June 3, 2021

For Immediate Release

Company name: TSUGAMI CORPORATION
Representative: Takao Nishijima, Chairman & CEO
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Notice of Supplementary Explanation of the Newly Introduced Restricted Stock Compensation Plan for Directors of TSUGAMI CORPORATION

(Supplementary Information on Item 3 "Determination of the Amount of Compensation of Directors (Excluding Directors Who are Members of the Audit and Supervisory Committee and Outside Directors) for the Allotment of Restricted Shares to Them" at the 118th Annual Shareholders Meeting)

As disclosed in the "Notice of the Introduction of a Restricted Stock Compensation Plan" dated May 13, 2021, TSUGAMI CORPORATION (hereinafter, the "Company") has reviewed its compensation system for Directors and decided to submit a proposal for the introduction of the restricted stock compensation plan (hereinafter, the "Plan") to the 118th Annual Shareholders Meeting to be held on June 16, 2021. The following is a supplementary explanation of the details (Item 3).

We kindly request our shareholders to refer to this Notice, together with the "Notice of Convocation of the 118th Annual Shareholders Meeting (42 to 45 pages)" dated May 27, 2021.

1. Restricted stock
   (1) The total number of restricted stock shares to be allotted to Directors (excluding Directors who are members of the Audit and Supervisory Committee and Outside Directors) shall be 150,000 shares, which is the maximum number of restricted stock shares to be allotted in each fiscal year.
   (2) The Company plans to acquire its shares to be allotted by the method of disposal of its treasury stock shares.
   (As of March 31, 2021)
   - Number of shares outstanding (including treasury stock shares) 55,000,000 shares
   - Number of treasury stock shares 4,105,615 shares
   - Maximum number of restricted stock shares to be allotted in each fiscal year 150,000 shares

   (Ratio of the number of restricted stock shares: 0.27%)

2. Stock dilution
   (1) The ratio to the total number of shares outstanding shall be 2.73% in cases where the maximum number of restricted stock shares are issued over a 10-year period.
   (2) Even if the Company includes the number of unexercised stock acquisition rights (as of March 31, 2021) allocated as stock options for the hitherto existing stock-linked compensation plan, the ratio to the total number of shares outstanding shall be 4.87%, and the Company recognizes that the dilution ratio is insignificant.

The Plan is designed to enable the Company's eligible Directors to further share the benefits and risks of stock price fluctuations with our shareholders, the purpose of which is to motivate Directors to contribute more than before to the increase in stock price, as well as the enhancement of corporate value.

In addition, as mentioned above, the Company deems that the impact on the stock market will be minimal.

We would greatly appreciate our shareholders' understanding on this matter, with this reference information taken into account when deciding whether to approve this item.

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