Nippon Aqua | 1429

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August 10, 2026

Sessa Investment Research

Shift toward Higher Insulation Performance and Strength in Stable Supply Drive Switching Demand and Above-Plan Earnings

Q2 Flash

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. The Company has achieved consecutive net sales growth since its listing in 2013, positioning itself as a high-growth enterprise.

■FY 2026/12 H1 Earnings results

In FY2026/12 H1, the Company secured higher sales and profit, with net sales coming in at JPY 16,972 mn (+6.2% YoY) and operating profit at JPY 1,179 mn (+8.0% YoY). The gross profit margin improved by 0.8 percentage points YoY to 22.6%, offsetting the increase in SG&A expenses. Ordinary profit stood at JPY 1,150 mn (+4.4% YoY), while interim net profit came to JPY 755 mn (+1.1% YoY). In the core Single-family homes division, net sales rose to JPY 8,125 mn (+7.6% YoY), exceeding both the prior-year level and the Company's plan. Orders from nationwide and major builders increased as the Company strengthened proposals for high-performance insulation and high-airtightness homes. The Company also captured demand from customers switching from competing installers and other materials. In the Buildings division, net sales were JPY 4,542 mn (-5.7% YoY), below the prior-year level but above the Company's plan. With large-scale projects set to ramp up from H2 onward, the Company steadily carried out installation work for data centers, commercial facilities, high-rise condominiums, and other projects. In the Waterproofing division, net sales were JPY 563 mn (-10.0% YoY), owing to shifts in project start timing and other factors. However, inquiries have increased following orders for nationally important facilities, and progress against the full-year plan remains broadly on track.

■2026/12 Full-year forecast

There have been no changes to the full-year forecast. The Company expects net sales of JPY 37,000 mn (+9.9% YoY), operating profit of JPY 2,900 mn (+4.5% YoY), ordinary profit of JPY 2,910 mn (+4.1% YoY), and net profit of JPY 1,972 mn (+4.1% YoY).

JPY mn, %, JPY	Net sales	YoY	Operating profit	YoY	Ordinary profit	YoY	Net profit	YoY	EPS	DPS
FY2023/12	28,342	10.4%	2,882	23.7%	2,917	23.6%	2,004	29.4%	63.83	32.00
FY2024/12	30,265	6.8%	2,575	-10.6％	2,604	-10.7%	1,839	-8.2%	58.55	34.00
FY2025/12	33,670	11.3%	2,774	7.7%	2,794	7.3%	1,895	3.1%	59.42	35.00
FY2026/12 (CE)	37,000	9.9%	2,900	4.5%	2,910	4.1%	1,972	4.1%	61.84	35.00
FY2025/12 H1	15,983	21.9%	1,091	28.5%	1,102	26.8%	748	29.0%	23.44	-
FY2026/12 H1	16,972	6.2%	1,179	8.0%	1,150	4.4%	755	1.1%	23.48	-

Source: Compiled by SIR from the Company's 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.

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Looking ahead, growing demand for high-performance insulation driven by stricter energy efficiency standards is expected to remain a tailwind. In addition, growing demand from data centers and the cold chain sector is expected to serve as a medium- to long-term growth driver.

Furthermore, amid persistently elevated concerns over urethane raw material supply, the Company maintains a stable supply system by leveraging Japan’s largest procurement capacity. SIR expects this to strengthen the Company’s competitive advantage. SIR plans to issue a follow-up report after conducting interviews.

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