

November 14, 2024

Company name: Nippon Aqua Co., Ltd.
(Securities code: 1429; Tokyo Stock Exchange, Prime Market)
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Notice on the Disposal of Treasury Shares as Restricted Stock Compensation to Employees

Nippon Aqua Co., Ltd. (the "Company") hereby announces that its Board of Directors, at the meeting held today, has resolved to dispose of treasury shares as restricted stock (hereinafter referred to as "this treasury stock disposal") as follows:

1. Overview of the Disposal

1. Payment date	December 26, 2024
2. Type and number of shares to be disposed of	500,000 shares of the Company's common stock
3. Disposal price	813 yen per share
4. Total value of shares disposed	406,500,000 yen
5. Allottees	500 employees of the Company, 500,000 shares
6. Others	A report under the Financial Instruments and Exchange Act has been submitted regarding this treasury stock disposal.

2. Purpose and Justification for the Disposal

By resolution of the Board of Directors meeting held today, the Company aims to provide incentives to its employees for the sustainable enhancement of the Company's medium to long-term corporate value and shareholder value, and to further share value with shareholders. To this end, monetary claims will be granted to 500 employees of the Company (hereinafter referred to as "Eligible Employees") who meet certain requirements, and the total amount of ¥406,500,000 of such monetary claims will be contributed in kind (with the amount of monetary claim contributed per share of solicited stock being ¥813) to allocate 500,000 shares of the Company's common stock (hereinafter referred to as "the allotted shares") as this treasury stock disposal.

<Overview of the Agreement>

(1) Restriction Period

Eligible Employees cannot transfer, set rights of pledge, or dispose of the allotted shares from December 26, 2024 (the payment date) until December 25, 2029.

(2) Conditions for Removal of Restrictions

The restrictions on all the allotted shares will be lifted at the expiration of the restriction period, provided that the Eligible Employees continuously hold the position of an employee of the Company or its subsidiaries during the restriction period.

However, if an Eligible Employee loses the position of an employee of the Company or its subsidiaries during the restriction period due to the expiration of the employment period (including the expiration of re-employment after mandatory retirement), death, or any other reason deemed legitimate by the Company's Board of Directors, the restrictions on all the allotted shares will be lifted after the date of such loss.

(3) Acquisition of Shares by the Company for No Consideration

The Company will automatically acquire, for no consideration, the allotted shares whose restrictions have not been lifted at the expiration of the restriction period or at other prescribed times as set forth in this Agreement.

(4) Share Administration

The allotted shares will be managed in a dedicated account for restricted stock opened by the Eligible Employees at Daiwa Securities Co., Ltd., to prevent transfer, setting of rights of pledge, or other dispositions during the restriction period.

(5) Treatment in the Event of Organizational Restructuring

During the restricted transfer period, if the merger contract in which the Company becomes extinct, the stock exchange contract in which the Company becomes a wholly owned subsidiary, or the stock transfer plan and other matters related to organizational restructuring are approved by the Company's General Meeting of Shareholders (or by the Board of Directors in cases where approval by the General Meeting of Shareholders is not required for such organizational restructuring), the Board of Directors shall resolve to lift the transfer restrictions on the allocated shares by multiplying the number of such allocated shares by the number of months from December 2024 to the month including the effective date of the organizational restructuring, divided by 60 (however, if the result exceeds 1, it shall be considered as 1), and if the calculation results in a fraction of less than one share, such fraction shall be discarded, effective immediately before the last business day prior to the effective date of the organizational restructuring.

3. Basis for Calculation of the Payment Amount and Its Specific Contents

The disposal of treasury shares under this scheme is carried out as an investment property based on monetary claims allocated to the intended allottees under this system, and the payment amount is set at 813 yen, which is the closing price of the Company's ordinary shares on the Tokyo Stock Exchange on November 13, 2024 (the business day before the Board of Directors' resolution), in order to eliminate arbitrariness and reflect a price that is considered reasonable, reflecting the Company's corporate value appropriately under circumstances where there is no special reason that the latest stock price cannot be relied upon, and is not considered to be particularly advantageous to the targeted employees.

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.