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(Securities code: 1429; Tokyo Stock Exchange, Prime Market)  
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## Impact of the Current Situation in the Middle East on Our Business and Financial Results

In response to recent changes in the situation in the Middle East, Nippon Aqua Co., Ltd. (the “Company”) hereby announces the impact on its business and financial results based on information currently available as follows.

### 1. Direct Impact on the Company’s Business Operations

The urethane materials used in the Company’s core insulation installation business are primarily petroleum-based products, and fluctuations in crude oil markets may affect raw material prices and supply conditions.

However, the Company has strengthened its procurement base through past supply disruptions, including the tight supply of urethane raw material (MDI) in fiscal 2017 and the supply constraints of blowing agents (HFO) in fiscal 2020. The Company has established a stable supply system through a diversified sourcing structure based on direct transactions with multiple overseas suppliers, as well as an inventory network consisting of 26 locations across Japan. In addition, the Company handles one of the largest volumes of on-site foamed urethane insulation materials in Japan and has established procurement advantages by leveraging economies of scale.

Although raw material prices have recently shown an upward trend, the Company’s business operations and financial results continue to perform steadily, and no material impact has occurred at this time.

### 2. Indirect Impact

Against the backdrop of rising raw material prices and supply constraints, movements such as price increases and installation restrictions are becoming increasingly apparent across the industry. In particular, the shortage of naphtha has disrupted production at certain urethane raw material manufacturers, further heightening concerns over supply instability.

Meanwhile, the Company has maintained a stable supply system without experiencing any raw material shortages at this stage, leveraging its strengths such as direct transactions with multiple overseas suppliers, a nationwide inventory network, and procurement advantages supported by one of the largest handling volumes in Japan.

Under these circumstances, the Company has seen a significant increase in inquiries regarding changes to designated contractors as well as specification changes from board insulation to on-site foamed urethane insulation. In addition, requests for the supply of raw materials themselves — not only installation projects — have risen sharply, particularly for large-scale industrial facility projects, where the impact of tightening supply and demand conditions has become increasingly evident.

The Company is also gaining stronger recognition in the condominium sector for its stable supply capability and installation responsiveness. In the renovation condominium market, major nationwide operators are accelerating the transition from board insulation materials to the Aqua Foam series, which had already been under consideration, and there is growing momentum toward adopting the Company’s installation services as a standard specification.

As such, the current market environment represents a significant business opportunity for the Company to expand both market share and order opportunities by capitalizing on its stable supply system and nationwide installation network.

### 3. Policy Measures and Outlook

The Company positions the stable procurement of raw materials and the strengthening of its supply system as top management priorities, and is promoting further diversification of procurement sources, advancement of its inventory strategy, and reinforcement of its logistics framework. In addition, the Company is enhancing its ability to respond to expanding demand through the strengthening of its installation system, expansion of personnel, and growth of its certified contractor network.

Although raw material prices have recently shown an upward trend, the Company has established a framework to maintain and improve profitability through its strong procurement competitiveness and appropriate pricing strategies.

Furthermore, the current supply-demand environment is creating an opportunity to further enhance the Company's reputation for stable supply capability, nationwide installation network, and high-quality installation services. In particular, movements contributing to medium- to long-term market share expansion are becoming increasingly evident, including increases in designated contractor changes, insulation specification changes, requests for raw material supply, and the broader adoption of the Company's installation services as a standard specification in the renovation condominium market.

The Company will continue striving to achieve sustainable enhancement of corporate value by balancing responsiveness to changes in the external environment with the capture of growth opportunities.

The Company will continue to closely monitor developments in the Middle East situation and raw material market conditions. Any matters requiring disclosure, including revisions to earnings forecasts, will be promptly announced.

### 4. Matters to Note

The forward-looking statements in this document are based on information available and assumptions deemed reasonable as of the date of this release. Actual results may differ materially due to changes in the Middle East situation, fluctuations in raw material markets, and other uncertain factors.

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