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(Securities code: 1429; Tokyo Stock Exchange, Prime Market)
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Notice Concerning the Start of Manufacturing and Sales of Urethane Insulation Board “U-MAX”

Nippon Aqua Co., Ltd. (the “Company”) hereby announces that it has decided to launch a new business to manufacture and sell its own urethane insulation board product, “U-MAX,” by establishing a manufacturing site in Fukuoka Prefecture (the “Kyushu Manufacturing Site”) for board-type insulation materials that the Company has handled to date, as outlined below.

1. Purpose of Launching the New Business

Under its management philosophy of “Contribution to society through the creation of living environments that are friendly to people and the earth,” the Company operates businesses that contribute to improving energy efficiency and realizing a sustainable society through its insulation and waterproofing technologies.

In the housing market, while the number of new housing starts is on a declining trend, demand for highly insulated homes, including ZEH, is growing. In anticipation of the scheduled implementation of GX ZEH starting in April 2027, there is also a growing need to address higher levels of insulation performance.

Against this market backdrop, the Company has been advocating “Insulation Grade 6 with Added Margin” together with Associate Professor Masayuki Mae of the Graduate School of Engineering, The University of Tokyo. “Insulation Grade 6 with Added Margin,” referred to in Japanese as “Yutori no Insulation Grade 6,” is a concept for housing specifications that aim to achieve both high insulation performance and cost efficiency by adopting “double insulation,” which combines cavity insulation using on-site foamed urethane insulation with exterior insulation using insulation boards.

The Company’s mainstay on-site foamed urethane insulation for detached houses is primarily used as cavity insulation for roofs and walls, while insulation boards are often used for floor insulation and exterior insulation. In light of this, the Company partnered with an insulation board manufacturer in July 2025 and began purchasing and selling insulation boards. As a result, the Company has established the “Marutto Aqua Foam” proposal framework, which offers a one-stop solution for insulation materials for an entire house, including floors in addition to conventional roofs and walls, and has been advancing marketing and commercialization efforts in the insulation board market.

With the launch of manufacturing and sales of the insulation board “U-MAX,” the Company will expand this business in earnest and further strengthen the one-stop proposal framework of “Marutto Aqua Foam.”

2. Overview of the New Business

(1) Business Description

Manufacturing and sales of urethane insulation board “U-MAX”

(2) Manufacturing and Supply Structure

The product is scheduled to be manufactured at three new manufacturing sites to be established in Japan and at a business partner plant in South Korea. In addition, full pre-cut processing and direct delivery to construction sites are scheduled to be provided by the Company’s partner, Ichimura Sangyo Co., Ltd. (Head office: Kita-ku, Osaka; President and Representative Director: Hideki Oshima).

(3) Planned Schedule

- (i) Start of manufacturing at the business partner plant in South Korea and import sales: Within 2026
- (ii) Completion of the Kyushu Manufacturing Site: Within 2026
- (iii) Completion of second and third manufacturing sites: Scheduled for 2027 to 2028

(4) Planned Amount of Special Expenditures

The Company expects capital expenditures and other investments of approximately ¥1.1 billion for the Kyushu Manufacturing Site. Other expenditure amounts are currently under review, and the Company will promptly announce any matters requiring disclosure as they arise.

3. Future Outlook

The impact of this business on the Company’s financial results for the current fiscal year is expected to be immaterial.

From the next fiscal year onward, the Company expects the business to make an increasing contribution to its financial results as it gradually brings domestic manufacturing sites into operation and expands its sales structure. For “U-MAX” alone, the Company plans net sales of ¥3.0 billion in FY2027, ¥5.0 billion in FY2028, and ¥10.0 billion in FY2029.

The Company estimates the market size for insulation boards used in detached houses, condominiums, and other residential buildings at approximately ¥50.0 billion. It also estimates the market size including its mainstay on-site foamed urethane insulation at approximately ¥72.0 billion, and the overall residential insulation materials market, including glass wool and other materials, at approximately ¥190.0 billion.

Based on these market opportunities, the Company aims to further expand earnings by growing its insulation board business through “U-MAX” while continuing to drive growth in its mainstay on-site foamed urethane insulation business.

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