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Company name: Tsurumi Manufacturing Co., Ltd.  
Representative: Osamu Tsujimoto, President  
(Securities code: 6351, TSE Prime)  
Inquiries: Keiichiro Tsuruga, Managing Director  
Administration Division  
(Telephone: +81-6-6911-2351)

## **Notice on the Receipt of Documents Related to the Exercise of Shareholder Proposal Rights and Opinion of the Board of Directors**

Tsurumi Manufacturing Co., Ltd. (hereinafter, “the Company”) hereby announces that it received written notice on April 17, 2026 from its shareholder, DALTON KIZUNA (MASTER) FUND LP, regarding a shareholder proposal (hereinafter, “the Shareholder Proposal”) for the agenda of its 75th Annual General Meeting of Shareholders scheduled to be held on June 26, 2026. The Company has reviewed the Shareholder Proposal, but on May 19, 2026 its Board of Directors passed a resolution to oppose it. The details are as follows.

1. Proposing shareholder  
DALTON KIZUNA (MASTER) FUND LP
2. Details of proposal
  - (1) Agenda items
    1. Disposition of surplus
    2. Amendment to the Articles of Incorporation concerning the record date for Annual General Meetings of Shareholders
  - (2) Summary of the proposed agenda items and reasons for the proposal  
The summary of the proposed agenda items and reasons for the proposal are as stated in the attached “Details of the Shareholder Proposal.”

Please note that the attached “Details of the Shareholder Proposal” contains the original text as it was received from the proposing shareholder.

3. Opinions of the Board of Directors on the Shareholder Proposal

Agenda item 1: Disposition of surplus

- (1) Opinion of the Board of Directors

The Board of Directors opposes the Shareholder Proposal.

- (2) Reasons for opposition

The Group’s products, including submersible pumps, are essential to the infrastructure that protects people’s lives and supports daily living. Accordingly, the Company recognizes that ensuring a stable supply of

products that meet quality, cost, and delivery (QCD) is a major mission for the Group. Therefore, the Company has been pressing ahead with the in-house production of key parts for submersible pumps, such as motors and cast components. Together with this, the Company has been executing growth and BCP investments while working on efforts including the development of high-efficiency and high-passage clearance products (including the Submersible Smashing Cutter Pumps BN series) that contribute to solving sustainability issues such as by reducing carbon dioxide emissions and saving labor in maintenance management. Moreover, the Company's Transformation 2027 medium-term management plan calls for a consolidated operating profit margin of at least 10% and ROE of at least 10%. Under this plan, the Company is working to address various issues, including enhancing its presence in the domestic market, tapping into and expanding its operations in the global plant/factory market, re-engineering manufacturing processes, and further promoting ESG management.

The Company posted "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Updated)" on its website on March 24, 2026 (hereinafter "Disclosure Updated on March 24"). (Please see "Reference 1" for the details.) The Company provides information on its capital costs, capital profitability, growth strategy, returns policy, financial strategy, and more there.

The Company's cost of capital (WACC) is about 6%. In contrast to this, its return on equity (ROE) (actual figure) was 5.3%. This was due in part to the impact of recording impairment losses on goodwill and customer-related intangible assets (4,017 million yen) despite record-high consolidated net sales, operating profit, and ordinary profit for FYE3/26 in terms of capital profitability. Moreover, the Company recognizes its ROIC is about 7.2%. Moving forward, the Company will continue to steadily implement the various measures in its ongoing Tsurumi Vision 2030 long-term management plan and Transformation 2027 medium-term management plan. In this way, the Company will strive to achieve profitability beyond the cost of capital while enhancing medium- to long-term corporate value and promoting management that serves the interests of its shareholders and various other stakeholders. The Shareholder Proposal notes that the Company's ROE continues to fall below its ROIC due to "a decline in capital efficiency caused by excessive retained earnings." However, as stated above, while the Company's ROE did fall below its ROIC in its most recent results, the Company recognizes that ROE has continued to stably exceed ROIC since FYE3/19. Accordingly, the Company believes that the assertions in the Shareholder Proposal differ from the facts.

With these assumptions in mind, as a leading company in submersible pumps, the Company believes it needs to address various issues, such as maintaining and expanding production activities to ensure QCD, further honing its production technology, and enhancing its presence in the global submersible pump market. To achieve these goals, it considers growth investments, including M&As, and BCP investments in preparation for large-scale disaster risks like the anticipated Nankai megathrust earthquake that has a high level of probability of occurring within the next 30 years to be indispensable. As such, the Company believes it is necessary to pursue a balance between improving capital efficiency and returning profits to shareholders while maintain an appropriate level of financial soundness.

The Company disclosed it is planning growth investments and BCP investments totaling about 18.5 billion yen over the next five years in the Disclosure Updated on March 24. These include the following investments.

- Promoting the in-house production of key parts for submersible pumps and improving productivity
- Pursuing M&As aimed at tapping into and expanding its share of the global plant/factory market and mining market
- Promoting ESG management through the further use of solar power and renewable energy
- Executing digital transformation (DX) investments that include updating the Group's core systems

Together with this, the Company has announced a policy of agilely acquiring treasury shares and providing

stable and progressively higher dividends. To enhance shareholder returns, as a general rule, the Company will aim for a consolidated payout ratio of about 30%, except in cases involving extraordinary profits or losses (including, but not limited to: events from natural disasters, political conflicts, etc.), based on consolidated profit and loss. In principle, the Company will endeavor to stably and continuously return profits to its shareholders without reducing dividends.

The Company announced that it will increase its year-end dividend for FYE3/26 by 1 yen to 16 yen per share (November 12, 2025). This will result in an annual dividend per share of 29 yen and a dividend payout ratio of 27.0%. (The company split its common shares at a ratio of two shares for every one share on October 1, 2025.) The Company will acquire treasury shares in a timely and appropriate manner from the perspective of medium- to long-term shareholder returns as it disclosed on May 12, 2026 (total number of shares which can be acquired: 1.2 million (upper limit) / total price of acquiring the shares: 2.5 billion yen (upper limit) / acquisition period: May 13, 2026 to November 11, 2026).

Furthermore, although the Company's profit attributable to owners of parent for FYE3/26 was 5,160 million yen, when combining the already announced dividend and amount of treasury share acquisition, the total amount of shareholder returns was 2,379 million yen for a total return ratio of 46.1%. (The Company has been increasing its dividend since FYE3/19 in terms of its actual shareholder returns. It has also acquired treasury shares at opportune times. (Please refer to "Reference 2" below.))

The Company does not view the disposition of surplus through the Shareholder Proposal as being in line with its sustainable management policy for the next 100 years (to evolve business foundations and transform into an even stronger company). The Shareholder Proposal may undermine the Company's financial stability and investment resources. It may lead to stagnation in growth investments, BCP investments, human capital investments, and research and development investments for attractive new products and devices that can create new markets like smash pumps. As such there is a risk it could hinder the achievement of medium to long-term management plans and potentially weaken the revenue base. As a result, the Company believes the Shareholder Proposal may not serve the interests of shareholders and a wide range of other stakeholders.

Based on the reasons above, the Board of Directors opposes the Shareholder Proposal.

Reference 1: Action to Implement Management That Is Conscious of Cost of Capital and Stock Price (Updated)

[https://www.tsurumipump.co.jp/ir/management/governance/pdf/20260324\\_cgr.pdf](https://www.tsurumipump.co.jp/ir/management/governance/pdf/20260324_cgr.pdf)

Reference 2: Status of Shareholder Returns

#### 株主還元状況

	2022年3月期	2023年3月期	2024年3月期	2025年3月期	2026年3月期
一株当たり年間配当金 (円)	20	22	25	27	29
配当金支払額 (百万円)	998	1,081	1,230	1,315	1,391
自己株式取得額 (百万円)	202	806	28	1,449	987
株主還元総額 (百万円)	1,201	1,887	1,258	2,765	2,379
配当性向 (連結)	20.8%	17.3%	14.8%	15.1%	27.0%
総還元性向 (連結)	24.9%	30.1%	15.2%	31.5%	46.1%

※当社は2025年10月1日付で普通株式1株につき2株の割合で株式分割しており、表中の数値は調整済みのものとなります。

Agenda item 2: Amendment to the Articles of Incorporation concerning the record date for Annual General Meetings of Shareholders

(1) Opinion of the Board of Directors

The Board of Directors opposes the Shareholder Proposal.

(2) Reasons for opposition

When considering changing the record date for exercising voting rights at Annual General Meetings of Shareholders and the timing of Annual General Meetings of Shareholders, the Company believes it is necessary to make a judgment from a comprehensive viewpoint taking into account various circumstances. These circumstances include the schedule of statutory audits, the timing of the disclosure of statutory disclosure documents, the timing of sending the notices of convocation, the relationship with the record dates for dividends, and the impact on administrative procedures in relation to the payment of dividends. Moreover, the Company believes it is important to promptly establish the officer structure for the new fiscal year after the conclusion of the fiscal year taking into account the terms of office of the Company's Directors and to hear the opinions of its shareholders among other matters.

In accordance with the Corporate Governance Code, the Company is taking various initiatives to revitalize General Meetings of Shareholders and to facilitate the exercise of voting rights. Specifically, it is taking measures to ensure that the voting rights of all its shareholders are substantially protected. Such measures include the early implementation and transmission of electronic notices of convocation for General Meetings of Shareholders, the use of an electronic platform to exercise voting rights, and English translations of convocation notices.

Given that changing the record date for voting rights is not currently common, there are concerns that doing so may cause confusion among shareholders and other issues. Accordingly, the Company believes that the proposed amendment to the Articles of Incorporation is unnecessary.

Based on the reasons above, the Board of Directors opposes the Shareholder Proposal.

Attachment: Details of the Shareholder Proposal

1. Proposed agenda items
  1. Disposition of surplus
  2. Amendment to the Articles of Incorporation concerning the record date for Annual General Meetings of Shareholders

2. Summary of the proposed agenda items and reasons for the proposal

1. Disposition of surplus

- (1) Summary of the agenda item

- (i) Type of dividend assets  
Cash

- (ii) Matters concerning the allocation of dividend assets and the total amount of that  
We propose that the Company pays a dividend by adding to the amount of the Company's proposed dividend an amount obtained by deducting the amount of the Company's proposed dividend from the 68 yen per share of the Company's stock.

The amount of the Company's proposed dividend refers to the amount of the dividend per share of common stock based on the agenda item for the disposition of surplus proposed by the Board of Directors approved at this Annual General Meeting of Shareholders. Moreover, if the amount obtained by deducting the 13 yen of the Company's interim dividend (figure after taking into account the stock split on October 1, 2025) from the amount obtained by rounding down to the nearest whole number in regards to the amount obtained by multiplying by 50% the amount of basic earnings per share in the 75th fiscal year (hereinafter "Amount Equivalent to 50% of Actual EPS") differs from 68 yen, the 68 yen at the beginning of this proposal will be replaced by the amount obtained by deducting the 13 yen of the interim dividend from the Amount Equivalent to 50% of Actual EPS.

The total amount of the dividend will be the amount obtained by multiplying the number of shares eligible for the dividend as of March 31, 2026 by the aforementioned amount of dividend per share of common stock.

- (iii) Date on which the dividend of surplus will take effect  
The business day following the date of this Annual General Meeting of Shareholders.

We are submitting this agenda item as an additional proposal that is independent of, and compatible with, a disposition of surplus proposed by the Company in the event that the Company submits its own proposal for a disposition of surplus at this Annual General

Meeting of Shareholders.

(2) Reasons for the proposal

We believe that the Company can implement shareholder returns relating to this proposal (effectively a 50% dividend payout ratio) without impairing business opportunities for the reasons below. In addition, we believe that this will serve the interests of all shareholders.

First, the Company possesses sufficient surplus funds even considering the funds needed for future business reinvestment. The Company has a stable revenue base. As such, it will be possible to cover the funds needed for future reinvestment within the scope of future cash flows.

Second, we have observed a decline in capital efficiency caused by excessive retained earnings. The Company's ROE continues to fall below ROIC (after-tax operating profit ÷ net business assets). This presents an issue from the perspective of effectively utilizing capital. Moreover, the stock price has been trading below its intrinsic value per share. Accordingly, it is not possible to say that the Company's response to management that is conscious of cost of capital and stock price as requested by the Tokyo Stock Exchange is sufficient. In fact, the Company's price-to-book ratio has generally remained around 1x. This means that the value of the Company's intangible assets, such as its technologies, is significantly undervalued in its stock price. Furthermore, even compared to competitors in the industry, key indicators, such as the price-to-book ratio, price-to-earnings ratio, and EV/EBITDA ratio are rated relatively low.

Third, there are constraints on stock liquidity. We believe that the Company is in a situation in which it is difficult to adopt agile share buybacks as a shareholder returns measure due to constraints on stock liquidity. In general, when a stock price is comparatively low, share buybacks are an effective measure of enhancing value per share (earnings, net assets, and dividends). However, if constraints on liquidity prevent a company from fully utilizing share buybacks, we believe it is appropriate to strengthen shareholder returns through dividends.

In light of the above, we believe implementing the increase in dividend in this proposal while continuing to conduct agile share buybacks within the extent possible while the stock price remains comparatively low is the best shareholder returns measure to reward shareholders.

2. Amendment to the Articles of Incorporation concerning the record date for Annual General Meetings of Shareholders

(1) Summary of the agenda item

We propose to amend Article 14 of the Company's Articles of Incorporate as below. If the approval of other agenda items at this Annual General Meeting of Shareholders (including agenda items proposed by the Company) necessitates formal adjustments to the article described in this agenda item (including, but not limited to, corrections of article numbering

discrepancies), the article concerning this agenda item will be replaced by the article with the necessary adjustments made to it.

(Underlining indicates changes.)

Before the Amendment	After the Amendment
<p>Article 14: Record Date for Annual General Meetings of Shareholders</p> <p>1. The record date for voting rights at the Company’s Annual General Meetings of Shareholders shall be <u>March 31</u> every year.</p> <p>2. <u>(Newly established)</u></p>	<p>Article 14: Record Date for Annual General Meetings of Shareholders</p> <p>1. The record date for voting rights at the Company’s Annual General Meetings of Shareholders shall be <u>May 15</u> every year.</p> <p>2. <u>Notwithstanding the provisions in the preceding paragraph, when necessary, the Company may announce in advance that it has set a separate record date by resolution of the Board of Directors.</u></p>

(2) Reasons for the proposal

Currently, the record date for voting rights at Annual General Meetings of Shareholders is March 31. Moreover, General Meetings of Shareholders are held at the end of June as stipulated in the Companies Act. However, in practice, disclosure of securities reports containing information important for shareholders to decide how to exercise voting rights is limited to after the meetings or a date extremely close to the meetings, such as the day before it is held. As a result, it is practically difficult for investors to thoroughly analyze the contents and to reflect the information in decisions on exercising voting rights. A substantial review period is not currently being provided.

Securities reports are statutory disclosure documents that cover essential information to make decisions on important agenda items at General Meetings of Shareholders, including business risks, management strategies, governance structure, remuneration amounts and their determination policies, and capital policies. We believe that disclosing this information with sufficient time before General Meetings of Shareholders, rather than immediately prior to them, is a prerequisite for responsible exercise of voting rights.

Changing the record date for voting rights to mid-May will allow the Company to design a schedule to disclose its securities reports and related information with sufficient time prior to the General Meetings of Shareholders. This will create an environment in which investors, proxy advisory firms, and analysts can scrutinize the information and appropriately reflect the results of that analysis in determining whether to vote for or against each proposal. This proposal does not call for a formal acceleration of the timing, rather it aims to establish a systematic foundation for substantively improving the provision of information.

In addition, we expect this change to have the secondary effect of encouraging the spreading out of the dates of general meetings of shareholders in the late June period when they have been excessively concentrated until now. The concentration of meetings has made it virtually impossible for many shareholders to attend the general meetings of shareholders of multiple companies. Spreading out the

dates of general meetings of shareholders will enable shareholders to participate in the meetings of even more companies and thereby expand opportunities to participate in direct dialogue and discussions with management. We believe this will promote active shareholder involvement and contribute to the realization of the Company's stated principle of shareholder democracy.

Furthermore, this proposal does not involve a change to the fiscal year and will not affect business operations or accounting procedures. We believe that streamlining the disclosure schedule will enhance the quality of information disclosures and the effectiveness of dialogue with the market to thereby contribute to enhancing corporate value and raising the credibility of the capital market.

We propose this change to the Articles of Incorporation for the aforementioned reasons.