions that optimize overall housing performance, while reducing the burden on builders and further raising installation unit prices.

**Impact of enhanced insulation standards and expansion of high value-added services**



Source: Compiled by SIR

## ■ Buildings division / Growth expected in data centers and the cold chain sector

### 1. Expansion of data center demand driven by generative AI investment and low PUE initiatives

Domestic data center development is scaling up, driven by the growth of cloud services and increased investment in generative AI. Achieving low PUE (power usage effectiveness) to reduce power consumption has become a pressing challenge in data centers, driving extremely strong demand for high insulation performance. According to the Company's earnings presentation materials, the market is projected to reach JPY 5,403.6 bn by 2029, with a CAGR of 6%. The Company has already accumulated a track record of data center construction across Japan, including in the Kanto and Kyushu regions, and expects to continue securing stable orders supported by its strong installation system.

### 2. Opportunities in the cold chain market driven by aging infrastructure replacement and pharmaceutical demand

Replacement demand for refrigerated and cold storage warehouses built in the 1980s and 1990s is gaining momentum in the cold chain market, while expansion of the frozen food market and stricter temperature control requirements for pharmaceuticals and vaccines are providing tailwinds. The market is projected to reach JPY 3,975.9 bn by 2030, with a CAGR of 5%. The Company is strengthening its sales activities to drive full-scale order expansion, with proposals centered on maintaining cooling efficiency and minimizing energy consumption. Inquiries from project owners and primary contractors are highly active, and continued accumulation of installation track record is expected to contribute to future earnings.

### 3. Diversification of earnings base and future outlook through strengthening the non-residential sector

The Company is accelerating expansion into the data center and cold chain sectors as key markets within the Buildings division, leveraging the installation share it has built for single-family homes. These large-scale non-residential projects are areas where the Company's strengths in high insulation and high airtightness are most effectively demonstrated, creating a high barrier to entry for competitors. These growth markets also play an important role in the Company's strategy to diversify its business portfolio and reduce dependence on specific leading builders. Looking ahead, the Company aims to further strengthen its position as installation infrastructure in the non-residential sector to achieve net sales of JPY 100 bn in the 2030s.

## ■ Waterproofing division / Demand materializing, orders secured from nationally important facilities

### 1. Building a strong order base in the non-residential renovation market

Large-scale non-residential projects, including logistics warehouses, core factories of major manufacturers, and nationally important facilities, are strongly driving growth in the Waterproofing division. Replacement demand for aging buildings remains solid over the medium to long term, and the Company's accumulated installation track record has significantly increased recognition that "Nippon Aqua, known for insulation, also handles waterproofing." This expanding track record is generating new trust and creating a virtuous cycle of repeat orders from facility owners, including retail chains. Sales in the non-residential segment have expanded rapidly from approximately JPY 280 mn in FY2024/12 to over JPY 1.0 bn in FY2025/12.

## **2. Driving sustainable growth through investment in human resources and a stronger sales structure**

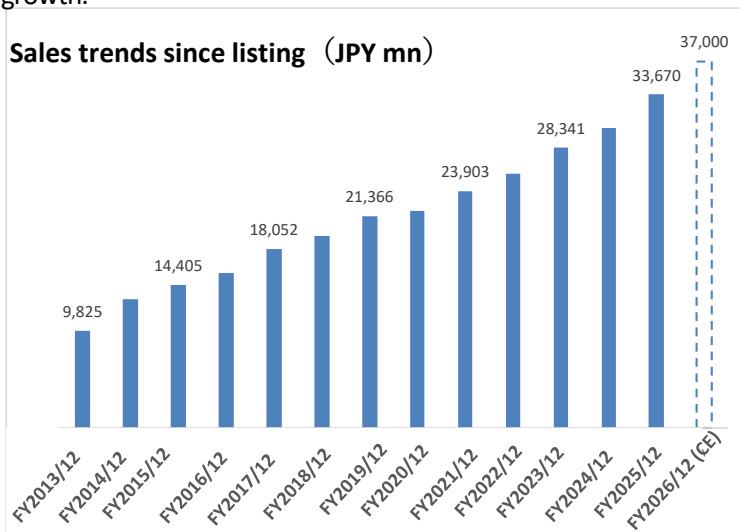
The Company is strategically investing in human capital and strengthening its organizational structure to accelerate business expansion. In addition to expanding the Waterproofing division workforce, the Company is enhancing sales activities at exhibitions and strengthening its approach to design offices and general contractors, establishing a framework that enables participation from the early stages of projects. The Company is also leveraging the strong customer base it has built in the Single-family homes division to optimize its business portfolio, establishing a balanced structure in which three pillars, the Single-family homes, Buildings, and Waterproofing divisions, support earnings. The Company expects Waterproofing division sales to exceed JPY 2.0 bn in FY2026/12 and aims to achieve further growth.

Earnings trend

■ Long-term trend: Continuous revenue growth since listing

The Company has consistently expanded net sales since before its listing, growing significantly from JPY 9,825 mn in FY2013/12 to JPY 33,670 mn in FY2025/12. After reaching JPY 19,417 mn in FY2018/12 and achieving a market transfer to the First Section of the Tokyo Stock Exchange, the Company has maintained its revenue growth trend and continued to record uninterrupted net sales growth since listing, which SIR views positively. In FY2026/12, the Company plans net sales of JPY 37,000 mn and is entering a phase of further expansion toward the next stage of growth. This growth has not been driven solely by the Single-family homes division, the Company’s founding business. While the Single-family homes division accounted for the majority of sales in FY2013/12, the Buildings division, Waterproofing division, and peripheral businesses such as raw materials and auxiliary supplies sales have steadily expanded, advancing diversification of the earnings base. In FY2025/12, the Company recorded JPY 15,765 mn in the Single-family homes division, JPY 9,896 mn in the Buildings division, JPY 1,515 mn in the Waterproofing division, and JPY 6,492 mn in raw materials and auxiliary supplies sales, and the FY2026/12 plan incorporates growth across all divisions. In other words, SIR believes the Company has built a sustainable revenue base by expanding its growth areas from core insulation installation for housing into non-residential insulation installation, waterproofing, and materials sales.

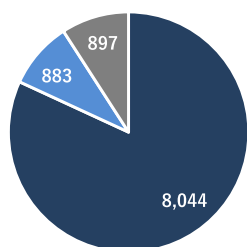
In FY2026/12, supported by these tailwinds, the Company is expected to further strengthen its three pillars, the Single-family homes, Buildings, and Waterproofing divisions, and further advance its post-listing growth trajectory, which SIR views as a move into the next stage of growth.



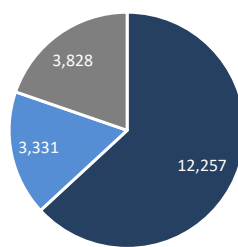
Source: Compiled by SIR from the Company’s earnings presentation materials.

Sales by division (JPY mn)

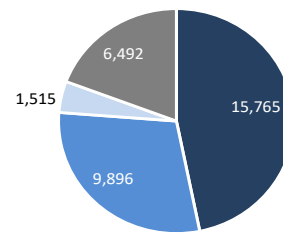
FY2013/12



FY2018/12



FY2025/12



■ Single-family homes ■ Buildings ■ Waterproofing ■ Sales of urethane raw materials/Other product sales

Source: Compiled by SIR from the Company’s earnings presentation materials

### ■ Performance trends over the past five years

Over the past five years, the Company has achieved growth in net sales accompanied by increases in gross profit and profit at each level. Net sales rose from JPY 23,903 mn in FY2021/12 to JPY 33,670 mn in FY2025/12. This growth was driven by stable performance in the Single-family homes division, significant expansion in the Buildings division, the ramp-up of the Waterproofing division, and growth in the Sales of urethane raw materials and the Other product sales.

Profitability has also improved. Gross profit increased from JPY 4,739 mn in FY2021/12 to JPY 7,738 mn in FY2025/12, and the gross profit margin rose from 20% to 23%. In particular, the Buildings division recorded significant growth in both net sales and gross profit, driving profit growth over the past five years. The Waterproofing division also moved into the black at the gross profit level in FY2025/12 and is progressing toward profitability as the third pillar.

Although SG&A expenses increased in line with business expansion, the growth in gross profit outpaced this increase, resulting in operating profit, ordinary profit, and profit attributable to owners of the parent all approximately doubling compared with FY2021/12.

Although profit growth temporarily slowed in FY2024/12, a recovery was evident in FY2025/12, and SIR believes the Company has achieved growth accompanied by improved profitability, not merely expansion in net sales.

### Performance trends over the past five years

(JPY mn)

	FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12	vs. FY2021
Net sales	23,903	25,670	28,341	30,265	33,670	40.9%
Single-family homes	13,521	13,873	13,798	13,704	15,765	16.6%
Buildings	5,371	6,838	8,267	9,499	9,896	84.2%
Waterproofing	128	315	489	719	1,515	1083.6%
Sales of urethane raw materials	1,098	1,211	1,916	2,226	2,072	88.7%
Other product sales	3,783	3,430	3,869	4,115	4,420	16.8%
Gross Profit	4,739	5,783	6,923	6,859	7,738	63.3%
Single-family homes	2,772	3,542	3,685	3,196	3,557	28.3%
Buildings	822	1,206	1,963	2,329	2,353	186.3%
Waterproofing	20	(16)	(35)	(22)	223	1015.0%
Sales of urethane raw materials	177	361	342	372	409	131.1%
Other product sales	946	690	968	984	1,195	26.3%
Gross profit margin	20%	23%	24%	23%	23%	-
Single-family homes	21%	26%	27%	23%	23%	-
Buildings	15%	18%	24%	25%	24%	-
Waterproofing	16%	-5%	-7%	-3%	15%	-
Sales of urethane raw materials	16%	30%	18%	17%	20%	-
Other product sales	25.0%	20.1%	25.0%	23.9%	27.0%	-
SG&A	3,328	3,456	4,042	4,286	4,964	49.2%
Operating profit	1,412	2,329	2,882	2,576	2,774	96.5%
Ordinary profit	1,429	2,360	2,917	2,604	2,794	95.5%
Net profit (ATOP)	954	1,549	2,004	1,839	1,895	98.6%

Source: Compiled by SIR from SPEEDA data.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.0

### ■ Financial position over the past five years

The Company has maintained a sound financial base while steadily increasing total assets in line with business expansion, in SIR's view. Total assets increased from JPY 18,279 mn in FY2021/12 to JPY 25,810 mn in FY2025/12, indicating that the business base itself has expanded in line with sales growth. As of the end of FY2025/12, current assets amounted to JPY 20,015 mn, accounting for 77.5% of total assets, indicating a continued high level of asset liquidity. Meanwhile, fixed assets also increased to JPY 5,795 mn, and the Company is advancing the development of its operational infrastructure, including sales offices and warehouses, to support growth.

Looking at the composition of liabilities and net assets as of the end of FY2025/12, total liabilities stood at JPY 14,176 mn and net assets at JPY 11,633 mn. The equity capital ratio has generally remained in the mid-40% range, excluding FY2022/12. Interest-bearing debt totaled JPY 4,852 mn as of the end of FY2025/12, and the D/E ratio was 0.4x, indicating that the Company has not relied on excessive leverage while pursuing growth investments. Although the proportion of current liabilities is relatively high in the short term, SIR believes the Company's financial management remains within a controlled range, given the substantial level of current assets and its stable profit generation capacity.

From a capital efficiency perspective, the Company's financial position is sound in SIR's view. ROE rose to 23.2% in FY2023/12 and, although it declined slightly to 18.5% in FY2024/12 and 17.1% in FY2025/12, it remains at a high level. In FY2025/12, ROA was 7.6%, while ROIC was 11.9% on an invested capital basis and 24.3% on a business assets basis, indicating that the Company is utilizing its assets and capital efficiently. Overall, SIR believes the Company has strengthened its equity base and maintained capital efficiency while steadily increasing total assets, and remains in a balanced financial position for a company in an expansion phase.

### Financial position over the past five years

(JPY mn)

FY	FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12	Composition ratio
<b>Income Statement</b>						
Total Assets	18,279	21,970	20,392	24,072	25,810	100.0%
Current Assets	13,591	17,136	15,473	18,820	20,015	77.5%
Non-Current Assets	4,688	4,834	4,919	5,252	5,795	22.5%
Property, Plant & Equipment	4,263	4,346	4,367	4,271	4,480	17.4%
Intangible Assets	112	96	86	80	88	0.3%
Investments and Other Assets	313	391	466	901	1,226	4.8%
Total Liabilities	10,328	14,003	11,088	13,526	14,176	54.9%
Current Liabilities	10,167	13,902	10,928	13,416	14,090	54.6%
Non-Current Liabilities	161	101	160	110	85	0.3%
Total Net Assets	7,951	7,967	9,305	10,546	11,633	45.1%
Total liabilities and net assets	18,279	21,970	20,393	24,072	25,810	100.0%
<b>(Supplemental data)</b>						
Shareholders' Equity Ratio	43.5	36.3	45.6	43.8	45.1	-
ROE	12.2	19.5	23.2	18.5	17.1	-
ROA	5.6	7.7	9.5	8.3	7.6	-
ROIC (Invested Capital)	8.8	12.0	15.3	13.5	11.9	-
ROIC (Business Assets)	14.9	20.9	26.6	26.1	24.3	-
Interest-bearing Debt	3,285	6,114	2,447	4,576	4,852	-
D/E Ratio	0.4	0.8	0.3	0.4	0.4	-

Source: Compiled by SIR from SPEEDA data.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

### ■ FY2026/12 Earnings forecast

Although FY2025/12 results fell short of the Company's plan, it delivered record-high earnings, led in particular by growth in the Single-family homes division. The Company's FY2026/12 plan maintains the growth trend while adopting a more cautious approach to profitability. Net sales are projected to increase 9.9% YoY to JPY 37,000 mn. Gross profit is expected to rise 5.7% YoY to JPY 8,177 mn, with the gross profit margin declining 0.9 percentage points to 22.1%. SG&A expenses are planned to increase 6.3% YoY to JPY 5,277 mn. Operating profit is projected to increase 4.5% YoY to JPY 2,900 mn, ordinary profit to grow 4.1% YoY to JPY 2,910 mn, and net profit to rise 4.1% YoY to JPY 1,972 mn, indicating more moderate profit growth relative to revenue gains. The dividend is set to remain at JPY 35. SIR believes this reflects the Company's stance of maintaining a stable dividend while securing internal reserves.

Overall, SIR believes the Single-family homes division will remain the primary growth driver. The Buildings division is expected to trend steadily against a backdrop of firm demand, while the Waterproofing division will continue increasing its contribution to growth as market development progresses. At the same time, the plan conservatively incorporates raw material costs, product and project mix, and higher fixed costs. Accordingly, SIR believes the key focus for FY2026/12 will center on the quality of growth, specifically whether the Company can sustain sales growth while limiting downward pressure on the gross profit margin and whether rising SG&A expenses can transition into a phase of return as growth investments.

### FY2026/12 Earnings forecast

(JPY mn)	FY2025/12	FY2026/12	CHG	YoY
<b>Net sales</b>	<b>33,670</b>	<b>37,000</b>	<b>3,329</b>	<b>9.9%</b>
Single-Family Homes	15,765	17,097	1,332	8.5%
Buildings	9,896	10,948	1,051	10.6%
Waterproofing	1,515	2,096	580	38.3%
Sales of Urethane Raw Materials	2,072	2,377	305	14.7%
Other Product Sales	4,420	4,480	59	1.4%
<b>Cost of sales</b>	<b>25,932</b>	<b>28,822</b>	<b>2,890</b>	<b>11.1%</b>
<b>Gross profit</b>	<b>7,738</b>	<b>8,177</b>	<b>438</b>	<b>5.7%</b>
(Gross profit margin)	23.0a%	22.1%	-0.9%	-
Single-Family Homes	3,557	3,955	398	11.2%
Buildings	2,353	2,167	(185)	-7.9%
Waterproofing	223	415	192	86.3%
Sales of Urethane Raw Materials	409	508	98	24.1%
Other Product Sales	1,195	1,130	(64)	-5.4%
<b>Selling, General and Administrative Expenses</b>	<b>4,964</b>	<b>5,277</b>	<b>313</b>	<b>6.3%</b>
<b>Operating profit</b>	<b>2,774</b>	<b>2,900</b>	<b>125</b>	<b>4.5%</b>
<b>Ordinary profit</b>	<b>2,794</b>	<b>2,910</b>	<b>115</b>	<b>4.1%</b>
<b>Net profit</b>	<b>1,895</b>	<b>1,972</b>	<b>77</b>	<b>4.1%</b>
Dividend per share	35.0	35.0	0.0	-

Source: Compiled by SIR from the Company's financial results materials.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

## ■ Performance outlook by division

### 1. Single-family homes division continues to lead performance

The Single-family homes division increased net sales from JPY 13,704 mn in FY2024/12 to JPY 15,765 mn in FY2025/12, up 15.0% YoY, becoming the primary driver of overall Company growth. The Company's FY2026/12 forecast projects continued momentum, with net sales expected to reach JPY 17,097 mn, up 8.5% YoY. Although new housing starts are trending downward, the Company maintains strong relationships with nationwide builders that are gaining share. Builders with higher quality requirements tend to value the reliability of the Company's products, making continued adoption more likely. SIR believes this penetration among leading builders represents the Company's greatest strength in achieving relative growth despite a challenging market environment.

In terms of profitability, gross profit for FY2025/12 reached JPY 3,557 mn, up 11.3% YoY, and is projected to increase to JPY 3,955 mn in FY2026/12, up 11.2% YoY. The gross profit margin declined from 23.3% in FY2024/12 to 22.6% in FY2025/12 and is planned to recover to 23.1% in FY2026/12, reflecting a structure designed to balance sales growth and profitability. Assumptions for volume and pricing indicate that in FY2025/12, the number of units constructed increased 11% YoY and the average installation unit prices rose 4% YoY, while for FY2026/12, the Company assumes unit growth of 5% YoY and price growth of 4% YoY, suggesting that growth momentum will moderate while performance is projected to remain firm.

Furthermore, in light of the shift toward higher insulation performance, the relative advantages of urethane insulation, which enables airtightness and thermal insulation while limiting wall thickness, are likely to increase. Rising performance requirements, combined with continued adoption by nationwide builders, are expected to serve as a tailwind for the Single-family homes division in the near term.

### Single-family homes division: Earnings trend and forecast

(JPY mn / %)	FY2024/12					FY2025/12					FY2026/12 (CE)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Net sales</b>	2,985	3,276	3,421	4,020	13,704	3,669	3,879	3,751	4,465	15,765	3,765	4,225	4,075	5,031	17,097
<b>Gross Profit</b>	730	777	778	909	3,196	803	852	825	1,076	3,557	830	944	964	1,217	3,955
<i>(Gross profit margin)</i>	24.5%	23.7%	22.7%	22.6%	23.3%	21.9%	22.0%	22.0%	24.1%	22.6%	22.0%	22.3%	23.7%	24.2%	23.1%
<b>Num (YoY)</b>	-11%	-1%	0%	9%	-1%	22%	16%	5%	4%	11%	-3%	4%	4%	11%	5%
<b>Unit price (YoY)</b>	5%	1%	-2%	-2%	0%	1%	2%	4%	7%	4%	6%	4%	4%	1%	4%

Source: Compiled by SIR from the Company's financial results materials.

**2. Buildings division expects large-scale project recovery from the second half of 2026**

The Buildings division increased net sales from JPY 9,499 mn in FY2024/12 to JPY 9,896 mn in FY2025/12, up 4.2% YoY, reflecting steady performance. However, due to delays and postponements in certain large-scale projects, FY2025/12 results fell short of plan by 16.7%. The Company's FY2026/12 forecast calls for net sales of JPY 10,948 mn, a 10.6% YoY increase. SIR believes recovery will be weighted toward the second half of the year, and that a full-scale acceleration in growth is more likely from FY2027/12 onward.

In terms of profitability, the gross profit margin is planned to decline from 24.5% in FY2024/12 and 23.8% in FY2025/12 to 19.8% in FY2026/12. However, SIR believes this reflects temporary factors rather than structural deterioration, as the first half is more likely to consist of projects with lower gross margins, while project mix is expected to improve in H2 with the resumption of postponed projects, including large-scale projects. Accordingly, SIR believes the key point to monitor will be whether project progress and mix improvement in H2 proceed in line with plan.

Over the medium to long term, strong tailwinds are expected from rising demand for high-performance insulation driven by energy efficiency requirements for data centers, investment in cold chain infrastructure supporting frozen foods and pharmaceuticals, and replacement demand related to aging facilities. Building on the recovery anticipated in the second half of 2026, SIR believes that if the Company captures these growth markets, the potential for expansion from FY2027/12 onward will be significant.

**Buildings division: Earnings trend and forecast**

(JPY mn / %)	FY2024/12					FY2025/12					FY2026/12 (CE)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Net sales</b>	1,929	2,064	2,460	3,044	9,499	2,362	2,453	2,395	2,684	9,896	1,980	2,294	2,779	3,894	10,948
<b>Gross Profit</b>	454	443	583	847	2,329	520	549	559	723	2,353	372	457	559	777	2,167
<i>(Gross profit margin)</i>	23.5%	21.5%	23.7%	27.8%	24.5%	22.0%	22.4%	23.3%	26.9%	23.8%	18.8%	19.9%	20.1%	20.0%	19.8%

Source: Compiled by SIR from the Company’s financial results materials.

**3.Demand continues to materialize in the Waterproofing division**

The Waterproofing division is positioned by the Company as a business area it is cultivating to “create a market,” and recent figures indicate that market development is progressing. Net sales doubled from JPY 719 mn in FY2024/12 to JPY 1,515 mn in FY2025/12, and are projected to reach JPY 2,096 mn in FY2026/12, up 38.3% YoY, indicating continued high growth. In terms of profitability, gross profit was negative in FY2024/12 but improved to JPY 223 mn in FY2025/12 and is planned to expand further to JPY 415 mn in FY2026/12, suggesting that profitability is improving following the initial ramp-up phase.

Growth initiatives are being diversified rather than concentrated in specific channels. The Company is strengthening relationships with design offices and general contractors to engage earlier in projects and increase the likelihood of being specified, while also focusing on expanding brand awareness and generating inquiries through trade shows and other promotional activities. In addition, demand is materializing in areas such as nationwide logistics warehouses, railway operator rolling stock depots, rooftop plazas of high-rise buildings, heavy industry manufacturing bases, and nationally significant facilities. If the Company succeeds in capturing large-scale and high-difficulty applications, the growth potential is substantial. For FY2026/12, SIR believes the key focus will be whether the Company can enhance the reproducibility of growth by advancing channel strengthening and application expansion in parallel.

**Waterproofing division: Earnings trend and forecast**

(JPY mn / %)	FY2024/12					FY2025/12					FY2026/12 (CE)				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
<b>Waterproofing division sales</b>	136	124	174	284	719	159	466	485	404	1,515	249	509	574	762	2,096
Single-family homes	110	93	85	144	434	98	130	123	111	463	100	100	100	100	400
Non-residential	25	31	88	139	285	60	336	361	293	1,051	149	409	474	662	1,696
<b>Gross Profit</b>	2	(10)	0	(15)	(22)	12	47	89	74	223	48	100	113	153	415
<i>(Gross profit margin)</i>	1.5%	-8.1%	0.0%	-5.3%	-3.1%	7.5%	10.1%	18.4%	18.3%	14.7%	19.3%	19.6%	19.7%	20.1%	19.9%

Source: Compiled by SIR from the Company’s financial results materials.

## Medium-term management plan

### ■ Overview of the 3 Pillars of Stability

The Company is pursuing its medium-term management plan “3 Pillars of Stability,” covering FY2024 through FY2026, with a focus on achieving stable growth and strengthening profitability across its three core divisions: Single-family homes, Buildings, and Waterproofing. The plan outlines a multifaceted strategy that includes not only growth initiatives for each division, but also the establishment of a sustainable management foundation, improvements in profitability, and efforts to address social issues.

The plan sets **numerical targets for FY2026**, the final year, **with net sales of JPY 37,000 mn and ordinary profit of JPY 2,910 mn**, aiming for high growth with a **CAGR of 10.6% in net sales and 5.7% in ordinary profit**. In addition, the Company has adopted a basic policy of targeting 20% ROE, a 10% operating profit margin, and a dividend payout ratio of 50% or higher, and has also introduced a progressive dividend policy to increase dividends in line with profit growth.

### ■ Net sales by division

The core business strategy centers on **establishing the 3 Pillars of Stability**. This refers to building a business foundation around three divisions: (1) insulation for single-family homes, (2) insulation for buildings, and (3) waterproofing. While sales have historically been concentrated in the Single-family homes division, the Company aims to achieve business expansion and stable growth by scaling up its Buildings and Waterproofing divisions.

#### 1. Single-family homes division

The Company is pursuing a strategy to raise unit prices and added value by expanding business with builders nationwide and offering bundled proposals that combine insulation installation with airtightness measurement services. It has also appointed Masayuki Mae, a leading expert in energy-efficient housing and an associate professor at the University of Tokyo’s graduate school, as an advisor to promote accurate knowledge of insulation and airtightness among construction firms. In response to increasingly stringent energy efficiency standards set by local governments, demand is growing for the AQUA FOAM series, which ensures high levels of insulation and airtightness performance, and the Company is strengthening both its sales and installation systems to support this demand.

#### 2. Buildings division

The Company is targeting large-scale projects such as factories, data centers, and commercial facilities, and is promoting a more specialized sales system along with optimized installation planning. It has also established a new Construction Project Management Department to centralize site-level progress tracking, coordinate urethane foam installers, and handle progress-based billing.

#### 3. Waterproofing division

Fast-curing waterproofing installation centered on the AQUA HAJIKUN product is achieving steady growth. Orders are expanding mainly for non-residential applications such as roofs, balconies, and parking structures, as the Company works to increase its market share in waterproofing materials. The rising demand for solutions to address increasingly frequent extreme weather events is providing a tailwind, while in renovation of aging buildings, the product’s quick-drying spray application method is also highly valued as an effective measure to prevent asbestos dispersion.

The Company is also expanding its business base in **product sales** with certified contractors through sales of auxiliary supplies. Its scheme with no membership fees, royalties, or inventory burden has proven effective, and both the number of contractors and total installation area are expected to grow. The Company is also building relationships with non-certified contractors by expanding urethane raw material sales beyond its certified contractor network.

■ Organization development and investment plan

From an ESG perspective, the Company is accelerating insulation installation and strengthening recycling systems for waste generated during the process. It has internalized its insulation recycling system to enhance sustainability at construction sites. In terms of human capital investments, the Company has introduced a five-day workweek and is further improving the work environment to support sustainable workstyles.

On the financial front, the Company aims to achieve its ROE and operating profit margin targets by driving long-term sales growth and efficiency improvements, while absorbing short-term cost increases from investments in logistics centers and hiring. For shareholder returns, the Company has introduced a progressive dividend policy under which it raises dividends when performance exceeds targets, in addition to maintaining a dividend payout ratio of 50% or higher.

Overall, the plan is built around a three-pronged growth strategy focused on steady sales growth, diversification of the profit structure, and ESG initiatives, with the aim of achieving record-high earnings and shareholder returns in the final year.

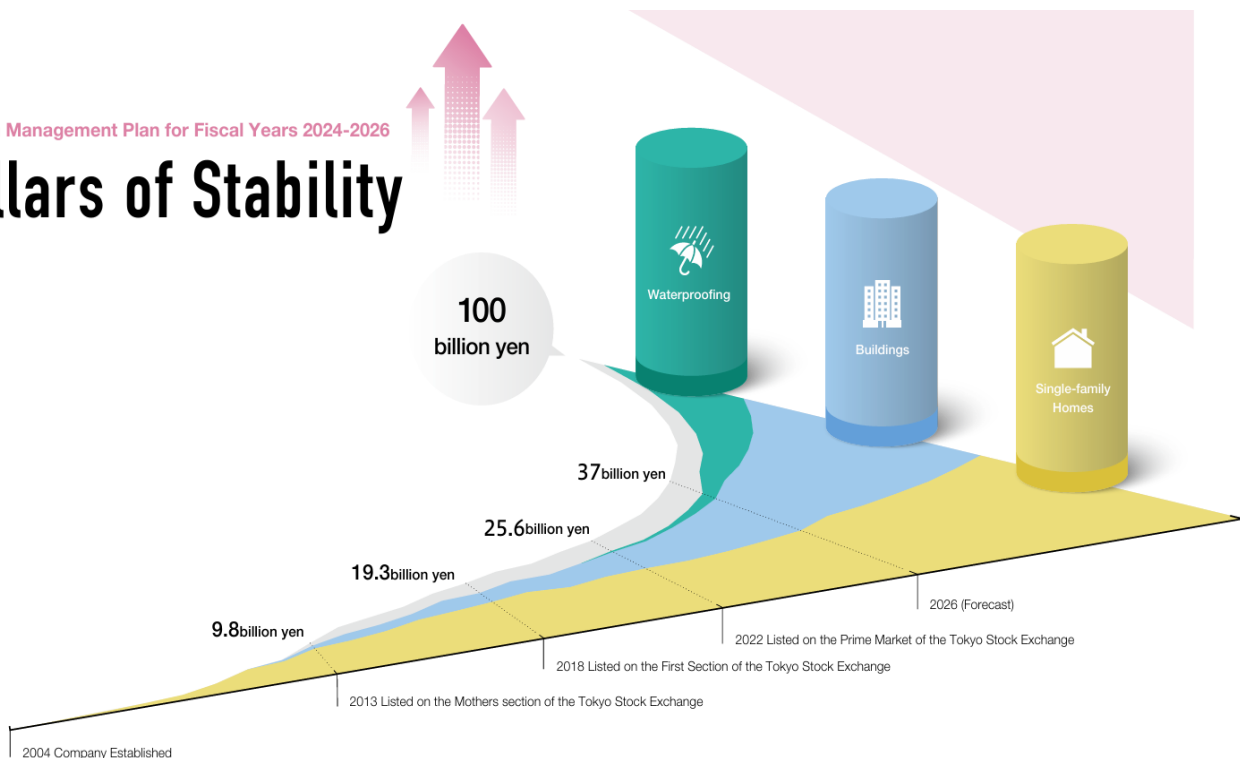
■ Medium- to long-term outlook

Looking beyond the current medium-term management plan, the Company aims to drive further growth by pursuing steady expansion in the Single-family homes division, accelerating growth in the Buildings division, and realizing tangible results in the Waterproofing division. Through these efforts, **the Company envisions achieving JPY 100 bn in net sales in the 2030s.**

SIR views the Company’s business, which addresses urgent needs and is aligned closely with government environmental policies, as a highly feasible CSV strategy (see p.8).

Medium-term Management Plan for Fiscal Years 2024-2026

# 3 Pillars of Stability



Source: Excerpt from the Company’s integrated report

Share price insights

■ Relative performance vs. TOPIX and industry average since the beginning of 2025

Share price performance from the beginning of 2025 through April 10, 2026 indicates that the Company’s shares outperformed peers in the housing equipment and construction materials sectors, as well as the TOPIX, during the summer through early autumn period from August to October. SIR believes this reflected heightened expectations for earnings growth and positive sentiment toward its growth themes, which likely attracted relatively stronger buying interest during that period.

From November onward, amid a shift in overall market rotation, the Company’s shares were unable to fully participate in the upward trend and, similar to peers in the sector, showed limited upside momentum. Entering February, clarity that full-year results would fall short of the Company’s plan served as a negative catalyst, prompting investors who had established positions based on earlier expectations to unwind holdings. As a result, the shares moved into a phase of underperformance relative to peers.

SIR believes the key focus going forward will be the extent to which factors behind upside and downside variances are resolved, as progress against the Company’s plan becomes more visible on a quarterly basis. In particular, if large-scale projects backed by structural demand, including those related to data centers, begin to contribute to earnings toward the second half of the year, market confidence in the sustainability of earnings could improve and provide a catalyst for re-rating. While the shares are currently in a phase where valuations are susceptible to downside pressure amid fading expectations, this also represents a stage where confirmation of progress and clearer demand realization could prompt renewed reassessment, making it a closely watched period.

Share price performance (compared with TOPIX and the resin-based building materials industry)



Source: Compiled by SIR from SPEEDA data.

### ■ Valuation comparison with peers

In a valuation comparison with industry peers, the Company's P/B ratio stands at 2.0x, exceeding the peer median of 1.0x and average of 1.7x, suggesting that the equity market assigns a certain level of recognition to the Company's business base and capital efficiency. In contrast, the P/E ratio is 12.1x, below the median of 14.4x, indicating that the market's assessment of earnings growth remains somewhat restrained. In other words, while the Company is trading at a premium to book value, SIR believes that upside potential in earnings growth and medium- to long-term growth potential are not yet fully reflected in the share price. In addition, the peer group includes companies with losses, significant profit declines, or extremely high P/E ratios, making the average susceptible to outliers. Therefore, comparison with the median is considered more representative, and even on that basis, the Company is relatively highly valued on a P/B ratio basis while its P/E ratio does not appear overvalued. Given the Company's leading share in on-site urethane foam insulation material, its unique business model spanning raw material development through installation and recycling, and its three-pillar growth strategy across the Single-family homes, Buildings, and Waterproofing divisions, SIR believes that its medium- to long-term earnings growth potential is not fully reflected in its current valuation.

In this way, while the Company is already receiving a certain level of valuation that reflects its business uniqueness and capital efficiency relative to industry peers, SIR believes that its valuation may be reassessed as future earnings growth and progress in expanding its business portfolio become more evident.

### Peer valuation comparison

		P/B	P/E	EPS growth rate	Growth rate of profit attributable to owners of the parent
		x	x	%	%
1429	Nippon Aqua	2.0	12.1	1.5	3.0
4204	SEKISUI CHEMICAL	1.4	13.3	6.8	5.1
4118	Kaneka	0.6	11.8	12.0	9.0
4206	Aica Kogyo	1.4	13.9	12.6	11.6
8130	Sangetsu	1.6	14.2	(12.1)	(12.1)
3106	Kurabo	1.3	16.7	42.4	33.8
7942	JSP	0.5	10.2	(12.9)	(20.7)
7970	Shin-Etsu Polymer	1.4	18.1	9.0	8.7
7971	TOLI	0.8	11.1	(3.4)	(4.9)
4216	ASAHI YUKIZAI	1.4	14.4	(32.5)	(33.0)
5142	ACHILLES	0.5	47.0		
4212	Sekisui Jushi	0.7	19.1	(14.6)	(24.1)
7821	MAEDA KOSEN	1.9	13.7	9.9	18.9
7871	FUKUVI CHEMICAL INDUSTRY	0.5	12.4	(13.8)	(14.0)
9827	Lilycolor	1.0	15.4	756.0	757.4
7940	Wavelock Holdings	0.5	17.2	14.0	14.3
4224	Lonseal	0.5	709.7	(98.4)	(98.4)
7950	Nihon Decoluxe	0.4	15.5	(15.8)	(16.1)
341A	TOYOKOH	13.9	87.9		
	Average	1.7	56.5	38.9	37.6
	Median	1.0	14.4	1.5	3.0

Source: Compiled by SIR from SPEEDA data.

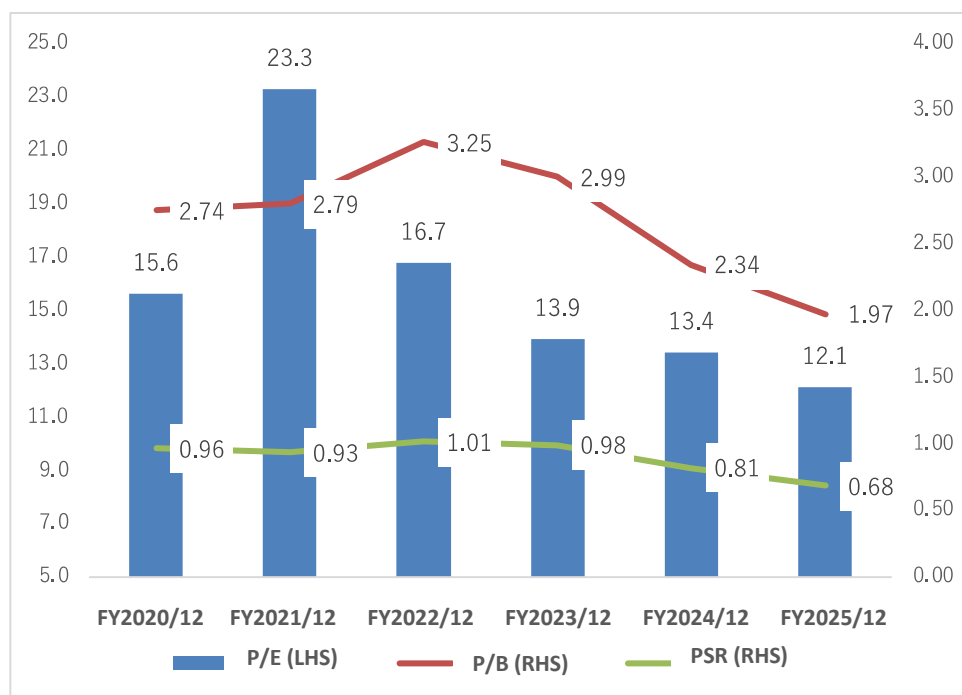
■ Trend in the Company’s valuation indicators

Next, looking at the trend in the Company’s valuation indicators, it is evident that overall levels have adjusted to a more moderate range after peaking in FY2021/12. The P/E ratio rose from 15.6x in FY2020/12 to 23.3x in FY2021/12, then declined to 16.7x in FY2022/12, 13.9x in FY2023/12, 13.4x in FY2024/12, and 12.1x in FY2025/12, indicating a downward trend. The P/B ratio also increased from 2.74x in FY2020/12 to 3.25x in FY2022/12, before declining to 2.99x in FY2023/12, 2.34x in FY2024/12, and 1.97x in FY2025/12. The P/S ratio followed a similar pattern, generally remaining around 1.0x, but declined to 0.68x in FY2025/12.

In this way, while the Company’s valuation has declined over the past several years, a revenue growth trend has continued, and the underlying business base has not been materially impaired. Rather, as the three-division structure, Single-family homes, Buildings, and Waterproofing, has been strengthened and the Waterproofing division continues to progress toward profitability, share price indicators alone have declined. In particular, the decline in the P/B ratio to around 2.0x and the P/S ratio to below 1.0x suggests that, in SIR’s view, the Company’s medium- to long-term growth potential and progress in expanding its business portfolio may not yet be fully reflected in the share price.

The P/E ratio has also moderated significantly from its elevated level in FY2021/12 and is now at a more normalized level, suggesting that, for a growth company, the valuation does not appear overheated. Overall, SIR believes that, following a period of expectation-driven valuation, the Company’s valuation indicators have adjusted and currently reflect a cautious assessment of its business uniqueness and earnings expansion potential. Looking ahead, if growth visibility, including the Buildings and Waterproofing divisions, becomes clearer, SIR believes there is room for a reassessment of the current valuation levels.

Trends in the Company’s valuation metrics



Source: Compiled by SIR from SPEEDA data.

## Appendix

### Income statement

(JPY mn)

FY	FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12	FY2026/12
Income Statement						
Total Revenue	23,903	25,670	28,342	30,265	33,671	37,000
Net sales	23,903	25,670	28,342	30,265	33,671	
Total cost of sales	19,164	19,885	21,417	23,403	25,932	
Cost of Sales	19,164	19,885	21,417	23,403	25,932	
Gross Profit	4,740	5,785	6,924	6,862	7,739	
<i>Gross Margin</i>	19.8	22.5	24.4	22.7	23.0	
Selling, General and Administrative Expenses	3,328	3,456	4,042	4,286	4,964	
Operating Profit	1,412	2,329	2,882	2,576	2,774	2,900
<i>Operating Profit Margin</i>	5.9	9.1	10.2	8.5	8.2	7.8
Non-Operating Income	50	52	49	57	78	
Interest and Dividends Income	21	39	24	36	52	
Non-Operating Expenses	33	21	14	28	58	
Interest Expenses	10	12	14	20	43	
Ordinary Profit	1,429	2,360	2,917	2,604	2,794	2,910
<i>Ordinary Profit Margin</i>	6.0	9.2	10.3	8.6	8.3	7.9
Extraordinary Gains/Losses	(1)	0	(6)	(6)	2	
Extraordinary Gain	0	5	2	7	6	
Extraordinary Loss	1	5	8	13	4	
Pretax Profit	1,428	2,361	2,911	2,599	2,796	
<i>Pretax Profit Margin</i>	6.0	9.2	10.3	8.6	8.3	
Income Taxes	474	812	907	759	901	
Income Taxes - Current	476	869	920	719	1,000	
Income Taxes - Deferred	(2)	(58)	(13)	40	(100)	
Net Profit Attribute to parent company shareholders	954	1,549	2,004	1,840	1,896	1,972
<i>Net Profit Margin (Attribute to parent company shareholders)</i>	4.0	6.0	7.1	6.1	5.6	5.3
(Supplementary Data)						
EBIT	1,417	2,334	2,901	2,583	2,787	
EBITDA	1,620	2,551	3,122	2,816	2,988	3,114
<i>EBITDA Margin</i>	6.8	9.9	11.0	9.3	8.9	8.4
(Cost Breakdown)						
Total Personnel Expenses	2,423	1,967	2,376	2,651	2,825	
Personnel Expenses	1,641	1,900	2,204	2,505	2,810	
Labor Costs	782	67	172	146	15	
Rent (Including Lease Payments)	238	192	209	234	287	
Travel, Transportation and Communication Expenses	233	187	279	267	252	
Research and Development Expenses	34	16	18	16	37	
Depreciation	208	222	240	240	214	

Source: Compiled by SIR from SPEEDA data.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

## ■ Balance sheet

(JPY mn)

FY	FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12
Balance Sheet					
Total Assets	18,279	21,970	20,392	24,072	25,810
Current Assets	13,591	17,136	15,473	18,820	20,015
Cash Equivalents And Short-term Investments	1,927	2,677	2,033	2,263	2,415
Cash & Cash Equivalents	1,927	2,677	2,033	2,263	2,415
Accounts Receivables	6,947	6,899	6,398	8,117	7,977
Notes Receivable	1,154				
Accounts Receivable - Other and Accrued Income	3,686	4,217	3,649	4,853	5,032
Other Short-Term Financial Assets			1,098	1,143	1,435
Inventories	952	3,122	2,209	2,222	2,891
Finished Goods and Merchandise	234	305	269	267	422
Other Inventories	718	2,816	1,940	1,955	2,469
Advance Payments	43	28	26	25	10
Prepaid Expenses	53	60	63	163	248
Deferred Tax Assets - Current	(34)	(26)	(26)		(24)
Non-Current Assets	4,688	4,834	4,919	5,252	5,795
Property, Plant & Equipment (PPE)	4,263	4,346	4,367	4,271	4,480
Lands	1,612	1,680	1,680	1,680	2,065
Construction In Progress		93	56		1
Intangible Assets	112	96	86	80	89
Investments and Other Assets	313	391	466	901	1,226
Investment Securities (inc. Subsidiaries and Affiliates)	19	19	20	57	59
Investment Securities	2	2	3	3	4
Stocks of Subsidiaries and Affiliates	17	17	17	17	17
Investments in Capital and Loans to Subsidiaries and Affiliates				37	38
Long-Term Loans	2	3	2	39	40
Long-Term Trade Receivables	68	68	68	14	58
Long-term Prepaid Expenses	17	17	8	327	451
Deferred Tax Assets - Non-Current	177	234	247	207	307
Allowance for Doubtful Accounts - Fixed	(67)	(67)	(67)	0	(58)
Total Liabilities	10,328	14,003	11,088	13,526	14,176
Current Liabilities	10,167	13,902	10,928	13,416	14,091
Trade Payables	6,056	6,272	6,453	7,557	7,528
Accounts Payable - Other and Accrued Expenses	450	738	929	758	698
Short-Term Debt	3,171	6,066	2,421	4,513	4,813
Short-Term Borrowings	3,100	6,000	2,400	4,500	4,800
Current Portion of Long-term Debt	71	66	21	13	13
Current Portion of Long-Term Borrowings	71	66	21	13	13
Advances Received	41	53	57	48	41
Non-Current Liabilities	161	101	160	110	86
Long-Term Debt	113	48	26	13	
Long-Term Borrowings	113	48	26	13	
Total Net Assets	7,951	7,967	9,305	10,546	11,634
Total Shareholders' Equity	7,951	7,967	9,305	10,546	11,634
Shareholders' Equity	7,951	7,967	9,304	10,545	11,633
Capital Stock	1,904	1,904	1,904	1,904	1,904
Capital Surplus	1,885	1,885	1,912	2,015	2,097
Retained Earnings	5,368	6,271	7,523	8,358	9,169
Treasury Stock	(1,205)	(2,093)	(2,035)	(1,732)	(1,537)
Accumulated Other Comprehensive Income	0	0	0	1	1
Valuation Difference On Available-for-sale Securities	0	0	0	1	1

Source: Compiled by SIR from SPEEDA data.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

## ■ Cash flow statement

FY	FY2021/12	FY2022/12	FY2023/12	FY2024/12	FY2025/12
Statements of Cash Flows					
Cash Flows from Operating Activities	521	(298)	4,022	(517)	1,510
Depreciation and Amortization – CF	208	222	240	240	214
Depreciation – CF	208	222	240	240	214
Gain/Loss on Sale of PPE	1	(1)	6	6	(2)
Interest and Dividends Received - Operating CF	21	39	24	36	53
Interest Paid - Operating CF	(10)	(12)	(14)	(20)	(43)
Cash Flows from Investing Activities	(355)	(293)	(385)	(338)	(603)
Payments for Purchases of Securities and Investment Securities	0	0	0	0	0
Payments for Purchases of Investment Securities	0	0	0	0	0
Purchases/Sales of PPE	(328)	(258)	(286)	(162)	(456)
Payments for Purchases of PPE	(328)	(271)	(295)	(182)	(472)
Proceeds from Sales of PPE	0	13	9	20	16
Purchases/Sales of Intangible Assets	(28)	(18)	(25)	(27)	(31)
Payments for Purchases of Intangible Assets	(28)	(18)	(25)	(27)	(31)
Cash Flows from Financial Activities	110	1,341	(4,280)	1,085	(755)
Proceeds from Short-Term Borrowings	800	2,900		2,100	300
Repayments of Short-Term Borrowings			(3,600)		
Repayments of Long-Term Debt	(33)	(33)	(33)		
Repayments of Long-Term Borrowings	(33)	(33)	(33)		
Proceeds from Issuance of Stock			85		
Redemption/Retirement of Stock		(889)			
Cash Dividends Paid	(646)	(646)	(752)	(1,005)	(1,085)
Changes in Cash	275	750	(644)	230	152
Cash & Cash Equivalent - Beginning	1,652	1,927	2,677	2,033	2,263
Cash & Cash Equivalent - Ending	1,927	2,677	2,033	2,263	2,415
Free Cash Flow (FCF)	166	(591)	3,637	(855)	907

Source: Compiled by SIR from SPEEDA data.

Note: Figures may differ from the Company's materials due to differences in SIR's financial data processing and the Company's reporting standards.

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### **Sessa Partners Inc.**

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