

Company name: Nippon Aqua Co., Ltd.  
 (Securities code: 1429; Tokyo Stock Exchange, Prime Market)

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## Notice of Acquisition and Cancellation of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses)

Nippon Aqua Co., Ltd. (the "Company") hereby announces that at Board of Directors held today it resolved to acquire all remaining Stock acquisition rights related to the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) ("Stock acquisition rights") issued on January 6, 2023, and to cancel Stock acquisition rights.

### 1. Outline of acquisition and cancellation of Stock acquisition rights

(1) Name of stock acquisition rights	Nippon Aqua Co., Ltd. 2nd Stock Acquisition Rights
(2) Acquisition cost and total amount	JPY 302 per Stock acquisition rights (Total of JPY 2,732,194)
(3) Number of Stock acquisition rights to be acquired and cancelled (Number of shares)	9,047 Units (904,700 Shares)
(4) Number of Stock acquisition rights remaining after cancel	- Units

### 2. Reasons for acquisition and cancellation of Stock acquisition rights

The Company acquired Treasury shares on December 20, 2022 and issued the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) on January 6, 2023 as described in the "Notice on Issuance of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) through Third-Party Allocation using Treasury shares" dated December 19, 2022 and the "Notice on Determination of Issuance Conditions of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) through Third-Party Allocation Using Treasury shares" dated December 22, 2022. (The combination of issuance of this Stock acquisition rights and acquisition of Treasury shares is referred to as the "Scheme.")

The Company did not meet the listing maintenance standards of ratio of tradable shares 35% and the tradable share market capitalization of JPY 10 billion for the Tokyo Stock Exchange Prime market. Accordingly, the Company implemented this scheme with the objective of satisfying the listing maintenance standards of the prime market by the end of December 2023 in accordance with the "Plan for Compliance with the Listing Maintenance Standards for New Market Segments" dated December 20, 2021.

By the end of June 2023, together with the exercise of 953 units (95,300 shares) of Stock acquisition rights by Daiwa Securities Co., Ltd. (the "Allottee"), which is the allottee for this Stock acquisition rights, the sale of the Company's shares by domestic business corporations was confirmed. Therefore, our calculations show that, as of the end of June 2023, ratio of tradable shares accounted for 35.45% and the tradable share market capitalization was JPY 10.889 billion. As a result, the Company believes it has basically been able to meet the prime market listing maintenance criteria for the purposes of the Scheme.

In addition to meeting the standards of the prime market, the Company also plan to procure funds for the establishment of the Kita-Kanto, Miyazaki, Hiroshima, Kagoshima, and Kumamoto sales offices, which also serve as distribution centers, for the purpose of issuing this Stock acquisition rights. The cumulative proceeds of JPY 84,762,000 from the exercise of 953 of these Stock acquisition rights were used to partially fund the opening of

the Kita-Kanto Sales Office, which commenced operations in April 2023. Nevertheless, our business is performing well and we are improving our cash-flow by reducing trade receivables and Inventories, so we believe that we will be able to fully fund our plans for opening sales offices other than the Kita-Kanto Sales Office as originally planned, without relying on equity financing, such as the exercise of Stock acquisition rights.

Under these circumstances, we decided to discontinue the financing by Stock acquisition rights because we judged that we need to reduce the dilution of the market due to the remaining outstanding shares of Stock acquisition rights by comprehensively taking into account our capital policies and future market conditions, such as the fact that the exercise of Stock acquisition rights would cause dilution of the share value by releasing up to 904,700 shares to the market, and that our share price has recently been hovering between the minimum exercise price of Stock acquisition rights (JPY 889 per share) and the situation where the exercise has not progressed.

Based on the above, the Company has decided to acquire and cancel all the remaining Stock acquisition rights after giving notice to the assignee in accordance with Article 273-1 of the Companies Act and Article 16-1 of the Outline of Issuance of this Stock acquisition rights.

The "Partial Amendment to the Securities Listing Regulations Concerning the Transitional Measures Concerning Listing Maintenance Standards," which was enforced by the Tokyo Stock Exchange, Inc. on April 1, 2023, created an opportunity to re-select the standard market, which reduces the risk of delisting. In response, the Company reviewed whether to maintain listing on the prime market or shift to the standard market. The consensus was reached that we should maintain listing on the prime market because being a listed company on the prime market leads to our competitive advantage in business activities and human resources recruitment. Board of Directors of the Company, while respecting these views, has reaffirmed its intention to maintain listing on the prime market as originally planned by pursuing sustainable growth and medium-to long-term improvement in corporate value and market capitalization through careful consultation.

### 3. Date of acquisition and cancellation of Stock acquisition rights

Friday, August 25, 2023

### 4. Outlook

The acquisition and cancellation of Stock acquisition rights is not expected to have a material impact on the Company's results for the year.

### [References] Outline of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses)

(1) Allocation Date	January 6, 2023
(2) Number of Stock acquisition rights issued	10,000 Units
(3) Total amount paid	JPY 3,020,000 (JPY 302 per Stock acquisition rights)
(4) Number of Share acquisition rights Exercised	953 Units
(5) Allottee	Daiwa Securities Co., Ltd.

Please refer to the "Notice of Issuance of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) by Third-Party Allocation Using Treasury shares" dated December 19, 2022 and the "Notice of Determination of Issuance Terms of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses) by Third-Party Allocation Using Treasury shares" dated December 22, 2022 for the issuance of this Stock acquisition rights other than the matters described above.

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