

# Business Results for the Nine Months Ended September 30, 2023

November 10, 2023

**Nippon Aqua Co., Ltd.**

Tokyo Stock Exchange Prime Section #1429



# Financial Highlights

Nine months ended September 30, 2023

## New record highs

Net sales

JPY 20,165 M

YoY +10.4%

Ordinary profit

JPY 2,225 M

YoY +34.0%

**Single-family Homes Division:**

Insulation Class 5 (ZEH standards) standardization progresses

**Buildings Division:**

Strong demand for non-flammable insulation construction continues



**1** Overview of Financial Highlights for  
the Nine Months Ended September 30, 2023

**2** Business Environment and Our Initiatives

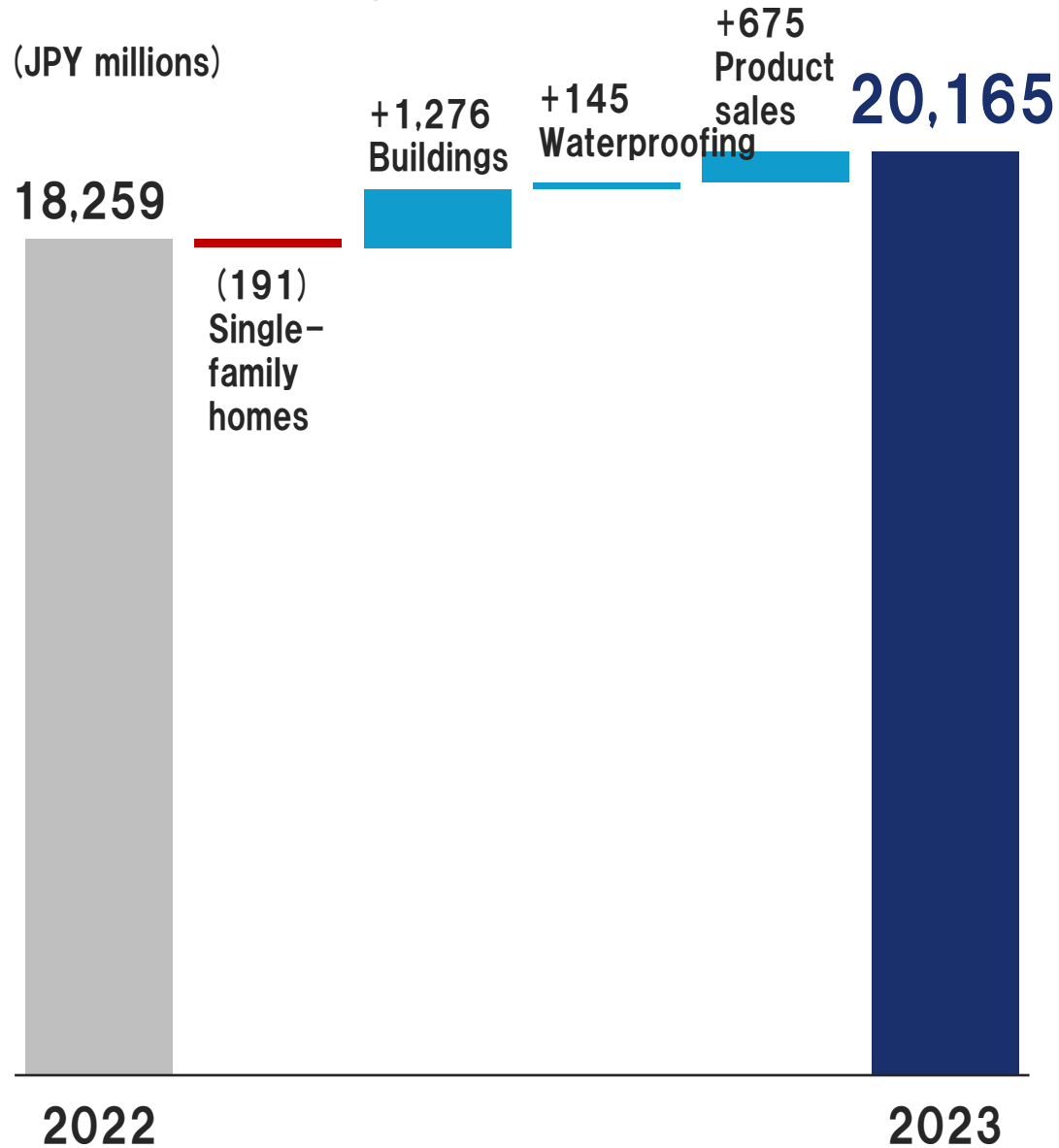
**3** Topics

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# Net Sales

Nine months ended September 30, 2023

(JPY millions)



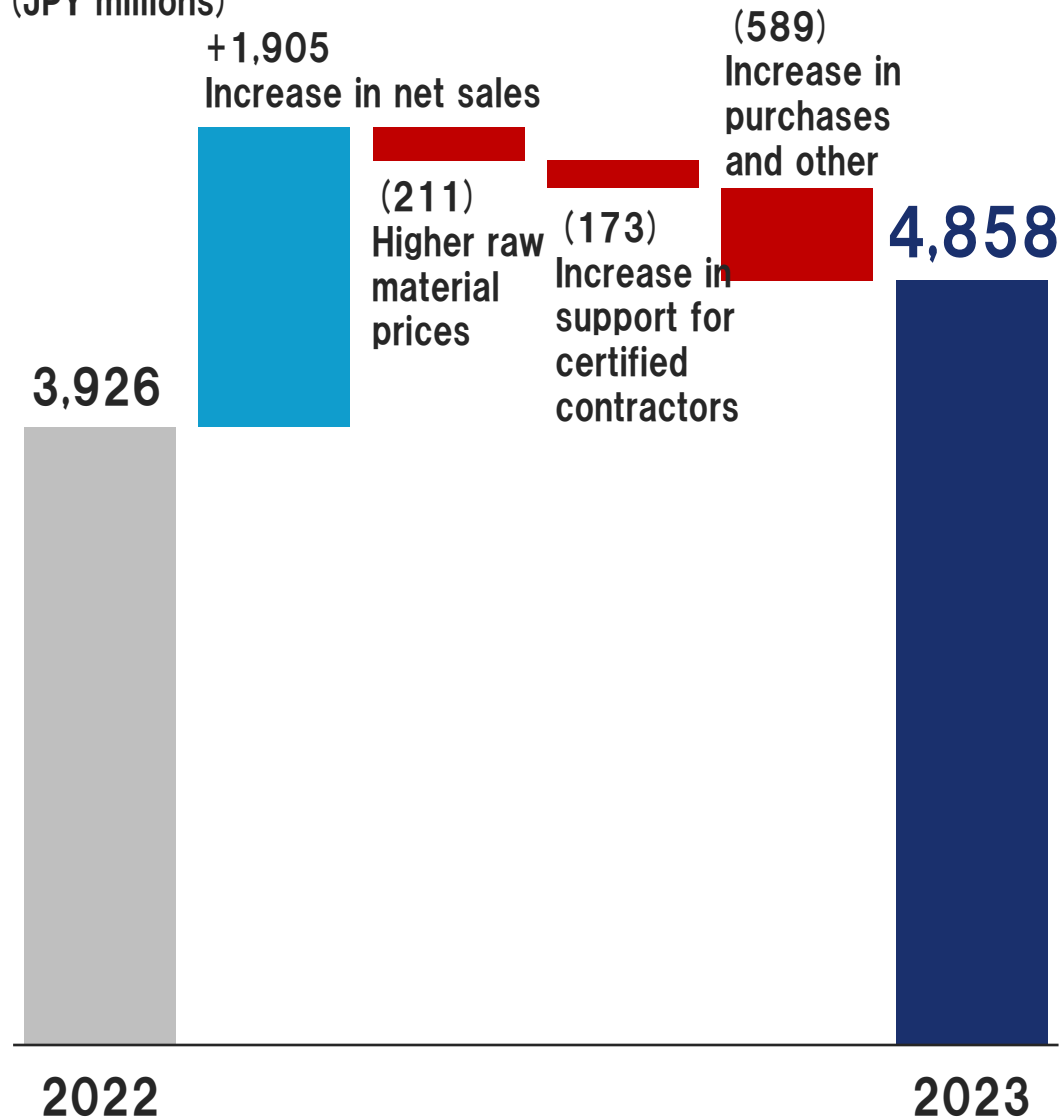
YoY UP

+ JPY 1,905 M +10.4%

# Gross Profit

Nine months ended September 30, 2023

(JPY millions)



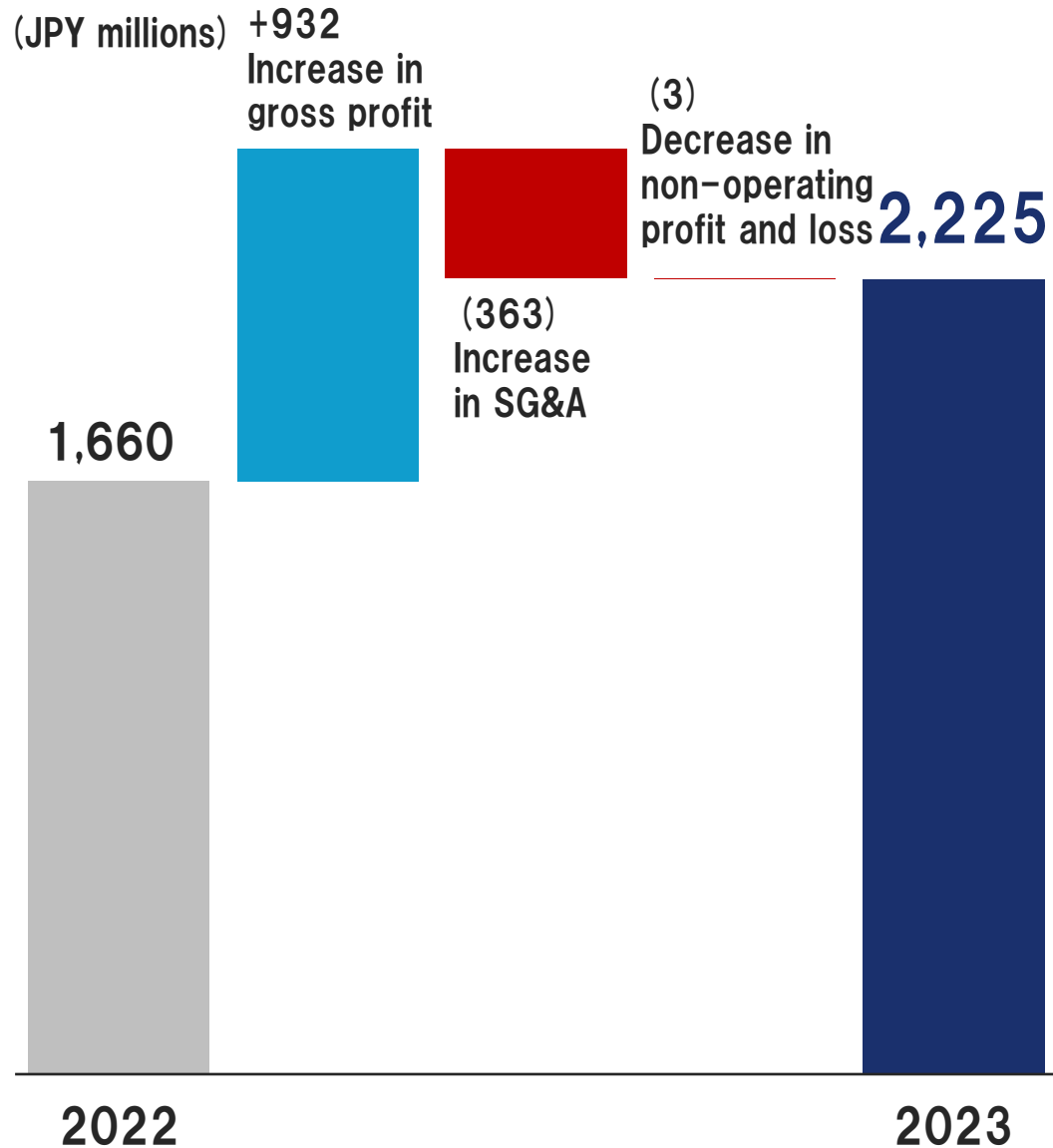
## YoY UP

### + JPY 932 M +23.7%

Gross profit margin 21.5% ▶ 24.1%

# Ordinary Profit

Nine months ended September 30, 2023



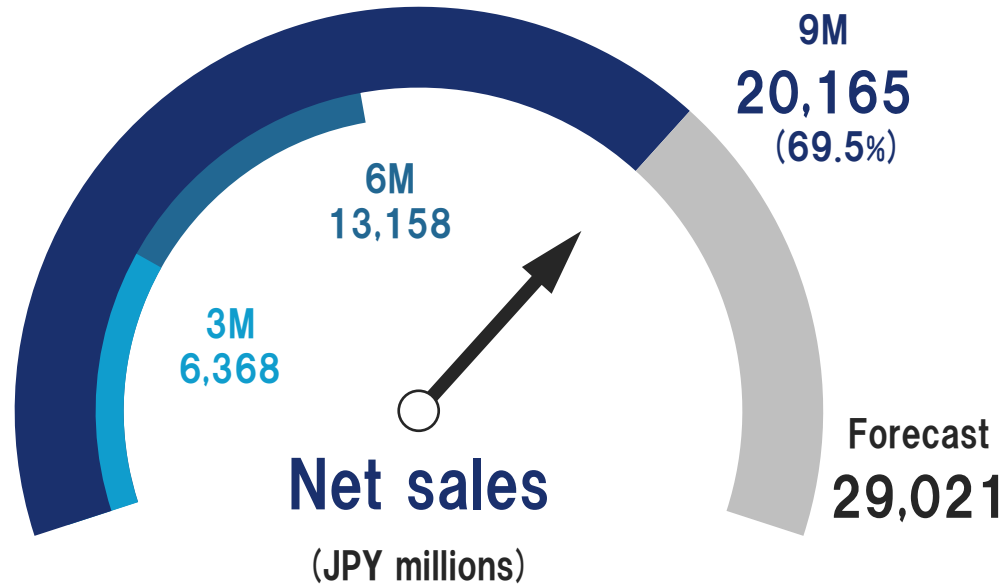
## YoY UP

### + JPY 564 M +34.0%

Ordinary profit margin 9.1% ▶ 11.0%

SG&A ratio 12.6% ▶ 13.2%

# Results Compared to Full-Year Financial Forecast



# Income Statement

Nine months ended September 30, 2023



(JPY millions, %)

	9M 2022 Jan-Sep	9M 2023 Jan-Sep	YoY		Forecast FY 2023
			Amount	Change (%)	
Net sales	18,259	20,165	+1,905	+10.4	29,021
Single-family homes	10,209	10,017	(191)	(1.9)	16,115
Buildings	4,640	5,917	+1,276	+27.5	7,600
Waterproofing	203	349	+145	+71.4	539
Product sales	3,204	3,880	+675	+21.1	4,766
Cost of sales	14,333	15,306	+973	+6.8	22,773
Gross profit	3,926	4,858	+932	+23.7	6,248
Single-family homes	2,493	2,673	+180	+7.2	4,028
Buildings	755	1,352	+597	+79.1	1,333
Waterproofing	14	(35)	(49)	-	11
Product sales	663	868	+211	+31.8	875
SG&A expenses	2,294	2,658	+363	+15.9	3,497
Operating profit	1,631	2,199	+568	+34.8	2,750
Ordinary profit	1,660	2,225	+564	+34.0	2,750
Profit	1,122	1,509	+387	+34.5	1,828
Dividend per share (yen)					30.0



# Balance Sheet

Nine months ended September 30, 2023



(JPY millions)

	As of Dec 31 2022	As of Sep 30 2023		As of Dec 31 2022	As of Sep 30 2023
<b>Assets</b>			<b>Liabilities</b>		
<b>Current assets</b>			<b>Current liabilities</b>		
Cash and deposits	2,676	1,868	Accounts payable – trade	6,272	5,089
Notes and accounts receivable – trade, and contract assets	6,144	6,294	Short-term borrowings	6,000	3,600
Electronically recorded monetary claims	754	801	<b>Total current liabilities</b>	<b>13,902</b>	<b>10,075</b>
Raw materials and supplies	3,121	2,153	<b>Non-current liabilities</b>		
Accounts receivable – other	4,216	2,880	<b>Total non-current liabilities</b>	<b>101</b>	<b>169</b>
<b>Total current assets</b>	<b>17,136</b>	<b>14,096</b>	<b>Total liabilities</b>	<b>14,003</b>	<b>10,244</b>
<b>Non-current assets</b>			<b>Net assets</b>		
Total property, plant and equipment	4,346	4,373	Share capital	1,903	1,903
Total intangible assets	96	87	Capital surplus	1,885	1,912
Total investments and other assets	391	498	Retained earnings	6,270	7,029
<b>Total non-current assets</b>	<b>4,833</b>	<b>4,958</b>	Treasury shares	(2,093)	(2,035)
<b>Total assets</b>	<b>21,969</b>	<b>19,055</b>	<b>Total net assets</b>	<b>7,966</b>	<b>8,810</b>
			<b>Total liabilities and net assets</b>	<b>21,969</b>	<b>19,055</b>



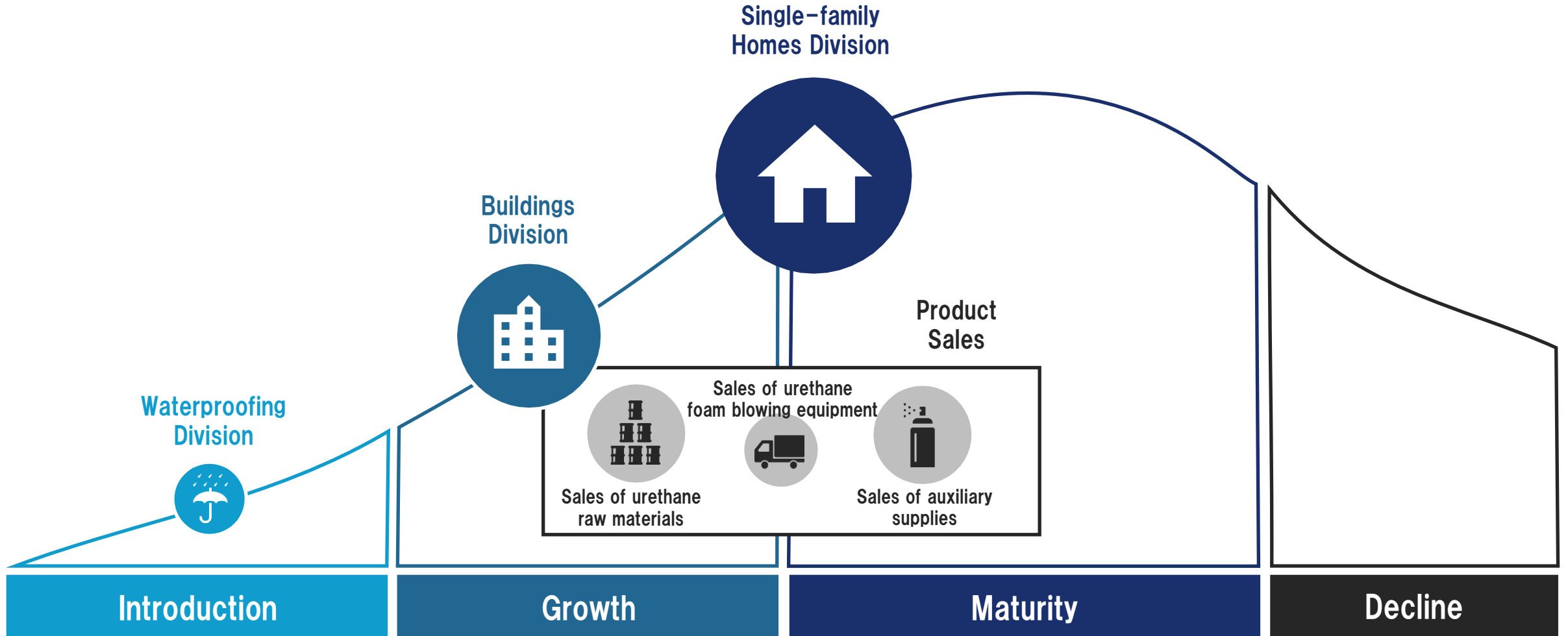
1 Overview of Financial Highlights for  
the Six Months Ended June 30, 2023

**2 Business Environment and Our Initiatives**

3 Topics

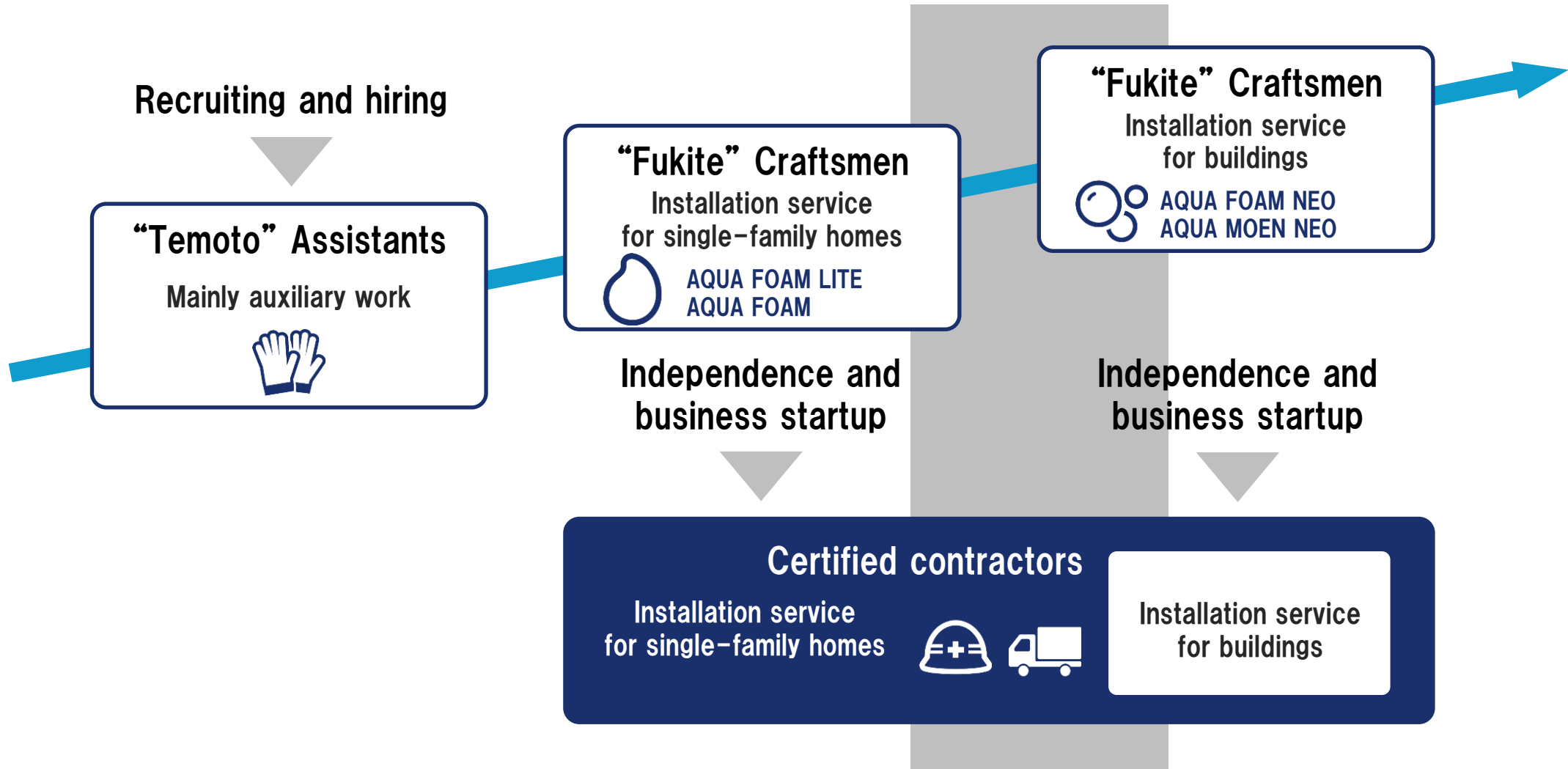
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# Approach to Business Portfolio



# Expansion of Construction Capabilities

Fostering all-round players

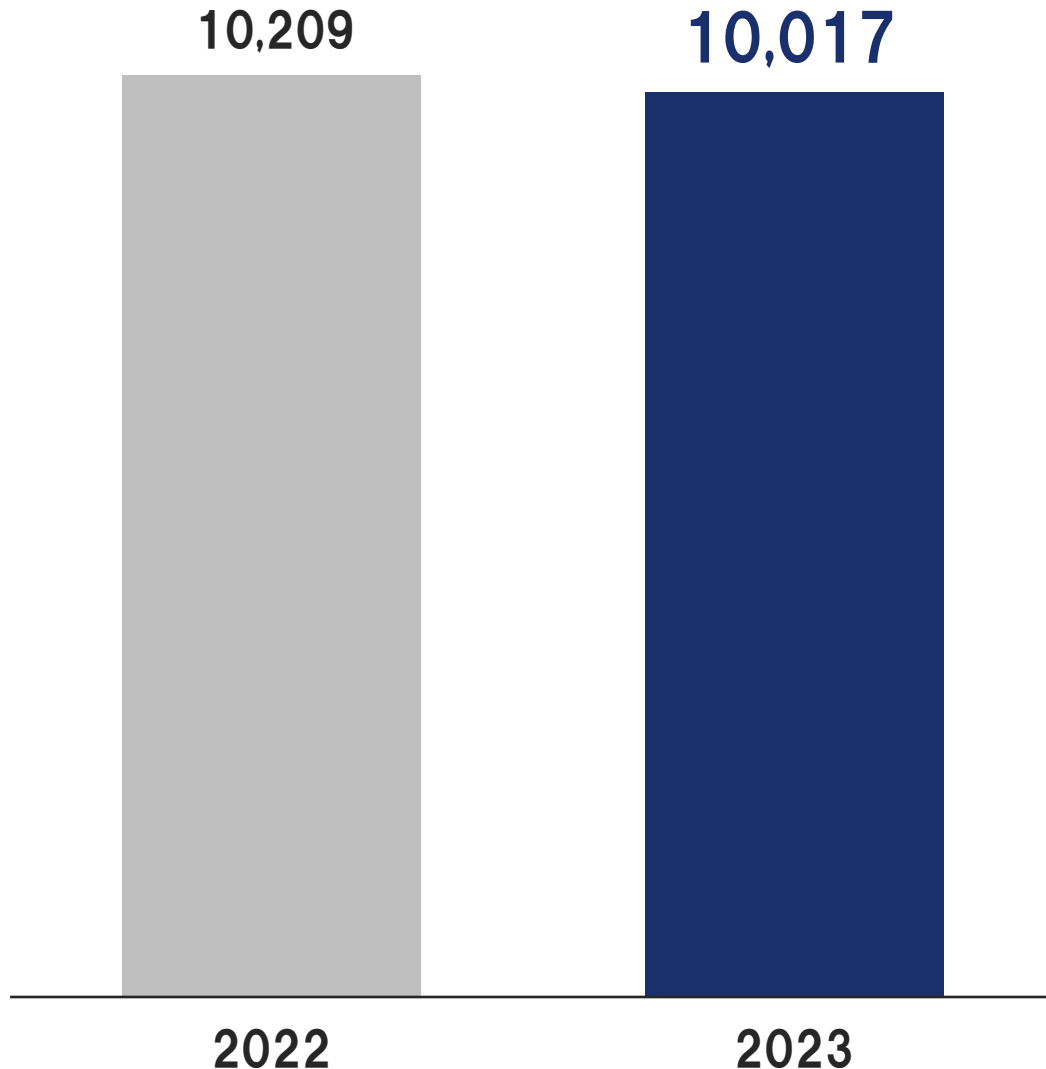


# Single-family Homes Division

Nine months ended September 30, 2023



(JPY millions)



## YoY DOWN

( JPY 191M ) ( 1.9% )

Gross profit margin 24.4% ▶ 26.7%

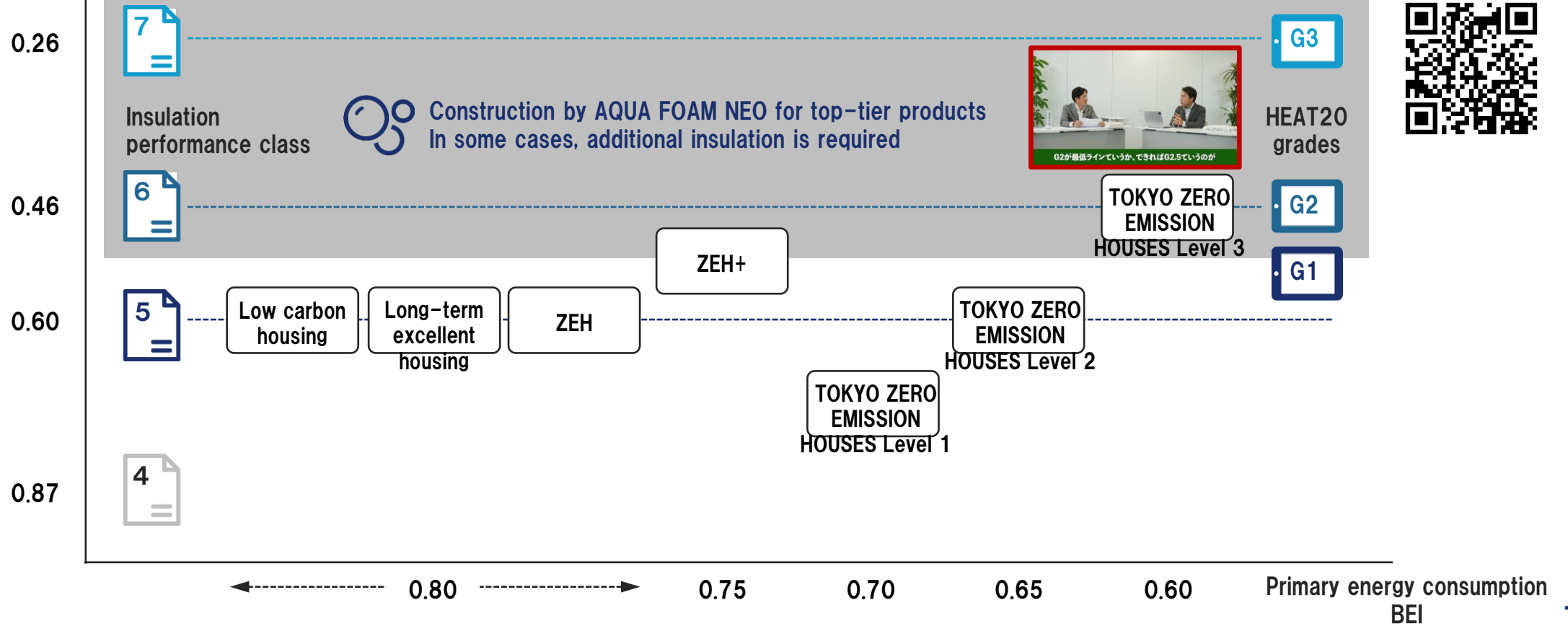
Pace at which insulation Class 5  
(ZEH standards) exceed planning

High-level Insulation Class  
(Class 6 or higher) construction begins

# Proposing Energy-Saving Housing with Excellent Cost Performance

Insulation performance  
UA Value

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



Energy-saving housing with good cost performance  
recommended by Kazuya Matsuo Designer  
(our official site)  
<https://www.youtube.com/watch?v=210Jcwk3oKk>

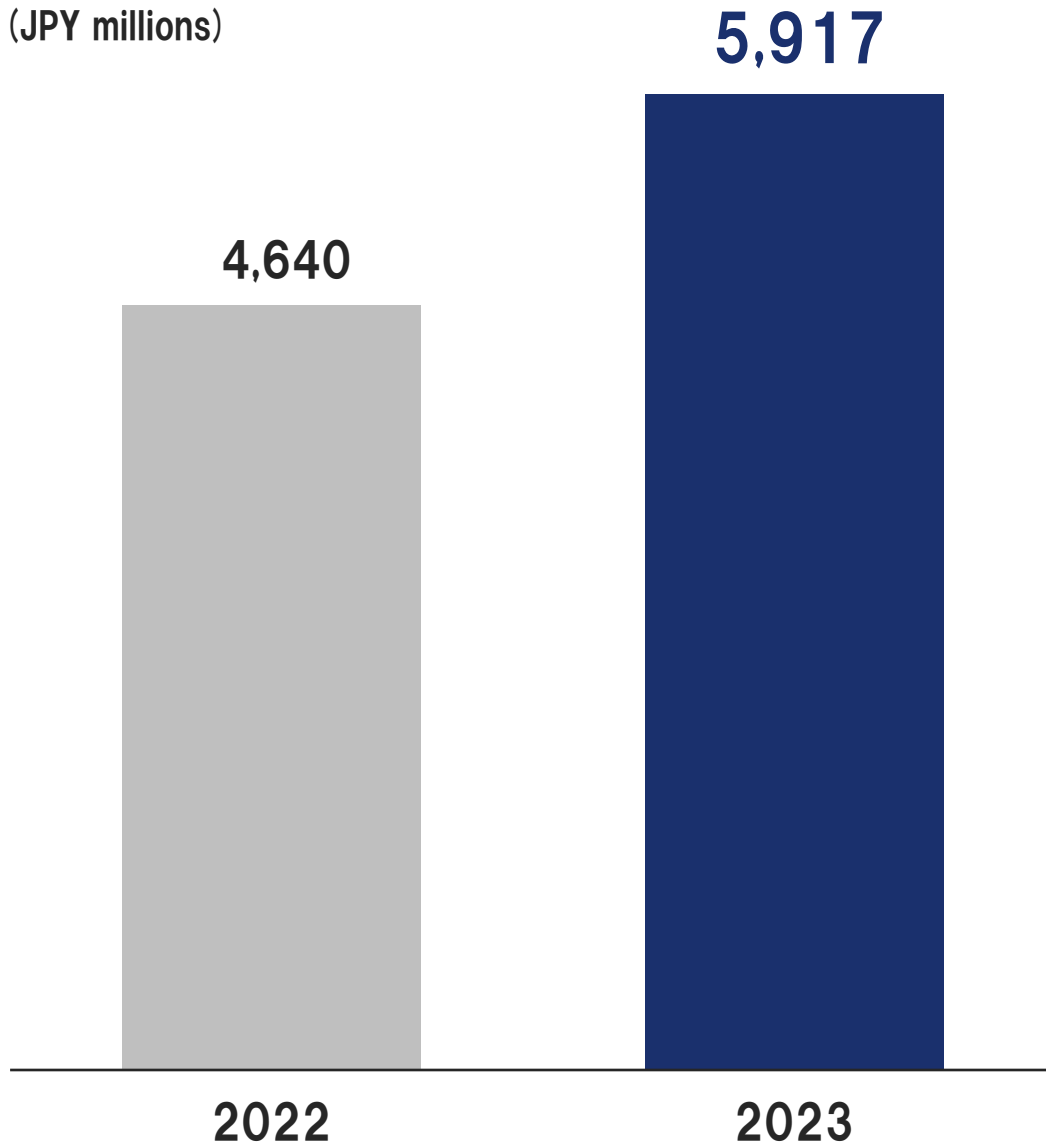


# Buildings Division

Nine months ended September 30, 2023



(JPY millions)



## YoY UP

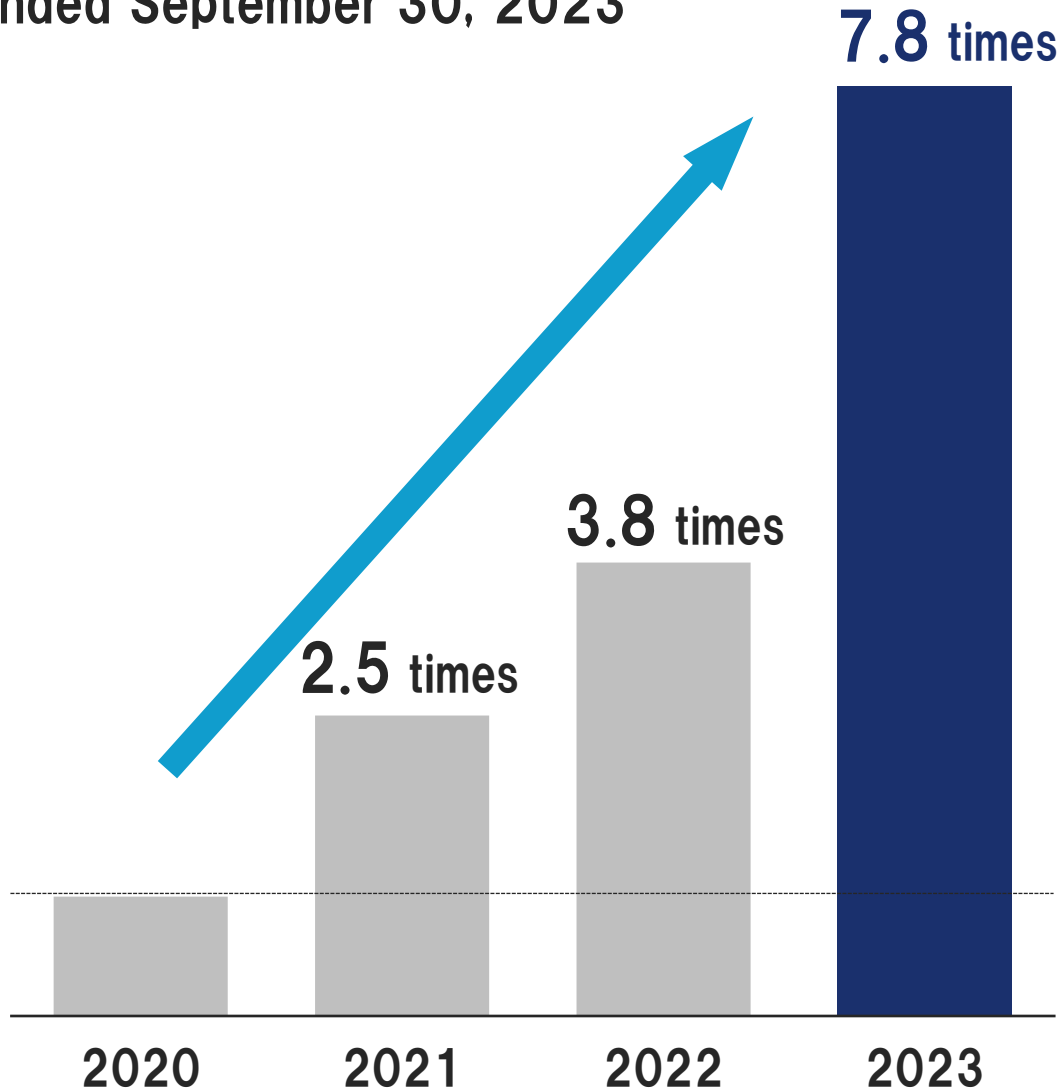
### + JPY 1,276 M +27.5 %

Gross profit margin 16.3% ▶ 22.9%

Markups brought trickle-down benefits

Increased construction with AQUA MOEN NEO

# Net sales of non-flammable insulation during the nine months ended September 30, 2023



## What is non-flammable insulation?

High-performance insulation that is non-flammable and approved by the Minister of Land, Infrastructure, Transport and Tourism

Born from the need for construction sites to eliminate fire risks, it demonstrates a high level of flame-retardant performance when exposed to welding, steel cutting, welding sparks, etc. at construction sites

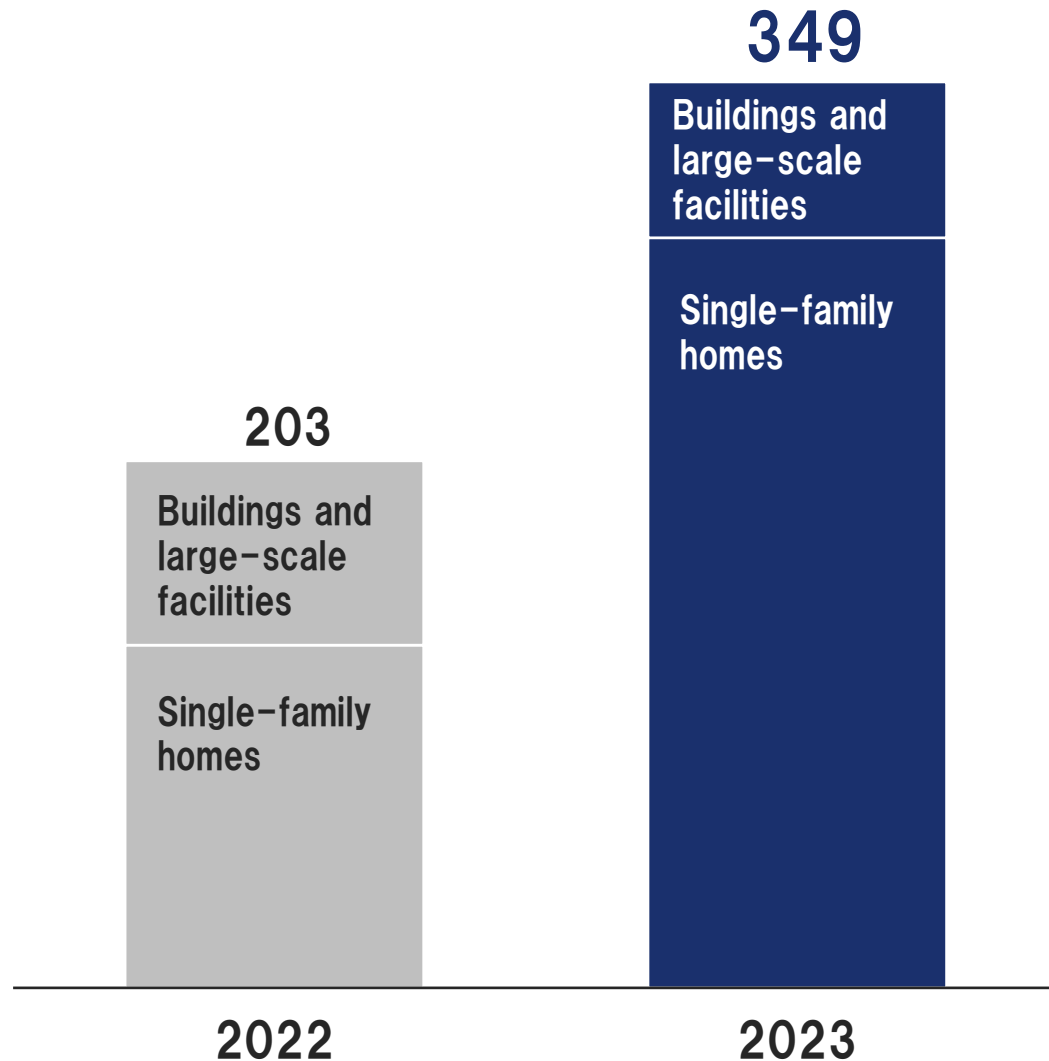




# Waterproofing Division

Nine months ended September 30, 2023

(JPY millions)



## YoY UP

+ JPY 145 M +71.4%

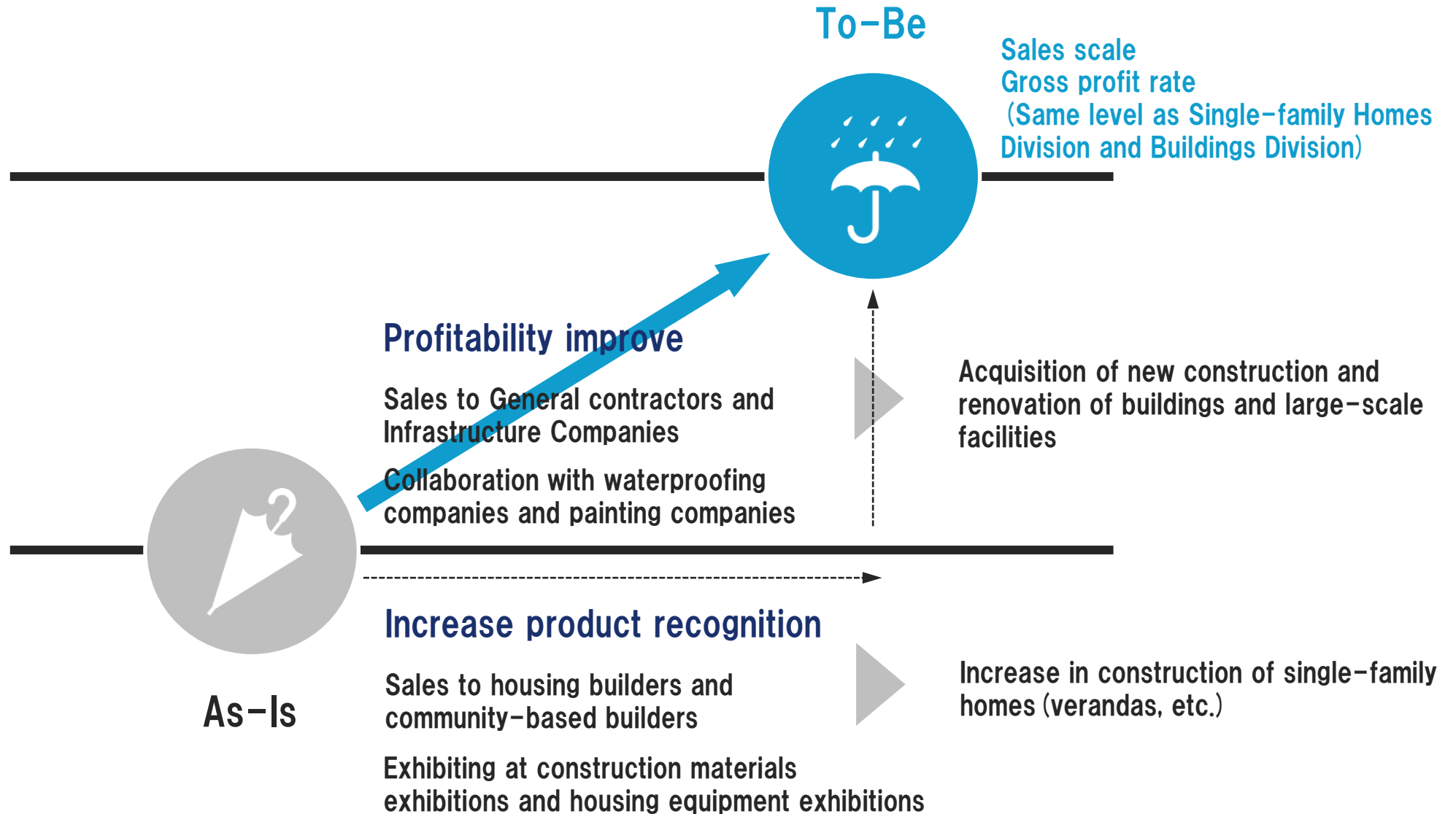
Gross profit margin 7.0% ▶ (10.1%)

Steady increase in construction for single-family homes

Growth in new construction and renovation of buildings and large-scale facilities is an issue

# Waterproofing Division

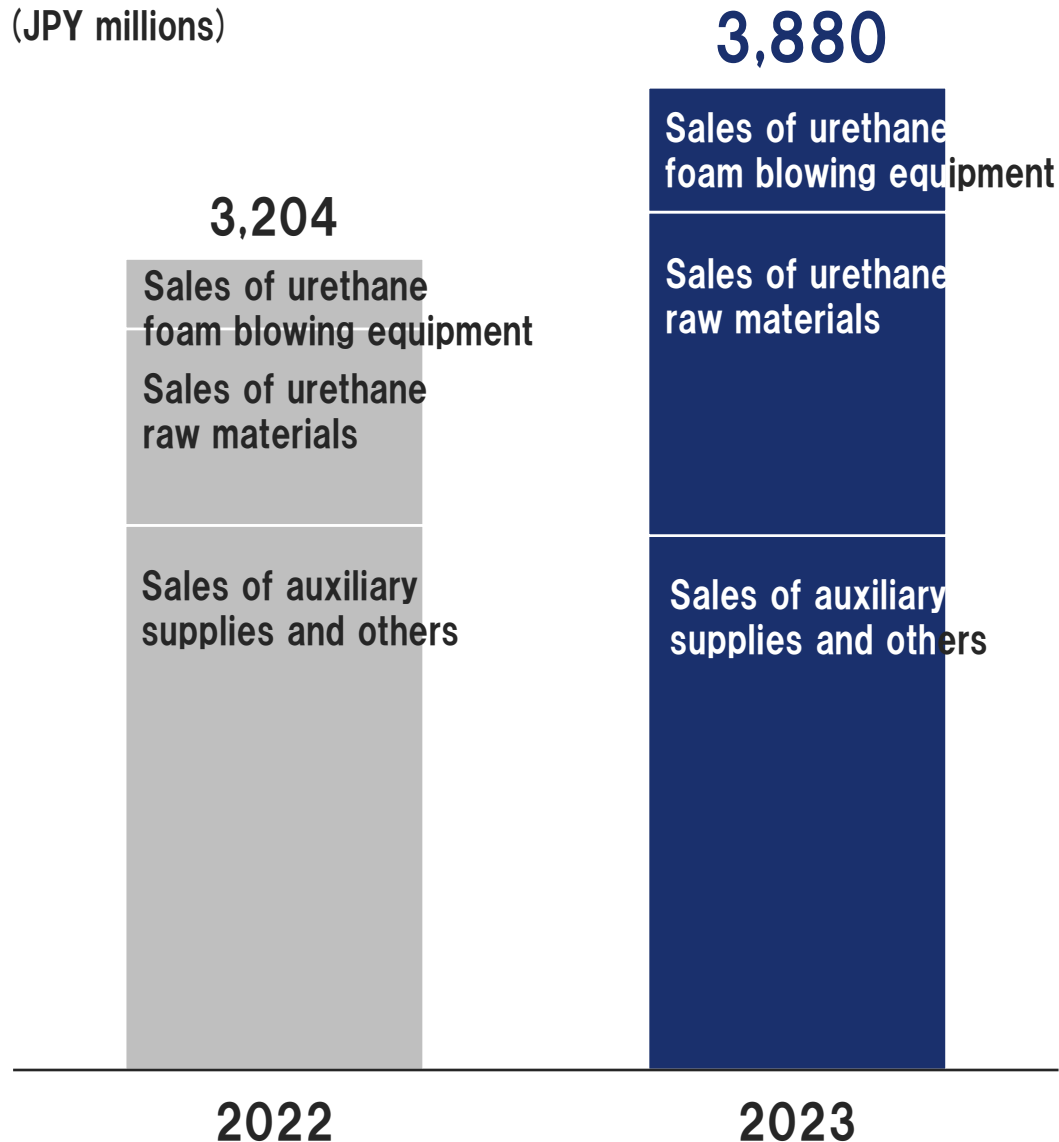
Current status and initiatives



# Product Sales

Nine months ended September 30, 2023

(JPY millions)



## YoY UP

+ JPY 675 M +21.1 %

Gross profit margin 20.7% ▶ 22.4%

Sales of urethane foam blowing equipment changed to direct procurement during the period

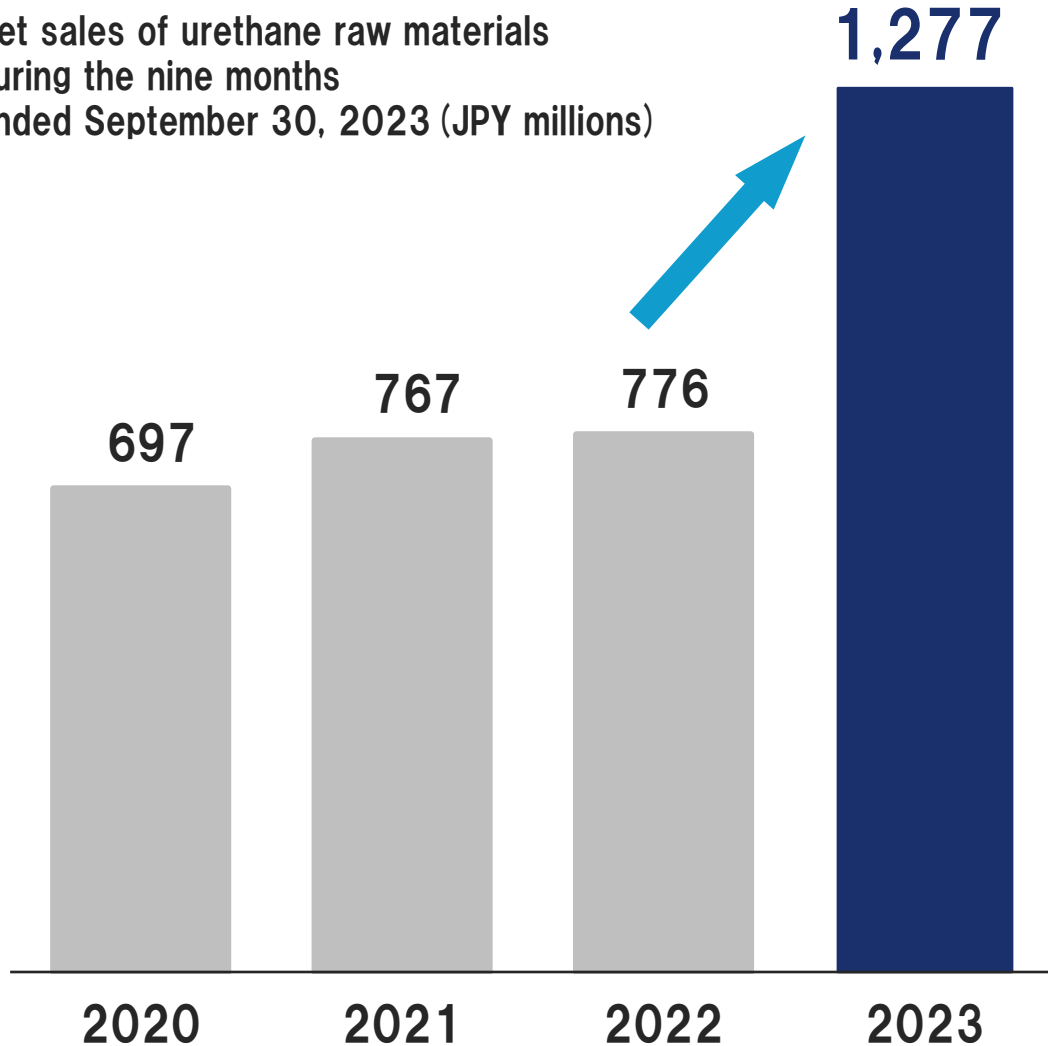
Sales of urethane foam blowing equipment increased in line with growth in external installation work personnel

Strengthen sales of urethane raw materials

# Strengthen Sales of Urethane Raw Materials

Increasing our presence as a manufacturer

Net sales of urethane raw materials during the nine months ended September 30, 2023 (JPY millions)



What is the sale of urethane raw materials?

Sales of urethane raw materials such as AQUA FOAM to urethane insulation contractors other than certified contractors

Recorded in Other divisions (sales of products, etc.)



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# Energy-saving Policy for Housing and Buildings Scheduled

Energy-saving standards are mandatory for mortgage tax reduction



**January 2024**

Housing mortgage tax cuts cannot be received unless they comply with energy-saving standards (equivalent to Insulation Class 4)

Raising energy-saving standards for large non-residential buildings



**April 2024**

Strengthen energy-saving standards for non-residential properties and buildings with a total floor area of 2000 square meters or more by 15%–25%

Mandatory energy-saving standards



**April 2025**

Energy-saving standards (equivalent to Insulation Class 4) mandated for all new houses and non-residential properties

# Progress of Prime Market Conformity Plan



Record date for calculation

**June 30, 2021**

**September 29, 2023**

Record date for transition

Preliminary calculation by the Company



Ratio of tradable shares  
(basis: 35.0% or more)

**Not conformed** 34.7%

**Conformed** 35.4%



Market value of shares  
traded  
(basis: JPY 10 bn or more)

**Not conformed** JPY 6.93 bn

**Conformed** JPY 11.89 bn

Average closing price from  
April to June 2021 – JPY 574.7

Average closing price from  
July to September 2023 – JPY 965.5

# Enhancement of official YouTube channels

<https://www.youtube.com/@user-md8nl6ep1u>



For shareholders and  
institutional investors



For job applicants



For builders and customers



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



NIPPO N  
AQUA





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# Corporate Profile



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
Board member	
President & Representative Director	Fumitaka Nakamura
Senior Managing Director	Yuka Murakami
Director	Kazuhisa Nagata
Director	Koji Fujii
Director	Keishi Usami
Outside Director	Yoshiaki Takahashi
Outside Director	Takeshi Kenmochi
Outside Director (Audit & Supervisory Committee)	Noboru Kohara
Outside Director (Audit & Supervisory Committee)	Yuki Matsuda
Outside Director (Audit & Supervisory Committee)	Naofumi Higuchi
Outside Director (Audit & Supervisory Committee)	Hidetaka Nishina
Capital	JPY 1,903 millions
No. of employees	494 people (Non-consolidated)

## 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

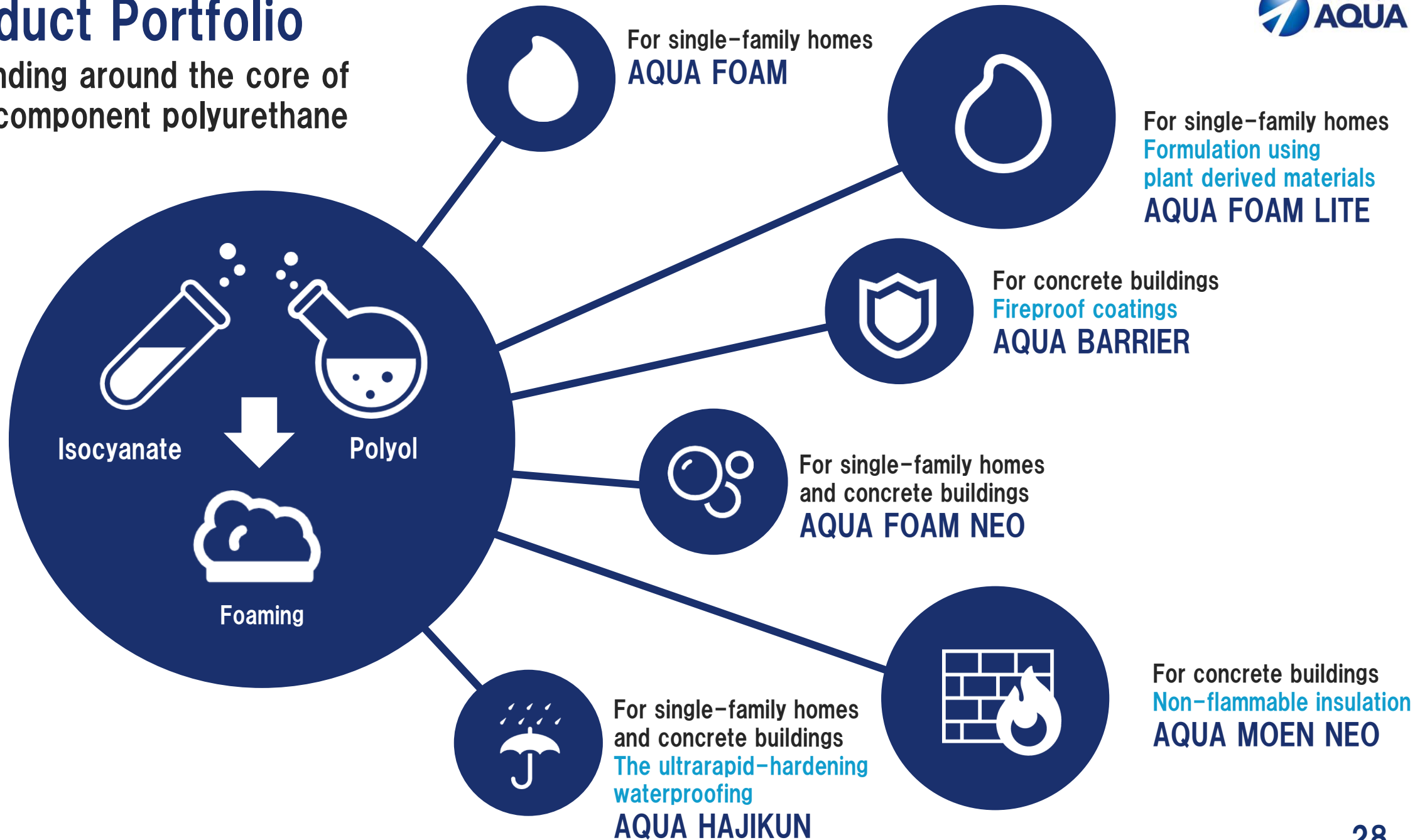
## Management philosophy

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

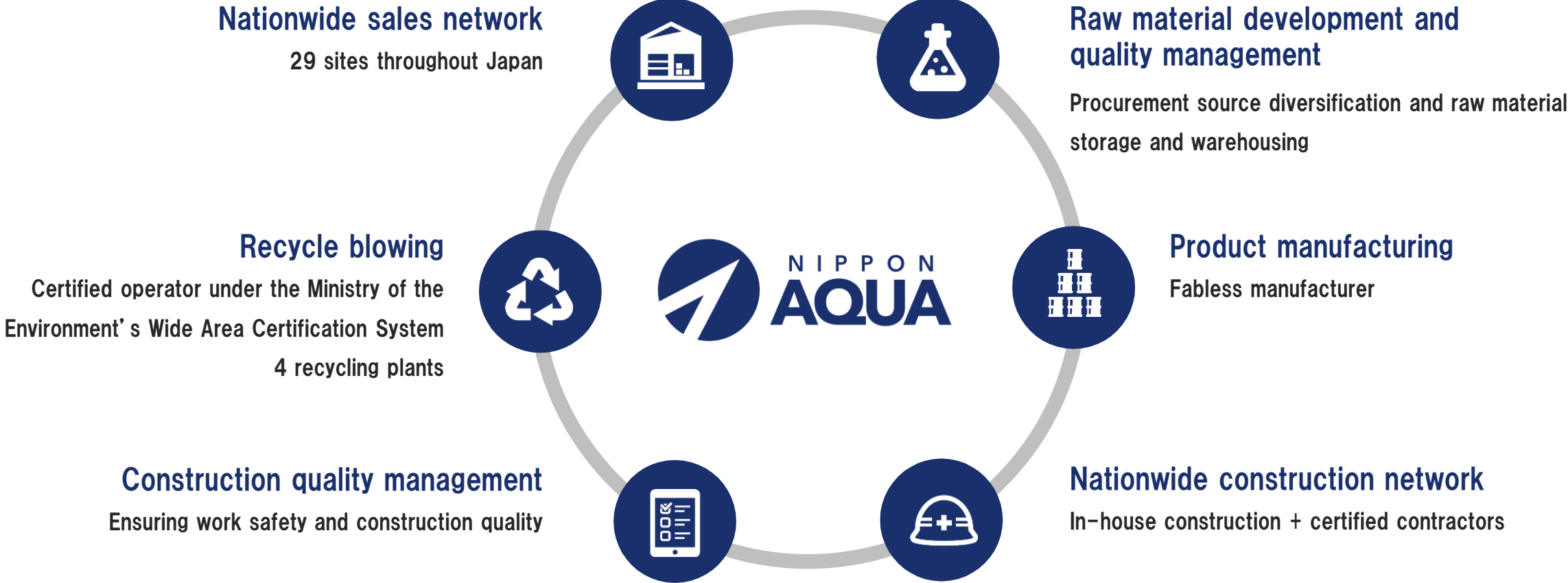
We exist to reduce total energy demand through innovation in insulation technology, prevent global warming, and at the same time, help people lead healthy and comfortable lives.

# Product Portfolio

Expanding around the core of two-component polyurethane

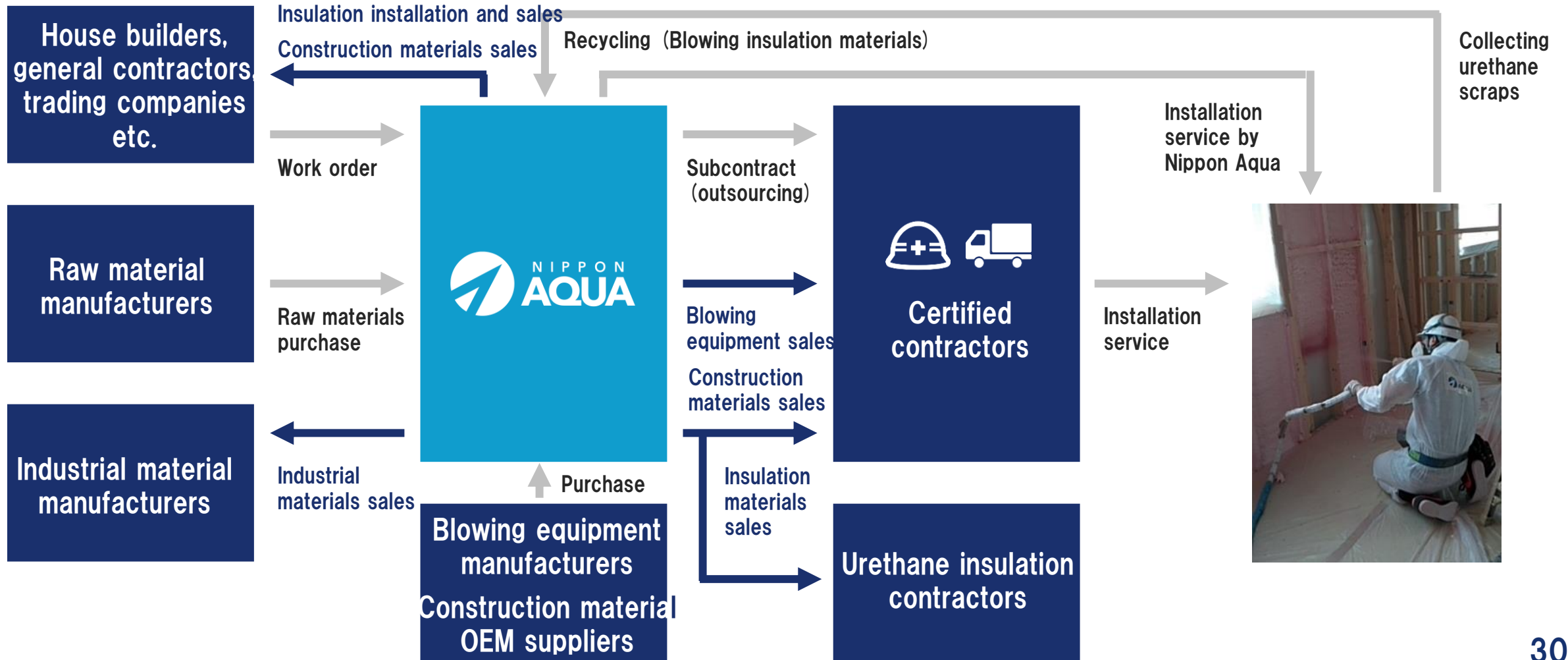


# From Material Development to Installation and Recycling (Unique Business Model)

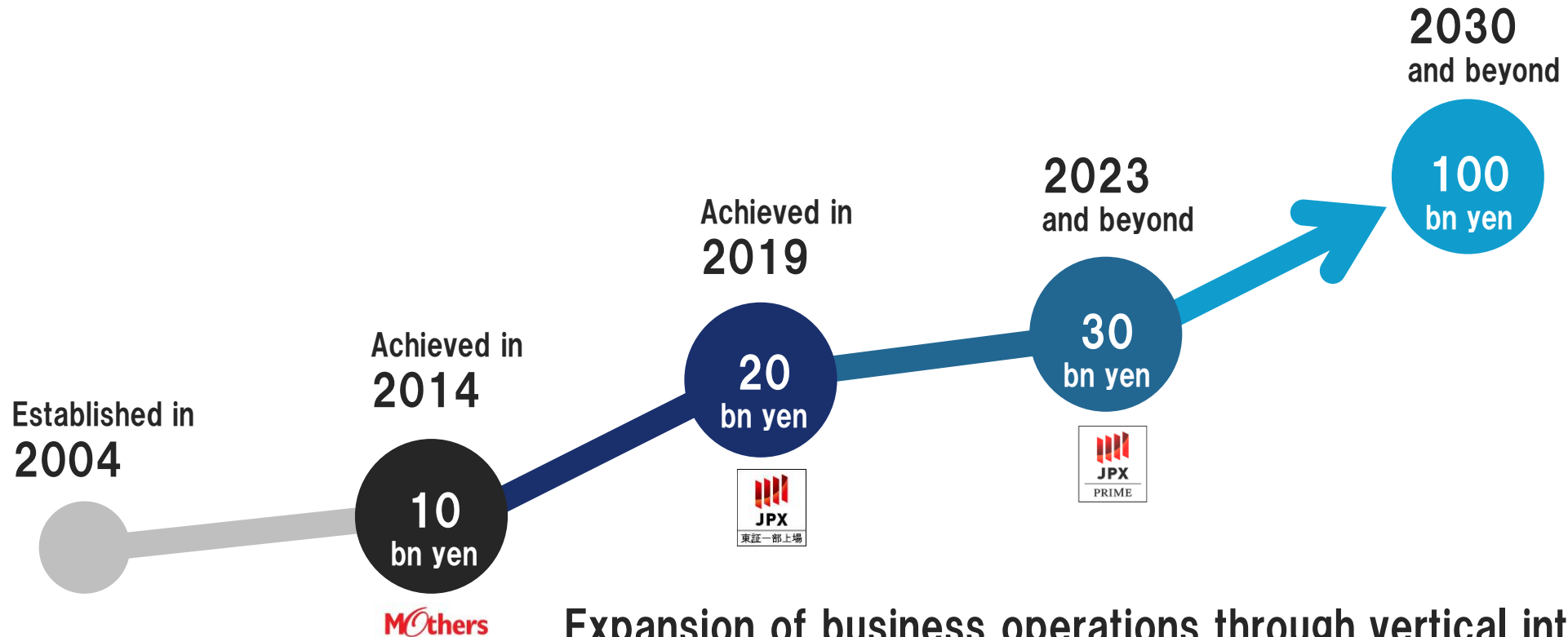


# Business Scheme

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



# Medium-to Long-Term Sales Growth Vision



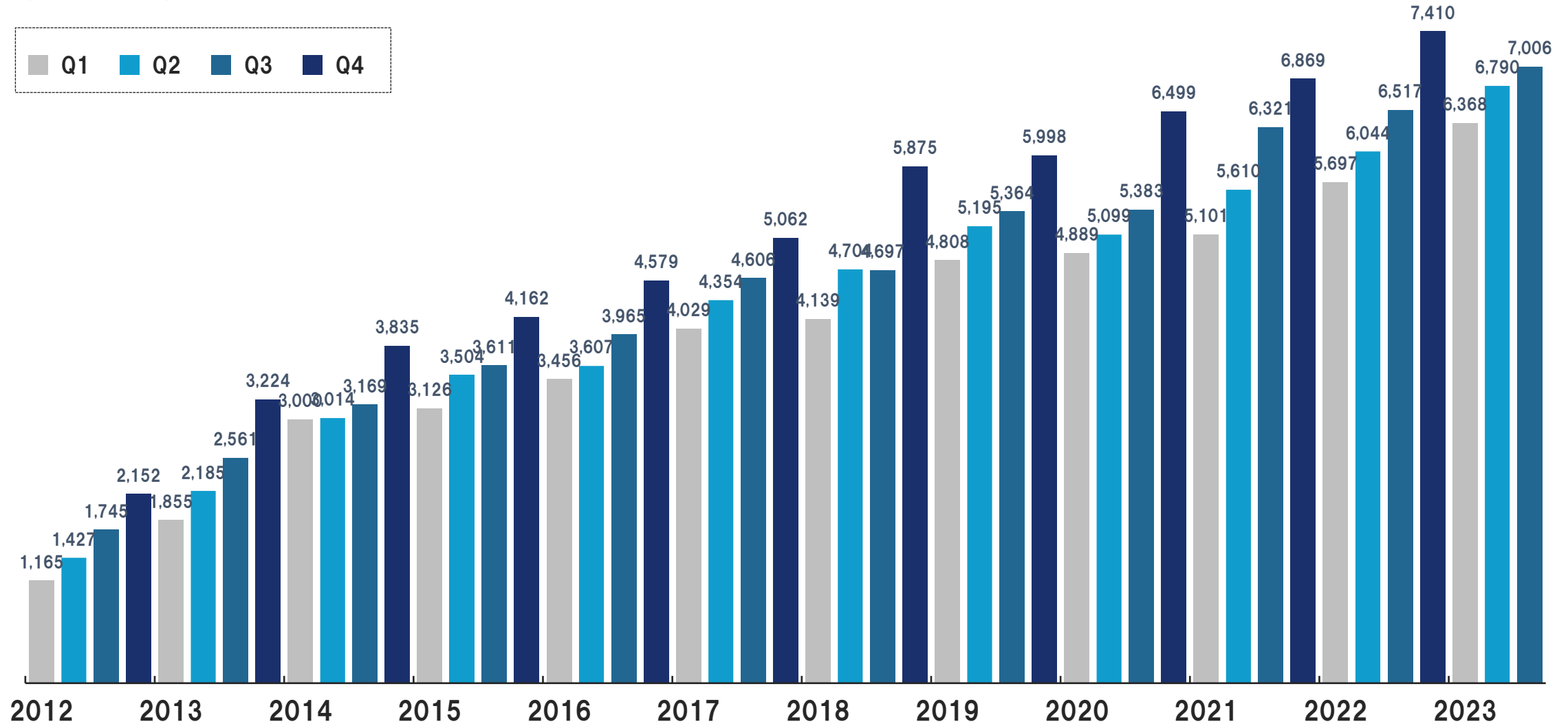
Expansion of business operations through vertical integration and increasing the number of items handled

Differentiation through a unique one-stop type business model

Accelerating growth while achieving a decarbonized society

# Quarterly Sales

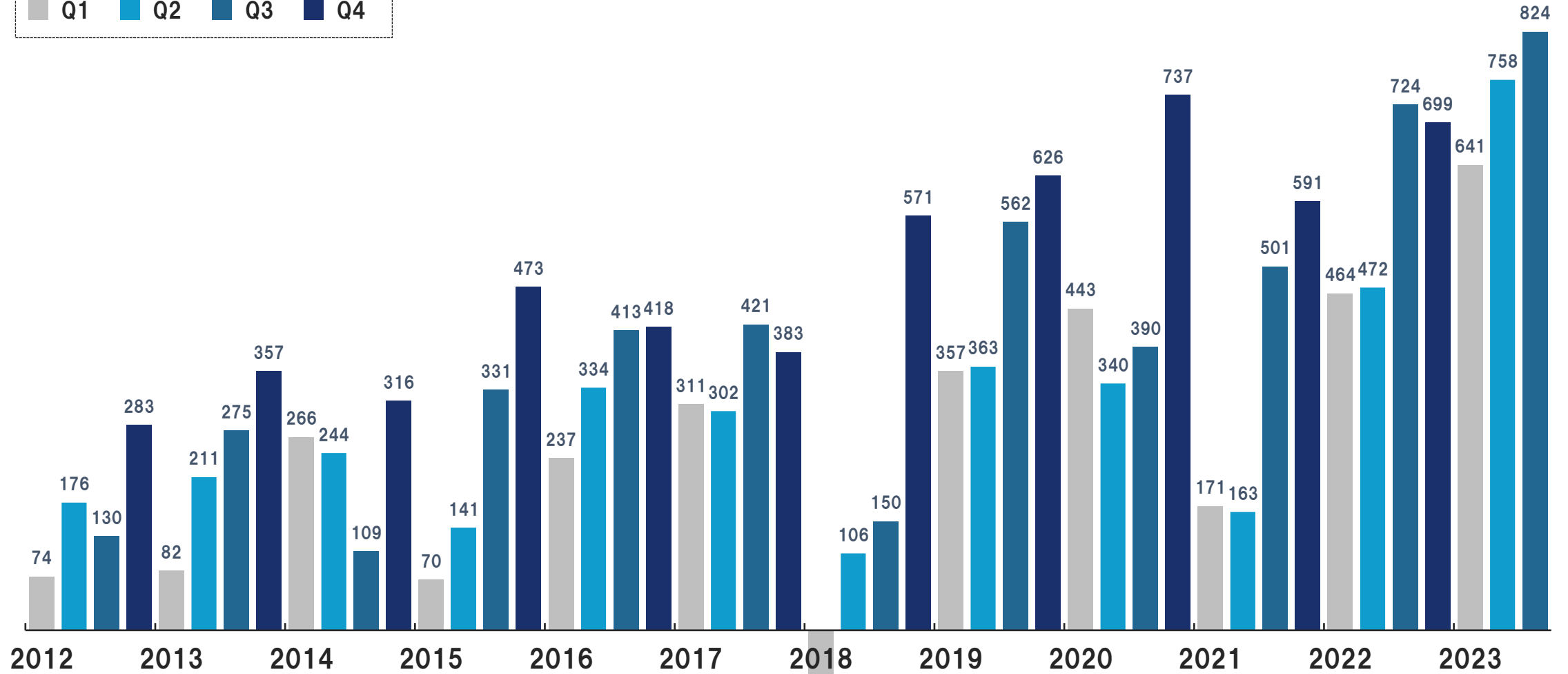
(JPY millions)



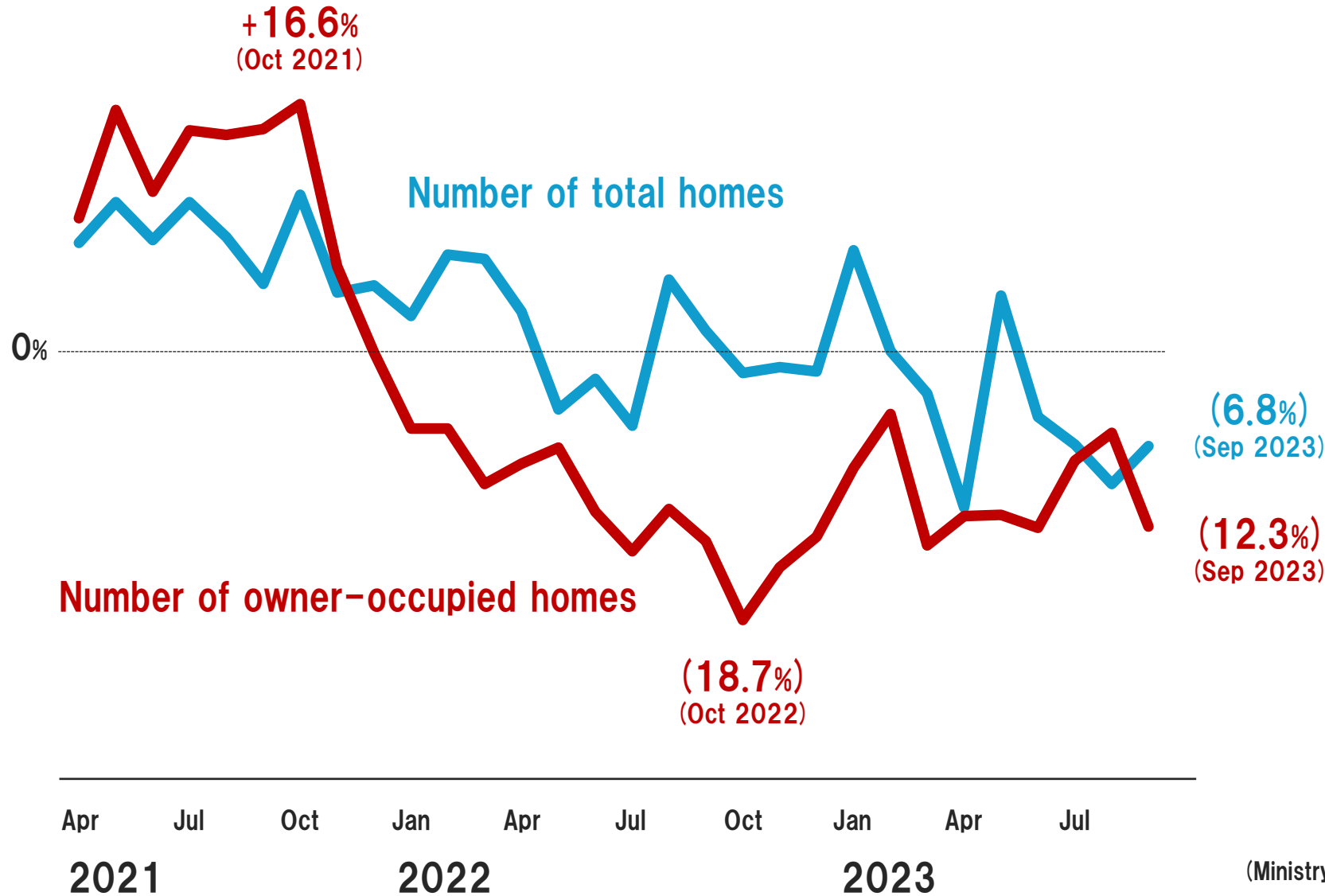


# Quarterly Ordinary Profit

(JPY millions)



# Number of housing starts (year-on-year)

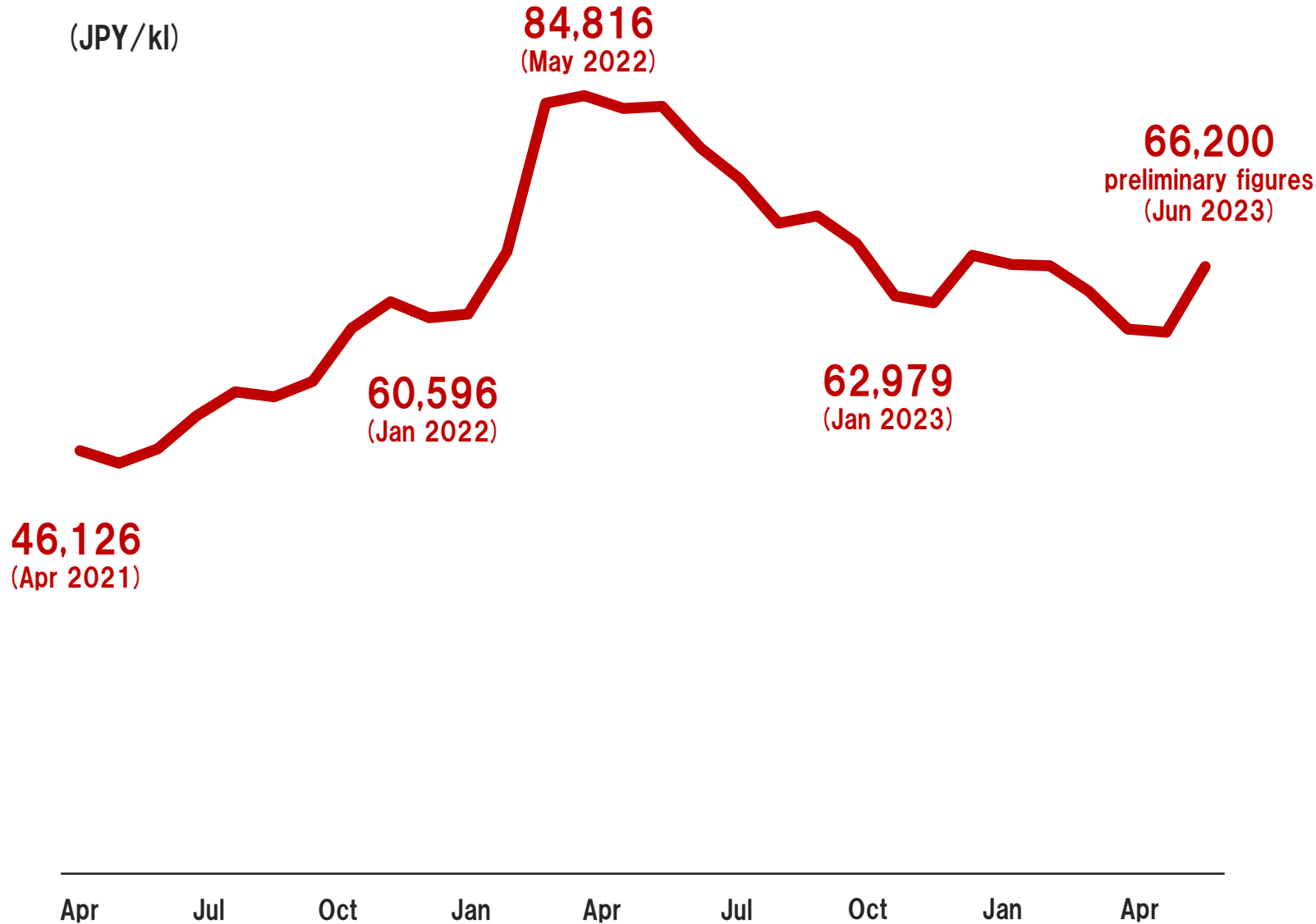


Our Single-family Homes Division has a high level of affinity with owner-occupied homes, as there are many custom-built houses being constructed

In addition, the Buildings Division also performs construction on new condominiums

# Naphtha import CIF price

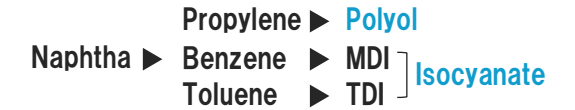
(JPY/kl)



## Urethane raw materials

### Polyol + Isocyanate

Since both polyols and isocyanates are petrochemical products, their prices are highly linked to the price of naphtha, but in recent years, they are also affected by the supply chain conditions of each supplier.







# Disclaimer and Notes Regarding Forward-Looking Statements

- The purpose of this document is to provide information on the financial results for the nine months of the fiscal year ended December 31, 2023, and is not intended as a solicitation for investment or any similar action. Please note that actual investment decisions should be made at your own discretion and responsibility. Although the statements in this document are prepared based on various data that are believed to be reliable, the Company does not guarantee their accuracy or safety. This document is presented with the assumption that investors will use it at their own discretion and responsibility for any purpose, and the Company assumes no responsibility whatsoever.
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