



Corporate Presentation Material

March 29, 2024

Nippon Aqua Co., Ltd.

Tokyo Stock Exchange Prime Section #1429



Agenda

01 Corporate Profile

02 Business Model

03 Homes and Buildings with Higher Thermal Insulation

04 Market Environment

05 To Realize Sustainable Growth

06 Appendix

Corporate Profile

Management philosophy

Contributing to society by creating a housing environment that is friendly to people and the Earth

Visions

We exist to reduce total energy demand through innovation in insulation technology, prevent global warming, and at the same time, help people lead healthy and comfortable lives.

Business description

Development, manufacturing, sale, and installation of hard urethane foam for use as building insulation

Development, manufacture, and sale of residential energy conservation-related materials

Company name	Nippon Aqua Co., Ltd.	
Head office	2-16-2 Konan, Minato-ku, Tokyo Taiyo Seimei Shinagawa Building 20th floor	
Established	November 29, 2004	
	President & Representative Director	Fumitaka Nakamura
	Senior Managing Director	Yuka Murakami
	Director	Kazuhisa Nagata
	Director	Koji Fujii
	Director	Keiji Usami
	Outside Director	Yoshiaki Takahashi
	Outside Director	Takeshi Kenmochi
	Outside Director Full-time Audit and Supervisory Committee Member	Junichi Tamagami
	Outside Director Audit and Supervisory Committee Member	Yuki Matsuda
	Outside Director Audit and Supervisory Committee Member	Naofumi Higuchi
	Outside Director Audit and Supervisory Committee Member	Hidetaka Nishina
Capital	1,903 Million yen	
No. of employees	501 people (Non-consolidated)	

As of March 31, 2024



President Profile

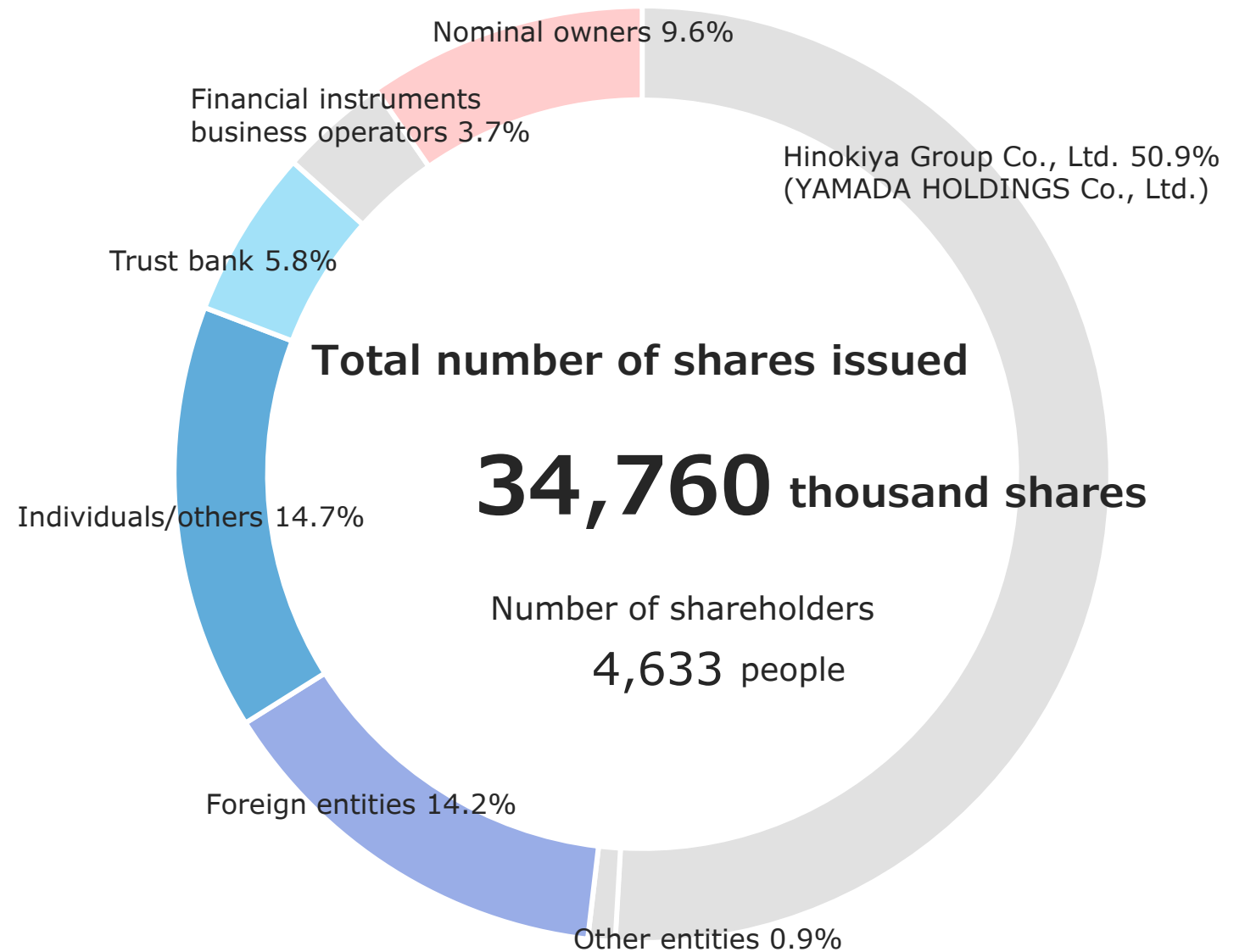
Fumitaka Nakamura

President & Representative Director
Founder

Date of birth : June 24, 1968

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

Distribution of Shares by Shareholder Type



Agenda

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05 To Realize Sustainable Growth

06 Appendix



49%

Single-family Homes Division

AQUA FOAM LITE, AQUA FOAM, AQUA FOAM NEO

Insulation construction and sales for single-family homes

New construction, renovation



29%

Buildings Division

AQUA FOAM NEO, AQUA MOEN NEO, AQUA BARRIER

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



2%

Waterproofing Division

AQUA HAJIKUN

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



7%

Sales of Urethane Raw Materials

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



13%

Other Product Sales

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

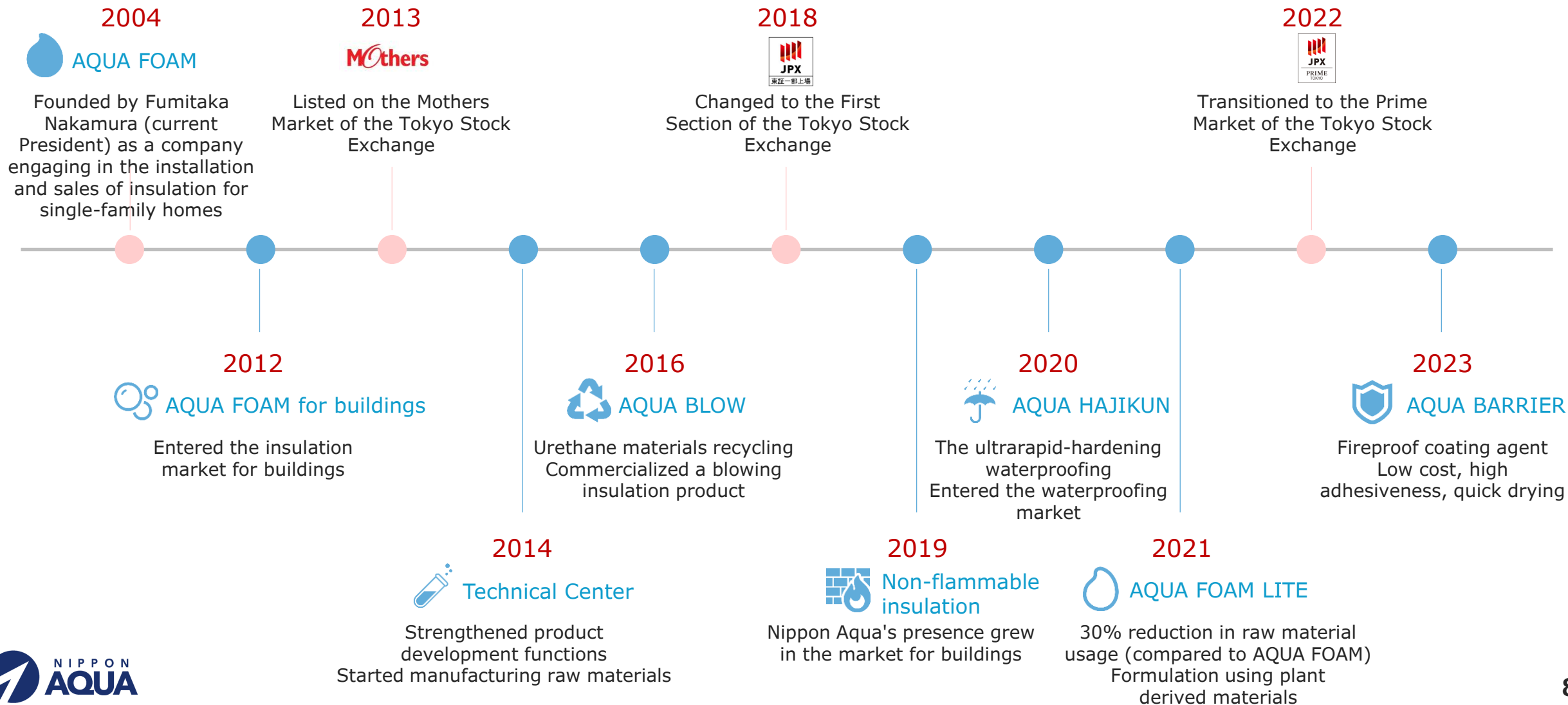
Sales of urethane spraying machines and parts, etc.

Main Products Handled

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

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

Company History



Product Portfolio

Expanding around the core of two-component polyurethane

Polyol

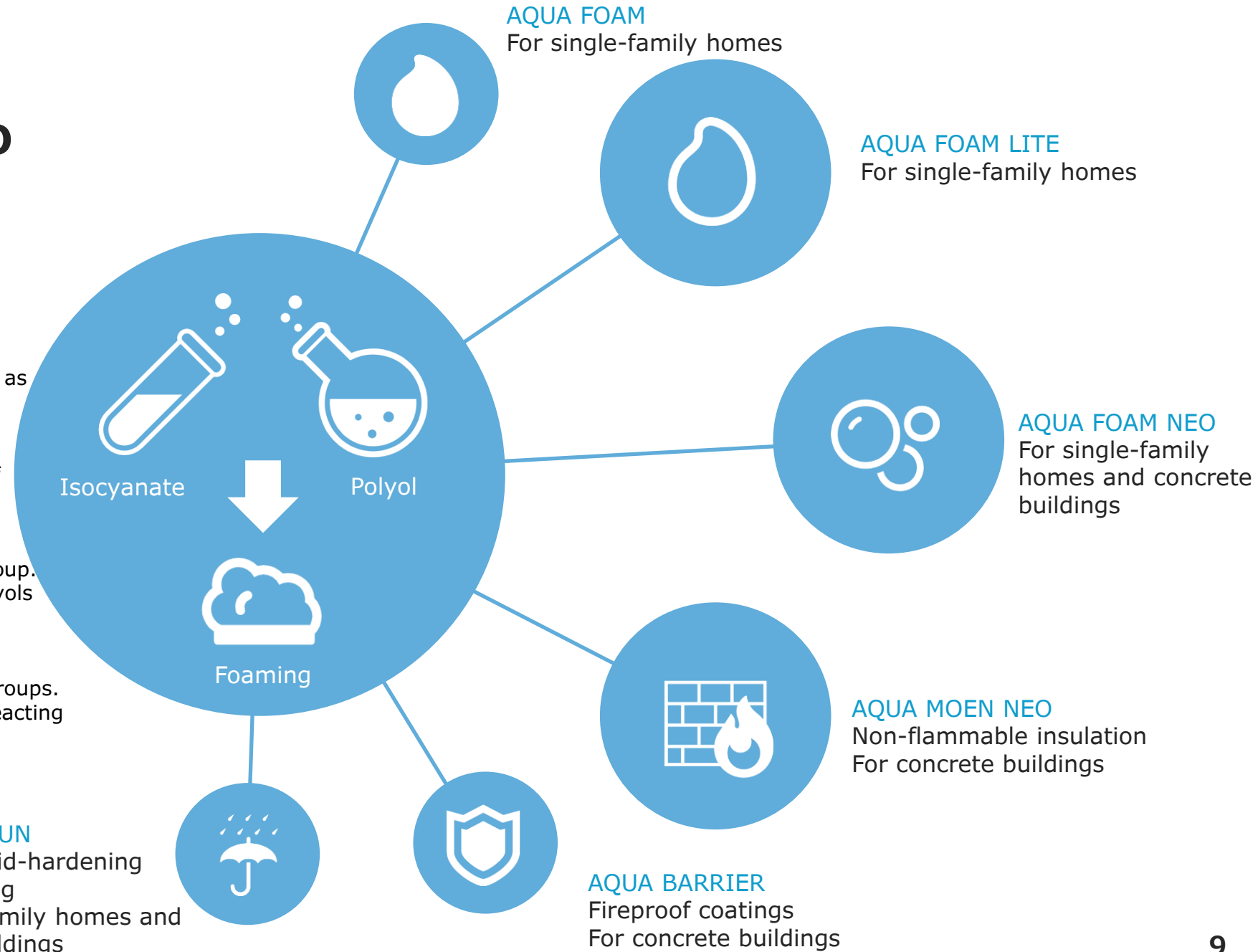
- ✓An organic compound with a hydroxyl group as the main ingredient.
- ✓By changing the molecular structure and molecular weight of polyols, the physical properties such as hardness and flexibility of urethane can be adjusted.

Isocyanate

- ✓An organic compound containing an NCO group.
- ✓Forms a urethane bond by reacting with polyols through stirring and other means.

Polyamine

- ✓An organic compound with multiple amino groups.
- ✓Forms AQUA HAJIKUN (polyurea resin) by reacting with isocyanate.



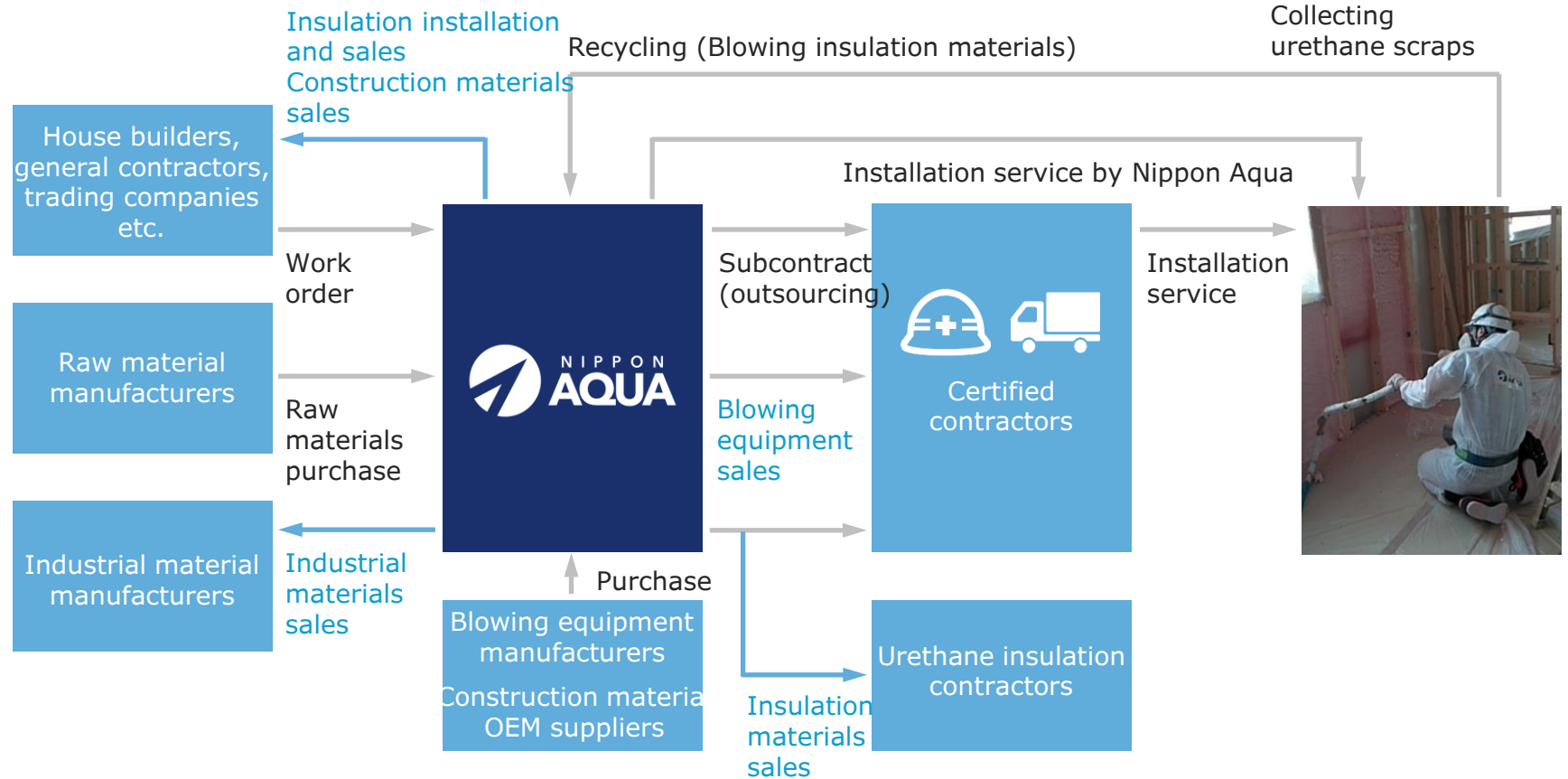
From Material Development to Installation and Recycling

Unique Business Model



Business Scheme

We undertake insulation work projects as the sole contractor and either do them ourselves or subcontract them out to certified contractors



What is Certified Contractors ?

Outsourcing contract
Full commission-based

Purchase blowing equipment
(installation tool)
(a 2-ton truck needed)



No sales activities needed

Contractors can take on projects appropriate for their respective capacities



No royalty

No franchise fee or deposit money



Raw materials are supplied at cost

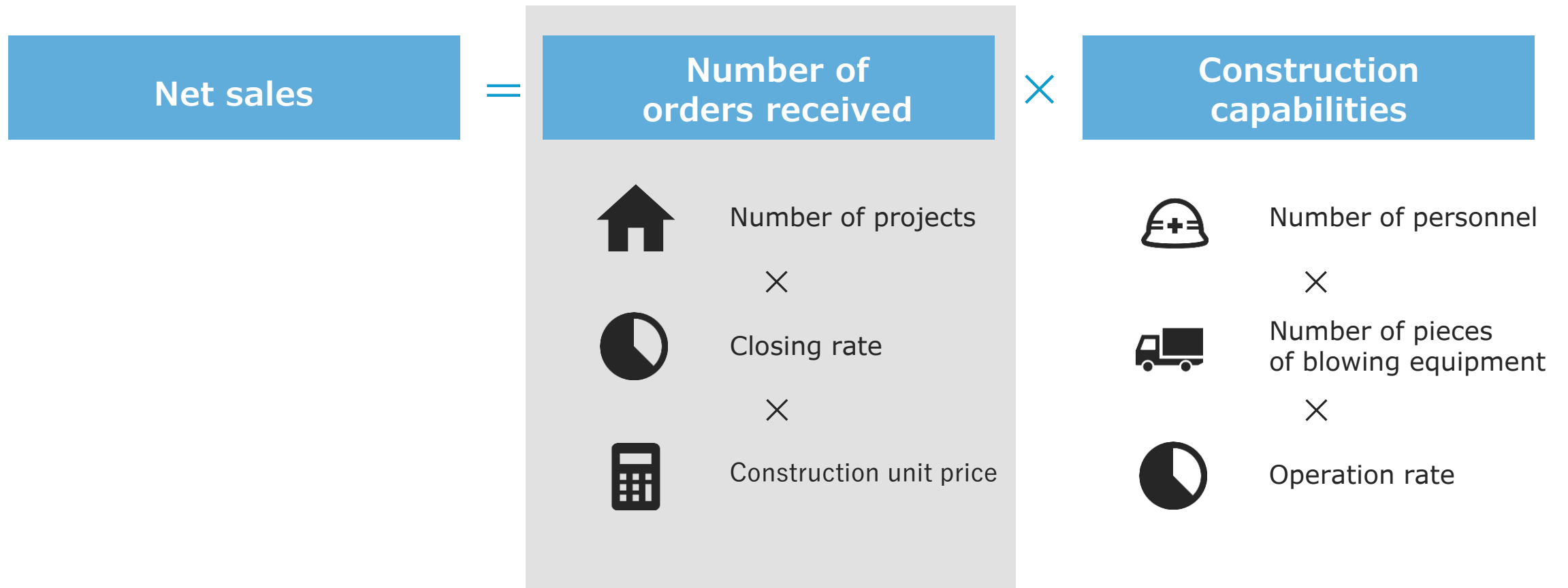
Supplying raw materials and deducting the cost from payment for the installation work reduces financial burden



Technical training

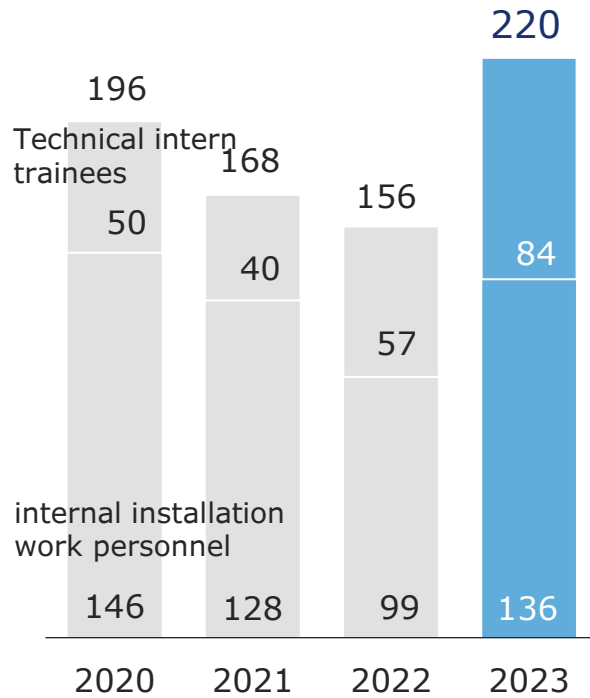
Broad range of support from basics to practical skills

Sources of Competitiveness

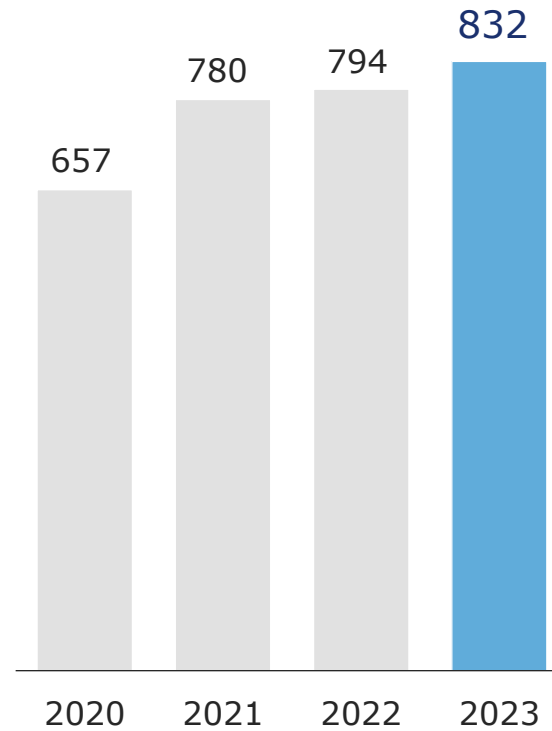




Number of internal installation work personnel (Nippon Aqua)



Number of external installation work personnel (Certified contractors)



Construction Capability Trends

Agenda


- 01 Corporate Profile
- 02 Business Model
- 03 Homes and Buildings with Higher Thermal Insulation**
- 04 Market Environment
- 05 To Realize Sustainable Growth
- 06 Appendix

The Vision for Housing and Buildings in 2030

Carbon Neutral Target for Fiscal Year 2030

- ✓46% Reduction in Greenhouse Gas Emissions Compared to Fiscal Year 2013
- ✓100% of New Housing and Buildings to be Energy Efficient at ZEH/ZEB Level
- ✓Raising the Energy Efficiency Standard for Housing to Insulation Class 5


Low Penetration Rate
Further Promotion is Necessary

 ZEH
Custom-Built Homes


26.8% (FY2021)

 ZEH
Spec Homes

2.6% (FY2021)

 ZEH-M
Apartment Buildings

7.4% (FY2021)

 ZEB
Buildings and large-scale facilities

0.4% (FY2021)

% is the penetration rate of each

The Revisions to the Building Energy Efficiency Act *1

Plans for 2024 and Beyond

Gradually Raising Energy Efficiency Standards with the Aim of Ensuring ZEH/ZEB Level Energy Performance for Housing and Buildings

Energy Efficiency Standards:
Primary Energy Consumption Standard (BEI)*2 + Envelope Standard*3

*1 "Act Partially Revising the Act on the Improvement of the Energy Consumption Performance of Buildings in Order to Contribute to the Realization of a Carbon Neutral Society"

*2 BEI=

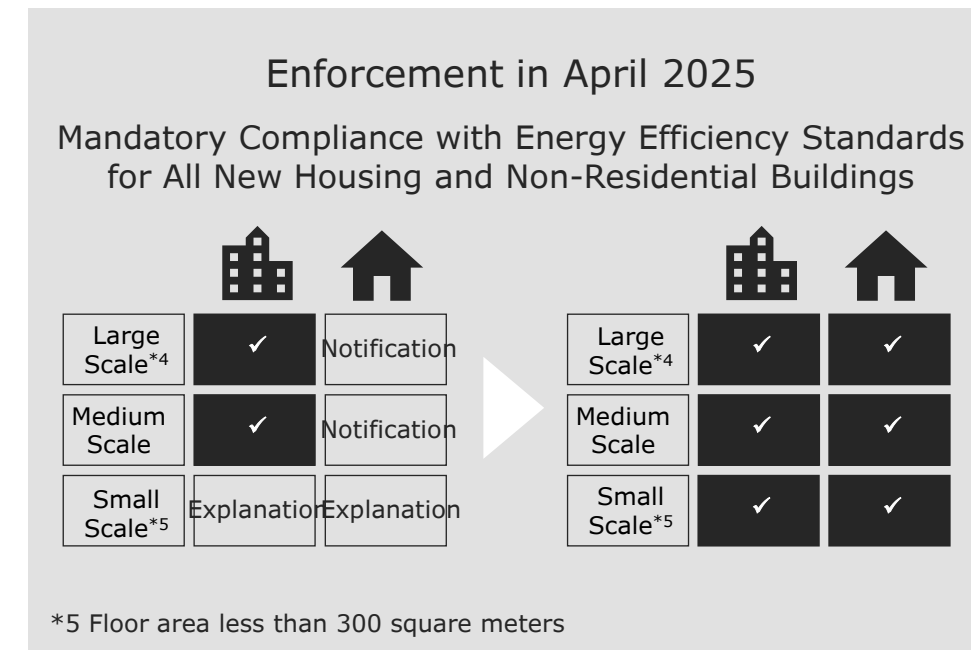
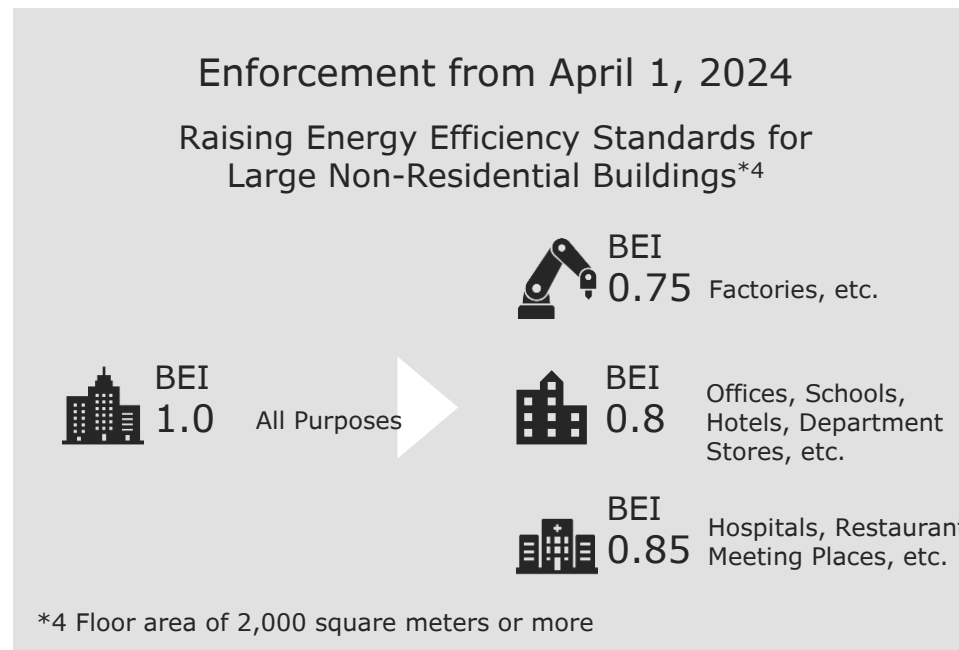
Design primary energy consumption

Standard primary energy consumption

*3 Envelope Standard

Housing:
UA Value + Eta AC Value
(Insulation Class 4)

Building:
Annual heat load factor of perimeter zone



Spread of regulations related to airtightness performance

$$C \text{ value} = \frac{\text{Total gap area of the house (cm}^2\text{)}}{\text{Total floor area (m}^2\text{)}}$$

The lower the C value, the higher the airtightness.

- ✓ With the revision of the Energy Conservation Law in 2009, the standard of C value ≤ 5.0 was abolished, and there is currently no clear standard defining "high airtightness".
- ✓ However, the number of cases where it is stipulated in the energy-saving housing measures by local governments (requirements for subsidy grants) is increasing.



Sapporo	Yamagata	Miyagi	Nagano	Tokyo	Yokohama	Tottori	Kitakyushu
Sapporo version of next-generation housing	YAMAGATA Energy-saving healthy housing	MIYASUMA Healthy energy-saving housing	Shinshu Healthy energy-saving housing	TOKYO Zero emission houses	YOKOHAMA energy-saving housing	TOTTORI Healthy energy-saving housing	kitaQ ZEH
C value 0.5 or less	C value 1.0 or less	Strive for high airtightness	C value 1.0 or less	—	C value 1.0 or less	C value 1.0 or less	C value 1.0 or less

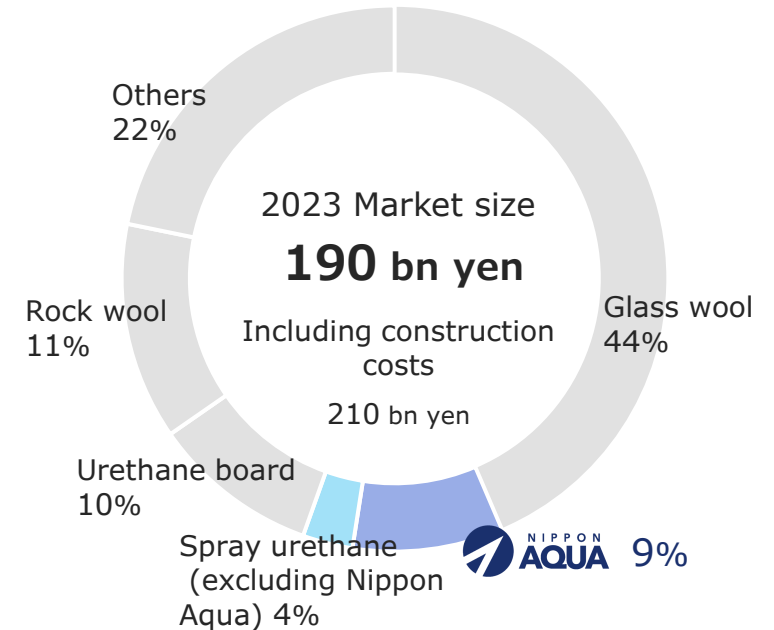
Agenda

- 01 Corporate Profile
- 02 Business Model
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- 04 Market Environment**
- 05 To Realize Sustainable Growth
- 06 Appendix

Insulation Material Market for Single-family Homes

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

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



 (13.5)%

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

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

 100%

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

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

 3.4 times

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

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

Comparison with Competing Products

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

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

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

High

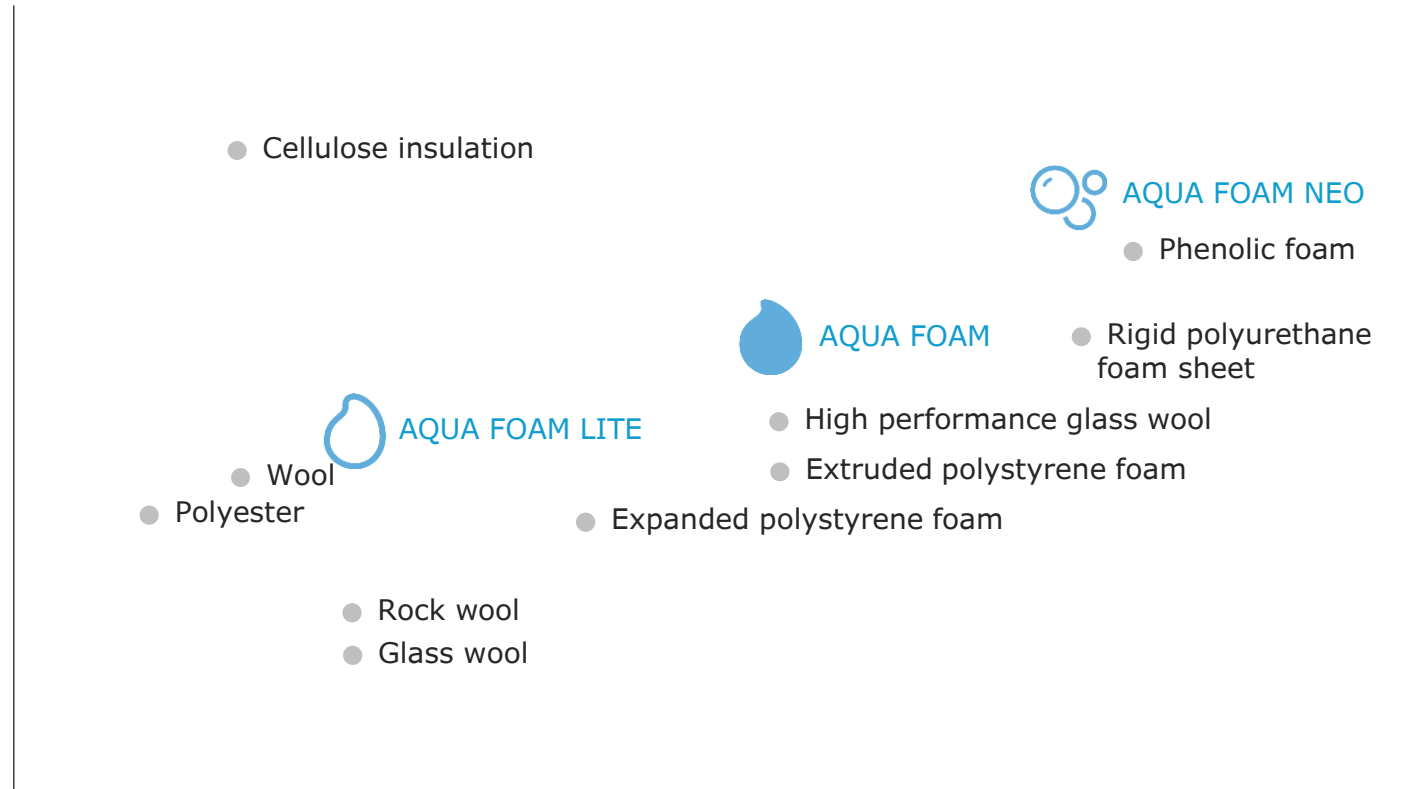
Price

Low

Low

Insulation performance

High



Building Insulation Market

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

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



+8.1%

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

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

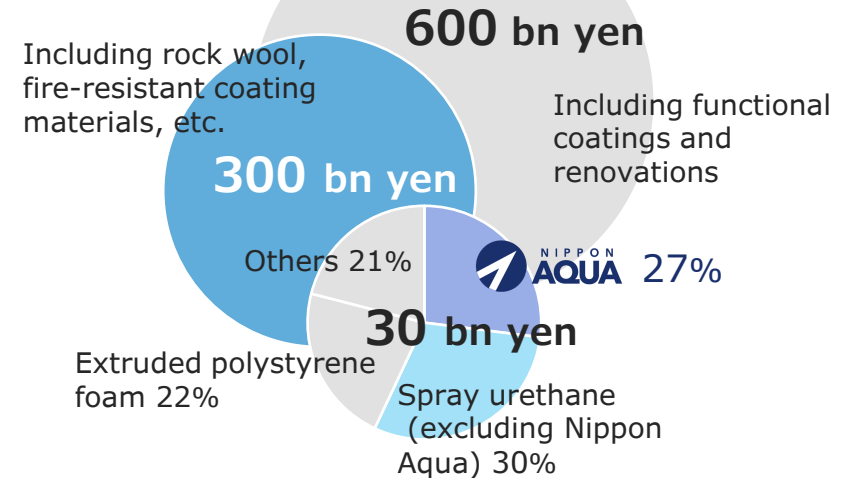


3.9 times

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

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

2025 Market Size Forecast



367/927 accidents
(10 years)

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

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

Redevelopment in the metropolitan area

Semiconductor factories in regional areas

- ✓The ratio of city names is the increase rate of the standard land price for fiscal 2023
- ✓Large-scale equipment investment related to semiconductors after 2024
(It does not promise our orders)



✓Urban redevelopment is accelerating nationwide

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



✓Investment in cutting-edge fields as a national policy

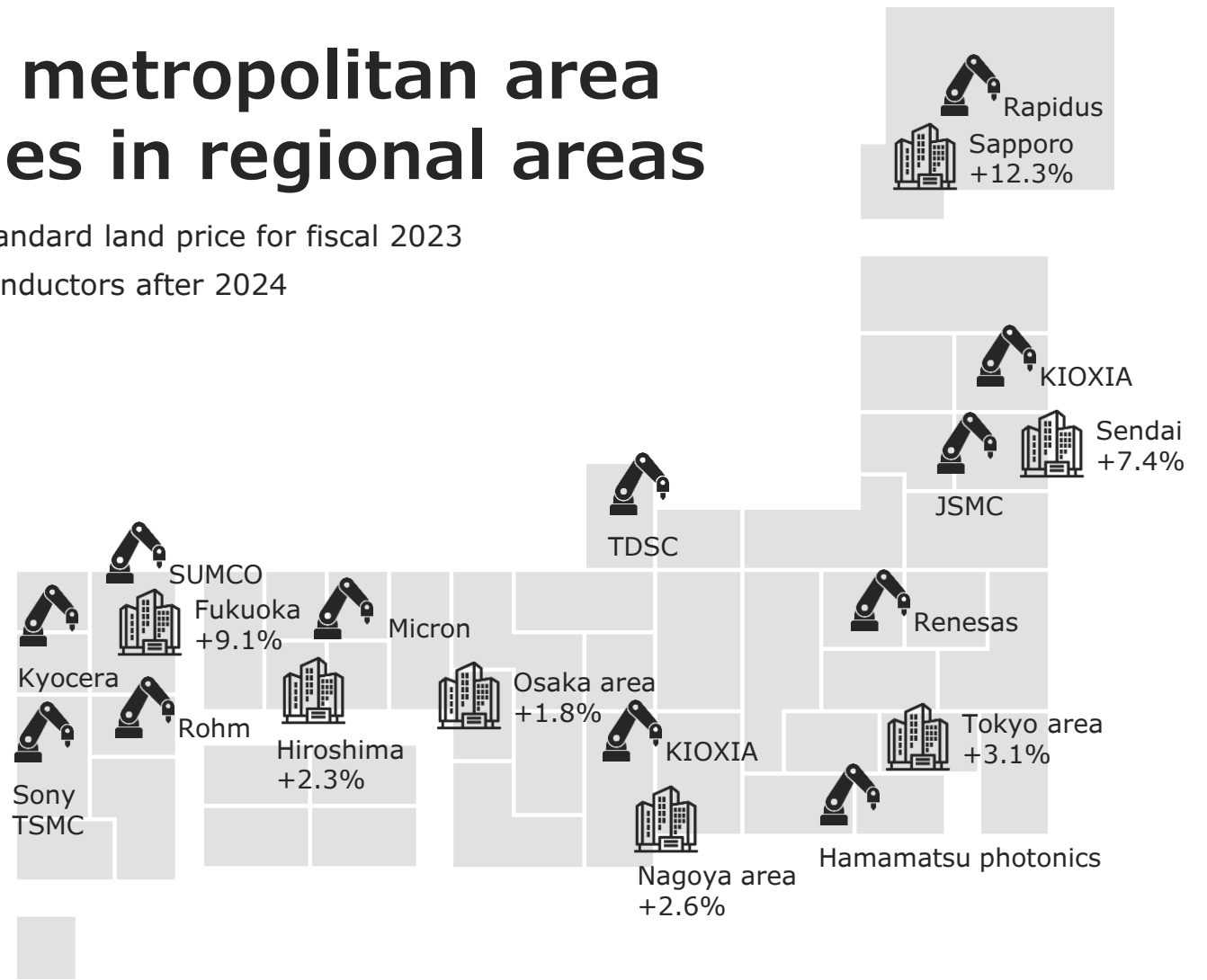
✓Domestic return of manufacturing facilities



✓Development of infrastructure, commercial facilities, housing, etc. in the surrounding areas in line with the construction of semiconductor factories is also progressing



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

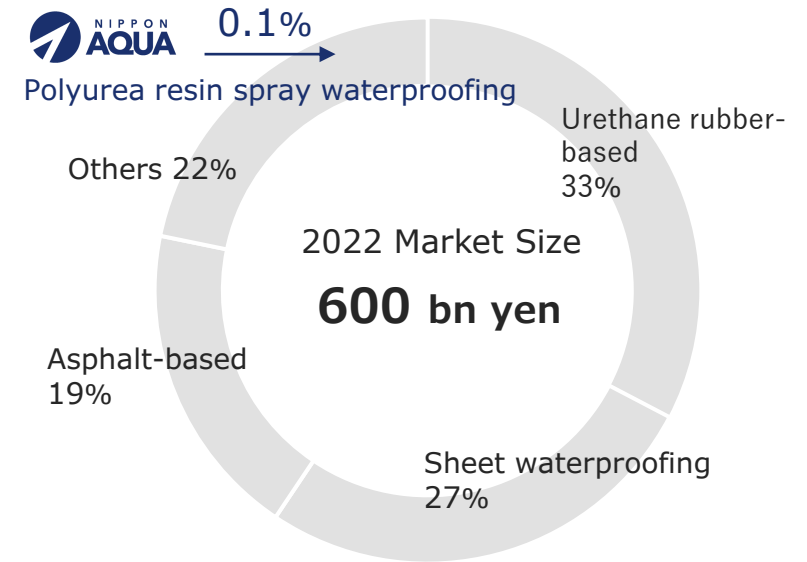


Source: The standard land prices are from the Ministry of Land, Infrastructure, Transport and Tourism, and the semiconductor factories are based on the public materials of each company, compiled by Nippon Aqua.

Waterproofing Construction Market

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

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



Approximately
2.0 times

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

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



+8.0%

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

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

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



2.6 times

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

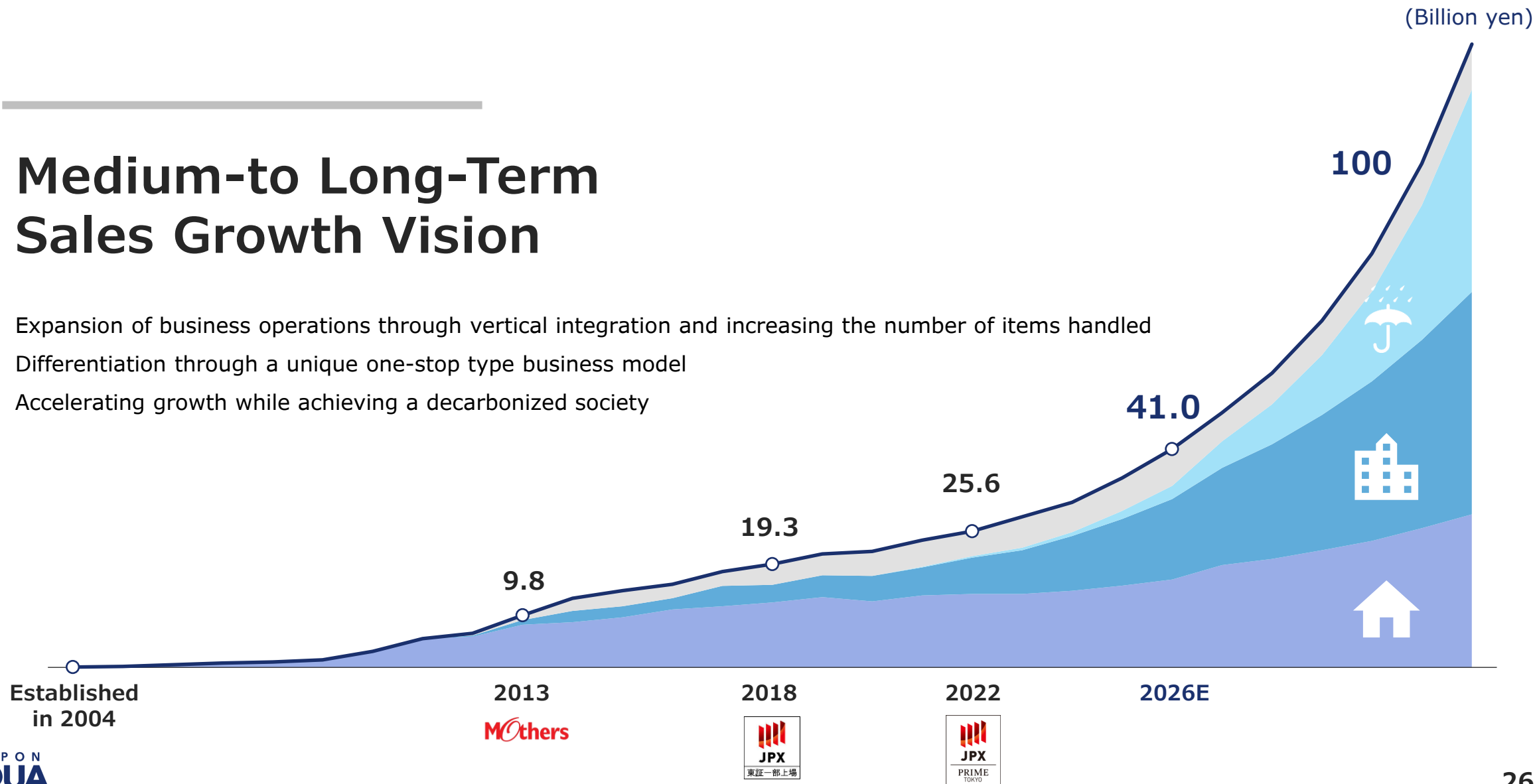
Source: Results of the survey on the number of construction business licensees (Ministry of Land, Infrastructure, Transport and Tourism, May 24, 2023)

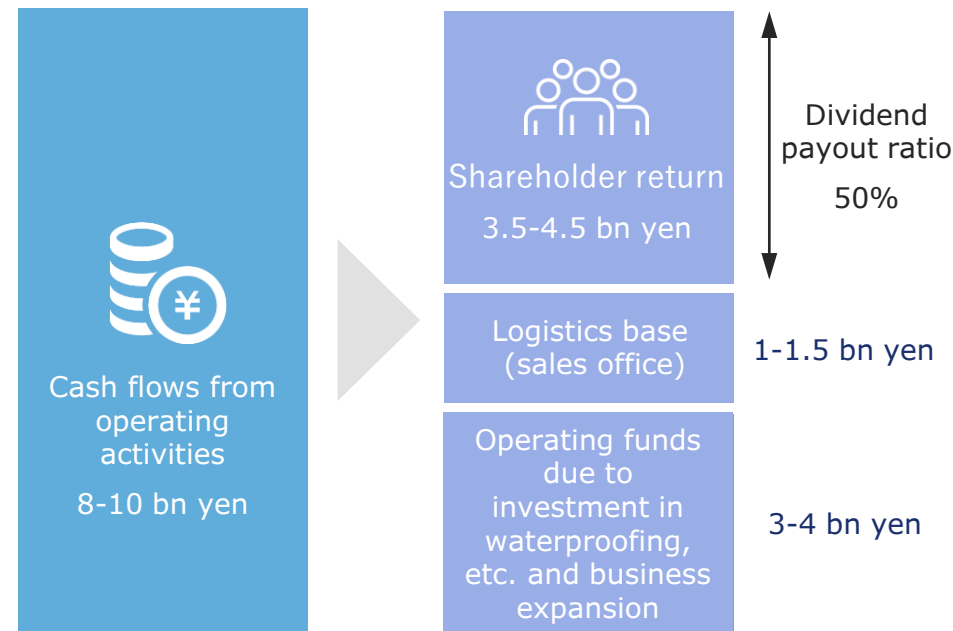
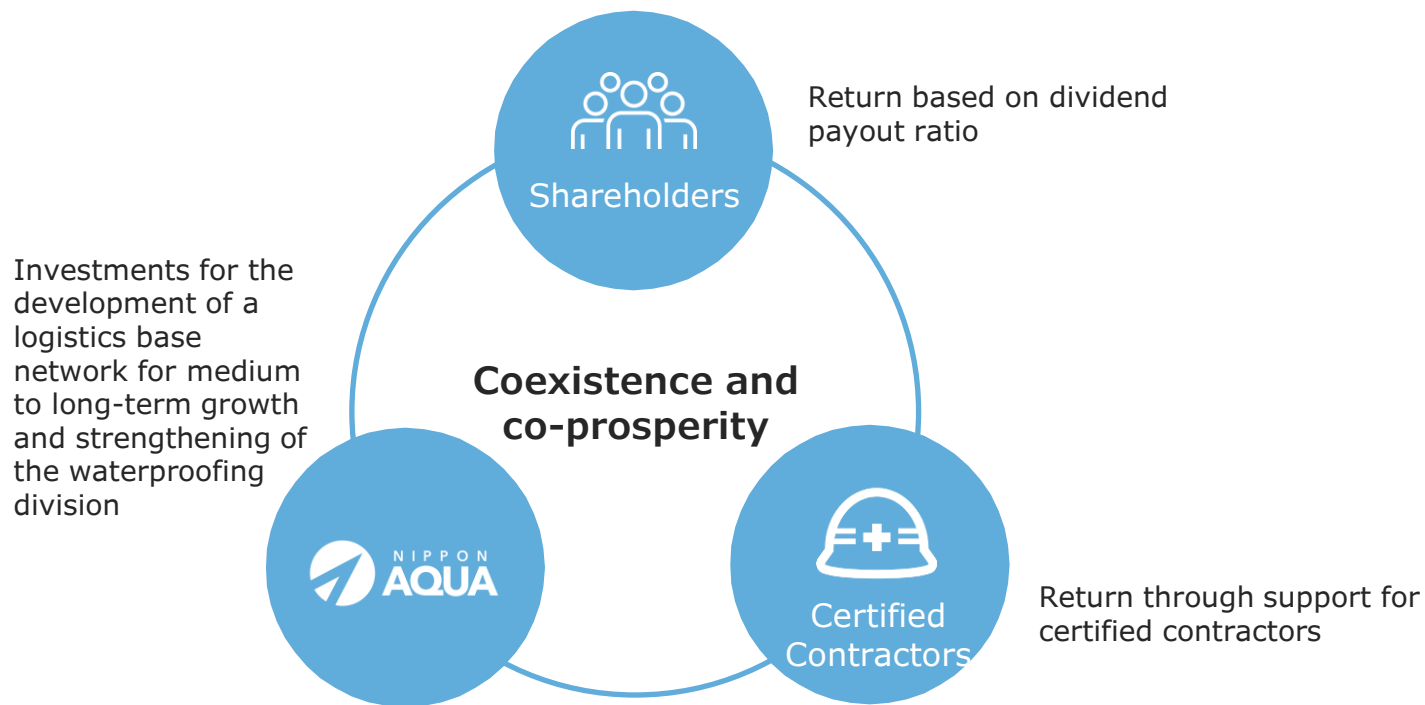
Agenda

- 01 Corporate Profile
- 02 Business Model
- 03 Homes and Buildings with Higher Thermal Insulation
- 04 Market Environment
- 05 To Realize Sustainable Growth**
- 06 Appendix

Medium-to Long-Term Sales Growth Vision

Expansion of business operations through vertical integration and increasing the number of items handled
Differentiation through a unique one-stop type business model
Accelerating growth while achieving a decarbonized society





Good Cycle of Growth and Profit Distribution

Implementing profit distribution to stakeholders through our company's sustained growth



Development of a nationwide logistics base network (opening of sales offices)

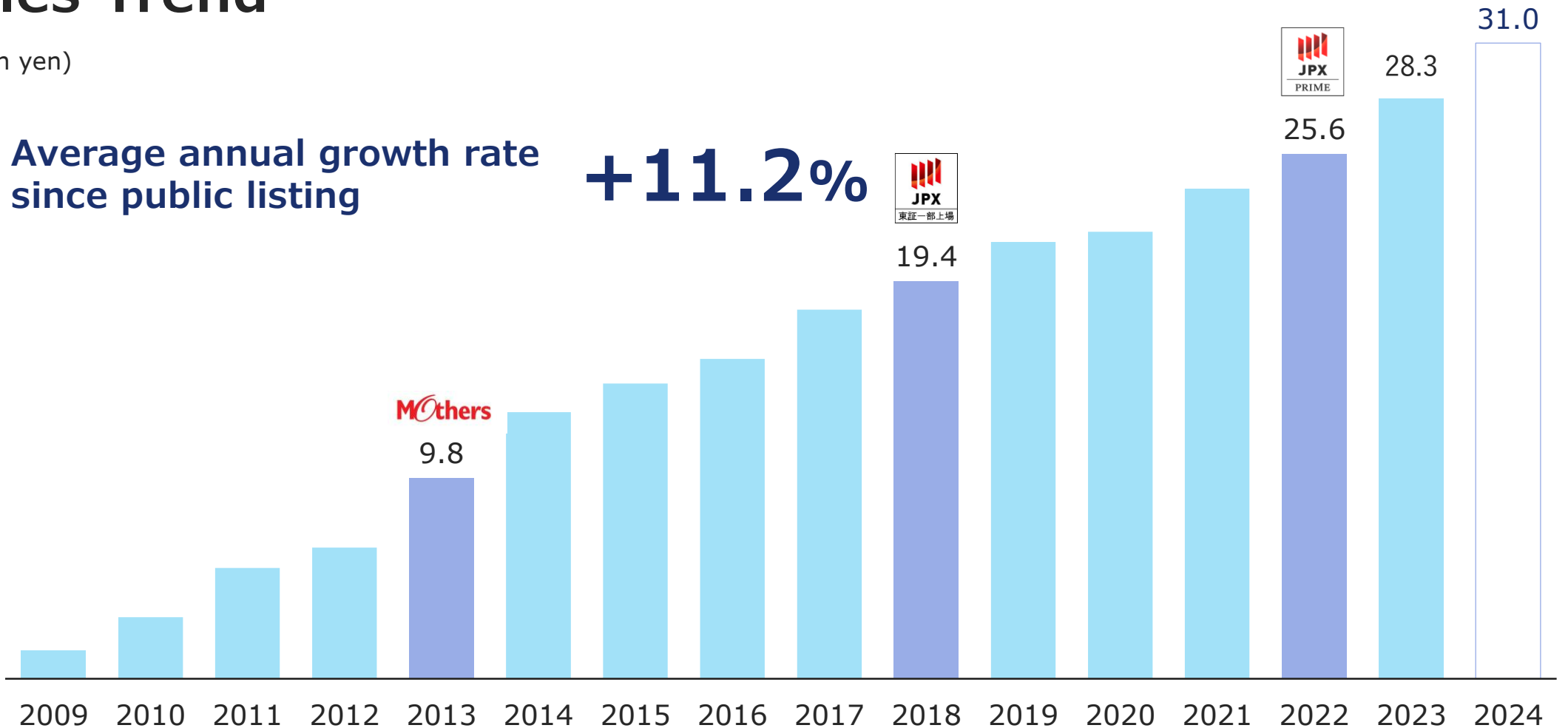
- ✓ Opening 1-2 large logistics bases (sales offices) per year
- ✓ Approximately 2-3 billion yen per site, including land and buildings

Sales Trend

(Billion yen)

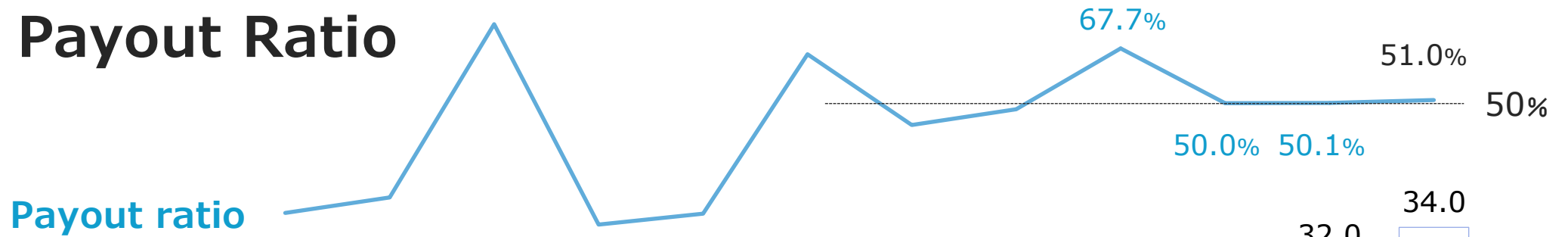
Average annual growth rate
since public listing

+11.2%

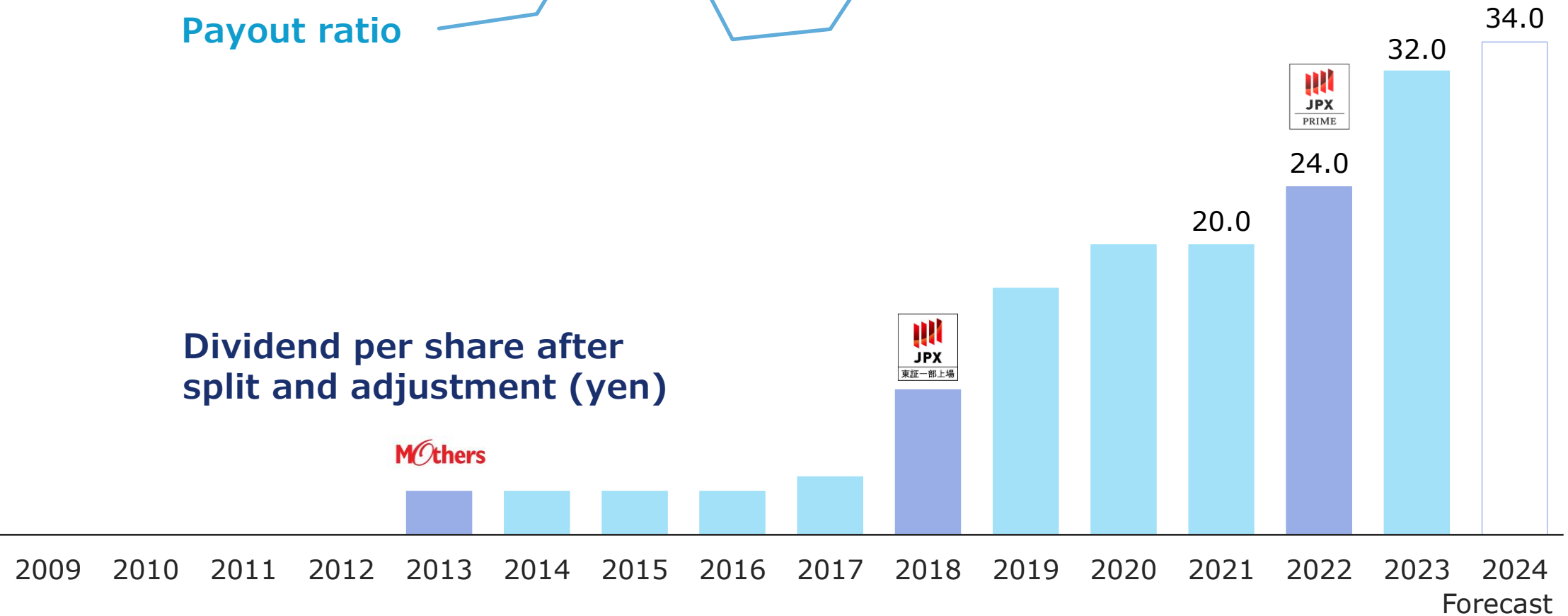


Target Payout Ratio

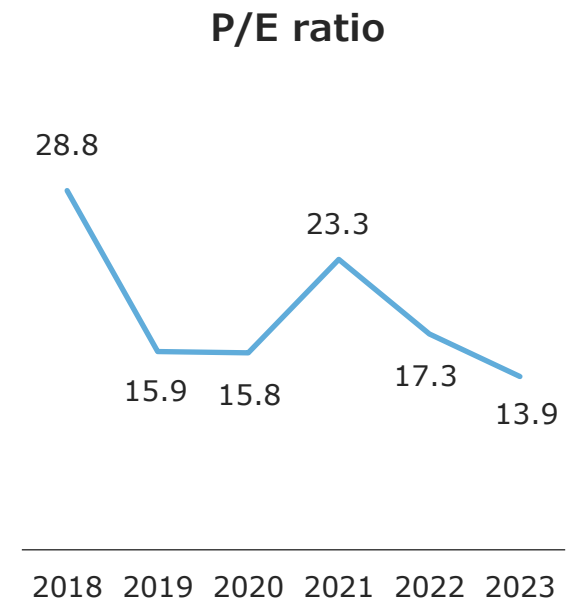
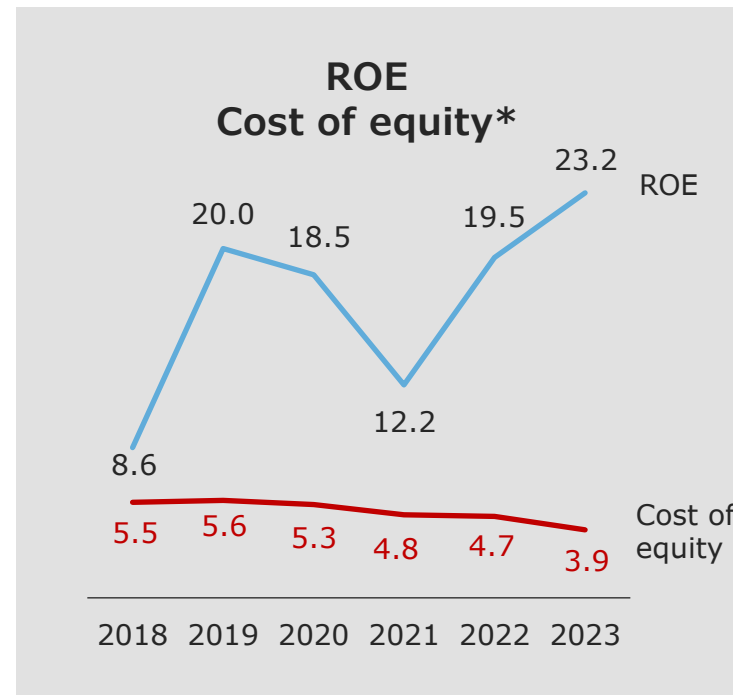
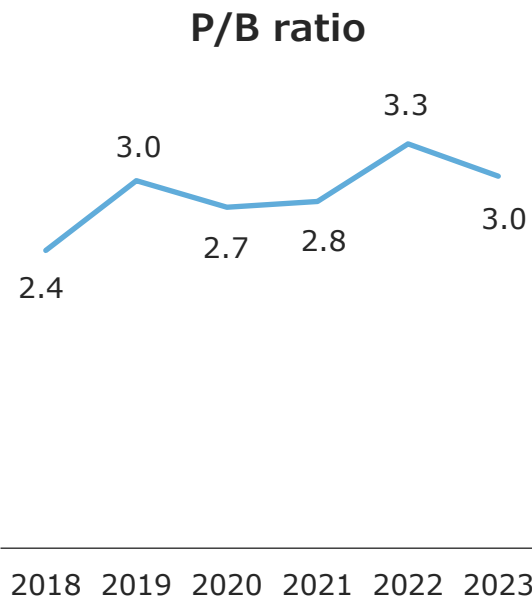
50%



Dividend per share after split and adjustment (yen)

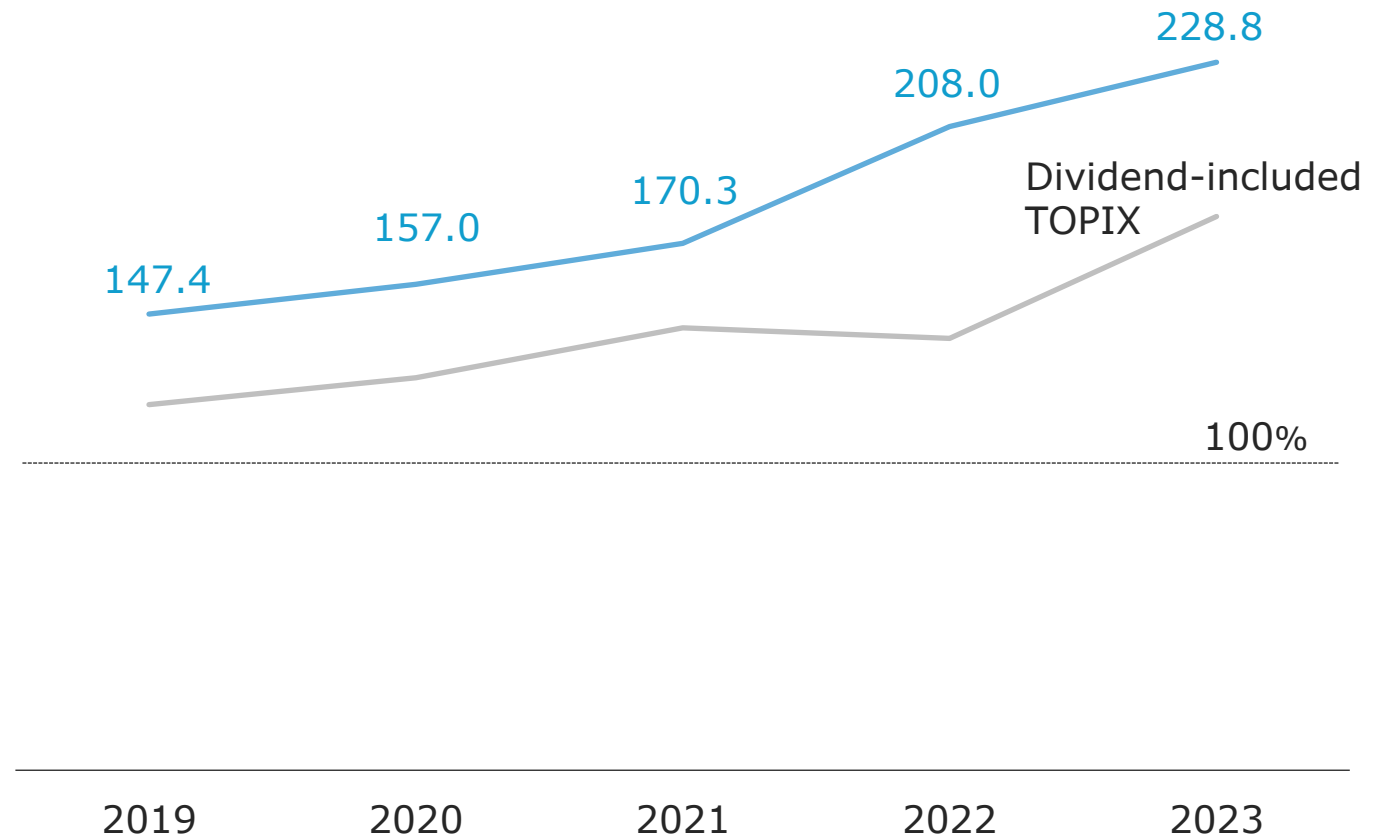


Action to Implement Management that is Conscious of Cost of Capital and Stock Price



High-Dividend Growth Stock

Total shareholder return on investment made in **December 2018**




Overseas Expansion

Commencing the sale of urethane raw materials to Southeast Asia

Insulation market in Japan

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



Raw material sales to Korea

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

Insulation situation in Southeast Asian countries

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



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



Agenda

- 01 Corporate Profile
- 02 Business Model
- 03 Homes and Buildings with Higher Thermal Insulation
- 04 Market Environment
- 05 To Realize Sustainable Growth
- 06 Appendix**

Performance Trends (Million yen)

Mothers



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Performance trends													
Net sales	5,475	6,488	9,825	13,020	14,406	15,608	18,052	19,417	21,366	21,872	23,903	25,670	28,341
Gross profit	1,686	1,904	2,444	2,856	3,137	4,027	4,305	3,891	5,403	5,310	4,739	5,784	6,924
Gross profit margin	30.8%	29.3%	24.9%	21.9%	22.3%	25.8%	23.9%	20.0%	25.3%	24.3%	19.8%	22.5%	24.4%
Operating profit	809	662	956	944	1,013	1,404	1,313	766	1,909	1,896	1,412	2,329	2,875
Ordinary profit	807	662	925	937	1,016	1,404	1,419	764	1,909	1,911	1,429	2,359	2,917
Ordinary profit margin	14.7%	10.2%	9.4%	7.2%	7.2%	9.0%	7.9%	3.9%	8.9%	8.7%	6.0%	9.2%	10.3%
Profit	457	364	512	529	137	979	941	489	1,275	1,342	953	1,549	2,004

Sales by item

Single-family homes		5,830	8,044	8,483	9,414	10,903	11,552	12,257	13,244	12,448	13,521	13,873	13,798
Buildings		440	883	2,392	2,858	2,601	2,715	3,331	4,144	4,848	5,371	6,838	8,267
Waterproofing											128	315	489
Sales of urethane raw materials							613	561	933	1,137	1,098	1,211	1,916
Product sales		218	897	2,144	2,133	2,103	3,171	3,267	3,043	3,438	3,783	3,430	3,869

Gross profit by item

Single-family homes					2,305	3,038	2,790	2,217	3,544	3,183	2,772	3,542	3,689
Buildings					183	419	526	551	832	1,004	822	1,206	1,963
Waterproofing											20	(16)	(35)
Sales of urethane raw materials							140	113	198	212	177	361	342
Product sales					648	569	848	1,009	830	909	946	690	968

Other Key Indicators

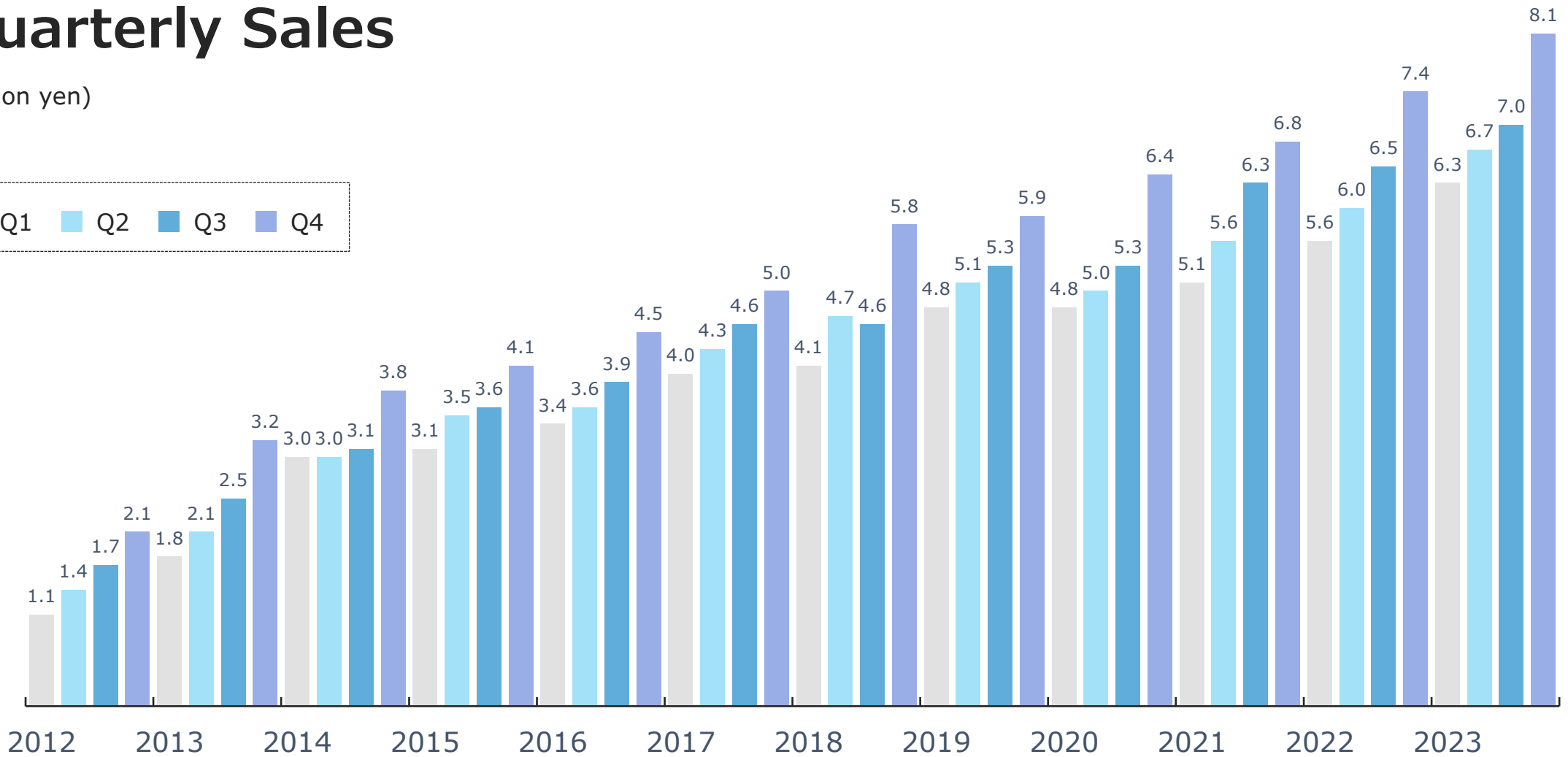
Mothers



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets, liabilities, and equity													
Net assets	715	1,080	5,103	5,529	5,590	6,663	5,508	5,885	6,843	7,638	7,951	7,966	9,304
Return on equity	94.0%	40.6%	16.6%	10.0%	2.5%	16.0%	15.5%	8.6%	20.0%	18.5%	12.2%	19.5%	23.2%
Total assets	1,993	2,787	7,982	9,138	11,254	12,596	12,806	14,381	15,379	16,021	18,279	21,969	20,392
Total assets turnover	3.20	2.71	1.82	1.52	1.38	1.31	1.42	1.43	1.44	1.39	1.39	1.28	1.34
Equity ratio	35.9%	38.8%	63.9%	60.5%	49.7%	52.9%	43.0%	40.9%	44.5%	47.7%	43.5%	36.3%	45.6%
Interest-bearing debt					1,433	834	2,370	2,776	2,136	2,400	3,166	6,033	2,400
No. of employees													
Sales			160	184	182	206	233	208	218	218	189	209	215
Construction			234	246	206	185	132	180	188	196	168	156	220
Management			21	20	35	27	62	57	69	73	81	58	66
Total	194	298	415	450	423	418	427	445	475	487	438	423	501
Stock-related (after reflecting 1:5 stock split on January 1, 2015)													
Stock price at the end of the period (yen)			663	845	438	414	498	437	627	649	687	828	887
Market value			22,892	29,176	15,209	14,960	18,038	15,180	21,792	22,559	23,880	28,781	30,832
Net assets per share (yen)			147.81	160.15	161.01	184.40	171.31	182.36	211.88	236.46	246.09	254.41	296.24
Dividend per share (yen)			3.00	3.00	3.00	3.00	4.00	10.00	17.00	20.00	20.00	24.00	32.00
Basic earnings per share (yen)			20.61	15.33	3.97	27.61	27.84	15.19	39.50	41.57	29.52	47.99	63.83
Price earnings ratio			32.20	55.10	110.30	15.00	17.90	28.80	15.90	15.60	23.30	17.30	13.90

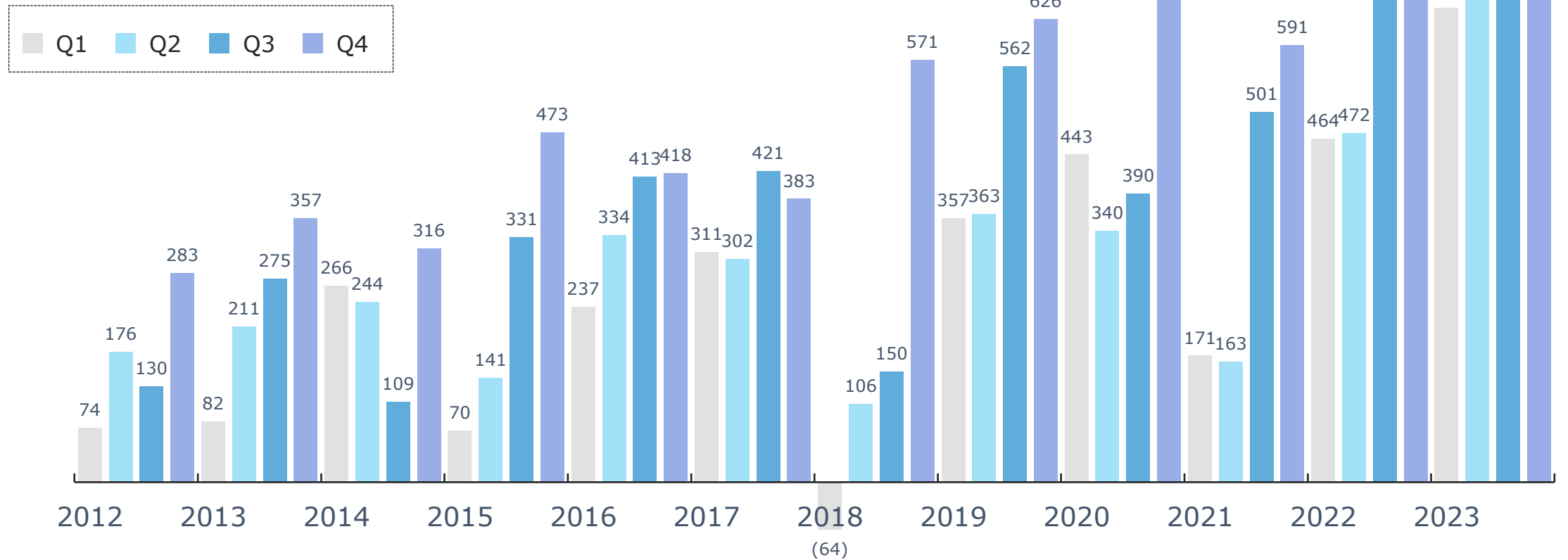
Quarterly Sales

(Billion yen)



Quarterly Ordinary Profit

(Million yen)



Insulation performance class

UA value is the value of Region 6 to 7 such as Tokyo

	HEAT20 G3	UA value 0.26	7
ZEH+	HEAT20 G2	UA value 0.46	6
	ZEH	UA value 0.60	5
		UA value 0.87	4
		UA value 1.54	3
		UA value 1.67	2
			1

Primary energy consumption class

$$\text{BEI} = \frac{\text{Design primary energy consumption}}{\text{Standard primary energy consumption}}$$

6	BEI 0.80	ZEH	ZEH+
5	BEI 0.90		
4	BEI 1.00		
3 Existing property only	BEI 1.10		
1			

Housing Performance Indication System

Inquiries

Corporate Planning Dept., Administration Division
(Person in charge: Masahiko Komuro)
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Disclaimer and Notes Regarding Forward-Looking Statements

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