

Note: This document has been translated from the Japanese original for reference purposes only.
In the event of any discrepancy between this translated document and the Japanese original,
the original shall prevail.



May 13, 2026

To whom it may concern:

Company Name: TSUGAMI CORPORATION
Representative Director: Nobuhiro Watabe,
Representative Director and President
(Stock Code: 6101, Tokyo Stock Exchange Prime Market)
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Notice of Initiatives for Achieving Management Conscious of Cost of Capital and Stock Price

TSUGAMI CORPORATION announces that it has established policies on future initiatives for achieving management conscious of cost of capital and stock price.

For more information, please see the attachment “Initiatives for Achieving Management Conscious of Cost of Capital and Stock Price.”

Initiatives for Achieving Management Conscious of Cost of Capital and Stock Price

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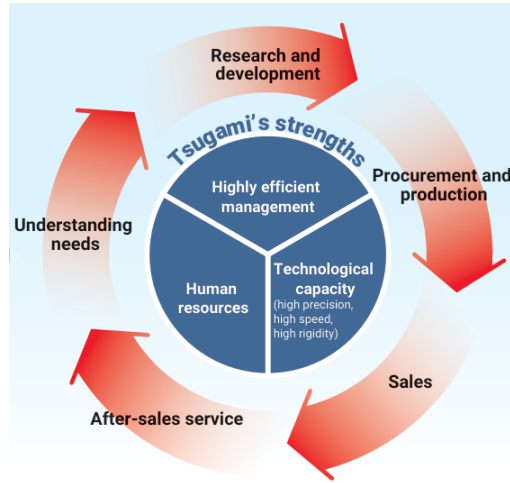
May 13, 2026

<https://www.tsugami.co.jp>
(Stock Code: 6101)

Vision and Initiatives

Vision

TSUGAMI is committed to providing high-precision, high-speed, and high-rigidity precision machine tools, always aiming for high productivity and utilizing cutting-edge technologies.



The management policy of the Tsugami Group is to contribute to society by constantly anticipating market needs and generating new value, underpinned by the precision technologies we have been developing since the Company was first established.

We will sustain long-term growth by providing products with “high precision,” “high speed,” and “high rigidity” that meet our customers’ demands.

As a Group, we aim to realize a sustainable world by applying our technological capability and values to achieve both sustainable growth and societal advancement.

Initiatives

Allocating resources to large markets and growing industries

We have established local production systems in China and India in response to changes in the machine tool market. We will enhance capital efficiency by promoting in-house production while capturing demand from growing industries to sustain growth.

Enhancing our presence also in high-end products

In Japan, we are engaged in the development and manufacturing of new process-integrated products that are in high demand in Japan, the U.S., and Europe. We will enhance our presence in high-end products while further improving our technology.

Output

FY2026/3 results

Revenue

129.1 billion yen

Operating profit

36.1 billion yen

ROE

23.4%

Medium- and Long-Term Management Policy

Medium- and Long-Term Management Policy

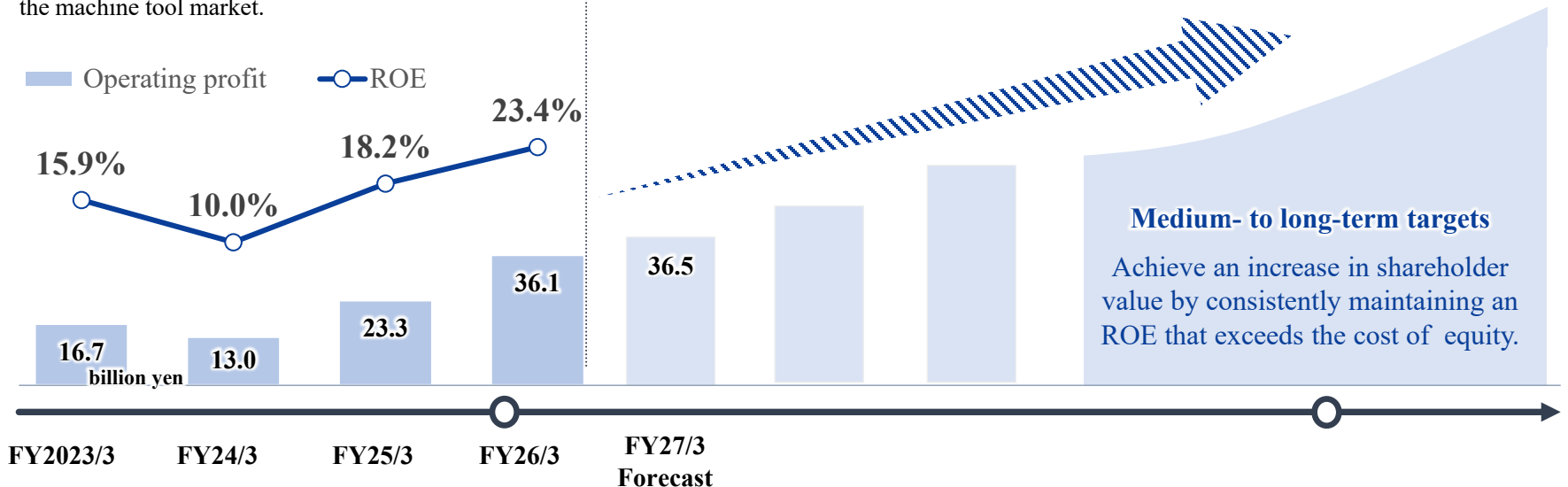
1. Acceleration of growth on a global scale and optimization of our product portfolio
2. Productivity and efficiency in our supply chain
3. Product development that contributes to solving societal issues

Results

- We have maintained high growth in China, which is a vast market.
- We have built a new factory in India, where high growth is expected in the future, expanding our production capacity and establishing a system that can promptly respond to local demand.
- While continuing research and development and capital investment, we maintain a sound financial foundation to prepare for geopolitical risks and the high volatility of the machine tool market.

Medium- and Long-Term Management Policy

- We will further enhance customer satisfaction locally by strengthening production, sales, and after-sales services in China, Southeast Asia, India, and other regions.
- In Japan, we will continue to invest in advanced machine tools that leverage the precision technologies we have developed over many years, enhancing our presence in high-end products in Japan, the U.S., and Europe, thereby maintaining and passing down our high level of technological capability.
- We aim to enhance our competitiveness in India and diversify our business regions, while also mitigating business risks by launching new products targeted at growth sectors.



Growth Strategy

Growth Strategy

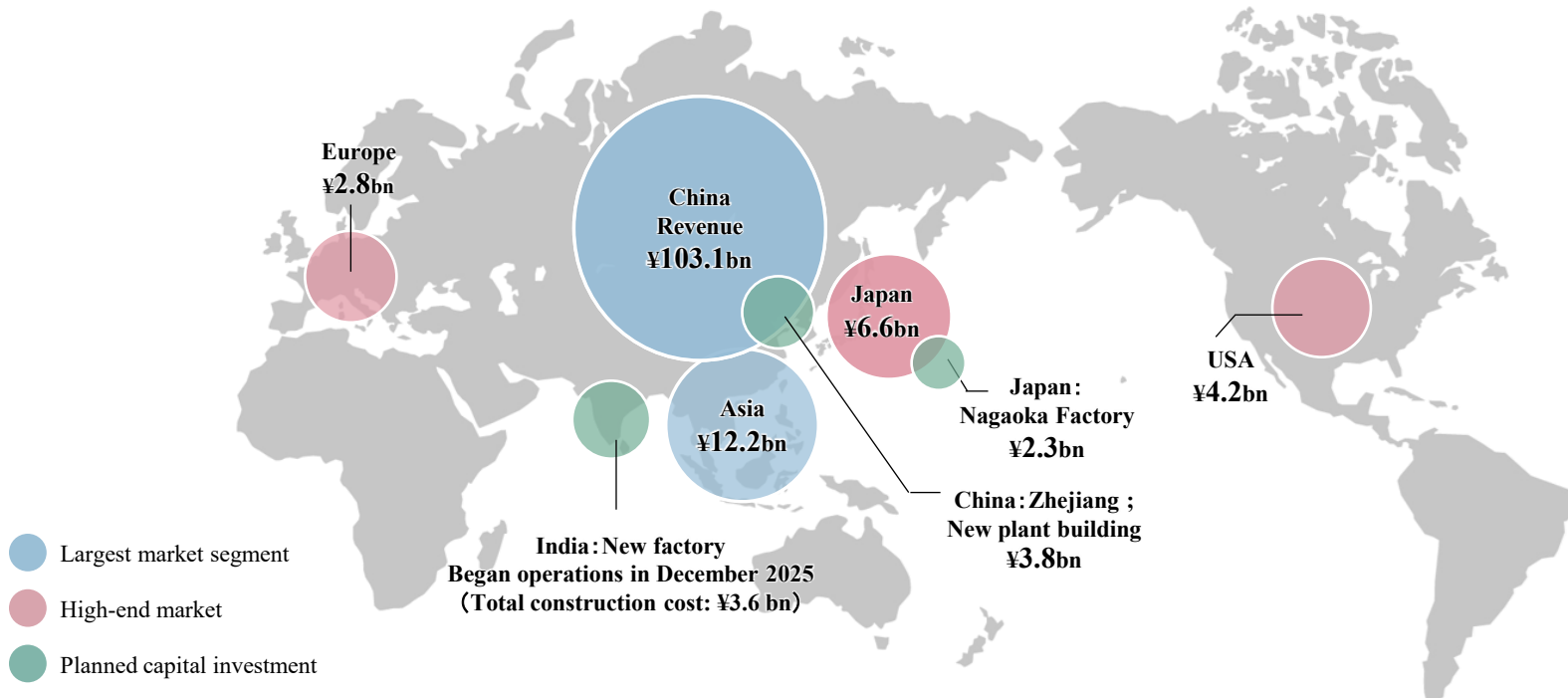
We will enhance asset efficiency and maintain competitiveness in China and India, while focusing on the introduction of high-end products to the Japanese, U.S., and European markets, with our Nagaoka mother factory in Japan as our technological hub.

Development and manufacturing

- Carry out capital investments focused on production facilities at our Chinese subsidiaries and the new factory in India.
- In Japan, investments for development are focused primarily on high-end products.

Sales

- Focus on high-end products, primarily in Europe and the United States (Japan, Europe, the United States, and South Korea), for future growth.
- Implement regional strategies, aiming to win the leading position in niche markets.



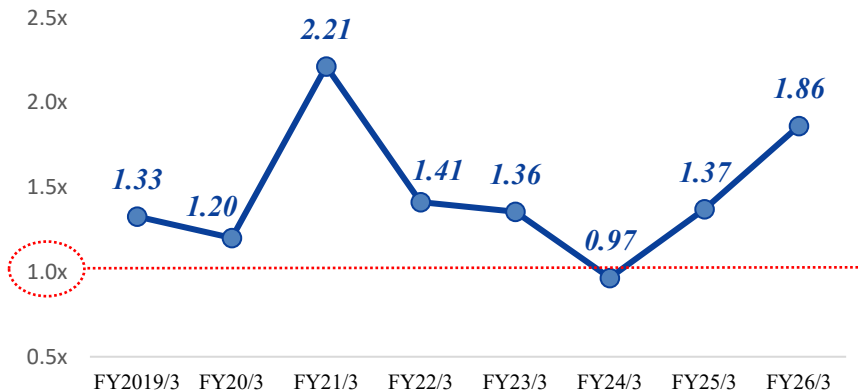
Current Analysis of Market Evaluation and Capital Profitability

PBR · Stock Price · ROE

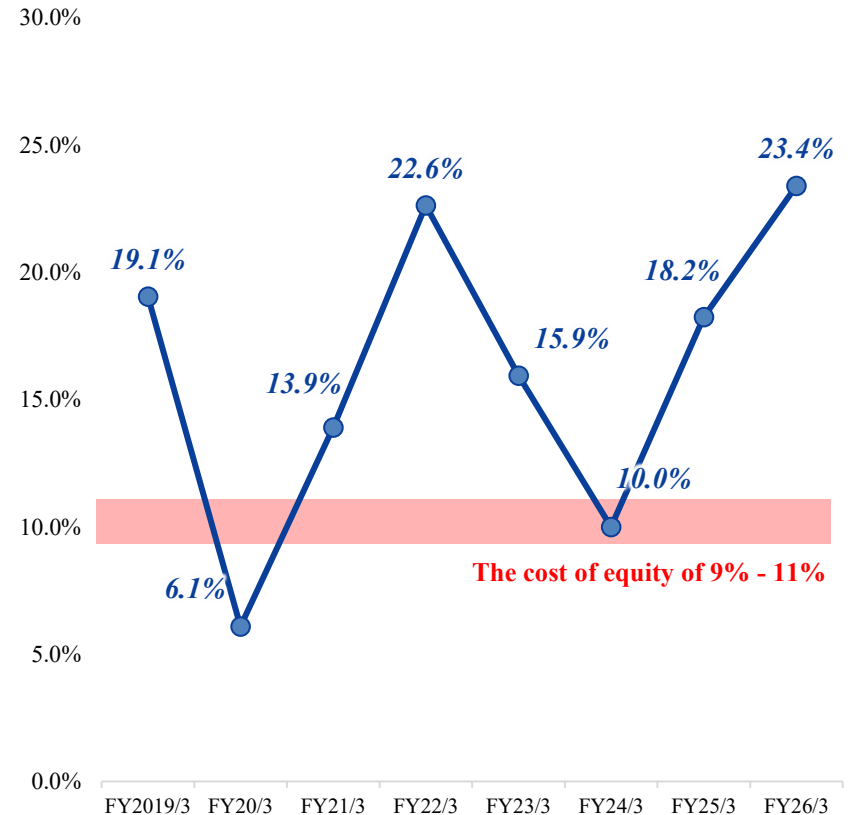
In recent years, we have secured an ROE that exceeds the cost of shareholders' equity and maintained a PBR above 1.

We will continue to focus on management that is conscious of the cost of shareholders' equity and strive to maintain a stable ROE.

PBR



ROE



Stock Price



Measures to Improve ROE

Measures to Improve ROE

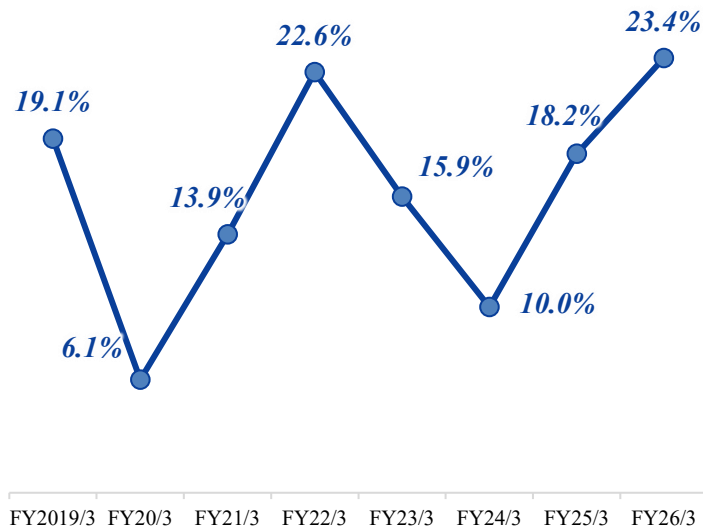
While maintaining a solid financial foundation that can withstand market fluctuations, we will leverage our strength in highly efficient management to consistently maintain an ROE that exceeds the cost of capital.



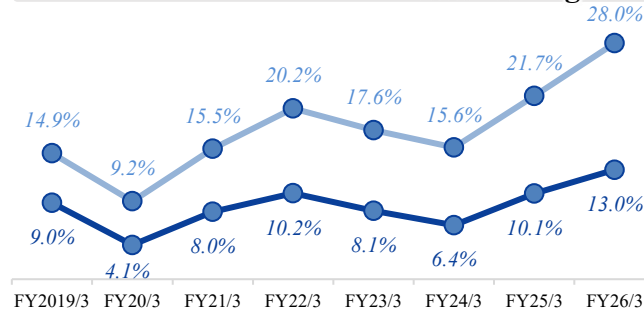
Medium- to long-term targets

Consistently maintain an ROE that exceeds the cost of equity (The cost of equity of 9%-11%)

ROE



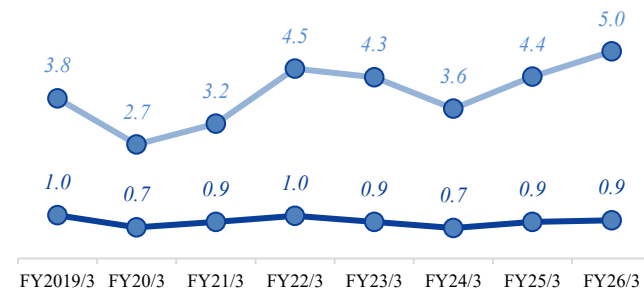
Profit margin



Concentrate resources on the growing markets of China and India, strengthen production, sales, and after-sales services, and improve profit margins.

Upper section: Operating margin
Lower section: Profit margin attributable to owners of parent

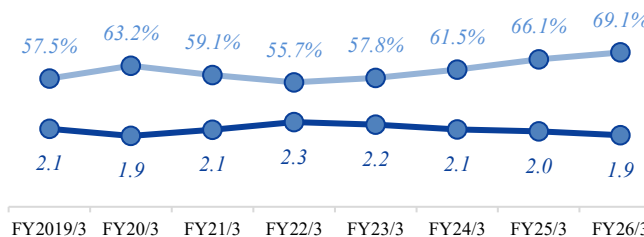
Asset efficiency



Maintain a high non-current asset turnover ratio through thorough asset control without holding non-business assets.

Upper section: Non-current asset turnover ratio
Lower section: Total asset turnover ratio

Financial stability and financial leverage



Maintain solid financial stability to prepare for high performance volatility in the machine tool industry.

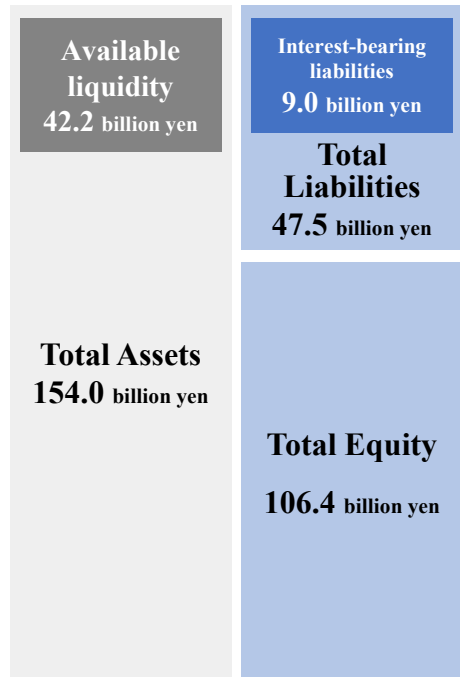
Upper section: Equity*1 ratio
Lower section: financial leverage

Capital Structure

Target capital structure

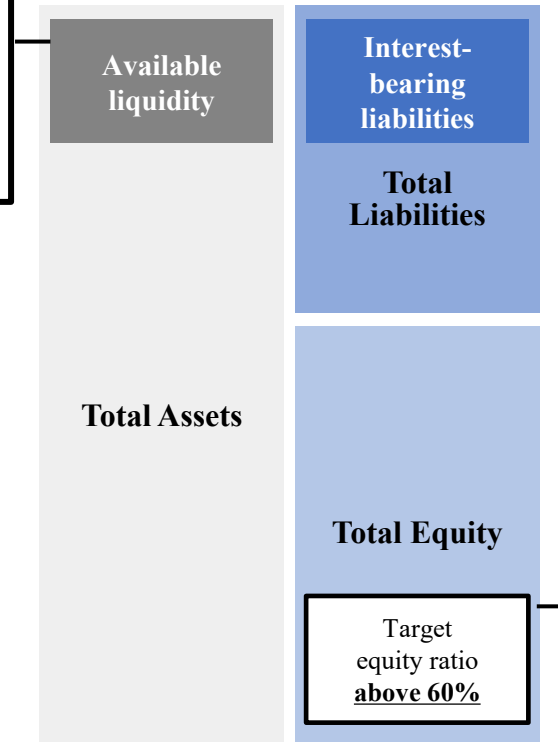
We recognize that maintaining solid financial stability which can absorb sudden performance fluctuations, given the high volatility of the machine tool industry, leads to an increase in shareholder value.

As of March 31, 2026



An appropriate level of cash and deposits should be approximately **three months' worth of monthly sales**. Excess to be utilized for growth investments.

The vision for our ideal balance sheet



An appropriate level of equity*1 should be an **equity ratio above 60%**. Maintain financial stability in light of the high performance volatility characteristic of the industry.

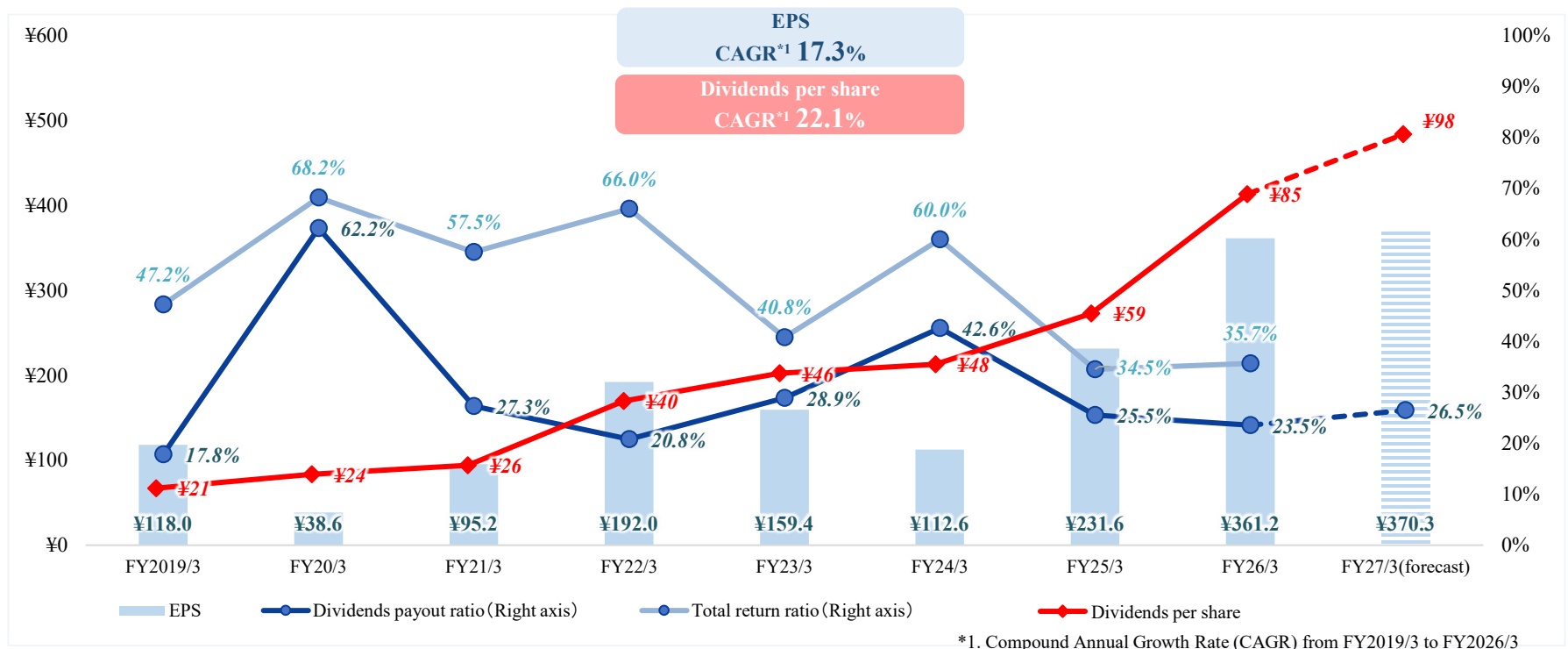
*1. total equity [sum of equity attributable to owners of parent and non-controlling interests]

Shareholder Return Policy

Shareholder Return Policy

We have consistently increased dividends per share and improved EPS through the acquisition and cancellation of treasury shares. Going forward, we will continue to aim for a stable increase in dividends per share while factoring in profit fluctuations, and strive to improve EPS through the continuous acquisition of treasury shares, taking into account the stock price situation.

Dividends per share ▪ EPS ▪ Dividends payout ratio ▪ Total return ratio



Shareholder Return Policy

Stable increase in dividends per share
Improvement of EPS through continuous acquisition of treasury shares,
taking into account the stock price situation

Dialogue with Shareholders and Investors

Policy for dialogue with shareholders and investors

To facilitate constructive dialogue with shareholders and investors, the Company has established a foundation for IR and SR activities, with the responsible officer generally handling these interactions.

Based on feedback from shareholders and investors, we are committed to enhancing information disclosure, including English disclosures, and will report the opinions gathered from dialogues to the Board of Directors to reflect them in various initiatives.

FY2026/3 results

	<u>Financial results briefing</u>	<u>One-on-one meetings</u>	<u>Nagaoka Factory tour for shareholders</u>
Number of times conducted	Twice a year	Conducted as needed	Once a year (following the annual shareholders meeting)
Main representatives	Representative Director and President Supreme Advisor	Representative Director Supreme Advisor	Representative Director Supreme Advisor Technology Division
Main participants	Domestic institutional investors Analysts, etc.	Domestic institutional investors Overseas institutional investors Analysts, etc.	Shareholders
Main topics of dialogue	Performance of recently disclosed periods, growth and business strategies, shareholder return policy, etc.		

The content in this material is premised on various assumptions and does not ensure or guarantee the realization of the planned figures and/or future policies stated herein.