

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.

Securities Code: 6363

June 7, 2023

To Our Shareholders:

Kotaro Harada, Representative Director and President
Torishima Pump Mfg. Co., Ltd.
1-1-8, Miyata-cho, Takatsuki City, Osaka

Notice of Convocation of the 142nd Annual General Meeting of Shareholders

We hereby notify you that the 142nd Annual General Meeting of Shareholders of Torishima Pump Mfg. Co., Ltd. (the “Company”) will be held as described below.

When convening this general meeting of shareholders, the Company takes measures for providing information that constitutes the content of Business Report, etc. in electronic format, and posts this information on the following websites. Please access either of the websites by using the internet address to review the information.

The Company’s website: <https://www.torishima.co.jp/ir/irinfo/meeting/> (in Japanese)

Website for posted informational materials for the general meeting of shareholders:
<https://d.sokai.jp/6363/teiji/> (in Japanese)

Tokyo Stock Exchange website (Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

(Access the TSE website shown above, enter “Torishima Pump Mfg.” in “Issue name (company name)” or the Company’s securities code “6363” in “Code,” and click “Search.” Then, click “Basic information” and select “Documents for public inspection/PR information.” Under “Filed information available for public inspection,” click “Click here for access” under “[Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting].”)

If you are unable to attend the meeting, please take the time to examine the Reference Documents for the General Meeting of Shareholders, and exercise your voting rights by 5 p.m. on Monday, June 26, 2023 (JST) in accordance with the “Information on Exercising Voting Rights” (in Japanese only).

[Exercise of voting rights via the Internet]

Please access the Company’s designated voting website (<https://evote.tr.mufg.jp> (in Japanese only)) using the “Voting Rights Exercise Code” and “Password” printed on the voting form sent out together with this notice. Follow the instructions on the screen to indicate your approval or disapproval of the proposal, ensuring you make your entry by the deadline for exercising voting rights.

[Exercise of voting rights in writing (by mail)]

Please indicate on the voting form whether you approve or disapprove of each proposal, and return it by the voting deadline stated above.

1. Date and time: Wednesday, June 28, 2023 at 10 a.m. (JST) (Reception starts at 9 a.m.)

2. Venue: Head office of the Company
1-1-8, Miyata-cho, Takatsuki City, Osaka

3. Purpose

Items to be reported:

1. Report on the content of the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements for the 142nd Fiscal Year (from April 1, 2022 to March 31, 2023)
2. Report on the audit results of the Consolidated Financial Statements by the accounting auditor and the Audit and Supervisory Committee for the 142nd Fiscal Year

Items to be resolved:

- Proposal No. 1** Election of Seven Directors Who Are Not Members of the Audit and Supervisory Committee
- Proposal No. 2** Election of Three Directors Who Are Members of Audit and Supervisory Committee
- Proposal No. 3** Election of One Substitute Director Who Is a Member of the Audit and Supervisory Committee
- Proposal No. 4** Revision of Limits on the Amount of Remuneration for Directors Who Are Not Members of the Audit and Supervisory Committee (Basic Remuneration and Remuneration Paid for the Granting of Restricted Shares)
- Proposal No. 5** Continuation of the Measures to Respond to Large-Scale Purchases of the Company's Shares, etc.

4. Exercising Voting Rights

1. When exercising voting rights in writing (by mail), if neither approval nor disapproval of each proposal is indicated on the voting form, we will assume that you indicated your approval of the proposal.
 2. If you exercise your voting rights multiple times via the Internet, we will assume that the last exercising of voting rights is the valid exercising of voting rights.
 3. If you exercise your voting rights twice, via the Internet, etc. and in writing (by mail), we will assume that the vote via the Internet, etc. is the valid exercising of your voting rights.
 4. If you exercise your voting rights by proxy, you may designate one other shareholder holding voting rights in the Company to attend the meeting. Please note, however, that it is necessary to submit a document proving the authority of proxy.
 5. If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons therefor by three days prior to the Annual General Meeting of Shareholders.
- If you are attending the meeting in person, please submit the voting form to the reception desk at the venue.
 - If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the aforementioned websites.
 - The dress code at the meeting for Directors and employees of the Company will be light clothes ("Cool Biz").
 - If you plan on attending the meeting in person, please check the status of infections and your own state of health on the day the meeting.
 - The notice of resolutions and the list of company officers that has traditionally been sent out after the general meeting of shareholders will no longer be sent out. Instead, such notice will be posted on the Company's website in accordance with the introduction of the system for providing information electronic format.

Reference Documents for the General Meeting of Shareholders

Proposals and Reference Information

Proposal No. 1 Election of Seven Directors Who Are Not Members of the Audit and Supervisory Committee

The term of office of five current Directors who are not members of Audit and Supervisory Committee, Kotaro Harada, Koichiro Hamu, Yutaka Fukuda, Toshimasa Iue and Rieko Ueda will expire at the conclusion of this Annual General Meeting of Shareholders.

This time, the Company proposes the election of seven Directors who are not members of Audit and Supervisory Committee, adding two director candidates over non-Japanese nationality to the previous members in order to further promote global management.

No opinion of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Directors who are not members of Audit and Supervisory Committee are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
1	Kotaro Harada (Born on October 2, 1961) Re-election	Apr. 1984 Joined the Daiwa Bank, Ltd. (current Resona Bank, Limited) July 1997 Joined the Company Aug. 1998 General Manager of the President's Office June 1999 Director Aug. 2000 General Manager of the President's Office and Deputy General Manager of the Sales Division June 2001 Managing Director and General Manager of the Sales Division June 2004 Representative Senior Managing Director June 2006 Representative Director, President & CEO Apr. 2023 Representative Director and CEO (Chief Executive Officer) (current position)	71,822
Reasons for nomination as candidate Since assuming office as Representative Director and President in June 2006, Kotaro Harada has been demonstrating a strong leadership at the center of the management and striving to improve the Company Group's corporate value. Judging that he will keep playing an essential role to improve the mid- and long-term corporate value of the Company Group, we have decided to renominate him as a candidate for Director.			
2	Gerry Ashe (Born on February 19, 1966) New election	Aug. 1988 Joined Weir Pumps Ltd Jan. 2003 Joined the Company Apr. 2007 Regional Director, TGT Europe Apr. 2010 Managing Executive Officer and General Manager of the Overseas Sales Division Apr. 2019 Deputy President Apr. 2023 Deputy CEO (Deputy Chief Executive Officer) (current position)	0
Reasons for nomination as candidate Gerry Ashe has been mainly engaged in business operations relating to the overseas business departments, where he has worked to strengthen the Company's global business. Judging that he will contribute to the improvement of the mid- and long-term corporate value of the Company Group utilizing his experience and knowledge to support the CEO in overall management as a Director, we have decided to nominate him as a new candidate for Director.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
3	<p style="text-align: center;">Alister Flett (Born on July 25, 1970)</p> <p style="text-align: center;">New election</p>	<p>Aug. 1991 Joined Weir Pumps Ltd</p> <p>May 2004 Joined the Company</p> <p>Apr. 2009 Deputy General Manager of Overseas Sales Division</p> <p>Apr. 2011 President of Torishima Service Solutions FZCO</p> <p>Apr. 2015 Executive Officer of the Company, President and General Manager of the Middle East Sales Department of the Middle East Branch of Torishima Service Solutions FZCO</p> <p>Apr. 2018 Managing Executive Officer and Deputy General Manager of the Overseas Division</p> <p>Apr. 2019 Senior Managing Executive Officer and General Manager of the Overseas Division</p> <p>Apr. 2023 CO-COO (Co-Chief Operating Officer), General Manager of the Overseas Division, and Supervisor of the Information System Department in the Production Division (current position)</p>	0
<p>Reasons for nomination as candidate</p> <p>Alister Flett has been mainly engaged in sales at the overseas business departments, where he has worked to strengthen the Company's global business. Since April 2023, he has been promoting the Company's global business through overseas transactions and strengthening production systems as CO-COO. Judging that he will contribute to the improvement of the mid- and long-term corporate value of the Company Group utilizing his experience and knowledge, we have decided to nominate him as a new candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
4	<p style="text-align: center;">Koichiro Hamu (Born on December 7, 1967)</p> <p style="text-align: center;">Re-election</p>	<p>Apr. 1991 Joined the Company</p> <p>Apr. 2009 General Manager of the TGT Engineering Department</p> <p>Mar. 2011 General Manager of the Application Engineering Department and General Manager of the TGT Sales Department</p> <p>Apr. 2012 Executive Officer, General Manager of the Application Engineering Department, and General Manager of the TGT Sales Department</p> <p>Apr. 2013 Executive Officer and General Manager of the Engineering Division</p> <p>Apr. 2015 Managing Executive Officer and General Manager of the Engineering Division</p> <p>Apr. 2016 Managing Executive Officer, General Manager of the Engineering Division, and General Manager of the Research & Development Department</p> <p>June 2017 Director</p> <p>Apr. 2019 Senior Managing Executive Officer, General Manager of the Corporate Strategy Bureau, General Manager of the Engineering Division, and General Manager of the Research & Development Department</p> <p>June 2019 Representative Director (current position)</p> <p>Apr. 2020 Senior Managing Executive Officer, General Manager of the Corporate Strategy Bureau, and General Manager of the Support Division</p> <p>Apr. 2023 CO-COO (Co-Chief Operating Officer), General Manager of the Engineering Division, and Supervisor of the Public-sector Division, Private-sector Division, and Quality Management Department (current position)</p>	28,880
<p>Reasons for nomination as candidate</p> <p>Koichiro Hamu has been mainly engaged in engineering and has been involved in the planning and development of new products, work to strengthen our overseas sales capabilities, and work related to establishing the Company's foundation, including service as the person responsible for the areas of R&D, overseas sales, and administration. Since April 2023, as CO-COO, he has been promoting the Company's business, mainly by opening up domestic trading markets and making improvements in quality. Judging that he will contribute to the improvement of the mid- and long-term corporate value of the Company Group utilizing his experience and knowledge, we have decided to renominate him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
5	<p style="text-align: center;">Yutaka Fukuda (Born on December 29, 1951)</p> <p style="text-align: center;">Re-election</p>	<p>Oct. 1979 Joined the Company</p> <p>July 1997 General Manager of the General Affairs Department</p> <p>Apr. 2010 General Manager of the Internal Audit Department</p> <p>Nov. 2011 General Manager of the Administration Division of Torishima Pump (Tianjin) Co., Ltd.</p> <p>Apr. 2013 General Manager of the CSR Promotion Department and General Manager of the Internal Audit Department</p> <p>Apr. 2014 General Manager of the Internal Audit Department</p> <p>June 2014 Full-time member of Audit & Supervisory Board</p> <p>June 2015 Director (Full-time member of Audit and Supervisory Committee)</p> <p>June 2021 Director (current position)</p>	22,097
<p>Reasons for nomination as candidate</p> <p>Yutaka Fukuda has been mainly engaged in the accounting and general affairs departments as well as internal audit business, and promoting the reinforcement of the governance system. He has also played a role in the startup and growth of the Chinese subsidiary. Judging that he will contribute to the improvement of the mid- and long-term corporate value of the Company Group utilizing his experience and knowledge, we have decided to renominate him as a candidate for Director.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
6	<p>Toshimasa Iue (Born on December 3, 1962)</p> <p>Re-election Outside Director</p>	<p>Apr. 1989 Joined SANYO Electric Co., Ltd. June 1996 Director June 2002 Executive Vice President and Representative Director June 2005 President and Representative Director June 2007 Special Advisor Feb. 2010 Deputy Chief Executive Officer of LIXIL Group Corporation Apr. 2011 Director, Deputy Chief Executive Officer of LIXIL Corporation June 2016 Director of LIXIL Group Corporation July 2017 Advisor June 2018 Outside Director who is a member of the Audit and Supervisory Committee of Enplas Corporation (current position) Aug. 2019 Outside Director of TAKARA & COMPANY Ltd. (current position) June 2020 Outside Director who is a member of Audit and Supervisory Committee of the Company Outside Director of KAMEDA SEIKA CO., LTD. (current position) June 2022 Outside Director who is not a member of Audit and Supervisory Committee of the Company (current position)</p> <p>(Significant concurrent positions outside the Company) Outside Director who is a member of Audit and Supervisory Committee of Enplas Corporation Outside Director of TAKARA & COMPANY Ltd. Outside Director of KAMEDA SEIKA CO., LTD.</p>	3,190
<p>Reasons for nomination as candidate and overview of expected roles</p> <p>Toshimasa Iue has held various important positions, including President and Representative Director, and has abundant experience as a manager and a wide range of knowledge and personal connections, and we have decided to renominate him as a candidate for outside Director who is not a member of Audit and Supervisory Committee in the expectation that he will provide valuable opinions and suggestions on the management of the Company Group from a global perspective as an outside Director.</p> <p>If elected, he will be appointed as a member of the Nomination and Remuneration Committee and will serve as an objective and neutral party in the nomination of the Company's executive candidates and the determination of executive remuneration and other matters.</p> <p>Matters pertaining to independence</p> <p>TAKARA & COMPANY Ltd., where Toshimasa Iue holds a concurrent position, is a business partner of the Company through its subsidiary TAKARA PRINTING CO., LTD., but there is no economic dependence on TAKARA & COMPANY Ltd. in light of the size and nature of the business transactions.</p> <p>There are no transactions between the Company and Enplas Corporation or KAMEDA SEIKA CO., LTD.</p>			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
7	Rieko Ueda (Born on December 18, 1961) Re-election Outside Director	Apr. 1984 Joined DAIKIN INDUSTRIES, LTD. Aug. 2001 Representative Director and President of Mothernet (current position) Apr. 2016 Visiting Professor at Otomon Gakuin University (current position) June 2022 Outside Director of Okumura Corporation (current position) Outside Director who is not a member of Audit and Supervisory Committee of the Company (current position) (Significant concurrent positions outside the Company) Representative Director and President of Mothernet Visiting Professor at Otomon Gakuin University Outside Director of Okumura Corporation	783
<p>Reasons for nomination as candidate and overview of expected roles</p> <p>As a business owner, Rieko Ueda has been working on the promotion of work-life balance and the promotion of women's activities. We have decided to renominate her as a candidate for outside Director who is not a member of Audit and Supervisory Committee in the expectation that she will provide valuable opinions and suggestions on the management of the Company Group as an outside Director.</p> <p>If elected, she will be appointed as a member of the Nomination and Remuneration Committee and will serve as an objective and neutral party in the nomination of the Company's executive candidates and the determination of executive remuneration and other matters.</p> <p>Matters pertaining to independence</p> <p>There are no transactions between the Company and Otomon Gakuin University or Okumura Corporation, where Rieko Ueda holds concurrent positions. Mothernet is a business partner of the Company, but there is no economic dependence on Mothernet in light of its size and nature of the business transactions.</p>			

- Notes:
1. There is no special interest between each candidate and the Company.
 2. Toshimasa Iue and Rieko Ueda are candidates for outside Directors.
 3. The Company has entered into limited liability agreements with outside Directors pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If the election of Toshimasa Iue and Rieko Ueda is approved, the limited liability agreement that the Company entered into with them will remain in effect.
 4. The Company has entered into an officers' and directors' liability insurance policy stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the insurance policy is listed in "Summary of officers' and directors' liability insurance policy" of the Business Report (in Japanese only). If the election of candidates for Directors who are not members of Audit and Supervisory Committee is approved, the Company plans to enter into a new insurance policy with the same terms to cover all candidates.
 5. The Company has submitted notification to the Tokyo Stock Exchange that Toshimasa Iue and Rieko Ueda have been designated as independent officers as provided for by the aforementioned exchange. If the re-election of Toshimasa Iue and the re-election of Rieko Ueda are approved, the Company plans to continue the aforementioned notification.
 6. Toshimasa Iue is currently an outside Director, and at the conclusion of this Annual General Meeting of Shareholders, his tenure will have been three years.
 7. Rieko Ueda is currently an outside Director, and at the conclusion of this Annual General Meeting of Shareholders, her tenure will have been one year.

Proposal No. 2 Election of Three Directors Who Are Members of the Audit and Supervisory Committee

The term of office of the current Directors who are members of Audit and Supervisory Committee, Haruhisa Sumi and Soji Yamamoto, will expire at the conclusion of the Annual General Meeting of Shareholders.

This time, the Company proposes the election of three Directors who are members of the Audit and Supervisory Committee, adding one more Director who is member of the Audit and Supervisory Committee to strengthen the supervision function of the Audit and Supervisory Committee.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidates for Directors who are members of the Audit and Supervisory Committee are as follows:

Candidate No.	Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
1	Haruhisa Sumi (Born on February 27, 1954) Re-election	Apr. 1977 Joined the Company July 2004 General Manager of the General Affairs Department June 2006 General Manager of the Human Resources Department Apr. 2009 General Manager of the Human Resources & General Affairs Department Apr. 2012 Executive Officer and General Manager of the Human Resources & General Affairs Department Apr. 2013 Executive Officer and General Manager of the Administration Division Apr. 2015 Executive Officer and General Manager of the Tokyo Branch Apr. 2017 Executive Officer and General Manager of the Administration Division Apr. 2019 Senior Counselor (in charge of Audit and Supervisory Committee affairs) June 2021 Director who is a member of Audit and Supervisory Committee (full-time) (current position)	5,845
Reasons for nomination as candidate for Director who is a member of the Audit and Supervisory Committee Haruhisa Sumi has been engaged primarily in duties related to the administrative division as well as in supporting the members of the Audit and Supervisory Committee. Therefore, judging that he will contribute to the improvement of the mid- and long-term corporate value of the Company Group utilizing his experience and knowledge, we have decided to renominate him as a candidate for Director who is a member of the Audit and Supervisory Committee.			

Candidate No.	Name (Date of birth)	Career summary, position and responsibility		Number of the Company's shares owned
2	Soji Yamamoto (Born on February 6, 1960) Re-election Outside Director	Apr. 1982	Joined Yoko Audit Corporation (current Ernst & Young ShinNihon LLC)	1,925
		Mar. 1985 Jan. 2001 June 2020 July 2020 June 2021	Registered as a Certified Public Accountant Representative Partner of Century Ota Showa & Co. (current Ernst & Young ShinNihon LLC) Resigned from Ernst & Young ShinNihon LLC Established Soji Yamamoto Certified Public Accountant Office (current position) Outside Director who is a member of Audit and Supervisory Committee of the Company (current position)	
Reasons for nomination as candidate for Outside Director who is a member of the Audit and Supervisory Committee and overview of expected roles Soji Yamamoto has many years of professional knowledge and extensive experience in taxation, finance and accounting as a certified public accountant. He provides us with useful proposals and advice at the Company's Board of Directors meetings from an objective standpoint being independent of the management. Although he has never been involved in the management of a company except in his role as an Outside Director, based on the aforementioned reasons, we believe that he can suitably perform his duties as an Outside Director. We have therefore decided to renominate him as a candidate for Outside Director who is a member of the Audit and Supervisory Committee.				
3	Yuji Abe (Born on September 24, 1965) New election Outside Director	Apr. 1988	Joined The Daiwa Bank, Ltd.	0
		Feb. 2004 July 2014 Apr. 2019 June 2019 Apr. 2022	General Manager of Kumatori Branch of Resona Bank, Limited General Manager of Compliance Division of Resona Holdings, Inc. Outside Auditor of Saitama Resona Bank, Limited Outside Director who is a member of Audit and Supervisory Committee of Saitama Resona Bank, Limited Outside Auditor of Kansai Mirai Bank, Limited (full-time)	
Reasons for nomination as candidate for Outside Director who is a member of the Audit and Supervisory Committee and overview of expected roles Yuji Abe has expert knowledge and abundant experience of finance cultivated while working for many years as a banker. He has also held positions as General Manager of a Compliance Division and as an Outside Auditor. Therefore, the Company expects that he will provide us with useful proposals and advice at the Company's Board of Directors meetings from an objective standpoint being independent of the management. Although he has never been involved in the management of a company except in his role as an Outside Director, based on the aforementioned reasons, expect him to contribute to the improvement of the mid- to long-term corporate value of the Company Group and we believe that he can suitably perform his duties as an Outside Director. We have therefore decided to nominate him as a new candidate for Outside Director who is a member of the Audit and Supervisory Committee.				

- Notes:
1. There is no special interest between each candidate and the Company.
 2. Soji Yamamoto and Yuji Abe are candidates for outside Directors.
 3. Soji Yamamoto is currently an outside Director who is a member of Audit and Supervisory Committee, and at the conclusion of this Annual General Meeting of Shareholders, his tenure will have been two years.
 4. The Company has entered into limited liability agreements with outside Directors pursuant to the provisions of Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations. If the re-election of Soji Yamamoto is approved, the limited liability agreement that the Company entered into with him will remain in effect. Moreover, if Yuji Abe's election is approved, the Company intends to conclude the same kind of limited liability agreement with him as with Soji Yamamoto.
 5. The Company has entered into an officers' and directors' liability insurance policy stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the insurance policy is listed in "Summary of officers' and directors' liability insurance policy" of the Business Report (in Japanese only). If the election of candidates for Directors who are members of Audit and Supervisory Committee is approved, the Company plans to enter into a new insurance policy with the same terms to cover all candidates.

6. The Company has submitted notification to the Tokyo Stock Exchange that Soji Yamamoto has been designated as an independent officer as provided for by the aforementioned exchange. If the reelection of Soji Yamamoto is approved, the Company plans to renew the aforementioned notification.

(Reference) Skill Matrix

The Company is committed to responding to changes in the global environment to enhance its corporate value over the mid to long term, meeting the expectations of stakeholders, and becoming a global company that is integral to a sustainable society.

If Proposals 1 and 2 are approved, the expertise of each Director and the Nomination and Remuneration Committee members are as follows.

Skill Matrix Table of the knowledge and experiences of the Directors who constitute the Board of Directors and members of the Nomination and Remuneration Committee

	Name	Corporate Management	Global Business	Manufacturing Engineering R&D	Sales Marketing	HR/Labor HR Development	Finance Accounting	Legal Governance	Nomination and Remuneration Committee
Directors who are not members of Audit and Supervisory Committee	Kotaro Harada	○	○	○	○		○		○
	Gerry Ashe	○	○	○	○			○	
	Alister Flett	○	○	○	○				
	Koichiro Hamu	○	○	○		○			
	Yutaka Fukuda		○				○	○	
	Toshimasa Iue (Outside)	○	○		○	○			○
	Rieko Ueda (Outside)	○			○	○			○
Directors who are members of the Audit and Supervisory Committee	Haruhisa Sumi					○		○	
	Hiroshi Akiyama (Outside)		○			○		○	○
	Soji Yamamoto (Outside)						○	○	○
	Yuji Abe (Outside)				○		○	○	

* The above list represents areas in which each person has more specialized knowledge based on his/her experience, etc., and does not represent all the knowledge he/she possesses.

Proposal No. 3 Election of One Substitute Director Who Is a Member of the Audit and Supervisory Committee

The election of Misa Nakagawa, who was elected as a substitute Director who is a member of the Audit and Supervisory Committee at the 140th Annual General Meeting of Shareholders held on June 29, 2021, will remain in effect until the commencement of this Annual General Meeting of Shareholders. In preparation for a shortage in the number of Directors who are members of the Audit and Supervisory Committee stipulated by law, the Company proposes the election of one substitute Director who is a member of the Audit and Supervisory Committee.

This election may only be revoked by a resolution of the Board of Directors, with the consent of the Audit and Supervisory Committee, prior to the appointment of the Director who is a member of the Audit and Supervisory Committee.

In addition, the consent of the Audit and Supervisory Committee has been obtained for this proposal.

The candidate for substitute Director who is a member of the Audit and Supervisory Committee is as follows:

Name (Date of birth)	Career summary, position and responsibility	Number of the Company's shares owned
<p>Misa Nakagawa (Born on October 21, 1972)</p> <p>Outside Director</p>	<p>Apr. 2000 Registered as an attorney (Nagoya Bar Association (currently Aichi Bar Association))</p> <p>Feb. 2005 Registered with Osaka Bar Association and joined Kansai Chuo Law Office (current position)</p> <p>Oct. 2017 Member of Disciplinary Committee of Osaka Bar Association (current position)</p> <p>June 2018 SCINEX CORPORATION Outside Director who is a member of Audit and Supervisory Committee (current position)</p> <p>(Significant concurrent positions outside the Company) Attorney at Kansai Chuo Law Office Outside Director who is a member of the Audit and Supervisory Committee of SCINEX CORPORATION</p>	<p>0</p>
<p>Reasons for nomination as candidate for substitute Outside Director who is a member of the Audit and Supervisory Committee and overview of expected roles</p> <p>Misa Nakagawa has expertise and abundant experience as an attorney at law. The Company expects that she will provide us with accurate proposals and advice at the Company's Board of Directors meetings from an objective standpoint being independent of the management. Although she has no past experience of being involved in the management of a company other than as an Outside Director, for the reasons stated above, we believe that she will be able to appropriately perform his duties as an Outside Director. Therefore, judging that she will contribute to the improvement of the mid- and long-term corporate value of the Company Group, we have decided to nominate her as a candidate for substitute Outside Director who is a member of the Audit and Supervisory Committee.</p>		

- Notes:
1. There is no special interest between Misa Nakagawa and the Company.
 2. Misa Nakagawa is a candidate for substitute Outside Director.
 3. The Company plans to enter into a limited liability agreement with Misa Nakagawa pursuant to the provisions of Article 427, paragraph (1) of the Companies Act upon her appointment as a Director who is a member of the Audit and Supervisory Committee. The maximum amount of liability for damages under this agreement is the minimum liability amount provided for under laws and regulations.
 4. The Company has entered into an officers' and directors' liability insurance policy stipulated in Article 430-3, paragraph (1) of the Companies Act with an insurance company, and a summary of the insurance policy is listed in "Summary of officers' and directors' liability insurance policy" of the Business Report (in Japanese only). If appointed as a Director who is a member of the Audit and Supervisory Committee, Misa Nakagawa will also be insured.
 5. Upon the appointment of Misa Nakagawa as Outside Director who is a member of the Audit and Supervisory Committee, the Company plans to designate her as an independent director as stipulated by the Tokyo Stock Exchange and notify the Exchange of such designation.
 6. There is no special relationship between the Company and SCINEX CORPORATION, where Misa Nakagawa concurrently serves.

Proposal No. 4 Revision of Limits on the Amount of Remuneration for Directors Who Are Not Members of the Audit and Supervisory Committee (Basic Remuneration and Remuneration Paid for the Granting of Restricted Shares)

The maximum amount of remuneration for Directors who are not members of the Audit and Supervisory Committee was approved as “not more than ¥180,000,000 per year” for basic remuneration at the 134th Annual General Meeting of Shareholders held on June 26, 2015, and “not more than ¥30,000,000 per year” for remuneration paid for the granting of restricted shares at the 137th Annual General Meeting of Shareholders held on June 28, 2018, and it has remained unchanged up to the present.

The Company intends to increase the number of Directors who are not members of the Audit and Supervisory Committee (executive directors) of overseas nationality with deep knowledge of overseas business in order to further promote global management and ensure diversity in the Board of Directors. Providing that Proposal No. 1, Election of Seven Directors Who Are Not Members of the Audit and Supervisory Committee, is approved, the Company requests an increase in the maximum amount of remuneration for Directors who are not members of the Audit and Supervisory Committee.

We request that the maximum amount of remuneration for Directors who are not members of the Audit and Supervisory Committee be set at “not more than ¥350,000,000 per year” for basic remuneration and “not more than ¥50,000,000 per year” for remuneration to be paid for the granting of restricted shares (in each case, not including payment of employee salaries for Directors who serve concurrently as employees).

This proposal has been decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee and as such, we judge it to be reasonable. The policy for decisions related to the content of individual remuneration, etc. for Directors of the Company is included in the Business Report (in Japanese only).

Currently there are five eligible Directors, and if Proposal No. 1 is approved as proposed, the number of eligible Directors will be seven (including two outside Directors).

The content of the remuneration is as follows. The content has not changed from that approved by the 137th Annual General Meeting of Shareholders held on June 28, 2018.

(1) Maximum number of shares

Eligible Directors shall pay in all of the monetary remuneration claims paid to them under this proposal as property contributed in kind in accordance with the resolution of the Board of Directors of the Company, and shall receive an issuance or disposal of the Company’s common shares with the total number of common shares to be issued or disposed of in this way being no more than 45,000 shares per year. However, from the date of approval of this proposal onward, in the event of a share split of the Company’s common shares (including gratis allotment of the Company’s common shares) or a consolidation of such shares being conducted or some other event necessitating adjustment of the total number of the Company’s common shares to be issued or disposed of as restricted shares, this total number shall be adjusted rationally.

The amount to be paid in per share shall be the closing price of the Company’s common shares on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors’ resolution (if the shares were not traded on that day, then the closing price on the most recent trading day before that).

Furthermore, when issuing or disposing of the Company’s common shares in this way, the Company and the eligible Directors shall conclude a restricted share allotment agreement (hereinafter the “Allotment Agreement”) including the following content.

(2) Transfer Restriction Period

Eligible Directors may not transfer, pledge as collateral, or dispose of in any other way (hereinafter the “Transfer Restriction”) the Company’s common shares received as an allotment under the Allotment Agreement (hereinafter the “Allotted Shares”) for a period of between 3 years and 30 years, determined in advance by the Board of Directors, from the date of receiving the allotment under the Allotment Agreement (hereinafter the “Transfer Restriction Period”).

(3) Treatment upon retirement

If an eligible Director retires from the position of Director of the Company before the completion of the Transfer Restriction Period, except in the cases of a justifiable reason such as the end of their term of office or their death, upon their retirement the Company shall acquire, by rights, the Allotted Shares without contribution.

(4) Lifting of the Transfer Restriction

The Company shall lift the Transfer Restriction on all of the Allotted Shares upon the completion of the Transfer Restriction Period provided that the eligible Director has remained a Director of the Company continuously throughout the Transfer Restriction Period. However, the Company shall rationally adjust the number of the Allotted Shares and the timing for lifting the Transfer Restriction as necessary in the cases where a Director of the Company retires before the completion of the Transfer Restriction Period due to a justifiable reason such as the end of their term of office or their death. Furthermore, directly after the lifting of the Transfer Restriction, the Company shall acquire, by rights, any Allotted Shares whose Transfer Restriction was not lifted without contribution.

(5) Treatment during a reorganization, etc.

Notwithstanding the provision in (1) above, during the Transfer Restriction Period, if a matter related to a reorganization such as a merger agreement in which the Company is the dissolving company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or any other kind of reorganization is approved by the General Meeting of Shareholders of the Company (or by the Board of Directors of the Company in a case where the reorganization does not require approval by the General Meeting of Shareholders of the Company), the Transfer Restriction on a number of the Allotted Shares to be determined rationally based on the period between the starting date of the Transfer Restriction Period and the date of approval of the reorganization, etc., shall be lifted before the effective date of the reorganization, etc., by resolution of the Board of Directors. In cases specified above, the Company shall naturally acquire without contribution the Allotted Shares on which the Transfer Restriction has not been lifted as of the time immediately after the Transfer Restriction was lifted.

(6) Other matters

Other matters related to the Allotment Agreement are to be determined by the Board of Directors of the Company.

Proposal No. 5 Continuation of the Measures to Respond to Large-Scale Purchases of the Company's Shares, etc.

The Company implemented “Measures to Respond to Large-Scale Purchases of the Company’s Shares, etc.” with the approval of shareholders at the Company’s Annual General Meeting of Shareholders held on June 27, 2008, and has continued to take such measures every three years since then based on resolutions of the Company’s Annual General Meeting of Shareholders (hereinafter, the existing countermeasures shall be referred to as the “Existing Plan”). The Existing Plan will remain in effect until the conclusion of the Company’s Annual General Meeting of Shareholders scheduled to be held on June 28, 2023 (hereinafter referred to as the “Annual General Meeting of Shareholders”).

From the perspective of protecting and enhancing the corporate value of the Company and the common interests of shareholders, the Company has been examining the way of being of such measures, including weighing factors for and against continuation. As a result, based on changes in circumstances and discussions at the “Fair Acquisition Study Group” established in 2022, the Board of Directors determined by written resolution at its meeting on May 19, 2023 to continue the “Measures to Respond to Large-Scale Purchases of the Company’s Shares, etc.,” subject to approval by the shareholders at this Annual General Meeting of Shareholders (hereinafter, the ongoing Measures to Respond to Large-Scale Purchases of the Company’s Shares, etc. are referred to as “the Plan”). The effective period of the Plan is to expire at the conclusion of the Annual General Meeting of Shareholders of the Company to be held in June 2026.

In order to improve the objectivity of the Board of Directors in deciding whether or not to implement the countermeasures, in addition to adding a process to reflect the opinions of a Special Committee (Appendix 4) composed mainly of Outside Directors who are in a position to represent the common interests of shareholders, the major framework of the Plan retains the existing content, with some minor wording modifications.

Therefore, approval is requested for the continuation of the Plan.

I. Basic Policy on Persons Who Control Decisions on Financial and Business Policies of the Company

The Company, as a party whose shares are listed on a financial instruments exchange, respects free trading of shares, etc. of the Company in the market and does not unconditionally deny a large-scale purchase of shares, etc. of the Company by a particular party as long as it contributes to the protection and enhancement of the corporate value of the Company Group and the common interests of shareholders. The Company also believes that whether to accept a proposal for large-scale purchase of shares, etc. should ultimately be decided by its shareholders.

However, there may be a proposal for a large-scale purchase of shares, etc. that could potentially prevent the Company from maintaining a good relationship with its stakeholders, or that may undermine the corporate value of the Company Group, which stably provides products for highly public infrastructure such as water supply, sewerage, electric power, and disaster prevention and mitigation facilities through pumps over the long term, may be detrimental to the common interests of shareholders, may not sufficiently reflect the value of the Company Group, or may not provide sufficient information necessary for shareholders to make a final decision.

The Board of Directors of the Company believes that when such a proposal is made, it is the responsibility of the board as a body mandated by its shareholders to secure necessary and sufficient time and information and to negotiate with the party who engages in the large-scale purchase of shares, etc. on behalf of its shareholders.

II. Special Measures to Help the Achievement of the Basic Policy

Based on the corporate philosophy, “Never lose the public trust, even if monetary loss proves unavoidable.” and the belief since the Company’s founding in 1919 that “liquids and life are inextricably linked in our society. Pumps that handle such liquids are indispensable for the development of human society,” our Company Group has been making a wide contribution to society through environmentally friendly businesses including pumps,

while valuing the relationship between people and nature, and manufacturing high-quality products as a responsible company.

The source of the corporate values of the Company Group that supports such business development is the technological capabilities it has cultivated since its founding based on the aforementioned belief, as well as the strong trusting relationship with its stakeholders, including supporting companies such as suppliers of raw materials and processors, and our wide range of customers including the national and local municipalities and infrastructure industries who are using the Company's products. The Torishima brand is the fruit of these sources of corporate value.

On the occasion of the 100th anniversary of our operation in August 2019, the Company formulated a new Mission in order to further fulfill our mission, needed by society and expand our global business development, based on the trust we have cultivated with our stakeholders.

The Mission: "Passion for our Products and Services. Evolving to meet the demands of an ever changing world."

In addition, the following six new guiding principles, the Vision, were designated to help realize the Mission.

Guiding principles (The Vision): (1) Teamwork (2) Diversity (3) Professional (4) Clarity (5) Enthusiasm (6) Innovation

Specifically, the Company continues Evolution by (1) Combining our skills to achieve our common goal; (2) Embracing diversity to achieve success and maximize our global presence; (3) Fulfill our duties and responsibilities to provide the best service possible; (4) Working with integrity, transparency and sense of social responsibility; (5) Our success is linked to our passion and enthusiasm throughout our organization; and (6) Never stop challenging to provide creative solutions to our customers.

In implementing management practices backed by these Mission and Vision, we will develop human resources, maximize employee vitality, improve governance, and enhance information disclosure. Furthermore, to address energy issues aimed at the realization of a decarbonized society and to build a safe and secure society, we will strengthen our product capabilities and introduce new products for the Company Group's main product lines (high-pressure and heavy-duty pumps for water supply, sewage, and power generation). We will also continue to develop higher value-added products and expand our services through next-generation maintenance utilizing IoT technology by TR-COM, working to satisfy a wide range of customers, including national and local government entities and infrastructure industries.

The pumps and their plants that we handle are important machines that are essential for human society and function like the human heart, supporting infrastructure that plays a large public role, such as water supply and sewage systems, electric power, and disaster prevention and mitigation facilities. We will renew our self-awareness as a company that handles such machines crucial to society, and will earnestly address management challenges, placing focus on R&D, capital investment, human resource development, financial balance, etc. in order to contribute to the common interests of our shareholders.

III. Measures to Prevent Decisions on Financial and Business Policies of the Company from Being Controlled by Inappropriate Parties in the Context of Its Basic Policy

In the context of the Basic Policy, the Plan acts as efforts to prevent financial and business policy decisions from being dominated by a purchaser, who may clearly undermine the corporate value and common interests of shareholders of the Company Group which handles pumps, which are indispensable for the development of human society and supports infrastructure such as water, sewage, electricity, and rainwater drainage and river drainage facilities.

The Plan's intent cannot be to protect the interests of the Directors, and is subject to resolution at the General Meeting of Shareholders as one that ensures the common interests of shareholders.

1. Objectives of the Plan

The Company does not intend to deny all large-scale purchase of shares. However, it is also clear from past cases in Japan that some large-scale purchase of shares may damage corporate value and harm the common interests of shareholders.

For over 100 years since its establishment, through the consistent supplying of pumps that meet the customers' needs, along with continuous after-care services, the Company has provided sense of safety and security to its customers, building on their trust and enhancing its corporate value.

However, if a large-scale purchase of shares infringes on the Company Group's efforts to enhance corporate value, it may be harmful to the common interests of shareholders.

As such, the Board of Directors of the Company decided to continue the Plan for the purpose of clarifying the rules to be adhered to by a party intending to carry out a large-scale purchase of shares, etc. of the Company and securing information and time that are necessary and sufficient for shareholders to make an appropriate decision as well as the opportunity for the Board of Directors of the Company to negotiate with the party intending to carry out such large-scale purchase.

As outlined below, the Plan establishes rules to be adhered to by a party intending to carry out a large-scale purchase of shares, etc. of the Company, clarifies that in certain cases, the party intending to carry out a large-scale purchase may sustain a loss as the Company takes countermeasures, and warns the party intending to carry out a large-scale purchase of shares, etc. of the Company that will not contribute to the corporate value of the Company Group and the common interests of shareholders by appropriately disclosing such rules and clarifications.

Further, in order to eliminate arbitrary decisions by the Board of Directors of the Company towards the activation of countermeasures, the Plan provides for procedures to confirm the intent of shareholders in certain cases by any of a shareholder vote at the General Meeting for Confirmation of Shareholders' Intentions, a vote in writing, or a vote via the Internet, etc., and ensures transparency by disclosing information to shareholders in a timely manner. In addition, the status of major shareholders of the Company as of March 31, 2023 is as shown in Appendix 1 "Status of Major Shareholders of the Company." As of the date of this document, the Company has not received any proposal for a large-scale purchases of shares, etc. of the Company.

2. Details of the Plan

(1) Procedures concerning the Plan

1) Large-scale purchases subject to the Plan

The Plan applies to purchases of shares, etc. of the Company that fall under either (i) or (ii) below or acts similar thereto (excluding those that are approved by the Board of Directors of the Company; hereinafter such acts are referred to as "Large-Scale Purchase"). A party who carries out or intends to carry out a Large-Scale Purchase (hereinafter "Purchaser") shall be required to follow the procedures preliminarily prescribed in the Plan.

- (i) A purchase as a result of which the ownership ratio of shares, etc.¹ of the holder² would become 20% or more with regard to the shares, etc. issued by the Company³.
- (ii) A tender offer⁴ as a result of which the aggregate sum of the ownership ratio of shares, etc.⁵ pertaining to the tender offer and the ownership ratio of shares, etc. of their specially

¹ "Ownership ratio of share certificates, etc." as defined in Article 27-23, paragraph 4 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

² This term means holders as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act and includes those who are included in the holders pursuant to the provisions of paragraph 3 of such Article.

³ "Shares Certificates, etc." as defined in Article 27-23, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter unless otherwise prescribed. In the case of an amendment to any of the laws and regulations, etc. referred to in the Plan (including changes in the names of laws and regulations and the establishment of new laws and regulations, etc. that succeed old laws and regulations, etc.), any reference to the provisions of such laws and regulations, etc. in the Plan shall be deemed to be replaced with a reference to the provisions of amended laws and regulations, etc. that substantively succeed the old provisions unless otherwise prescribed by the Board of Directors of the Company.

⁴ This term is as defined in Article 27-2, paragraph 6 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

⁵ "Ownership ratio of share certificates, etc." as defined in Article 27-2, paragraph 8 of the Financial Instruments and Exchange Act. The same shall apply hereinafter.

related parties⁶ would become 20% or more with regard to the shares, etc. issued by the Company⁷.

2) Prior submission of a Letter of Intent to the Company

A Purchaser is required to submit to the Board of Directors of the Company a document containing, among others, a written pledge to the effect that the Purchaser will comply with the procedures prescribed in the Plan in relation to the proposed Large-Scale Purchase (hereinafter “Letter of Intent”), in Japanese, in a form prescribed by the Company prior to the execution of the Large-Scale Purchase.

More specifically, the Purchaser is required to state the following matters in the “Letter of Intent.”

- (i) Summary description of the Purchaser
 - (a) Name and address
 - (b) Title and name of the representative
 - (c) Purpose and business description of the company, etc.
 - (d) Summary description of major shareholders or major investors (Ten largest holders in terms of ownership ratio of shares or investment ratio)
 - (e) Contact address in Japan
 - (f) Law governing the incorporation
- (ii) The number of shares, etc. of the Company currently owned by the Purchaser and the trading status of the Purchaser regarding the shares, etc. of the Company during the period of 60 days immediately preceding the date of submission of the Letter of Intent
- (iii) The outline of the Large-Scale Purchase proposed by the Purchaser (including the classes and the number of shares, etc. of the Company planned to be purchased by the Purchaser through such Large-Scale Purchase and the purpose thereof [if the Purchaser’s purposes include: the acquisition of control or the participation in management; pure investment or strategic investment, any transfer of shares, etc. of the Company to a third party after the completion of such Large-Scale Purchase; making a material proposal⁸; or other purposes, the Purchaser must describe that fact and specific description of them; if there are more than one purposes, the Purchaser is required to state all of them]).

3) Provision of the “Necessary Information”

In cases where the Purchaser has submitted the “Letter of Intent” referred to in 2) above, the Purchaser is required to provide to the Company information that is necessary and sufficient for shareholders and investors to make a decision and for the evaluation, examination, etc., by the Board of Directors of the Company regarding the Large-Scale Purchase (hereinafter the “Necessary Information”), in Japanese, in accordance with the following procedure:

First, the Company will send to the Purchaser at the contact address in Japan specified in 2) (i) (e) above an “Information List” specifying information to be initially submitted within 10 business days⁹ (the first day not included) from the date of submission of the “Letter of Intent.”

⁶ Specially related parties as defined in Article 27-2, paragraph 7 of the Financial Instruments and Exchange Act. However, the parties set forth in item (i) of that paragraph shall exclude those who are prescribed in Article 3, paragraph 2 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Share Certificates, etc. by Person Other than Issuer. The same shall apply hereinafter.

⁷ “Shares Certificates, etc.” as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act. The same shall apply hereinafter in (ii).

⁸ This term means material proposal as defined in Article 27-26, paragraph 1 of the Financial Instruments and Exchange Act, Article 14-8-2, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act, and Article 16 of the Cabinet Office Ordinance on Disclosure of the Status of Large-Volume Holding of Share Certificates, etc. The same shall apply hereinafter unless otherwise prescribed.

⁹ A business day means a day other than the days set forth in each item of Article 1, paragraph 1 of the Act on Holidays of Administrative Organs. The same shall apply hereinafter.

The Purchaser is required to submit sufficient information to the Company in accordance with such “Information List.”

If the information provided by the Purchaser in accordance with the “Information List” mentioned above is reasonably determined by the Board of Directors of the Company to be insufficient for shareholders and investors to make a decision and for the evaluation, examination, etc., by such Board of Directors of the Company in view of the details and the form of the Large-Scale Purchase, such Purchaser is required to provide to the Company additional information that is separately requested by such Board of Director of the Company.

Regardless of the details and the form of the Large-Scale Purchase, the information listed in the following items shall, in principle, be included as part of the said “Information List.”

However, if the Purchaser is unable to provide any portion of the following information, the Company will request such Purchaser to give specific reasons as to why the provision of such information is not possible.

- (i) Details (including history, specific name, capital structure, business description, description of financial conditions, and names and career summary of officers) of the Purchaser and its group (including joint holders¹⁰ specially related parties and, in the case of a fund, partners and other members)
- (ii) The purpose (details of the purpose disclosed in the “Letter of Intent”), the method and other details of the Large-Scale Purchase (including whether the Purchaser intends to participate in management of the Company, types and amounts of consideration for the Large-Scale Purchase, the timing of the Large-Scale Purchase, the structure of any related transactions, the number of shares, etc. planned to be purchased, the ownership ratio of shares, etc. after the execution of the purchase, and the legality of the method of the Large-Scale Purchase.)
- (iii) The basis of calculation of the consideration for the Large-Scale Purchase (including the assumptions and facts of the calculation; the method of calculation; numerical information used in the calculation; the details of the synergy expected to arise from a series of transactions related to the Large-Scale Purchase; the name of a third party, if any, from whom an opinion is obtained in performing the calculation; the outline of such an opinion and; the process through which the amount is determined based on such an opinion)
- (iv) Supporting documents explaining the source of funds for the Large-Scale Purchase (including the specific name of providers of funds [including substantial providers of funds], funding methods and the details of any related transactions)
- (v) Presence or absence of communication with any third party in conducting the Large-Scale Purchase and the details of the communication and the outline of such third party if such communication exists
- (vi) If, with regard to shares, etc. of the Company already held by the Purchaser, there are any lending agreement, hypothecation agreement, sell-back agreement, sales reservation agreement or other important contracts or arrangements (hereinafter “Hypothecation Agreements, etc.”), the type of the agreement, the other party to the agreement, and the specific terms and conditions of the Hypothecation Agreements, etc. such as the quantity, etc. of the shares, etc. that are the subject of the agreement
- (vii) If the Purchaser plans to enter into a Hypothecation Agreement, etc. or any other agreements with any third party with regard to the shares, etc. of the Company planned to be purchased by the Purchaser through the Large-Scale Purchase, the type of agreement

¹⁰This term means joint holder as defined in Article 27-23, paragraph 5 of the Financial Instruments and Exchange Act and includes parties recognized by the Board of Directors of the Company as joint holders pursuant to the provisions of paragraph 6 of such Article. The same shall apply hereinafter.

planned to be concluded, the other party to such agreement, and the specific terms and conditions thereof such as the number, etc. of the shares, etc. that are the subject thereof

- (viii) The management policy, business plan, capital policy, and dividend policy of the Company and the Group after the Large-Scale Purchase
- (ix) The policy on the treatment, etc. of the Company Group's employees, labor union, business partners, customers, local communities, and other stakeholders of the Company Group after the Large-Scale Purchase
- (x) Specific measures to avoid any conflict of interest with other shareholders of the Company

When a Purchaser has proposed a Large-Scale Purchase, the Board of Directors of the Company promptly discloses that fact. The Board of Directors of the Company also discloses the outline of the proposal, the outline of the Necessary Information, and any other information that is deemed necessary for shareholders and investors to make a decision, at a point in time deemed appropriate.

In addition, when the Board of Directors of the Company determine that the Necessary Information has been sufficiently proposed by the Purchaser, they notify the Purchaser to that effect (hereinafter "Information Provision Completion Notice") and promptly disclose that fact.

- 4) Establishment of the Board of Directors' Evaluation Period, Consultation with the Special Committee, etc.

After giving the Information Provision Completion Notice, the Board of Directors of the Company sets either of the periods listed in (i) or (ii) below starting on the day immediately following the date of the Information Provision Completion Notice, depending on such factors as the difficulty of evaluation of the Large-Scale Purchase, as a period for evaluation, examination, negotiation, opinion formation, and development of an alternative proposal by such Board of Directors of the Company (hereinafter the "Board of Directors' Evaluation Period") and promptly disclose it.

- (i) In the case of a tender offer of all shares, etc. of the Company with cash-only consideration (in Japanese yen): a period of up to 60 days; or
- (ii) In the case of other Large-Scale Purchases: a period of up to 90 days.

However, in either of the above cases (i) and (ii), the Board of Directors' Evaluation Period may be extended if the Board of Directors finds it necessary. In such a case, the Company notifies the Purchaser of the specific length of the extension and the reasons for the necessity of such extension and discloses it to shareholders and investors. The extension may be up to 30 days.

During the Board of Directors' Evaluation Period, the Board of Directors will consult with the Special Committee (Appendix 4), which shall consist mainly of Outside Directors, regarding the handling of the Large-Scale Purchase. The Special Committee shall sufficiently evaluate and examine the Necessary Information provided by the Purchaser while obtaining the advice of external experts from time to time as necessary, thereby examine the details of the Large-Scale Purchase proposed by the Purchaser from the perspective of protecting and enhancing the corporate value of the Company Group and the common interests of shareholders, and report to the Board of Directors of the Company. The Board of Directors of the Company will respect the report of the Special Committee, further examine the Large-Scale Purchase from its own perspective, carefully compile the Board of Directors' opinion on the Large-Scale Purchase, notify the Purchaser, and disclose its opinion to shareholders and investors in a timely and appropriate manner. The Board of Directors of the Company will also negotiate the terms and conditions and the method of the Large-Scale Purchase with the Purchaser as necessary and may further present an alternative proposal to its shareholders and investors.

5) Resolution of the Board of Directors

The Board of Directors of the Company shall, after conducting such examination, etc. described in 4) above, pass a resolution on whether to activate countermeasures in accordance with the following procedures:

- (i) Cases where the Purchaser does not comply with the procedures set forth in the Plan, or it is considered that the Large-Scale Purchase by a Purchaser significantly undermines the corporate value of the Company Group and common interests of shareholders

The Board of Directors of the Company shall pass a resolution to activate countermeasures as an exceptional measure in cases where the Purchaser fails to comply with the procedures set forth in 2) through 4) above, or where the Large-Scale Purchase by a Purchaser is considered to significantly undermine the corporate value of the Company Group and the common interests of shareholders and it is considered reasonable to activate the countermeasures.

In cases where the proposed Large-Scale Purchase is found to fall under any of types of proposals listed in Appendix 2-1, in principle, such Large-Scale Purchase will be deemed to significantly undermine the corporate value of the Company Group and the common interests of shareholders.

- (ii) Cases whereby a Large-Scale Purchase by a Purchaser could undermine the corporate value of the Company Group and the common interests of shareholders

Even if (i) above does not apply, if a Large-Scale Purchase by the Purchaser could undermine the corporate value of the Company Group and the common interests of shareholders, and it is recognized reasonable to pass a resolution to activate countermeasures, the Board of Directors of the Company shall take the procedures set forth in 6) below to confirm the intent of shareholders regarding the details of the countermeasures and approval or disapproval of the activation of such countermeasures.

In such case, the Board of Directors of the Company shall be subject to the decision made by the vote at the General Meeting for Confirmation of Shareholders' Intentions, the vote in writing, or the vote via the Internet, etc. as prescribed in 6) below, and promptly pass a resolution for the activation or non-activation of countermeasures from the perspective of protecting and enhancing the corporate value of the Company Group and the common interests of shareholders.

Cases whereby the Large-Scale Purchase by the Purchaser could undermine the corporate value of the Company Group and the common interests of shareholders means that it is determined to fall under the category of either case described in Appendix 2-2.

- (iii) Cases whereby a Large-Scale Purchase by a Purchaser is not recognized to undermine the corporate value of the Company Group and the common interests of shareholders

The Board of Directors of the Company shall pass a resolution for non-activation of countermeasures, except as prescribed in (i) and (ii) above.

When the Board of Directors of the Company has passed the resolutions (i), (ii), or (iii) above, regardless of whether the content of the resolution is activation or non-activation of countermeasures, it shall promptly disclose the outline of the resolution together with information about any other matters deemed appropriate by such Board of Directors of the Company.

6) Confirming Shareholder Intent

For cases that fall under 5) (ii) above, the Board of Directors of the Company shall, as a procedure to confirm the intent of shareholders, conduct any of a shareholder vote at the General Meeting for Confirmation of Shareholders' Intentions, a vote in writing, or a vote via the Internet, etc. The General Meeting for Confirmation of Shareholders' Intentions may be held in

conjunction with the Annual General Meeting of Shareholders or an Extraordinary General Meeting of Shareholders.

When confirming the intent of shareholders, the Board of Directors of the Company shall promptly set a record date (hereinafter the “Voting Record Date”) to determine those shareholders who can exercise voting rights. Shareholders who can exercise voting rights in the process of confirming intent of shareholders shall be those shareholders recorded in the final shareholders’ register as of the Voting Record Date, and one ballot shall be cast per voting right. The Voting Record Date shall be the earliest date that can be derived from the number of days required for the determination of substantive shareholders by the Japan Securities Depository Center, Inc. after the expiration of the Board of Directors’ Evaluation Period, and public notice shall be given at least two weeks prior to the record date.

The Board of Directors of the Company shall determine whether the intent of shareholders will be confirmed by a vote at the General Meeting for Confirmation of Shareholders’ Intentions, a vote in writing, or a vote via the Internet, etc. by the time the Voting Record Date is fixed, and shall promptly disclose the details of the decision.

In addition, the Board of Directors of the Company shall promptly disclose the results of the vote and other matters deemed appropriate by the Board of Directors of the Company if a vote at the General Meeting for Confirmation of Shareholders’ Intentions, a vote in writing, or a vote via the Internet, etc. was conducted.

7) Discontinuation of countermeasures or revocation of the decision to activate countermeasures

Even after the Board of Directors of the Company has passed a resolution for the activation of countermeasures in accordance with the procedure prescribed in 5) above or has started activating countermeasures, if (i) the Purchaser has withdrawn the proposal for a Large-Scale Purchase or (ii) there have been changes in the facts on which the judgment as to whether countermeasures should be activated and it is no longer deemed appropriate to activate countermeasures from the perspective of protecting and enhancing the corporate value of the Company Group and the common interests of shareholders, the Board of Directors of the Company shall discontinue countermeasures or revoke the decision to activate countermeasures.

When the Board of Directors of the Company has passed such a resolution, it shall promptly disclose information regarding the outline of the resolution together with information about any other matters deemed appropriate by such Board of Directors of the Company.

8) Commencement of a Large-Scale Purchase

The Purchaser shall comply with the procedures prescribed in 1) through 6) above and cannot commence the Large-Scale Purchase unless the Board of Directors passes a resolution for the activation or non-activation of countermeasures.

(2) Details of countermeasures to be activated under the Plan

As the countermeasures to be activated by the Board of Directors of the Company based on the resolution as described in (1) 5) above, the Company shall make an allotment of share acquisition rights (hereinafter the “Share Acquisition Rights”) without contribution.

The outline of the allotment of the Share Acquisition Rights without contribution shall be as described in Appendix 3 “Outline of the Allotment of the Share Acquisition Rights Without Contribution.”

As described in (1) 7) above, the Board of Directors of the Company may discontinue countermeasures or revoke the decision to activate countermeasures even after it has passed a resolution approving the activation of countermeasures or has started to activate countermeasures. For example, in the case where the Board of Directors of the Company had passed a resolution for the allotment of the Share Acquisition Rights without contribution as countermeasures, if the Purchaser has discontinued the Large-Scale Purchase and such Board of Directors of the Company has passed a resolution described in (1) 7) above, it may cancel the allotment of the Share Acquisition

Rights without contribution until the day before the ex-rights date pertaining to the record date set for such allotment of the Share Acquisition Rights without contribution, and from the effective date thereof to the day before the start date of the exercise period, the Company may suspend the activation of the countermeasures by acquiring the Share Acquisition Rights free of charge.

(3) Effective period, revocation, and change of the Plan

The effective period of the Plan, if approved at the Annual General Meeting of Shareholders to be held on June 28, 2023, shall be three years until the conclusion of the Annual General Meeting of Shareholders scheduled to be held in June 2026.

However, if a resolution for the change or abolition of the Plan is passed at a General Meeting of Shareholders of the Company anytime before the expiration of the said effective period, the Plan shall be changed or abolished at that time pursuant to such resolution. In addition, if a resolution for the abolition of the Plan is passed by the Board of Directors consisting of Directors who have been elected at a General Meeting of Shareholders of the Company, the Plan shall be abolished at that time.

The Board of Directors of the Company may modify or change the Plan in a range that is judged reasonably necessary due to: a change in the Companies Act, Financial Instruments and Exchange Act, other laws or regulations or rules of the financial instruments exchange; a change in the interpretation or operation thereof; or a change in the taxation system, judicial precedents, etc.

In cases where the Plan is abolished or changed, the Company shall disclose such a fact of abolition or change and (in the case of a change) the detail of the change together with any other matters deemed appropriate by the Board of Directors of the Company.

3. Rationale of the Plan

(1) The Plan satisfies all the requirements of the guidelines on Takeover Defense Measures.

The Plan satisfies all three principles (principle of protecting and enhancing corporate value and shareholders' common interests, principle of prior disclosure and shareholders' intent and principle of ensuring the necessity and reasonableness of defensive measures) prescribed in the "Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interest" jointly published by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005 and is also based on the contents of the "Takeover Defense Measures in Light of Recent Environmental Changes" published by the Corporate Value Study Group on June 30, 2008 and the draft guidelines published in April 2023 by the "Fair Acquisition Study Group."

(2) The Plan is being continued for the purpose of protecting and enhancing corporate value of the Company Group and the common interests of shareholders.

As noted in the 1. above, the Plan is continued for the purpose of protecting and enhancing the corporate value of the Company Group and the common interests of shareholders in the case where a Large-Scale Purchase of shares, etc. of the Company is proposed by securing information and time necessary for the shareholders to decide whether to accept the proposal for the Large-Scale Purchase or for the Board of Directors of the Company to present an alternative proposal, as well as by enabling the Company to negotiate with the Purchaser on behalf of its shareholders or to take similar actions.

(3) The Plan respects shareholders' intention.

The Plan directly confirms the intent of shareholders regarding the activating of countermeasures against a Large-Scale Purchase by a Purchaser, except in the cases set forth in 2. (1) 5) (i) above.

In addition, the Plan is to be continued subject to the approval of shareholders at this Annual General Meeting of Shareholders. As stated in 2. (3) above, if a resolution for the change or abolition of the Plan is passed at a General Meeting of Shareholders of the Company anytime after the Plan is approved at this Annual General Meeting of Shareholders, the Plan will be changed or abolished

pursuant to such resolution. Therefore, the intention of shareholders will adequately be reflected on the Plan's continuation, change and abolition through the procedure mentioned above.

(4) Reasonable and objective requirements for the activation of the Plan

As stated in 2. (1) above, the Company has structured the Plan in a manner that it will not be activated unless reasonable and objective requirements for activation are satisfied and has put in place a mechanism to prevent the Board of Directors of the Company from arbitrarily activating it.

(5) The Plan is not a dead-hand type.

As stated in 2. (3) above, the Plan may be abolished anytime by the Board of Directors consisting of Directors who are elected at the General Meeting of Shareholders of the Company. Therefore, the Plan is not a dead-hand type takeover defense plan (a takeover defense plan whose activation cannot be prevented even after replacing a majority of the members of the Board of Directors).

4. Impact on shareholders and investors

(1) Impact of the continuation of the Plan on shareholders and investors upon its taking effect

When the continuation of the Plan takes effect, none of the Share Acquisition Rights will be issued. Therefore, upon its taking effect, the Plan will not directly have any specific impact on the legal rights and economic benefits pertaining to shares of the Company owned by shareholders.

As stated in 2. (1) above, depending on whether the Purchaser complies with the Plan, the response policy of the Company to the proposed Large-Scale Purchase will be different. Therefore, shareholders and investors are advised to pay attention to any action that the Purchaser may or may not take.

(2) Impact on shareholders and investors at the time of allotment of the Share Acquisition Rights without contribution

In the case where the Board of Directors of the Company decides to activate countermeasures and carry out allotment of the Share Acquisition Rights without contribution, the Share Acquisition Rights will be allotted without contribution to shareholders whose names are recorded in the shareholder register as of the allotment due date to be specified separately at the rate of up to one Share Acquisition Right per share owned. Due to the nature of such a structure, while the allotment of the Share Acquisition Rights without contribution causes dilution of the value per share of the Company owned by each shareholder, it does not cause dilution of the total value of the shares thereof. As such, the allotment of the Share Acquisition Rights without contribution is not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company owned by shareholders.

However, as a result of the activation of these countermeasures, the Purchaser may eventually be subject to certain impact on its legal rights and economic benefits.

Even in cases where the Board of Directors of the Company passes a resolution for the allotment of the Share Acquisition Rights without contribution, and it subsequently decides to discontinue countermeasures that it has activated or suspend to activate countermeasures in accordance with the procedure described in 2. (1) 7) above, the price of shares of the Company may fluctuate accordingly. For example, in cases where the Company revokes the activation of countermeasures after the shareholders to receive the allotment of the Share Acquisition Rights without contribution are determined and thereby it acquires the Share Acquisition Rights free of charge and does not deliver new shares, no dilution of economic value per share of the Company owned by each shareholder occurs. Accordingly, shareholders and investors who have traded shares of the Company based on the assumption that dilution thereof would occur may be exposed to a loss due to share price fluctuation.

Because discriminatory conditions are to be attached in relation to the exercise or acquisition of the Share Acquisition Rights, while the legal rights and economic benefits of the Purchaser are expected to be affected with regard to such exercise or acquisition, even in this case, such exercise or acquisition

is not expected to directly have a specific impact on the legal rights and economic benefits pertaining to shares of the Company owned by shareholders other than the Purchaser.

(3) Procedures to be followed by shareholders in conjunction with the allotment of the Share Acquisition Rights without contribution

As those shareholders whose names are recorded in the last shareholder register as of the allotment due date of the Share Acquisition Rights without contribution would naturally become holder of the Share Acquisition Rights as of the effective date of the allotment of such Share Acquisition Rights without contribution, no application procedure needs to be followed by such shareholders.

In addition, shareholders may need to exercise the Share Acquisition Rights within a prescribed period for the acquisition of new shares. (In such cases, shareholders are required to pay a certain amount of money.)

In addition to the above, after the Board of Directors of the Company passes a resolution for the allotment of the Share Acquisition Rights without contribution, the allotment method, the exercise method, the method of acquisition by the Company and other details of the required procedures will be, based on the applicable laws and regulations and rules of the financial instruments exchange, disclosed or notified by the Company to shareholders in a timely and appropriate manner for their confirmation.

Appendix 1

Status of Major Shareholders of the Company (As of March 31, 2023)

No.	Name	Number of shares held	Shareholding ratio
1	Harada Memorial Foundation	2,810,446	10.5%
2	The Master Trust Bank of Japan, Ltd. (Trust Account)	2,416,300	9.0%
3	Custody Bank of Japan, Ltd. (Trust Account)	2,288,200	8.5%
4	Resona Bank, Limited	1,286,687	4.8%
5	Sumitomo Mitsui Banking Corporation	1,266,000	4.7%
6	TAKUMA CO., LTD.	869,500	3.2%
7	Torishima Pump Mfg. Employee Shareholding Association	756,532	2.8%
8	MUFG Bank, Ltd.	666,608	2.4%
9	Kurimoto, Ltd.	652,200	2.4%
10	HISAKA WORKS, LTD.	619,900	2.3%

Note: Shareholding ratios are calculated after deducting treasury shares (2,387,209 shares) held by the Company.

1. Total number of shares issued:	29,112,179 shares
2. Total number of authorized shares:	60,000,000 shares
3. Total number of shareholders:	6,885

Types of Large-Scale Purchase Proposals That Are Recognized to Significantly Undermine the Corporate Value of the Company Group and the Common Interests of Shareholders

1. Cases where the Purchaser is found to be a party who does not have any intention to participate in corporate management and is acquiring or intends to acquire shares, etc. of the Company only for the purpose of selling such shares, etc. thereof to the Company or a related party of the Company at a high price after driving the share price higher (so-called greenmailer)
2. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of transferring such assets of the Company or the Group companies as intellectual property rights, know-how, trade secrets, major business partners or customers that are necessary for the business operation of the Company or the Group companies to the Purchaser or its group companies, etc. by temporarily acquiring control over the corporate management of the Company
3. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of using the assets of the Company or the Group companies as collateral for or the source of funds to repay, debts of the Purchaser or its group companies, etc. after acquiring the control over the corporate management of the Company
4. Cases where the Purchaser is found to be acquiring shares, etc. of the Company for the purpose of temporarily acquiring the control over the corporate management of the Company and disposing high-value assets, etc. such as real estate, securities, etc., that are not currently related to the business of the Company Group companies by sale, etc. and temporarily paying higher dividends from the disposition proceeds or deliberately selling the shares, etc. of the Company at a high price as the share price surges during the period of the said temporarily higher dividends
5. Cases where the method of purchase of shares, etc. of the Company proposed by the Purchaser is found to impose restrictions on the opportunity or freedom of shareholders to make a decision by way of so-called coercive two-tier tender offer (the method of carrying out a tender offer in two steps where the Purchaser does not solicit the sale of all shares, etc. of the Company in the first stage while specifying unfavorable terms and conditions for purchase in the second stage or not clarifying the terms and conditions for purchase in the second stage) and shareholders could be effectively forced to sell the shares, etc. of the Company

Types of Large-Scale Purchase Proposals That Are Recognized to Have the Potential to Undermine the Corporate Value of the Group and the Common Interests of Shareholders

1. Cases where the terms and conditions for purchasing the Company's shares, etc. (including, but not limited to, type and amount of the consideration thereof, basis of calculation of such consideration, specific content of other terms and conditions [including the timing and method for the acquisition], whether there is any illegality and the feasibility) proposed by the Purchaser are found significantly inadequate or unsuitable with respect to the corporate value of the Company Group
2. Cases where the acquisition of control of the Company by the Purchaser is found to cause impediment to the protection or enhancement of the corporate value of the Company Group and the common interests of shareholders as it is expected that, among other case, such control would spoil the relationship with the shareholders as well as relationships with customers, employees and other stakeholders of the Group, which are the source of the Group's corporate value, and damage the Group's corporate value and the common interests of shareholders
3. Cases where the corporate value of the Company Group when the Purchaser acquires the control is found to be inferior to, in comparison of medium- to long-term future corporate value, that when such Purchaser does not acquire control thereof
4. Cases where the Purchaser is determined to be significantly unsuitable to be the Company's controlling shareholder from the perspective of public order and morals
5. Other types equivalent to 1. through 4. above or any of those in Appendix 2-1, and those which could undermine the corporate value of the Company Group and the common interests of its shareholders.

Outline of the Allotment of the Share Acquisition Rights Without Contribution

1. Total number of the Share Acquisition Rights to be allotted

The total number of the Share Acquisition Rights to be allotted shall be the number separately specified by the Board of Directors of the Company in the resolution approving the allotment of the Share Acquisition Rights without contribution (hereinafter “Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution”) and this number shall not exceed the number equivalent to the final total number of issued shares of the Company as of a certain day separately specified by the Board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution (hereinafter “Allotment Due Date”) (excluding the number of shares of the Company held by the Company as of the said date).

2. Shareholders eligible for allotment

The Share Acquisition Rights shall be allotted without contribution to shareholders whose names are recorded in the last shareholder register as of the Allotment Due Date at the rate of up to one Share Acquisition Rights per common share of the Company held by the said shareholders (excluding shares of the Company held by the Company as of the said date) that is separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

3. Effective date of the allotment of the Share Acquisition Rights without contribution

The effective date shall be the day separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

4. Class and number of shares that are the subject of the Share Acquisition Rights

The class of the shares that are the subject of the Share Acquisition Rights shall be common shares of the Company and the number of shares that are the subject of the Share Acquisition Rights (hereinafter “Number of Subject Shares”) shall be the number separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution provided that the Number of Subject Shares shall not exceed one. However, in cases where the Company carries out a share split or share consolidation, the Number of Subject Shares shall be subject to required adjustment.

5. Type and amount of assets to be contributed upon exercise of the Share Acquisition Rights

The type of assets to be contributed upon exercise of the Share Acquisition Rights shall be money and the amount of assets to be contributed upon exercise of the Share Acquisition Rights per common share of the Company shall be the amount separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution provided that this amount shall not be less than ¥1.

6. Restrictions on the transfer of the Share Acquisition Rights

Any transfer of the Share Acquisition Rights shall be subject to the approval of the Board of Directors of the Company.

7. Exercise conditions of the Share Acquisition Rights

A party falling under any of the following categories (hereinafter collectively referred to as “Non-Qualified Parties”) are not entitled to exercise the Share Acquisition Rights: (1) specified large volume holder¹¹, (2) joint holder of a specified large volume holder, (3) specified large-scale purchaser¹², (4) specially related party of a

¹¹ Specified large volume holder refers to a holder of shares, etc. issued by the Company whose ownership ratio of shares, etc. pertaining to the said shares, etc. is 20% or more or a party who falls under the category of specified large volume holder as determined by the Board of Directors of the Company. However, such a party shall not fall under the category of specified large volume holder if the board has determined that said party’s acquiring or holding shares, etc. of the Company is not against the corporate value of the Company Group and the common interests of shareholders or if the said party is a party separately specified as such by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

¹² Specified large volume purchaser refers to a party who has given a public notice to the effect that it will carry out a purchase, etc.

specified large-scale purchaser, (5) party who has received or succeeded the Share Acquisition Rights from any of the parties included in (1) through (4) without obtaining the approval of the Board of Directors of the Company, or (6) related party of any of the parties falling under (1) through (5)¹³. The details of the conditions for the execution of the Share Acquisition Rights shall be separately specified in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

8. Acquisition of the Share Acquisition Rights by the Company

The Company may acquire Share Acquisition Rights held by parties other than Non-Qualified Parties and deliver common shares of the Company in the Number of Subject Shares per Share Acquisition Right in exchange for them on the day separately specified by the Board of Directors of the Company. However, if the Company acquires Share Acquisition Rights held by Non-Qualified Parties, it will not deliver any money, etc. as consideration. The details of the conditions for the acquisition of Share Acquisition Rights shall be separately specified in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

9. Acquisition without contribution in the case of revocation, etc. of the decision to activate countermeasures

In cases where the Board of Directors of the Company has revoked the activating of countermeasures or other cases separately specified by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution, the Company may acquire all of the Share Acquisition Rights without contribution.

10. Exercise period, etc. of the Share Acquisition Rights

The exercise period of the Share Acquisition Rights and other necessary matters shall be separately specified by the Board of Directors of the Company in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

(meaning purchase, etc. as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note) of shares, etc. (meaning share certificates, etc. as defined in Article 27-2, paragraph 1 of the Financial Instruments and Exchange Act; the same shall apply hereinafter in this note) issued by the Company through a tender offer and the aggregate sum of whose ownership ratio of shares, etc. pertaining to its ownership after the said purchase, etc. (including those prescribed by Article 7, paragraph 1 of the Order for Enforcement of the Financial Instruments and Exchange Act as to be equivalent thereto) as combined with the ownership ratio of shares, etc. of its specially related parties is 20% or more, or a party who falls under the category of specified large volume purchaser as determined by the Board of Directors of the Company. However, such a party shall not fall under the category of specified large volume holder if the board has determined that said party's acquiring or holding shares, etc. of the Company is not against the corporate value of the Company Group and the common interests of shareholders or if the said party is a party separately specified as such by the board in the Resolution Approving the Allotment of the Share Acquisition Rights Without Contribution.

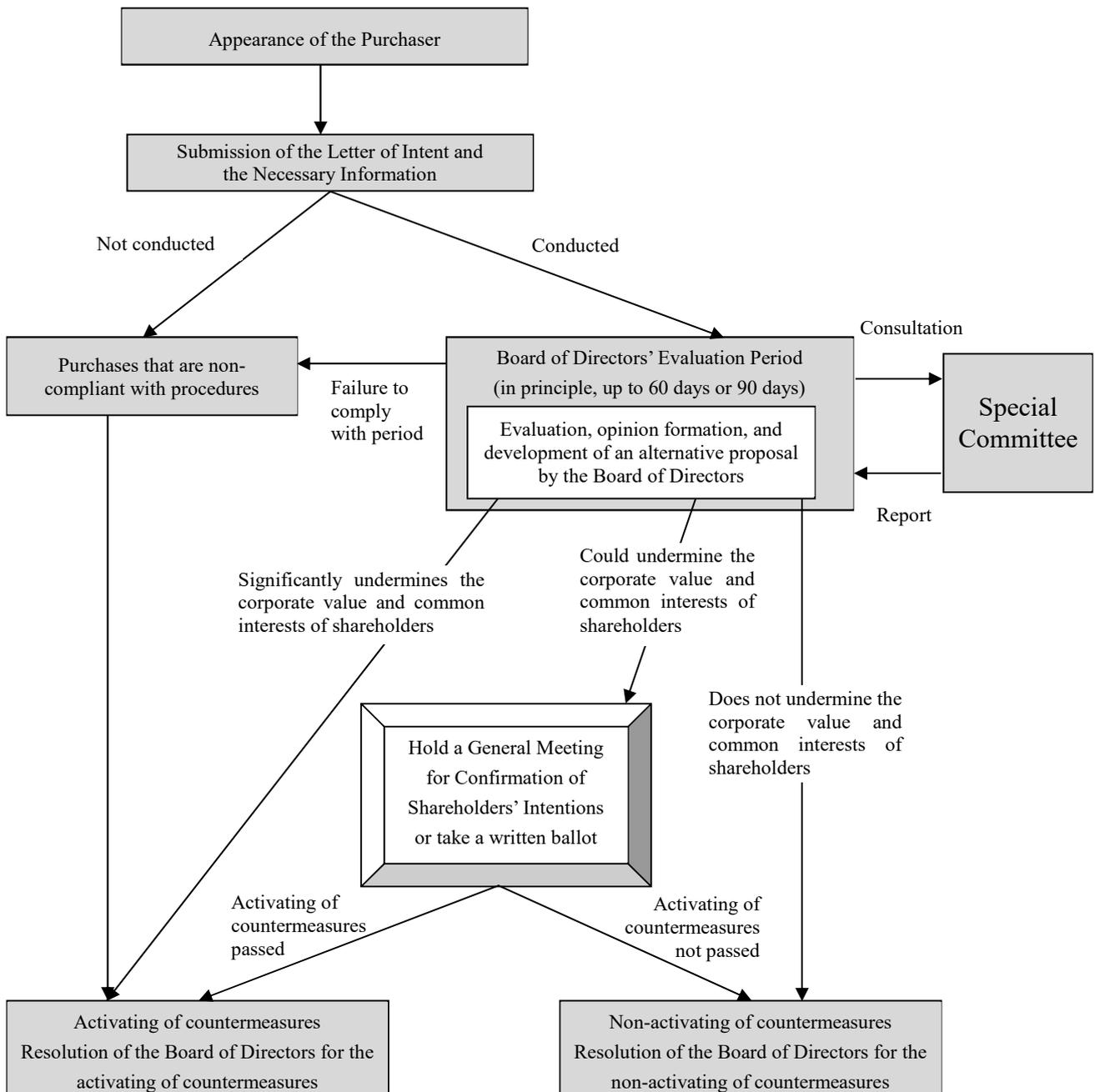
¹³“Related party” of a given party means a party who substantively controls or is controlled by or is under the common control with the other party (including those who are recognized by the Board of Directors of the Company to fall under the said definition) or a party who is recognized by the Board of Director of the Company to act in cooperation with such other party. “Control” means the “cases where a party controls decisions on financial and business policies” of other companies, etc. (meaning the cases defined in Article 3, paragraph 3 of the Ordinance for Enforcement of the Companies Act).

Overview of the Special Committee

1. The Special Committee shall submit a report on the implementation or non-implementation of countermeasures under the Plan in consultation with the Board of Directors, and its purpose is to help ensure the fairness and impartiality of the Board of Directors' decision-making process.
2. The Special Committee shall have at least three members, consisting mainly of Outside Directors who are not members of the Audit and Supervisory Committee and Outside Directors who are members of the Audit and Supervisory Committee (hereinafter collectively referred to as "Outside Directors"), and under certain circumstances, persons who meet certain independent requirements (hereinafter referred to as "outside experts") may be added.
3. As a non-standing committee, the Special Committee shall, in principle, deliberate and decide on the matters listed below and report back to the Board of Directors with the reasons for its decisions.
 - (a) Whether or not the large-scale purchaser has complied with the procedures set forth in the Plan
 - (b) Whether or not the details of the proposed acquisition are significantly harmful to the corporate value of the Company Group and, consequently, the common interests of its shareholders
 - (c) Implementation or non-implementation of countermeasures
 - (d) Termination of countermeasures
 - (e) Matters concerning which the Board of Directors has consulted with the Special Committee in regard to the Plan
 - (f) Matters that the Board of Directors has separately determined that the Special Committee may carry out
4. Each fiscal year, the Board of Directors will appoint at least three members and one Chairperson from among them at the first meeting of the Board of Directors held after the Annual General Meeting of Shareholders. When outside experts are to be added to the committee, the Board of Directors shall appoint them on a case-by-case basis.
5. At the request of the Board of Directors, the Special Committee shall fulfill its responsibility to fully explain the reasons and basis for its report.

(Reference)

Flow Chart for Procedures of the Plan



* This scheme diagram features an overview of the Plan in an easy-to-understand manner. Please refer to the text for specifics on the Plan.