

November 13, 2025

First Nine Months of Fiscal Year 2025

Major Questions and Answers at Financial Results Briefings, etc.

[Question] Regarding Presentation Material P4 'Dividend per Share'.

I would like to reconfirm the shareholder return policy. It is stated that the payout ratio is over 50% and follows a progressive dividend system. Is it correct to understand that the dividend per share for FY12/2025 is 35.0 yen and for FY12/2026 is 36.0 yen or more?

That understanding is correct.

[Question] Regarding the presentation material P12 'GX ZEH'.

The "GX ZEH" (change in ZEH standards definition) is to be applied from April 2027. What impact do you think it will have on the business?

We perceive it as having a positive effect. The insulation standard for "GX ZEH" will be class 6, but it is not that class 5 will be the focus until then. We expect that awareness will increase with this standard in mind, and the construction of class 6 will increase ahead of schedule.

With the raising of ZEH standards, the competitive environment for insulation materials is expected to become tougher. How are you working on expanding sales channels?

Urethane insulation materials are advantageous compared to other insulation materials due to their flexibility in thickness and shape. Among them, our company, which has established a nationwide construction system, is in a superior position. Based on this situation, we are currently working on expanding our market share by controlling prices while expanding our client base. As the transition to class 6 progresses, there are increasing cases where businesses that have not previously dealt with us are adopting urethane insulation materials or requesting remedial construction from us for gap measures, leading to the expansion of sales channels.

[Question] Regarding Presentation Material P13 'Prospects of Major Policies'.

The item on increasing the proportion of AQUA MOEN NEO construction is shown in a gradient for Q1 and Q2 of 2026. What does this mean?

It indicates that projects using AQUA MOEN NEO will increase around Q2.

[Question] Regarding Presentation Material P14 'Single-family Homes Division'.

Looking at the actual number of construction units, Q1 and Q2 saw a double-digit increase year-on-year, but Q3 was limited to a 5% increase. Is the momentum from the first half weakening?

Q3 is from July to September, and this August had a long summer holiday due to the calendar, so it seems that the number of construction units did not increase. However, excluding such temporary factors, things have been progressing smoothly up to now, and there is no impression that the momentum has weakened.

It is said that orders from nationwide builders and new large-scale clients are strong, but is the current situation and other new developments progressing?

Nationwide builders and new large-scale clients continue to perform well. Both companies seem to be valued for differentiating themselves with housing performance, including insulation performance. New developments are also progressing smoothly, and against the backdrop of increasing interest in high insulation and airtightness, builders and contractors interested in Aqua Foam are increasing, not limited to the two companies. There are also inquiries from those who have not used urethane insulation materials before, and transactions are expanding.

What are the strengths against competitors? Also, why do you think you were chosen by nationwide builders and new large-scale clients?

Competitors are broadly divided into two categories. One is products other than spray urethane, such as fiber-based insulation materials. In this field, our strength is that it is easy to achieve high airtightness and high insulation, and we can maintain uniform quality through mechanical construction. The other is competition with other urethane construction companies, and two major clients have appreciated that we have established a nationwide construction system and can provide consistent quality regardless of the region. Additionally, having a “national permit system” that allows for the legal and proper disposal of urethane waste materials is also one of the highly valued factors.

It seems more expensive compared to fiber-based insulation materials. Does this not put you at a competitive disadvantage?

In the currently mainstream class 5 houses, our construction costs about 350,000 yen per house, and fiber-based insulation materials can be 20-30% cheaper. However, our price includes construction costs, and in the case of fiber-based materials, it is often the case that carpenters do the construction themselves, often not including construction costs. Therefore, the actual price difference is not as large as it seems. Furthermore, with the recent rise in transportation costs, the price difference is tending to shrink. As a result, there is a growing trend to prioritize material properties and quality over cost.

[Question] Regarding Presentation Material P15 ‘All-in AQUA FOAM (Marutto AQUA FOAM)’.

It is said that full-scale efforts will begin in 2026, but what is the sales target?

The specific sales target will be refined in the future, but it is not just about increasing the sales of floor insulation boards. We aim to expand sales as a solution sales approach by fully constructing a house with our company and providing the optimal insulation proposal for

each building.

[Question] Regarding Presentation Material P17 'Buildings Division'.

Looking at the actual construction area, it is below expectations. Is Q4 following the same trend?

We perceive that the impact is due to design changes and delays in construction decisions in some construction projects. For Q4, as it is the end of the fiscal year, the newly established Construction Project Management Department is actively making proposals that lead to additional construction and advancing construction periods, which will have a positive effect.

Looking at the actual construction unit price, Q3 is negative year-on-year. What is the background to this?

The Buildings Division is broadly divided into the high unit price AQUA MOEN NEO construction and the standard AQUA FOAM NEO construction. AQUA MOEN NEO construction is common in manufacturing facilities and data centers, while AQUA FOAM NEO construction is common in general apartments. The construction unit price is affected by this sales mix (composition ratio), so in the case of Q3, it was due to the high weight of AQUA FOAM NEO construction.

[Question] Regarding Presentation Material P18 'Focus Markets'.

I recognize that there has been little explanation about the cold chain market so far. Have you acquired large projects, or is it that you will focus on it in the future?

We will focus on it in the future. We see it as a very promising market, so we want to actively engage in it.

Are there design changes and delays in construction decisions in data centers as well?

In the construction of data centers, we have not particularly heard about design changes or delays in construction decisions. We see that the market itself is rapidly expanding, so it is likely being prioritized.

[Question] Regarding Presentation Material P19 'Waterproofing Division'.

Why is the gross profit margin of the Waterproofing Division lower compared to other divisions? Will it improve?

The profit margin of the Waterproofing Division is low because the sales scale is still small at this point. The break-even sales are around 1 billion yen, and FY12/2024 (actual sales of 710 million yen) was in the red, but FY12/2025 (sales forecast of 1.5 billion yen) is expected to turn profitable. In the future, as sales grow, the fixed cost ratio will decrease, and scale merits in procurement will emerge, so it is expected to improve to the same level as the Single-family Homes Division and Buildings Division.

As the Waterproofing Division grows, is there a possibility that construction

capacity will become a bottleneck, similar to the Single-family Homes Division and Buildings Division?

That's correct, and we consider construction capacity to be the most important.

[Question] Regarding Presentation Material P23 'Final Year of the Mid-Term Management Plan'.

The plan for FY12/2026 includes forecasts for each division with assumptions of "Net sales of 37 billion yen, gross profit of 8.6 billion yen, and ordinary profit of 3.4 billion yen." Is there any change in this forecast?

This forecast was made about a year ago, and the current market environment differs in some aspects from that time, so there is a possibility of review if necessary.

If the targets for the Single-family Homes Division or Buildings Division are adjusted, will there be any issues with the construction system?

Generally, the construction of buildings is more difficult than single-family homes, so it is difficult to transfer construction personnel from the Single-family Homes Division to the Buildings Division. However, we believe that moving personnel from the Buildings Division to the Single-family Homes Division can be handled relatively smoothly.

[Question] Regarding Presentation Material P31 'From Material Development to Installation and Recycling'.

I recognize that there has been little explanation about the cold chain market so far. Have you acquired large projects, or is it that you will focus on it in the future?

There are other urethane raw material manufacturers and urethane construction companies, but we believe that the establishment of a certified contractor system and the construction of a nationwide construction network, as we have done, are parts that cannot be imitated by other companies. Since the establishment of the company, we have focused on achieving stable construction quality and have gradually built a cooperative system with construction companies. In the process, we have appointed exemplary businesses in construction quality and other areas as executives, established the "Aqua Association" organization of certified contractors, and systematically conducted education, quality control, and motivation. These systems and relationships have been built over time and cannot be imitated in a short period.

[Question] I would like to know the differences between "AQUA FOAM LITE," "AQUA FOAM," and "AQUA FOAM NEO," and how they are used, including in new construction and renovation.

"AQUA FOAM," which has been handled since the company's establishment, is the so-called 100x expansion type. 1 millimeter of liquid expands to about 100 millimeters. "AQUA FOAM LITE" is 120x expansion, and both of these are mainly used in new single-family home construction. On the other hand, "AQUA FOAM NEO" is 30x expansion with high density,

mainly adopted in new building construction, but recently its use is increasing for class 6 compliance in single-family homes.

Regarding renovations, in apartment renovations, there are many cases where "AQUA FOAM NEO" is used in a skeleton state, similar to new construction. In single-family home renovations, there are relatively few cases of spraying on walls, with the focus mainly on spraying on ceilings and under floors. The insulation material used is selected in consultation with the owner to choose the most suitable one.

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【Contact Information】	Masahiko Komuro
	Corporate Planning Department
	+81-3-5463-1117
	m.komuro@n-aqua.com