

Company name: Nippon Aqua Co., Ltd.
 (Securities code: 1429; Tokyo Stock Exchange, Prime Market)
 Address: 2-16-2 Konan, Minato-ku, Tokyo
 Name of representative: Fumitaka Nakamura, President and Representative Director
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Notice of the Progress based on the plan for compliance with the continued Listing Criteria and updates to the plan (changes in the plan period)

On December 20, 2021, Nippon Aqua Co., Ltd. (the “Company”) submitted and disclosed its “Plan to Meet the Continued Listing Criteria for New Market Segments” (the “Plan”). The Company hereby announces the progress of the Plan as of the end of February 2023 as follows. Furthermore, the Company disclosed the "Progress of the Plan to Meet Continued Listing Criteria" regarding the progress of the Plan on March 28, 2023. However, we received a notification from the Tokyo Stock Exchange, Inc. (the "TSE") that the Company's compliance status, calculated based on the distribution of shares and other securities submitted by the company at the end of December 2023, the planning period of the Plan, violated the standard of the tradable share ratio. Therefore, we have decided to extend the planning period and continue to work towards compliance with the continued listing criteria as follows, and we would like to inform you of this.

1. Trends in the status of our compliance with the continued listing criteria and the plan period

		Number of shareholders	Number of tradable shares (unit)	Tradable share market capitalization (billion yen)	Tradable share ratio (%)	Daily average trading value (million yen)	Amount of net assets (billion yen)
The status of and trends in our compliance	As of the end of June 2021 (transition record date)*1	2,662	120,737	6.9	34.7	40	7.6
	Compliance status	Conformed	Conformed	Not conformed	Not conformed	Conformed	Conformed
	As of the end of December 2022 *2	2,799	120,967	9.5	34.8	40	7.9
	Compliance status	Conformed	Conformed	Not conformed	Not conformed	Conformed	Conformed
	As of the end of February 2023 *3	—	121,920	10.7	35.0	60	—
Compliance status	—	Conformed	Conformed	Conformed	Conformed	Conformed	—
As of the end of June 2023 *3	3,148	123,237	10.8	35.4	80	8.2	8.2
Compliance status	Conformed	Conformed	Conformed	Conformed	Conformed	Conformed	Conformed
As of the end of December 2023 (the plan period)*2	4,055	120,854	11.1	34.7	12	9.3	9.3
Compliance status	Conformed	Conformed	Conformed	Not conformed	Conformed	Conformed	Conformed
Continued listing criteria		800	20,000	10.0	35.0	20	Positive figure

- *1 The status of our compliance as of the end of June 2021 is calculated based on the distribution status of the Company's shares, etc. known to the Tokyo Stock Exchange ("TSE") as of the transition record date (end of June 2021).
- *2 The status of our compliance as of the end of December 2022 and the end of December 2023 is calculated based on the distribution status of the Company's shares, etc. known to the TSE as of the record date (end of December 2022) and the planned date (end of December 31). Daily average trading value is calculated by the Company in accordance with the calculation method used by the TSE.
- *3 The status of our compliance as of the end of February 2023 and the end of June 2023 is calculated by the Company in accordance with the calculation method used by the TSE on the record date.

2. Status and evaluation of efforts to meet the continued listing criteria

(1) Efforts to improve tradable share market capitalization

In addition to striving to achieve the business plan listed in the Plan, the Company has also focused on strengthening IR and expanding shareholder returns, and the plan comparison is as follows. As a result, the company's evaluation in the stock market has improved, and since the end of February 2023, the tradable share market capitalization has met the continued listing criteria.

	Fiscal year ended December 31, 2021		Fiscal year ended December 31, 2022		Fiscal year ended December 31, 2023	
	Initial plan	Results	Initial plan	Results	Initial plan	Results
Net sales (million yen)	24,000	23,903	26,490	25,670	29,135	28,341
Operating profit (million yen)	—	1,412	—	2,329	—	2,881
Ordinary profit (million yen)	1,500	1,429	2,121	2,359	2,812	2,917
Profit (million yen)	—	953	—	1,549	—	2,004
Basic earnings per share (yen)	31.75	29.52	44.90	47.99	59.52	63.83
Dividend per share (yen)	20.00	20.00	22.00	24.00	30.00	32.00

(2) Efforts to improve tradable share ratio

In addition to striving to achieve the business plan listed in the Plan, the Company has also focused on strengthening IR and expanding shareholder returns, and the plan comparison is as follows. As a result, the Company's evaluation in the stock market has improved, and since the end of February 2023, the tradable share market capitalization has met the continued listing criteria. As disclosed in the "Notice of Acquisition and Cancellation of the 2nd Stock Acquisition Rights (with Exercise Price Revision Clauses)" on August 10, 2023, the Company acquired treasury shares on December 20, 2022, and issued new share acquisition rights (with Exercise Price Revision Clauses) on January 6, 2023, with one of the objectives being to meet the listing maintenance standards for the tradable share ratio. In addition, by the end of June 2023, the exercise of 953 new share acquisition rights (95,300 shares) by Daiwa Securities Co., Ltd., the allottee of the new share acquisition rights, and the confirmed sale of 100,000 shares of the company by domestic business corporations were confirmed. As of the end of June 2023, the Company's calculation showed that the tradable share ratio was 35.45%, and it was judged necessary to reduce the market dilution concern due to the remaining unexercised new share acquisition rights, and the acquisition and cancellation of new share acquisition rights were carried out on August 25, 2023. However, as of the end of the planning period (end of December 2023), the number of shares owned by other entities exceeded the Company's expectations, and as a result of treating 326,095 shares, for which the purpose of ownership was difficult to confirm, as non-tradable shares, the tradable share ratio became 34.7%, resulting in a violation of the continued listing criteria.

(3) Efforts and extension for compliance with the continued listing criteria (the standard of tradable share ratio)

i) Efforts towards compliance with the continued listing criteria (the standard of tradable share ratio)

By introducing restricted stock compensation for the Company's Executive Officers, employees, and officers of certified contractors*4, and combining it with the disposal of treasury shares and the cancellation of some treasury shares, we aim to improve the tradable share ratio. This initiative is expected to contribute to the improvement of shareholder value by sharing common goals with shareholders, increasing motivation of the recipients, increasing interest in medium- to long-term management goals and shareholder value, and securing excellent personnel and certified contractors. At present, the details of the restricted stock compensation are

under consideration, but the total number of treasury shares to be disposed of and cancelled by this initiative is expected to be up to 500,000 shares, and the target tradable share ratio is 35.2 to 36.2%.

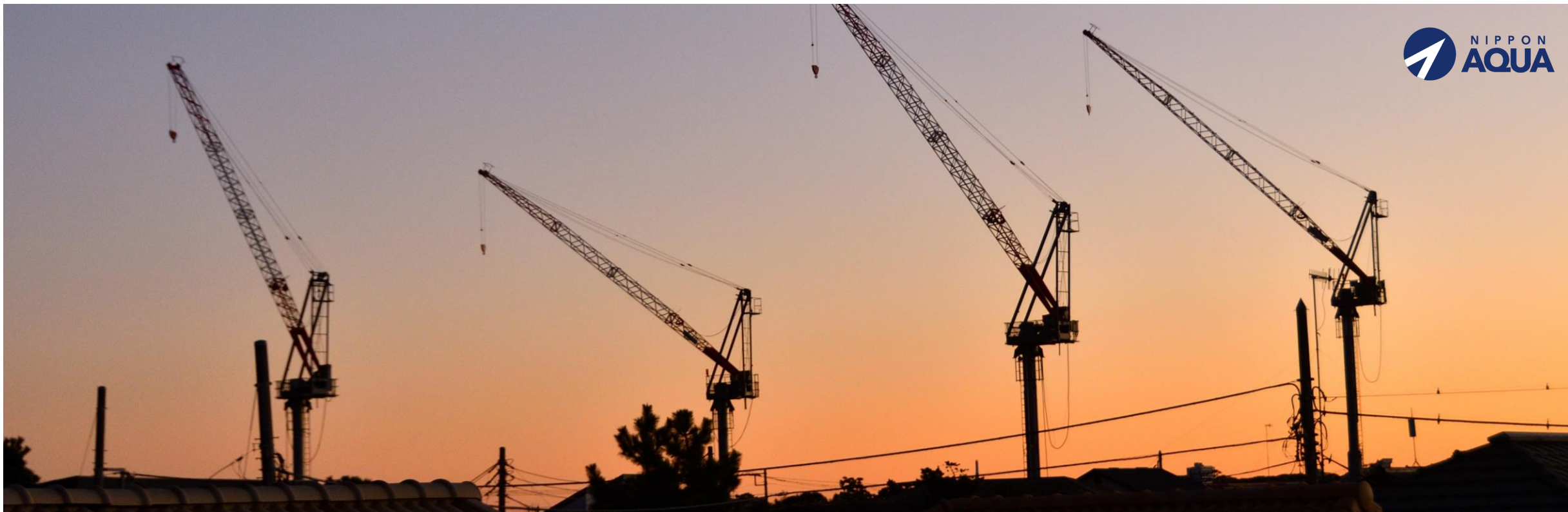
*4 A certified contractor is a contractor who has taken the examination and technical training specified by our company and performs the insulation and waterproofing construction designated by our company.

ii) Extension of the planning period

The planning period will be extended to the end of December 2024.

Please check the attached materials for details.

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.



Progress based on the plan for compliance with the continued Listing Criteria and updates to the plan (changes in the plan period)

March 14, 2024













Nippon Aqua Co., Ltd.

Tokyo Stock Exchange Prime Section #1429

Progress based on the plan for compliance with the continued Listing Criteria and updates to the plan (changes in the plan period)

Transition of compliance status with the continued listing criteria

Only the tradable share ratio could be cleared

Record date for calculation	Jun 30, 2021* ¹ transition record date	Dec 31, 2022* ²	Feb 28, 2023* ³	Jun 30, 2023* ³	Dec 31, 2023* ² the plan period
 Ratio of tradable shares (basis: 35.0% or more)	 34.7%	 34.8%	 35.0%	 35.4%	 34.7%
 Market value of shares traded (basis: 10 bn yen or more)	 6.93 bn 3-month stock price average 574.7 yen	 9.59 bn 3-month stock price average 793.1 yen	 10.70 bn 3-month stock price average 878.2 yen	 10.88 bn 3-month stock price average 883.5 yen	 11.12 bn 3-month stock price average 920.2 yen

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*3 The status of our compliance as of the end of February 2023 and the end of June 2023 is calculated by the Company in accordance with the calculation method used by the TSE on the record date.

Progress based on the plan for compliance with the continued Listing Criteria and updates to the plan (changes in the plan period)

Transition of tradable share ratio and Nippon Aqua's efforts

Decrease in the number of tradable shares due to an increase in of shares owned by entities

	Jun 30, 2021*1		Dec 31, 2022*2		Feb 28, 2023*3		Jun 30, 2023*3		Dec 31, 2023*2	
Tradable shares	12,073,771	34.7%	12,096,700	34.8%	12,192,000	35.0%	12,323,734	35.4%	12,085,434	34.7%
Hinokiya Group	17,700,000	50.9%	17,700,000	50.9%	17,700,000	50.9%	17,700,000	50.9%	17,700,000	50.9%
Treasury shares	2,457,628	7.0%	3,447,171	9.9%	3,351,871	9.6%	3,351,871	9.6%	3,351,871	9.6%
Directors	2,341,500	6.7%	1,304,800	3.7%	1,304,800	3.7%	1,296,600	3.7%	1,296,600	3.7%
Other entities	187,101	0.5%	211,329	0.6%	211,329	0.6%	87,795	0.2%	326,095	0.9%
Listed shares	34,760,000	100.0%	34,760,000	100.0%	34,760,000	100.0%	34,760,000	100.0%	34,760,000	100.0%

● Issuance of Share Acquisition Rights with Exercise Price Revision Clauses
 ● Purchase of treasury stock 1,000,000 shares
 ● A director sold 1,000,000 shares
 ● Change of officers
 ● 95,300 shares from the exercise of share acquisition rights
 ● Calculate the number of tradable shares, assuming other entities remain unchanged.
 ● Change of directors
 ● A business corporation, which is a trading partner, sold 100,000 shares
 ● Acquisition and cancellation of remaining share acquisition rights
 ● **Increase in of shares owned by entities**

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Extension of the plan period and specific measures

Extension of the plan period

Until
December 31, 2024

Disposal of treasury
shares

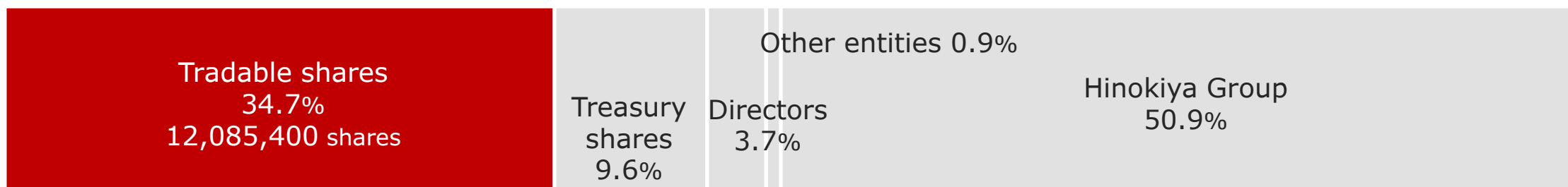
by restricted stock
compensation*1

Partial cancellation of
treasury shares

A maximum total of
500,000
treasury shares will be
reduced

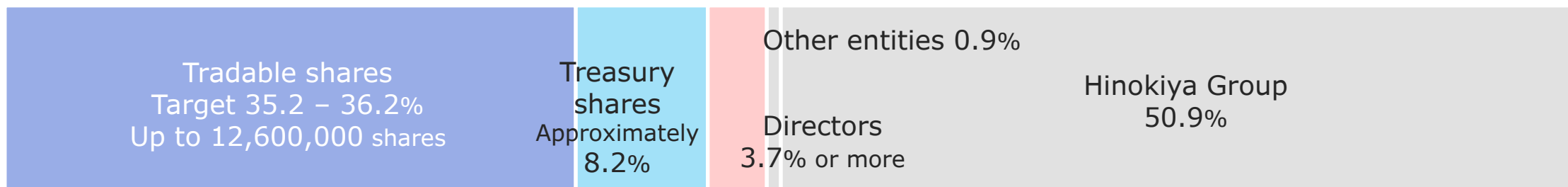
Target of tradable share ratio 35.2 - 36.2%

← Number of listed shares (Number of issued shares) 34,760,000 shares →



Total of disposal of treasury shares and partial cancellation of treasury shares Up to 500,000 shares

← Number of listed shares (Number of issued shares) 34,260,000 – 34,760,000 shares →



The number of shares owned by directors may increase due to the granting of restricted stock.
The shareholding ratio may fluctuate depending on the number of treasury shares cancelled.

Progress based on the plan for compliance with the continued Listing Criteria and updates to the plan (changes in the plan period)

[For your reference] Transition of compliance status with all continued listing criteria

Continued listing criteria		Jun 30, 2021 ^{*1}	Dec 31, 2022 ^{*2}	Feb 28, 2023 ^{*3}	Jun 30, 2023 ^{*3}	Dec 31, 2023 ^{*2}
Number of shareholders□	800	✓ 2,662	✓ 2,779	—	✓ 3,148	✓ 4,055
Number of tradable shares (unit)	20,000	✓ 120,737	✓ 120,967	✓ 121,920	✓ 123,237	✓ 120,854
Tradable share market capitalization (billion yen)	100.0	✗ 69.3	✗ 95.9	✓ 107.0	✓ 108.8	✓ 111.2
Tradable share ratio (%)	35.0	✗ 34.7	✗ 34.8	✓ 35.0	✓ 35.4	✗ 34.7
Daily average trading value□ (million yen)	0.2	✓ 0.4	✓ 0.4	✓ 0.6	✓ 0.8	✓ 1.2
Amount of net assets (billion yen)	Positive figure	✓ 76	✓ 79	—	✓ 82	✓ 93

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We will continue aiming to achieve sustainable growth as a TSE Prime-listed company.



Inquiries

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Disclaimer and Notes Regarding Forward-Looking Statements

The purpose of this document is to provide information on the financial and management information of Nippon Aqua Co., Ltd., and is not intended as a solicitation for investment or any similar action. Please note that actual investment decisions should be made at your own discretion and responsibility. Although the statements in this document are prepared based on various data that are believed to be reliable, the Company does not guarantee their accuracy or safety. This document is presented with the assumption that investors will use it at their own discretion and responsibility for any purpose, and the Company assumes no responsibility whatsoever.

This document contains forward-looking statements, including our plans. These forward-looking statements are based on information available at the time of preparation and involve various risks and uncertainties. Therefore, please note that actual results may differ significantly due to various factors. We assume no obligation to update, alter or revise any forward-looking statements in light of new information, future events or other findings.

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