

Company name: IWAKI CO.,LTD.
Name of representative: Shigeru Fujinaka, President
(Code#: 6237; Tokyo Stock
Exchange Prime market)
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Notice of the Disposal of Treasury Shares as a Restricted Stock Incentive for the Employee Stock Ownership Association

On December 13, 2024, the Company announced the introduction of the Restricted Stock Incentive Plan (the "Plan".) for employees of the Company. The Company hereby announces that, at the Board of Directors meeting held today, it was resolved to dispose of treasury shares as restricted stock (the "Disposal of Treasury Shares".) with the IWAKI Employee Stock Ownership Plan (the "Shareholding Association".) as the designated allottee, as detailed below.

Restricted stock will be granted only to members of the Shareholding Association (Excludes persons excluded due to suspension of contributions, retirement from the Company or the Company subsidiaries, or other reasons.) who agree to receive restricted stock through the Shareholding Association (the "Eligible Employees".).

1. Overview of the Disposal of Treasury Shares

(1) Payment date	June 20, 2025
(2) Class and number of shares to be disposed	42,140 common shares of the Company (Note)
(3) Disposal price	2,525 yen per share (Note)
(4) Total disposal price	106,403,500 yen (Note)
(5) Method of disposal (planned allottee)	By third-party allotment (Shareholding Association: 42,140 shares) The number of shares granted to each Eligible Employee shall be 70 shares, and partial applications shall not be accepted.
(6) Other	The Company has filed an Extraordinary Report under the Financial Instruments and Exchange Act with respect to the Disposal of Treasury Shares.

(Note) The “number of shares to be disposed” and the “Total disposal price” assume the maximum number as of today, and are calculated based on the assumption that 70 shares of our common stock will be granted to each of 602 employees of our company or our subsidiary. The actual number of shares to be disposed and the total disposal price will be determined according to the number of Eligible Employees after the completion of the confirmation of consent regarding the grant of the Restricted Shares through the Shareholding Association.

2. Purpose and reason for the Disposal of Treasury Shares

To commemorate the 70 year anniversary of the Company’s founding, the Board of Directors resolved at its meeting held today to create an opportunity for Eligible Employees to acquire our company Common Shares disposed of by our company through the Shareholding Association as restricted shares as a measure to enhance the welfare of Eligible Employees. The purpose of the Plan is to contribute to asset building for Eligible Employees, to further share value with shareholders of our company by providing incentives to Eligible Employees for the sustainable

improvement of the corporate value of our group, and to contribute to the improvement of human capital by improving employee engagement. The overview of the Disposal of Treasury Shares is as follows.

[Overview of the Plan]

Our company will dispose of treasury shares as restricted shares in the following manner.

- ① A monetary claim (the "Special Incentive Fund".) will be paid as a special incentive to grant 70 shares of our company common stock to each Eligible Employee.
- ② The Eligible Employees will contribute the Special Incentive Fund to the Shareholding Association.
- ③ The Shareholding Association will make an in-kind contribution to our company with the Special Incentive Fund contributed by the Eligible Employees.

The Eligible Employees will acquire his or her own membership interest in restricted shares (the "Share with Restriction on Transfer".) by the Shareholding Association pursuant to the Articles of Incorporation of the Shareholding Association, but the withdrawal of such Share with Restriction on Transfer interest will be restricted during the transfer restriction period.

Upon the Disposal of Treasury Shares, our company and the Shareholding Association will enter into a Restricted Stock Allotment Agreement (the "Allotment Agreement".) that includes the following 3. An overview of the Allotment Agreement is described below "3. Overview of the Allotment Agreement."

The number of shares to be disposed of in the Disposal of Treasury Shares (planned) will be determined at a later date as described in "1. Overview of the Disposal of Treasury Shares " above, and the maximum value will be 42,140 shares. Assuming such number of shares to be disposed of, the dilution of shares in the Disposal of Treasury Shares is 0.19% (Rounded to two decimal places. The same applies to the calculation of percentages.) of the 22,490,910 total number of shares issued and outstanding as of March 31, 2025, and 0.19% of the total number of voting rights of 221,079 as of March 31, 2025.

3. Overview of the Allotment Agreement

(1) Transfer Restriction Period

June 20, 2025 to June 30, 2028

(2) Conditions for Lifting Transfer Restrictions

Subject to the condition that the Eligible Employee continued to be a member of the Shareholding Association during the Transfer Restriction Period, the transfer restriction shall be lifted on the expiration of the Transfer Restriction Period for all of the Allotted Shares in proportion to the Share with Restriction on Transfer held by the Eligible Employee who satisfies the conditions.

(3) Handling of Withdrawal from the Shareholding Association

① In the event that an Eligible Employee withdraws from the Shareholding Association in accordance with the Articles of Incorporation of the Shareholding Association during the Transfer Restriction Period due to mandatory retirement age, death, expiration of the period of employment (However, in the case of reemployment after mandatory retirement, the period of reemployment shall expire.), promotion to an officer of our company, or any other justifiable reason, the Transfer Restriction shall be released on the first business day (the "Settlement Cancellation Date".) of the month that includes the day on which settlement is made in connection with the Eligible Employee's withdrawal from the Shareholding Association, with respect to the Allotted Shares in the number corresponding to the equity interest in restricted shares held by the Eligible Employee on the Settlement Cancellation Date multiplied by the number of months from the month following the month including the payment date to the month including the Settlement Cancellation Date divided by 36 (However, if the calculation results in fractions of less than one share, such fractions shall be rounded down.).

② If, during the Transfer Restriction Period, the Eligible Employee suspends the contribution of reserve funds to the Shareholding Association in accordance with the provisions of the Shareholding Association due to overseas assignment due to business needs of our company, the transfer restriction shall be lifted on all of the Allotted Shares in proportion to the Share with Restriction on Transfer held by the Eligible Employee.

(4) Acquisition by our company without Charge

If, during the Transfer Restriction Period, the Eligible Employee falls under any of the circumstances specified in the Allotment Agreement, our company will automatically acquire, without charge, all of the Allotted Shares in proportion to the Share with Restriction on Transfer held by the Eligible Employee at that time. Furthermore, our company will automatically acquire, without charge, the Allotted Shares for which the transfer restriction has not been lifted at the expiration of the Transfer Restriction Period or at the time of lifting the transfer restriction specified in (3) above.

(5) Management of Shares

During the transfer restriction period, the Allotted Shares will be managed in a dedicated account opened by the Shareholding Association at Daiwa Securities Co., Ltd., so that the Allotted Shares cannot be transferred, secured, or otherwise disposed of during the transfer restriction period. In addition, the Shareholding Association will register and manage the Allotted Shares separately from other membership interests held by the Eligible Employees in accordance with the provisions of the Articles of Incorporation of the IWAKI Employee Shareholding Association.

(6) Treatment in the Event of Organizational Restructuring

If, during the transfer restriction period, a merger agreement under which our company becomes the disappearing company, a share exchange agreement or a share transfer plan under which our company becomes a wholly owned subsidiary, or other matters related to the Event of Organizational Restructuring are approved by the general meeting of shareholders of our company (However, in cases where approval by the shareholders meeting of our company is not required for the Event of Organizational Restructuring, the board of directors of our company), the transfer restriction will be lifted by resolution of the Board of Directors with respect to all of the Allotted Shares in the number corresponding to the interests in Share with Restriction on Transfer held by the Eligible Employees immediately prior to the business day immediately preceding the effective date of the Event of Organizational Restructuring.

4. Basis for Calculation of the Disposal Price and Details thereof

The Disposal of Treasury Shares will be made by the Shareholding Association making an in-kind contribution of the Special Incentive Fund provided to Eligible Employees for the granting of Restricted Shares. In order to exclude arbitrariness, the Disposal Amount of Treasury Shares has been set at 2,525 yen, which is the closing price of our company common shares on the Tokyo Stock Exchange Prime Market on the business day immediately preceding our company Board of Directors meeting held today (May 19, 2025).

The percentage deviation from the Disposal Price (Figures are rounded to the nearest second decimal place. The percentage deviation is the same as below.) is 5.45% from 2,395 yen, which is the simple average closing price for the most recent one month period (from April 19, 2025 to May 19, 2025), and 6.14% from 2,379 yen, which is the simple average closing price for the most recent six months period (from November 19, 2024 to May 19, 2025). As a result of taking the above into consideration, the Company has determined that the Disposal Price is reasonable as the market price of our company common shares and does not constitute a particularly advantageous price for the prospective allottee. All 4 Audit & Supervisory Board Members who attended the Board of Directors meeting held today expressed their opinion that the process by which our company determined that the Disposal Price does not constitute a particularly advantageous disposition price for the Shareholding Association, which is the prospective allottee, is reasonable and appropriate in light of the fact that the Disposal of Treasury Shares is intended to provide incentives to the Eligible Employees and that the Disposal Price is the closing price of our company common shares on the Tokyo Stock Exchange Prime Market on the business day immediately preceding the resolution date of the Board of Directors meeting.

5. Matters concerning procedures under the Corporate Code of Conduct

The Disposal of Treasury Shares does not require the procedures to obtain an opinion from an independent third party and to confirm the intention of shareholders as stipulated in Article 432 of the Securities Listing Regulations established by the Tokyo Stock Exchange, since the dilution ratio is less than 25% and the Disposal does not involve a change in controlling shareholders.

Note: This document has been translated from a part of 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.
