

[Translation]
Stock code: 6101
May 27, 2025

To our shareholders,

Nobuhiro Watabe
Representative Director and President
TSUGAMI CORPORATION
12-20, Tomizawa-cho
Nihonbashi, Chuo-ku, Tokyo

Notice of the 122nd Annual Shareholders Meeting

You are cordially invited to attend the 122nd Annual Shareholders Meeting of TSUGAMI CORPORATION (the “Company”), to be held as set forth below.

In the convocation of this meeting, the Company has taken measures for providing information that constitutes the content of reference documents for the shareholders meeting, etc. in electronic format (matters subject to measures for electronic provision), and posts this information on the following websites on the Internet. Please access any of these websites by using the Internet address shown below to review the information.

[The Company’s website]

<https://www.tsugami.co.jp/> (in Japanese)

(Please access the website shown above by using the Internet address, select “Investor Relations” and then “Shareholders’ Meeting” to review the information.)

[Reference documents for the Shareholders Meeting website]

<https://d.sokai.jp/6101/teiji/> (in Japanese)

[TSE website (Listed Company Search)]

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

(Please access the website of Tokyo Stock Exchange, Inc. (TSE) shown above by using the Internet address, enter “TSUGAMI” in the “Issue name (company name)” or “6101” in the “Code,” and click the “Search,” and then click the “Basic information” and select the “Documents for public inspection/PR information” to review the information.)

In lieu of attending the meeting in person, you may exercise your voting rights in writing (by postal mail) or via the Internet. Please kindly examine the reference materials for the Annual Shareholders Meeting and exercise your voting rights according to “Guidance on Exercise of the Voting Rights” on the following pages.

Meeting Details

- 1. Date & Time** 10:00 a.m., Wednesday, June 18, 2025
2. Venue Sakura-no-ma, third floor of Hotel New Otani Nagaoka
2-8-35 Daimachi, Nagaoka City, Niigata Prefecture

3. Agenda:

Items to be reported

1. The Business Report, the Consolidated Financial Statements, and the report on the audit of the consolidated accounts by the Independent Auditors and the Audit and Supervisory Committee for the 122nd term, from April 1, 2024 to March 31, 2025, will be reported at the meeting.
2. The Non-consolidated Financial Statements for the 122nd term, from April 1, 2024 to March 31, 2025, will be reported at the meeting.

Items to be resolved

Item 1: Partial Amendments to the Articles of Incorporation

Item 2: Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Item 3: Election of One Director Who Is Audit and Supervisory Committee Member

If attending the meeting in person, please present the voting form at the reception desk. In addition, you are also kindly requested to bring this Notice as meeting materials when you attend.

At this Shareholders Meeting, regardless of whether or not a request for delivery of the document is made, the Company will uniformly send out documents containing the matters subject to measures for electronic provision. Of the matters subject to measures for electronic provision, the following items are not provided in this document because they have been posted on the websites listed on the preceding page where the matters subject to measures for electronic provision are posted, pursuant to the provisions of applicable laws and regulations as well as the Company's Articles of Incorporation. The Independent Auditors and the Audit and Supervisory Committee have audited the documents to be audited, including the following items.

- (i) Status of Share Acquisition Rights, etc.
- (ii) Notes to Consolidated Financial Statements
- (iii) Notes to Non-consolidated Financial Statements

If any amendments are made to the matters subject to measures for electronic provision, the fact that the revisions were made and the matters before and after the amendments will be posted on the websites listed on the preceding page where the matters subject to measures for electronic provision are posted.

If significant changes occur in the administration of the meeting due to changes in the situation, the relevant information will be posted on the Company website.

Guidance on Exercise of the Voting Rights

You can exercise your voting rights by one of the three methods below.

In the case of online exercise of the voting rights

Please access the website for exercise of the voting rights that the Company designates (<https://evote.tr.mufg.jp/>), and exercise your vote by indicating “for” or “against” for each agenda item. For more details, please read the instructions provided in “Procedures for Online Exercise of the Voting Rights” on following pages.

Deadline Submission must be completed no later than 5:30 p.m. on Tuesday, June 17, 2025

In the case of exercise of the voting rights in writing (by postal mail)

Please exercise your vote by indicating “for” or “against” for each agenda item listed on the voting form, affix your seal and return it to us.

Deadline The voting form must arrive no later than 5:30 p.m. on Tuesday, June 17, 2025

If you exercise your voting rights in writing (by postal mail) and do not indicate “for” or “against” on any of the proposals, we will treat it as if you indicated your approval.

In the case of attending the meeting in person

Please present the voting form at the reception desk.

Date & Time 10:00 a.m., Wednesday, June 18, 2025

- Please note that if you exercise voting rights both by online and in writing (by postal mail), the votes cast online will be considered valid.
- If you exercise your voting rights online more than once, the final vote that you cast will be valid.

Procedures for Online Exercise of the Voting Rights

Deadline Submission must be completed no later than 5:30 p.m. on Tuesday, June 17, 2025

QR code reading method

You will be able to log in to the website for the exercise of voting rights without entering your login ID or temporary password described on the voting form.

1. Please read the QR code printed on the voting form.
*The QR code is a registered trademark of DENSO WAVE Incorporated.
2. Then, enter your vote by indicating “for” or “against” according to the instructions on the screen.

Login ID and temporary password using method

Website for exercise of the voting rights: <https://evote.tr.mufg.jp/>

1. Please access the website for exercise of the voting rights.
 2. Please enter the login ID and temporary password printed on the voting form and click “login.”
 3. Then, enter your vote by indicating “for” or “against” according to the instructions on the screen.
- Online exercise of the voting rights is not available from 2:30 a.m. to 4:30 a.m. each day.
 - You may not access the website for exercise of the voting rights according to the environment in which you use the Internet with your personal computer or smartphone.
 - You are required to bear the costs charged for access to the website for exercise of the voting rights (such as Internet access fees).

Contact for the Online Exercise of the Voting Rights

Help Desk, Stock, Transfer Agency Department,
Mitsubishi UFJ Trust and Banking Corporation
Telephone: 0120-173-027
(Toll-free only in Japan, time for acceptance of
inquiries: 9:00 a.m. to 9:00 p.m.)

Information for Institutional Investors

The Electronic Voting System Platform operated and managed by ICJ, Inc. is also available to exercise voting rights on a condition that prior application was made for the use of the platform.

Business Report

(From April 1, 2024 to March 31, 2025)

1. Current Status of the Group

(1) Business Performance for the Fiscal Year Ended March 31, 2025

(i) Business progress and results

Regarding the environment surrounding the Group in the fiscal year under review, although some movement has been observed in China and other markets, the overall sense of uncertainty could not be denied. In this situation, the Group steadily promoted its business in each of its locations, and as a result, revenue stood at ¥107,411 million (up 28.0% year on year), operating profit was ¥23,309 million (up 78.0% year on year), and profit attributable to owners of parent was ¥10,901 million (up 102.8% year on year), with both revenue and profit reaching historic highs.

Looking at revenue by machine type, revenue from our mainstay automatic lathes amounted to ¥90,299 million (up 27.8% year on year), grinding machines amounted to ¥5,142 million (up 30.0% year on year), and machining centers, thread and form rolling machines, and specialized machines amounted to ¥6,829 million (up 44.1% year on year).

(ii) Capital investments activities

Major facilities acquired during the consolidated fiscal year under review are as follows:

The Company's Nagaoka Factory	Repair of factory equipment
Precision Tsugami (China) Corporation	Additional installation of equipment for producing machine tools
Precision Tsugami (Anhui) Corporation	Additional installation of equipment for producing machine tools
TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED	A new plant for manufacturing machine tools, casting and components*

(*Capital investment for the subject property is yet to be completed.)

Total investments amounted to ¥2,241 million, funded through the Company's own funds.

(iii) Financing activities

The Group did not issue any bonds or shares to raise funds in the fiscal year under review.

(2) Assets and Operating Results for the Latest Three years

(Millions of yen)

Category	119 th term ended March 31, 2022	120 th term ended March 31, 2023	121 st term ended March 31, 2024	122 nd term ended March 31, 2025
Revenue	93,174	94,963	83,928	107,411
Profit before tax	18,776	16,467	13,795	23,709
Profit attributable to owners of parent	9,486	7,695	5,376	10,901
Basic earnings per share	¥191.99	¥159.39	¥112.57	¥231.55
Total assets	103,761	112,364	117,714	127,306
Total equity	57,840	64,922	72,361	84,114
Equity attributable to owners of parent per share	¥941.82	¥1,057.67	¥1,190.52	¥1,327.03

Note: The Company has been preparing consolidated financial statements that conform to the IFRS.

(3) Status of Parent Company and Principal Subsidiaries

(i) Parent company

Not applicable

(ii) Principal subsidiaries

Company name	Capital	Voting share of the Company	Main business
TSUGAMI GENERAL SERVICE CO., LTD.	¥42 million	100.0	Inspections and maintenance of buildings and facilities of factories, and non-life insurance agency operations
TSUGAMI EUROPE GmbH	€60 thousand	100.0	Sales, maintenance and repair service of machine tools
Precision Tsugami (China) Corporation	CNY741 million	100.0 (100.0)	Manufacturing and sales of machine tools
Precision Tsugami (China) Corporation Limited	HK\$380 million	66.4	Holding company
Precision Tsugami (Hong Kong) Limited	HK\$767 million	100.0 (100.0)	Holding company
Shinagawa Precision Machinery (Zhejiang) Co., Ltd	CNY35 million	100.0 (100.0)	Manufacturing and sales of machine tool castings
Precision Tsugami (Anhui) Corporation	CNY150 million	100.0 (100.0)	Manufacturing and sales of machine tools and metal castings
TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED	INR495 million	90.9 (15.1)	Manufacturing and sales of machine tools
TSUGAMI (THAI) CO.,LTD.	THB10 million	47.9	Sales, maintenance and repair service of machine tools
TSUGAMI KOREA CO., LTD.	₩1,000 million	100.0	Sales, maintenance and repair service of machine tools
TSUGAMI Universal Pte.Ltd.	S\$125 thousand	100.0	Sales, maintenance and repair service of machine tools
TSUGAMI UNIVERSAL SDN.BHD.	MYR150 thousand	100.0 (100.0)	Sales, maintenance and repair service of machine tools
TSUGAMI VIETNAM COMPANY LIMITED	VND1,689 million	100.0	Sales, maintenance and repair service of machine tools

- Notes: 1. The figure in the parenthesis is the indirect ownership of voting rights.
2. Precision Tsugami (China) Corporation absorbed and merged Precision Nakatsu (China) Corporation, a consolidated subsidiary of the Company, on October 31, 2024.
3. The Company sold a portion of shares of Precision Tsugami (China) Corporation Limited, a consolidated subsidiary, held by the Company on July 2, 2024. Precision Tsugami (China) Corporation Limited acquired its shares as treasury shares.

(4) Challenges to Address

(Challenges in the medium to long term)

The Group is addressing the following priority issues proactively as its medium- and long-term management strategies.

(i) Introduction of new products targeting growth fields

The Group will make every effort to launch new products that will sufficiently meet customers' requests in markets that are expected to grow, including the auto parts market, where eco-friendliness and energy saving are required, including the market for the IT market, and the medical care market.

(ii) Business strategies targeting growth regions

The Group will continue its efforts to build up production, sales and after-sales service organizations in Asian markets (including China, Southeast Asia and India), which we continue to need to emphasize.

(iii) Management streamlining and customer satisfaction enhancement

To bolster the comprehensive strength of the corporate group, the Group, including affiliates, will seek to

enhance its sales, production, and management systems and to achieve efficient management.

The Group will continue to make every effort to offer new products that satisfy customer demands, to expand and upgrade its services, to improve customer satisfaction on a constant basis, and to maintain the trust of its customers.

(iv) Enhancement of the corporate governance system

To ensure the fairness, transparency and objectivity of the appointment of officers and compensation for officers, the Company established a Nomination Committee and a Compensation Committee, voluntary committees in which independent outside directors constitute a majority, as advisory bodies to the Board of Directors. In this way, the Company will enhance the corporate governance system by increasing the effectiveness of the organizational structure.

(v) Strengthening sustainability initiatives

The Group recognizes that sustainability is an important management issue, and under the supervision of the Board of Directors, the Sustainability Committee plays a central role in promoting company-wide initiatives. To address climate change and environmental issues, the Group will continuously reduce CO2 emissions from all of its business activities and enhance non-financial information disclosure based on TCFD recommendations.

Through these initiatives, the Group will continue making maximum efforts as a group of companies trusted by our customers and all other stakeholders.

(5) Principal Businesses (as of March 31, 2025)

Manufacturing and sale of precision machine tools

(6) Main Offices and Factories (as of March 31, 2025)

(i) Tsugami Corporation

Name	Address
Head office	Chuo-ku, Tokyo
Sales offices	Ageo, Nagaoka, Chino, Nagoya and Osaka
Nagaoka Factory	Nagaoka City, Niigata Prefecture

(ii) Subsidiaries

Name	Address
TSUGAMI GENERAL SERVICE CO., LTD.	Nagaoka City, Niigata Prefecture
TSUGAMI EUROPE GmbH	Germany
Precision Tsugami (China) Corporation	China
Shinagawa Precision Machinery (Zhejiang) Co., Ltd	China
Precision Tsugami (Anhui) Corporation	China
TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED	India
TSUGAMI (THAI) CO.,LTD.	Thailand
TSUGAMI KOREA CO., LTD.	South Korea
TSUGAMI Universal Pte.Ltd.	Singapore
TSUGAMI UNIVERSAL SDN.BHD.	Malaysia
TSUGAMI VIETNAM COMPANY LIMITED	Vietnam

(7) Employees (as of March 31, 2025)**(i) Employees of the Tsugami Group**

Number of employees	Change from the end of the previous term
3,433 [90]	Up 370 [Down 1]

Note: The number of employees consists of full-time workers excluding part-time and temporary workers. The annual average number of part-time and temporary workers is presented in brackets.

(ii) Employees of Tsugami Corporation

Number of employees	Change from the end of the previous term	Average age	Average service years
500 [74]	Up 9 [Down 2]	44.0 years old	19.2 years

Note: The number of employees consists of full-time workers, excluding part-time and temporary workers. The annual average number of part-time and temporary workers is presented in brackets.

(8) Principal Lenders (as of March 31, 2025)

Lender	Outstanding loan amount
Sumitomo Mitsui Banking Corporation	¥1,700 million
MUFG Bank, Ltd.	¥1,700 million
Daishi Hokuetsu Bank, Ltd.	¥1,700 million
Mizuho Bank, Ltd.	¥1,300 million
THE HACHIJUNI BANK, LTD.	¥400 million

(9) Policies Concerning Decisions on Distribution of Retained Earnings and Other Matters

The Group adopts a basic policy of increasing its collective capabilities and returning profits to shareholders by sustaining aggressive investment in development projects in response to changing social demands and continuing its efforts to enhance competitiveness and streamline management. Based on this policy, the Group is united in its commitment to strengthening its business structure and achieving stable dividends.

The Group will also deal appropriately with the acquisition of treasury shares for the flexible enforcement of capital policies and other purposes as part of its measures for returning profits to shareholders, based on a comprehensive assessment of factors, including need, financial conditions and share price trends.

For the consolidated fiscal year ended March 31, 2025, the Company has decided to pay annual dividends of ¥59 per share, including interim dividends of ¥27 per share and year-end dividends of ¥32 per share.

For the consolidated fiscal year ending March 31, 2026, the Company plans to pay annual dividends of ¥64 per share, including interim dividends of ¥32 per share and year-end dividends of ¥32 per share.

2. Current Status of the Company

(1) Shares (as of March 31, 2025)

(i) Number of authorized shares: 320,000,000

(ii) Number of issued shares: 48,000,000

(Note) Number of issued shares decreased 2,000,000 shares compared with the end of the previous fiscal year due to a cancellation of treasury shares on May 21, 2024.

(iii) Number of shareholders: 10,457

(iv) Major shareholders (top 10 shareholders)

Name	Number of shares held (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,865	14.48
Custody Bank of Japan, Ltd. (trust account)	3,053	6.44
Daishi Hokuetsu Bank, Ltd.	2,184	4.60
Sumitomo Mitsui Banking Corporation	1,516	3.19
The Dai-ichi Life Insurance Company, Limited	1,470	3.10
THE BANK OF NEW YORK 133652	1,352	2.85
Tsugami Customers' Shareholding Association	1,155	2.43
JPMorgan Securities Japan Co., Ltd.	982	2.07
STATE STREET BANK AND TRUST COMPANY 505001	868	1.83
DAIKIN INDUSTRIES, LTD.	717	1.51

Note: In calculating the ratio of holdings, 602 thousand treasury shares were excluded. The ratio was rounded down to the second decimal place.

(v) Status of shares granted to the Company's officers in consideration of the performance of duties during the fiscal year under review

	Number of shares	Number of eligible beneficiaries
Directors (excluding Director who are Audit and Supervisory Committee Members and Outside Directors)	186,500	4

Notes: 1. Details of the Company's stock compensation is described in "2. (2) (iv) Compensation paid to Directors."
2. The number of shares shown above includes 167,000 restricted shares, which were granted on July 12, 2024, as transition measures from the stock compensation-type stock options plan.

[Reference]

Matters regarding shares held by the Company (as of March 31, 2025)

(i) Policy on cross-shareholding

The Company implements cross-shareholding if it determines that cross-shareholding builds a relationship of trust with an important business partner and contributes to the medium- to long-term growth of the Company and improvement of its corporate value. The Company discusses the significance, benefits, risks, and other aspects of the economic rationality of cross-shareholding for each stock held by the Company every year at the Corporate Management Committee. It also conducts reviews at meetings of the Board of Directors as needed. If it determines, as a result of these reviews, that the significance and rationality of cross-holdings have decreased, it will reduce the shareholding of such stock by selling them in view of market trends, etc.

(ii) Standards for exercising voting rights regarding cross-shareholding

In exercising voting rights, the Company rigorously examines the contents of the agenda and makes a comprehensive judgment after evaluating matters such as whether or not the agenda would damage the Company's corporate value, whether the agenda would contribute to the improvement of the issuer's corporate value over the medium to long term, whether or not the issuer conducts anti-social behavior and whether or not the issuer gives due consideration to shareholder profits.

(iii) Number of stocks held by the Company for purposes other than pure investment purpose and total amount recorded on the balance sheet

Number of stocks	Total amount recorded on the balance sheet
14	¥4,352 million

Note: The ratio of the total amount on the balance sheet shown above to total equity (¥84,114 million) in the consolidated statement of financial position as of March 31, 2025 was 5.18%.

(2) Officers

(i) Directors (as of March 31, 2025)

Position	Name	Responsibility and important concurrent post
Director	Ken Kubo	Advisor of Sumitomo Mitsui Card Co., Ltd.
Representative Director	Nobuhiro Watabe	
Representative Director	Mami Matsushita	
Representative Director	Kenji Yoneyama	
Director	Donglei Tang	Chairman of Precision Tsugami (China) Corporation
Director (Standing Audit and Supervisory Committee Member)	Yutaka Kimura	
Director (Audit and Supervisory Committee Member)	Yoshimi Takeuchi	Chairman of Chubu University
Director (Audit and Supervisory Committee Member)	Kenyu Adachi	Outside Director of Japan Alcohol Trading CO., LTD, Outside Director of ENECHANGE Ltd.
Director (Audit and Supervisory Committee Member)	Shu Hamba	Partner of Shimada Hamba & Osajima,
Director (Audit and Supervisory Committee Member)	Michiyo Yamamiya	Partner at Tanabe & Partners

Notes: 1. Changes in Directors in the fiscal year under review were as follows:

- Mr. Takeshi Hirayama, Director; and Mr. Kunio Shimada, Director (Audit and Supervisory Committee Member) retired as of the closing of the 121st Annual Shareholders Meeting held on June 19, 2024, due to the expiration of their terms of office. Ms. Mami Matsushita was newly elected as Director, and Mr. Shu Hamba was newly elected as Director (Audit and Supervisory Committee Member) at the said meeting, and assumed the positions thereafter.
- Directors Ken Kubo, and Directors (Audit and Supervisory Committee Members) Yutaka Kimura, Yoshimi Takeuchi, Kenyu Adachi, Shu Hamba, and Michiyo Yamamiya are Outside Directors.
- The Company has notified the Tokyo Stock Exchange of the appointment of Directors (Audit and Supervisory Committee Members) Yoshimi Takeuchi, Kenyu Adachi, Shu Hamba and Michiyo Yamamiya as independent officers.
- The Company has appointed Mr. Yutaka Kimura as standing Audit and Supervisory Committee Member to improve information and to enhance the effectiveness of audits and auditing and supervisory functions through sufficient collaboration with the internal audit division etc.

(ii) Outline of the details of contracts for the limitation of liability

In accordance with the provisions provided in Article 427, paragraph (1) of the Companies Act, the Company has concluded contracts with Non-Executive Directors Ken Kubo, Yutaka Kimura, Yoshimi Takeuchi, Kenyu Adachi, Shu Hamba and Michiyo Yamamiya to limit their liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act.

The maximum amount of liability for damages based on the above contracts is the minimum liability amount set forth in the laws and regulations.

(iii) Outline of the details of directors' and officers' liability insurance contract

The Company has entered into a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act. Directors (including persons who were in office during the fiscal year under review) of the Company are the insured persons under the contract. The insurance premiums are borne in full by the Company.

Under the insurance contract, the insurance company agrees to indemnify any damage that may arise when directors or officers, who are the insured persons, assume liability for the execution of their duties or receive a claim related to the pursuit of such liability. The contract is renewed each year.

The insurance contract states that insurance shall not be paid in cases where the Company takes action pursuing liability for compensation of damages against directors or officers and stipulates provisions to the effect that the scope of damages to be compensated shall be limited, for the purpose of guaranteeing the appropriateness of the directors' and officers' execution of duties.

(iv) Compensation paid to Directors

(a) Policy concerning determination of details of Directors' and Officers' compensation

The Company's Board of Directors resolved a policy for determining details of the compensation, etc. of individual Directors. The resolution by the Board of Directors was made on the basis of a report by the Compensation Committee, which was consulted in advance about the details of the resolution.

The Board of Directors confirmed with respect to the compensation, etc. of individual Directors for the fiscal year under review that the method of determining the details of compensation, etc. and the details of the determined compensation, etc. is consistent with the determination policy and that the reports of the Nomination and Compensation Committees have been respected and judged that the determination policy had been adhered to.

Details of the policy for determining details of compensation, etc. of individual Directors are as follows.

a. Basic policy

- In accordance with its basic policy for corporate governance, the Company adopts a compensation structure that aligns the values of Directors with those of shareholders to ensure that compensation effectively incentivizes Directors to strive for sustainable improvement in corporate value and, when determining compensation amounts for individual Directors, the Company sets these at an appropriate level in light of the responsibilities of each Director.
- Compensation is determined following deliberation by the Compensation Committee where a majority of members are independent Outside Directors, in order to ensure objectivity and transparency.
- Compensation must be within the total amount of compensation fixed by resolution of the shareholders meeting.

b. Structure of compensation

- Compensation of Executive Directors consists of basic compensation, performance-linked compensation and non-monetary compensation. The proportions of each type of compensation are deliberated at the Compensation Committee, giving consideration to factors such as trends at other companies of a similar size and also taking individual circumstances such as rank and responsibilities into account. The Board of Directors (panel of three Representative Directors under authority delegated by the Board as described later) determines the proportions of the different types of compensation and details of compensation for each Director, giving due respect to the report of the Compensation Committee. In terms of monetary compensation, the Company pays basic compensation according to individual circumstances such as rank and responsibilities as base pay, and since Directors are responsible for business execution, the Company makes them aware of their responsibility for business execution and incentivizes them to improve

business performance by paying a portion as performance-linked compensation. The compensation structure also includes non-monetary compensation in the form of stock compensation for greater alignment of the values of Directors with those of shareholders, thereby encouraging Directors to think about enhancement of corporate value in the medium and long term.

- Outside Directors and Directors who are Audit and Supervisory Committee Members are paid basic compensation only, in light of their role in the supervisory function.
- c. Basic compensation (monetary compensation)
 - Basic compensation is a fixed monthly compensation determined based on comprehensive consideration of a range of factors including rank and responsibilities, whether the Director is an Outside Director and is full-time or part-time, and the Company's business performance.
- d. Performance-linked compensation
 - Performance-linked compensation is monetary compensation that reflects performance indicators to motivate Directors to improve performance, and it is paid as monthly compensation. Performance indicators and their target levels are set and reviewed as appropriate according to changes in the environment to ensure that they are consistent with evaluations of the level of achievement of business performance forecasts (consolidated revenue, consolidated operating profit, etc.) and the performance of the business for which each Director is responsible.
- e. Non-monetary compensation
 - The Company pays non-monetary compensation in the form of restricted stock compensation as part of medium-to-long-term performance-linked compensation. The Company provides monetary compensation claims within the range of annual amounts set by resolution of a shareholders meeting, and each eligible director pays in the entire monetary compensation claim as an in-kind contribution to the Company and receives the allocated restricted shares. Restricted shares are allocated at a fixed time every year based on comprehensive consideration of a range of factors including rank, responsibilities and the Company's performance. Restrictions on transfer of shares are lifted at the time of retirement.
- f. Procedure for determining details of compensation, etc. of each Director
 - Upon determination of the details of compensation, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members), the Compensation Committee is consulted by the Board of Directors and holds deliberations and issues a report based on the policy and standards outlined above.
 - The details of compensation, etc. of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) are discussed and determined by the three Representative Directors under authority delegated by resolution of the Board of Directors, giving due respect to the report of the Compensation Committee.
 - Details of compensation, etc. of individual Directors who are Audit and Supervisory Committee Members are discussed and determined at the Audit and Supervisory Committee with the unanimous consent of all of the Audit and Supervisory Committee Members, giving due respect to the report of the Compensation Committee.

(b) Total amount and other details of compensation, etc. for the fiscal year under review

Post	Total amount of compensation, etc.	Total amount of compensation, etc. by type			Number of eligible directors
		Basic compensation	Performance-linked compensation, etc.	Non-monetary compensation, etc.	
Directors (excluding Audit and Supervisory Committee Members) [Outside Directors included]	¥405 million [¥9 million]	¥73 million [¥9 million]	¥39 million [–]	¥292 million [–]	6 [1]
Directors (Audit and Supervisory Committee Members) [Outside Directors included]	¥51 million [¥51 million]	¥51 million [¥51 million]	– [–]	– [–]	6 [6]
Total [Outside Officers included]	¥456 million [¥60 million]	¥124 million [¥60 million]	¥39 million [–]	¥292 million [–]	12 [7]

- Notes:
1. The above includes one Director (excluding Director who is an Audit and Supervisory Committee Member) and one Director who is an Audit and Supervisory Committee Member (Outside Director) who retired as of the closing of the 121st Annual Shareholders Meeting held on June 19, 2024.
 2. It was resolved at the 115th Annual Shareholders Meeting held on June 20, 2018 that the amount of monetary compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members) should be no more than ¥250 million per year. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members) at the closing of the 115th Annual Shareholders Meeting was seven (including two Outside Directors). It was also resolved at the 118th Annual Shareholders Meeting held on June 16, 2021 that, separate from this monetary compensation, the former provisions on the amount of compensation, etc. in the form of subscription rights to shares to be allocated as stock compensation-type stock options be repealed, and the amount of compensation, etc. related to restricted shares for Directors (excluding Directors who are Audit and Supervisory Committee Members) be set at not more than ¥80 million per year, and the total number of restricted shares allocated in each fiscal year be at not more than 150,000 shares. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members as well as Outside Directors) at the closing of the 118th Annual Shareholders Meeting was three.
Separately from the amount of compensation related to restricted shares for Directors which was resolved at the 118th Annual Shareholders Meeting held on June 16, 2021, only for the 122nd fiscal year of the Company (April 1, 2024 to March 31, 2025), it was resolved that the amount of compensation, etc. related to restricted shares and the total number of restricted shares that are allocated as measures for the transition to restricted shares from subscription rights to shares (unexercised portion) granted for reappointed Directors as stock compensation-type stock options are set at not more than ¥334 million, and not more than 167,000 shares, respectively, at the 121st Annual Shareholders Meeting held on June 19, 2024. The number of Directors (excluding Directors who are Audit and Supervisory Committee Members as well as Outside Directors) at the closing of the 121st Annual Shareholders Meeting was four. Non-monetary compensation, etc. in the table above includes a compensation amount of ¥262 million that corresponds to restricted shares (167,000 shares) which were granted on July 12, 2024, as the transition measures.
 3. It was resolved at the 115th Annual Shareholders Meeting held on June 20, 2018 that the amount of monetary compensation for Directors who are Audit and Supervisory Committee Members should be no more than ¥80 million per year. The number of Directors who are Audit and Supervisory Committee Members at the closing of the 115th Annual Shareholders Meeting was four.
 4. The Board of Directors delegates authority to determine the details of compensation, etc. (including amounts of basic compensation and performance-linked compensation) of individual Directors (excluding Directors who are Audit and Supervisory Committee Members) to the three Representative Directors (Mr. Nobuhiro Watabe, Ms. Mami Matsushita and Mr. Kenji Yoneyama). The Board of Directors delegated authority based on the judgment that the panel of three Representative Directors are the right people to evaluate the performance of the business unit each Director is responsible for whilst taking into consideration the performance of the Company as a whole and other pertinent factors. The Company established voluntary Nomination and Compensation Committees where the majority of members are independent Outside Directors as advisory bodies to the Board of Directors. Upon determination of the details of compensation, etc. of Directors described above, the details are first deliberated at the Compensation Committee and then determined by the three Representative Directors, under authority delegated by the Board of Directors, giving due respect to the report of the Compensation Committee.

(v) Matters concerning outside officers

a. Posts held concurrently by outside officers and relationships between the Company and other relevant companies

Position, Name	Company name	Post	Relationship
Director Ken Kubo	Sumitomo Mitsui Card Co., Ltd.	Advisor	No special interests exist between the Company and Sumitomo Mitsui Card Co., Ltd.
Director (Audit and Supervisory Committee Member) Yoshimi Takeuchi	Chubu University	Chairman	No special interests exist between the Company and Chubu University.
Director (Audit and Supervisory Committee Member) Kenyu Adachi	Japan Alcohol Trading CO., LTD ENECHANGE Ltd.	Outside Director Outside Director	No special interests exist between the Company and either Japan Alcohol Trading CO., LTD. or ENECHANGE Ltd.
Director (Audit and Supervisory Committee Member) Shu Hamba	Shimada Hamba & Osajima	Partner	No special interests exist between the Company and Shimada Hamba & Osajima.
Director (Audit and Supervisory Committee Member) Michiyo Yamamiya	Tanabe & Partners	Partner	No special interests exist between the Company and Tanabe & Partners.

Note: Mr. Yutaka Kimura, Director (Audit and Supervisory Committee Member) has no significant concurrent positions.

b. Major activities in the fiscal year under review

Name	Attendance, comments and outline of duties performed in relation to role expected of Outside Director
Ken Kubo, Director	He attended 9 of the 9 meetings of the Board of Directors held in the fiscal year under review. He fulfilled his role and responsibilities in exercising effective supervision over the Company's management based on his vast experience and extensive knowledge as a corporate manager.
Yutaka Kimura, Director (Audit and Supervisory Committee Member)	He attended 9 of the 9 meetings of the Board of Directors and 5 of the 5 meetings of the Audit and Supervisory Committee held in the fiscal year under review. He made statements to ensure the adequacy and appropriateness of decision-making based on his vast experience and extensive knowledge as a corporate manager.
Yoshimi Takeuchi, Director (Audit and Supervisory Committee Member)	He attended 9 of the 9 meetings of the Board of Directors and 5 of the 5 meetings of the Audit and Supervisory Committee held in the fiscal year under review. He performed his role appropriately to ensure the appropriateness and validity of decision-making, including providing supervision and advice mainly from his specialist standpoint as a researcher in areas closely related to the Company's business such as machine tools. Meanwhile, as a member of the Compensation Committee, he fulfilled a supervisory function in the process of determining the compensation, etc. of Directors of the Company from an objective and neutral standpoint.
Kenyu Adachi, Director (Audit and Supervisory Committee Member)	He attended 9 of the 9 meetings of the Board of Directors and 5 of the 5 meetings of the Audit and Supervisory Committee held in the fiscal year under review. He performed his role appropriately to ensure the appropriateness and validity of decision-making, including providing supervision and advice mainly based on his deep insight into industry trends. Meanwhile, as the chair of the Nomination Committee, he fulfilled a supervisory function in the process of determining the selection, etc. of candidates for Directors of the Company from an objective and neutral standpoint.
Shu Hamba, Director (Audit and Supervisory Committee Member)	He attended 7 of the 7 meetings of the Board of Directors and 4 of the 4 meetings of the Audit and Supervisory Committee held in the fiscal year under review after he became Director (Audit and Supervisory Committee Member) on June 19, 2024. He made comments to ensure the appropriateness and validity of decision-making from his specialist standpoint as a lawyer. Meanwhile, as a member of the Nomination Committee and a member of the Compensation Committee, he fulfilled a supervisory function in the process of determining the selection of candidates for Directors and the compensation, etc. of Directors of the Company from an objective and neutral standpoint.
Michiyo Yamamiya, Director (Audit and Supervisory Committee Member)	She attended 9 of the 9 meetings of the Board of Directors and 5 of the 5 meetings of the Audit and Supervisory Committee held in the fiscal year under review. She made comments to ensure the appropriateness and validity of decision-making from her specialist standpoint as a lawyer. Meanwhile, as the chair of the Compensation Committee, she fulfilled a supervisory function in the process of determining the compensation, etc. of Directors of the Company from an objective and neutral standpoint.

Note: The Company has established voluntary Nomination and Compensation Committees as advisory bodies to the Board of Directors.

The purpose of their establishment is to strengthen the supervisory function of the Board of Directors and to enhance the corporate governance system by ensuring transparency and objectivity in the process of nominating Directors and Executive Officers and evaluating and determining their compensation, etc.

Each committee is made up of three or more Directors elected by the Board of Directors and a majority of the members are independent Outside Directors.

(3) Status of Independent Auditor

(i) Name of the independent auditor: Ernst & Young ShinNihon LLC

(ii) Amount of compensation

	Amount to be paid
Compensation to be paid to independent auditors for the fiscal year under review	¥61 million
The total amount of cash and other assets to be paid by the Company and subsidiaries to independent auditors	¥61 million

- Notes:
1. The auditing contract between the Company and the independent auditor makes no distinction between auditing services based on the Companies Act and auditing services based on the Financial Instruments and Exchange Act. Since no real distinction can be made in practice, the amount of compensation to be paid for the fiscal year under review represents the total amount.
 2. The Audit and Supervisory Committee has carried out an inspection necessary for deciding whether the independent auditor's audit plan, its performance of its duties, and its basis for estimating its compensation are appropriate or not and has agreed on the amount of compensation for the independent auditor.
 3. Of the Company's principal subsidiaries, financial statements of Precision Tsugami (China) Corporation and TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED are audited by certified public accountants, not the independent auditor.

(iii) Policy concerning decisions to dismiss or not to reappoint independent auditors

The Company's Audit and Supervisory Committee will determine the details of a proposal concerning the dismissal or non-reappointment of an independent auditor for submission to the shareholders meeting when the Audit and Supervisory Committee deems this necessary, for example, when execution of duties by the relevant independent auditor is disrupted. The Audit and Supervisory Committee may dismiss an independent auditor based on its unanimous approval, when items stipulated in the items of Paragraph (1) of Article 340 of the Companies Act are deemed to be applicable to the relevant independent auditor. In this case, Audit and Supervisory Committee Members elected by the Audit and Supervisory Committee will present details and reasons for the dismissal of the independent auditor at the first annual shareholders meeting held after the dismissal.

The Board of Directors will ask the Audit and Supervisory Committee to include the dismissal or non-reappointment of the independent auditor in the agenda of the shareholders meeting when the Board of Directors deems this necessary, for example, when execution of duties by the relevant independent auditor is disrupted, and, if the Audit and Supervisory Committee judges this request appropriate, it will determine the details of a proposal for submission to the shareholders meeting.

(iv) Outline of the details of contracts for the limitation of liability

There are no contracts in question.

(4) Systems for Ensuring the Appropriate Implementation of Operations and the Operation of the Systems

The Company has been developing the system (internal control system) to ensure the appropriateness of operations and the reliability of financial reports in its effort to achieve sustainable growth in corporate value.

The Company's Board of Directors has adopted basic policies of internal control system as follows:

(i) System for ensuring the execution of the duties of directors and employees is in compliance with laws and regulations and the Articles of Incorporation

- (a) Given that compliance is one of its key management issues, the Board of Directors shall establish the Tsugami Group Code of Conduct and develop a compliance policy to ensure that the Company operates based on sound social practices.
- (b) The Company shall establish a "whistle-blowing system," an internal reporting system through which activities that violate the laws and regulations, the Articles of Incorporation, any other internal rules, or social norms found out by Directors or employees are reported. Whistle blowers shall be protected.
- (c) The Company shall have an Audit Office, an organization under the direct control of the Corporate Management Committee, and shall conduct internal audits of compliance.
- (d) The Company is a company with an audit and supervisory committee. Directors' execution of their duties shall be audited based on the Auditing Etc. Standards of the Audit and Supervisory Committee established by the Audit and Supervisory Committee.

(ii) System for the storage and management of information concerning Directors' execution of duties

The Company shall appropriately maintain and manage the minutes of the Board of Directors, approval documents, documents associated with the Directors' executions of their duties, and other related information in accordance with internal rules, such as the document management rules and information security management rules.

(iii) Rules and systems concerning risk management

To manage the diverse risks associated with its business activities, and to prevent such risks from materializing, the Company shall establish the Risk Management Committee through which it will collect and analyze information about risks to identify any indications that risks are emerging at an early stage. The Company shall also establish a risk management system by developing rules and manuals so that it can promptly and accurately respond to the situation if risks have materialized.

(iv) System for securing efficiency of Directors' execution of duties

- (a) The Company shall hold regular meetings of the Board of Directors every month in principle, and ensure that it makes important decisions on items that are stipulated in the Board of Directors Rules or that come under the criteria for deliberation at meetings of the Board of Directors, through discussions at meetings of the Board of Directors.
- (b) By establishing the Nomination Committee and the Compensation Committee as advisory bodies to the Board of Directors, the Company ensures the fairness, transparency and objectivity of the nomination and compensation of Directors because matters referred by the Board of Directors are deliberated at these committees, details of deliberations are reported to the Board of Directors, and the Board of Directors passes resolutions based on the content of these reports.

- (c) In addition, the Company shall hold monthly in principle the Corporate Management Committee meetings to share management information, through which it considers and makes flexible decisions on issues related to important operations in its effort to achieve management efficiency.
- (v) System for ensuring the appropriate implementation of the operations by the Group, consisting of the Company and its subsidiaries
 - (a) System for reporting to the Company matters related to the execution of duties by the directors of subsidiaries

The Company shall set the Group Companies Management Regulations. For the accurate understanding of the details of the management of the subsidiaries, the subsidiaries' monthly results, financial position and other important information shall be reported at the Corporate Management Committee meetings.
 - (b) Regulations and other systems relating to the management of risk of loss at subsidiaries

The Company shall hold meetings of the Risk Management Committee as needed, understand the risks and take appropriate measures for preventing or minimizing various risks that surround Group operations in compliance with risk management rules and essential risk management execution rules.
 - (c) System for ensuring efficient execution of duties by the directors of subsidiaries, and the like

The Company shall respect the management independence of its subsidiaries. At the same time, the Company shall ensure efficiency by discussing important matters in advance at regular Corporate Management Committee meetings, and the like, and by asking the subsidiaries to resolve such matters at the meetings of their Board of Directors.
 - (d) System for ensuring the conformity of the execution of duties by the directors, and the like, and the employees of subsidiaries with laws, regulations and Articles of Incorporation
 - a. The Company shall ensure the compliance systems of its subsidiaries based on the Tsugami Group Code of Conduct.
 - b. The Directors, etc., of the Company's subsidiaries shall take part in regular Corporate Management Committee meetings and advance discussions on internal control.
 - c. The internal audit division (the Audit Office) of the Company shall confirm that the Company's subsidiaries are complying with laws, regulations and internal rules in the execution of their businesses.
- (vi) Matters concerning applicable employees in cases where the Audit and Supervisory Committee request the assignment of employees who should assist them in their duties
 - (a) The Company may assign employees (auxiliary employees) who should assist the Audit and Supervisory Committee in cases where the Audit and Supervisory Committee request their assignment.
 - (b) The Company shall work to strengthen its system of auxiliary employees from the viewpoint of ensuring the effectiveness of the audit, taking into account corporate size, business type, management risks and other company-specific circumstances.
- (vii) Matters concerning the independence of employees from Directors (excluding Directors who are Audit and Supervisory Committee Members) stated in the foregoing paragraph and matters concerning securing the effectiveness of instructions the Audit and Supervisory Committee provide to the concerned employees
 - (a) The Company shall work to ensure the independence of auxiliary employees from Directors (excluding Directors who are Audit and Supervisory Committee Members).

- (b) The Company shall address issues, including clarification of the following items necessary for ensuring the independence of auxiliary employees.
 - a. The authority that auxiliary employees have
 - b. Organizations which auxiliary employees belong to
 - c. Elimination of the chain of command Directors (excluding Directors who are Audit and Supervisory Committee Members) have over auxiliary employees
 - d. Granting of consent rights to the Audit and Supervisory Committee regarding the reassignment, performance evaluation, disciplinary punishment, etc., of auxiliary employees

(viii) System concerning reports to the Audit and Supervisory committee

- (a) System to enable the Directors and employees of the Company to submit reports to the Audit and Supervisory Committee

The Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company shall report the following items without delay to the Audit and Supervisory Committee concerning the execution of their duties.

- a. Items concerning important facts that may affect the Company significantly when such facts are found
 - b. Items concerning acts in violation of laws, regulations or the Articles of Incorporation or acts with such risk when such facts are found
 - c. Results of internal audits performed by the internal audit division (the Audit Office)
 - d. The operational status for the Whistle-blowing System and the details of reports
- (b) System to enable the directors, the statutory auditors and employees of subsidiaries or individuals who received reports from them to submit reports to the Audit and Supervisory Committee of the Company
 - a. The directors and employees of the Company's subsidiaries shall report acts in violation of laws, regulations or the Articles of Incorporation, acts with such a risk or important facts that may affect the Company significantly to the Audit and Supervisory Committee of the Company without delay when they find such acts or facts.
 - b. The internal audit divisions of the Company's subsidiaries shall report the results of internal audits performed at the subsidiaries to the Audit and Supervisory Committee of the Company.

- (ix) System for ensuring the prevention of unfavorable treatment of individuals who submitted reports to the Audit and Supervisory Committee for the reason of having submitted such reports

The Company shall work to establish a system that prevents the unfavorable treatment of individuals who submitted the reports stated in the foregoing paragraph to the Audit and Supervisory Committee for the reason of having submitted such reports.

- (x) Matters concerning procedures for the advance payment or the refunding of expenses that arise in connection with duty execution by the Audit and Supervisory Committee Members or policies on processing expenses or debts that arise in connection with the execution of other concerned duties

The Company shall promptly comply with the concerned request when an Audit and Supervisory Committee Member requests the advance payment of expenses, etc., in connection with the execution of his or her duties unless the requested expenses, etc., could be proven as unnecessary for the execution of the duties by the concerned Audit and Supervisory Committee Member.

- (xi) Other systems for ensuring the effectiveness of audits performed by the Audit and Supervisory Committee
 - (a) The Audit and Supervisory Committee shall meet Representative Directors periodically and exchange opinions with them regarding important audit issues.
 - (b) The Audit and Supervisory Committee shall meet Independent Auditors periodically, to exchange opinions and information with them, and ask them to submit reports as needed.
 - (c) The Audit and Supervisory Committee shall stay in close cooperation with the internal audit division (the Audit Office). The Audit and Supervisory Committee may ask the internal audit division to perform investigations as needed.
- (xii) System for ensuring the reliability of financial reports
 - (a) The Company shall establish the Internal Control Reporting System for ensuring the reliability of financial reports and submitting internal control reports effectively and appropriately as prescribed in the Financial Instruments and Exchange Act.
 - (b) The Company shall continually evaluate internal control systems and take the necessary steps in order to correct them in order to ensure the compliance of such systems with the Financial Instruments and Exchange Act, other laws and regulations.
 - (c) The internal audit division (the Audit Office), as a responsible division, shall implement monitoring, evaluation and assist in improving the operation of internal control systems.
- (xiii) Systems for excluding antisocial forces
 - (a) The Company shall systematically deal with antisocial forces that threaten social order and sound corporate activities with a resolute attitude.
 - (b) The Company shall deal with antisocial forces in cooperation with police, lawyers and external specialized agencies, such as corporate defense councils, when cases of unreasonable demand by such forces, and the like emerge.

(Operation of systems for ensuring the appropriate implementation of operations)

The status of operation of systems for ensuring the appropriate implementation of operations in the fiscal year under review is as follows:

(i) Compliance system

The Company distributes the Tsugami Group Code of Conduct, which stipulates its compliance policy, to all of its Group employees, and continuously takes steps to comply with laws and regulations and the Articles of Incorporation. The Company works to increase the effectiveness of the compliance system chiefly by establishing a “whistle-blowing system” and implementing internal audits of compliance by the internal audit division (the Audit Office).

(ii) Risk management system

Under the risk management rules and the essential risk management execution rules, the Company took appropriate measures. The Company held meetings of the Risk Management Committee from time to time and monitored and determined the status of risk in the Group. The status of risk was reported to the Board of Directors and discussed from time to time. In this way, the Company works to enhance risk management.

(iii) Directors’ execution of duties

Under the Board of Directors Rules, the Company, in principle, holds a meeting of the Board of Directors every month. The Board of Directors makes resolutions on matters specified in laws and regulations or the Articles of Incorporation and important management matters and oversees the Directors’ execution of their duties.

The Company believes that its current framework with six Outside Directors allows it to fully demonstrate the functions of governance in terms of the function of supervision of management from outside. However, recognizing that it is important to ensure supervisory functions from even more independent perspective, the Company established voluntary Nomination and Compensation Committees where a majority of members are independent Outside Directors to strengthen governance still further.

(iv) Group management system

Under the Group Companies Management Regulations, the subsidiaries report their monthly operations and financial status and other important information at the Corporate Management Committee meetings. The internal audit division (the Audit Office) regularly carries out operations audits of important subsidiaries.

(v) The Audit and Supervisory Committee Members’ execution of duties

The Audit and Supervisory Committee Members hold meetings of the Audit and Supervisory Committee regularly and participate in other important meetings, including meetings of the Board of Directors and the Corporate Management Committee. They view important documents on the execution of operations and request explanations from the Company’s Directors and employees as needed. The Audit and Supervisory Committee Members exchange information with the Company’s Representative Directors, Independent Auditors, and the internal audit division (the Audit Office) regularly to ensure the effectiveness of audits.

Consolidated Statement of Financial Position

(As of March 31, 2025)

(Millions of yen)

Account title	Amount	Account title	Amount
(Assets)		(Liabilities)	
Current assets:		Current liabilities:	
Cash and cash equivalents	27,729	Trade and other payables	17,649
Trade and other receivables	40,695	Borrowings	11,524
Other financial assets	80	Other financial liabilities	199
Inventories	32,629	Income taxes payable, etc.	3,414
Other current assets	1,663	Provisions	469
Total current assets	102,799	Contract liabilities	4,069
		Other current liabilities	988
		Total current liabilities	38,317
Non-current assets:		Non-current liabilities:	
Property, plant and equipment	16,540	Other financial liabilities	163
Right-of-use assets	1,999	Retirement benefit liability	967
Intangible assets	166	Provisions	5
Retirement benefit asset	0	Deferred tax liabilities	3,123
Other financial assets	4,859	Other non-current liabilities	614
Deferred tax assets	619	Total non-current liabilities	4,874
Other non-current assets	322	Total liabilities	43,192
Total non-current assets	24,507	(Equity)	
		Share capital	12,345
		Capital surplus	2,878
		Treasury shares	(861)
		Other components of equity	8,712
		Retained earnings	39,822
		Total equity attributable to owners of parent	62,897
		Non-controlling interests	21,217
		Total equity	84,114
Total Assets	127,306	Total liabilities and equity	127,306

Consolidated Statement of Profit or Loss

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account title	Amount
Revenue	107,411
Cost of sales:	(71,056)
Gross profit	36,355
Selling, general and administrative expenses	(14,302)
Other income	1,305
Other expenses	(48)
Operating profit	23,309
Finance income	741
Finance costs	(341)
Profit before tax	23,709
Income tax expense	(7,525)
Profit	16,184
Profit attributable to	
Owners of parent	10,901
Non-controlling interests	5,282
Profit	16,184

Consolidated Statement of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Equity attributable to owners of parent				
	Share capital	Capital surplus	Treasury shares	Other components of equity	
				Exchange differences on translation of foreign operations	Financial assets measured at fair value through other comprehensive income
Balance as of April 1, 2024	12,345	2,885	(3,008)	7,771	2,545
Profit					
Other comprehensive income				(645)	(183)
Total comprehensive income	–	–	–	(645)	(183)
Purchase of treasury shares			(966)		
Disposal of treasury shares		12	653		
Cancellation of treasury shares		(64)	2,459		
Dividends					
Transfer to retained earnings					(22)
Capital transactions with non-controlling interests		45		(752)	
Total transactions with owners	–	(6)	2,146	(752)	(22)
Balance as of March 31, 2025	12,345	2,878	(861)	6,372	2,339

	Equity attributable to owners of parent				Non-controlling interests	Total
	Other components of equity		Retained earnings	Total		
	Remeasurements of defined benefit plans	Total				
Balance as of April 1, 2024	—	10,316	34,065	56,605	15,756	72,361
Profit		—	10,901	10,901	5,282	16,184
Other comprehensive income	(118)	(947)		(947)	(686)	(1,633)
Total comprehensive income	(118)	(947)	10,901	9,954	4,596	14,550
Purchase of treasury shares		—		(966)		(966)
Disposal of treasury shares		—	(225)	440		440
Cancellation of treasury shares		—	(2,394)	—		—
Dividends		—	(2,428)	(2,428)	(2,135)	(4,564)
Transfer to retained earnings	118	96	(96)	—		—
Capital transactions with non-controlling interests		(752)		(707)	3,000	2,293
Total transactions with owners	118	(656)	(5,144)	(3,662)	864	(2,797)
Balance as of March 31, 2025	—	8,712	39,822	62,897	21,217	84,114

Non-consolidated Balance Sheet

(As of March 31, 2025)

(Millions of yen)

Account title	Amount	Account title	Amount
ASSETS:		LIABILITIES:	
Current assets:	21,244	Current liabilities:	12,183
Cash and deposits	3,311	Trade notes payable	119
Trade notes receivable	16	Electronically recorded obligations - operating	1,912
Electronically recorded monetary claims	111	Trade accounts payable	1,435
Accounts receivable	5,231	Short-term loans payable	6,800
Merchandise and finished goods	5,572	Accounts payable	411
Work in process	1,285	Accrued expenses payable	258
Raw materials and supplies	3,545	Income taxes payable	422
Short-term loans receivable from subsidiaries and associates	692	Provision for product warranties	214
Consumption taxes receivable	952	Provision for bonuses	347
Other	635	Other	260
Allowance for doubtful accounts	(110)		
Non-current assets:	15,222	Non-current liabilities:	1,005
Property, plant and equipment:	1,965	Deferred tax liabilities	49
Buildings	1,440	Provision for retirement benefits	932
Structures	34	Other	22
Machinery and equipment	166		
Vehicles	5	Total liabilities	13,188
Tools, furniture and fixtures	54		
Land	246	NET ASSETS:	
Leased assets	17	Shareholders' equity:	21,124
Intangible assets:	54	Share capital	12,345
Telephone subscription right	7	Retained earnings:	9,636
Software	42	Legal retained earnings	1,338
Leased assets	3	Other retained earnings:	8,297
Other	0	Retained earnings brought forward	8,297
Investments and other assets:	13,203	Treasury shares	(856)
Investment securities	4,352	Valuation and translation adjustments:	2,154
Shares of subsidiaries and associates	2,913	Valuation difference on available-for-sale securities	2,154
Investments in capital of subsidiaries and associates	859		
Long-term loans receivable from subsidiaries and associates	4,757		
Prepaid pension cost	120		
Other	199		
		Total net assets	23,278
Total Assets	36,466	Total Liabilities and Net Assets	36,466

Non-consolidated Statement of Income

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

Account title	Amount
Net sales	27,215
Cost of sales	21,563
Gross profit	5,651
Selling, general and administrative expenses	5,729
Operating loss	(77)
Non-operating income:	4,448
Interest income	96
Dividend income	4,235
Reversal of allowance for doubtful accounts	37
Insurance income	41
Other	37
Non-operating expenses:	560
Interest expenses	143
Foreign exchange loss	332
Loss on sale of notes payable	51
Other	33
Ordinary income	3,810
Extraordinary income:	3,607
Gain on sale of investment securities	31
Gain on sale of shares of subsidiaries	3,351
Gain on reversal of share acquisition rights	224
Extraordinary losses:	1
Loss on retirement of non-current assets	1
Profit before taxes	7,416
Corporate, inhabitant and enterprise taxes	857
Deferred taxes	(86)
Net income	6,645

Non-consolidated Statement of Changes in Equity

(From April 1, 2024 to March 31, 2025)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance as of April 1, 2024	12,345	–	–	1,095	6,716	7,812
Change during the fiscal year						
Cash dividends paid				242	(2,671)	(2,428)
Net income					6,645	6,645
Purchase of treasury shares						
Disposal of treasury shares		64	64			
Cancellation of treasury shares		(64)	(64)		(2,393)	(2,393)
Changes in items other than shareholders' equity during the fiscal year (net)						
Total change during the fiscal year	–	–	–	242	1,580	1,823
Balance as of March 31, 2025	12,345	–	–	1,338	8,297	9,636

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance as of April 1, 2024	(3,007)	17,150	2,352	2,352	277	19,779
Change during the fiscal year						
Cash dividends paid		(2,428)				(2,428)
Net income		6,645				6,645
Purchase of treasury shares	(966)	(966)				(966)
Disposal of treasury shares	659	723				723
Cancellation of treasury shares	2,458	–				–
Changes in items other than shareholders' equity during the fiscal year (net)			(198)	(198)	(277)	(475)
Total change during the fiscal year	2,150	3,974	(198)	(198)	(277)	3,498
Balance as of March 31, 2025	(856)	21,124	2,154	2,154	–	23,278

Accounting Audit Report on Consolidated Financial Statements

Independent Auditors' Report

May 13, 2025

To the Board of Directors of Tsugami Corporation

Ernst & Young ShinNihon LLC
Niigata Office

Hiroyuki Ishii
Designated Limited Partner and Operating Partner
Certified Public Accountant

Issei Watanabe
Designated Limited Partner and Operating Partner
Certified Public Accountant

Auditor's Opinion

We have audited, pursuant to Article 444, paragraph (4) of the Companies Act of Japan, the consolidated financial statements, which consist of the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements of Tsugami Corporation (the "Company") for the consolidated fiscal year from April 1, 2024 to March 31, 2025.

In our opinion, the consolidated financial statements referred to above, which were prepared in accordance with the accounting standards presented in the provisions of the second sentence of Article 120, paragraph (1) of the Regulations on Corporate Accounting which prescribe some omissions of disclosure items required under the designated International Financial Reporting Standards, present fairly, in all material respects, the financial position and the results of operations of the Company and its consolidated subsidiaries for the period for which the consolidated financial statements were prepared.

Basis for Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility as an auditor is set out under "Auditor's Responsibility in Auditing Consolidated Financial Statements." In accordance with Japanese regulations on professional ethics, we are independent of the Company and its consolidated subsidiaries, and fulfill our other ethical obligations as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Company's business report and its supplemental schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the responsibility of the Audit and Supervisory Committee is to oversee directors' execution of duties in preparing and operating the reporting processes of the other information.

Our audit opinion on the consolidated financial statements does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of Management and the Audit and Supervisory Committee in Relation to the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the accounting standards presented in the provisions of the second sentence of Article 120, paragraph (1) of the Regulations on Corporate Accounting which prescribe some omissions of disclosure items required under the designated International Financial Reporting Standards, and for the development and implementation of such internal control as management determines is necessary to enable the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the management is responsible for deciding whether it is appropriate to prepare consolidated financial statements with the premise of a going concern and to disclose matters relating to the ability to continue as a going concern, if required based on the accounting standards presented in the provisions of the second sentence of Article 120, paragraph (1) of the Regulations on Corporate Accounting which prescribe some omissions of disclosure items required under the designated International Financial Reporting Standards.

The responsibility of the Audit and Supervisory Committee is to oversee directors' execution of duties in preparing and operating financial reporting processes.

Auditor's Responsibility in Auditing Consolidated Financial Statements

The Auditor's responsibility is to express an opinion from an independent perspective in the Audit Report on the consolidated financial statements based on our audit. As Auditor we are required to perform the audit to obtain reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may occur due to fraud or error. Misstatements are determined to be material if, singly or collectively, they are reasonably expected to affect the decision-making of users of the consolidated financial statements.

Audits are performed in accordance with auditing standards generally accepted in Japan. In the process of performing such audits, the Auditor makes professional judgments and performs the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement due to fraud or error. Also, design and implement audit procedures in response to risks of material misstatement. The selection and application of audit procedures will be at the Auditor's discretion. The Auditor must also obtain sufficient and appropriate audit evidence as a basis for expressing an opinion.
- While the objective of the consolidated financial statement audit is not to express an opinion on the effectiveness of the Company's internal control, when performing risk assessment, the Auditor must consider audit-related internal control to design audit procedures that are appropriate to the circumstances.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the validity of the footnotes of the consolidated financial statements.
- Arrive at a conclusion regarding the appropriateness of management preparing consolidated financial statements with a going concern premise, and whether, based on obtained audit evidence, there are any material uncertainty exists regarding matters or circumstances that may cast substantial doubt on the going concern premise. If material uncertainty regarding the going concern premise is found to exist, the Auditor is required to draw attention in the Audit Report to the related notes to the consolidated financial statements. If a footnote entry on material

uncertainty regarding the going concern premise in the consolidated financial statements is not appropriate, the Auditor is required to express a qualified opinion on the consolidated financial statements. The Auditor's conclusions are based on audit evidence obtained on or before the Audit Report date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.

- The Auditor must evaluate whether the representations and footnotes in the consolidated financial statements are in accordance with the accounting standards presented in the provisions of the second sentence of Article 120, paragraph (1) of the Regulations on Corporate Accounting which prescribe some omissions of disclosure items required under the designated International Financial Reporting Standards and whether the representations, composition, and content of the consolidated financial statements (including related footnotes) and the consolidated financial statements themselves present fairly the transactions and accounting matters on which they are based.
- The Auditor must plan and implement the auditing of consolidated financial statements, in order to obtain sufficient and appropriate audit evidence relating to the financial information of the Company and its consolidated subsidiaries, which becomes the basis of expressing an opinion on the consolidated financial statements. The Auditor is responsible for the direction, supervision and review of the auditing of consolidated financial statements. The Auditor is solely responsible for its audit opinion.

The Auditor must report to the Audit and Supervisory Committee the scope and schedule of the planned audit, material findings of the audit (including material internal control irregularities detected during the audit), and any other matters required in accordance with auditing standards.

The Auditor must report to the Audit and Supervisory Committee that it has complied with Japanese regulations on professional ethics regarding independence, any matters that may reasonably be considered to affect the independence of the Auditor, and measures and safeguards (if any) to remove or mitigate any obstacles to independence to an acceptable level.

Conflicts of Interest

Neither the Auditor nor its engagement partners have any interest in the Company or its consolidated subsidiaries that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Accounting Audit Report on Non-consolidated Financial Statements

Independent Auditors' Report

May 13, 2025

To the Board of Directors of Tsugami Corporation

Ernst & Young ShinNihon LLC
Niigata Office

Hiroyuki Ishii
Designated Limited Partner and Operating Partner
Certified Public Accountant

Issei Watanabe
Designated Limited Partner and Operating Partner
Certified Public Accountant

Auditor's Opinion

We have audited, pursuant to Article 436, paragraph (2), item 1 of the Companies Act of Japan, the non-consolidated financial statements, namely the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, notes to non-consolidated financial statements and the related supplementary schedules (the "Non-consolidated Financial Statements, etc."), of Tsugami Corporation (the "Company") for the 122nd fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the Non-consolidated Financial Statements, etc. referred to above present fairly, in all material respects, the state of assets and the state of profit and loss of the Company for the accounting period covered by the Non-consolidated Financial Statements, etc. in conformity with business accounting standards generally accepted in Japan.

Basis for Auditor's Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility as an auditor is set out under "Auditor's Responsibility in Auditing the Non-consolidated Financial Statements, Etc." In accordance with Japanese regulations on professional ethics, we are independent of the Company, and fulfill our other ethical obligations as independent auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The other information comprises the Company's business report and its supplemental schedule. Management is responsible for the preparation and disclosure of the other information. In addition, the responsibility of the Audit and Supervisory Committee is to oversee directors' execution of duties in preparing and operating the reporting processes of the other information.

Our audit opinion on the Non-consolidated Financial Statements, etc. does not cover the other information, and we do not provide an opinion on the other information.

In connection with our audit of the Non-consolidated Financial Statements, etc., our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Non-consolidated Financial Statements, etc. or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibility of Management and the Audit and Supervisory Committee in Relation to the Non-consolidated Financial Statements, Etc.

Management is responsible for preparing and appropriately presenting the Non-consolidated Financial Statements, etc. in compliance with business accounting standards generally accepted in Japan. This includes the development and operation of internal control which management deems necessary for preparing and appropriately presenting the Non-consolidated Financial Statements, etc. that do not have material misstatements due to fraud or error.

In preparing the Non-consolidated Financial Statements, etc., the management is responsible for deciding whether it is appropriate to prepare the Non-consolidated Financial Statements, etc. with the premise of a going concern and to disclose matters relating to the ability to continue as a going concern, if required, pursuant to business accounting standards generally accepted in Japan.

The responsibility of the Audit and Supervisory Committee is to oversee directors' execution of duties in preparing and operating financial reporting processes.

Auditor's Responsibility in Auditing the Non-consolidated Financial Statements, Etc.

The Auditor's responsibility is to express an opinion from an independent perspective in the Audit Report on the Non-consolidated Financial Statements, etc. based on our audit. As Auditor we are required to perform the audit to obtain reasonable assurance that the Non-consolidated Financial Statements, etc. are free from material misstatement. Misstatements may occur due to fraud or error. Misstatements are determined to be material if, singly or collectively, they are reasonably expected to affect the decision-making of users of the Non-consolidated Financial Statements, etc.

Audits are performed in accordance with auditing standards generally accepted in Japan. In the process of performing such audits, the Auditor makes professional judgments and performs the following while maintaining an attitude of professional skepticism.

- Identify and assess risks of material misstatement due to fraud or error. Also, design and implement audit procedures in response to risks of material misstatement. The selection and application of audit procedures will be at the Auditor's discretion. The Auditor must also obtain sufficient and appropriate audit evidence as a basis for expressing an opinion.
- While the objective of the audit of the Non-consolidated Financial Statements, etc. is not to express an opinion on the effectiveness of the Company's internal control, when performing risk assessment, the Auditor must consider audit-related internal control to design audit procedures that are appropriate to the circumstances.
- Assess the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the validity of the footnotes of the Non-consolidated Financial Statements, etc.
- Arrive at a conclusion regarding the appropriateness of management preparing the Non-consolidated Financial Statements with a going concern premise, and whether, based on obtained audit evidence, there are any material uncertainty exists regarding matters or circumstances that may cast substantial doubt on the going concern premise. If material uncertainty regarding the going concern premise is found to exist, the Auditor is required to draw attention in the Audit Report to the related notes to the Non-consolidated Financial Statements, etc. If a footnote entry on material uncertainty regarding the going concern premise in the Non-consolidated Financial Statements, etc. is not appropriate, the Auditor is required to express a qualified opinion on the Non-consolidated Financial Statements, etc. The Auditor's conclusions are based on audit evidence obtained on or before the Audit Report

date, but the risk remains that the company is unable to survive as a going concern due to matters or circumstances in the future.

- The Auditor must evaluate whether the representations and footnotes in the Non-consolidated Financial Statements, etc. are in accordance with business accounting standards generally accepted in Japan, and whether the representations, composition, and content of the Non-consolidated Financial Statements, etc. (including related footnotes) and the Non-consolidated Financial Statements, etc. themselves present fairly the transactions and accounting matters on which they are based.

The Auditor must report to the Audit and Supervisory Committee the scope and schedule of the planned audit, material findings of the audit (including material internal control irregularities detected during the audit), and any other matters required in accordance with auditing standards.

The Auditor must report to the Audit and Supervisory Committee that it has complied with Japanese regulations on professional ethics regarding independence, any matters that may reasonably be considered to affect the independence of the Auditor, and measures and safeguards (if any) to remove or mitigate any obstacles to independence to an acceptable level.

Conflicts of Interest

Neither the Auditor nor its engagement partners have any interest in the Company that should be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Audit Report by the Audit and Supervisory Committee

Audit Report

The Audit and Supervisory Committee has audited the execution of duties by the Directors during the 122nd fiscal year from April 1, 2024 to March 31, 2025.

1. Methods and Contents of the Audit by the Audit and Supervisory Committee

The Audit and Supervisory Committee regularly received reports on Board of Directors resolutions related to the provisions of Article 399-13, paragraph (1), item (i) (b) and (c) of the Companies Act, and the development and operation of a system established in accordance with the resolutions (internal control system) from Directors and employees, etc., requested explanations as needed, and expressed its opinions. At the same time, the committee carried out an audit in a way described below:

- (i) Following the audit policy, sharing of duties, etc. set by the Audit and Supervisory Committee, the members of the committee collaborated with the Company's internal control division, attended important meetings, received reports from Directors, employees and other sources on the execution of their duties, etc., requested explanations as needed, viewed important documents on decisions, and studied the state of operations and assets at Tsugami Corporation and its principal offices. With respect to subsidiaries, the Audit and Supervisory Committee sought to communicate and exchange information with their Directors and Statutory Auditors and received from subsidiaries reports on their operation as needed.
- (ii) The Audit and Supervisory Committee monitored the audit by the Independent Auditors and verified their independence and proper execution of the audit. The committee received reports from the Independent Auditors on their execution of duties and requested explanations as needed. In addition, the Audit and Supervisory Committee received from the Independent Auditors a notice stating that they were developing a "system for ensuring proper duty execution" (items prescribed in respective paragraphs of Article 131 of the Regulations on Corporate Accounting) in accordance with "Quality Control Standards for Auditing" (Business Accounting Council Standard) etc. and requested explanations as needed.

Based on the aforementioned methods, the Audit and Supervisory Committee examined the Company's business report and its supplementary schedules, non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements) and their supplementary schedules, and consolidated financial statements (consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of changes in equity and notes to consolidated financial statements) for the fiscal year under review.

2. Results of the Audit

(1) Results of the audit of the business report and its supplementary schedules

- (a) The business report and its supplementary schedules present fairly the state of the Company in conformity with the relevant laws and the Articles of Incorporation.
- (b) No misconduct or material fact contrary to the relevant laws or the Articles of Incorporation has been found with respect to the execution of Directors' duties.
- (c) The contents of Board of Directors resolutions on the internal control system are fair and reasonable. No item requiring special mention has been found with respect to the contents of the Business Report and the execution of Directors' duties concerning said internal control system.

(2) Results of the audit of non-consolidated financial statements and their supplementary schedules

The methods and results of the audit conducted by Ernst & Young ShinNihon LLC, Independent Auditors, are fair and reasonable.

(3) Results of the audit of consolidated financial statements

The methods and results of the audit conducted by Ernst & Young ShinNihon LLC, Independent Auditors, are fair and reasonable.

May 13, 2025

The Audit and Supervisory Committee
Tsugami Corporation

Yutaka Kimura
Standing Audit and Supervisory Committee
Member

Yoshimi Takeuchi
Audit and Supervisory Committee Member

Kenyu Adachi
Audit and Supervisory Committee Member

Shu Hamba
Audit and Supervisory Committee Member

Michiyo Yamamiya
Audit and Supervisory Committee Member

(Note) The Audit and Supervisory Committee Members Yutaka Kimura, Yoshimi Takeuchi, Kenyu Adachi, Shu Hamba and Michiyo Yamamiya are outside directors stipulated in Article 2, item (xv) and Article 331, paragraph (6) of the Companies Act.

Reference Materials for the Annual Shareholders Meeting

Item 1: Partial Amendments to the Articles of Incorporation

1. Reasons for the Amendment

In order to enable flexible and agile response in the administration of the Shareholders Meeting and the Board of Directors, the Company proposes to make changes to the current provisions of Article 13 (Convenor and Chairperson of the Shareholders Meeting), Article 22 (Convenor and Notice of Convocation of the Board of Directors), and Article 24 (Chairperson of the Board of Directors) of its Articles of Incorporation.

2. Provisions to Be Amended

The provisions to be amended are as follows.

(The underlined parts show the amendments.)

Current Provisions of Articles of Incorporation	Proposed Amendments
<p>Chapter 3 Shareholders Meeting (Convenor and Chairperson)</p> <p>Article 13: A shareholders meeting shall be convened and chaired by <u>the Director and Chairman</u> in accordance with a resolution of the Board of Directors, unless otherwise specified by laws and regulations. If <u>the position of Director and Chairman becomes vacant or the Director and Chairman</u> is unable to act, <u>the Director and President</u> shall act as a <u>substitute</u>. If <u>the Director and President is unable to act</u>, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors.</p>	<p>Chapter 3 Shareholders Meeting (Convenor and Chairperson)</p> <p>Article 13: A shareholders meeting shall be convened and chaired by <u>a Director who is determined by the Board of Directors in advance</u> in accordance with a resolution of the Board of Directors, unless otherwise specified by laws and regulations. If <u>such Director</u> is unable to act, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors.</p>

Current Provisions of Articles of Incorporation	Proposed Amendments
<p>Chapter 4 Director and the Board of Directors (Convenor and Notice of Convocation of the Board of Directors)</p> <p>Article 22: A meeting of the Board of Directors shall be convened by <u>the Director and Chairman</u>, unless otherwise specified by laws and regulations. If <u>the position of Director and Chairman becomes vacant or the Director and Chairman</u> is unable to act, <u>the Director and President</u> shall act as a substitute. If the <u>Director and President is unable to act</u>, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors. The notice of convocation shall be announced to each of the Directors four days prior to the meeting date. However, in case of emergency, the period can be shortened.</p> <p>2. (Omitted)</p> <p>(Chairperson of the Board of Directors)</p> <p>Article 24: The Board of Directors shall be chaired by <u>the Director and Chairman</u>. If <u>the position of Director and Chairman becomes vacant or the Director and Chairman</u> is unable to act, <u>the Director and President shall act as a substitute</u>. If the <u>Director and President is unable to act</u>, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors.</p>	<p>Chapter 4 Director and the Board of Directors (Convenor and Notice of Convocation of the Board of Directors)</p> <p>Article 22: A meeting of the Board of Directors shall be convened by <u>a Director who is determined by the Board of Directors in advance</u>, unless otherwise specified by laws and regulations. If <u>such Director</u> is unable to act, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors. The notice of convocation shall be announced to each of the Directors four days prior to the meeting date. However, in case of emergency, the period can be shortened.</p> <p>2. (Unchanged)</p> <p>(Chairperson of the Board of Directors)</p> <p>Article 24: The Board of Directors shall be chaired by <u>a Director who is determined by the Board of Directors in advance</u>. If <u>such Director</u> is unable to act, another Director shall act as a substitute, in accordance with an order determined by the Board of Directors.</p>

Item 2: Election of Five Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
The terms of office for all five Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter in this item) shall expire at the close of this Annual Shareholders Meeting.
We therefore propose the election of five Directors (including one Outside Director).
This proposal has been deliberated by the Nomination Committee, where a majority of members are independent Outside Directors, and the Audit and Supervisory Committee judges that all the director candidates are qualified.
The five candidates for the position of Director are as follows:

Candidate number	Name (Date of birth)	Career summary, and positions and responsibilities at the Company (including representation at other companies, etc.)	Number of shares in the Company held
1	Michiyo Yamamiya (July 26, 1969) [New appointment] [Female] [Outside Director] [Independent Officer]	Apr. 1998 Registered as an attorney in Tokyo Sep. 2005 Registered as an attorney in New York State July 2010 Joined Tanabe & Partners Jan. 2011 Partner at Tanabe & Partners (current position) June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)	0
	(Reason for nomination as candidate for Outside Director and overview of the role expected) Michiyo Yamamiya has extensive experience and deep insight as an attorney and she is also familiar with corporate law and has a great deal of knowledge from many years of observing business management in general. The Company expects that she will exercise supervision and give advice on the performance of duties by Directors on this basis, from a specialist perspective especially with regard to corporate law and business management and has nominated her as candidate for Outside Director.		
2	Nobuhiro Watabe (January 29, 1971) [Male]	Apr. 1993 Joined the Company Apr. 2011 Executive Officer, Deputy General Manager of Overseas Division Dec. 2014 Seconded to TSUGAMI PRECISION ENGINEERING INDIA PRIVATE LIMITED Apr. 2019 Co-COO and Domestic Sales and Operation Manager of the Company June 2022 Head of Domestic Sales and Operation June 2023 Representative Director and President Head of Domestic Sales and Operation Oct. 2023 Representative Director and President Head of Domestic Sales and Operation and Factories June 2024 Representative Director and President Nagaoka Plant Manager (Head of Engineering and Production Operation) Head of Domestic Operation (current position)	66,300
	(Reason for nomination as candidate for Director) Nobuhiro Watabe has worked for many years for the Company's engineering division and domestic and overseas sales divisions and has extensive experience and deep insight. The Company would like to take advantage of his experience and insight for the Group's sustainable growth and improvement of its corporate value and has once again nominated him as candidate for Director.		

Candidate number	Name (Date of birth)	Career summary, and positions and responsibilities at the Company (including representation at other companies, etc.)		Number of shares in the Company held
3	Mami Matsushita (July 3, 1964) [Female]	Jan. 2010	Joined the Company	115,900
		Apr. 2011	Executive Officer, Deputy General Manager of Overseas Division	
		June 2013	Senior Executive Officer, Assistant General Manager of Overseas Division	
		Apr. 2016	Senior Managing Executive Officer, General Manager of Overseas Division	
		Apr. 2017	COO, General Manager of Overseas Division	
		June 2021	Co-COO, Head of Overseas Sales and Operation, General Manager of Overseas Division	
		June 2022	Head of Overseas Sales and Operation, General Manager of Overseas Division	
		Apr. 2024	Head of Overseas Sales and Operation, General Manager of Overseas Division	
		June 2024	Representative Director	
	(Reason for nomination as candidate for Director) Mami Matsushita has worked for many years for the Company’s overseas business division and has extensive experience and deep insight. The Company would like to take advantage of her experience and insight for the Group’s sustainable growth and improvement of its corporate value and has once again nominated her as candidate for Director.			
4	Shoichiro Haga (July 29, 1972) [New appointment] [Male]	Apr. 1995	Joined The Hokuetsu Bank, Ltd. (now Daishi Hokuetsu Bank, Ltd.)	0
		Apr. 2019	Manager of Planning Coordination Division of The Hokuetsu Bank, Ltd. (now Daishi Hokuetsu Bank, Ltd.)	
		Jan. 2021	Senior Manager of Planning Coordination Division of Daishi Hokuetsu Bank, Ltd.	
		Apr. 2021	Senior Manager of General Affairs Division of Daishi Hokuetsu Bank, Ltd.	
		July 2022	Deputy General Manager of General Affairs Division of Daishi Hokuetsu Bank, Ltd.	
		Mar. 2025	Full-time Advisor, General Manager assigned to the administration of the Company (current position)	
			(Reason for nomination as candidate for Director) Shoichiro Haga has practical work experience in financial institutions for many years and has gained deep insight in economic trends and business management. The Company would like to take advantage of his experience and insight for the Group’s sustainable growth and improvement of its corporate value and has nominated him as candidate for Director.	

Candidate number	Name (Date of birth)	Career summary, and positions and responsibilities at the Company (including representation at other companies, etc.)	Number of shares in the Company held
5	Donglei Tang (November 27, 1962) [Male]	Nov. 2005 Joined the Company June 2010 Director, Managing Executive Officer in Charge of China Operations Vice Chairman and CEO of Precision Tsugami (China) Corporation Feb. 2017 Vice Chairman and CEO of Precision Tsugami (China) Corporation Director of Precision Tsugami (Hong Kong) Limited (current position) Executive Director of Precision Tsugami (China) Corporation Limited June 2018 Director and Senior Advisor of the Company (current position) Apr. 2022 Chairman and CEO of Precision Tsugami (China) Corporation Chairman and CEO of Precision Tsugami (China) Corporation Limited (current position) Oct. 2023 Chairman of Precision Tsugami (China) Corporation (current position)	39,000
(Reason for nomination as candidate for Director) Donglei Tang has been involved in the management of the Company's overseas subsidiaries for many years and contributed to global business expansion. The Company judges that his extensive experience and deep insight are essential for the Group's sustainable growth and improvement of its corporate value and has once again nominated him as a candidate for Director.			

- Notes: 1. Michiyo Yamamiya is a candidate for Outside Director. She currently serves as Director who is Audit and Supervisory Committee Member of the Company and the term of office will be five years at the close of this Annual Shareholders Meeting. She will resign from the office of Director who is Audit and Supervisory Committee Member at the close of this Annual Shareholders Meeting.
2. No special interest exists between the Company and any of the candidates for the position of Director.
3. In accordance with the provisions provided in Article 427, paragraph (1) of the Companies Act, the Company has concluded a contract with Michiyo Yamamiya to limit her liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act. The maximum amount of liability for damages based on the above contract is the minimum liability amount set forth in the laws and regulations. If the election of Ms. Yamamiya is approved, the Company will renew this agreement.
4. The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act and an outline of the details of this contract is as described on page 13 of the business report. If the election of each candidate for Director is approved, the Directors will be included in the insured persons under the insurance contract. The Company plans to renew the insurance contract with the same content at the next renewal.
5. The Company designated Michiyo Yamamiya as an independent officer pursuant to the provisions of the Tokyo Stock Exchange (TSE) and registered her with the TSE. The Company will continue to designate her as an independent officer.

Item 3: Election of One Director Who Is Audit and Supervisory Committee Member

The term of office for Director who is Audit and Supervisory Committee Member Yutaka Kimura shall expire, and Michiyo Yamamiya will resign from office at the close of this Annual Shareholders Meeting.

Considering the current state of audit structure, the Company judged that it is able to continue to ensure the effectiveness of audits and will reduce the number of Director who is Audit and Supervisory Committee Member by one, to a total of four. Accordingly, we propose the election of one Director who is an Audit and Supervisory Committee Member.

This proposal has been deliberated by the Nomination Committee, where a majority of members are independent Outside Directors, and the consent of the Audit and Supervisory Committee has been obtained.

The candidate for the position of Director who is an Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary, and positions and responsibilities at the Company (including representation at other companies, etc.)	Number of shares in the Company held
Kunimasa Ota (February 16, 1949) [New appointment] [Male] [Outside Director] [Independent officer]	June 2002 Director of TOKYO SEIMITSU CO., LTD. Oct. 2004 Representative Director and CFO of TOKYO SEIMITSU CO., LTD. June 2009 Outside Auditor of the Company Apr. 2011 President and CEO of TOKYO SEIMITSU CO., LTD. Apr. 2015 Representative Director and Chairman of TOKYO SEIMITSU CO., LTD. Apr. 2017 Director and Chairman of TOKYO SEIMITSU CO., LTD. Apr. 2019 Senior Adviser of TOKYO SEIMITSU CO., LTD. June 2019 Corporate Auditor (Outside) of ASIA PILE HOLDINGS CORPORATION (current position) Nov. 2023 Councilor of Musashino Art University (current position) June 2024 Auditor of The Precise Measurement Technology Promotion Foundation (current position)	2,300
(Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of the role expected) Kunimasa Ota has gained extensive experience and deep insight as manager in globally operating companies. The Company expects that he will exercise supervision and give advice on the performance of duties by Directors on this basis, and accordingly has nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.		

- Notes:
1. Mr. Kunimasa Ota is a candidate for Outside Director and he served as Director of TOKYO SEIMITSU CO., LTD. until March 2019. The Company purchases measurement devices and other items from TOKYO SEIMITSU CO., LTD. but the ratio of the transaction amount to said company's consolidated net sales is less than 1%.
 2. If the election of Mr. Kunimasa Ota is approved, the Company will conclude a contract with him to limit his liability for damages as stipulated in Article 423, paragraph (1) of the Companies Act, in accordance with the provisions provided in Article 427, paragraph (1) of the Companies Act. The maximum amount of liability for damages based on the above contract is the minimum liability amount set forth in the laws and regulations.
 3. The Company has concluded a directors' and officers' liability insurance contract with an insurance company as stipulated in Article 430-3, paragraph (1) of the Companies Act and an outline of the details of this contract is as described on page 13 of the business report. If the election of Mr. Kunimasa Ota is approved, he will be included in the insured persons under the insurance contract. The Company plans to renew the insurance contract with the same content at the next renewal.
 4. Mr. Kunimasa Ota used to serve as a non-executive officer (Auditor) of the Company.
 5. The Company judges that Mr. Kunimasa Ota meets the independence requirements of the Tokyo Stock Exchange (TSE) and will register him as an independent officer with the TSE.

(Reference)

The principal expertise and experience of the candidates for the position of Director are as follows.

The table below of the composition of the Board of Directors is prepared on the assumption that all the proposals regarding appointment of Directors are approved as originally proposed at this Annual Shareholders Meeting.

	Planning & management	Industry knowledge	Inter- national experience	Sales, marketing	Tech- nology, R&D	Legal affairs	Financial accounting
Michiyo Yamamiya [Female/Outside Director/Independent Officer]	●		●			●	
Nobuhiro Watabe [Male]	●	●	●	●	●		
Mami Matsushita [Female]	●	●	●	●		●	
Shoichiro Haga [Male]	●					●	●
Donglei Tang [Male]	●	●	●	●	●		
Shu Hamba (Audit and Supervisory Committee Member) [Male/Outside Director/Independent Officer]	●		●			●	
Yoshimi Takeuchi (Audit and Supervisory Committee Member) [Male/Outside Director/Independent Officer]		●	●		●		
Kunimasa Ota (Audit and Supervisory Committee Member) [Male/Outside Director/Independent Officer]	●	●	●	●		●	●
Kenyu Adachi (Audit and Supervisory Committee Member) [Male/Outside Director/Independent Officer]	●		●			●	

* The above does not represent all the expertise, experience, etc. possessed by each Director.

* In addition to the above, all Directors are committed to management from a sustainability perspective.