



June 5, 2023

To our shareholders,

Company name: TSUGAMI CORPORATION  
Representative: Junichi Hyakuya, Representative Director,  
Senior Advisor (Finance)  
(Stock Code: 6101, Tokyo Stock Exchange, Prime Market)  
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## Supplemental Explanation regarding Item 2 of the 120th Annual Shareholders Meeting

Regarding Item 2, “Election of One Director Who Is Audit and Supervisory Committee Member,” of the 120th Annual Shareholders Meeting of TSUGAMI CORPORATION (the “Company”) to be held on June 21, 2023, Institutional Shareholders Services, Inc. (“ISS”) has recommended voting against the appointment of the candidate, Mr. Yutaka Kimura, citing problems with his independence.

We have already stated the stance, etc., of the Company toward Item 2 on page 44 of the “Notice of the 120th Annual Shareholders Meeting” but we would like to reiterate our stance and provide an explanation as follows.

The Company, therefore, asks shareholders and investors to confirm the explanation below, and for their understanding and support of this proposal.

### 1. The proposal in question

Item 2, “Election of One Director Who Is Audit and Supervisory Committee Member”

### 2. Details of the recommendation of the ISS in opposition to Item 2

ISS has determined that Mr. Yutaka Kimura, a candidate for Director who is an Audit and Supervisory Committee Member in Item 2 lacks independence, as he has experience working at an entity, which is a major shareholder and a major lender of the Company and whose shares are cross-held by the Company and accordingly, has recommended shareholders to vote against his election.

### 3. The stance of the Company and supplemental explanation

Mr. Yutaka Kimura has experience working at Daishi Hokuetsu Bank, Ltd., which is a major shareholder and a major lender of the Company, and whose shares are cross-held by the Company, and is currently a Director and Audit and Supervisory Committee Member of Daishi Hokuetsu Financial Group, Inc., which controls the said bank, but he is scheduled to retire from his current post as of June 27, 2023.

Therefore, he will not have any involvement in the business operations and management decisions of Daishi Hokuetsu Bank, Ltd. or Daishi Hokuetsu Financial Group, Inc., and the two companies will not impact the decision-making of the Company in any way. Accordingly, the Company has determined that no conflict of interest will arise between him and the general shareholders.

Additionally, this proposal has been deliberated by the Nomination Committee, where a majority of the members are independent Outside Directors.