

March 2, 2023

Company name: Nippon Aqua Co., Ltd.
(Securities code: 1429; Tokyo Stock Exchange, Prime Market)
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Notice Regarding Transition to a Company with Audit and Supervisory Committee and Partial Amendments to the Articles of Incorporation

Nippon Aqua Co., Ltd. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held on March 2, 2023, to submit a proposal regarding transition to a Company with Audit and Supervisory Committee and partial amendments to the Articles of Incorporation, as described below, at the 19th Annual General Meeting of Shareholders scheduled to be held on March 28, 2023.

1. Transition to a company with an audit and supervisory committee

(1) Purpose of transition

In order to further strengthen the supervisory function of the Board of Directors and seek to enhance the corporate governance structure, the Company proposes transitioning to a Company with an Audit and Supervisory Committee.

(2) Transition schedule

Transition to a Company with an Audit and Supervisory Committee is to be implemented subsequent to the approval of amendments to the Articles of Incorporation necessary for the transition at the 19th Annual General Meeting of Shareholders scheduled to be held on March 28, 2023.

2. Partial amendments to the Articles of Incorporation

(1) Reasons for Amendments

Accordingly, the Company will establish new provisions regarding Audit and Supervisory Committee Members and the Audit and Supervisory Committee, delete provisions regarding Auditors and the Board of Auditors, and establish new provisions regarding the delegation of decision in the execution of operations as required for the transition to a Company with an Audit and Supervisory Committee, as well as making amendments to provisions regarding the number of Directors.

In line with the above, amendments will be made to relevant sections, including adjusting the numbering of articles, the addition/deletion and amendment of certain provisions and wording, and other necessary adjustments.

(2) Description of Amendments

Amendments are described as in the Appendix.

(3) Schedule

March 28, 2023 (planned)

Date of holding the Annual General Meeting of Shareholders at which the amendments to the Articles of Incorporation are to be proposed.

March 28, 20 (planned)

Effective date of the amendments of the Articles of Incorporation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Appendix

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Establishment of Organs) Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors: (1) Board of Directors; <u>(2) Auditors;</u> <u>(3) Board of Auditors; and</u> <u>(4) Accounting Auditor</u></p> <p>(Number of Directors) Article 19. The number of the Company's Directors shall be not more than <u>ten</u> (10).</p> <p>(New)</p>	<p>(Establishment of Organs) Article 4. The Company shall have the following organs in addition to the General Meeting of Shareholders and Directors: (1) Board of Directors; <u>(2) Audit and Supervisory Committee;</u> <u>and</u> (Deleted) <u>(3) Accounting Auditor</u></p> <p>(Number of Directors) Article 19. The number of the Company's Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall be not more than <u>eight</u> (8). <u>2 The number of the Company's Directors who are Audit and Supervisory Committee Members shall be not more than five (5).</u></p>
<p>(Election of Directors) Article 20. Directors shall be elected at the General Meetings of Shareholders.</p> <p>2 (Omitted) 3 (Omitted)</p> <p>(New)</p>	<p>(Election of Directors) Article 20. Directors shall be elected at the General Meetings of Shareholders, <u>making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors.</u></p> <p>2 (Unchanged) 3 (Unchanged) <u>4 The effect of advance election of a Substitute Director who is an Audit and Supervisory Committee Member shall last until the opening of the Annual General Meeting of Shareholders held for the last fiscal year that ends within two (2) years from the General Meeting of Shareholders of such election.</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Terms of Office of Directors) Article 21. The terms of office of Directors shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within one (1) year from assumption of office.</p> <p>2 <u>The term of office of a Director who was elected to increase the number of Directors or as a substitute shall expire at the time when the term of office of the other Directors expire.</u></p> <p>(New)</p>	<p>(Terms of Office of Directors) Article 21. The terms of office of Directors <u>(excluding Directors who are Audit and Supervisory Committee Members)</u> shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within one (1) year from assumption of office.</p> <p>2 <u>The term of office of a Director who is an Audit and Supervisory Committee Member shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within two (2) years from assumption of office.</u></p> <p>3 <u>The term of office of a Director who is an Audit and Supervisory Committee Member who was elected to fill a vacancy of a Director who is an Audit and Supervisory Committee Member who retired prior to expiration of the term shall expire at the time when the term of office of the retiring Director who is an Audit and Supervisory Committee Member expires.</u></p>
<p>(Notice of Convocation of a Meeting of the Board of Directors) Article 23. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director <u>and Auditor</u> at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>(Representative Director and Directors with Titles) Article 24. The Company shall elect a Representative Director by a resolution of the Board of Directors.</p> <p>2 (Omitted) 3 The Board of Directors may, by resolution, elect one (1) President, and may also elect one (1) Chairperson in addition to several Vice Presidents, Senior Managing Directors and Managing Directors.</p>	<p>(Notice of Convocation of a Meeting of the Board of Directors) Article 23. Notice of convocation of a meeting of the Board of Directors shall be sent to each Director at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</p> <p>(Representative Director and Directors with Titles) Article 24. The Company shall elect a Representative Director <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members)</u> by a resolution of the Board of Directors.</p> <p>2 (Unchanged) 3 The Board of Directors may, by resolution, elect one (1) President, and may also elect one (1) Chairperson in addition to several Vice Presidents, Senior Managing Directors and Managing Directors <u>from among the Directors (excluding Directors who are Audit and Supervisory Committee Members).</u></p>

Current Articles of Incorporation	Proposed Amendments
<p>(Method of Resolution by the Board of Directors) Article 25. Resolutions by the Board of Directors shall be adopted by a majority vote of the Directors attending the meeting.</p> <p>(Omission of Resolutions at Meetings of the Board of Directors) Article 26. When all Directors agree to a resolution matter in writing or by electromagnetic recording, the Company shall deem a resolution of the Board of Directors approving the matter to have been adopted. <u>However, this shall not apply if an Auditor expresses an objection.</u></p>	<p>(Method of Resolution by the Board of Directors) Article 25. Resolutions by the Board of Directors shall be adopted by a majority vote of the Directors attending the meeting <u>who are entitled to vote.</u></p> <p>(Omission of Resolutions at Meetings of the Board of Directors) Article 26. When all Directors agree to a resolution matter in writing or by electromagnetic recording, the Company shall deem a resolution of the Board of Directors approving the matter to have been adopted.</p>
<p>(Minutes of Meetings of the Board of Directors) Article 27. The main points of proceedings at meetings of the Board of Directors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Directors <u>and Auditors</u> in attendance shall affix their names and seals or electronic signatures to the minutes.</p> <p>(Exemption of Liability of Directors) Article 29. The Company may, <u>by a resolution of the Board of Directors</u>, release Directors (including former Directors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability. 2 (Omitted)</p>	<p>(Minutes of Meetings of the Board of Directors) Article 27. The main points of proceedings at meetings of the Board of Directors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Directors in attendance shall affix their names and seals or electronic signatures to the minutes.</p> <p>(Exemption of Liability of Directors) Article 29. The Company may release Directors (including former Directors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability, <u>by a resolution of the Board of Directors.</u> 2 (Unchanged)</p>
<p>(Directors' Remuneration, etc.) Article 30. Director's remuneration, etc. shall be determined by a resolution of the General Meeting of Shareholders.</p>	<p>(Directors' Remuneration, etc.) Article 30. Director's remuneration, etc. shall be determined, <u>making a distinction between Directors who are Audit and Supervisory Committee Members and other Directors</u>, by a resolution of the General Meeting of Shareholders.</p>
<p>(New)</p>	<p><u>(Delegation to Directors)</u> Article 31. Pursuant to the provisions of Article 399-13, Paragraph 6 of the Companies Act, the Company may delegate to <u>Directors decisions on execution of important operations (excluding matters stipulated in each item of Paragraph 5 of the same Article)</u> by a resolution of the Board of Directors.</p>

Current Articles of Incorporation	Proposed Amendments
(New)	<p><u>CHAPTER 5. AUDIT AND SUPERVISORY COMMITTEE</u></p> <p><u>(Notice of Convocation of a Meeting of the Audit and Supervisory Committee)</u></p> <p><u>Article 32. Notice of convocation of a meeting of the Audit and Supervisory Committee shall be sent to each Audit and Supervisory Committee Member at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u></p>
(New)	<p><u>(Regulations of the Audit and Supervisory Committee)</u></p> <p><u>Article 33. Matters pertinent to the Audit and Supervisory Committee shall be governed by the Regulations of the Audit and Supervisory Committee defined by the Audit and Supervisory Committee, in addition to laws and regulations and the Articles of Incorporation.</u></p>
(New)	<p><u>(Full-time Audit and Supervisory Committee Members)</u></p> <p><u>Article 34. The Audit and Supervisory Committee may appoint one or more Full-time Audit and Supervisory Committee Members by resolution.</u></p>
(New)	<p><u>(Method of Resolution by the Audit and Supervisory Committee)</u></p> <p><u>Article 35. Except as otherwise provided by laws and regulations, resolutions by the Audit and Supervisory Committee shall be adopted by a majority vote of the Audit and Supervisory Committee Members attending the meeting who are entitled to vote.</u></p>
(New)	<p><u>(Minutes of Meetings of the Audit and Supervisory Committee)</u></p> <p><u>Article 36. The main points of proceedings at meetings of the Audit and Supervisory Committee and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Audit and Supervisory Committee Members in attendance shall affix their names and seals or electronic signatures to the minutes.</u></p>

Current Articles of Incorporation	Proposed Amendments
<u>CHAPTER 5. AUDITORS AND BOARD OF AUDITORS</u>	(Deleted)
<u>(Number of Auditors)</u>	
<u>Article 31. The number of the Company's Auditors shall be not more than four (4).</u>	
<u>(Election of Auditors)</u>	(Deleted)
<u>Article 32. Auditors shall be elected at General Meetings of Shareholders.</u>	
<u>2 Auditors shall be elected by a majority of votes of the shareholders in attendance who collectively hold one-third (1/3) or more of the voting rights of shareholders entitled to exercise voting rights.</u>	
<u>(Terms of Office of Auditors)</u>	(Deleted)
<u>Article 33. The terms of office of Auditors shall expire at the conclusion of the Annual General Meeting of Shareholders held for the last fiscal year that ends within four (4) years from assumption of office.</u>	
<u>2 The term of office of an Auditor elected to fill a vacancy of an Auditor who retired prior to expiration of the term shall expire at the time when the term of office of the retired Auditor expires.</u>	
<u>(Notice of Convocation of a Meeting of the Board of Auditors)</u>	(Deleted)
<u>Article 34. Notice of convocation of a meeting of the Board of Auditors shall be sent to each Auditor at least three (3) days prior to the meeting; provided, however, that in the event of urgency, such period may be shortened.</u>	
<u>(Full-time Auditor)</u>	(Deleted)
<u>Article 35. Full-time Auditors shall be elected from Auditors by a resolution of the Board of Auditors.</u>	
<u>(Method of Resolution by the Board of Auditors)</u>	(Deleted)
<u>Article 36. Except as otherwise provided by laws and regulations, resolutions by the Board of Auditors shall be adopted by a majority vote of the Auditors.</u>	

Current Articles of Incorporation	Proposed Amendments
<p><u>(Minutes of Meetings of the Board of Auditors)</u> <u>Article 37. The main points of proceedings at meetings of the Board of Auditors and their results as well as other matters prescribed by laws and regulations shall be stated or recorded in the minutes of the meeting, and the Auditors in attendance shall affix their names and seals or electronic signatures to the minutes.</u></p>	(Deleted)
<p><u>(Regulations of the Board of Auditors)</u> <u>Article 38. Matters pertinent to the Board of Auditors shall be governed by the Regulations of the Board of Auditors defined by the Board of Auditors, in addition to laws and regulations and the Articles of Incorporation.</u></p>	(Deleted)
<p><u>(Exemption of Liability of Auditors)</u> <u>Article 39. The Company may, by a resolution of the Board of Directors, release Auditors (including former Auditors) from liability as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the financial liability.</u> <u>2 The Company may enter into an agreement with each Auditor to limit their liability for damages as provided for in Article 423, Paragraph 1 of the Companies Act, provided the requirements stipulated in laws and regulations are met. The maximum amount of liability for damages pursuant to the agreement is the minimum amount stipulated by laws and regulations.</u></p>	(Deleted)
<p><u>(Auditors' Remuneration, etc.)</u> <u>Article 40. Auditors' remuneration, etc., shall be determined by a resolution of the General Meeting of Shareholders.</u></p>	(Deleted)
<p>CHAPTER 6. ACCOUNTING AUDITOR Article <u>41</u>. - Article <u>42</u>. (Omitted)</p>	<p>CHAPTER 6. ACCOUNTING AUDITOR Article <u>37</u>. - Article <u>38</u>. (Unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
(Accounting Auditor's Remuneration, etc.) Article <u>43</u> . The Accounting Auditor's remuneration, etc., shall be determined by the Representative Director with the consent of the <u>Board of Auditors</u> .	(Accounting Auditor's Remuneration, etc.) Article <u>39</u> . The Accounting Auditor's remuneration, etc., shall be determined by the Representative Director with the consent of the <u>Audit and Supervisory Committee</u> .
Article <u>44</u> . (Omitted)	Article <u>40</u> . (Unchanged)
CHAPTER 7. ACCOUNTS	CHAPTER 7. ACCOUNTS
Article <u>45</u> . (Omitted)	Article <u>41</u> . (Unchanged)
(Year-end Dividends) Article <u>46</u> . The Company shall, by a resolution of the General Meeting of Shareholders, pay monetary dividends of surplus (hereinafter, "Year-end Dividends") to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on December 31 of each year.	(Year-end Dividends) Article <u>42</u> . The Company shall, by a resolution of the General Meeting of Shareholders, pay monetary dividends of surplus (hereinafter, "Year-end Dividends") to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on December 31 of each year.
(Interim Dividends) Article <u>47</u> . The Company may, by a resolution of the Board of Directors, pay dividends of surplus as prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter, "Interim Dividends") to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 of each year.	(Interim Dividends) Article <u>43</u> . The Company may, by a resolution of the Board of Directors, pay dividends of surplus as prescribed in Article 454, Paragraph 5 of the Companies Act (hereinafter, "Interim Dividends") to shareholders or registered pledgees of shares stated or recorded in the final shareholder registry on June 30 of each year.
<u>(Period of Exclusion for Year-end Dividends, etc.)</u> Article <u>48</u> . The Company shall be exempted from the obligation of payment of <u>Year-end Dividends and Interim Dividends</u> if the dividends have not been received after a period of three (3) full years passes from the payment commencement date. 2 Interest shall not be accrued on unpaid <u>Year-end Dividends and Interim Dividends</u> .	<u>(Period of Exclusion, etc. for Dividends)</u> Article <u>44</u> . The Company shall be exempted from the obligation of payment of <u>dividends</u> if the dividends have not been received after a period of three (3) full years passes from the payment commencement date. 2 Interest shall not be accrued on unpaid <u>dividends</u> .

Current Articles of Incorporation	Proposed Amendments
(New)	<p data-bbox="791 194 1098 228"><u>(Supplementary Provision)</u></p> <p data-bbox="791 228 1367 620"><u>By a resolution of the Board of Directors, the Company may release Auditors (including former Auditors) from liability, as provided for in Article 423, Paragraph 1 of the Companies Act, arising from negligence in the performance of their duties prior to the partial amendments to the Articles of Incorporation taking effect following a resolution of the 19th Annual General Meeting of Shareholders, provided the requirements stipulated in laws and regulations are met, to an extent determined by deducting the minimum amount stipulated by laws and regulations from the liability for damages.</u></p>