

Stock code: 6237

June 8, 2021

To Our Shareholders:

Shigeru Fujinaka, President  
IWAKI CO.,LTD.  
2-6-6, Kanda Suda-cho, Chiyoda-ku, Tokyo

## **Notice of Convocation of the 66th Annual General Meeting of Shareholders**

I would like to take this opportunity to thank you for your support of IWAKI CO.,LTD (“Iwaki” or the “Company”). We will hold the 66th Annual General Meeting of Shareholders as described below.

In order to prevent the spread of the novel coronavirus (COVID-19) pandemic, we strongly urge shareholders not to attend this meeting in person irrespective of your current health. We ask shareholders to submit your votes in advance in writing or using the Internet.

If you exercise your voting rights in writing or on the Internet, please review the following Reference Documents for the General Meeting of Shareholders and submit your votes by no later than 5:30 p.m. on Monday, June 28, 2021.

### **Details**

**1. Date and time** Tuesday, June 29, 2021 at 10 a.m. (Reception starts at 9 a.m.)

**2. Place** 4th Floor Golden Room  
Hotel Grand Palace  
1-1-1, Iidabashi ,Chiyoda-ku ,Tokyo

### **3. Meeting agenda**

- Matters to be reported:**
1. The Business Report, Consolidated Financial Statements and the results of audits conducted by the Accounting Auditor and the Audit & Supervisory Board of the Consolidated Financial Statements for Iwaki’s 66th Fiscal Year (April 1, 2020 - March 31, 2021)
  2. Non-consolidated Financial Statements for Iwaki’s 66th Fiscal Year (April 1, 2020 - March 31, 2021)

### **Proposals to be resolved:**

**Proposal No. 1:** Appropriation of Retained Earnings

**Proposal No. 2:** Election of Four (4) Directors

**Proposal No. 3:** Revision of Remuneration for Grant of Restricted Stock to Directors

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For those attending, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting.

For those voting by proxy, a shareholder can vote by having another individual who holds voting rights attend the General Meeting of Shareholders and act as proxy. In that case, please submit a Power of Representation Form.

Shareholders who attend the meeting will not receive any gifts from Iwaki. Thank you for your understanding.

If any amendment is made to the Reference Documents for the General Meeting of Shareholders, the Business Report and the Consolidated and/or the Non-Consolidated Financial Statements, the amended information will be disclosed on Iwaki’s website (<https://www.iwakupumps.co.jp/>) on the Internet.

#### Countermeasures against the Infection of COVID-19 at the Annual General Meeting of Shareholders

- (1) We strongly urge shareholders not to attend the shareholders meeting in person. We ask shareholders to submit your votes in advance in writing or using the Internet.
- (2) To shorten the time required for the shareholders meeting, detailed explanations from the podium of matters to be reported and proposals to be resolved may be omitted. Shareholders are asked to review this information beforehand in this notice of convocation.
- (3) Iwaki personnel, including officers and employees involved in the operation of the Annual General Meeting of Shareholders may be wearing masks.
- (4) Shareholders who attend the shareholder meeting are asked to use sanitizer dispensers provided at the venue and wear masks properly. Those who refuse to do so will not be allowed to enter the meeting room and asked to leave.
- (5) At the entrance to the shareholders meeting, we will check the temperature of people who want to attend the meeting with thermography. Individuals who have a temperature of 37.5°C or more, or are not feeling well may not be allowed to enter the meeting room and asked to leave. Thank you for your understanding of the need for these precautionary measures.
- (6) People attending the shareholder meeting will be separated in order to prevent the spread of COVID-19. The number of seats will be smaller than usual. Accordingly, there may be a shortage of seats and admission may be restricted depending on the number of visitors.
- (7) In order to shorten the agenda of the shareholder meeting, shareholders' questions will be limited to the matters that are the purpose of this meeting (those related to the agenda). We ask for your understanding and cooperation in this matter.
- (8) Information will be disclosed on Iwaki's website (<https://www.iwakupumps.co.jp/>) when the above measures are updated due to the situation of the spread of the infection up to the day of the shareholder meeting, or due to the announcements by the government, etc.

## Reference Documents for the General Meeting of Shareholders

### Proposal No. 1: Appropriation of Surplus

Appropriation of retained earnings for the fiscal year ended March 31, 2021 is as follows.

#### Matters concerning year-end dividend

Iwaki plans to pay the year-end dividend for the 66th fiscal year as follows. The decision takes into consideration the need to maintain sufficient financial resources for strengthening the management structure and future business expansion.

- (1) Type of dividend  
Cash
  
- (2) Dividend payment and total amount  
A dividend per common stock of Iwaki: 21.00 yen  
Total amount of dividends: 462,820,134 yen
  
- (3) Effective date of distribution of retained earnings  
June 30, 2021

**Proposal No. 2: Election of Four (4) Directors**

The term of office of all nine (9) Directors will expire at the conclusion of this Annual General Meeting of Shareholders.

Accordingly, in order to improve the efficiency of the management system in line with the introduction of the Executive Officer System, we propose that the number of Directors be reduced by five (5) and that four (4) Directors be elected so that the Board of Directors can make strategic and flexible decisions.

The candidate for Directors are as follows:

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of Iwaki held
1	Shigeru Fujinaka (December 20, 1964)	<p>April 1989      Joined IWAKI CO.,LTD.</p> <p>January 2006    General Manager of Sales Planning &amp; Promotion Department, Engineering Head Office</p> <p>May 2006        Director, General Manager of Corporate Planning Department</p> <p>February 2007   Executive Director, General Manager of Corporate Planning Department</p> <p>February 2008   Senior Executive Director</p> <p>February 2009   President (current)</p> <p>June 2015        Security Export Control Office/ In charge of Internal Audit Department (current)</p> <p>June 2019        In charge of Quality Assurance Head Office (current)</p> <p>June 2020        In charge of Management Supervisory (current)</p>	1,920,367
2	Hideki Uchida (October 21, 1956)	<p>April 1981      Joined IWAKI CO.,LTD.</p> <p>January 2009    Executive Officer, Deputy Senior General Manager of Domestic Sales Head Office</p> <p>June 2010        Director, Senior General Manager of Product Planning Head Office</p> <p>April 2011       Senior General Manager of Domestic Sales Head Office</p> <p>June 2015        Executive Director</p> <p>June 2018        In charge of Sales Management Head Office/Domestic Sales Head Office/Maintenance Head Office (current)</p> <p>June 2019        In charge of Overseas Sales Head Office/Sales Administration Department (current)</p> <p>June 2020        Senior Executive Director (current) In charge of Business Supervisory (current)</p> <p>April 2021        In charge of Techno Echo Head Office (current)</p>	101,686

No.	Name (Date of birth)	Past experience, positions and significant concurrent positions	Number of shares of Iwaki held
3	Toshihiro Kayahara (December 14, 1948)	<p>April 1974      Joined MIURA Co.,LTD.</p> <p>June 1991      Director, General Manager of Technical Department</p> <p>April 1994      President of Miura Institute of Research &amp; Development</p> <p>June 1995      Executive Director, Senior General Manager of Techno Business</p> <p>June 1998      Executive Director, Senior General Manager of Boiler Business</p> <p>June 2003      Executive Director, Senior General Manager of R&amp;D Department</p> <p>October 2009    Technical advisor, Ehime University Faculty of Engineering</p> <p>April 2010      Part-time Lecturer, Okayama University of Science Faculty of Engineering</p> <p>June 2011      Outside Director of IWAKI CO.,LTD. (current)</p>	3,650
4	Kenichi Ogura (November 18, 1953)	<p>April 1972      Joined DAILITE Co., LTD. (former Funabashi Kasei Co., Ltd.)</p> <p>April 2003      General Manager of Tokyo Sales Department</p> <p>April 2005      Manager, Osaka Branch and Head of Fukuoka Sales Office</p> <p>June 2008      Director, Manager, Osaka Branch</p> <p>April 2010      Director, Deputy Manager of Sales Management Department</p> <p>April 2011      Director, Manager of Sales Management Department</p> <p>January 2016    Outside Director of IWAKI CO.,LTD. (current)</p>	2,989

- Notes: 1. No material conflict of interest exists between the Company and any of the above candidates for Directors.
2. The number of shares of Iwaki held by the candidates represent the number of shares based on the shareholder registry as of March 31, 2021, and includes the number of shares held through the Iwaki Shareholding Association for Executives.
3. Mr. Toshihiro Kayahara and Mr. Kenichi Ogura are candidates for Outside Directors.
4. Mr. Toshihiro Kayahara and Mr. Kenichi Ogura are currently Outside Directors of the Company. Mr. Kayahara's term of office as an Outside Director will be ten years at the conclusion of this General Meeting of Shareholders. Mr. Ogura's term of office as an Outside Director will be five years and five months at the conclusion of this General Meeting of Shareholders.
5. The Company has registered Mr. Toshihiro Kayahara and Mr. Kenichi Ogura as Independent Directors as provided for the rules of the Tokyo Stock Exchange. If they are reappointed, they will continue to be in office as Independent Directors.
6. Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, Article 31 of the Company's Articles of Incorporation provides that the Company may enter into an agreement to limit the liability for damages as provided in Article 423, Paragraph 1 of the same act, and the Company has entered into an agreement to limit liability with each Outside Director. The Company intends to limit the liabilities under the agreements to the minimum liability amount as stipulated in laws and regulations. If Mr. Toshihiro Kayahara and Mr. Kenichi Ogura are reelected as Outside Directors, the Company plans to extend the agreements.
7. The Company has entered into a corporate directors' and corporate auditors' liability insurance agreement with an insurance company, and plans to continue and renew the agreement. In the event that each candidate is reappointed, each will become an insured under the agreement.
8. Reason for selection as a candidate for Outside Director and outline of expected role

The Company proposes the election of Mr. Toshihiro Kayahara as an Outside Director because he is expected to further strengthen the Company's management system by providing advice on the Company's overall management based on his experience as an executive of MIURA Co.,LTD. and other companies.

The Company proposes the election of Mr. Kenichi Ogura as a candidate for Outside Director because he is expected to further strengthen the Company's management system by providing advice on the Company's overall management based on his experience as an executive of DAILITE Co., LTD.

### **Proposal No. 3: Revision of Remuneration for Grant of Restricted Stock to Directors**

We would like to ask for your approval in this proposal to approve a partial amendment to the details of the restricted stock compensation plan for Directors of the Company (excluding Outside Directors; the “Eligible Directors”), which was approved at the Annual General Meeting of Shareholders held on June 28, 2018.

At the Annual General Meeting of Shareholders held on June 24, 2011, shareholders approved a resolution to limit annual compensation for Directors to 500 million yen (not including employee salaries for Directors who serve concurrently as employees). Separately from the relevant remuneration limit, shareholders approved a resolution at the Ordinary General Meeting of Shareholders held on June 28, 2018 to limit the annual amount of remuneration to 100 million yen or less as remuneration for the grant of restricted stock.

In order to enhance incentives for the medium- to long-term sustainable enhancement of the Company's corporate value throughout the term of office of the Eligible Directors and to promote further value sharing between the Directors and the shareholders, the Company has decided to grant so-called “Restricted Stock upon Release on the Date of Retirement” to the Eligible Directors. We would like to ask for your approval to revise the period of restriction on transfer of the restricted stock to be granted to the Eligible Directors from “three to five years” to “upon the Eligible Director’s resignation or retirement from the position of director of the Company or other position determined by the Board of Directors of the Company from the date of delivery of the restricted stock” and other necessary revisions.

Currently there are nine Directors (including two Outside Directors). If Proposal 2 is approved as proposed, there will be four Directors (including two Outside Directors).

#### **1. Method of issuance or disposal of restricted stock**

The issuance or disposal of restricted stock based on this proposal shall continue to be conducted in a manner where monetary compensation claims are paid as remuneration, etc. to the Eligible Directors, and the Eligible Directors shall receive the issuance or disposal of the Company's common stock by transferring all of such monetary compensation claims as contribution in kind.

#### **2. Maximum number and maximum amount of restricted stock to be granted to Eligible Directors**

The total amount of monetary remuneration to be paid to the Eligible Directors for the grant of restricted stock pursuant to this proposal shall be an amount considered reasonable in light of the above purposes, and shall be an amount not exceeding 100 million yen per year (not including employee salaries for Directors who serve concurrently as employees), separately from the current monetary remuneration limit. The Board of Directors will determine the specific allocation to each Eligible Director.

The total number of shares of common stock of the Company shall not exceed 110,000 shares per year (provided, however, that in the event of a stock split (including gratis allotment of the Company’s common stock) or a reverse stock split of the Company’s common stock or any other event that requires adjustment of the total number of shares of common stock of the Company to be issued or disposed of as restricted stock after the date of approval of this proposal, such total number shall be adjusted to a reasonable extent in accordance with the split ratio or reverse stock split ratio). The amount to be paid per share shall be based on the closing price of the common stock of the Company in the Tokyo Stock Exchange on the business day immediately prior to the date of the corresponding resolution of the Board of Directors (if the Company’s stock was not traded that day, the closing price on the most recent preceding trading day and determined by the Board of Directors to the extent that it is not particularly advantageous to the Eligible Directors).

#### **3. Outline of the restricted stock to be granted to the Eligible Directors**

In issuing or disposing of shares of common stock of the Company in accordance with this proposal, the Company and the Eligible Directors shall enter into a restricted stock allotment agreement (the “Allotment Agreement”) that includes the following contents.

- (1) The Eligible Directors shall not transfer, grant a security interest in, or otherwise dispose of shares of the Company's stock allotted under the Allotment Agreement (the "Allotted Shares") during the period from the grant date of the Allotted Shares to the date of resignation or retirement from the position of director of the Company or any other position determined by the Board of Directors of the Company (if (i) the Director resigns or retires before the expiration of three months after the end of the business year of the Company to which the date of delivery of the Allotted Shares belongs, or (ii) the Director resigns or retires on the date of the ordinary general meeting of shareholders pertaining to the relevant business year before the elapse of a period exceeding three months after the end of the business year of the Company or any subsidiary of the Company determined by the Board of Directors of the Company (excluding the case of (i)) and there is a date separately determined by the Board of Directors of the Company within six months after the elapse of the relevant fiscal year, such date) (the "Restriction on Transfer").
- (2) If a Eligible Director resigns or retires from the position set forth in (1) above before the expiration of the period separately determined by the Board of Directors of the Company (the "Service Period"), the Company shall, unless there is a reason that the Board of Directors of the Company deems justifiable, will naturally acquire the Allotted Shares without consideration.
- (3) The Company shall lift the restrictions on transfer of all of the Allotted Shares upon expiration of the Restriction Period, provided that the Eligible Director has continuously held the position set forth in (1) above during the Service Period. However, if the Eligible Director resigns or retires from the position set forth in (1) above before the expiration of the Service Period for reasons that the Company's Board of Directors deems justifiable as set forth in (2) above, the number of the Allotted Shares for which the restriction on transfer is lifted shall be reasonably adjusted as necessary.
- (4) The Company shall naturally acquire, without consideration, the Allotted Shares for which the restrictions on transfer have not been lifted in accordance with the provisions of (3) above at the time the Restriction Period expires.
- (5) The Company shall naturally acquire the Allotted Shares without consideration in the event of a violation of laws and regulations, internal rules, or the Allotment Agreement, or any other event specified by the Board of Directors of the Company as an event for which it is reasonable to acquire the Allotted Shares without consideration.
- (6) Regardless of (1) above, in cases where the Company's General Meeting of Shareholders (or the Company's Board of Directors in cases where the Company does not require the approval of the General Meeting of Shareholders with respect to such organizational restructuring, etc.) approves a merger agreement, a share exchange agreement, a share transfer plan, or other matters related to organizational restructuring, etc., and the Company's Board of Directors passes a resolution, the restrictions on transfer of the number of the Allotted Shares that is reasonably determined based on the period from the commencement date of the Service Period to the date of approval of such organizational restructuring, etc., shall be lifted prior to the effective date of such organizational restructuring, etc.
- (7) In the case stipulated in (6) above, the Company shall, by resolution of the Board of Directors of the Company, naturally acquire, without consideration, the Allotted Shares for which the restrictions on transfer have not yet been lifted at the time immediately after the restrictions on transfer are lifted in accordance with the provisions of (6) above.
- (8) The method of indication of intention and notification in the Allotment Agreement, the method of revision of the Allotment Agreement, and other matters to be determined by the Board of Directors shall be the contents of the Allotment Agreement.

#### 4. Reasons why it is appropriate to grant restricted stock

The Company will grant restricted stock as remuneration to Eligible Directors for the purpose of providing them with incentives for sustainable enhancement of the Company's corporate value and promoting further value sharing with shareholders.



The Company's Board of Directors has established a policy regarding decisions on the content of remuneration, etc. for individual Directors. The granting of restricted stock based on this proposal is in line with this policy, and the Company does not plan to change this policy if this proposal is approved. In addition, the Company has determined that the granting of restricted stock under this proposal is reasonable because the value of the restricted stock under this proposal, evaluated at the market price as of the date of the resolution of the Board of Directors regarding the allotment, is within the upper limit of the annual amount set forth in 2. Above. The other reason is that the ratio of the restricted stock to be granted under this proposal to the total number of issued shares is approximately 0.49% (approximately 4.9% of the total number of issued shares if the maximum number of restricted stock is issued over a 10-year period) and accordingly, the dilution rate is insignificant.

(Reference) The Company plans to grant restricted stock similar to the above restricted stock to the Company's executive employees.