

[Translation]
Stock code: 6101
May 26, 2026

To our shareholders,

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

Notice of the 123rd Annual Shareholders Meeting

You are cordially invited to attend the 123rd 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 17, 2026
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 123rd term, from April 1, 2025 to March 31, 2026, will be reported at the meeting.
2. The Non-consolidated Financial Statements for the 123rd term, from April 1, 2025 to March 31, 2026, will be reported at the meeting.

Items to be resolved

Item 1: Election of Four Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

Item 2: Election of Three Directors Who Are Audit and Supervisory Committee Members

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) Notes to Consolidated Financial Statements
- (ii) 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 16, 2026

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 16, 2026

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 17, 2026

- 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 16, 2026

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, 2025 to March 31, 2026)

1. Current Status of the Group

(1) Business Performance for the Fiscal Year Ended March 31, 2026

(i) Business progress and results

Regarding the environment surrounding the Group in the fiscal year under review, amid growing uncertainty in the overall market, the Group steadily promoted its business in each of its locations, including the China and India markets, and as a result, revenue stood at ¥129,140 million (up 20.2% year on year), operating profit was ¥36,102 million (up 54.9% year on year), and profit attributable to owners of parent was ¥16,745 million (up 53.6% 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 ¥108,621 million (up 20.3% year on year), grinding machines amounted to ¥5,505 million (up 7.1% year on year), and machining centers, thread and form rolling machines, and specialized machines amounted to ¥8,886 million (up 30.1% 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 Reconstruction of plant for manufacturing machine tools* |
| Precision Tsugami (China) Corporation | Additional installation of equipment for producing machine tools A new plant for manufacturing 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 ¥2,181 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 | 120 th term ended March 31, 2023 | 121 st term ended March 31, 2024 | 122 nd term ended March 31, 2025 | 123 rd term ended March 31, 2026 |
|--|--|--|--|--|
| Revenue | 94,963 | 83,928 | 107,411 | 129,140 |
| Profit before tax | 16,467 | 13,795 | 23,709 | 35,617 |
| Profit attributable to owners of parent | 7,695 | 5,376 | 10,901 | 16,745 |
| Basic earnings per share | ¥159.39 | ¥112.57 | ¥231.55 | ¥361.20 |
| Total assets | 112,364 | 117,714 | 127,306 | 154,055 |
| Total equity | 64,922 | 72,361 | 84,114 | 106,477 |
| Equity attributable to owners of parent per share | ¥1,057.67 | ¥1,190.52 | ¥1,327.03 | ¥1,719.40 |

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 | CNY992 million | 100.0 (100.0) | Manufacturing and sales of machine tools |
| Precision Tsugami (China) Corporation Limited | HK\$375 million | 68.1 | 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 |

Note: The figure in the parenthesis is the indirect ownership of voting rights.

(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) Acceleration of growth on a global scale and optimization of our product portfolio

We aim to expand our sales and market share by concentrating our resources on growth markets and optimizing our product portfolio. More specifically, we will closely examine our existing product portfolio based on profitability and market growth potential while stepping up investment in high-value-added areas such as automotive parts, which require environmental compliance and energy efficiency, and the increasingly sophisticated IT and medical fields.

Furthermore, from a medium- to long-term perspective, we will further strengthen our production, sales, and after-sales service systems in growth regions with a strong capital investment appetite, such as China, Southeast Asia, and India. We will promote business expansion tailored to regional characteristics with the ultimate goal of achieving sustainable growth on a global scale.

(ii) Productivity and efficiency in our supply chain

We will build an optimal global production system and thoroughly enhance supply chain efficiency. By

clarifying the role of each facility, we will achieve shorter lead times and inventory optimization through a flexible supply system that adapts to demand.

Furthermore, we will enhance cost competitiveness through process improvements and the utilization of digital technologies to drive profitable business operations. We are committed to remaining a company that is trusted by our customers by strengthening our production, sales, and management systems across the entire Group and providing products and services that meet customer needs.

(iii) Product development that contributes to solving societal issues

To address the societal issues surrounding manufacturing industries, we will focus on developing next-generation machine tools. We will support the future of manufacturing industries by providing a range of sustainable and highly reliable products, with a focus on automation and labor-saving measures as well as compliance with environmental regulations and adaptations to changes in industrial structure.

The Group will proactively implement these types of activities in addition to environmental conservation, compliance, and other CSR activities, and make maximum management efforts as a group of companies trusted by our shareholders, customers, and all other stakeholders.

(5) Principal Businesses (as of March 31, 2026)

Manufacturing and sale of precision machine tools

(6) Main Offices and Factories (as of March 31, 2026)

(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, 2026)**(i) Employees of the Tsugami Group**

| Number of employees | Change from the end of the previous term |
|---------------------|--|
| 3,515 [89] | Up 82 [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 |
|---------------------|--|----------------|-----------------------|
| 482 [72] | Down 18 [Down 2] | 44.0 years old | 19.0 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, 2026)

| Lender | Outstanding loan amount |
|-------------------------------------|-------------------------|
| Sumitomo Mitsui Banking Corporation | ¥1,200 million |
| MUFG Bank, Ltd. | ¥1,200 million |
| Daishi Hokuetsu Bank, Ltd. | ¥1,200 million |
| Mizuho Bank, Ltd. | ¥800 million |
| Hachijuni Nagano 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 fiscal year ended March 31, 2026, the Company has decided to pay annual dividends of ¥85 per share, including interim dividends of ¥36 per share and year-end dividends of ¥49 per share.

For the fiscal year ending March 31, 2027, the Company plans to pay annual dividends of ¥98 per share, including interim dividends of ¥49 per share and year-end dividends of ¥49 per share.

2. Current Status of the Company

(1) Shares (as of March 31, 2026)

| | |
|----------------------------------|-------------|
| (i) Number of authorized shares: | 320,000,000 |
| (ii) Number of issued shares: | 48,000,000 |
| (iii) Number of shareholders: | 10,238 |

(iv) Major shareholders (top 10 shareholders)

| Name | Number of shares held (thousand shares) | Shareholding ratio (%) |
|--|--|---------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account) | 5,691 | 12.21 |
| Custody Bank of Japan, Ltd. (trust account) | 2,264 | 4.86 |
| Daishi Hokuetsu Bank, Ltd. | 2,184 | 4.68 |
| Sumitomo Mitsui Banking Corporation | 1,516 | 3.25 |
| Tsugami Customers' Shareholding Association | 1,161 | 2.49 |
| The Dai-ichi Life Insurance Company, Limited | 1,102 | 2.36 |
| THE BANK OF NEW YORK MELLON 140044 | 1,053 | 2.26 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 1,012 | 2.17 |
| THE BANK OF NEW YORK 133652 | 941 | 2.02 |
| HSBC HONG KONG-TREASURY SERVICES/ASIAN EQUITIES DERIVATIVES | 925 | 1.98 |

Note: In calculating the ratio of holdings, 1,412 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 Directors who are Audit and Supervisory Committee Members and Outside Directors) | 17,400 | 4 |

Note: Details of the Company's stock compensation is described in "2. (2) (iv) Compensation paid to Directors."

[Reference]

Matters regarding shares held by the Company (as of March 31, 2026)

(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 | ¥5,634 million |

Note: The ratio of the total amount on the balance sheet shown above to total equity (¥106,477 million) in the consolidated statement of financial position as of March 31, 2026 was 5.29%.

(2) Officers

(i) Directors (as of March 31, 2026)

| Position | Name | Responsibility and important concurrent post |
|---|------------------|--|
| Director | Michiyo Yamamiya | Partner at Tanabe & Partners |
| Representative Director | Nobuhiro Watabe | |
| Representative Director | Mami Matsushita | |
| Director | Shoichiro Haga | Executive Director and CFO of Precision Tsugami (China) Corporation Limited Director of Precision Tsugami (Hong Kong) Limited |
| Director | Donglei Tang | |
| Director (Audit and Supervisory Committee Member) | Shu Hamba | Partner of Shimada Hamba & Osajima |
| Director (Audit and Supervisory Committee Member) | Yoshimi Takeuchi | Chairman of Chubu University |
| Director (Audit and Supervisory Committee Member) | Kunimasa Ota | Corporate Auditor (Outside) of ASIA PILE HOLDINGS CORPORATION Councilor of Musashino Art University Auditor of The Precise Measurement Technology Promotion Foundation |
| Director (Audit and Supervisory Committee Member) | Kenyu Adachi | Outside Director of ENECHANGE Ltd. |

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

- Mr. Ken Kubo, Director; Mr. Kenji Yoneyama, Director; and Mr. Yutaka Kimura, Director (Audit and Supervisory Committee Member) retired as of the closing of the 122nd Annual Shareholders Meeting held on June 18, 2025, due to the expiration of their terms of office. Ms. Michiyo Yamamiya, Director (Audit and Supervisory Committee Member) retired at the said meeting following her resignation. Ms. Michiyo Yamamiya and Mr. Shoichiro Haga were newly elected as Director, and Mr. Kunimasa Ota was newly elected as Director (Audit and Supervisory Committee Member) at the said meeting, and assumed the positions thereafter.
- Directors Michiyo Yamamiya, and Directors (Audit and Supervisory Committee Members) Shu Hamba, Yoshimi Takeuchi, Kunimasa Ota, and Kenyu Adachi are Outside Directors.
- Director (Audit and Supervisory Committee Member) Kunimasa Ota has engaged in corporate management in globally operating companies for many years and has a substantial knowledge of finance and accounting.
- The Company has notified the Tokyo Stock Exchange of the appointment of Directors Michiyo Yamamiya and Directors (Audit and Supervisory Committee Members) Shu Hamba, Yoshimi Takeuchi, Kunimasa Ota, and Kenyu Adachi as independent officers.
- Since the Audit and Supervisory Committee conducts organizational audits through the internal control system and has established an Audit and Supervisory Committee Secretariat to assist its duties, the Company does not appoint a standing Audit and Supervisory Committee Member.

(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 Michiyo Yamamiya, Shu Hamba, Yoshimi Takeuchi, Kunimasa Ota and Kenyu Adachi 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 members of Corporate Management Committee 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 members of Corporate Management Committee 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] | ¥140 million [¥9 million] | ¥85 million [¥9 million] | ¥22 million [-] | ¥32 million [-] | 7 [2] |
| Directors (Audit and Supervisory Committee Members) [Outside Directors included] | ¥39 million [¥39 million] | ¥39 million [¥39 million] | - [-] | - [-] | 6 [6] |
| Total [Outside Directors included] | ¥180 million [¥48 million] | ¥125 million [¥48 million] | ¥22 million [-] | ¥32 million [-] | 13 [8] |

- Notes:
1. The above includes two Directors (excluding Directors who are Audit and Supervisory Committee Members) (including one Outside Director) and two Directors who are Audit and Supervisory Committee Members (Outside Directors) who retired as of the closing of the 122nd Annual Shareholders Meeting held on June 18, 2025.
 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.
 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 members of Corporate Management Committee (Mr. Nobuhiro Watabe, Ms. Mami Matsushita and Mr. Toshio Honma). The Board of Directors delegated authority based on the judgment that the panel of three members of Corporate Management Committee 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 members of Corporate Management Committee, 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 Michiyo Yamamiya | Tanabe & Partners | Partner | No special interests exist between the Company and Tanabe & Partners. |
| 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) Yoshimi Takeuchi | Chubu University | Chairman | No special interests exist between the Company and Chubu University. |
| Director (Audit and Supervisory Committee Member) Kunimasa Ota | ASIA PILE HOLDINGS CORPORATION Musashino Art University The Precise Measurement Technology Promotion Foundation | Corporate Auditor (Outside) Councilor Auditor | No special interests exist between the Company and either ASIA PILE HOLDINGS CORPORATION, Musashino Art University or The Precise Measurement Technology Promotion Foundation. |
| Director (Audit and Supervisory Committee Member) Kenyu Adachi | ENECHANGE Ltd. | Outside Director | No special interests exist between the Company and ENECHANGE Ltd. |

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 |
|--|---|
| Michiyo Yamamiya, Director | <p>She attended 9 of the 9 meetings of the Board of Directors held in the fiscal year under review. She fulfilled her role and responsibilities in exercising effective supervision over the Company's management from her specialist standpoint as a lawyer.</p> <p>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.</p> |
| Shu Hamba, Director (Audit and Supervisory Committee Member) | <p>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 comments to ensure the appropriateness and validity of decision-making from his specialist standpoint as a lawyer.</p> <p>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.</p> |
| Yoshimi Takeuchi, Director (Audit and Supervisory Committee Member) | <p>He attended 8 of the 9 meetings of the Board of Directors and 4 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.</p> <p>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.</p> |
| Kunimasa Ota, Director (Audit and Supervisory Committee Member) | <p>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 18, 2025. He performed his role appropriately to ensure the appropriateness and validity of decision-making, including providing supervision and advice mainly based on his vast experience and extensive knowledge as a corporate manager in globally operating companies.</p> |
| Kenyu Adachi, Director (Audit and Supervisory Committee Member) | <p>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.</p> <p>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.</p> |

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 | ¥62 million |
| The total amount of cash and other assets to be paid by the Company and subsidiaries to independent auditors | ¥62 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 for 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 five 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, 2026)

(Millions of yen)

| Account title | Amount | Account title | Amount |
|---------------------------------|----------------|--|----------------|
| (Assets) | | (Liabilities) | |
| Current assets: | | Current liabilities: | |
| Cash and cash equivalents | 42,180 | Trade and other payables | 20,073 |
| Trade and other receivables | 50,321 | Borrowings | 9,010 |
| Other financial assets | 62 | Other financial liabilities | 206 |
| Inventories | 32,724 | Income taxes payable, etc. | 3,794 |
| Other current assets | 1,206 | Provisions | 652 |
| Total current assets | 126,496 | Contract liabilities | 6,407 |
| | | Other current liabilities | 941 |
| | | Total current liabilities | 41,086 |
| Non-current assets: | | Non-current liabilities: | |
| Property, plant and equipment | 17,440 | Other financial liabilities | 158 |
| Right-of-use assets | 2,816 | Retirement benefit liability | 931 |
| Intangible assets | 142 | Provisions | 5 |
| Retirement benefit asset | 2 | Deferred tax liabilities | 4,752 |
| Other financial assets | 6,182 | Other non-current liabilities | 644 |
| Deferred tax assets | 635 | Total non-current liabilities | 6,492 |
| Other non-current assets | 341 | | |
| Total non-current assets | 27,559 | Total liabilities | 47,578 |
| | | (Equity) | |
| | | Share capital | 12,345 |
| | | Capital surplus | 706 |
| | | Treasury shares | (2,767) |
| | | Other components of equity | 16,412 |
| | | Retained earnings | 53,405 |
| | | Total equity attributable to owners of parent | 80,102 |
| | | Non-controlling interests | 26,374 |
| | | Total equity | 106,477 |
| Total Assets | 154,055 | Total liabilities and equity | 154,055 |

Consolidated Statement of Profit or Loss

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

| Account title | Amount |
|--|----------------|
| Revenue | 129,140 |
| Cost of sales: | (81,168) |
| Gross profit | 47,971 |
| Selling, general and administrative expenses | (13,979) |
| Other income | 2,245 |
| Other expenses | (135) |
| Operating profit | 36,102 |
| Finance income | 574 |
| Finance costs | (1,060) |
| Profit before tax | 35,617 |
| Income tax expense | (11,298) |
| Profit | 24,318 |
| Profit attributable to | |
| Owners of parent | 16,745 |
| Non-controlling interests | 7,572 |
| Profit | 24,318 |

Consolidated Statement of Changes in Equity

(From April 1, 2025 to March 31, 2026)

(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, 2025 | 12,345 | 2,878 | (861) | 6,372 | 2,339 |
| Profit | | | | | |
| Other comprehensive income | | | | 6,578 | 898 |
| Total comprehensive income | – | – | – | 6,578 | 898 |
| Purchase of treasury shares | | | (2,002) | | |
| Disposal of treasury shares | | 13 | 97 | | |
| Dividends | | | | | |
| Transfer to retained earnings | | | | | |
| Capital transactions with non-controlling interests | | (2,185) | | 224 | |
| Total transactions with owners | – | (2,172) | (1,905) | 224 | – |
| Balance as of March 31, 2026 | 12,345 | 706 | (2,767) | 13,175 | 3,237 |

| | 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, 2025 | – | 8,712 | 39,822 | 62,897 | 21,217 | 84,114 |
| Profit | | – | 16,745 | 16,745 | 7,572 | 24,318 |
| Other comprehensive income | 38 | 7,514 | | 7,514 | 3,171 | 10,686 |
| Total comprehensive income | 38 | 7,514 | 16,745 | 24,260 | 10,744 | 35,004 |
| Purchase of treasury shares | | – | | (2,002) | | (2,002) |
| Disposal of treasury shares | | – | 4 | 115 | | 115 |
| Dividends | | – | (3,206) | (3,206) | (2,575) | (5,781) |
| Transfer to retained earnings | (38) | (38) | 38 | – | | – |
| Capital transactions with non-controlling interests | | 224 | | (1,961) | (3,011) | (4,972) |
| Total transactions with owners | (38) | 185 | (3,163) | (7,054) | (5,586) | (12,641) |
| Balance as of March 31, 2026 | – | 16,412 | 53,405 | 80,102 | 26,374 | 106,477 |

Non-consolidated Balance Sheet

(As of March 31, 2026)

(Millions of yen)

| Account title | Amount | Account title | Amount |
|--|---------------|---|----------------|
| ASSETS: | | LIABILITIES: | |
| Current assets: | 23,422 | Current liabilities: | 11,457 |
| Cash and deposits | 5,041 | Trade notes payable | 13 |
| Trade notes receivable | 3 | Electronically recorded obligations - operating | 1,724 |
| Electronically recorded monetary claims | 125 | Trade accounts payable | 3,602 |
| Accounts receivable | 5,901 | Short-term loans payable | 4,800 |
| Merchandise and finished goods | 4,184 | Accounts payable | 174 |
| Work in process | 1,501 | Accrued expenses payable | 283 |
| Raw materials and supplies | 3,430 | Income taxes payable | 71 |
| Short-term loans receivable from subsidiaries and associates | 1,332 | Provision for product warranties | 232 |
| Consumption taxes receivable | 747 | Provision for bonuses | 368 |
| Other | 1,280 | Other | 186 |
| Allowance for doubtful accounts | (126) | | |
| Non-current assets: | 15,547 | Non-current liabilities: | 1,482 |
| Property, plant and equipment: | 1,786 | Deferred tax liabilities | 518 |
| Buildings | 1,266 | Provision for retirement benefits | 948 |
| Structures | 65 | Other | 16 |
| Machinery and equipment | 123 | | |
| Vehicles | 3 | Total liabilities | 12,939 |
| Tools, furniture and fixtures | 59 | | |
| Land | 246 | NET ASSETS: | |
| Leased assets | 13 | Shareholders' equity: | 22,998 |
| Construction in progress | 7 | Share capital | 12,345 |
| Intangible assets: | 53 | Capital surplus: | 18 |
| Telephone subscription right | 7 | Other capital surplus: | 18 |
| Software | 43 | Retained earnings: | 13,394 |
| Leased assets | 1 | Legal retained earnings | 1,659 |
| Other | 0 | Other retained earnings: | 11,735 |
| Investments and other assets: | 13,707 | Retained earnings brought forward | 11,735 |
| Investment securities | 5,634 | Treasury shares | (2,760) |
| Shares of subsidiaries and associates | 2,913 | | |
| Investments in capital of subsidiaries and associates | 859 | Valuation and translation adjustments: | 3,032 |
| Long-term loans receivable from subsidiaries and associates | 3,960 | Valuation difference on available-for-sale securities | 3,032 |
| Prepaid pension cost | 141 | | |
| Other | 197 | Total net assets | 26,031 |
| Total Assets | 38,970 | Total Liabilities and Net Assets | 38,970 |

Non-consolidated Statement of Income

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

| Account title | Amount |
|---|---------------|
| Net sales | 25,561 |
| Cost of sales | 17,906 |
| Gross profit | 7,654 |
| Selling, general and administrative expenses | 5,190 |
| Operating profit | 2,464 |
| Non-operating income: | 5,654 |
| Interest income | 107 |
| Dividend income | 5,452 |
| Reversal of allowance for doubtful accounts | 2 |
| Insurance income | 47 |
| Other | 45 |
| Non-operating expenses: | 342 |
| Interest expenses | 128 |
| Foreign exchange loss | 108 |
| Loss on sale of notes payable | 71 |
| Other | 33 |
| Ordinary income | 7,777 |
| Extraordinary income: | 8 |
| Gain on sale of non-current assets | 8 |
| Extraordinary losses: | 36 |
| Loss on retirement of non-current assets | 36 |
| Profit before taxes | 7,748 |
| Corporate, inhabitant and enterprise taxes | 716 |
| Deferred taxes | 67 |
| Net income | 6,964 |

Non-consolidated Statement of Changes in Equity

(From April 1, 2025 to March 31, 2026)

(Millions of yen)

| | Shareholders' equity | | | | | |
|---|----------------------|-----------------------|-----------------------|-------------------------|-------------------------|-------------------------|
| | Share capital | Capital surplus | | Legal retained earnings | Retained earnings | |
| | | Other capital surplus | Total capital surplus | | Other retained earnings | Total retained earnings |
| Balance as of April 1, 2025 | 12,345 | – | – | 1,338 | 8,297 | 9,636 |
| Change during the fiscal year | | | | | | |
| Cash dividends paid | | | | 320 | (3,526) | (3,206) |
| Net income | | | | | 6,964 | 6,964 |
| Purchase of treasury shares | | | | | | |
| Disposal of treasury shares | | 18 | 18 | | | |
| Changes in items other than shareholders' equity during the fiscal year (net) | | | | | | |
| Total change during the fiscal year | – | 18 | 18 | 320 | 3,438 | 3,758 |
| Balance as of March 31, 2026 | 12,345 | 18 | 18 | 1,659 | 11,735 | 13,394 |

| | Shareholders' equity | | Valuation and translation adjustments | | 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, 2025 | (856) | 21,124 | 2,154 | 2,154 | 23,278 |
| Change during the fiscal year | | | | | |
| Cash dividends paid | | (3,206) | | | (3,206) |
| Net income | | 6,964 | | | 6,964 |
| Purchase of treasury shares | (2,002) | (2,002) | | | (2,002) |
| Disposal of treasury shares | 98 | 117 | | | 117 |
| Changes in items other than shareholders' equity during the fiscal year (net) | | | 878 | 878 | 878 |
| Total change during the fiscal year | (1,903) | 1,873 | 878 | 878 | 2,752 |
| Balance as of March 31, 2026 | (2,760) | 22,998 | 3,032 | 3,032 | 26,031 |

Accounting Audit Report on Consolidated Financial Statements

Independent Auditors' Report

May 13, 2026

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, 2025 to March 31, 2026.

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 (includes provisions applicable to the audit of financial statements of public interest entities), 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, 2026

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 123rd fiscal year from April 1, 2025 through March 31, 2026.

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 (includes provisions applicable to the audit of financial statements of public interest entities), 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 123rd fiscal year from April 1, 2025 to March 31, 2026.

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 matters related to 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, 2026

The Audit and Supervisory Committee
Tsugami Corporation

Shu Hamba
Audit and Supervisory Committee Member

Yoshimi Takeuchi
Audit and Supervisory Committee Member

Kunimasa Ota
Audit and Supervisory Committee Member

Kenyu Adachi
Audit and Supervisory Committee Member

(Note) The Audit and Supervisory Committee Members Shu Hamba, Yoshimi Takeuchi, Kunimasa Ota, and Kenyu Adachi 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: Election of Four 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 four 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 four 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) [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 June 2025 Outside Director 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 once again 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) | 71,100 |
| (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] | <p>Jan. 2010 Joined the Company</p> <p>Apr. 2011 Executive Officer, Deputy General Manager of Overseas Division</p> <p>June 2013 Senior Executive Officer, Assistant General Manager of Overseas Division</p> <p>Apr. 2016 Senior Managing Executive Officer, General Manager of Overseas Division</p> <p>Apr. 2017 COO, General Manager of Overseas Division</p> <p>June 2021 Co-COO, Head of Overseas Sales and Operation, General Manager of Overseas Division</p> <p>June 2022 Head of Overseas Sales and Operation, General Manager of Overseas Division</p> <p>Apr. 2024 Head of Overseas Sales and Operation, General Manager of Overseas Division</p> <p>June 2024 Representative Director Head of Overseas Sales and Operation (current position)</p> | 120,600 |
| (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 | Wang Xiaokun (November 7, 1971) [New appointment] [Male] | <p>Mar. 2011 Vice President of the Sales Division of Precision Tsugami (China) Corporation</p> <p>Jan. 2013 General Manager of the Sales Division of Precision Tsugami (China) Corporation</p> <p>Aug. 2013 Vice President and General Manager of Sales Division I of Precision Tsugami (China) Corporation</p> <p>Dec. 2015 Vice President and Head of Sales of Precision Tsugami (China) Corporation</p> <p>Nov. 2016 Director, Vice President and Executive General Manager of Sales Department of Precision Tsugami (China) Corporation</p> <p>Nov. 2023 President of Precision Tsugami (China) Corporation</p> <p>June 2025 Chairman and CEO of Precision Tsugami (China) Corporation (current position) Executive Director of Precision Tsugami (China) Corporation Limited</p> <p>Nov. 2025 Chairman and CEO of Precision Tsugami (China) Corporation Limited (current position)</p> <p>Dec. 2025 Director of Precision Tsugami (Hong Kong) Limited (current position)</p> | 0 |
| (Reason for nomination as candidate for Director) Wang Xiaokun 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 nominated him as a candidate for Director | | | |

- Notes:
1. Michiyo Yamamiya is a candidate for Outside Director. She currently serves as Outside Director of the Company and the term of office will be six years 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 2: Election of Three Directors Who Are Audit and Supervisory Committee Members

The term of office for three Directors who are Audit and Supervisory Committee Members shall expire at the close of this Annual Shareholders Meeting. We therefore propose again the election of three Directors who are Audit and Supervisory Committee Members (three Outside Directors).

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 three candidates for the position of Director who is an Audit and Supervisory Committee Member 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 | Shu Hamba (August 21, 1965) [Male] [Outside Director] [Independent Officer] | Apr. 1993 Registered as an attorney Apr. 1993 Joined Iwata Godo Feb. 2004 Registered as an attorney in New York State Aug. 2010 Joined Shimada Hamba & Osajima Aug. 2010 Partner of Shimada Hamba & Osajima (current position) June 2024 Outside Director (Audit and Supervisory Committee Member) of the Company (current position) | 0 |
| (Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of the role expected) Shu Hamba has extensive experience and deep insight as an attorney and he is also familiar with corporate law and has a great deal of knowledge of business management in general. The Company expects that he will exercise supervision and give advice on the performance of duties by Directors on this basis, and accordingly has once again nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. | | | |
| 2 | Yoshimi Takeuchi (August 21, 1948) [Male] [Outside Director] [Independent Officer] | Jan. 1978 Assistant Professor at Kyushu Institute of Technology Jan. 1988 Professor at the University of Electro-Communications June 2002 Professor at the Graduate school of Engineering Science, Osaka University Sep. 2011 Professor at the College of Engineering, Chubu University Honorary Professor at Osaka University (current position) Apr. 2017 Vice-President of Chubu University Apr. 2019 Advisor to the Chancellor and Professor at Chubu University June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (current position) Apr. 2021 President of Chubu University June 2023 Chairman of Chubu University (current position) | 0 |
| (Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of the role expected) Yoshimi Takeuchi has been involved in research into machine tools and production and machining systems for many years and he is also very familiar with areas related to the Company's business. The Company expects that he will exercise supervision and give advice on the performance of duties by Directors on this basis, and accordingly has once again nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member. | | | |

| 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 | Kenyu Adachi (July 27, 1952) [Male] [Outside Director] [Independent Officer] | <p>Apr. 1977 Joined the Ministry of International Trade and Industry (now the Ministry of Economy, Trade and Industry (METI))</p> <p>July 2007 Director-General of Trade and Economic Cooperation Bureau, METI</p> <p>July 2008 Director-General of Minister's Secretariat, METI</p> <p>July 2010 Director-General of Economic and Industrial Policy Bureau, METI</p> <p>Aug. 2011 Vice-Minister of Economy, Trade and Industry</p> <p>June 2014 Outside Director of Asahi Kasei Corporation Outside Director of Toyo Engineering Corporation</p> <p>June 2016 President of the Shoko Chukin Bank, Ltd.</p> <p>June 2020 Outside Director (Audit and Supervisory Committee Member) of the Company (current position)</p> <p>June 2021 Outside Director of Japan Alcohol Trading CO., LTD</p> <p>Mar. 2023 Outside Director of ENECHANGE Ltd. (current position)</p> | 0 |
| <p>(Reason for nomination as candidate for Outside Director who is an Audit and Supervisory Committee Member and overview of the role expected)</p> <p>Kenyu Adachi has many years of experience and deep insight in relation to all industry sectors including the machine tools industry in which the Company operates. The Company expects that he will exercise supervision and give advice on the performance of duties by Directors on this basis, and accordingly has once again nominated him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> | | | |

- Notes:
1. No special interest exists between the Company and any of the candidates for the position of Director.
 2. Mr. Shu Hamba, Mr. Yoshimi Takeuchi, and Mr. Kenyu Adachi are currently Outside Directors who are Audit and Supervisory Committee Members of the Company. Their terms of office as Outside Directors who are Audit and Supervisory Committee Members are two years for Mr. Shu Hamba, and six years for Mr. Yoshimi Takeuchi and Mr. Kenyu Adachi.
 3. In accordance with the provisions provided in Article 427, paragraph (1) of the Companies Act, the Company has concluded contracts with Mr. Shu Hamba, Mr. Yoshimi Takeuchi, and Mr. Kenyu Adachi 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. If the reelection of Mr. Shu Hamba, Mr. Yoshimi Takeuchi, and Mr. Kenyu Adachi 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 the candidates for Director who is an Audit and Supervisory Committee Member is approved, they will continue to 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 Mr. Shu Hamba, Mr. Yoshimi Takeuchi, and Mr. Kenyu Adachi as independent officers pursuant to the provisions of the Tokyo Stock Exchange (TSE) and registered them with the TSE. If their reappointment is approved, the Company will continue to designate them as independent officers.

(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] | ● | ● | ● | ● | | ● | |
| Wang Xiaokun [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.